



**Macter**

# ANNUAL REPORT **2021-22**

**Macter International Limited**

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

1.	Mr. Amanullah Kassim	Chairman	Independent Director
2.	Mr. Asif Misbah	Chief Executive	Executive Director
3.	Mr. Swaleh Misbah Khan		Executive Director
4.	Sheikh Muhammed Waseem		Non-Executive Director
5.	Syed Anis Ahmad Shah		Independent Director
6.	Sheikh Perwez Ahmed		Non-Executive Director
7.	Mr. Tariq Wajid		Independent Director
8.	Ms. Masarrat Misbah		Non-Executive Director
9.	Mr. Muhammad Ather Sultan		Non-Executive Director

### BOARD AUDIT COMMITTEE

1.	Syed Anis Ahmad Shah	Chairman
2.	Sheikh Muhammed Waseem	Member
3.	Mr. Muhammad Ather Sultan	Member

### BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

1.	Mr. Tariq Wajid	Chairman
2.	Mr. Asif Misbah	Member
3.	Mr. Muhammad Ather Sultan	Member

### CHIEF FINANCIAL OFFICER

Syed Khalid Noor

### COMPANY SECRETARY

Mr. Asif Javed

### INTERNAL AUDITORS

KPMG Taseer Hadi & Co.  
Chartered Accountants

### EXTERNAL AUDITORS

EY Ford Rhodes  
Chartered Accountants

### SHARIAH ADVISOR

Mufti Muhammad Najeeb Khan

## **BANKERS**

Al Baraka (Pakistan) Limited  
Askari Bank Limited – Islamic Banking Branch  
Bank Al Habib Limited - Islamic Banking Branch  
Bankislami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Habib Bank Limited - Islamic Banking Branch  
Habib Metropolitan Bank Pakistan Limited - Islamic Banking Branch  
MCB Bank Limited  
MCB Islamic Bank Limited  
Meezan Bank Limited

## **SHARE REGISTRAR**

F.D. Registrar Services (Pvt) Limited  
17th Floor, Saima Trade Tower-A  
I. I. Chundrigar Road, Karachi  
Telephone: + 92 21 32271905-6  
Fax: + 92 21 32621233  
Email: fdregistrar@yahoo.com

## **REGISTERED OFFICE**

F-216, SITE, Karachi - 75700  
Telephone: +92 21 32591000  
Fax: +92 21 32564236  
Email: info@macter.com

## **WEBSITE**

[www.macter.com](http://www.macter.com)

## VISION, MISSION AND VALUES

### VISION

We see Macter as an integrated global healthcare company serving patients, healthcare professionals and customers with high quality and innovative products and services. We are committed to achieving our vision in an ethical and socially responsible manner.

### MISSION

Macter exists to:

- serve humanity by improving health and well-being;
- facilitating all associates to achieve their potential with dignity; and
- providing a means for an ethical and fair livelihood.

### VALUES

- Benevolent Intent
- Customer Focus
- Communication & Teamwork
- Excellence
- Leadership

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting ("AGM") of the Members of Macter International Limited (the Company) will be held on Saturday, October 22, 2022 at 10:00 a.m. at Moosa D. Desai Auditorium, the Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Consolidated and Unconsolidated Financial Statements of the Company for the year ended June 30, 2022, together with the Directors' and the Auditors' Reports thereon.
2. To approve and declare the final cash dividend @ Rs. 1.50 per share i.e. (15%) for the financial year ended June 30, 2022 as recommended by the Board of Directors. This is in addition to interim cash dividend @ 17.1% i.e. Rs.1.71 per ordinary share, already paid.
3. To appoint Auditors and fix their remuneration for the year ending June 30, 2023. The present auditors M/s. EY Ford Rhodes, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

By Order of the Board of Directors



**Asif Javed**  
Company Secretary

Karachi: September 30, 2022

### Notes:

#### 1. Closure of Shares Transfer Books

The share transfer books of the Company will remain closed from October 15, 2022 to October 22, 2022 (both days inclusive). The transfers received in order at the office of the Company's Share Registrar M/s. F. D. Registrar Services (Pvt.) Limited, 17th Floor, Saima Trade Tower-A, I. I. Chundrigar, Road, Karachi before the close of the business on October 14, 2022 will be treated in time for the entitlement of final cash dividend and to attend and vote at the Meeting.

#### 2. Participation in Annual General Meeting

A member entitled to attend and vote at this Annual General Meeting shall be entitled to appoint another member, as a proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received at the Company's Share Registrar's Office not later than 48 hours before the time of the Meeting.

**For Attending the Meeting:**

- i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature and attested copy of valid CNIC of the nominee shall be submitted (unless it has been provided earlier) at the time of the meeting.

**For appointing proxies:**

- i) In case of individuals, the account holder or subaccount holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
- iv) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

**3. Payment of Cash Dividend Electronically (Mandatory Requirement)**

In accordance with the provisions of Section 242 of the Companies Act, 2017 and Companies (Distribution of Dividends) Regulations 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.

Those shareholders who have still not provided their International Bank Account Number (IBAN) are once again requested to fill in "Electronic Credit Mandate Form" as reproduced below and send it duly signed along with a copy of valid CNIC to their respective CDC participant/CDC Investor account services (in case of shareholding in Book Entry Form) or to the Company's Share Registrar (in case of shareholding in Physical Form).

<b>(i) Shareholders details:</b>	
Name of the Shareholder(s)	
Folio # / CDS Account No(s)	
CNIC No (Copy attached)	
Mobile / Landline No	
<b>(ii) Shareholders' Bank details:</b>	
Title of Bank Account	
International Bank Account Number (IBAN)	
Bank's Name	
Branch Name and address	

In the absence of IBAN, or in case of incomplete details, the Company will have to withhold the payment of cash dividends under the Companies (Distribution of Dividends) Regulations, 2017.



#### 4. Withholding Tax on Dividend

Dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 and currently, the deduction of withholding tax on the amount of dividend paid by the companies based on 'Active' and 'Non-Active' status of shareholders shall be @ 15% and 30% respectively where 'Active' means a person whose name appears on the Active Taxpayers List available at e-portal of FBR (<http://www.fbr.gov.pk/>) and 'Non-Active' means a person whose name is not being appeared on the Active Taxpayers List.

In case of joint account, each holder is to be treated individually as either 'Active' or 'Non-Active' and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrar, or if not so notified, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/CDS Account No.	Total No. of Shares	Principal Shareholder		Joint Shareholder	
			Name & CNIC No.	Shareholding Proportion (No. of shares)	Name & CNIC No.	Shareholding Proportion (No. of shares)

The required information must reach the Share Registrar of the Company before the close of the business on October 14, 2022 otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Shareholder(s).

The shareholders seeking to avail exemption or are eligible for deduction at a reduce rate U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate or necessary documentary evidence as the case may be, to the Company's Share Registrar M/s. F. D. Registrar Services (Pvt.) Limited before book closure otherwise tax will be deducted on dividend as per applicable rates.

#### 5. Electronic Transmission of Audited Financial Statements & Notices

The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(I)/2014 dated 8th September 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its Members through e-mail. Accordingly, Members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail.

Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice. Annual Financial Statements will be sent at your registered address, as per normal practice.

#### 6. Video Conference Facility

Members can avail video conference facility, in this regard, please fill the following and submit to head office of the Company 10 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.



"I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Macter International Limited, holder of \_\_\_\_\_ ordinary shares(s) as per Registered Folio/CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_".

**7. Postal Ballot**

Pursuant to the Companies (Postal Ballot) Regulations, 2018, members will be allowed to exercise their right to vote through postal ballot that is voting by post or through any electronic mode subject to requirements of Section 143 to Section 145 of the Companies Act, 2017 and procedure contained in the aforesaid Regulations.

**8. Zakat Declaration**

Zakat will be deducted from the dividends at source at the rate of 2.5% of the paid-up value of the share (Rs. 10 each) and will be deposited within the prescribed period with the relevant authority. In case of claiming exemption, please submit your Zakat Declaration under Zakat and Ushr Ordinance, 1980 and Rule 4 of Zakat (Deduction and Refund) Rules, 1981, CZ-50 Form with our Share Registrar. Physical shareholders are requested to submit the said declaration to our Share Registrar in the proper manner. The Shareholders must write Macter International Limited's name and their respective CDS A/C # or Folio numbers on Zakat Declarations at relevant place.

**9. Deposit of Physical Shares in CDC Accounts**

As per Section 72 of the Companies Act, 2017 every existing 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 SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017.

The shareholders having physical shareholding may please open CDC sub-account with any of the brokers or investors account directly with CDC to place their physical shares into scrip less form.

For any query/information, the investors may contact the Company's Share Registrar.

**10. Unclaimed Dividend**

Members, who by any reason, could not claim their dividend or did not collect their physical shares, are advised to immediately contact our Company's Share Registrar, to collect/enquire about their unclaimed dividend or pending shares, if any.

**11. Submission of CNIC or Passport**

Shareholders are requested to provide photocopy of their CNIC or passport (in case of foreigner), unless it has been provided earlier, enabling the Company to comply with relevant laws.

**12. Change of Address**

Shareholders are requested to immediately notify the change of address, if any to the Company's Share Registrar.

**13. Placement of Audited Financials on the website**

Annual Audited Financial Statements of the Company for the year ended June 30, 2022 have been placed on Company's website i.e. [www.macter.com](http://www.macter.com)

## CHAIRMAN'S REVIEW

On behalf of the board of directors, I would like to share our Board's performance review of your Company for the year ended June 30, 2022.

### BOARD COMPOSITION AND PERFORMANCE

The Board comprises of an appropriate mix of business professionals who add value to the board oversight through their respective expertise.

The primary objectives of the Board include providing strategic direction to the Company and supervising the management. During the year under review the board has effectively discharged its responsibilities as required under the Companies Act, 2017 and Listed Companies (Code of Corporate Governance), Regulations 2019. All quarterly, half yearly and annual financial results were reviewed by the board and it extended its guidance to the management. Board played a key role in monitoring management performance and on major risks.

Board members also reviewed and approved Company's annual financial budget for FY 2022-23, capital expenditure requirements and significant investments.

The Board met in quarterly meetings to discharge its responsibilities. Board members attendance was at a high level during the year. The independent and other non-executive directors were actively involved in all business decisions.


Board Audit Committee and Board Human Resource and Remuneration Committees also played their roles effectively.

In pursuant to the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019, a formal and effective process is in place for an annual evaluation of Board's performance, Members of Board and its Sub-Committees. Board's Performance review consists of comprehensive Self-Evaluation Questionnaires on performance. Based on the feedback by each Individual Director a consolidated average performance rating is computed. The performance rating of the Board, Individual Directors & Committees performance was satisfactory and effective.

As the Chairman of your Company I will continue to be responsible for leading the Board, fostering an inclusive culture of openness and constructive dialogue. I remain committed to ensure that our Board and its committees should perform effectively and take timely decisions to create value for all stakeholders.

### ACKNOWLEDGEMENTS

I would like to thank all our shareholders, customers, bankers and employees for their resilience and support during these unprecedented times. I would also like to thank the Board members, CEO and his team for their dedication and hard-work.



**Amanullah Kassim**  
Chairman  
Karachi

September 17, 2022

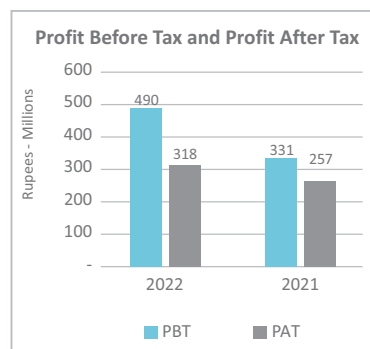
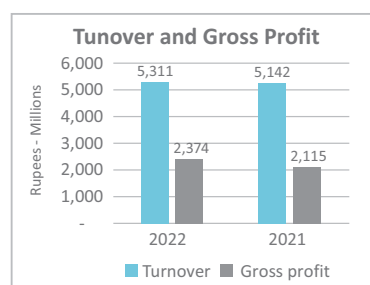
## DIRECTORS' REPORT

We are pleased to present the Annual Report together with the Audited Financial Statements of the Company for the year ended June 30, 2022.

### FINANCIAL RESULTS

The financial results of the Company are summarized hereunder:

DESCRIPTION	Year ended June 30, 2022			
	Unconsolidated		Consolidated	
	2022	2021	2022	2021
	Rupees Millions			
Turnover - Net	5,311	5,142	5,612	5,373
Gross profit	2,374	2,115	2,539	2,226
Operating Profit	528	460	515	438
Profit before tax	490	331	470	299
Profit / (loss) after tax	318	257	286	216



### BUSINESS PERFORMANCE

Net turnover for the year ended 30th June 2022 at Rupees 5,311m grew by 3% versus last year. However, our core prescription sales business grew by +10% as patient flow normalized post Covid19 pandemic. (Current period: Rs. 4,080m vs Last year: Rs. 3,703m).

Our public tender sales was lower by 42%, this was mainly due to the exceptionally high public tender business last year, which receded in current year (Current period: Rs.582m vs Last year: Rs. 996m).

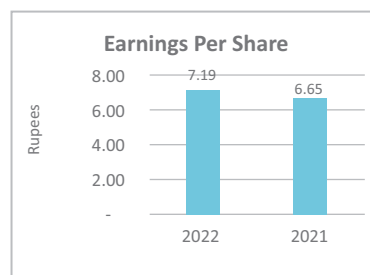
**Gross Margins** improved by 4% to 45% over last year due to change in sales mix with lower institutional sales, supply chain cost savings, Sales Tax input adjustment and price increase, however these were partially offset by steep Rupee devaluation.

During the year we launched three new products during the year **Pegstim** (Pegfilgrastim) in Oncology, **Fertol DS** (Myoinositol) in Gynaecology and **Infazith** (Azithromycin) in Antibiotics. Company has also increased its Medical and Scientific engagements with Leading Doctors to support the new launches and growth of our brands.

**Operating profit:** Rupees 528m is higher than last year due to improvement in gross margin.

#### Rights Issue:

During the year, Rights Issue of Rs. 1,100mn was successfully completed. These funds were used to repay short and long term bank financing; for working capital needs and investments in plant and machinery.



**Finance cost:** Finance cost was lower by 70% due to repayment of loans from rights shares proceeds and lower KIBOR during the year (Current period: 38m vs Last year: 129m).

### CAPITAL EXPENDITURE

During the year under review, the Company has made capital expenditure of Rupees 458 million in new manufacturing equipment, facility upgrades to ensure GMP and regulatory compliance and motor vehicles for staff as per company policy.

**Profit before Tax:** Rupees 490m is higher by +159m - a growth of almost 50% over last year.

**Profit after Tax:** Rupees 318m is higher +61m over last year - a growth of 24% over last year. The difference in the growth of PBT vs PAT is due to imposition of Super tax 10% in addition to Income Tax at 29% for 21-22.

### EARNINGS PER SHARE

Earnings per share of the Company for the year ended June 30, 2022 is Rupees 7.19 vs. Rupees 6.65 last year.

### DIVIDEND

The board of directors have recommended a final cash dividend of 15% i.e. Rs. 1.50 per share. This is in addition to Interim Cash Dividend at Rs. 1.71 per share i.e. 17.1%.

### RISKS AND UNCERTAINTIES

The Company is exposed to certain inherent business risks and uncertainties. Following key business risks have been ascertained:

- Cost Inflation and lag in compensatory inflationary price adjustments by DRAP
- Pak Rupee devaluation
- Global API and logistics disruptions
- Increasingly stringent local and international regulatory requirements
- Delays in product registration and pricing
- Attracting and retaining critical employees
- Increasing threats to data security and data privacy

We are actively working with the internal and external stakeholders to mitigate and reduce aforesaid risks to acceptable levels.

### CORPORATE SOCIAL RESPONSIBILITY

Our Company's mission is to serve humanity by improving their health and well-being. The Company has undertaken a number of Corporate Social Responsibility (CSR) initiatives during the year, including:

- a) Provision of free medicines to various charitable organizations / hospitals
- b) Capability-building of doctors and healthcare professionals
- c) Support to various educational institutions and hospitals
- d) Free screening camps for cardio metabolic disorders and hepatitis B and C
- e) Support to poor patients

## HEALTH, SAFETY & ENVIRONMENT

Our Company ensures adherence to the regulatory requirements in the area of health, safety and environment. Company has ISO Certification for QMS (Quality Management System) ISO 9001:2015, EMS (Environment Management System) 14001-2015 and OHSAS (Occupational Health and Safety) 18001-2007.

Our manufacturing facilities are managed in accordance with prescribed EHS standards of the pharmaceutical industry. There is an Emergency Response Committee to deal with any emergency incidents. Smoke detectors, fire alarm and fire extinguishers are installed all over the facility. Firefighting trainings are conducted regularly. Wherever required employees are provided with personal protective equipment including protective gowning, goggles, gloves, helmets, ear plugs, gas masks etc.

All equipment's noise levels are measured and kept in controlled limits. Generators smoke emission are monitored and controlled. Boilers are regularly checked by third parties for safety. Solid chemical wastes are incinerated and all effluents are treated.

## CONTRIBUTION TO NATIONAL EXCHEQUER

The Company made a total contribution of Rupees 172.2 million (2020: Rupees 167.8 million) to the National Exchequer by way of income tax, custom duties and sales tax.

## CREDIT RATING

Company rating of "A/A-2 (Single A / A-Two)" was awarded last year by JCR-VIS Credit Rating Company Limited. Outlook assigned to our rating is "Stable".

## INTERNAL FINANCIAL CONTROLS

The directors are aware of their responsibility of maintaining adequate internal financial controls. Through review of internal audit reports and discussion with management and auditors (internal and external), we confirm that adequate controls have been implemented by the Company.

## CORPORATE AND FINANCIAL REPORTING FRAMEWORK

Following are the statements on the corporate and financial reporting framework:

- 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 accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in the preparation of Financial Statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of these financial statements.
- The system of internal control system is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern.
- Information about taxes and levies is given in the notes and form part of the financial statements.

- There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.
- The values of investments of employees' provident fund based on latest unaudited accounts as of June 30, 2022 is Rupees 205.2 million.

## COMPOSITION OF BOARD

The board consists of nine members, including 1 female and 8 male directors. The composition of the Board is as follows:

Particulars	Number
Independent Non-Executive Directors	3
Other Non-Executive Director	3
Executive Directors	2
Female Non-Executive Director	1
Total	9

The list of existing directors is as under:

S. No.	Name	Category
1	Mr. Amanullah Kassim	Independent Non-Executive
2	Mr. Tariq Wajid	Independent Non-Executive
3	Syed Anis Ahmad Shah	Independent Non-Executive
4	Sheikh Perwez Ahmed	Non-Executive
5	Sheikh Muhammed Waseem	Non-Executive
6	Mr. Muhammed Ather Sultan	Non-Executive
7	Ms. Masarrat Misbah	Female Non-Executive
8	Mr. Asif Misbah	Executive
9	Mr. Swaleh Misbah Khan	Executive

## BOARD AUDIT COMMITTEE

Board Audit Committee assists the Board of Directors in discharging their responsibilities in accordance with the Corporate Governance and Financial Reporting framework. The Committee consists of the following three non-executive members, including its Chairman:

S. No.	Name	Category	Position
1	Syed Anis Ahmad Shah	Independent Non-Executive	Chairman
2	Sheikh Muhammed Waseem	Non-Executive	Member
3	Muhammad Ather Sultan	Non-Executive	Member

**BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE**

Board Human Resource and Remuneration Committee assists the Board of Directors in discharging their responsibilities with regard to periodic review of human resource policies and practices within the Company. It also assists the Board in selection, evaluation, compensation and succession planning of key management personnel. The Committee consists of following three members, majority of whom are non-executive directors, including its Chairman.

S. No.	Name	Category	Position
1	Mr. Tariq Wajid	Independent Non-Executive	Chairman
2	Mr. Muhammad Ather Sultan	Non-Executive	Member
3	Mr. Asif Misbah	Executive	Member

**BOARD AND BOARD COMMITTEES ATTENDANCE**

S. No.	Name	Board of Directors		Board Audit Committee		Board Human Resource and Remuneration Committee	
		Entitled	Attended	Entitled	Attended	Entitled	Attended
1	Mr. Amanullah Kassim	5	3	NA	NA	NA	NA
2	Mr. Asif Misbah	5	5	NA	NA	1	1
3	Mr. Swaleh Misbah Khan	5	4	4	3	NA	NA
4	Sheikh Muhammed Waseem	5	5	4	4	NA	NA
5	Mr. Sohaib Umar	2	2	2	2	NA	NA
6	Mr. Tariq Wajid	5	3	NA	NA	1	1
7	Syed Anis Ahmad Shah	5	5	4	4	NA	NA
8	Sheikh Perwez Ahmad	3	3	NA	NA	NA	NA
9	Mr. Muhammad Ather Sultan	2	1	-	-	1	-
10	Ms. Masarrat Misbah	5	1	NA	NA	NA	NA
11	Mr. Muhammad Yahya Chawla	3	-	-	-	NA	NA

**CHANGES IN BOARD OF DIRECTORS**

During the year under review, following changes were made in the Board of Directors:

Outgoing	Incoming
Mr. Sohaib Umar	Sheikh Perwez Ahmed
Mr. Muhammad Yahya Chawla	Mr. Muhammad Ather Sultan

The Board acknowledges and appreciates the services of outgoing Directors and welcomes new Directors.



**DIRECTORS' TRAINING PROGRAM**

Four directors are certified under Directors' Training Program. Two Directors have requisite experience to be exempted from training program as mentioned in regulation No 19, sub-regulation 2 of the Regulations.

The trainings are planned for the remaining Board members as encouraged under Regulation 19 of the Regulations.

**REMUNERATION POLICY OF NON EXECUTIVE DIRECTORS**

The fee of the non-executive directors (independent and others) to attend the board or board committee meetings is approved by the Board as per the terms of the Articles of Association of the Company.

**KEY OPERATING AND FINANCIAL DATA**

Key operating and financial data and ratios of last six years are annexed.

**PATTERN OF SHAREHOLDING**

A statement of the pattern of shareholding as at June 30, 2022 is annexed. During the year shares traded by Directors, Executives and their spouses, if any, were notified in writing to the Company Secretary along with the price, number of share, form of share certificate and nature of transaction. All such transactions have been disclosed in the pattern of shareholdings.

**INTERNAL AUDITORS**

The Company's internal audit function is managed by the Head of Internal Audit, who is assisted by Internal Auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants. The Head of Internal Audit reports to the Chairman of Board Audit Committee.

**EXTERNAL AUDITORS**

The present auditors M/s. EY Ford Rhodes, Chartered Accountants shall retire at the conclusion of ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as auditors of the Company for the financial year ending June 30, 2023.

**SUBSEQUENT EVENT**

No material events have occurred affecting the financial status of the Company between the financial year end till the date of this report.

**FUTURE OUTLOOK**

Escalation in material cost due to continuous rupee devaluation and global inflation, major hike in utility and fuel prices, high inflationary pressure and domestic political uncertainty are the serious challenges for price regulated pharmaceutical industry.

Imposition of super tax in addition to normal income tax and changes in Sales Tax to non-adjustable status in have adversely impacted sustainability. The Industry body PPMA and Company have taken financial hardship case with DRAP and Ministry of National Health Services Regulation and Coordination.

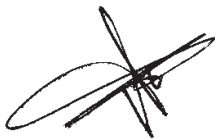
Under the Board's guidance the company is executing an aggressive organizational development strategy and we expect that despite an extremely challenging environment the company is well positioned to deliver consistent profitable growth.

#### **ACKNOWLEDGEMENTS**

The Board of Directors appreciate the commitment, dedication, and devotion of all our employees who have worked to ensure supply of our lifesaving medicines. We also acknowledge the support and cooperation received from our valued shareholders, customers, distributors, suppliers, financial institutions and regulatory authorities.

All praise and gratitude to Allah SWT for His continued blessings.

On behalf of the board



**Amanullah Kassim**  
Chairman



**Asif Misbah**  
Chief Executive

Karachi  
September 17, 2022

## ڈائریکٹر رپورٹ

ڈائریکٹر انتہائی مسرت کے ساتھ کمپنی کی سالانہ رپورٹ بمعہ آڈٹ شدہ مالیاتی دستاویزات برائے ختم شدہ سال جون 30، 2022ء پیش کر رہے ہیں۔

### مالیاتی نتائج

کمپنی کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

ختم شدہ سال جون 30، 2022				مندرجات
مدغم شدہ		غیر مدغم شدہ		
2021	2022	2021	2022	
(روپے ملین میں)				
5,373	5,612	5,142	5,311	فروخت خالص
2,226	2,539	2,115	2,374	خام منافع
438	515	460	528	آپریٹنگ منافع
299	470	331	490	قبل از ٹیکس منافع
216	286	257	318	بعد از ٹیکس منافع / (خسارہ)

### کاروباری کارکردگی

30 جون 2022 کو ختم ہونے والے سال کے لئے خالص فروخت 5,311 ملین روپے گزشتہ سال کے مقابلے میں 3 فیصد بڑھی۔ تاہم، COVID-19 وبا کے بعد مریضوں کی آمد و رفت کو معمول پر آنے کے ساتھ ہمارے بنیادی بذریعہ نسخہ فروخت کے کاروبار میں 10 فیصد اضافہ ہوا۔ (موجودہ مدت: 4,080 ملین روپے بمقابلہ گزشتہ سال: 3,703 ملین روپے)۔

ہماری پبلک ٹینڈر فروخت 42 فیصد کم تھی، اس کی بنیادی وجہ گزشتہ سال غیر معمولی بلند عوامی ٹینڈر کاروبار تھا، جو موجودہ سال میں کم ہو گیا (موجودہ مدت: 582 ملین روپے بمقابلہ گزشتہ سال: 996 ملین روپے)۔

کم انٹی ٹیوشنل فروخت، سپلائی چین لاگت بچت، سلیز ٹیکس ان پٹ ایڈجسٹمنٹ اور قیمتوں میں اضافے کے ساتھ سلیز مکس میں تبدیلی کی وجہ سے گزشتہ سال کے مقابلے میں خام منافع میں 4 فیصد سے 45 فیصد تک بہتری آئی تاہم روپے کی قدر میں بھاری کمی کے باعث یہ جزوی طور پر برابر ہو گئے۔

دوران سال ہم نے تین نئی مصنوعات کا اجراء کیا Pegstim (Pegfilgrastim)، Oncology، میں، (Myoinositol) Fertol DS، Gynaecology اور Antibiotics (Azithromycin) Infazith میں۔ کمپنی نے ہمارے برانڈز کے نئے اجراء اور ترقی کی حمایت کے لئے معروف ڈاکٹروں کے ساتھ اپنی طبی اور سائنسی مصروفیات میں بھی اضافہ کیا ہے۔

آپریٹنگ منافع: خام منافع میں بہتری کی وجہ سے گزشتہ سال کے مقابلے میں 528 ملین روپے زیادہ ہے۔

### رائٹ ایٹو:

دوران سال 1,100 ملین روپے کارائنٹ ایٹو کامیابی سے مکمل ہوا۔ ان فنڈز کو پلانٹ اور مشینری میں ورکنگ کپینٹل کی ضروریات اور سرمایہ کاری کے لئے مختصر اور طویل مدتی بینک فنانسنگ کی ادائیگی کے لئے استعمال کیا گیا۔

فنانس لاگت: دوران سال رائٹ شیئرز سے حاصل ہونے والی آمدنی سے قرضوں کی ادائیگی اور کم KIOBOR کی وجہ سے فنانس لاگت 70 فیصد کم رہی (موجودہ مدت: 38 ملین روپے بمقابلہ گزشتہ سال: 129 ملین روپے)۔

### کمپنیل مصارف

زیر جائزہ سال کے دوران کمپنی نے پالیسی کے مطابق نئے مینوفیکچرنگ آلات، GMP اور ریگولیٹری کے تقاضوں کی تعمیل اور عملے کے لئے موٹر گاڑیوں کو یقینی بنانے کے لئے سہولیات کو اپ گریڈ کرنے میں 458 ملین پاکستانی روپے کا سرمایہ خرچ کیا۔

قبل از ٹیکس منافع: 490 ملین روپے گزشتہ سال کے مقابلے میں 159 ملین روپے زیادہ تقریباً 50 فیصد اضافہ۔

بعد از ٹیکس منافع: 318 ملین روپے گزشتہ سال کے مقابلے میں 61 ملین زیادہ ہے۔ گزشتہ سال کے مقابلے میں 24 فیصد اضافہ۔ PBT بمقابلہ PAT کی نمو میں فرق 21-22 کے لئے انکم ٹیکس کے علاوہ 10 فیصد سپر ٹیکس کے نفاذ کی وجہ سے ہے۔

### فی حصص منافع

کمپنی کے گزشتہ سال کے فی حصص منافع 6.65 روپے کے مقابلے میں 30 جون 2022 کو ختم ہونے والے سال کے لئے 7.19 روپے تھی۔

### ڈیویڈنڈ (Dividend)

بورڈ آف ڈائریکٹرز نے 15 فیصد یعنی 1.50 روپے فی حصص کے حتمی کیش ڈیویڈنڈ کی سفارش کی ہے۔ یہ عبوری کیش ڈیویڈنڈ 1.71 روپے فی حصص یعنی 17.1 فیصد کے علاوہ ہے۔

### خطرات اور غیر یقینی حالات

کمپنی کو کچھ فطری خطرات اور غیر یقینی حالات درپیش ہیں۔ درج ذیل کلیدی کاروباری خطرات سامنے آئے ہیں:

- لاگت افراط زر اور DRAP کی طرف سے معاوضہ افراط زر کی قیمتوں میں پست ایڈجسٹمنٹ
- پاکستانی روپے کی قدر میں کمی
- عالمی API اور لاجسٹکس کا وٹمیں
- مقامی اور بین الاقوامی ریگولیٹری تقاضوں میں تیزی سے اضافہ
- پراڈکٹس کی رجسٹریشن اور قیمت کے تعین میں تاخیر
- کلیدی ملازمین کو اپنی طرف مائل اور برقرار رکھنا
- ڈیٹا کی حفاظت اور ڈیٹا کی رازداری کے بڑھتے ہوئے خطرات

مندرجہ بالا خطرات کے متوقع اثرات کو قابل قبول سطح تک لانے یا کم سے کم کرنے میں ہم داخلی اور خارجی اسٹیک ہولڈرز کے ساتھ سرگرمی سے کام کر رہے ہیں۔

### کارپوریٹ سماجی ذمہ داری

ہماری کمپنی کا مشن صحت اور بہبود کے شعبے کو بہتر بنا کر انسانیت کی خدمت کرنا ہے۔ کمپنی نے سال کے دوران کارپوریٹ سماجی ذمہ داری (CSR) کے متعدد اقدامات کیے ہیں جن میں بشمول:

- (a) مختلف رفاہی تنظیموں / ہسپتالوں کو مفت ادویات کی فراہمی۔
- (b) ملک میں ڈاکٹروں اور صحت کی دیکھ بھال کرنے والوں کی صلاحیت میں اضافہ کرنا
- (c) مختلف تعلیمی اداروں اور ہسپتالوں کی امداد

(d) کارڈیو مینابولک عوارض اور پھیپھائیس بی اور سی کے لیے مفت سکریننگ کیپ

(e) غریب مریضوں کے ساتھ تعاون

#### صحت، حفاظت اور ماحول

ہماری کمپنی صحت، حفاظت اور ماحول کے حوالے سے ریگولیٹری تقاضوں پر عمل درآمد کو یقینی بناتی ہے۔ کمپنی کے پاس ISO کے QMS (Quality Management System) اور EMS (Environment Management System) 14001:2015، ISO 9001:2015 اور OHSAS (Occupational Health and Safety) 18001:2007 سرٹیفیکیشن ہیں۔

ہماری مینوفیکچرنگ کی سہولت ادویات کی صنعت کے مقرر کردہ EHS کے معیار کے مطابق ہے۔ کسی بھی ہنگامی واقعات سے نمٹنے کے لئے ایک ایمرجنسی ریپانس کمیٹی موجود ہے۔ دھوئیں کا پتہ چلانے والے آلات، آگ کی صورت میں الارم اور آگ بجھانے والے آلات پوری فیکٹری میں نصب ہیں۔ فائر فائٹنگ کی تربیت باقاعدگی سے دی جاتی ہے۔ جہاں بھی ضرورت ہو، ملازمین کو حفاظتی سامان بشمول حفاظتی لباس، چشمے، دستانے، ہیلکٹس، کان پلگر، گیس ماسکس وغیرہ فراہم کیے جاتے ہیں۔ تمام آلات کے شور کی پیمائش کی جاتی ہے اور اسے کنٹرول حدود میں رکھا جاتا ہے۔ جزیئرز کے دھوئیں کے اخراج کی نگرانی اور اسے کنٹرول کیا جاتا ہے۔ بوائلرز کی ایک تھرڈ پارٹی کے ذریعے باقاعدگی سے حفاظتی جانچ کی جاتی ہے۔ ٹھوس کیمیائی فضلہ جلایا اور تمام فضلہ موزوں طریقے سے ضائع کیا جاتا ہے۔

#### قومی خزانے میں حصہ

کمپنی نے انکم ٹیکس، کسٹم ڈیوٹی اور سیلز ٹیکس کی مدد میں مجموعی طور پر 172.2 ملین پاکستانی روپے (2021 میں 167.8 ملین روپے) قومی خزانے میں جمع کرائے۔

#### کریڈٹ ریٹنگ

گزشتہ سال JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ کی طرف سے کمپنی کو "A/A-2" (Single A/A-Two) کی درجہ بندی سے نوازا گیا۔ تفویض کردہ درجہ بندی پر صورتحال "مستحکم" ہے۔

#### داخلی مالیاتی کنٹرولز

ڈائریکٹرز داخلی مالیاتی کنٹرولز کے حوالے سے اپنی ذمہ داری سے بخوبی واقف ہیں۔ مینجمنٹ اور آڈیٹرز (انٹرنل و ایکسٹرنل) کے ساتھ بات چیت اور انٹرنل آڈٹ رپورٹ کے جائزے کے ذریعے، ہم اس بات کی تصدیق کرتے ہیں کہ کمپنی میں مناسب کنٹرولز لاگو ہیں۔

#### کارپوریٹ اور فنانس رپورٹنگ فریم ورک

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک پر بیانات درج ذیل ہیں:

- کمپنی کی منجمنٹ کی طرف سے تیار کردہ مالیاتی اسٹیٹمنٹ کمپنی کے معاملات، سرگرمیوں کے نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کا واضح اظہار کرتی ہے۔
- کمپنی کے اکاؤنٹس کی موزوں کتابیں تیار کی گئی ہیں۔
- مالیاتی اسٹیٹمنٹ کی تیاری میں اکاؤنٹنگ کی مخصوص پالیسیوں کا یکساں اور مسلسل اطلاق کیا گیا ہے۔ اکاؤنٹنگ تخمینے موزوں اور محتاط اندازوں پر مبنی ہیں۔
- مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیارات کی، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، پیروی کی گئی ہے۔
- انٹرنل کنٹرول کا سسٹم ڈیزائن میں مضبوط ہے اور موثر طریقے سے لاگو ہے اور زیر نگرانی بھی ہے۔
- بطور ادارہ کمپنی کے کام جاری رکھنے کی اہلیت پر کسی شک و شبہ کی گنجائش نہیں ہے۔
- مالیاتی گوشواروں کے مسئلہ نوٹس میں ٹیکسز اور لیویز کی معلومات دی گئی ہیں۔

- لسٹنگ ریگولیشن میں تفصیلی طور پر دیئے گئے کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- 30 جون 2022 کو تازہ ترین غیر آڈٹ شدہ اکاؤنٹس کے مطابق ملازمین کے پراویڈنٹ فنڈ کی سرمایہ کاری کی مالیت 205.2 ملین پاکستانی روپے ہے۔

### بورڈ کی تشکیل

موجودہ بورڈ نو ممبران پر مشتمل ہے، جن میں ایک خاتون اور آٹھ مرد ڈائریکٹرز شامل ہیں۔ بورڈ کی تشکیل درج ذیل ہے:

مندرجات	تعداد
انڈیپنڈنٹ نان ایگزیکٹو ڈائریکٹرز	3
دیگر نان ایگزیکٹو ڈائریکٹرز	3
ایگزیکٹو ڈائریکٹرز	2
خاتون نان ایگزیکٹو ڈائریکٹر	1
کل	9

موجودہ ڈائریکٹرز کی فہرست درج ذیل ہے:

شمار	نام	درجہ بندی
1	جناب امان اللہ قاسم	انڈیپنڈنٹ نان ایگزیکٹو
2	جناب طارق واجد	انڈیپنڈنٹ نان ایگزیکٹو
3	سید انیس احمد شاہ	انڈیپنڈنٹ نان ایگزیکٹو
4	شیخ پرویز احمد	نان ایگزیکٹو
5	شیخ محمد وسیم	نان ایگزیکٹو
6	جناب محمد اطہر سلطان	نان ایگزیکٹو
7	محترمہ مسرت مصباح	خاتون نان ایگزیکٹو
8	جناب آصف مصباح	ایگزیکٹو
9	جناب صالح مصباح خان	ایگزیکٹو

### بورڈ آڈٹ کمیٹی

بورڈ آڈٹ کمیٹی، کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک کے مطابق بورڈ آف ڈائریکٹرز کو ان کی ذمہ داریاں سرانجام دینے میں ان کی معاونت کرتی ہے۔ کمیٹی مندرجہ ذیل تین نان ایگزیکٹو اراکین بشمول اس کے چیئرمین پر مشتمل ہے۔

نمبر شمار	نام	درجہ بندی	عہدہ
1	سید انیس احمد شاہ	انڈیپنڈنٹ نان ایگزیکٹو	چیئرمین
2	شیخ محمد وسیم	نان ایگزیکٹو	ممبر
3	جناب محمد اطہر سلطان	نان ایگزیکٹو	ممبر

## بورڈ ہومن ریسورس اینڈ ریمونزیشن کمیٹی

بورڈ ہومن ریسورس اینڈ ریمونزیشن کمیٹی بھی کمپنی کے اندر ہومن ریسورس کی پالیسیوں کو وضع کرنے اور ان پر عمل درآمد کا متواتر جائزہ لینے کے حوالے سے بورڈ آف ڈائریکٹرز کو ان کی ذمہ داریوں کی تکمیل میں معاونت کرتی ہے۔ یہ مینجمنٹ کے کلیدی عملے کے انتخاب، تشخیص، معاوضے اور جانشینی کی منصوبہ بندی میں بھی بورڈ کو مدد فراہم کرتی ہے۔ کمیٹی مندرجہ ذیل تین ارکان پر مشتمل ہے، جن میں اکثر بشمول کمیٹی چیئرمین کے نان ایگزیکٹو ڈائریکٹرز ہیں بشمول اس کے چیئرمین ہیں۔

نمبر شمار	نام	درجہ بندی	عہدہ
1	جناب طارق واجد	انڈیپنڈنٹ نان ایگزیکٹو	چیئرمین
2	جناب محمد اطہر سلطان	نان ایگزیکٹو	ممبر
3	جناب آصف مصباح	ایگزیکٹو	ممبر

## بورڈ اور بورڈ کمیٹیز کی حاضری

نمبر شمار	نام	بورڈ آف ڈائریکٹرز		بورڈ آڈٹ کمیٹی		بورڈ ہومن ریسورس اینڈ ریمونزیشن کمیٹی	
		حاضری	استحقاق	حاضری	استحقاق	حاضری	استحقاق
1	جناب امان اللہ قاسم	3	5	NA	NA	NA	NA
2	جناب آصف مصباح	5	5	NA	NA	1	1
3	جناب صالح مصباح خان	4	5	4	3	NA	NA
4	شیخ محمد وسیم	5	5	4	4	NA	NA
5	جناب صہیب عمر	2	2	2	2	NA	NA
6	جناب طارق واجد	3	5	NA	NA	1	1
7	سید انیس احمد شاہ	5	5	4	4	NA	NA
8	شیخ پرویز احمد	3	3	NA	NA	NA	NA
9	جناب محمد اطہر سلطان	1	2	-	-	1	-
10	محترمہ مسرت مصباح	1	5	NA	NA	NA	NA
11	جناب محمد یحییٰ چاؤلہ	-	3	-	-	NA	NA

## بورڈ آف ڈائریکٹرز میں تبدیلیاں

زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز میں درج ذیل تبدیلیاں ہوئیں:

سبکدوش ہونے والے	نئے آنے والے
جناب صہیب عمر	شیخ پرویز احمد
جناب محمد یحییٰ چاؤلہ	جناب محمد اطہر سلطان

بورڈ سبکدوش ہونے والے ڈائریکٹرز کی خدمات کو تسلیم کرتا ہے اور انہیں سراہتا ہے اور نئے ڈائریکٹرز کا خیر مقدم کرتا ہے۔



### ڈائریکٹرز ٹریڈنگ پروگرام

چار ڈائریکٹرز، ڈائریکٹرز ٹریڈنگ پروگرام کے تحت سند یافتہ ہیں۔ دو ڈائریکٹرز کو ٹریڈنگ پروگرام سے استثنیٰ کے لیے ریگولیشنز کے ریگولیشن نمبر 19، ذیلی ریگولیشن 2 کے تحت مطلوبہ تجربہ حاصل ہے۔  
ریگولیشنز کے ریگولیشن 19 کے تحت حوصلہ افزائی کے مطابق بورڈ کے باقی ارکان کے لئے تربیت کی منصوبہ بندی کی گئی ہے۔

### نان ایگزیکٹو ڈائریکٹرز کو مالی مراعات دینے کی پالیسی

بورڈ یا بورڈ کمیٹی کے اجلاسوں میں شرکت کیلئے نان ایگزیکٹو ڈائریکٹرز (انڈیپنڈنٹ دیگر) کی فیس کمپنی کے آرٹیکلز آف ایسوسی ایشن کی شرائط کے مطابق بورڈ کے ذریعے منظور کی جاتی ہے۔

### کلیدی آپریٹنگ اور مالیاتی ڈیٹا

گزشتہ چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا اور تناسب منسلک ہیں۔

### شیر ہولڈنگ کا بیٹرن

30 جون 2022 کے شیر ہولڈنگ کے بیٹرن کا اسٹیٹمنٹ منسلک ہے۔ دوران سال ڈائریکٹرز، ایگزیکٹوز اور ان کے / کی شریک حیات نے حصص کی تجارت اگر کوئی ہو، کی ہے توقیت، حصص کی تعداد، شیر سرٹیفکیٹ کی شکل اور لین دین کی نوعیت کے ساتھ کمپنی سکریٹری کو تحریری طور پر مطلع کیا گیا تھا۔ اس طرح کے تمام لین دین کو بیٹرن آف شیر ہولڈنگ میں ظاہر کیا گیا ہے۔

### انٹرئل آڈیٹرز

کمپنی کے انٹرئل آڈٹ فنکشن کا انتظام انٹرئل آڈٹ کے سربراہ کرتے ہیں، جن کی کی معاونت انٹرئل آڈیٹرز میسرز KPMG تاثیر مادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کرتے ہیں۔ انٹرئل آڈٹ کے سربراہ بورڈ آڈٹ کمیٹی کے چیئرمین کو رپورٹ کرتے ہیں۔

### ایکسٹرئل آڈیٹرز

موجودہ آڈیٹرز میسرز EY فورڈ روڈ چارٹرڈ اکاؤنٹنٹس آنے والے سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے اور اہل ہونے کے باعث انہوں نے اپنے آپ کو دوبارہ تقرری کیلئے پیش کیا ہے۔ بورڈ آف ڈائریکٹرز نے 30 جون 2023 تک ختم ہونے والے مالی سال کے لئے کمپنی کے آڈیٹرز کے طور پر ان کی دوبارہ تقرری کی آڈٹ کمیٹی کی سفارش کی توثیق کر دی ہے۔

### ذیلی واقعات

اس رپورٹ کے اجراء تک مالی سال کے اختتام کے دوران کمپنی کی مالی حیثیت کو متاثر کرنے والے کوئی مادی واقعات پیش نہیں آئے ہیں۔

### مستقبل کا جائزہ

روپے کی قدر میں مسلسل کمی اور عالمی افراط زر کی وجہ سے مادی لاگت میں اضافہ، افادیت اور ایندھن کی قیمتوں میں بڑا اضافہ، افراط زر کا بھاری دباؤ اور مقامی سیاسی غیر یقینی صورتحال قیمتوں کے باقاعدہ دواسازی کی صنعت کے لئے سنگین چیلنجز ہیں۔

عام انکم ٹیکس کے علاوہ سپرنٹنڈنٹس کے نفاذ اور سیلز ٹیکس میں نان ایڈجسٹ ایبل اسٹیٹس میں تبدیلیوں نے استحکام کو بری طرح متاثر کیا ہے۔ انڈسٹری باڈی IPMA اینڈ کمپنی نے مالی مشکلات کا معاملہ DRAP اور وزارت نیشنل ہیلتھ سروسز ریگولیشنز اینڈ کنٹرولز کے ساتھ اٹھایا ہے۔

بورڈ کی رہنمائی میں کمپنی ایک جارحانہ تنظیمی ترقیاتی حکمت عملی پر عمل پیرا ہے اور ہم توقع کرتے ہیں کہ انتہائی چیلنجنگ ماحول کے باوجود کمپنی مستقل منافع بخش نمونہ فراہم کرنے کے لئے اطمینان بخش حالت میں ہے۔

#### اعتراف

بورڈ آف ڈائریکٹرز اپنے تمام ملازمین کے عزم، لگن اور خلوص کی قدردانی کو ریکارڈ کرنا چاہتا ہے جنہوں نے زندگی بچانے والی ادویات کی بلا تھقل فراہمی کو یقینی بنانے کے لئے کام کیا ہے۔ ہم اپنے قابل قدر شیئرز ہولڈرز، کسٹمرز، ڈسٹریبیوٹرز، سپلائرز، مالیاتی اداروں اور ریگولیٹری اتھارٹیز سے ملنے والی معاونت اور تعاون کا بھی اعتراف کرتے ہیں۔ اللہ سبحانہ و تعالیٰ کے مسلسل فضل و کرم پر تمام تر تعریفیات اور تشکرات اسی کے لیے ہیں۔

منجانب بورڈ



آصف مصباح

چیف ایگزیکٹو



امان اللہ قاسم

چیئرمین

کراچی۔

ستمبر 17، 2022ء

## KEY OPERATING AND FINANCIAL DATA

	Unit	2022	2021	2020	2019	2018	2017
<b>Summary of Statement of Financial Position</b>							
Non-Current Assets	Rs. M	<b>2,064</b>	1,867	1,669	1,435	1,271	927
Current Assets	Rs. M	<b>2,374</b>	1,852	2,289	1,776	1,773	1,813
<b>Total Assets</b>	Rs. M	<b>4,438</b>	3,719	3,958	3,211	3,044	2,740
<b>Total Equity</b>							
Rs. M		<b>2,575</b>	1,350	1,168	1,194	1,168	1,143
Non-Current Liabilities	Rs. M	<b>474</b>	812	783	478	444	248
Current Liabilities	Rs. M	<b>1,389</b>	1,557	2,007	1,539	1,432	1,349
<b>Total Liabilities</b>	Rs. M	<b>1,863</b>	2,369	2,790	2,017	1,876	1,597
<b>Total Equity and Liabilities</b>	Rs. M	<b>4,438</b>	3,719	3,958	3,211	3,044	2,740
<b>Summary of Profit or Loss</b>							
Turnover - net	Rs. M	<b>5,311</b>	5,142	5,528	4,082	4,053	3,630
Gross profit	Rs. M	<b>2,374</b>	2,115	2,037	1,733	1,822	1,673
Operating profit	Rs. M	<b>528</b>	460	295	242	388	413
Profit before taxation	Rs. M	<b>490</b>	331	63	122	320	352
Taxation	Rs. M	<b>172</b>	74	48	16	74	78
Net profit	Rs. M	<b>318</b>	257	15	106	246	274
<b>Ratios</b>							
<b>Profitability Ratios</b>							
Gross profit to turnover	%	<b>44.70</b>	41.13	36.85	42.45	44.95	46.09
Operating profit to turnover	%	<b>9.94</b>	8.95	5.34	5.93	9.57	11.38
Profit before tax to turnover	%	<b>9.23</b>	6.44	1.14	2.99	7.90	9.70
Net profit to turnover	%	<b>5.99</b>	5.01	0.27	2.60	6.07	7.55
Return on equity before tax	%	<b>19.03</b>	24.52	5.39	10.22	27.40	30.80
Return on equity after tax	%	<b>12.35</b>	19.06	1.28	8.88	21.06	23.97
Return on capital employed	%	<b>17.32</b>	21.29	15.12	14.47	24.07	29.69
Return on assets	%	<b>7.17</b>	6.92	0.38	3.30	8.08	10.00
<b>Market Ratios</b>							
Market price per share at year end	Rs.	<b>125.00</b>	161.38	93.06	60.95	208.00	-
Market capitalization	Rs. M	<b>5,726</b>	6,317	3,643	2,386	8,142	-
Price earning ratio	Rs.	<b>17.39</b>	24.26	242.58	22.41	33.06	-
Break up value / share	Rs.	<b>65.78</b>	34.49	29.84	30.50	29.87	29.23
Basic / diluted earnings per share	Rs.	<b>7.19</b>	6.65	0.38	2.72	6.29	7.01
Dividend payout ratio	%	<b>46.23</b>	59.33	-	33.10	51.62	61.00
Dividend cover ratio	Times	<b>2.16</b>	1.55	-	3.01	1.93	1.65
<b>Liquidity Ratios</b>							
Current ratio	Times	<b>1.71</b>	1.19	1.14	1.15	1.24	1.34
Quick / acid test ratio	Times	<b>0.72</b>	0.49	0.57	0.60	0.57	0.62

\* Based on proposed dividend

## PATTERN OF SHAREHOLDING AS AT JUNE 30, 2022

Number of Certificate Holders	Certificate Holding			Certificate Held
	From		To	
742	1	-	100	19,390
168	101	-	500	45,274
41	501	-	1000	31,606
52	1001	-	5000	100,921
6	5001	-	10000	46,125
4	10001	-	15000	49,000
1	15001	-	20000	19,000
1	20001	-	25000	25,000
1	35001	-	40000	36,572
1	40001	-	45000	40,001
2	200001	-	205000	406,122
4	280001	-	285000	1,137,136
1	565001	-	570000	568,568
1	605001	-	610000	606,061
2	3030001	-	3035000	6,060,606
1	6430001	-	6435000	6,430,868
1	15085001	-	15090000	15,089,321
1	15095001	-	15100000	15,099,447
<b>1030</b>				<b>45,811,018</b>

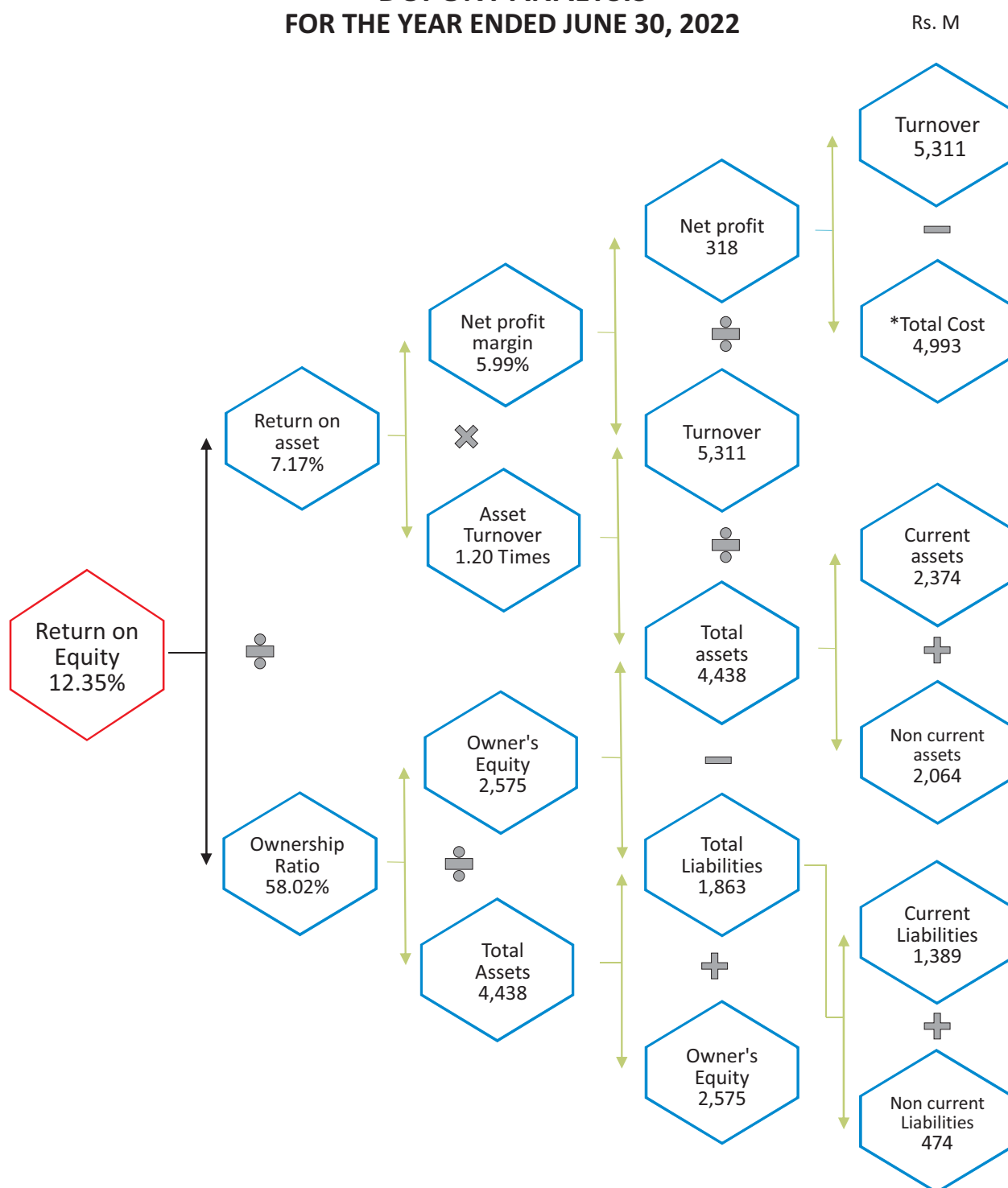
Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage
Individuals	1013	33,276,709	72.64
Joint Stock Companies	12	12,518,524	27.33
Investment Companies	1	1,825	0.00
Modarabas	1	30	0.00
Others	3	13,930	0.03
	<b>1030</b>	<b>45,811,018</b>	<b>100.00</b>

## Categories Shareholders as on June 30, 2022

S. No.	Categories Shareholders	Shareholders	Shares Held	Total
1	<b>Directors, Chief Executive office and their spouse(s) and minor children</b>	9		<b>30,473,568</b>
	Asif Misbah		15,099,447	
	Swaleh Misbah Khan		15,089,321	
	Sheikh Perwez Ahmed		500	
	Masarrat Misbah		284,285	
	Tariq Wajid		1	
	Sheikh Muhammed Waseem		1	
	Syed Anis Ahmed Shah		1	
	Amanullah Kassim		1	
	Muhammad Ather Sultan		11	
2	<b>Associated Companies, Undertakings and related parties</b>	<b>NIL</b>		
3	<b>Executives</b>	<b>3</b>		<b>77,601</b>
4	<b>Modarabas and Mutual Funds</b>	<b>1</b>		<b>30</b>
5	<b>NIT and ICP</b>	<b>1</b>		<b>1,825</b>
	Investment Corporation of Paksitan		1,825	
6	<b>Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds</b>	<b>12</b>		<b>12,518,524</b>
7	<b>Others</b>	<b>3</b>		<b>13,930</b>
8	<b>General Public</b>	<b>1,001</b>		<b>2,725,540</b>
	<b>Total</b>	<b>1,030</b>		<b>45,811,018</b>

Shareholders Holding 10% or More in the Company	Number of Shares	%
Mr. Swaleh Misbah Khan	15,099,447	32.96
Mr. Asif Misbah	15,089,321	32.94
Saas Enterprises (Pvt.) Limited	6,430,868	14.04

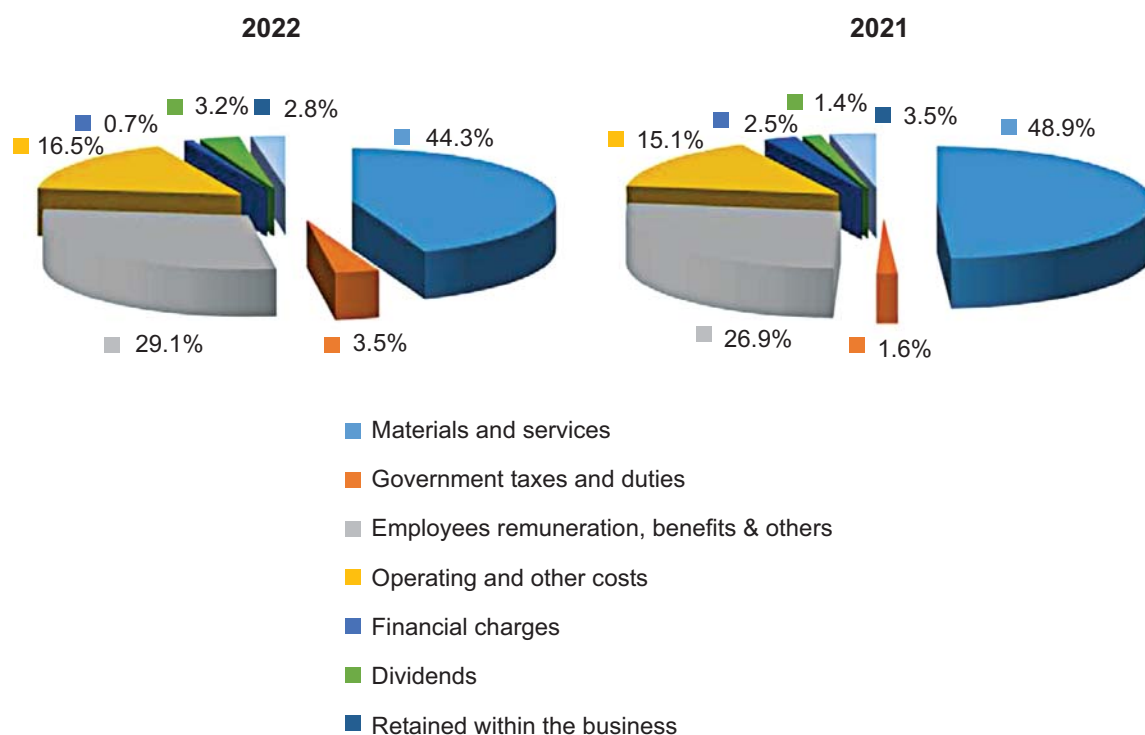
## DUPONT ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022



\*Total Cost includes COGS, Distribution, Administration, Other Expenses (less other income), Financial Charges and Taxation

## STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	2022		2021	
	(Rupees in '000)	%	(Rupees in '000)	%
<b>VALUE ADDITION</b>				
Turnover - net	5,311,248	99.3%	5,141,627	99.8%
Other operating income	37,392	0.7%	9,401	0.2%
	<b>5,348,640</b>	<b>100%</b>	<b>5,151,028</b>	<b>100%</b>
<b>VALUE DISTRIBUTION</b>				
Materials and services	2,367,043	44.3%	2,520,404	48.9%
Government taxes and duties	187,706	3.5%	83,980	1.6%
Employees remuneration, benefits & others	1,556,550	29.1%	1,385,154	26.9%
Operating and other costs	881,343	16.5%	775,412	15.1%
Financial charges	38,465	0.7%	129,050	2.5%
Dividends	169,959	3.2%	74,374	1.4%
Retained within the business	147,574	2.8%	182,654	3.5%
	<b>5,348,640</b>	<b>100.0%</b>	<b>5,151,028</b>	<b>100.0%</b>





## PROFILE OF SHARIAH ADVISOR OF THE COMPANY

Mufti Muhammad Najeeb Khan holds a degree of specialization in Islamic Jurisprudence/Islamic Finance "Takhassus" from Jamia Darul Uloom Karachi under supervision of Justice Retd. Mufti Taqi Usmani which is equivalent to PHD.

Mufti Muhammad Najeeb Khan have rendered services to many local and multinational organizations especially in Islamic Banking and Finance, Islamic Assets & Fund Management, Islamic Financial Product Development, Halal Food Area, Slaughtering Rules. He was honored with an award for leading Shariah Advisor in 2015 from Mr. Mamnoon Hussain, President of Pakistan. He also has an extensive experience of management, teaching and training extending over a period of more than 20 years.

Mufti Muhammad Najeeb Khan is serving in the field of Halal Foods. He is a Chairman of Shariah Board of Halal Awareness and Research Council (HARC) and Member of Sindh Food Authority Technical Committee. He also worked as member of Pakistan Standards and Quality Control Authority (PSQCA) and Vice Chariman of Technical Committee on Halal Pharma Standards of PSQCA.

## **SHARIAH REVIEW REPORT**

### **For the year ended June 30, 2022**

With the grace of Allah, I have been appointed as Shariah Advisor of Macter International Limited under the provisions of Shariah Governance Regulations, 2018 (Regulations). Under the Regulations my role includes:

- o Introduction of a mechanism which will strengthen Shariah compliance in letter and spirit and ensure that the systems, procedures and policies adopted are in line with the Shariah principles.
- o Ensure that the inflows and outflows of financial resources are free from: Riba (interest, usury or any other form), Qimar (Gambling), Gharar (Uncertainty) and other vices prohibited by Shariah.
- o Advise on regular basis that the business, transactions and investments made are in accordance with the principles of Shariah.
- o Make recommendations for potential improvements and the formulation of policies in line with Shariah principles.

#### **Issuance of Shariah Compliance Certificate:**

I have performed Shariah screening of Macter International Limited on the basis of its Financial Statements of June 30, 2022 (audited) using the criteria mentioned in the Chapter IV (b) of Shariah Governance Regulations, 2018.

Alhamdulillah, I found Macter International Limited as Shariah Compliant as per the said screening criteria and hence I have issued a Shariah Compliance Certificate in favor of MACTER INTERNATIONAL LIMITED.

#### **Review of Operations and my Opinion:**

During the period, I reviewed the operations and business activities of Macter International Limited with respect to Shariah compliance. For that purpose, I met with the relevant officials of Macter International Limited. Accordingly, it has been agreed with management that all legal documents and policies would be executed and implemented in Macter International Limited after approval from Shariah Advisor. The Company is carrying on its operations, business affairs and activities according to the principles of Shariah.

The company has taken steps to ensure that its pharmaceuticals ingredients used in manufacturing health care products are from Halal sources and has taken Halal certificate for its majority products from an accredited Halal certification body.

I have conducted the Shariah review of Macter International Limited for the financial year ended on June 30, 2022 in accordance with the provisions of Shariah Governance Regulations, 2018 and in my opinion:

- The transactions, the documentations and the procedures adopted have been in accordance with principles of Shariah;
- The business affairs have been carried out in accordance with rules and principles of Shariah;
- No Shariah non-compliant income has been earned by the Company, during the year. Therefore, no purification of income was required during the year

**Conclusion:**

Based on the Review of Company's operations, transactions, related documentation, processes, policies, legal agreements and management's representation, in my opinion, the affairs of Macter International Limited have been carried out in accordance with the rules and principles of Shariah, and therefore, I am of the view that Macter International Limited is a Shariah Compliant Company.

In the end; I pray to Allah Almighty to grant us success and help us at every step, keep us away from every hindrance and difficulty, and give financial success to Macter International Limited.



**Muhammad Najeeb Khan**

Karachi

September 12, 2022

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

**Name of Company** : **MACTER INTERNATIONAL LIMITED**  
**Year ending** : **JUNE 30, 2022**

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

1. The total number of directors is 09 as per the following:
  - a. Male : 08
  - b. Female : 01
2. The composition of the Board is as follows:

Category	Names
Independent Directors	Mr. Amanullah Kassim Mr. Syed Anis Ahmad Shah Mr. Tariq Wajid
Non-executive Director	Sheikh Muhammed Waseem Mr. Muhammad Ather Sultan Sheikh Perwez Ahmed
Executive Directors	Mr. Asif Misbah Mr. Swaleh Misbah Khan
Female Non-Executive Director	Ms. Masarrat Misbah

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 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 the 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. As at June 30, 2022, Four (04) directors on the Board namely Mr. Asif Misbah, Mr. Swaleh Misbah Khan, Mr. Muhammad Ather Sultan and Sheikh Muhammed Waseem are certified under the Directors' Training program, whereas Two (02) directors namely Sheikh Perwez Ahmed and Mr. Tariq Wajid have requisite experience to be exempted from training program as mentioned in regulation No 19, sub-regulation 2 of the Regulations.

The requisite trainings are being planned for remaining directors as encouraged under Regulation 19 of the Regulations.

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. No new appointment was made during the year.
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:

#### BOARD AUDIT COMMITTEE

S. No.	Name	Category	Position
1	Syed Anis Ahmad Shah	Independent Non-Executive	Chairman
2	Sheikh Muhammed Waseem	Non-Executive	Member
3	Muhammad Ather Sultan	Non-Executive	Member

#### BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

S. No.	Name	Category	Position
1	Mr. Tariq Wajid	Independent Non-Executive	Chairman
2	Mr. Muhammad Ather Sultan	Non-Executive	Member
3	Mr. Asif Misbah	Executive	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

a.	Audit Committee	Quarterly
b.	HR and Remuneration Committee	Yearly

15. The board has outsourced the internal audit function to KPMG TASEER HADI & CO, CHARTERED ACCOUNTANTS who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan 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 firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.
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 regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



**Amanullah Kassim**  
Chairman



**Asif Misbah**  
Chief Executive

Karachi  
September 17, 2022



Ey Ford Rhodes  
Chartered Accountants  
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## INDEPENDENT AUDITORS' REVIEW REPORT

### To the members of Macter International 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 **Macter International Limited** (the Company) for the year ended **30 June 2022** 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 Regulation 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 **30 June 2022**.

**Chartered Accountants**

**Place:** Karachi

**Date:** 27 September 2022

**UDIN Number:** CR2022100760iACRxJ9G





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**Independent Assurance Report on Compliance with the Shari'ah Governance Regulations, 2018  
To the Board of Directors of Macter International Limited**

**1. Introduction**

We have undertaken a reasonable assurance engagement that the Securities and Exchange Commission of Pakistan (the Commission) has required in terms of Shari'ah Governance Regulations, 2018, for assessing compliance of the Macter International Limited's (the Company's) financial arrangements, contracts, and transactions having Shari'ah implications with Shari'ah principles for the year ended 30 June 2022. This engagement was conducted by a multidisciplinary team including assurance practitioners and independent Shari'ah scholars.

**2. Applicable Criteria**

The criteria for the assurance engagement, against which the underlying subject matter (financial arrangements, contracts, and transactions having Shari'ah implications for the year ended 30 June 2022) is assessed, comprise of the Shari'ah principles in light of the following:

- 1) rules, regulations and directives issued by the Commission from time to time
- 2) pronouncements of Shari'ah Advisory Board
- 3) Shari'ah Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as adopted by the Commission, if any;
- 4) requirements of the applicable Islamic Financial Accounting Standards as notified by the Commission; and
- 5) approvals and rulings given by the Shari'ah Advisor of a Shari'ah compliant company or company issuing a Shari'ah compliant security are in line with the regulations and in accordance with the rulings of Shari'ah Advisory Board.

The above criteria were evaluated for their implications on the financial statements of the Company for the year ended 30 June 2022.

**3. Management's Responsibility for Shari'ah Compliance**

The Company's management is responsible to ensure that the financial arrangements, contracts and transactions having Shari'ah implications, entered into by the Company and related policies and procedures are in compliance with the Shari'ah principles. The management is also responsible for design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records.

**4. Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.



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

## 5. Our responsibility and summary of the work performed

Our responsibility in connection with this engagement is to express an opinion on compliance of the Company’s financial arrangements, contracts, and transactions having Shari’ah implications with Shari’ah principles, in all material respects, for the year ended 30 June 2022 based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), ‘Assurance Engagements other than audits or reviews of historical financial statements’, issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the compliance of the Company’s financial arrangements, contracts and transactions having Shari’ah implications with Shari’ah principles is free from material misstatement.

The procedures selected by us for the engagement depended on our judgement, including the assessment of the risks of material non-compliance with the Shari’ah principles. In making those risk assessments, we considered and tested the internal control relevant to the Company’s compliance with the Shari’ah principles in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. We have designed and performed necessary verification procedures on various financial arrangements, contracts, classes of transactions and related policies and procedures based on judgmental and systematic samples with regard to the compliance with Shari’ah principles. In performing our audit procedures necessary guidance on Shari’ah matters was provided by independent Shari’ah scholar referred above.

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

## 6. Conclusion

Based on our reasonable assurance engagement, we report that in our opinion, the Company’s financial arrangements, contracts and transactions for the year ended 30 June 2022 are in compliance with the Shari’ah principles, in all material respects.

**Chartered Accountants**

**Engagement Partner: Shaikh Ahmed Salman**

**Date: 29 September 2022**

**Place: Karachi**

A member firm of Ernst & Young Global Limited

**UNCONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**



Ey Ford Rhodes  
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## INDEPENDENT AUDITOR'S REPORT

**To the members of Macter International Limited**

**Report on the Audit of Unconsolidated Financial Statements**

### Opinion

We have audited the annexed unconsolidated financial statements of **Macter International Limited** (the Company), which comprise the statement of financial position as at **30 June 2022**, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the 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 statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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 30 June 2022 and of the profit, other comprehensive income, its cash flows and the changes in equity 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 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following is the key audit matters:

Key audit matters	How our audit addressed the key audit matter
<b>1. Existence and valuation of stock in trade</b> <p>As disclosed in note 10 to the accompanying unconsolidated financial statements, the stock in trade represents 28% of total assets of the Company. The cost of Work in Process (WIP) and finished goods is determined at weighted average manufacturing cost including a proportion of production overheads.</p> <p>We focused on Stock in Trade as it is a significant portion of Company's total assets and it requires management judgement in determining an appropriate costing basis and assessing its valuation.</p>	<p>We performed a range of audit procedures with respect to inventory items including, amongst others, physical observation of inventory counts, testing valuation methods and their appropriateness in accordance with the applicable accounting standards. We also tested the calculations of per unit cost of finished goods and WIP and assessed the appropriateness of management's basis for the allocation of cost and production overheads.</p> <p>We also assessed the adequacy of the disclosures made in respect of the accounting policies and the inventory balances held by the Company at the year end.</p>

#### Information Other than the 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 financial statements and our auditor's report thereon.

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

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

In preparing the 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.

<sup>A</sup> Board of directors are responsible for overseeing the Company's financial reporting process.





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

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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 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.

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#### 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 statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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 Shaikh Ahmed Salman.

#### Chartered Accountants

**Place:** Karachi

**Dated:** 27 September 2022

**UDIN Number:** AR202210076ZQPsfJFXt

## UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

		2022	2021
		----- (Rupees in '000) -----	
<b>ASSETS</b>	<b>Note</b>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	1,735,143	1,448,418
Intangible assets	5	2,301	3,992
Long-term investment	6	300,000	300,000
Long-term loans	7	1,982	2,219
Long-term deposits	8	24,611	64,733
Deferred taxation - net	9	-	47,047
		<b>2,064,037</b>	<b>1,866,409</b>
<b>CURRENT ASSETS</b>			
Stores and spares		16,799	10,118
Stock-in-trade	10	1,260,445	984,304
Trade debts	11	301,364	513,247
Loans and advances	12	116,190	69,466
Trade deposits, prepayments and other receivables	13	101,707	92,108
Sales tax refundable	14	179,499	-
Taxation - net		26,008	101,107
Short-term investment	15	159,707	-
Cash and bank balances	16	212,728	81,993
		<b>2,374,447</b>	<b>1,852,343</b>
<b>TOTAL ASSETS</b>		<b>4,438,484</b>	<b>3,718,752</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital			
65,000,000 (2021: 65,000,000) ordinary shares of Rs 10/- each		650,000	650,000
Issued, subscribed and paid-up capital	17	458,111	391,444
Capital reserve		1,225,860	217,808
Revenue reserve - accumulated profit		891,385	740,257
		<b>2,575,356</b>	<b>1,349,509</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred liabilities	18	209,678	210,023
Long-term financing	19	151,812	455,245
Long-term provision	20	66,985	69,397
Lease liabilities	21	39,928	66,093
Deferred taxation - net	9	5,680	-
		<b>474,083</b>	<b>800,758</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	22	1,234,937	792,615
Accrued profit	23	667	10,088
Short-term borrowings	24	-	381,695
Current portion of long-term financing	19	124,811	362,040
Current portion of lease liabilities	21	27,235	21,769
Unclaimed dividends		1,395	278
		<b>1,389,045</b>	<b>1,568,485</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	25		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,438,484</b>	<b>3,718,752</b>

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

  
 CHIEF FINANCIAL OFFICER

  
 CHIEF EXECUTIVE

  
 DIRECTOR



## UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2022

		2022	2021
	Note	----- (Rupees in '000) -----	
Turnover	26	5,311,248	5,141,627
Cost of sales	27	(2,937,153)	(3,026,827)
<b>Gross profit</b>		<b>2,374,095</b>	<b>2,114,800</b>
Distribution costs	28	(1,537,321)	(1,385,439)
Administrative expenses	29	(298,602)	(248,859)
Other expenses	30	(47,283)	(30,007)
Other income	31	37,392	9,401
<b>Operating profit</b>		<b>528,281</b>	<b>459,896</b>
Financial charges	32	(38,465)	(129,050)
<b>Profit before taxation</b>		<b>489,816</b>	<b>330,846</b>
Taxation	33	(172,283)	(73,818)
<b>Net profit for the year</b>		<b>317,533</b>	<b>257,028</b>
		----- (Rupees) -----	Restated
<b>Basic and diluted earnings per share</b>	34	<b>7.19</b>	<b>6.65</b>

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

## UNCONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	----- (Rupees in '000) -----	
<b>Net profit for the year</b>	<b>317,533</b>	257,028
<b>Other comprehensive income / (loss) :</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Actuarial gain / (loss) on remeasurement of defined benefit plans – net of tax	<b>3,554</b>	(863)
<b>Total comprehensive income for the year</b>	<b><u>321,087</u></b>	<b><u>256,165</u></b>

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

## UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022

		2022	2021
	Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		489,816	330,846
Adjustments:			
Depreciation on operating fixed assets	4.4	134,121	109,815
Depreciation on right-of-use assets	4.6	30,849	26,176
Amortization	5	1,691	2,974
Financial charges	32	30,372	124,188
Interest on Lease liabilities	32	8,093	4,862
Provision for gratuity	18.2	23,439	20,495
Gain on disposal of property, plant and equipment	31	(19,016)	(1,108)
Dividend income on mutual fund units	31	(1,675)	-
Gain on disposal on mutual fund units	31	(3,428)	-
Provision for slow moving and obsolete stock-in-trade - net	10.2	70,209	38,712
Allowance for expected credit loss	11.2	10,706	19,145
		<b>285,361</b>	<b>345,259</b>
		<b>775,177</b>	<b>676,105</b>
<b>(Increase) / decrease in current assets</b>			
Store and spares		(6,681)	(6,351)
Stock-in-trade		(346,350)	15,048
Trade debts		201,177	230,243
Loans and advances		(46,724)	18,777
Trade deposits, prepayments and other receivables		(9,599)	5,197
Sales tax refundable		(179,499)	-
		<b>(387,676)</b>	<b>262,914</b>
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		442,322	(186,832)
		<b>54,646</b>	<b>76,082</b>
Financial charges paid		(47,887)	(97,346)
Income tax paid		(44,065)	(5,819)
Gratuity paid		(19,366)	(11,147)
Long-term loans		237	(154)
Long-term deposits		40,122	16,283
Deferred liabilities		(1,255)	(3,847)
		<b>(72,214)</b>	<b>(102,030)</b>
<b>Net cash generated from operating activities</b>		<b>757,609</b>	<b>650,157</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(456,622)	(260,152)
Proceeds from disposal of property, plant and equipment	4.2	25,326	12,243
Investment made during the year		-	(100,000)
Short-term investment made		(250,000)	-
Proceeds from disposal of short-term investment		93,721	-
Dividend income on mutual fund units	31	1,675	-
<b>Net cash used in investing activities</b>		<b>(585,900)</b>	<b>(347,909)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(168,842)	(74,374)
Proceeds from issuance of share - net		1,074,719	-
Short-term borrowings paid		(268,595)	(414,877)
Long-term financing (paid) / obtained		(540,662)	178,527
Long-term provision		(2,412)	69,397
Principal portion of lease liabilities paid		(22,082)	(21,773)
<b>Net cash generated from / (used in) financing activities</b>		<b>72,126</b>	<b>(263,100)</b>
<b>Net increase in cash and cash equivalents during the year</b>		<b>243,835</b>	<b>39,148</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>(31,107)</b>	<b>(70,255)</b>
<b>Cash and cash equivalents at the end of the year</b>	38	<b>212,728</b>	<b>(31,107)</b>

No non-cash items are included in cashflow from investing and financing activities.

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.


  
CHIEF FINANCIAL OFFICER


  
CHIEF EXECUTIVE


  
DIRECTOR

## UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

	Issued, subscribed and paid-up share capital	Reserves			Total
		Capital reserves	Revenue reserves	Total reserves	
			Unappropriated profit		
----- (Rupees in '000) -----					
Balance as at July 01, 2020	391,444	217,808	558,466	776,274	1,167,718
Interim dividend @ Rs.1.90 per share	-	-	(74,374)	(74,374)	(74,374)
Net profit for the year	-	-	257,028	257,028	257,028
Other comprehensive loss	-	-	(863)	(863)	(863)
	-	-	256,165	256,165	256,165
Balance as at June 30, 2021	391,444	217,808	740,257	958,065	1,349,509
Balance as at July 01, 2021	391,444	217,808	740,257	958,065	1,349,509
Transactions with the owners					
Issue of right shares at premium - 6,666,667 shares at Rs. 165 per share	66,667	1,033,333	-	1,033,333	1,100,000
Issue cost of right shares	-	(25,281)	-	(25,281)	(25,281)
Net profit for the year	-	-	317,533	317,533	317,533
Other comprehensive income	-	-	3,554	3,554	3,554
	-	-	321,087	321,087	321,087
Final cash dividend @ Rs. 2.00 per share for the year ended June 30, 2021	-	-	(91,622)	(91,622)	(91,622)
Interim cash dividend @ Rs.1.71 per share for the half year ended December 31, 2021	-	-	(78,337)	(78,337)	(78,337)
Balance as at June 30, 2022	458,111	1,225,860	891,385	2,117,245	2,575,356

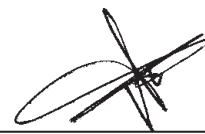
The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 1. THE COMPANY AND ITS OPERATIONS

- 1.1** Macter International Limited (the Company) was incorporated in Pakistan in 1992 as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and was converted into a public limited company in 2011. Effective from August 01, 2017 the Company has been listed on Pakistan Stock Exchange Limited. The geographical location and registered office of the Company is situated at F-216, S.I.T.E., Karachi.
- 1.2** The principal activity of the Company is to manufacture and market pharmaceutical products.
- 1.3** These unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any.

### 2. BASIS OF PREPARATION

#### 2.1 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 Standard Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Act; and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from IFRS, the provisions of and directives issued under the Act have been followed.

#### 2.2 Basis of measurement

These unconsolidated financial statements have been prepared on the basis of historical cost convention, unless otherwise specifically stated.

#### 2.3 Functional and presentation currency

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

#### 2.4 Amendments to approved accounting standards and the framework for financial reporting that became effective during the current year

The Company has adopted the following standards, amendments, interpretation and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current year:

**Amendment of Framework**

IFRS 9 / IAS 39 / IFRS 7 / IFRS 4 / IFRS 16

Interest Rate Benchmark Reform (Amendments)

IFRS 16

Covid-19-Related Rent Concessions beyond  
30 June 2021 (Amendments)

The adoption of above amendments to the approved accounting standards did not have any material impact on the Company's unconsolidated financial statements.

**2.5 Standards, amendments and improvements to the approved accounting standards that are not yet effective**

The following amendments and improvements to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective amendment or improvements:

Amendment or Improvement on or after)		Effective date (annual periods beginning on or after)
IFRS 3	Reference to the Conceptual Framework (Amendments)	January 01, 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	January 01, 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	January 01, 2022
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	January 01, 2023
IAS 1	Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8	Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	January 01, 2023
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised

**Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)**

IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IAS 41	Agriculture – Taxation in fair value measurements	01 January 2022
IFRS 16	Leases: Lease incentives	01 January 2022

The above standards and amendments and improvements are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan and are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application.

Standard		IASB Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

## 2.6 Significant accounting judgments, estimates and assumptions

The preparation of the unconsolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgment, estimates and assumptions that affect the application of policies and the reported amounts of revenues, expenses, assets and liabilities and accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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 judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Estimates, assumptions and judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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 accounting policies, management has made the following estimates and judgments which are significant to the unconsolidated financial statements:

	Notes
- determining the residual values, useful lives and impairment of property, plant and equipment & intangible assets	3.1, 3.2, 3.4, 4 & 5
- valuation of inventories	3.5, 3.6 & 10
- provision for impairment on financial & non-financial assets	3.12 & 11.2
- provision for tax and deferred tax	3.25, 9 & 33
- provision for employee retirement benefits	3.13 & 18.2
- determining the lease term of contracts with renewal and termination options and estimating the incremental borrowing rate	3.15 & 21
- contingencies	3.18 & 25.1
- provision for return	3.20 & 26

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Property, plant and equipment

##### Operating fixed assets

These are stated at cost less accumulated depreciation and impairment loss, if any, except for leasehold land which are stated at cost less impairment loss, if any.

Depreciation is charged to the statement of profit or loss applying the reducing balance method at the rates specified in note 4.1 to the unconsolidated financial statements. Depreciation on additions is charged from the month asset is available for use and in case of disposal up to the preceding month of disposal.

Maintenance and repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Company and the assets so replaced, if any, are retired.

Gains or losses on disposals of property, plant and equipment, if any, are recognized in statement of profit or loss.

The assets residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year end.

##### Capital work-in-progress

These are stated at cost less impairment, if any, and represent expenditures incurred and advances made in respect of specific assets during the construction / installation year. These are transferred to relevant operating fixed assets as and when assets are available for use.

##### Right-of-use assets

The Company recognises a right-of-use asset at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

#### 3.2 Intangible assets

These are stated at cost less accumulated amortization and impairment loss, if any. These are amortized on a straight line method when assets are available for use at the rates specified in note 5 to the unconsolidated financial statements. Amortization is charged from the month when asset is available for use while no amortization is charged in the month in which an asset is disposed off.

The useful lives of intangible assets are reviewed at each reporting date. The effect of any adjustment to useful lives is recognised prospectively as a change of accounting estimate.

The gain or loss on disposal or retirement of an intangible asset represented by the difference between the sale proceeds and the carrying amount is recognised in the statement of profit or loss in the period of disposal.

#### 3.3 Investment in subsidiary

Investment in subsidiary is stated at cost less accumulated impairment losses, if any.



**3.4 Impairment**

The carrying values of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognized in the profit or loss account.

**3.5 Stores and spares**

These are valued at lower of moving average cost and estimated net realizable value (NRV), less provision for obsolete items (if any), except items in-transit, if any, are valued at cost comprising invoice value plus other charges incurred thereon up to the date of statement of financial position.

Provision, if required is made in the financial statements for slow moving, obsolete and unusable items. Stores and spares are assessed and provision is applied according to degree of ageing based on a specific criteria.

**3.6 Stock-in-trade**

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

- |                                      |   |
|--------------------------------------|---|
| - Raw and packing material           | - on moving average basis.  |
| - Finished goods and work-in-process | - at weighted average cost of purchases and applicable manufacturing expenses.                      |
| - Stock-in-transit                   | - Valued at cost comprising invoice value plus other charges paid thereon up to the reporting date. |

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Provision is recorded for slow moving and expired stock where necessary.

**3.7 Loans, advances, deposits, prepayments and other receivables**

These are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Exchange gains or losses arising in respect of deposits, advances and other receivables in foreign currency are added to their respective carrying amounts and charged to statement of profit or loss, if any.

**3.8 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, with banks in current and deposit accounts, demand draft and running finance under mark-up arrangements. Running finances under mark-up arrangements are shown within short-term borrowings under current liabilities on the statement of financial position and are also included as part of cash and cash equivalents for the purpose of the statement of cash flows.

**3.9 Share Capital**

Ordinary shares are classified as equity and recognised 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.

**3.10 Share Premium**

It represents the difference between the par value of the company's ordinary shares and the total amount of money a company receives for ordinary shares issued.

### 3.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### i) Financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### Subsequent measurement

For purposes of subsequent measurement, the Company classifies its financial assets into following categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

##### Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

**Financial assets designated at FVOCI (equity instruments)**

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 'Financial Instruments: Presentation' and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

**Financial assets at FVPL**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category also includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in profit or loss when the right of payment has been established.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement? and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

## ii) Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, trade payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

### Subsequent measurement

#### Financial liabilities at FVPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at FVPL.

#### Financial liabilities at amortized cost

After initial recognition, borrowings and payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing, if any.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

## iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 3.12 Impairment

#### 3.12.1 Impairment of financial assets

##### Financial assets covered under IFRS 9

The Company recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For financial assets other than trade debts, the Company applies general approach in calculating ECL. It is based on the difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Company expects to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts, the Company applies a simplified approach where applicable in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix for large portfolio of customer having similar characteristics and default rates based on the credit rating of customers from which receivables are due that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product and consumer price index) are expected to deteriorate over the next year which can lead to an increased number of defaults in the economy, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Company considers a financial asset to be at a risk of default when contractual payments are 90 days past due except for receivables from institutions for which it is considered as 180 days, unless there are factors that might indicate otherwise. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 3.12.2 Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in profit or loss. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose 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 is 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 amortisation, if no impairment loss had been recognised previously. Reversal of an impairment loss is recognised immediately in profit or loss.

### 3.13 Employee retirement benefits

#### Defined benefit plan

The Company operates an unfunded gratuity scheme covering all eligible permanent employees. Provision is made on the basis of actuarial recommendations. The latest actuarial valuation is carried out as at June 30, 2022 using the Project Unit Credit Method.

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### Defined contribution plan

The Company operates a provident fund plan for all permanent management employees. Contribution is made to the fund equally by the Company and the employees at the rate of 8.33% of basic and / or gross salary, as per the respective entitlement grades.

### 3.14 Government Grant

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. As the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

### 3.15 Lease liabilities

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the termination option is reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments at the lease commencement date, the Company uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

**Short-term leases**

The Company applies the short-term lease recognition exemption to its short-term leases of premises (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

**Determining the lease term of contracts with renewal and termination options**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

**Estimating the incremental borrowing rate**

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

**3.16 Contract liabilities**

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liability are recognised as revenue when the Company performs under the contract.

**3.17 Unclaimed dividend**

Dividend declared and payable prior to the preceding three years from the unconsolidated statement of financial position date are recognised as unclaimed dividend.

**3.18 Contingencies**

Contingencies are disclosed when the Company has 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 a present obligation that arises from past events but is not recognised because 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.

**3.19 Revenue recognition**

The Company recognises revenue at a point in time when control of product is transferred to customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from factory premises or when it is delivered by the Company at customer premises.

The Company generally enters into an agreement with its customers for supply of its products, including delivery of product. As the transportation of product coincides with actual delivery, sale of product and transportation is considered single performance obligation. The credit limits in contract with customers varies depending on the terms of specific contract.

**3.20 Assets and liabilities arising from rights of return****Right of return assets**

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products. Returns for the Company comprise of expired products or near expiry products.

**Refund liabilities**

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

**3.21 Other income**

Other income is recognised to the extent that it is probable that the economic benefits will flow to the Company and the income can be measured reliably. Other income is measured on the following basis:

- Return on short-term deposits and investments at amortised cost are accounted for using the effective interest rate method.
- Dividend income is recognised when the right to receive the dividend is established.
- Scrap sales are recognized on accrual basis.



**3.22 Ijarah lease rentals**

Leases under Shariah compliant Ijarah contracts, where significant portion of the risk and reward of ownership is retained by the lesser, are classified as Ijarah. Rentals under these arrangements are charged to statement of profit or loss on straight line basis over the lease term.

Ijarah rentals directly attributable to the acquisition or construction of an asset are capitalized as part of the cost of the respective assets.

**3.23 Foreign currency translations**

Transactions in foreign currencies are translated into Pak Rupees at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Pak Rupees at the foreign exchange rate prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

**3.24 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

**3.25 Taxation****Current**

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred**

Deferred tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, while deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carry forward of unused tax credit and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realized or the liabilities are settled, based on tax rates (and tax laws) that have been enacted or subsequently enacted at the reporting date. Deferred tax is charged or credited to statement of profit or loss except to the extent it relates to items recognized in other comprehensive income.

### 3.26 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved. However, if these are approved after the reporting period but before the financial statements are authorised for issue, disclosure is made in the unconsolidated financial statements.

### 3.27 Earnings per share

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

### 3.28 Segment Reporting

The activities of the Company are organized into one operating segment i.e., manufacturing and marketing of pharmaceutical products. The Company operates in the said reportable operating segment based on the nature of the product, risks and returns, organizational and management structure, and internal financial reporting system. Accordingly, the figures reported in the unconsolidated financial statements are related to the Company's only reportable segment.

		2022	2021
	Note	----- (Rupees in '000) -----	
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	<b>1,477,164</b>	1,327,741
Capital work-in-progress	4.5	<b>202,175</b>	35,407
Right-of-use assets	4.6	<b>55,804</b>	85,270
		<b><u>1,735,143</u></b>	<b><u>1,448,418</u></b>

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### Operating fixed assets:

	Cost		Depreciation			Net book value as at June 30, 2021	Depreciation rate % per annum
	As at July 01, 2020	As at June 30, 2021	As at July 01, 2020	Charge for the year	On disposals	As at June 30, 2021	
			(Rupees in '000)				
<b>Owned</b>							
Leasehold land (note 4.3)	212,280	4,527	-	-	-	216,807	-
Buildings on leasehold land (note 4.3)	434,574	2,000	148,814	14,328	-	273,432	5
Plant and machinery	671,150	104,997 (13,288)	360,844	34,960	(9,837)	376,892	10
Tools and equipment	134,526	26,187 (1,386)	49,151	10,099	(1,007)	101,084	10
Gas and other installation	303,452	29,695 (3,900)	118,106	19,773	(3,049)	194,417	10
Furniture and fixture	61,434	395 (4,800)	28,083	3,339	(3,674)	29,281	10
Office equipment	36,577	1,452 (4,085)	18,143	1,916	(2,863)	16,748	10
Computer equipment	37,132	2,045 (3,857)	31,117	2,106	(3,718)	5,815	30
Motor vehicles	194,663	30,723 (12,754)	84,860	23,294	(8,787)	113,265	20
	2,085,788	202,021 (44,070)	839,118	109,815	(32,935)	1,327,741	

#### 4.2 Details of disposals of operating fixed assets having book value of more than Rs. 500,000 during the year are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyers and relationship with Company
----- (Rupees in '000) -----							
<b>Motor vehicles</b>							
Toyota Hilux (KS-8889)	3,220	2,600	620	2,350	1,730	Via Bid	Mr. Ali Qureshi (Employee)
Suzuki Alto (BTW-124)	1,433	165	1,268	1,441	173	Insurance claim	Salaam Takaful Limited
Toyota Fortuner (BF-1522)	5,181	4,438	743	4,300	3,557	Via Bid	Mr. Mursaleen Khan
	<b>9,834</b>	<b>7,203</b>	<b>2,631</b>	<b>8,091</b>	<b>5,460</b>		
<b>Gas and Other Installation</b>							
Diesel Generator 400 KVA	3,746	3,061	685	1,025	340	Via Bid	Kashif Generators
	<b>3,746</b>	<b>3,061</b>	<b>685</b>	<b>1,025</b>	<b>340</b>		
Items having book value of less than Rs.500,000 each	10,119	7,125	2,994	16,210	13,216		
<b>June 30, 2022</b>	<b>23,699</b>	<b>17,389</b>	<b>6,310</b>	<b>25,326</b>	<b>19,016</b>		
June 30, 2021	44,070	32,935	11,135	12,243	1,108		

#### 4.3 Particulars of immovable fixed assets in the name of Company are as follows:

Location	Usage	Total Area (Square fit) *
F-216, S.I.T.E, Karachi	Manufacturing facilities	44,020
E-40/A, S.I.T.E, Karachi	Manufacturing facilities	44,226
Neclass no 158 of Deh Tore, Tapo Konkar, Gadap Town, District Malir, Karachi	Land	718,741

\* The covered area includes multi storey buildings.

2022                      2021  
Note ----- (Rupees in '000) -----

**4.4 Depreciation charge for the year on operating fixed assets has been allocated as follows:**

Cost of sales	27	93,998	80,339
Distribution costs	28	26,495	19,020
Administrative expenses	29	13,628	10,456
		<u>134,121</u>	<u>109,815</u>

**4.5 Capital work-in-progress**

2022	Building on Leasehold land	Plant and machinery	Others	Total
	----- (Rupees in '000) -----			
Opening balance	5,401	3,965	26,041	35,407
Capital expenditure incurred / advances made	18,578	34,999	217,702	271,279
Transfer to operating fixed assets	(8,911)	(31,420)	(64,180)	(104,511)
Closing balance	<u>15,068</u>	<u>7,544</u>	<u>179,563</u>	<u>202,175</u>
2021	Building on Leasehold land	Plant and machinery	Others	Total
	----- (Rupees in '000) -----			
Opening balance	7,006	16,998	2,486	26,490
Capital expenditure incurred / advances made	3,844	9,094	36,099	49,037
Adjustments (note 4.5.1)	-	(11,630)	-	(11,630)
Transfer to operating fixed assets	(5,449)	(10,497)	(12,544)	(28,490)
Closing balance	<u>5,401</u>	<u>3,965</u>	<u>26,041</u>	<u>35,407</u>

**4.5.1** Represents reimbursement of advances against the purchase of plant and machinery by an Islamic bank. The Islamic bank has provided the said assets to the Company under Ijarah arrangement.

2022                      2021  
Note ----- (Rupees in '000) -----

**4.6 Right-of-use assets**

<b>As at July 01,</b>				
Cost		134,708	82,987	
Accumulated depreciation		(49,438)	(23,262)	
Net book value		<u>85,270</u>	<u>59,725</u>	
<b>Year ended June 30,</b>				
Opening net book value		85,270	59,725	
Reassessment of lease during the year		1,383	51,721	
Depreciation for the year	4.6.1	(30,849)	(26,176)	
Closing net book value		<u>55,804</u>	<u>85,270</u>	
<b>As at June 30,</b>				
Cost		136,091	134,708	
Accumulated depreciation		(80,287)	(49,438)	
Net book value		<u>55,804</u>	<u>85,270</u>	

	2022	2021
Note	----- (Rupees in '000)	-----

#### 4.6.1 Depreciation charge for the year on right-of-use assets has been allocated as follows:

Cost of sales	27	3,740	3,740
Distribution costs	28	27,109	22,436
		<u>30,849</u>	<u>26,176</u>

4.6.2 Lease obligations of the Company comprises of lease arrangements giving it the right-of-use over premises utilized as office building and warehouse.

4.6.3 The right-of-use assets are depreciated over a life of 3 - 5 years.

## 5. INTANGIBLE ASSETS

2022	Cost			Amortization			Net book value as at June 30, 2022	Amortization rate % per annum
	As at July 01, 2021	Additions during the year	As at June 30, 2022	As at July 01, 2021	Charge for the year	As at June 30, 2022		
	----- (Rupees in '000) -----							
Software licenses	23,806	-	23,806	19,814	1,691	21,505	2,301	20-33.33%
SAP ERP	41,802	-	41,802	41,802	-	41,802	-	20%
Manufacturing and distribution rights	20,000	-	20,000	20,000	-	20,000	-	20%
	85,608	-	85,608	81,616	1,691	83,307	2,301	

2021	Cost			Amortization			Net book value as at June 30, 2021	Amortization rate % per annum
	As at July 01, 2020	Additions during the year	As at June 30, 2021	As at July 01, 2020	Charge for the year	As at June 30, 2021		
	----- (Rupees in '000) -----							
Software licenses	23,183	623	23,806	17,427	2,387	19,814	3,992	20-33.33%
SAP ERP	41,802	-	41,802	41,215	587	41,802	-	20%
Manufacturing and distribution rights	20,000	-	20,000	20,000	-	20,000	-	20%
	84,985	623	85,608	78,642	2,974	81,616	3,992	

	2022	2021
Note	----- (Rupees in '000)	-----

#### 5.1 Amortization charge for the year has been allocated as follows:

Cost of sales	27	764	369
Distribution costs	28	240	611
Administrative expenses	29	687	1,994
		<u>1,691</u>	<u>2,974</u>

		2022	2021
	Note	----- (Rupees in '000) -----	
<b>6. LONG-TERM INVESTMENT</b>			
<b>Investment in subsidiary - at cost</b>			
Misbah Cosmetics (Private) Limited			
Equity held: 79.84% (2021: 79.84%)			
No. of shares: 30,000,000 (2021: 30,000,000) of Rs.10 each	6.1	<u>300,000</u>	<u>300,000</u>

**6.1** The subsidiary company is engaged in selling and distribution of cosmetics products.

**7. LONG-TERM LOANS - secured, considered good**

Due from:

- Executives\*

- Other employees

	649	793
	<u>6,719</u>	<u>5,741</u>
7.1	<u>7,368</u>	<u>6,534</u>

Less: Current portion

- Executives

- Other employees

	(149)	(245)
	<u>(5,237)</u>	<u>(4,070)</u>
12	<u>(5,386)</u>	<u>(4,315)</u>
	<u>1,982</u>	<u>2,219</u>

**7.1** These represent mark-up free loans to executives and employees for purchase of motor cars, motor cycles, house building, umrah and others, in accordance with the Company's policy. These loans are secured against the final settlement of respective employees and are recoverable in monthly installments over a period of one months to forty three months, these loans are mark-up free and secured against retirement benefits of respective employees.

Long term loans have been carried at cost as the effect of carrying these balances at amortised cost would not be material in the overall context of these unconsolidated financial statements.

\* These represent officers as prescribed under the Companies Act, 2017.

	2022	2021
	----- (Rupees in '000) -----	
<b>8. LONG-TERM DEPOSITS</b>		
Ijarah lease rentals	-	16,643
Diminishing musharakah	<u>19,481</u>	<u>42,948</u>
Utilities	<u>4,625</u>	<u>4,637</u>
Rent	<u>505</u>	<u>505</u>
	<u>24,611</u>	<u>64,733</u>



		2022	2021
	Note	(Rupees in '000)	
<b>9. DEFERRED TAXATION - NET</b>			
Deductible temporary differences in respect of:			
Provisions for:			
- impairment on slow moving and obsolete items		30,779	21,341
- impairment on trade debts		34,302	28,478
- retirement and other service benefits		64,059	58,426
- Lease liabilities		20,691	24,796
Minimum tax		-	60,583
		149,831	193,624
Less: Taxable temporary differences			
Right-of-use assets		(17,191)	(24,064)
Accelerated tax depreciation		(138,320)	(122,513)
	9.1	(5,680)	47,047
<b>9.1 Movement in deferred taxation - net is as follows:</b>			
Balance at beginning of the year		47,047	46,665
- recognized in profit or loss		(53,119)	(149)
- recognized in other comprehensive loss		392	531
Balance at end of the year		(5,680)	47,047
<b>10. STOCK-IN-TRADE</b>			
<b>In hand</b>			
- raw materials		470,859	350,512
- packing materials		211,255	203,774
- work-in-process		190,105	95,836
- finished goods	10.3	484,262	407,560
		1,356,481	1,057,682
Less: Provision for slow moving and obsolete items	10.2	(99,909)	(75,619)
		1,256,572	982,063
In transit	10.1	3,873	2,241
		1,260,445	984,304

**10.1** Stock in transit includes raw material of Rs.1.32 (2021: Rs.0.97) million and packing material of Rs.2.54 (2021: Rs.1.27) million.

	Note	2022 ----- (Rupees in '000) -----	2021 -----
<b>10.2 Provision for slow moving and obsolete items</b>			
Opening balance		75,619	39,878
Charge for the year	27	70,209	38,712
Write off during the year		(45,919)	(2,971)
Closing balance		99,909	75,619

**10.3** Finished goods includes right of return assets amounting to Rs. 24.10 (2021: Rs.11.05) million.

#### 11. TRADE DEBTS - unsecured

Considered good	11.1	301,364	513,247
Considered doubtful		111,346	100,910
		412,710	614,157
Allowance for expected credit loss	11.2	(111,346)	(100,910)
Trade debts - net		301,364	513,247

**11.1** These trade debts include Rs. 2.08 (2021: Rs.0.61) million representing receivable against export sales to Africa and Asia amounting to Rs.0.61 (2021: Rs.0.61) million and Rs.1.47 (2021: Rs.nil) million respectively.

	2022 ----- (Rupees in '000) -----	2021 -----
<b>11.2 Allowance for expected credit loss</b>		
The movement in expected credit loss during the year is as follows:		
Balance at beginning of the year	100,910	81,765
Provision recognised during the year	10,706	19,145
Write offs during the year	(270)	-
	10,436	19,145
Balance at end of the year	111,346	100,910

**11.3** As at June 30, 2022, trade debts aggregating to Rs.127.30 million (2021: Rs.346.51) million are neither past due nor impaired. The remaining debts aggregating to Rs.174.05 million (2021: Rs.166.74) million are past due but not impaired. The ageing analysis of these past due trade debts is as follows:

#### Trade debts

The aging of trade debts at the statement of financial position date was:

	2022						
	Not past due	30 days	31-90 days	90-180 days	181 to 360 days	over 360 days	Total
	----- (Rupees in '000) -----						
Total gross carrying amount	127,305	73,445	14,198	7,460	42,844	147,458	412,710
Expected credit loss	-	-	-	132	11,745	99,469	111,346
Expected credit loss effective rate	0%	0%	0%	2%	27%	67%	

	2021						Total
	Not past due	30 days	31-90 days	90-180 days	181 to 360 days	over 360 days	
	(Rupees in '000)						
Total gross carrying amount	346,510	51,483	18,272	18,176	59,452	120,264	614,157
Expected credit loss	-	-	-	82	10,324	90,504	100,910
Expected credit loss effective rate	0%	0%	0%	1%	17%	75%	

		2022	2021
	Note	(Rupees in '000)	
<b>12. LOANS AND ADVANCES - considered good</b>			
Current portion of long term loans	7	5,386	4,315
Advances to:			
- employees	12.1	22,627	11,860
- suppliers	12.2	88,177	53,291
		110,804	65,151
		116,190	69,466

**12.1** Advances to employees are provided to meet business expenses and are settled as and when the expenses are incurred.

**12.2** Includes interest free advances to major foreign suppliers having maturity latest by September 2022.

Jurisdiction	Name
Asia	Shanghai Tianhe Pharmaceutical Nantong Huideseng Elkay Chemicals (Private) Limited

		2022	2021
	Note	(Rupees in '000)	
<b>13. TRADE DEPOSITS, PREPAYMENTS &amp; OTHER RECEIVABLES</b>			
<b>Deposits</b>			
Ijarah lease rentals		-	2,445
Diminishing musharakah		-	3,163
Margin against bank guarantees		33,056	22,590
Tender deposits		80,296	66,839
Provision for doubtful deposits	13.1	(16,349)	(8,088)
Others		225	-
		97,228	86,949
<b>Prepayments</b>			
Software license		2,349	2,593
Takaful		-	891
Machine and equipments		34	175
Fees, rates and taxes		1,211	1,354
		3,594	5,013
<b>Other receivables</b>			
Profit on saving accounts		618	146
Others		267	-
		101,707	92,108

2022                      2021  
----- (Rupees in '000) -----

### 13.1 Provision for doubtful deposits

The movement in provision for doubtful deposits during the year is as follows:

Balance at beginning of the year	8,088	98
Provision recognised during the year	8,261	7,990
Balance at end of the year	<u>16,349</u>	<u>8,088</u>

### 14. SALES TAX REFUNDABLE

The entire pharma sector was exempt from levy of sales tax both at input as well as output stage, except for certain excipient and packing materials but through Finance (Supplementary) Act, 2021 exemption regime was converted into a Zero-rating regime for finished items of pharma products with effective from January 17, 2022, however, sales tax was imposed at standard rate of 17% on purchase/ import of Active Pharmaceutical Ingredients (API). As a result, the pharma sector was allowed to claim sales tax refund on all purchases including APIs, excipient and packing materials on consumption basis. In this respect net Rs. 179.49 million is sales tax input paid on purchases/import of materials up to June 30, 2022 which is refundable on consumption basis.

Moreover, aforesaid law has further been amended through the Finance Act, 2022 with effective from July 01, 2022, a special tax regime for Pharma Sector has been introduced whereby manufacture or import of substances registered as drugs under the Drugs Act, 1976 shall be subject to 1% sales tax with the condition that such tax shall be final discharge of tax in the supply chain and no input tax shall be allowed to the importer and manufacturer of such goods. Furthermore, APIs, excluding excipients, for manufacture of drugs registered under the Drugs Act, 1976 or raw materials for the basic manufacture of Active Pharmaceutical Ingredients shall also be subject to 1% sales tax with no input tax adjustment.

2022                      2021  
Note ----- (Rupees in '000) -----

### 15. SHORT-TERM INVESTMENTS

**Fair value through profit or loss:**

Investment in mutual funds	15.1	<u>159,707</u>	<u>-</u>
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**15.1** Represents investment in shariah compliant mutual funds of Meezan Rozana Amdani Fund and Meezan Sovereign Fund of 3,194,128 units (2021: Nil units) and 6 units (2021: Nil units) respectively.

### 16. CASH AND BANK BALANCES

Cash in hand		-	6
Balances with banks in:			
- current accounts		58,489	70,407
- saving accounts - with Islamic banks	16.1	152,844	11,302
- dividend accounts - with Islamic banks		1,395	278
		<u>212,728</u>	<u>81,987</u>
Cash and bank balances		<u>212,728</u>	<u>81,993</u>

**16.1** These carry profit at the rates ranging from 2.75% to 7.00 % (2021: 2.75% to 3.47%) per annum.

			2022	2021
			----- (Rupees in '000) -----	
17.	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
	2022	2021		
	----- Number of shares -----			
	15,097,535	8,430,868	Ordinary shares of Rs.10 each fully paid in cash	150,97684,309
	30,489,649	30,489,649	Issued as bonus shares	304,897304,897
	223,834	223,834	Issued pursuant to merger with Associated Services Limited	2,2382,238
	45,811,018	39,144,351		458,111391,444

Reconciliation between the issued, subscribed and paid-up share capital at the beginning and end of the year is as follows:

<b>39,144,351</b>	39,144,351	Opening shares outstanding	<b>391,444</b>	391,444
<b>6,666,667</b>	-	Right shares issued during the year	<b>66,667</b>	-
<b>45,811,018</b>	<u>39,144,351</u>		<b>458,111</b>	<u>391,444</u>

- 17.1** The Board of Directors in their meeting held on June 22, 2021 approved to raise further capital by issuance of right shares at a value of Rs. 165 per share (premium of Rs. 155 per share) to its existing shareholders in the proportion of 17.03 right share for every 100 ordinary shares held. The process of rights issue was completed during the year and a total of 6,666,667 shares were issued. Through this issue, an amount of Rs. 1,100,000 thousand was raised comprising of Rs. 66,667 thousand and Rs. 1,033,333 thousand in respect of ordinary share capital and share premium, respectively. The right issue was conducted in order to reduce bank borrowing, finance new launches of medicine and advance therapies, capital expenditure on plant and machinery and finance working capital requirements.

		2022	2021
	Note	----- (Rupees in '000) -----	
<b>18. DEFERRED LIABILITIES</b>			
Advance against motor vehicles		<b>1,740</b>	1,224
Government Grant	18.1	-	1,771
Employees' gratuity payable	18.2	<b>207,938</b>	207,028
		<b>209,678</b>	<u>210,023</u>
<b>18.1 Government Grant</b>			
Opening balance		<b>12,183</b>	14,824
Received during the year		-	10,335
Released to the statement of profit or loss		<b>(10,412)</b>	(12,976)
Closing balance	18.1.1	<b>1,771</b>	<u>12,183</u>
Current Portion of Government Grant	22	<b>1,771</b>	10,412
Long-term Portion of Government Grant		-	1,771
		<b>1,771</b>	<u>12,183</u>

**18.1.1** As mentioned in note 19.2, government grant has been recorded against subsidized rate loan obtained from a Islamic bank pursuant to a refinance scheme introduced by State Bank of Pakistan to provide working capital loan at concessional mark-up rates for businesses to finance salary expense during the COVID-19 outbreak. The grant is conditional upon the fact that the Company would not terminate any employee, due / owing to cash flow limitations, for a period of three months from the date of receipt of the first tranche.

## 18.2 Defined benefit plan - unfunded gratuity scheme

In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at June 30, 2022, using the "Projected Unit Credit Method". Provision has been made in the financial statements to cover obligation in accordance with the actuarial recommendations.

	2022	2021
	--- Number of Employees ---	
The number of employees covered under the defined benefit scheme are:	407	445

Details of significant assumptions used for the valuation and disclosures in respect of above mentioned fund is as follows:

Financial assumptions		
- Discount rate (per annum compounded)	13.00%	9.75%
- Salary increase per annum	13.00%	9.75%
Demographic assumptions		
- Normal retirement	60 years	60 years
- Mortality rate	EFU (61-66)	EFU (61-66)

	2022	2021
	----- (Rupees in '000) -----	
<b>Liability in balance sheet</b>		
Present value of defined benefit obligations	207,938	207,028
<b>Movement in liability during the year</b>		
Opening balance	207,028	196,286
Charged to profit or loss account	23,439	20,495
Benefits paid during the year	(19,366)	(11,147)
Actuarial loss recognised in other comprehensive income	(3,163)	1,394
Closing balance	207,938	207,028
<b>Reconciliation of the present value of defined benefit obligations</b>		
Present value of defined benefit obligations as at July 01,	207,028	196,286
Current service cost	4,921	4,941
Finance cost	18,518	15,554
Benefits paid	(19,366)	(11,147)
Actuarial loss on obligation	(3,163)	1,394
Present value of defined benefit obligations as at June 30,	207,938	207,028

	2022	2021
	----- (Rupees in '000) -----	
<b>Charge for the defined benefit plan</b>		
Cost recognised in profit or loss account		
Current service cost	4,921	4,941
Finance cost	18,518	15,554
	<b>23,439</b>	<b>20,495</b>
<b>Actuarial loss on defined benefit obligation recognised in other comprehensive income</b>		
Actuarial loss / (gain) on defined benefit obligation		
- Loss due to change in financial assumptions	-	-
- Loss due to change in demographic assumptions	-	-
- Loss / (gain) due to change in experience adjustments	(3,163)	1,394
	<b>(3,163)</b>	<b>1,394</b>
Expected contributions to the fund in the following year	<b>29,106</b>	<b>23,577</b>
Expected benefit payments to retirees in the following year	<b>39,819</b>	<b>37,412</b>
Weighted average duration of the defined benefit obligation (year)	<b>7.50</b>	<b>7.60</b>

#### Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations on various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	2022	2021
	----- (Rupees in '000) -----	
Increase in discount rate by 1%	(12,159)	(12,772)
Decrease in discount rate by 1%	13,704	14,472
Increase in expected future increment in salary by 1%	13,576	14,333
Decrease in expected future increment in salary by 1%	(12,261)	(12,882)

#### Maturity Profile

Year 1	39,819	37,412
Year 2	22,273	18,562
Year 3	20,681	21,519
Year 4	24,982	19,902
Year 5	23,612	25,532
Year 6 to Year 10	132,659	109,355

As per the recommendation of the actuary, the charge for the year ending June 30, 2023 amounts to Rs. 29.11 million.

#### Comparison for five years

As at June 30,

	2022	2021	2020	2019	2018
	----- (Rupees in '000) -----				
Defined benefit obligation	207,938	207,028	196,286	177,771	171,029
Experience adjustment loss / (gain) on obligation (as percentage of plan obligations)	-1.52%	0.67%	-2.06%	2.76%	0.67%

#### Risks on account of defined benefit plan

##### Final salary risk

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases proportionately with the increase in salary.

##### Discount rate fluctuation

The plan liabilities are calculated using a discount rate determined by reference to market yields (at the statement of financial position date) on government bond. A decrease in government bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

##### Withdrawal risk

The risk that the actual withdrawal experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and entitled benefits of the beneficiary.

##### Inflation fluctuation

The salary inflation is the major risk that the funds carry. In a general economic sense and in a longer view, there is a case that if bond yields increase, the change in salary inflation generally offsets the gains from the decrease in discounted benefit obligations. But viewed with the fact that the plan have no asset, the impact of salary inflation might be significant.

##### Mortality risk

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.



		2022	2021
	Note	----- (Rupees in '000) -----	
<b>19. LONG-TERM FINANCING</b>			
Diminishing musharakah:			
- leasehold land and buildings		-	152,500
- plant and machinery		-	272,284
- vehicles	19.1	<b>186,899</b>	129,858
- salaries and wages	19.2	<b>89,724</b>	262,643
		<b>276,623</b>	817,285
Less: Current maturity shown under current liabilities		<b>(124,811)</b>	(362,040)
		<b>151,812</b>	455,245

**19.1** These facilities have been obtained from First Habib Modaraba. These carry mark-up at the rates of 6 Months KIBOR plus 1.00% to 1.50% (2021: 6 Months KIBOR plus 1.00% to 1.50%) per annum and are having maturity till June 2027 (2021: March 2026). These facilities are secured against the respective assets.

**19.2** Represents financing obtained under Islamic Refinance Scheme for Payment of Wages & Salaries to the Workers and Employees of Business Concerns issued by SBP under COVID-19 relief package through its IH&SMEFD Circular No. 07 dated April 10, 2020. During the year 2021, the Company made further draw down of Rs.180 million against SBP's circular letter No. 14 dated June 30, 2020 which extended the aforesaid relief package for a further period of three months. These facilities carries profit at the subsidised rate of 3% and is repayable latest by December 2022. The differential profit has been recognised as government grant which will be amortised over the period of the facility. The facility is secured through an existing equitable mortgage charge over the properties of the Company namely; E-40/A, S.I.T.E., F-216 S.I.T.E., Karachi and Neclash No. 158 of Deh Tore, Tapo Konkar, Gadap Town, District Malir, Karachi with 25% margin in favor of the bank.

		2022	2021
	Note	----- (Rupees in '000) -----	
<b>20. LONG-TERM PROVISION</b>			
Gas Infrastructure Development Cess (GIDC)		<b>66,985</b>	69,397

Represents Gas Infrastructure Development Cess (GIDC) against which the Honourable Supreme Court of Pakistan in its order dated August 13, 2020 held that the same is constitutional. Subsequent to the order, the SSGC issued GIDC bill under which the total amount would be recovered in forty eight equal monthly installments.

The above demand of the SSGC was not acknowledged as liability by the Company and it filed an appeal before the Honourable High Court of Sindh (the Court) on the grounds that no burden of GIDC had been passed to its customers and thus the Company is not liable to pay GIDC under GIDC Act, 2015. Based on the above appeal, the Court was pleased to grant stay vide order dated September 29, 2020 against the demand raised by the SSGC and restrained them from take any coercive action.

However, as a matter of abundant caution and without prejudice to the suit filed, the Company has made aggregate provision of Rs.85.65 million for GIDC in the unconsolidated financial statements.

	Note	2022 ----- (Rupees in '000) -----	2021 -----
<b>21. LEASE LIABILITIES</b>			
Lease liabilities		67,163	87,862
Current portion of lease liabilities		(27,235)	(21,769)
		<u>39,928</u>	<u>66,093</u>

**21.1 Reconciliation of the carrying amount is as follows:**

Opening		87,862	57,915
Reassessment of lease during the year		1,383	51,720
Accretion of finance cost	32	8,093	4,862
Lease rental payments made during the year		(30,175)	(26,635)
Lease liability as at June 30,		67,163	87,862
Current portion of lease liabilities		(27,235)	(21,769)
Long-term lease liabilities as at June 30,		<u>39,928</u>	<u>66,093</u>

**21.2** The amount of future payment under the lease arrangement and the period in which these payments will become due are as follows:

	Note	2022 ----- (Rupees in '000) -----	2021 -----
<b>Maturity analysis</b>			
Gross lease liabilities - minimum lease payments:			
Not later than one year		32,553	29,786
Later than one year but not later than five years		42,007	73,394
		<u>74,560</u>	<u>103,180</u>
Future finance charge		(7,397)	(15,318)
Present value of finance lease liabilities		<u>67,163</u>	<u>87,862</u>

**22. TRADE AND OTHER PAYABLES**

Trade and other creditors		791,129	520,453
Advances from customers - contract liabilities		272,399	137,781
Accrued liabilities		12,001	11,578
Sindh Workers' Profit Participation Fund	22.1	1,591	2,948
Workers' Welfare Fund	22.2	33,329	29,834
Central Research Fund		5,318	3,342
Payable to provident fund	22.3	3,855	794
Current portion of government grant	18.1	1,771	10,412
Refund liability		42,391	18,777
Ijarah rental payable		-	1,206
Auditors' remuneration		3,101	2,816
Withholding taxes payable		8,580	10,924
Others		59,472	41,750
		<u>1,234,937</u>	<u>792,615</u>

	2022	2021
	----- (Rupees in '000) -----	
<b>22.1 Sindh Workers' Profit Participation Fund</b>		
Opening balance	2,948	3,392
Mark-up thereon	70	82
Charge for the year	26,591	17,948
	29,609	21,422
Less: Payments made during the year	(28,018)	(18,474)
Closing balance	1,591	2,948

## 22.2 Workers' Welfare Fund

Prior to certain amendments made through the Finance Acts of 2006 and 2008, Workers' Welfare Fund (WWF) was levied at 2% of the total income assessable under the Income Tax Ordinance, 2001 excluding incomes falling under the Final Tax Regime (FTR). Through Finance Act, 2008, an amendment was made in Section 4(5) of the WWF Ordinance, 1971 (the Ordinance) whereby WWF liability is applicable at 2% of the higher of the profit before taxation as per the accounts or declared income as per the return.

Aggrieved by the amendments made through the Finance Act, 2008, certain stakeholders filed petition against the changes in the Honorable Lahore High Court which struck down the aforementioned amendments to the WWF Ordinance in 2011. However, the Honorable High Court of Sindh in the year 2013 did not accept the above arguments and declared the amendments made through Finance Act as valid. Both these decisions were later challenged in the Honorable Supreme Court of Pakistan (SCP).

The Honorable SCP passed a judgment on November 10, 2016, declaring the insertion of amendments introduced in the Finance Acts pertaining to WWF as unlawful and thereby striking down such amendments. However, a petition has been filed in the Honorable SCP for the review of the aforementioned judgement. In view of the said review petition, the Company on the basis of abundant caution has continued to provide the amount as per the required provisions.

- 22.3** Investments of provident fund have been made in accordance with the provisions of section 218 of the Act and the rules formulated for this purpose.

	2022	2021
	----- (Rupees in '000) -----	
<b>23. ACCRUED PROFIT</b>		
Diminishing musharakah	667	2,455
Murabaha	-	6,107
Musharakah running finance	-	1,526
	667	10,088

**24. SHORT-TERM BORROWINGS**

The Company has unutilized Musharakah running finance facilities of Rs.350 million (2021: Rs.237 million). These carry mark-up at the rates ranging from 1 months KIBOR plus 1% to 1.5% (2021: 1 month and 3 months KIBOR plus 1.25% to 1.50% ) per annum. This is secured against first pari passu charge over stock-in-trade, receivables and other current assets of the Company.

**25. CONTINGENCIES AND COMMITMENTS****25.1 Contingencies**

**25.1.1** Certain cases have been filed against the Company by some employees in National Industrial Relations Commission against their termination / dismissal. If having exposure of Company to the extent of Rs.10.44 million (2021: Rs.8.01 million). Provision has not been made in these unconsolidated financial statements for the said amount as the management of the Company, based on the advice of its legal counsel handling the subject cases, is of the opinion that matters shall be decided in the Company's favour.

**25.1.2** The Additional Commissioner Inland Revenue (ACIR) raised demands of Rs.22.43, Rs.51.46 and Rs.245.21 million for the tax year 2015, 2016 and 2017 respectively through order under section 122(5A) of the Income Tax Ordinance, 2001, whereby, the assessing officer added back certain expenses. In case of tax year 2017 also disallowed salary and wages expenses pertaining to field force employs as advertisement and promotional expenses over 10% of revenue. The Company filed an appeal before Commissioner Inland Revenue (Appeals). Subsequently order has been passed by CIR (Appeals) dated 30th December, 2021 which has resulted in no demand outstanding as payable in respect of these tax years. Through said order of CIR (Appeals) most of the disallowances have been remanded back to ACIR. Being aggrieved, the company filed an appeal before Tribunal and case is pending. The management, based on tax advice and strong arguments, is confident for a favorable outcome, accordingly no provision is made in unconsolidated financial statements in this respect.

2022                      2021  
----- (Rupees in '000) -----

**25.2 Commitments**

Outstanding letters of credit	<b>411,322</b>	135,381
Outstanding letters of guarantee	<b>123,352</b>	113,604
Commitments for capital expenditure	<b>58,262</b>	26,876

	2022	2021
	----- (Rupees in '000) -----	
<b>26. TURNOVER</b>		
<b>Gross Sales</b>		
Local	5,823,924	5,550,287
Export	352,977	138,051
	<u>6,176,901</u>	<u>5,688,338</u>
Less: Trade discount	907,562	536,279
Sales return	56,974	51,484
Sales tax	39,064	37,902
	<u>5,173,301</u>	<u>5,062,673</u>
Toll manufacturing	137,947	78,954
	<u>5,311,248</u>	<u>5,141,627</u>

**26.1** Revenue recognised during the year from contract liabilities as at the beginning of the year amounted to Rs.48.68 million (2021: Rs. 20.47 million).

		2022	2021
		----- (Rupees in '000) -----	
<b>27. COST OF SALES</b>	<b>Note</b>		
Raw and packing materials consumed	27.1	2,242,437	2,391,707
Salaries, wages and benefits	27.2	454,563	395,133
Fuel and power		162,330	164,999
Ijarah lease rentals		3,534	17,617
Repairs and maintenance		71,159	69,777
Laboratory and factory supplies		32,418	25,712
Takaful		3,819	3,484
Provision for slow moving and obsolete stock-in-trade	10.2	70,209	38,712
Printing and stationery		8,019	8,861
Rent, rates and taxes		7,960	4,078
Legal and professional		517	26
Travelling, conveyance and entertainment		2,920	1,551
Depreciation	4.4 & 4.6.1	97,738	84,079
Amortization	5.1	764	369
Postage and communication		1,279	1,415
Training and development cost		333	125
Others		120	123
		<u>3,160,119</u>	<u>3,207,768</u>
Work-in-process			
Opening		95,836	72,265
Closing		(190,105)	(95,836)
		<u>(94,269)</u>	<u>(23,571)</u>
Cost of goods manufactured		<u>3,065,850</u>	<u>3,184,197</u>
Finished goods			
Opening		407,560	296,322
Closing		(484,262)	(407,560)
		<u>(76,702)</u>	<u>(111,238)</u>
Physician samples		(51,995)	(46,132)
		<u>2,937,153</u>	<u>3,026,827</u>

	Note	2022 ----- (Rupees in '000) -----	2021 -----
<b>27.1 Raw and packing materials consumed</b>			
Opening stock		554,286	707,051
Purchases		2,370,265	2,238,942
		<u>2,924,551</u>	<u>2,945,993</u>
Closing stock		(682,114)	(554,286)
		<u>2,242,437</u>	<u>2,391,707</u>

**27.2** This includes amount of Rs.12.55 (2021: Rs.11.02) million in respect of staff provident fund.

		2022 ----- (Rupees in '000) -----	2021 -----
<b>28. DISTRIBUTION COSTS</b>			
Salaries and benefits	28.1	874,713	808,263
Sales promotion expenses		236,614	237,127
Repair and maintenance		32,010	27,362
Fuel and power		19,755	17,278
Ijarah lease rentals		1,616	7,766
Printing and stationery		3,201	2,958
Takaful		4,586	3,697
Allowance for expected credit loss	11.2 & 13.1	18,967	27,135
Postage and communication		3,369	3,506
Rent, rate and taxes		7,381	7,949
Legal and professional		3,114	947
Freight charges		69,191	62,085
Training and development cost		71,361	28,144
Depreciation	4.4 & 4.6.1	53,604	41,456
Amortization	5.1	240	611
Traveling, conveyance and entertainment		72,579	14,489
Service charges		39,927	75,580
Subscription charges		25,093	19,086
		<u>1,537,321</u>	<u>1,385,439</u>

**28.1** This includes amount of Rs.25.19 (2021: Rs.23.09) million in respect of staff provident fund.

		2022	2021
	Note	----- (Rupees in '000) -----	
<b>29. ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	29.1	192,283	161,465
Director's fee		3,325	2,262
Fuel and power		14,902	12,364
Ijarah lease rentals		178	683
Legal and professional		13,964	15,599
Donations	29.2	5,005	-
Printing and stationery		5,313	4,504
Auditors' remuneration	29.3	3,698	3,200
Rent, rates and taxes		8,256	4,707
Takaful		2,033	1,446
Repairs and maintenance		29,581	25,085
Postage and communication		3,374	3,516
Depreciation	4.4	13,628	10,456
Amortization	5.1	687	1,994
Training and development cost		316	216
Traveling, conveyance and entertainment		1,442	613
Others		617	749
		<u>298,602</u>	<u>248,859</u>

**29.1** This includes amount of Rs.7.71 (2021: Rs.7.01) million in respect of staff provident fund.

**29.2** This represents medicines donated to Ministry of Health (Government of Islamic Emirate of Afghanistan).

	2022	2021
	----- (Rupees in '000) -----	
<b>29.3 Auditors' remuneration</b>		
Annual audit fee of unconsolidated financial statements	1,416	1,287
Half year review of unconsolidated financial statements	424	385
Annual audit fee of consolidated financial statements	462	462
Other services and certifications	852	676
	<u>3,154</u>	<u>2,810</u>
Out of pocket expenses	297	165
Sales tax	247	225
	<u>3,698</u>	<u>3,200</u>

### 30. OTHER EXPENSES

Sindh Workers' Profit Participation Fund	26,591	17,948
Workers' Welfare Fund	10,105	6,820
Central Research Fund	5,318	3,342
Exchange loss - net	5,199	1,814
Mark-up on Sindh Workers' Profit Participation Fund	70	83
	<u>47,283</u>	<u>30,007</u>

	Note	2022 ----- (Rupees in '000) -----	2021 -----
<b>31. OTHER INCOME</b>			
Profit on saving accounts		5,919	3,920
Gain on disposal of property, plant and equipment	4.2	19,016	1,108
Scrap sales		2,571	974
Dividend income on mutual fund units		1,675	-
Gain on disposal on mutual fund units		3,428	-
Others		4,783	3,399
		<u>31,473</u>	<u>5,481</u>
		<u>37,392</u>	<u>9,401</u>
<b>32. FINANCIAL CHARGES</b>			
Mark up on:			
- Diminishing musharakah		17,237	50,957
- Istisna`a		-	1,034
- Murabaha		10,426	62,529
- Musharakah running finance		1,454	7,210
- Lease liabilities	21.1	8,093	4,862
		<u>37,210</u>	<u>126,592</u>
Bank charges and commission		1,255	2,458
		<u>38,465</u>	<u>129,050</u>
<b>33. TAXATION</b>			
Current		116,363	76,662
Prior		2,801	(2,993)
Deferred		53,119	149
		<u>172,283</u>	<u>73,818</u>

**33.1** Income tax assessments of the Company have been finalised up to and including the tax year 2021 under the self assessment scheme.

**33.2** Adequate provision for tax has been provided in these financial statements for the current year in accordance with the requirements laid under Income tax Ordinance, 2001 (ITO 2001). The current year tax represents tax on taxable income at the rate of 29% (2021: 29%). Further, as per the requirements of section 4C (super tax) of the ITO 2001, an additional charge of 10% for poverty alleviation tax has also been recorded in these unconsolidated financial statements.



	2022	2021
	----- (Rupees in '000) -----	
<b>33.3 Relationship between accounting profit and tax expense</b>		
Accounting profit before taxation	<b>489,816</b>	330,846
Normal tax at the rate of 29% (2021: 29%)	<b>142,047</b>	95,945
Super tax at the rate of 10% (2021: Nil)	<b>48,982</b>	-
Tax effects of:		
Income subject to FTR	<b>(4,327)</b>	(1,125)
Expenses/Income are not allowed-net	<b>17,114</b>	15,735
Carried forward turnover tax adjustment	<b>(87,453)</b>	(33,893)
Deferred tax	<b>53,119</b>	149
Prior period adjustment	<b>2,801</b>	(2,993)
	<b>172,283</b>	73,818

	2022	2021
	Note ----- (Rupees in '000) -----	
<b>34. BASIC AND DILUTED EARNINGS PER SHARE</b>		
Net profit for the year	<b>317,533</b>	257,028
Weighted average number of ordinary shares in issue	34.1 <b>44,189</b>	<b>Restated</b> 38,678
Basic earnings per share (Rupees)	34.2 <b>7.19</b>	6.65

**34.1** The weighted average number of shares takes into account the weighted average effect of issue of right shares during the year.

**34.2** There is no dilutive effect on basic earnings per share of the Company.

### **35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The main risks arising from the Company's financial instruments are credit risk, operational risk, liquidity risk and market risk (including return rate risk, currency risk and price risk). The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

#### **35.1 Credit risk**

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company's management is regularly conducting detailed analysis on sectors.

The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy. The maximum exposure to credit risk at the reporting date is:

	Note	2022 ----- (Rupees in '000) -----	2021 -----
Long-term deposits	8	24,611	64,733
Trade debts	11	301,364	513,247
Loans	7	7,368	6,534
Deposits and other receivables	13	98,113	87,095
Short-term investment	15	159,707	-
Bank balances	16	212,728	81,987
		<u>803,891</u>	<u>753,596</u>

### Credit quality of financial assets

The credit quality of financial assets that can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

	2022 ----- (Rupees in '000) -----	2021 -----
<b>Bank balances</b>		
Ratings		
A1+	147,601	81,987
A1	65,127	-
	<u>212,728</u>	<u>81,987</u>
<b>Short term investment</b>		
Ratings		
AA+	159,707	-
	<u>159,707</u>	<u>-</u>

## 35.2 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities, either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

### 35.3 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarizes the maturity profile of the Company's financial liabilities at the following reporting dates:

	Upto 1 year	1-5 years	More than five years	Total
----- (Rupees in '000) -----				
2022				
Long-term Financing	124,811	151,812	-	276,623
Trade and other payables	866,457	-	-	866,457
Lease liabilities	32,553	42,007	-	74,560
Accrued profit	667	-	-	667
Unclaimed dividend	1,395	-	-	1,395
	<b>1,025,883</b>	<b>193,819</b>	<b>-</b>	<b>1,219,702</b>
2021				
	Upto 1 year	1-5 years	More than five years	Total
----- (Rupees in '000) -----				
Long-term Financing	362,040	455,245	-	817,285
Trade and other payables	574,575	-	-	574,575
Lease liabilities	29,786	73,394	-	103,180
Accrued profit	10,088	-	-	10,088
Short-term borrowings	381,695	-	-	381,695
Unclaimed dividend	278	-	-	278
	<b>1,358,462</b>	<b>528,639</b>	<b>-</b>	<b>1,887,101</b>

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in the respective notes to these financial statements.

	July 01, 2021	Cash Flows	Non cash flow	June 30, 2022
----- (Rupees in '000) -----				

#### 35.3.1 Changes in liabilities from financing activities

Long-term Financing	829,468	(540,662)	(10,412)	278,394
Lease liabilities	87,862	(30,175)	9,476	67,163
Short-term borrowings	381,695	(381,695)	-	-
Unclaimed dividend	278	1,117	-	1,395
	<b>1,299,303</b>	<b>(951,415)</b>	<b>(936)</b>	<b>346,952</b>

### 35.4 Market Risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. Market prices comprise three types of risks which includes interest rate risk, currency risk and other price risk, such as equity risk. There has been no change in the Company's exposure to market risk or the manner in which this risk is managed and measured.

### 35.5 Return rate risk

Return rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market return rates. The Company's return rate risk arises from long-term financing, short-term borrowings, Murabaha payables and bank deposits obtained with floating rates. All the borrowings of the Company are obtained and investments made in the functional currency.

At the reporting date, the return rate profile of Company's return-bearing financial instruments was:

	Note	2022 ----- (Rupees in '000) -----	2021 -----
<b>Financial asset</b>			
Local currency - savings account	16	<u>152,844</u>	<u>11,302</u>
		<u>152,844</u>	<u>11,302</u>
<b>Financial liabilities</b>			
Long-term Financing	19	<u>276,623</u>	<u>817,285</u>
Short-term borrowings	24	<u>-</u>	<u>381,695</u>
		<u>276,623</u>	<u>1,198,980</u>

The Company analyses its return rate exposure on a regular basis by monitoring existing facilities against prevailing market return rates and taking into account various other financing options available.

The following figures demonstrate the sensitivity to a reasonably possible change in return rate, with all other variables held constant, of the Company's profit before tax:

	Increase / (decrease) in basis points	Effect on profit before tax (Rupees in '000)
<b>2022</b>		
Change in return rate	<u>+100</u>	<u>1,238</u>
Change in return rate	<u>-100</u>	<u>(1,238)</u>
<b>2021</b>		
Change in return rate	<u>+100</u>	<u>11,877</u>
Change in return rate	<u>-100</u>	<u>(11,877)</u>

### 35.6 Currency Risk

Currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. As at the reporting date, the Company is not materially exposed to such risk.

### 35.7 Equity price risk

Equity price risk is the risk arising from uncertainties about future value of investment securities. As at reporting date, the Company is exposed to equity price risk to the extent of its investment in its subsidiary as disclosed in note 6 to these unconsolidated financial statements.

		2022	2021
	Note	----- (Rupees in '000) -----	
<b>35.8 Fair value of financial instruments</b>			
<b>35.8.1 Financial assets as per statement of financial position</b>			
<b>Financial assets measured at amortised cost</b>			
Long-term deposits	8	24,611	64,733
Trade debts	11	301,364	513,247
Loans	7	7,368	6,534
Long-term investment	6	300,000	300,000
Deposits and other receivables	13	98,113	87,095
Cash and bank balances	16	212,728	81,987
		<u>944,184</u>	<u>1,053,596</u>
<b>Financial assets measured at fair value through profit or loss</b>			
Short-term investment	15	159,707	-
		<u>1,103,891</u>	<u>1,053,596</u>
<b>35.8.2 Financial liabilities as per statement of financial position</b>			
<b>Financial liabilities measured at amortised cost</b>			
Long-term Financing	19	276,623	817,285
Long-term provision	20	66,985	69,397
Lease liabilities	21	67,163	87,862
Trade and other payables	22	1,234,937	792,615
Short-term borrowings		-	381,695
Accrued profit	23	667	10,088
Unclaimed dividend		1,395	278
		<u>1,647,770</u>	<u>2,159,220</u>

### 35.8.3 Fair values 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 between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in these financial statements approximate fair values.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The following table shows assets recognised at fair value, analyzed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities,

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets measured at fair value:	2022			
	Level 1	Level 2	Level 3	Total
Short-term investment	-	159,707	-	159,707

There were no assets measured at fair value at 30 June 2021.

The market price of mutual fund units have been obtained from Mutual Funds Association of Pakistan.

### 35.9 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholders value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in 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 shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance charges thereon, less cash and cash equivalents.

The gearing ratios as at June 30, 2022 and 2021 are as follows:

	Note	2022 ----- (Rupees in '000) -----	2021 -----
Deferred liabilities	18	209,678	210,023
Long-term financing	19	151,812	455,245
Long-term provision	20	66,985	69,397
Lease liabilities	21	39,928	66,093
Trade and other payables	22	1,234,937	792,615
Short-term borrowings	24	-	381,695
Accrued mark-up	23	667	10,088
Current portion of long-term financing	19	124,811	362,040
Current portion of lease liabilities	21	27,235	21,769
Unclaimed dividend		1,395	278
Total debt		1,857,448	2,369,243
Cash and bank balances	16	(212,728)	(81,993)
Net debt		1,644,720	2,287,250
Share capital	17	458,111	391,444
Reserves		2,117,245	958,065
Total capital		2,575,356	1,349,509
Capital and net debt		4,220,076	3,636,759
Gearing ratio		38.97%	62.89%

The Company finances its operations through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

### 35.10 Capacity and production

The capacity and production of the Company's machines are indeterminable as these are multi-product and involve varying processes of manufacture.

## 36. TRANSACTIONS WITH RELATED PARTIES

- 36.1** Related parties of the Company comprise associates, companies with common directorship, directors, key management personnel, staff provident fund and a subsidiary. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these unconsolidated financial statements are as follows:

Descriptions	Nature of transactions	2022	2021
		----- (Rupees in '000) -----	
Key Management Personnel	Dividend	110,533	48,501
Non-Executive Directors	Meeting fees	3,325	2,263
Provident fund	Contribution paid	45,458	41,940
Misbah Cosmetics (Private) Limited (Subsidiary)	Investment made	-	100,000
	Expenses incurred and reimbursement thereon	-	-

**36.2** There are no other related parties with whom the Company had entered into transactions or has arrangement / agreement in place.

**36.3** The Company carries out transactions with related parties at commercial terms and conditions as per the Company's policy.

### 37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executive Directors		Executive *		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	----- (Rupees in '000) -----							
Managerial remuneration	22,194	20,658	22,194	27,652	239,081	182,199	283,469	230,509
Bonus	-	-	-	-	165	805	165	805
Perquisites	264	-	354	157	360	388	978	545
Retirement benefits	1,165	1,062	1,165	1,421	17,906	15,296	20,236	17,779
Other benefits	1,783	1,644	1,815	1,699	26,565	20,456	30,163	23,799
	<u>25,406</u>	<u>23,364</u>	<u>25,528</u>	<u>30,929</u>	<u>284,077</u>	<u>219,144</u>	<u>335,011</u>	<u>273,437</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>49</u>	<u>40</u>	<u>51</u>	<u>42</u>

**37.1** The Chief Executive, Directors and Executives are also provided with free use of Company maintained cars as per the terms of their employment.

**37.2** As per the Act, an executive means an employee, other than the chief executive and director, whose salary exceeds twelve hundred thousand rupees in a financial year.



		2022	2021
	Note	(Rupees in '000)	
<b>38. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	16	<b>212,728</b>	81,993
Musharakah running finance		-	(113,100)
		<b>212,728</b>	(31,107)

**39. NUMBER OF PERSONS EMPLOYED**

Number of persons employed as at year end were 1,280 (2021: 1,237), the average number of persons employed during the year were 1,264 (2021: 1,246) and number of person employed in factory as at year end were 422 (2021: 454).

**40. NON-ADJUSTING EVENT AFTER THE REPORTING DATE**

The Board of Management in its meeting held on September 17, 2022 proposed (i) a final cash dividend of Rs. 1.50 per share amounting to Rs.68,716,527 for approval of the members at the Annual General Meeting to be held on October 22, 2022.

**41. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue on September 17, 2022 by the Board of Directors of the Company.

**42. GENERAL**

**42.1** Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

**42.2** Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. However, no significant rearrangement or reclassification has been made in these financial statements during the current year.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

**CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**



Ey Ford Rhodes  
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## INDEPENDENT AUDITOR'S REPORT

### To the members of Macter International Limited

### Report on the Audit of Consolidated Financial Statements

#### Opinion

We have audited the annexed consolidated financial statements of **Macter International Limited** (the Holding Company) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at **30 June 2022**, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity 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 30 June 2022, 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:

Key audit matters	How our audit addressed the key audit matter
<b>1. Existence and valuation of stock in trade</b> <p>As disclosed in note 9 to the accompanying consolidated financial statements, the stock in trade represents 30% of total assets of the Group. The cost of Work-in-Process (WIP) and finished goods is determined at weighted average manufacturing cost including a proportion of production overheads.</p> <p>We focused on Stock in Trade as it is a significant portion of Group's total assets and it requires management judgement in determining an appropriate costing basis and assessing its valuation.</p>	<p>We performed a range of audit procedures with respect to inventory items including, amongst others, physical observation of inventory counts, testing valuation methods and their appropriateness in accordance with the applicable accounting standards.</p> <p>We also tested the calculations of per unit cost of finished goods and WIP and assessed the appropriateness of management's basis for the allocation of cost and production overheads.</p> <p>We also assessed the adequacy of the disclosures made in respect of the accounting policies and the inventory balances held by the Group at the year end.</p>

#### 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 auditors' 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.





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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.



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- 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 auditors' report is Shaikh Ahmed Salman.

**Chartered Accountants**

**Place:** Karachi

**Dated:** 27 September 2022

**UDIN Number:** AR202210076syJZ62Fzw

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

ASSETS		2022	2021
		----- (Rupees in '000) -----	
<b>NON-CURRENT ASSETS</b>	<b>Note</b>		
Property, plant and equipment	4	1,751,087	1,464,433
Intangible assets	5	51,112	55,310
Long-term loans	6	1,982	2,219
Long-term deposits	7	26,401	66,211
Deferred taxation - net	8	-	47,047
		<b>1,830,582</b>	<b>1,635,220</b>
<b>CURRENT ASSETS</b>			
Stores and spares		16,799	10,118
Stock-in-trade	9	1,321,657	1,042,133
Trade debts	10	362,847	546,342
Loans and advances	11	135,206	73,918
Trade deposits, prepayments and other receivables	12	101,747	105,328
Sales tax refundable	13	179,499	-
Taxation - net		26,008	101,107
Short-term investment	14	159,707	-
Cash and bank balances	15	215,306	157,836
		<b>2,518,776</b>	<b>2,036,782</b>
<b>TOTAL ASSETS</b>		<b>4,349,358</b>	<b>3,672,002</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 65,000,000 (2021: 65,000,000) ordinary shares of Rs 10/- each		<b>650,000</b>	<b>650,000</b>
Issued, subscribed and paid-up capital	16	458,111	391,444
Capital reserve		1,225,860	217,808
Revenue reserve - accumulated profit		705,539	580,123
Equity attributable to the owner's of the Holding Company		2,389,510	1,189,375
Non controlling interest		16,550	22,359
		<b>2,406,060</b>	<b>1,211,734</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred liabilities	17	209,678	210,023
Long-term financing	18	196,330	503,447
Long-term provision	19	66,985	69,397
Lease liabilities	20	39,928	66,093
Deferred taxation - net	8	5,680	-
		<b>518,601</b>	<b>848,960</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21	1,263,471	803,852
Accrued profit	22	850	10,722
Short-term borrowings	23	3,251	408,963
Current portion of long-term financing	18	128,495	365,724
Current portion of lease liabilities	20	27,235	21,769
Unclaimed dividends		1,395	278
		<b>1,424,697</b>	<b>1,611,308</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	24		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,349,358</b>	<b>3,672,002</b>

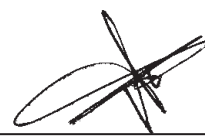
The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees) -----
Turnover	26	5,611,840	5,372,787
Cost of sales	27	(3,072,798)	(3,147,012)
<b>Gross profit</b>		<b>2,539,042</b>	<b>2,225,775</b>
Distribution costs	28	(1,712,998)	(1,514,888)
Administrative expenses	29	(300,952)	(252,143)
Other expenses	30	(47,283)	(30,007)
Other income	31	37,392	9,401
<b>Operating profit</b>		<b>515,201</b>	<b>438,138</b>
Financial charges	32	(44,883)	(139,233)
<b>Profit before taxation</b>		<b>470,318</b>	<b>298,905</b>
Taxation	33	(184,306)	(83,017)
<b>Net profit for the year</b>		<b>286,012</b>	<b>215,888</b>
		----- (Rupees) -----	Restated
Basic and diluted earnings per share	34	6.47	5.58
<b>Attributable to:</b>			
Owners of the Holding Company		291,821	225,982
Non-controlling interest		(5,809)	(10,094)
		<b>286,012</b>	<b>215,888</b>

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR



## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	----- (Rupees in '000) -----	
<b>Net profit for the year</b>	<b>286,012</b>	215,888
<b>Other comprehensive income / (loss) :</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Actuarial gain / (loss) on remeasurement of defined benefit plans – net of tax	<b>3,554</b>	(864)
<b>Total comprehensive income for the year</b>	<b>289,566</b>	215,024
<b>Attributable to:</b>		
Owners of the Holding Company	<b>295,375</b>	225,118
Non-controlling interest	<b>(5,809)</b>	(10,094)
	<b>289,566</b>	215,024

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022

		2022	2021
	Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		470,318	298,905
Adjustments:			
Depreciation on operating fixed assets	4.4	135,926	111,642
Depreciation on right-of-use assets	4.6	30,849	26,176
Amortization	5.1	4,438	5,724
Financial charges	32	36,790	134,371
Interest on lease liabilities	32	8,093	4,862
Provision for gratuity	17.2	23,439	20,495
Gain on disposal of property, plant and equipment	31	(19,016)	(1,108)
Dividend income on mutual fund units	31	(1,675)	-
Gain on disposal on mutual fund units	31	(3,428)	-
Provision for slow moving and obsolete stock-in-trade - net	9.2	69,205	46,647
Allowance for expected credit loss	10.2	10,747	19,145
		<b>295,368</b>	<b>367,954</b>
		<b>765,686</b>	<b>666,859</b>
<b>(Increase) / decrease in current assets</b>			
Store and spares		(6,681)	(6,351)
Stock-in-trade		(348,729)	12,489
Trade debts		172,748	219,655
Loans and advances		(61,288)	17,352
Trade deposits, prepayments and other receivables		3,581	1,431
Sales tax refundable		(179,499)	-
		<b>(419,868)</b>	<b>244,576</b>
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		459,619	(187,097)
		<b>39,751</b>	<b>57,479</b>
Financial charges paid		(54,756)	(159,115)
Income tax paid		(56,088)	(15,018)
Gratuity paid		(19,366)	(11,147)
Long-term loans		237	(154)
Long-term deposits		39,810	16,283
Deferred liabilities		(1,255)	(3,847)
		<b>(91,418)</b>	<b>(172,998)</b>
<b>Net cash generated from operating activities</b>		<b>714,019</b>	<b>551,340</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(458,596)	(260,888)
Proceeds from disposal of property, plant and equipment	4.2	25,326	12,243
Short-term investment made		(250,000)	-
Proceeds from disposal of short-term investment		93,721	-
Dividend income on mutual fund units		1,675	-
<b>Net cash used in investing activities</b>		<b>(587,874)</b>	<b>(248,645)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(168,842)	(74,374)
Proceeds from issuance of share - net		1,074,719	(1,460)
Short-term borrowings paid		(292,612)	(395,368)
Long-term financing (paid) / obtained		(544,346)	174,843
Long-term provision		(2,412)	69,397
Principal portion of lease liabilities paid		(22,082)	29,947
<b>Net cash generated from / (used in) financing activities</b>		<b>44,425</b>	<b>(197,015)</b>
<b>Net increase in cash and cash equivalents during the year</b>		<b>170,570</b>	<b>105,680</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>44,736</b>	<b>(60,944)</b>
<b>Cash and cash equivalents at the end of the year</b>	38	<b>215,306</b>	<b>44,736</b>

No non-cash items are included in cashflow from investing and financing activities.

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.


  
CHIEF FINANCIAL OFFICER


  
CHIEF EXECUTIVE


  
DIRECTOR

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

Issued, subscribed and paid-up share capital	Reserves			Non Controlling Interest	Total
	Capital reserves	Revenue reserves	Total reserves		
		Unappropriated profit			
----- (Rupees in '000) -----					
391,444	217,808	449,336	667,144	13,956	1,072,544
-	-	(18,811)	(18,811)	18,811	-
-	-	(74,374)	(74,374)	-	(74,374)
-	-	(1,146)	(1,146)	(314)	(1,460)
-	-	225,982	225,982	(10,094)	215,888
-	-	(864)	(864)	-	(864)
-	-	225,118	225,118	(10,094)	215,024
391,444	217,808	580,123	797,931	22,359	1,211,734
391,444	217,808	580,123	797,931	22,359	1,211,734
66,667	1,033,333	-	1,033,333	-	1,100,000
-	(25,281)	-	(25,281)	-	(25,281)
-	-	291,821	291,821	(5,809)	286,012
-	-	3,554	3,554	-	3,554
-	-	295,375	295,375	(5,809)	289,566
-	-	(91,622)	(91,622)	-	(91,622)
-	-	(78,337)	(78,337)	-	(78,337)
458,111	1,225,860	705,539	1,931,399	16,550	2,406,060

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 1. GROUP LEGAL STATUS AND NATURE OF BUSINESS

The Group consist of Macter International Limited ("the Holding Company") and Misbah Cosmetics (Private) Limited ("the Subsidiary Company"). Brief profile of the Holding Company and the Subsidiary Company is given below:

#### 1.1 Macter International Limited

**1.1.1** The Holding Company was incorporated in Pakistan in 1992 as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and was converted into a public limited company in 2011. Effective from August 01, 2017 the Company has been listed on Pakistan Stock Exchange Limited. The geographical location and registered office of the Company is situated at F-216, S.I.T.E., Karachi.

**1.1.2** The principal activity of the Holding Company is to manufacture and market pharmaceutical products.

#### 1.2 Misbah Cosmetics (Private) Limited

**1.2.1** The Subsidiary Company is a Private Limited Company incorporated in Pakistan on June 09, 2014 under the Companies Ordinance, 1984. The geographical location and registered office of the Company is situated at F-216, S.I.T.E., Karachi.

**1.2.2** The principal activity of the Subsidiary Company is selling and distribution of cosmetic products in Pakistan.

**1.3** These financial statements denote the consolidated financial statements of the Group. Unconsolidated financial statements of the Holding Company and its subsidiary have been presented separately.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Act; and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from IFRS, the provisions of and directives issued under the Act have been followed.

**2.2 Basis of measurement**

These consolidated financial statements have been prepared on the basis of historical cost convention, unless otherwise specifically stated.

**2.3 Basis of consolidation**

Subsidiary is a entity over which the Group has control. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. Generally, there is presumption that a majority of voting rights result in control.

The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more elements of control.

Subsidiary is consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Income and expenses of a subsidiary acquired or disposed off during the year are included in profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the Subsidiary Company are prepared for the same reporting period as the Holding Company, using consistent accounting policies. The accounting policies of the Subsidiary Company have been changed to conform with accounting policies of the Holding Company, where required.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Identifiable assets acquired, liabilities assumed and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of cost of acquisition is recorded as goodwill, however, if the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill acquired in a business combination is, on the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination. Goodwill is tested annually or whenever there is an indication of impairment exists. Impairment loss in respect of goodwill is recognised in consolidated statment of profit or loss and is not reversed in future periods.

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

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

Non-controlling interest (NCI) is that part of the net results of operations and of net assets of subsidiary attributable interest which are not owned by the Group. The Group measures NCI on proportionate basis of the net assets of Subsidiary Company.

When the ownership of a subsidiary is less than hundred percent, a NCI exists. The NCI is allocated its share of the total comprehensive income for the year, even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, carrying amount of any NCI, cumulative translation differences recognised in other comprehensive income, and recognises fair value of consideration received, any investment retained, surplus or deficit in profit and loss, and reclassifies the Holding Company share of components previously recognised in other comprehensive income to profit and loss account or retained earnings, as appropriate.

### 2.3.1 Non-controlling interest in the Subsidiary Company has been calculated as follows:

	2022	2021
	----- (Rupees in '000) -----	
Non-current assets	17,934	17,494
Current assets	144,329	184,439
Non-current liabilities	(44,518)	(48,202)
Current liabilities	(35,652)	(42,822)
Net assets	82,093	110,909
Share of NCI @ 20.16% (2021: 20.16%)	16,550	22,359

### 2.4 Functional and presentation currency

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

### 2.5 Amendments to approved accounting standards and the framework for financial reporting that became effective during the current year

The Group has adopted the following standards, amendments, interpretation and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current year:

#### Amendment of Framework

IFRS 9 / IAS 39 / IFRS 7 / Interest Rate Benchmark Reform (Amendments)  
IFRS 4 / IFRS 16

IFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)

The adoption of above amendments to the approved accounting standards did not have any material impact on the Group's consolidated financial statements.

### 2.6 Standards, amendments and improvements to the approved accounting standards that are not yet effective

The following amendments and improvements to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective amendment or improvements:

Amendment or Improvement		Effective date (annual periods on or after) beginning
IFRS 3	Reference to the Conceptual Framework (Amendments)	January 01, 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	January 01, 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	January 01, 2022
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	January 01, 2023
IAS 1	Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8	Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	January 01, 2023
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
<b>Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)</b>		
IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IAS 41	Agriculture – Taxation in fair value measurements	01 January 2022
IFRS 16	Leases: Lease incentives	01 January 2022

The above standards and amendments and improvements are not expected to have any material impact on the Group's consolidated financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan and are not expected to have any material impact on the Group's consolidated financial statements in the period of initial application.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17 Insurance Contracts	January 01, 2023

## 2.7 Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgment, estimates and assumptions that affect the application of policies and the reported amounts of revenues, expenses, assets and liabilities and accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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 judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Estimates, assumptions and judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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 accounting policies, management has made the following estimates and judgments which are significant to the consolidated financial statements:

	Notes
- determining the residual values, useful lives and impairment of property, plant and equipment & intangible assets	3.1, 3.2, 3.3, 4 & 5
- valuation of inventories	3.4, 3.5 & 9
- provision for impairment on financial & non-financial assets	3.11 & 10.2
- provision for tax and deferred tax	3.24, 8 & 33
- provision for employee retirement benefits	3.12 & 17.2
- determining the lease term of contracts with renewal and termination options and estimating the incremental borrowing rate	3.14 & 20
- contingencies	3.17 & 24.1
- provision for return	3.19 & 26

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Property, plant and equipment

#### Operating fixed assets

These are stated at cost less accumulated depreciation and impairment loss, if any, except for leasehold land which are stated at cost less impairment loss, if any.



Depreciation is charged to the statement of profit or loss applying the reducing balance method at the rates specified in note 4.1 to the consolidated financial statements. Depreciation on additions is charged from the month asset is available for use and in case of disposal upto the preceding month of disposal.

Maintenance and repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Group and the assets so replaced, if any, are retired.

Gains or losses on disposals of property, plant and equipment, if any, are recognized in statement of profit or loss.

The assets residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year end.

#### **Capital work-in-progress**

These are stated at cost less impairment, if any, and represent expenditures incurred and advances made in respect of specific assets during the construction / installation year. These are transferred to relevant operating fixed assets as and when assets are available for use.

#### **Right-of-use assets**

The Group recognises a right-of-use asset at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

### **3.2 Intangible assets**

These are stated at cost less accumulated amortization and impairment loss, if any. These are amortized on a straight line method when assets are available for use at the rates specified in note 5 to the consolidated financial statement. Amortization is charged from the month when asset is available for use while no amortization is charged in the month in which an asset is disposed off.

The useful lives of intangible assets are reviewed at each reporting date. The effect of any adjustment to useful lives is recognised prospectively as a change of accounting estimate.

The gain or loss on disposal or retirement of an intangible asset represented by the difference between the sale proceeds and the carrying amount is recognised in the statement of profit or loss in the period of disposal.

### **3.3 Impairment**

The carrying values of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognized in the profit or loss account.

### **3.4 Stores and spares**

These are valued at lower of moving average cost and estimated net realizable value (NRV), less provision for obsolete items (if any), except items in-transit, if any, are valued at cost comprising invoice value plus other charges incurred thereon up to the date of statement of financial position.

Provision, if required is made in the financial statements for slow moving, obsolete and unusable items. Stores and spares are assessed and provision is applied according to degree of ageing based on a specific criteria.

### 3.5 Stock-in-trade

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

- |                                      |   |
|--------------------------------------|---|
| - Raw and packing material           | - on moving average basis.  |
| - Finished goods and work-in-process | - at weighted average cost of purchases and applicable manufacturing expenses |
| - Stock-in-transit                   | - Valued at cost comprising invoice value plus                                |

**other charges paid thereon up to the reporting date.**

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Provision is recorded for slow moving and expired stock where necessary.

### 3.6 Loans, advances, deposits, prepayments and other receivables

These are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Exchange gains or losses arising in respect of deposits, advances and other receivables in foreign currency are added to their respective carrying amounts and charged to statement of profit or loss, if any.

### 3.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, with banks in current and deposit accounts, demand draft and running finance under mark-up arrangements. Running finances under mark-up arrangements are shown within short-term borrowings under current liabilities on the statement of financial position and are also included as part of cash and cash equivalents for the purpose of the statement of cash flows.

### 3.8 Share Capital

Ordinary shares are classified as equity and recognised 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.

### 3.9 Share Premium

It represents the difference between the par value of the Group's ordinary shares and the total amount of money the Group receives for ordinary shares issued.

### 3.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### i) Financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

### **Subsequent measurement**

For purposes of subsequent measurement, the Group classifies its financial assets into following categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

### **Financial assets at amortised cost (debt instruments)**

The Group measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

### **Financial assets designated at FVOCI (equity instruments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 'Financial Instruments: Presentation' and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

### Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category also includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in profit or loss when the right of payment has been established.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement? and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### ii) Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, trade payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

#### **Subsequent measurement**

##### **Financial liabilities at FVPL**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at FVPL.

##### **Financial liabilities at amortized cost**

After initial recognition, borrowings and payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing, if any.

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

#### **iii) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **3.11 Impairment**

#### **3.11.1 Impairment of financial assets**

##### **Financial assets covered under IFRS 9**

The Group recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For financial assets other than trade debts, the Group applies general approach in calculating ECL. It is based on the difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Group expects to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts, the Group applies a simplified approach where applicable in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix for large portfolio of customer having similar characteristics and default rates based on the credit rating of customers from which receivables are due that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product and consumer price index) are expected to deteriorate over the next year which can lead to an increased number of defaults in the economy, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group considers a financial asset to be at a risk of default when contractual payments are 90 days past due except for receivables from institutions for which it is considered as 180 days, unless there are factors that might indicate otherwise. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 3.11.2 Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose 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 is 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 amortisation, if no impairment loss had been recognised previously. Reversal of an impairment loss is recognised immediately in profit or loss.

### 3.12 Employee retirement benefits

#### Defined benefit plan

The Group operates an unfunded gratuity scheme covering all eligible permanent employees. Provision is made on the basis of actuarial recommendations. The latest actuarial valuation is carried out as at June 30, 2022 using the Project Unit Credit Method.

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### Defined contribution plan

The Group operates a provident fund plan for all permanent management employees. Contribution is made to the fund equally by the Group and the employees at the rate of 8.33% of basic and / or gross salary, as per the respective entitlement grades

### 3.13 Government Grant

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. As the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

### 3.14 Lease liabilities

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the termination option is reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments at the lease commencement date, the Group uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the Group uses its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

**Short-term leases**

The Group applies the short-term lease recognition exemption to its short-term leases of premises (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

**Determining the lease term of contracts with renewal and termination options**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

**Estimating the incremental borrowing rate**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

**3.15 Contract liabilities**

A contract liability is the obligation of the Group to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liability are recognised as revenue when the Group performs under the contract.

**3.16 Unclaimed dividend**

Dividend declared and payable prior to the preceding three years from the consolidated statement of financial position date are recognised as unclaimed dividend.

**3.17 Contingencies**

Contingencies are disclosed when the Group has 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 a present obligation that arises from past events but is not recognised because 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.

**3.18 Revenue recognition**

The Group recognises revenue at a point in time when control of product is transferred to customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from factory premises or when it is delivered by the Group at customer premises.



The Group generally enters into an agreement with its customers for supply of its products, including delivery of product. As the transportation of product coincides with actual delivery, sale of product and transportation is considered single performance obligation. The credit limits in contract with customers varies depending on the terms of specific contract.

### **3.19 Assets and liabilities arising from rights of return**

#### **Right of return assets**

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products. Returns for the Group comprise of expired products or near expiry products.

#### **Refund liabilities**

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

### **3.20 Other income**

Other income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the income can be measured reliably. Other income is measured on the following basis:

- Return on short-term deposits and investments at amortised cost are accounted for using the effective interest rate method.
- Dividend income is recognised when the right to receive the dividend is established.
- Scrap sales are recognized on accrual basis.

### **3.21 Ijarah lease rentals**

Leases under Shariah compliant Ijarah contracts, where significant portion of the risk and reward of ownership is retained by the lesser, are classified as Ijarah. Rentals under these arrangements are charged to statement of profit or loss on straight line basis over the lease term.

Ijarah rentals directly attributable to the acquisition or construction of an asset are capitalized as part of the cost of the respective assets.

### **3.22 Foreign currency translations**

Transactions in foreign currencies are translated into Pak Rupees at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Pak Rupees at the foreign exchange rate prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

### 3.23 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

### 3.24 Taxation

#### Current

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred

Deferred tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, while deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carry forward of unused tax credit and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realized or the liabilities are settled, based on tax rates (and tax laws) that have been enacted or subsequently enacted at the reporting date. Deferred tax is charged or credited to statement of profit or loss except to the extent it relates to items recognized in other comprehensive income.

### 3.25 Dividend and appropriation to reserves

Dividend distribution to the Holding Company's shareholders is recognised as a liability in the period in which the dividends are approved. However, if these are approved after the reporting period but before the financial statements are authorised for issue, disclosure is made in the consolidated financial statements.

### 3.26 Earnings per share

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

### 3.27 Segment Reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decision about resources allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results that are reported to the Chief Executive include items directly attributable to a segment.

	Note	2022 ----- (Rupees in '000) -----	2021 -----
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	<b>1,493,108</b>	1,343,756
Capital work-in-progress	4.5	<b>202,175</b>	35,407
Right-of-use assets	4.6	<b>55,804</b>	85,270
		<b><u>1,751,087</u></b>	<u>1,464,433</u>

## 4.1 Operating fixed assets:

	Cost		Depreciation			Net book value as at June 30, 2022	Depreciation rate % per annum		
	As at July 01, 2021	Additions / (Deletions) during the year	As at June 30, 2022	As at July 01, 2021	Charge for the year			On disposals	As at June 30, 2022
----- (Rupees in '000) -----									
Owned									
Leasehold land (note 4.3)	216,807	-	216,807	-	-	-	216,807	-	
		-							
Buildings on leasehold land (note 4.3)	436,574	7,533	444,107	163,142	13,857	-	176,999	267,108	5
		-							
Plant and machinery	762,859	50,629	813,488	385,967	41,008	-	426,975	386,513	10
		-							
Tools and equipment	159,327	91,830	251,157	58,243	16,148	-	74,391	176,766	10
		-							
Gas and other installation	329,247	31,142 (3,746)	356,643	134,830	21,415	(3,061)	153,184	203,459	10
Furniture and fixture	78,280	3,738	82,018	33,392	4,633	-	38,025	43,993	10
		-							
Office equipment	34,029	7,067	41,096	17,231	1,978	-	19,209	21,887	10
		-							
Computer equipment	36,361	3,752 (304)	39,809	30,248	2,299	(259)	32,288	7,521	30
Motor vehicles	212,737	95,897 (19,649)	288,985	99,412	34,588	(14,069)	119,931	169,054	20
	2,266,221	291,588 (23,699)	2,534,110	922,465	135,926	(17,389)	1,041,002	1,493,108	

## Operating fixed assets:

	Cost		Depreciation			Net book value as at June 30, 2021	Depreciation rate % per annum
	As at July 01, 2020	Additions / (Deletions) during the year	As at June 30, 2021	As at July 01, 2020	Charge for the year	On disposals	
	(Rupees in '000)						
Owned							
Leasehold land (note 4.3)	212,280	4,527	216,807	-	-	-	-
Buildings on leasehold land (note 4.3)	434,574	2,000	436,574	148,814	14,328	-	5
Plant and machinery	671,150	104,997 (13,288)	762,859	360,844	34,960	(9,837)	10
Tools and equipment	134,526	26,187 (1,386)	159,327	49,151	10,099	(1,007)	10
Gas and other installation	303,452	29,695 (3,900)	329,247	118,106	19,773	(3,049)	10
Furniture and fixture	81,951	1,129 (4,800)	78,280	32,048	5,018	(3,674)	10
Office equipment	36,662	1,452 (4,085)	34,029	18,173	1,921	(2,863)	10
Computer equipment	38,173	2,045 (3,857)	36,361	31,733	2,233	(3,718)	30
Motor vehicles	194,768	30,723 (12,754)	212,737	84,889	23,310	(8,787)	20
	2,107,536	202,755 (44,070)	2,266,221	843,758	111,642	(32,935)	

#### 4.2 Details of disposals of operating fixed assets having book value of more than Rs. 500,000 during the year are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyers and relationship with company
----- (Rupees in '000) -----							
<b>Motor vehicles</b>							
Toyota Hilux (KS-8889)	3,220	2,600	620	2,350	1,730	Via Bid	Mr. Ali Qureshi (Employee)
Suzuki Alto (BTW-124)	1,433	165	1,268	1,441	173	Insurance claim	Salaam Takaful Limited
Toyota Fortuner (BF-1522)	5,181	4,438	743	4,300	3,557	Via Bid	Mr. Mursaleen Khan
	<b>9,834</b>	<b>7,203</b>	<b>2,631</b>	<b>8,091</b>	<b>5,460</b>		
Gas and Other Installation	3,746	3,061	685	1,025	340		
Diesel Generator 400 KVA	<b>3,746</b>	<b>3,061</b>	<b>685</b>	<b>1,025</b>	<b>340</b>	Via Bid	Kashif Generators
Items having book value of less than Rs.500,000 each	<b>10,119</b>	<b>7,125</b>	<b>2,994</b>	<b>16,210</b>	<b>13,216</b>		
<b>June 30, 2022</b>	<b>23,699</b>	<b>17,389</b>	<b>6,310</b>	<b>25,326</b>	<b>19,016</b>		
June 30, 2021	44,070	32,935	11,135	12,243	1,108		

#### 4.3 Particulars of immovable fixed assets in the name of Group are as follows:

Location	Usage	Total Area (Square ft)*
F-216, S.I.T.E, Karachi	Manufacturing facility	44,020
E-40/A, S.I.T.E, Karachi	Manufacturing facility	44,226
Neclass no 158 of Deh Tore, Tapo Konkar, Gadap Town, District Malir, Karachi	Land	718,741

\* The covered area includes multi storey buildings.

		2022	2021
	Note	----- (Rupees in '000) -----	
<b>4.4 Depreciation charge for the year on operating fixed assets has been allocated as follows:</b>			
Cost of sales	27	93,998	80,339
Distribution costs	28	28,300	20,847
Administrative expenses	29	13,628	10,456
		<u>135,926</u>	<u>111,642</u>

**4.5 Capital work-in-progress**

2022	Building on Leasehold land	Plant and machinery	Others	Total
	----- (Rupees in '000) -----			
Opening balance	5,401	3,965	26,041	35,407
Capital expenditure incurred / advances made	18,578	34,999	217,702	271,279
Transfer to operating fixed assets	(8,911)	(31,420)	(64,180)	(104,511)
Closing balance	<u>15,068</u>	<u>7,544</u>	<u>179,563</u>	<u>202,175</u>
<b>2021</b>	<b>Building on Leasehold land</b>	<b>Plant and machinery</b>	<b>Others</b>	<b>Total</b>
	----- (Rupees in '000) -----			
Opening balance	7,006	16,998	2,486	26,490
Capital expenditure incurred / advances made	3,844	9,094	36,099	49,037
Adjustments (note 4.5.1)	-	(11,630)	-	(11,630)
Transfer to operating fixed assets	(5,449)	(10,497)	(12,544)	(28,490)
Closing balance	<u>5,401</u>	<u>3,965</u>	<u>26,041</u>	<u>35,407</u>

- 4.5.1** Represents reimbursement of advances against the purchase of plant and machinery by an Islamic bank. The Islamic bank has provided the said assets to the Holding Company under Ijarah arrangement.

		2022	2021
	Note	----- (Rupees in '000) -----	
<b>4.6 Right-of-use assets</b>			
As at July 01,			
Cost		134,708	82,987
Accumulated depreciation		(49,438)	(23,262)
Net book value		<u>85,270</u>	<u>59,725</u>
<b>Year ended June 30,</b>			
Opening net book value		85,270	59,725
Reassessment of lease during the year		1,383	51,721
Depreciation for the year	4.6.1	(30,849)	(26,176)
Closing net book value		<u>55,804</u>	<u>85,270</u>
<b>As at June 30,</b>			
Cost		136,091	134,708
Accumulated depreciation		(80,287)	(49,438)
Net book value		<u>55,804</u>	<u>85,270</u>

	2022	2021
Note	----- (Rupees in '000)	-----

#### 4.6.1 Depreciation charge for the year on right-of-use assets has been allocated as follows:

Cost of sales	27	3,740	3,740
Distribution costs	28	27,109	22,436
		<u>30,849</u>	<u>26,176</u>

4.6.2 Lease obligations of the Group comprises of lease arrangements giving it the right-of-use over premises utilized as office building and warehouse.

4.6.3 The right-of-use assets are depreciated over a life of 3 - 5 years.

## 5. INTANGIBLE ASSETS

2022	Cost			Amortization			Net book value as at June 30, 2022	Amortization rate % per annum
	As at July 01, 2021	Additions during the year	As at June 30, 2022	As at July 01, 2021	Charge for the year	As at June 30, 2022		
	----- (Rupees in '000) -----							
Goodwill	4,632	-	4,632	-	-	-	4,632	
Brand "MMM"	54,127	-	54,127	7,442	2,706	10,148	43,979	
Software licenses	24,520	240	24,760	20,527	1,732	22,259	2,501	20-33.33%
SAP ERP	41,802	-	41,802	41,802	-	41,802	-	20%
Manufacturing and distribution rights	20,000	-	20,000	20,000	-	20,000	-	20%
	145,081	240	145,321	89,771	4,438	94,209	51,112	

2021	Cost			Amortization			Net book value as at June 30, 2021	Amortization rate % per annum
	As at July 01, 2020	Additions during the year	As at June 30, 2021	As at July 01, 2020	Charge for the year	As at June 30, 2021		
	----- (Rupees in '000) -----							
Goodwill	4,632	-	4,632	-	-	-	4,632	
Brand "MMM"	54,127	-	54,127	4,736	2,706	7,442	46,685	
Software licenses	23,897	623	24,520	18,096	2,431	20,527	3,993	20-33.33%
SAP ERP	41,802	-	41,802	41,215	587	41,802	-	20%
Manufacturing and distribution rights	20,000	-	20,000	20,000	-	20,000	-	20%
	144,458	623	145,081	84,047	5,724	89,771	55,310	

	2022	2021
Note	----- (Rupees in '000)	-----

#### 5.1 Amortization charge for the year has been allocated as follows:

Cost of sales	27	764	369
Distribution costs	28	2,987	3,361
Administrative expenses	29	687	1,994
		<u>4,438</u>	<u>5,724</u>



## 5.2 Impairment testing of goodwill

The Group has performed its annual impairment test on the following cash generating unit as at June 30, 2022:

### Misbah Cosmetics (Pvt.) Ltd. (MCPL)

Goodwill acquired through business combinations have been allocated to the Subsidiary Company and monitored at Group level.

The recoverable amount is determined based on a value-in-use calculation using cash flow projections from financial budgets approved by the senior management covering a ten year period and applying the expected value approach. The discount rate applied to cash flow projections is 17.95% for goodwill impairment testing. The growth rate used to extrapolate the cash flows beyond the five year period is 5%. As a result of this analysis, the management did not identify any impairment for the cash generating unit to which goodwill of Rs.4.63 million are allocated.

### Key assumptions used in value-in-use calculations

The calculation of value-in-use is most sensitive to the following assumptions:

- Discount rates
- Key business assumptions

### Discount rates

The discount rate reflects current market assessment of the rate of return required for the business and is calculated using the Capital Asset Pricing Model (CAPM). The discount rate reflects the opportunity cost of capital, which is cost of equity using CAPM.

### Key business assumptions

These assumptions are based on industry data for growth rates, management assess how the unit's position, relative to its competitors, might change over the projected period. Management expects revenues and margins to improve on the basis of multiple strategies planned including increase in sales volume and price.

### Sensitivity to changes in assumptions

Management believes that after considering the various scenarios reasonably, no possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

	Note	2022 ----- (Rupees in '000) -----	2021
<b>6. LONG-TERM LOANS - secured, considered good</b>			
Due from:			
- Executives*		649	793
- Other employees		6,719	5,741
	6.1	<u>7,368</u>	<u>6,534</u>
Less: Current portion			
- Executives		(149)	(245)
- Other employees		(5,237)	(4,070)
	11	<u>(5,386)</u>	<u>(4,315)</u>
		<u><u>1,982</u></u>	<u><u>2,219</u></u>

- 6.1** These represent mark-up free loans to executives and employees for purchase of motor cars, motor cycles, house building, umrah and others, in accordance with the Group's policy. These loans are secured against the final settlement of respective employees and are recoverable in monthly installments over a period of one months to forty three months, these loans are mark-up free and secured against retirement benefits of respective employees.

Long term loans have been carried at cost as the effect of carrying these balances at amortised cost would not be material in the overall context of these consolidated financial statements.

- \* These represent officers as prescribed under the Companies Act, 2017.

	2022	2021
Note	----- (Rupees in '000) -----	-----
<b>7. LONG-TERM DEPOSITS</b>		
Ijarah lease rentals	1,140	17,471
Diminishing musharakah	19,481	42,948
Utilities	5,185	5,197
Rent	595	595
	<u>26,401</u>	<u>66,211</u>
<b>8. DEFERRED TAXATION - NET</b>		
Deductible temporary differences in respect of:		
Provisions for:		
- impairment on slow moving and obsolete items	30,779	21,341
- impairment on trade debts	34,302	28,478
- retirement and other service benefits	64,059	58,426
- Lease liabilities	20,691	24,796
Minimum tax	-	60,583
	149,831	193,624
Less: Taxable temporary differences		
Right-of-use assets	(17,191)	(24,064)
Accelerated tax depreciation	(138,320)	(122,513)
8.1	<u>(5,680)</u>	<u>47,047</u>
<b>8.1 Movement in deferred taxation - net is as follows:</b>		
Balance at beginning of the year	47,047	46,665
- recognized in profit or loss	(53,119)	(149)
- recognized in other comprehensive loss	392	531
Balance at end of the year	<u>(5,680)</u>	<u>47,047</u>

		2022	2021
	Note	(Rupees in '000)	(Rupees in '000)
<b>9. STOCK-IN-TRADE</b>			
In hand			
- raw materials		470,859	350,512
- packing materials		211,255	203,774
- work-in-process		190,105	95,836
- finished goods	9.3	557,110	474,322
		<u>1,429,329</u>	<u>1,124,444</u>
Less: Provision for slow moving and obsolete items	9.2	(111,784)	(88,498)
		<u>1,317,545</u>	<u>1,035,946</u>
In transit	9.1	4,112	6,187
		<u>1,321,657</u>	<u>1,042,133</u>

**9.1** Stock in transit includes raw material of Rs.1.32 (2021: Rs.0.97) million and packing material of Rs.2.77 (2021: Rs.5.22) million.

		2022	2021
	Note	(Rupees in '000)	(Rupees in '000)
<b>9.2 Provision for slow moving and obsolete items</b>			
Opening balance		88,498	44,822
Charge for the year		69,205	46,647
Write off during the year		(45,919)	(2,971)
Closing balance		<u>111,784</u>	<u>88,498</u>

**9.3** Finished goods includes right of return assets amounting to Rs. 24.10 (2021: Rs.11.05) million.

## 10. TRADE DEBTS - unsecured

Considered good	10.1	362,847	546,342
Considered doubtful		120,637	110,201
		<u>483,484</u>	<u>656,543</u>
Allowance for expected credit loss	10.2	(120,637)	(110,201)
Trade debts - net		<u>362,847</u>	<u>546,342</u>

**10.1** These trade debts include Rs. 2.08 (2021: Rs.0.61) million representing receivable against export sales to Africa and Asia amounting to Rs.0.61 (2021: Rs.0.61) million and Rs.1.47 (2021: Rs.nil) million respectively.

2022  
Note ----- (Rupees in '000) ----- 2021

### 10.2 Allowance for expected credit loss

The movement in expected credit loss during the year is as follows:

Balance at beginning of the year	110,201	91,056
Provision recognised during the year	10,747	19,145
Write offs during the year	(311)	-
	10,436	19,145
Balance at end of the year	120,637	110,201

**10.3** This includes receivable from a related party - Depilex (Private) Ltd. The maximum aggregate amount outstanding during the year was Rs.1.05 million (2021: Rs.0.94 million).

**10.4** As at June 30, 2022, trade debts aggregating to Rs.165.27 million (2021: Rs.359.27) million are neither past due nor impaired. The remaining debts aggregating to Rs.197.57 million (2021: Rs.187.07) million are past due but not impaired. The ageing analysis of these past due trade debts is as follows:

#### Trade debts

The aging of trade debts at the statement of financial position date was:

	2022						
	Not past due	30 days	31-90 days	90-180 days	181 to 360 days	over 360 days	Total
	(Rupees in '000)						
Total gross carrying amount	165,275	78,100	32,430	7,460	43,471	156,748	483,484
Expected credit loss	-	-	-	133	11,745	108,759	120,637
Expected credit loss effective rate	0%	0%	0%	2%	27%	69%	

	2021						
	Not past due	30 days	31-90 days	90-180 days	181 to 360 days	over 360 days	Total
	(Rupees in '000)						
Total gross carrying amount	359,274	57,330	32,591	18,302	59,493	129,553	656,543
Expected credit loss	-	-	-	82	10,324	99,795	110,201
Expected credit loss effective rate	0%	0%	0%	1%	17%	77%	

		2022	2021
	Note	----- (Rupees in '000) -----	
<b>11. LOANS AND ADVANCES - considered good</b>			
Current portion of long term loans	6	5,386	4,315
Advances to:			
- employees	11.1	22,627	11,860
- suppliers	11.2	107,193	57,743
		129,820	69,603
		135,206	73,918

**11.1** Advances to employees are provided to meet business expenses and are settled as and when the expenses are incurred.

**11.2** Includes interest free advances to major foreign suppliers having maturity latest by September 2022.

Jurisdiction	Name
Asia	Shanghai Tianhe Pharmaceutical Nantong Huideseng Elkay Chemicals Pvt. Ltd.
Europe	Atomizer LLC.

		2022	2021
	Note	----- (Rupees in '000) -----	
<b>12. TRADE DEPOSITS, PREPAYMENTS &amp; OTHER RECEIVABLES</b>			
<b>Deposits</b>			
Ijarah lease rentals		-	2,445
Diminishing musharakah		-	3,163
Margin against bank guarantees		33,056	22,590
Tender deposits		80,296	66,839
Provision for doubtful deposits	12.1	(16,349)	(8,088)
Others		225	-
		97,228	86,949
<b>Prepayments</b>			
Software license		2,349	2,607
Takaful		-	1,354
Machine and equipments		34	175
Fees, rates and taxes		1,251	929
		3,634	5,065
<b>Other receivables</b>			
Profit on saving accounts		618	146
Others		267	13,168
		101,747	105,328

	Note	2022 ----- (Rupees in '000)	2021 -----
--	------	--------------------------------	---------------

### 12.1 Provision for doubtful deposits

The movement in provision for doubtful deposits during the year is as follows:

Balance at beginning of the year		8,088	98
Provision recognised during the year		8,261	7,990
Balance at end of the year		<u>16,349</u>	<u>8,088</u>

### 13. SALES TAX REFUNDABLE

The entire pharma sector was exempt from levy of sales tax both at input as well as output stage, except for certain excipient and packing materials but through Finance (Supplementary) Act, 2021 exemption regime was converted into a Zero-rating regime for finished items of pharma products with effective from January 17, 2022, however, sales tax was imposed at standard rate of 17% on purchase/ import of Active Pharmaceutical Ingredients (API). As a result, the pharma sector was allowed to claim sales tax refund on all purchases including APIs, excipient and packing materials on consumption basis. In this respect net Rs. 179.49 million is sales tax input paid on purchases/import of materials up to June 30, 2022 which is refundable on consumption basis.

Moreover, aforesaid law has further been amended through the Finance Act, 2022 with effective from July 01, 2022, a special tax regime for Pharma Sector has been introduced whereby manufacture or import of substances registered as drugs under the Drugs Act, 1976 shall be subject to 1% sales tax with the condition that such tax shall be final discharge of tax in the supply chain and no input tax shall be allowed to the importer and manufacturer of such goods. Furthermore, APIs, excluding excipients, for manufacture of drugs registered under the Drugs Act, 1976 or raw materials for the basic manufacture of Active Pharmaceutical Ingredients shall also be subject to 1% sales tax with no input tax adjustment.

	Note	2022 ----- (Rupees in '000)	2021 -----
--	------	--------------------------------	---------------

### 14. SHORT-TERM INVESTMENTS

Fair value through profit or loss:

Investment in mutual funds	14.1	<u>159,707</u>	-
		<u>159,707</u>	-

14.1 Represents investment in shariah compliant mutual funds of Meezan Rozana Amdani Fund and Meezan Sovereign Fund of 3,194,128 units (2021: Nil units) and 6 units (2021: Nil units) respectively.

### 15. CASH AND BANK BALANCES

Cash in hand		-	6
Balances with banks in:			
- current accounts		61,067	146,250
- saving accounts - with Islamic banks	15.1	152,844	11,302
- dividend accounts - with Islamic banks		1,395	278
		<u>215,306</u>	<u>157,830</u>
Cash and bank balances		<u>215,306</u>	<u>157,836</u>

15.1 These carry profit at the rates ranging from 2.75% to 7.00 % (2021: 2.75% to 3.47%) per annum.

			2022	2021
			----- (Rupees in '000) -----	
<b>16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>				
	<b>2022</b>	<b>2021</b>		
	----- Number of shares -----			
	<b>15,097,535</b>	8,430,868	Ordinary shares of Rs.10 each fully paid in cash	<b>150,976</b> 84,309
	<b>30,489,649</b>	30,489,649	Issued as bonus shares	<b>304,897</b> 304,897
	<b>223,834</b>	223,834	Issued pursuant to merger with Associated Services Limited	<b>2,238</b> 2,238
	<b>45,811,018</b>	<u>39,144,351</u>		<u>458,111</u> <u>391,444</u>

Reconciliation between the issued, subscribed and paid-up share capital at the beginning and end of the year is as follows:

<b>39,144,351</b>	39,144,351	Opening shares outstanding	<b>391,444</b>	391,444
<b>6,666,667</b>	-	Right shares issued during the year	<b>66,667</b>	-
<b>45,811,018</b>	<u>39,144,351</u>		<u>458,111</u>	<u>391,444</u>

- 16.1** The Board of Directors in their meeting held on June 22, 2021 approved to raise further capital by issuance of right shares at a value of Rs. 165 per share (premium of Rs. 155 per share) to its existing shareholders in the proportion of 17.03 right share for every 100 ordinary shares held. The process of rights issue was completed during the year and a total of 6,666,667 shares were issued. Through this issue, an amount of Rs. 1,100,000 thousand was raised comprising of Rs. 66,667 thousand and Rs. 1,033,333 thousand in respect of ordinary share capital and share premium, respectively. The right issue was conducted in order to reduce bank borrowing, financing new launches of medicines and advance therapies, capital expenditure on plant and machinery and finance working capital requirements.

		2022	2021
	Note	----- (Rupees in '000) -----	
<b>17. DEFERRED LIABILITIES</b>			
Advance against motor vehicles		<b>1,740</b>	1,224
Government Grant	17.1	-	1,771
Employees' gratuity payable	17.2	<b>207,938</b>	207,028
		<u><b>209,678</b></u>	<u>210,023</u>
<b>17.1 Government Grant</b>			
Opening balance		<b>12,183</b>	14,824
Received during the year		-	10,335
Released to the statement of profit or loss		<b>(10,412)</b>	(12,976)
Closing balance		<u><b>1,771</b></u>	<u>12,183</u>
Current Portion of Government Grant	21	<b>1,771</b>	10,412
Long-term Portion of Government Grant		-	1,771
		<u><b>1,771</b></u>	<u>12,183</u>

**17.1.1** As mentioned in note 18.3, government grant has been recorded against subsidized rate loan obtained from a Islamic bank pursuant to a refinance scheme introduced by State Bank of Pakistan to provide working capital loan at concessional mark-up rates for businesses to finance salary expense during the COVID-19 outbreak. The grant is conditional upon the fact that the Holding Company would not terminate any employee, due / owing to cash flow limitations, for a period of three months from the date of receipt of the first tranche.

## 17.2 Defined benefit plan - unfunded gratuity scheme

In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at June 30, 2022, using the "Projected Unit Credit Method". Provision has been made in the financial statements to cover obligation in accordance with the actuarial recommendations.

	2022	2021
	--- Number of Employees ---	
The number of employees covered under the defined benefit scheme are:	407	445

Details of significant assumptions used for the valuation and disclosures in respect of above mentioned fund is as follows:

Financial assumptions		
- Discount rate (per annum compounded)	13.00%	9.75%
- Salary increase per annum	13.00%	9.75%
Demographic assumptions		
- Normal retirement	60 years	60 years
- Mortality rate	EFU (61-66)	EFU (61-66)

	2022	2021
	----- (Rupees in '000) -----	
<b>Liability in balance sheet</b>		
Present value of defined benefit obligations	207,938	207,028
<b>Movement in liability during the year</b>		
Opening balance	207,028	196,286
Charged to profit or loss account	23,439	20,495
Benefits paid during the year	(19,366)	(11,147)
Actuarial loss recognised in other comprehensive income	(3,163)	1,394
Closing balance	207,938	207,028
<b>Reconciliation of the present value of defined benefit obligations</b>		
Present value of defined benefit obligations as at July 01,	207,028	196,286
Current service cost	4,921	4,941
Finance cost	18,518	15,554
Benefits paid	(19,366)	(11,147)
Actuarial loss on obligation	(3,163)	1,394
Present value of defined benefit obligations as at June 30,	207,938	207,028



	2022	2021
	----- (Rupees in '000) -----	
<b>Charge for the defined benefit plan</b>		
Cost recognised in profit or loss account		
Current service cost	4,921	4,941
Finance cost	18,518	15,554
	<b>23,439</b>	<b>20,495</b>
<b>Actuarial loss on defined benefit obligation recognised in other comprehensive income</b>		
Actuarial loss / (gain) on defined benefit obligation		
- Loss due to change in financial assumptions	-	-
- Loss due to change in demographic assumptions	-	-
- Loss / (gain) due to change in experience adjustments	(3,163)	1,394
	<b>(3,163)</b>	<b>1,394</b>
Expected contributions to the fund in the following year	<b>29,106</b>	<b>23,577</b>
Expected benefit payments to retirees in the following year	<b>39,819</b>	<b>37,412</b>
Weighted average duration of the defined benefit obligation (year)	<b>7.50</b>	<b>7.60</b>

**Sensitivity analysis**

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations on various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	2022	2021
	----- (Rupees in '000) -----	
Increase in discount rate by 1%	(12,159)	(12,772)
Decrease in discount rate by 1%	13,704	14,472
Increase in expected future increment in salary by 1%	13,576	14,333
Decrease in expected future increment in salary by 1%	(12,261)	(12,882)

**Maturity Profile**

Year 1	39,819	37,412
Year 2	22,273	18,562
Year 3	20,681	21,519
Year 4	24,982	19,902
Year 5	23,612	25,532
Year 6 to Year 10	132,659	109,355

As per the recommendation of the actuary, the charge for the year ending June 30, 2023 amounts to Rs. 29.11 million.

#### Comparison for five years

As at June 30,

	2022	2021	2020	2019	2018
	----- (Rupees in '000) -----				
Defined benefit obligation	<b>207,938</b>	207,028	196,286	177,771	171,029
Experience adjustment loss / (gain) on obligation (as percentage of plan obligations)	<b>-1.52%</b>	0.67%	-2.06%	2.76%	0.67%

#### Risks on account of defined benefit plan

##### Final salary risk

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases proportionately with the increase in salary.

##### Discount rate fluctuation

The plan liabilities are calculated using a discount rate determined by reference to market yields (at the statement of financial position date) on government bond. A decrease in government bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

##### Withdrawal risk

The risk that the actual withdrawal experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and entitled benefits of the beneficiary.

##### Inflation fluctuation

The salary inflation is the major risk that the funds carry. In a general economic sense and in a longer view, there is a case that if bond yields increase, the change in salary inflation generally offsets the gains from the decrease in discounted benefit obligations. But viewed with the fact that the plan have no asset, the impact of salary inflation might be significant.

##### Mortality risk

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

	Note	2022 ----- (Rupees in '000) -----	2021 -----
<b>18. LONG-TERM FINANCING</b>			
Loan from a related party	18.1	48,202	51,886
Diminishing musharakah:			
- leasehold land and buildings		-	152,500
- plant and machinery		-	272,284
- vehicles	18.2	186,899	129,858
- salaries and wages	18.3	89,724	262,643
		324,825	869,171
Less: Current maturity shown under current liabilities		(128,495)	(365,724)
		<u>196,330</u>	<u>503,447</u>

18.1 This represents loan obtained from one of the director of the Parent Company, under mark-up arrangements. It carries profit at 90 days average of 12 Months KIBOR for 3rd calendar Quarter-2022 which is fixed for the period as 8.12% per annum. (2021: 90 days average of 12 Months KIBOR for 3rd calendar Quarter-2020 which is fixed for the period as 8.73% per annum). The profit is payable on monthly basis.

18.2 These facilities have been obtained from First Habib Modaraba. These carry mark-up at the rates of 6 Months KIBOR plus 1.00% to 1.50% (2021: 6 Months KIBOR plus 1.00% to 1.50%) per annum and are having maturity till June 2027 (2021: March 2026). These facilities are secured against the respective assets.

18.3 Represents financing obtained under Islamic Refinance Scheme for Payment of Wages & Salaries to the Workers and Employees of Business Concerns issued by SBP under COVID-19 relief package through its IH&SMEFD Circular No. 07 dated April 10, 2020. During the year, the Holding Company made further draw down of Rs.180 million against SBP's circular letter No. 14 dated June 30, 2020 which extended the aforesaid relief package for a further period of three months. These facilities carries profit at the subsidised rate of 3% and is repayable latest by December 2022. The differential profit has been recognised as government grant which will be amortised over the period of the facility. The facility is secured through an existing equitable mortgage charge over the properties of the Holding Company namely; E-40/A, S.I.T.E., F-216 S.I.T.E., Karachi and Necclass No. 158 of Deh Tore, Tapo Konkar, Gadap Town, District Malir, Karachi with 25% margin in favor of the bank.

	Note	2022 ----- (Rupees in '000) -----	2021 -----
<b>19. LONG-TERM PROVISION</b>			
Gas Infrastructure Development Cess (GIDC)		<u>66,985</u>	<u>69,397</u>

Represents Gas Infrastructure Development Cess (GIDC) against which the Honourable Supreme Court of Pakistan in its order dated August 13, 2020 held that the same is constitutional. Subsequent to the order, the SSGC issued GIDC bill under which the total amount would be recovered in forty eight equal monthly installments.

The above demand of the SSGC was not acknowledged as liability by the Holding Company and it filed an appeal before the Honourable High Court of Sindh (the Court) on the grounds that no burden of GIDC had been passed to its customers and thus the Holding Company is not liable to pay GIDC under GIDC Act, 2015. Based on the above appeal, the Court was pleased to grant stay vide order dated September 29, 2020 against the demand raised by the SSGC and restrained them from take any coercive action.

However, as a matter of abundant caution and without prejudice to the suit filed, the Holding Company has made aggregate provision of Rs.85.65 million for GIDC in the financial statements.

	Note	2022 ----- (Rupees in '000) -----	2021 -----
<b>20. LEASE LIABILITIES</b>			
Lease liabilities		67,163	87,862
Current portion of lease liabilities		(27,235)	(21,769)
		<u>39,928</u>	<u>66,093</u>

**20.1 Reconciliation of the carrying amount is as follows:**

Opening		87,862	57,915
Reassessment of lease during the year		1,383	51,720
Accretion of finance cost	32	8,093	4,862
Lease rental payments made during the year		(30,175)	(26,635)
Lease liability as at June 30,		67,163	87,862
Current portion of lease liabilities		(27,235)	(21,769)
Long-term lease liabilities as at June 30,		<u>39,928</u>	<u>66,093</u>

**20.2 The amount of future payment under the lease arrangement and the period in which these payments will become due are as follows:**

	Note	2022 ----- (Rupees in '000) -----	2021 -----
<b>Maturity analysis</b>			
Gross lease liabilities - minimum lease payments:			
Not later than one year		32,553	29,786
Later than one year but not later than five years		42,007	73,394
		<u>74,560</u>	<u>103,180</u>
Future finance charge		(7,397)	(15,318)
Present value of finance lease liabilities		<u>67,163</u>	<u>87,862</u>

**21. TRADE AND OTHER PAYABLES**

Trade and other creditors		797,521	522,687
Advances from customers - contract liabilities		273,004	138,197
Accrued liabilities		32,302	20,164
Sindh Workers' Profit Participation Fund	21.1	1,591	2,948
Workers' Welfare Fund	21.2	33,329	29,834
Central Research Fund		5,318	3,342
Payable to provident fund	21.3	3,855	794
Current portion of government grant	17.1	1,771	10,412
Refund liability		42,391	18,777
Ijarah rental payable		-	1,206
Auditors' remuneration		3,101	2,816
Withholding taxes payable		9,816	10,924
Others		59,472	41,751
		<u>1,263,471</u>	<u>803,852</u>

	2022	2021
	----- (Rupees in '000) -----	
<b>21.1 Sindh Workers' Profit Participation Fund</b>		
Opening balance	2,948	3,392
Mark-up thereon	70	82
Charge for the year	26,591	17,948
	29,609	21,422
Less: Payments made during the year	(28,018)	(18,474)
Closing balance	1,591	2,948

## 21.2 Workers' Welfare Fund

Prior to certain amendments made through the Finance Acts of 2006 and 2008, Workers' Welfare Fund (WWF) was levied at 2% of the total income assessable under the Income Tax Ordinance, 2001 excluding incomes falling under the Final Tax Regime (FTR). Through Finance Act, 2008, an amendment was made in Section 4(5) of the WWF Ordinance, 1971 (the Ordinance) whereby WWF liability is applicable at 2% of the higher of the profit before taxation as per the accounts or declared income as per the return.

Aggrieved by the amendments made through the Finance Act, 2008, certain stakeholders filed petition against the changes in the Honorable Lahore High Court which struck down the aforementioned amendments to the WWF Ordinance in 2011. However, the Honorable High Court of Sindh in the year 2013 did not accept the above arguments and declared the amendments made through Finance Act as valid. Both these decisions were later challenged in the Honorable Supreme Court of Pakistan (SCP).

The Honorable SCP passed a judgment on November 10, 2016, declaring the insertion of amendments introduced in the Finance Acts pertaining to WWF as unlawful and thereby striking down such amendments. However, a petition has been filed in the Honorable SCP for the review of the aforementioned judgement. In view of the said review petition, the Holding Company on the basis of abundant caution has continued to provide the amount as per the required provisions.

**21.3** Investments of provident fund have been made in accordance with the provisions of section 218 of the Act and the rules formulated for this purpose.

	2022	2021
	----- (Rupees in '000) -----	
<b>22. ACCRUED PROFIT</b>		
Diminishing musharakah	667	2,455
Murabaha	183	6,741
Musharakah running finance	-	1,526
	850	10,722
<b>23. SHORT TERM BORROWINGS - secured</b>		
Musharakah running finance	-	113,100
Murabaha	3,251	295,863
	3,251	408,963

- 23.1** This represent outstanding murabaha facilities with various Islamic banks for the purpose of purchase of stock-in-trade. These carry profit at the rates ranging from 1 Month and 3 Months KIBOR plus 1.5% to 2.25% (2021: 1 Months and 3 Month KIBOR plus 1.5% and 2.25%) per annum and having maturity till July 2022 (2021: November 2021). These are secured against hypothecation of stock-in-trade and trade debts of the Group.
- 23.2** The Holding Company has unutilized Musharakah running finance facilities of Rs.350 million (2021: Rs.237 million). These carry mark-up at the rates ranging from 1 months KIBOR plus 1% to 1.5% (2021: 1 month and 3 months KIBOR plus 1.25% to 1.50% ) per annum. This is secured against first pari passu charge over stock-in-trade, receivables and other current assets of the Company.

## **24. CONTINGENCIES AND COMMITMENTS**

### **24.1 Contingencies**

#### **Holding Company**

- 24.1.1** Certain cases have been filed against the Company by some employees in National Industrial Relations Commission against their termination / dismissal. If having exposure of Company to the extent of Rs.10.44 million (2021: Rs.8.01 million). Provision has not been made in these consolidated financial statements for the said amount as the management of the Company, based on the advice of its legal counsel handling the subject cases, is of the opinion that matters shall be decided in the Company's favour.

- 24.1.2** The Additional Commissioner Inland Revenue (ACIR) raised demands of Rs.22.43, Rs.51.46 and Rs.245.21 million for the tax year 2015, 2016 and 2017 respectively through order under section 122(5A) of the Income Tax Ordinance, 2001, whereby, the assessing officer added back certain expenses. In case of tax year 2017 also disallowed salary and wages expenses pertaining to field force employs as advertisement and promotional expenses over 10% of revenue. The Company filed an appeal before Commissioner Inland Revenue (Appeals). Subsequently order has been passed by CIR (Appeals) dated 30th December, 2021 which has resulted in no demand outstanding as payable in respect of these tax years. Through said order of CIR (Appeals) most of the disallowances have been remanded back to ACIR. Being gaggrieved, the company filed an appeal before Tribunal and case is pending. The management, based on tax advice and strong arguments, is confident for a favorable outcome, accordingly no provision is made in consolidated financial statements in this respect.

#### **Subsidiary Company**

- 24.1.3** There are no contingencies as at June 30, 2022 (2021: Nil).

	2022	2021
	----- (Rupees in '000) -----	
<b>24.2 Commitments</b>		
Outstanding letters of credit	<u>411,322</u>	<u>157,546</u>
Outstanding letters of guarantee	<u>123,352</u>	<u>113,604</u>
Commitments for capital expenditure	<u>58,262</u>	<u>26,876</u>

Commitments for Ijarah rentals in respect of plant and machinery, motor vehicles and equipment:

	2022	2021
	----- (Rupees in '000) -----	
2022	-	52,071
2023	2,097	38,483
2024	724	16,470
2025	-	9,818
	<u>2,821</u>	<u>116,842</u>

## 25. OPERATING SEGMENTS

	Holding Company		Subsidiary Company		Group	
	2022	2021	2022	2021	2022	2021
	----- (Rupees in '000) -----					
Local	5,823,924	5,550,287	366,820	281,835	6,190,744	5,832,122
Export	352,977	138,051	-	-	352,977	138,051
Toll income	137,947	78,954	-	-	137,947	78,954
Turnover	6,314,848	5,767,292	366,820	281,835	6,681,668	6,049,127
Trade discount	907,562	536,279	-	-	907,562	536,279
Sales return	56,974	51,484	3,143	1,201	60,117	52,685
Sales tax	39,064	37,902	63,085	49,474	102,149	87,376
Net turnover	5,311,248	5,141,627	300,592	231,160	5,611,840	5,372,787
Cost of sales	(2,937,153)	(3,026,827)	(135,645)	(120,185)	(3,072,798)	(3,147,012)
Gross profit	2,374,095	2,114,800	164,947	110,975	2,539,042	2,225,775
Other income	37,392	9,401	-	-	37,392	9,401
Distribution costs	(1,537,321)	(1,385,439)	(172,972)	(126,743)	(1,712,998)	(1,514,888)
Administrative expenses	(298,602)	(248,859)	(2,350)	(3,284)	(300,952)	(252,143)
Other expenses	(47,283)	(30,007)	-	-	(47,283)	(30,007)
Finance cost	(38,465)	(129,050)	(6,418)	(10,183)	(44,883)	(139,233)
Profit / (loss) before tax	489,816	330,846	(16,793)	(29,235)	470,318	298,905
Segments assets	4,138,484	3,418,752	162,263	201,933	4,300,747	3,620,685
Unallocated assets	-	-	-	-	48,611	51,317
Segment liabilities	1,863,128	2,369,244	71,904	91,024	1,935,032	2,460,268
Depreciation and amortisation charge	166,661	138,965	1,846	1,871	171,213	143,542
Capital expenditure	456,622	260,152	1,974	736	458,596	260,888

**25.1** Out of total net turnover of the Group 94% (2021: 97.43%) relates to customers in Pakistan. Further, all non-current assets of the Group as at June 30, 2022 are located in Pakistan.

**25.2** Out of total net turnover of the Group, 8.54% (2021: 5.47%) relates to a single major customer located in Pakistan.

**2022**                      **2021**  
**Note**      ----- (Rupees in '000) -----

### **25.3 Reconciliation of segments assets and liabilities**

#### **25.3.1 Assets**

Total Assets for reportable segments	<b>4,300,747</b>	3,620,685
Intangibles - goodwill and brands	<b>48,611</b>	51,317
	<b>4,349,358</b>	<b>3,672,002</b>

#### **25.3.2 Depreciation and amortisation**

Total depreciation and amortisation for reportable segments	<b>168,507</b>	140,836
Amortisation of brand	<b>2,706</b>	2,706
	<b>171,213</b>	<b>143,542</b>

### **26. TURNOVER**

Gross Sales		
Local	<b>6,190,744</b>	5,832,122
Export	<b>352,977</b>	138,051
	<b>6,543,721</b>	<b>5,970,173</b>
Less: Trade discount	<b>907,562</b>	536,279
Less: Sales return	<b>60,117</b>	52,685
Less: Sales tax	<b>102,149</b>	87,376
	<b>5,473,893</b>	<b>5,293,833</b>
Toll manufacturing	<b>137,947</b>	78,954
	<b>5,611,840</b>	<b>5,372,787</b>

**26.1** Revenue recognised during the year from contract liabilities as at the beginning of the year amounted to Rs.48.68 million (2021: Rs. 20.47 million).



	Note	2022 ----- (Rupees in '000) -----	2021 -----
<b>27. COST OF SALES</b>			
Raw and packing materials consumed	27.1	2,385,170	2,514,910
Salaries, wages and benefits	27.2	454,563	395,133
Fuel and power		162,330	164,999
Ijarah lease rentals		3,534	17,617
Repairs and maintenance		71,159	69,777
Laboratory and factory supplies		32,418	25,712
Takaful		3,819	3,484
Provision for slow moving and obsolete stock-in-trade	9.2	69,205	46,647
Printing and stationery		8,019	8,861
Rent, rates and taxes		7,960	4,078
Legal and professional		517	26
Travelling, conveyance and entertainment		2,920	1,551
Depreciation	4.4 & 4.6.1	97,738	84,079
Amortization	5.1	764	369
Postage and communication		1,279	1,415
Training and development cost		333	125
Others		122	123
		<b>3,301,850</b>	<b>3,338,906</b>
Work-in-process			
Opening		95,836	72,265
Closing		(190,105)	(95,836)
		<b>(94,269)</b>	<b>(23,571)</b>
Cost of goods manufactured		<b>3,207,581</b>	<b>3,315,335</b>
Finished goods			
Opening		474,322	352,131
Closing		(557,110)	(474,322)
		<b>(82,788)</b>	<b>(122,191)</b>
Physician samples		(51,995)	(46,132)
		<b>3,072,798</b>	<b>3,147,012</b>
<b>27.1 Raw and packing materials consumed</b>			
Opening stock		554,286	707,051
Purchases		2,512,998	2,362,145
		<b>3,067,284</b>	<b>3,069,196</b>
Closing stock		(682,114)	(554,286)
		<b>2,385,170</b>	<b>2,514,910</b>

**27.2** This includes amount of Rs.12.55 (2021: Rs.11.02) million in respect of staff provident fund.

		2022	2021
	Note	----- (Rupees in '000) -----	
<b>28. DISTRIBUTION COSTS</b>			
Salaries and benefits	28.1	951,317	860,972
Sales promotion expenses		313,725	296,989
Repair and maintenance		34,402	27,843
Fuel and power		23,656	19,876
Ijarah lease rentals		3,644	9,916
Printing and stationery		3,201	2,958
Takaful		4,832	3,951
Allowance for expected credit loss	10.2 & 12	19,008	27,135
Postage and communication		5,226	5,364
Rent, rate and taxes		7,381	7,949
Legal and professional		3,214	947
Freight charges		69,405	62,590
Training and development cost		77,992	32,463
Depreciation	4.4 & 4.6.1	55,409	43,283
Amortization	5.1	2,987	3,361
Traveling, conveyance and entertainment		72,579	14,489
Service charges		39,927	75,716
Subscription charges		25,093	19,086
		<u>1,712,998</u>	<u>1,514,888</u>

**28.1** This includes amount of Rs.25.19 (2021: Rs.23.09) million in respect of staff provident fund.

## **29. ADMINISTRATIVE EXPENSES**

Salaries and benefits	29.1	192,283	161,465
Director`s fee		3,325	2,262
Fuel and power		14,902	12,364
Ijarah lease rentals		178	683
Legal and professional		14,999	17,639
Donations	29.2	5,005	-
Printing and stationery		5,313	4,504
Auditors` remuneration	29.3	3,999	3,453
Rent, rates and taxes		8,398	5,038
Takaful		2,033	1,446
Repairs and maintenance		30,453	25,745
Postage and communication		3,374	3,516
Depreciation	4.4	13,628	10,456
Amortization	5.1	687	1,994
Training and development cost		316	216
Traveling, conveyance and entertainment		1,442	613
Others		617	749
		<u>300,952</u>	<u>252,143</u>

**29.1** This includes amount of Rs.7.71 (2021: Rs.7.01) million in respect of staff provident fund.

**29.2** This represents medicines donated to Ministry of Health (Government of Islamic Emirate of Afghanistan).

		2022	2021
	Note	----- (Rupees in '000) -----	
<b>29.3 Auditors' remuneration</b>			
Annual audit fee of unconsolidated financial statements		1,661	1,507
Half year review of unconsolidated financial statements		424	385
Annual audit fee of consolidated financial statements		462	462
Other services and certifications		852	676
		<u>3,399</u>	<u>3,030</u>
Out of pocket expenses		327	180
Sales tax		273	243
		<u>3,999</u>	<u>3,453</u>
<b>30. OTHER EXPENSES</b>			
Sindh Workers' Profit Participation Fund		26,591	17,948
Workers' Welfare Fund		10,105	6,820
Central Research Fund		5,318	3,342
Exchange loss - net		5,199	1,814
Mark-up on Sindh Workers' Profit Participation Fund		70	83
		<u>47,283</u>	<u>30,007</u>
<b>31. OTHER INCOME</b>			
Profit on saving accounts		5,919	3,920
Gain on disposal of property, plant and equipment	4.2	19,016	1,108
Scrap sales		2,571	974
Dividend income on mutual fund units		1,675	-
Gain on disposal of mutual fund units		3,428	-
Others		4,783	3,399
		<u>31,473</u>	<u>5,481</u>
		<u>37,392</u>	<u>9,401</u>
<b>32. FINANCIAL CHARGES</b>			
Mark up on:			
- Loan from a related party		5,634	6,546
- Diminishing musharakah		17,237	50,957
- Istisna'a		-	1,034
- Murabaha		11,186	66,005
- Musharakah running finance		1,454	7,210
- Lease liabilities	20.1	8,093	4,862
		<u>43,604</u>	<u>136,614</u>
Bank charges and commission		1,279	2,619
		<u>44,883</u>	<u>139,233</u>
<b>33. TAXATION</b>			
Current		128,386	85,861
Prior		2,801	(2,993)
Deferred		53,119	149
		<u>184,306</u>	<u>83,017</u>

**33.1** Income tax assessments of the Group have been finalised up to and including the tax year 2021 under the self assessment scheme.

### 33.2 Holding Company

Adequate provision for tax has been provided in these financial statements for the current year in accordance with the requirements laid under Income tax Ordinance, 2001 (ITO 2001). The current year tax represents tax on taxable income at the rate of 29% (2021: 29%). Further, as per the requirements of section 4C (super tax) of the ITO 2001, an additional charge of 10% for poverty alleviation tax has also been recorded in these consolidated financial statements.

	2022	2021
	----- (Rupees in '000) -----	
<b>33.3 Relationship between accounting profit and tax expense</b>		
Accounting profit before taxation	<b>489,816</b>	330,846
Normal tax at the rate of 29% (2021: 29%)	<b>142,047</b>	95,945
Super tax at the rate of 10% (2021: Nil)	<b>48,982</b>	-
Tax effects of:		
Income subject to FTR	<b>(4,327)</b>	(1,125)
Expenses/Income are not allowed-net	<b>17,114</b>	15,735
Carried forward turnover tax adjustment	<b>(87,453)</b>	(33,893)
Deferred tax	<b>53,119</b>	149
Prior period adjustment	<b>2,801</b>	(2,993)
	<b>172,283</b>	73,818

### 33.4 Subsidiary Company

Provision for current taxation has been made on the basis of Minimum tax under section 153 (I) of the Income Tax Ordinance, 2001.

		2022	2021
	Note	----- (Rupees in '000) -----	
<b>34. BASIC AND DILUTED EARNINGS PER SHARE</b>			
Net profit for the year		<b>286,012</b>	215,888
Weighted average number of ordinary shares in issue	34.1	<b>44,189</b>	<b>Restated</b> 38,678
Basic earnings per share (Rupees)	34.2	<b>6.47</b>	5.58

**34.1** The weighted average number of shares takes into account the weighted average effect of issue of right shares during the year.

**34.2** There is no dilutive effect on basic earnings per share of the Group.

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are credit risk, operational risk, liquidity risk and market risk (including return rate risk, currency risk and price risk). The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

### 35.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. The Group's management is regularly conducting detailed analysis on sectors.

The Group seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy. The maximum exposure to credit risk at the reporting date is:

		2022	2021
	Note	----- (Rupees in '000) -----	
Long-term deposits	7	26,401	66,211
Trade debts	10	362,847	546,342
Loans	6	7,368	6,534
Deposits and other receivables	12	98,113	100,263
Short-term investment	14	159,707	-
Bank balances	15	215,306	157,830
		<u>869,742</u>	<u>877,180</u>

#### Credit quality of financial assets

The credit quality of financial assets that can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

	2022	2021
	----- (Rupees in '000) -----	
<b>Bank balances</b>		
Ratings		
A1+	149,966	112,660
A1	65,340	45,170
	<u>215,306</u>	<u>157,830</u>
<b>Short term investment</b>		
Ratings		
AA+	159,707	-

### 35.2 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's activities, either internally within the Group or externally at the Group's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Group's activities.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Group. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

### 35.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarizes the maturity profile of the Group's financial liabilities at the following reporting dates:

2022	Upto 1 year	1-5 years	More than five years	Total
----- (Rupees in '000) -----				
Long-term Financing	130,315	194,510	-	324,825
Trade and other payables	893,150	-	-	893,150
Lease liabilities	27,235	39,928	-	67,163
Accrued profit	850	-	-	850
Short-term borrowings	3,251	-	-	3,251
Unclaimed dividend	1,395	-	-	1,395
	<b>1,056,196</b>	<b>234,438</b>	<b>-</b>	<b>1,290,634</b>

2021	Upto 1 year	1-5 years	More than five years	Total
----- (Rupees in '000) -----				
Long-term Financing	365,724	503,447	-	869,171
Trade and other payables	585,396	-	-	585,396
Lease liabilities	21,769	66,093	-	87,862
Accrued profit	10,722	-	-	10,722
Short-term borrowings	408,963	-	-	408,963
Unclaimed dividend	278	-	-	278
	<b>1,392,852</b>	<b>569,540</b>	<b>-</b>	<b>1,962,392</b>

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in the respective notes to these financial statements.

	July 01, 2021	Cash Flows	Non cash flow	June 30, 2022
	----- (Rupees in '000) -----			

**35.3.1 Changes in liabilities from financing activities**

Long-term Financing	881,354	(544,346)	(10,412)	<b>326,596</b>
Lease liabilities	87,862	(30,175)	9,476	<b>67,163</b>
Short-term borrowings	408,963	(405,712)	-	<b>3,251</b>
Unclaimed dividend	278	1,117	-	<b>1,395</b>
	<u>1,378,457</u>	<u>(979,116)</u>	<u>(936)</u>	<u><b>398,405</b></u>

**35.4 Market Risk**

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. Market prices comprise three types of risks which includes interest rate risk, currency risk and other price risk, such as equity risk. There has been no change in the Group's exposure to market risk or the manner in which this risk is managed and measured.

**35.5 Return rate risk**

Return rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market return rates. The Group's return rate risk arises from long-term financing, short-term borrowings, Murabaha payables and bank deposits obtained with floating rates. All the borrowings of the Group are obtained and investments made in the functional currency.

At the reporting date, the return rate profile of Group's return-bearing financial instruments was:

	Note	2022 ----- (Rupees in '000) -----	2021
<b>Financial asset</b>			
Local currency - savings account	15	<u>152,844</u>	<u>11,302</u>
		<u>152,844</u>	<u>11,302</u>
<b>Financial liabilities</b>			
Long-term Financing	18	<u>324,825</u>	<u>869,171</u>
Short-term borrowings	23	<u>3,251</u>	<u>408,963</u>
		<u>328,076</u>	<u>1,278,134</u>

The Group analyses its return rate exposure on a regular basis by monitoring existing facilities against prevailing market return rates and taking into account various other financing options available.

The following figures demonstrate the sensitivity to a reasonably possible change in return rate, with all other variables held constant, of the Group's profit before tax:

	Increase / (decrease) in basis points	Effect on profit before tax (Rupees in '000)
<b>2022</b>		
Change in return rate	+100	1,752
Change in return rate	+100	(1,752)
<b>2021</b>		
Change in return rate	+100	12,668
Change in return rate	-100	(12,668)

### 35.6 Currency Risk

Currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. As at the reporting date, the Group is not materially exposed to such risk.

### 35.7 Equity price risk

Equity price risk is the risk arising from uncertainties about future value of investment securities. As at reporting date, the Company is exposed to equity price risk to the extent of its investment in its subsidiary as disclosed in note 6 to these unconsolidated financial statements.

	Note	2022 ----- (Rupees in '000) -----	2021 -----
<b>35.8 Fair value of financial instruments</b>			
<b>35.8.1 Financial assets as per statement of financial position</b>			
<b>Financial assets measured at amortised cost</b>			
Long-term deposits	7	26,401	66,211
Trade debts	10	362,847	546,342
Loans	6	7,368	6,534
Deposits and other receivables	12	98,113	100,263
Cash and bank balances	15	215,306	157,830
		<b>710,035</b>	<b>877,180</b>
<b>Financial assets measured at fair value through profit or loss</b>			
Short-term investment	14	159,707	-
		<b>869,742</b>	<b>877,180</b>



		2022	2021
	Note	----- (Rupees in '000) -----	
<b>35.8.2 Financial liabilities as per statement of financial position</b>			
<b>Financial liabilities measured at amortised cost</b>			
Financing	18	<b>324,825</b>	869,171
Long-term provision	19	<b>66,985</b>	69,397
Lease liabilities	20	<b>67,163</b>	87,862
Trade and other payables	21	<b>1,263,471</b>	585,396
Short-term borrowings		<b>3,251</b>	381,695
Accrued profit	22	<b>850</b>	10,722
Unclaimed dividend		<b>1,395</b>	278
		<b><u>1,727,940</u></b>	<b><u>2,004,521</u></b>

**35.8.3 Fair values 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 between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in these financial statements approximate fair values.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The following table shows assets recognised at fair value, analyzed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities,

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2022			
Assets measured at fair value:	Level 1	Level 2	Level 3	Total
Short-term investment	-	159,707	-	159,707

There were no assets measured at fair value at 30 June 2021.

During the year, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

The market price of mutual fund units have been obtained from Mutual Funds Association of Pakistan.

### 35.9 Capital risk management

The primary objective of the Group's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholders value and reduce the cost of capital.

The Group manages its capital structure and makes adjustment to it, in 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 shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance charges thereon, less cash and cash equivalents.

The gearing ratios as at June 30, 2022 and 2021 are as follows:

	Note	2022 ----- (Rupees in '000) -----	2021 -----
Deferred liabilities	17	209,678	210,023
Long-term financing	18	196,330	503,447
Provision for GIDC	19	66,985	69,397
Lease liabilities	20	39,928	66,093
Trade and other payables	21	1,263,471	803,852
Short-term borrowings	23	3,251	408,963
Accrued mark-up	22	850	10,722
Current portion of long-term financing	18	128,495	365,724
Current portion of lease liabilities	20	27,235	21,769
Unclaimed dividend		1,395	278
Total debt		1,937,618	2,460,268
Cash and bank balances	15	(215,306)	(157,836)
Net debt		1,722,312	2,302,432
Share capital	16	458,111	391,444
Reserves		1,931,399	797,931
Total capital		2,389,510	1,189,375
Capital and net debt		4,111,822	3,491,807
Gearing ratio		41.89%	65.94%

The Group finances its operations through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

### 35.10 Capacity and production

The capacity and production of the Group's machines are indeterminable as these are multi-product and involve varying processes of manufacture.

## 36. TRANSACTIONS WITH RELATED PARTIES

**36.1** Related parties of the Group comprise associates, companies with common directorship, directors, key management personnel, staff provident fund and a subsidiary. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these consolidated financial statements are as follows:

		2022	2021
		----- (Rupees in '000) -----	
Descriptions	Nature of transactions		
Key Management Personnel	Dividend	110,533	48,501
Non-Executive Directors	Meeting fees	3,325	2,263
Provident fund	Contribution paid	45,458	41,940
Depilex (Private) Limited (Common directorship)	Sales made by the Subsidiary Company	4,037	5,135
<b>Balances Outstanding</b>			
Depilex (Private) Limited (Common directorship)	Amount due to the Subsidiary Company	1,054	940

**36.2** There are no other related parties with whom the Group had entered into transactions or has arrangement / agreement in place.

**36.3** The Group carries out transactions with related parties at commercial terms and conditions as per the Group's policy.

## 37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executive Directors		Executive *		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
----- (Rupees in '000) -----								
Managerial remuneration	22,194	20,658	22,194	27,652	255,875	187,556	300,263	235,866
Bonus	-	-	-	-	4,388	805	4,388	805
Perquisites	264	-	354	157	360	388	978	545
Retirement benefits	1,165	1,062	1,165	1,421	17,906	15,296	20,236	17,779
Other benefits	1,783	1,644	1,815	1,699	27,729	20,756	31,327	24,099
	<u>25,406</u>	<u>23,364</u>	<u>25,528</u>	<u>30,929</u>	<u>306,258</u>	<u>224,801</u>	<u>357,192</u>	<u>279,094</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>50</u>	<u>43</u>	<u>52</u>	<u>45</u>

**37.1** The Chief Executive, Directors and Executives are also provided with free use of Group maintained cars as per the terms of their employment.

**37.2** As per the Act, an executive means an employee, other than the chief executive and director, whose salary exceeds twelve hundred thousand rupees in a financial year.

		2022	2021
	Note	----- (Rupees in '000) -----	
<b>38. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	15	<b>215,306</b>	157,836
Musharakah running finance		-	(113,100)
		<b>215,306</b>	<b>44,736</b>

**39. NUMBER OF PERSONS EMPLOYED**

Number of persons employed as at year end were 1,310 (2021: 1,237), the average number of persons employed during the year were 1,293 (2021: 1,246) and number of person employed in factory as at year end were 422 (2021: 454).

**40. NON-ADJUSTING EVENT AFTER THE REPORTING DATE**

The Board of Management in its meeting held on September 17, 2022 proposed (i) a final cash dividend of Rs. 1.50 per share amounting to Rs. 68,716,527 for approval of the members at the Annual General Meeting to be held on October 22, 2022.

**41. DATE OF AUTHORISATION FOR ISSUE**

These consolidated financial statements were authorized for issue on September 17, 2022 by the Board of Directors of the Group.

**42. GENERAL**

**42.1** Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

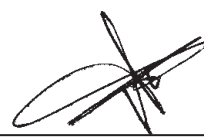
**42.2** Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. However, no significant rearrangement or reclassification has been made in these consolidated financial statements during the current year.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE










DIRECTOR









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**FORM OF PROXY****Annual General Meeting**

I / We, \_\_\_\_\_ of \_\_\_\_\_ being the member(s) of Macter International Limited and holder of \_\_\_\_\_ Ordinary Shares as per Share Register Folio/CDC Account No. \_\_\_\_\_ hereby appoint Mr./Ms. \_\_\_\_\_ having CNIC No. or Passport No. \_\_\_\_\_ Folio/CDC Account No. \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ having CNIC No. or Passport No. \_\_\_\_\_ Folio/CDC Account No. \_\_\_\_\_ of \_\_\_\_\_ who is also a member of the Company as my/our proxy to attend and vote for me/us and on my/our behalf at the annual general meeting of the Company to be held on October 22, 2022 at 10:00 am and/or at any adjournment thereof.

Signed this \_\_\_\_\_ day of October, 2022

Rupees Five Revenue  
Stamp)

Witnesses: 1. Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
CNIC#: \_\_\_\_\_  
Address: \_\_\_\_\_  
2. Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
CNIC#: \_\_\_\_\_  
Address: \_\_\_\_\_

Signature \_\_\_\_\_  
(The signature should agree with the  
specimen signature with the Company)

**IMPORTANT:**

1. This proxy form, duly completed and signed, must be received at the Registered Office of the Company, F-216, SITE, Karachi at least 48 hours before the time fixed for the meeting.
2. This form should be signed by the member or by his/her attorney duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.

**For CDC Account Holders/Corporate Entities**

In addition to the above the following requirements have to be met.

- (i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC or Passport Numbers shall be mentioned on the form.
- (ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iii) The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
- (iv) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

پراکسی فارم  
سالانہ اجلاس عام

[illegible]

آج بتاریخ \_\_\_\_\_ اکتوبر 2022 میرے / ہمارے دستخط ہوئے۔

پانچ روپے کارسیدی ٹکٹ

دستخط

(اس دستخط کا کمپنی کے ساتھ رجسٹرڈ دستخط کے نمونے سے مشابہت ہونا لازمی ہے۔)

گواہ نمبر 2 - دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

سی این آئی سی نمبر: \_\_\_\_\_

پتہ: \_\_\_\_\_

گواہ نمبر 1 - دستخط: \_\_\_\_\_  
 نام: \_\_\_\_\_  
 سی این آئی سی نمبر: \_\_\_\_\_  
 پتہ: \_\_\_\_\_

اہم نکات:

- 1- ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم اجلاس سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس ایف 216، سائٹ، کراچی میں موصول ہو جانا چاہئے۔
- 2- فارم پر ممبر یا اس کا تحریراً مقرر کردہ انٹارنی دستخط کرے گا۔ ممبر کا رپورٹیشن ہونے کی صورت میں اس کی مہر فارم پر ثبت کرنی ہوگی۔

سی ڈی سی کاؤنٹ رکھنے والے / کارپوریٹ ادارے کے لئے  
مزید برآں درج ذیل شرائط کو پورا کیا جائے گا۔

- (i) پراسی فارم پر دو افراد کی گواہی ہونی چاہئے جن کے نام، پتہ اور سی این ای سی یا پاسپورٹ نمبر فارم میں درج ہوں۔
- (ii) پراسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی دی جائیں گی۔
- (iii) پراسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔
- (iv) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد اور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کر لیا ہو) کمپنی میں پراسی فارم کے ساتھ جمع کرانی ہوگی۔







**Macter**

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