Macter International Limited

ANNUAL REPORT 2020

WORKING TODAY
FOR A HEALTHIER TOMORROW

CONTENTS

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		Independent Director
5.	Shaikh Aamir Naveed		Executive Director
6.	Mr. Sohaib Umar		Independent Director
7.	Mr. Islahuddin Siddiqui		Independent Director
8.	Ms. Masarrat Misbah		Non-Executive Director
9.	Mr. Muhammad Yahya Chawla		Non-Executive Director

BOARD AUDIT COMMITTEE

1.	Sheikh Muhammed Waseem	Chairman
2.	Mr. Sohaib Umar	Member
3.	Mr. Muhammad Yahya Chawla	Member

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

1.	Mr. Islahuddin Siddiqui	Chairman
2.	Shaikh Aamir Naveed	Member
3.	Mr. Muhammad Yahya Chawla	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
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 / +92 21 32575311-14 (4 Lines)
Fax: +92 21 32564236
Email: info@macter.com

WEBSITE

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

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (AGM) of **Macter International Limited** (the Company) will be held on Monday, October 26, 2020 at 9:45 am through video link facility managed from the Company's head office at F-216 SITE, Karachi, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited consolidated and un-consolidated financial statements of the Company for the year ended June 30, 2020 together with the reports of the directors and auditors thereon.

2. To appoint auditors and fix their remuneration for the year ending June 30, 2021. The present auditors M/s. EY Ford Rhodes, Chartered Accountants, retire and being eligible, have offered themselves for reappointment. The Board of Directors, on recommendation of the Board Audit Committee, has proposed appointment of auditors M/s. EY Ford Rhodes, Chartered Accountants for the year ending June 30, 2021.

By Order of the Board

Asif Javed
Company Secretary

Karachi
October 5, 2020

NOTES:

1. Closure of Share Transfer Books

The share transfer books of the Company will remain closed from October 19, 2020 to October 26, 2020 (both days inclusive). The Members whose names appear on the Register of Members as on October 17, 2020 shall be entitled to attend and vote at the AGM.

2. Participation in AGM

(i) In pursuance of SECP's Circular No. 5 dated March 17, 2020, Circular No. 10 dated April 1, 2020 and Circular No. 25 dated August 31, 2020 respectively pertaining to Regulatory Relief to dilute impact of Corona Virus (COVID 19) for Corporate Sector, the members shall be entitled to attend the proceedings of the AGM through online means using a video link facility, Zoom application or other electronic means for the safety and well-being of the valued members and the general public.

(ii) The members who wish to attend the AGM through video link are requested to get themselves registered by sending their particulars at the designated e-mail address (cosec@macter.com), giving particulars as per below table by the close of business hours (5:00 p.m.) on October 19, 2020:

Full Name	CNIC No	Folio / CDC Account No.	No. of Shares Held	Cell No.	E-mail Address

(iii) The webinar link would be provided through email to the registered members / proxies who will provided all the requested information and a copy of valid CNIC. The members are also encouraged to send their questions, if any, relating to the agenda items of the AGM on the above-mentioned e-mail address by the close of business hours (5:00 p.m.) on October 19, 2020.

(iv) In pursuance of Circular No. 1. of 2000 of SECP dated January 26, 2000 the beneficial owners of the shares registered in the name of Central Depository Company (CDC) and/or their proxies are required to produce their Computerized National Identity Card (CNIC) or passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of the CNIC or the passport of the beneficial owner and the proxy.

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

3. Appointment of Proxy

A member entitled to attend, speak and vote at this meeting may appoint any other member as his/her proxy to attend, speak and vote on his/her behalf. Instrument appointing a proxy alongwith valid copy of Computerized National Identity Card (CNIC) must be received at the Company's Registered Office, F-216, SITE, Karachi not later than 48 hours before the time of the meeting. Proxy Form is available at the Company's website www.macter.com and also attached at the end of annual report.

4. Notice to Members who have not provided their CNIC

The individual members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar F.D. Registrar Services (Pvt) Limited, 17th Floor, Saima Trade Tower-A, I. I. Chundrigar Road, Karachi. In case of non-receipt of the copy of a valid CNIC, the Company would be constrained under section 243(3) of the Companies Act, 2017, to withhold dividend (if any) of such members.

5. Notice for Unclaimed Dividends

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.

6. Change of Address

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

7. Consent for Electronic Transmission of Notices and Audited Financial Statements

SECP through its notification SRO 787(I)/2014 dated September 8, 2014 has permitted companies to circulate Audited Financial Statements alongwith Notice of Annual General Meeting to its members through email. Accordingly members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through email.

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.

8. 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 SECP, within a period of four years from commencement of the Companies Act, 2017.

The members having physical shareholding may please open CDC sub-account with any of the brokers or investor's account directly with CDC to replace their physical shares into scrip less form.

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

9. Placement of Audited Financials on the website

Annual Audited Financial Statements of the Company for the year ended June 30, 2020 have been placed on Company's website i.e. www.macter.com.

STATEMENT UNDER REGULATION 4(2) OF THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017

Name of Company	Misbah Cosmetics (Pvt) limited
Date of Approval	July 28, 2018
Amount of Investments approved	Rs. 300 million
Amount of Investment made to date	Rs. 200 million
Reason for not making investment	Remaining investment of Rs.100 million will be made as and when required

Material change in financial statements of associated company since date of resolution passed on the basis of audited accounts

Financial Year	June 2020	June 2019
a) Breakup Value per share - Rs.	1.84	0.53
b) Earnings per share - Rs.	(2.12)	(3.80)
c) Total Assets / Total Equity and Liabilities Rs. in '000	126,134	117,783

CHAIRMAN'S REVIEW

It is my pleasure to present the Chairman's review report for the year ended June 30, 2020.

BOARD COMPOSITION AND PERFORMANCE

Our Board comprises of an appropriate mix of well-known business professionals who add value to the board through their expertise, experience and value systems. The Board's role was instrumental in steering the Company forward in a challenging environment whilst discharging its responsibilities as per best corporate governance standards. The Board has remained cognizant of its strategic role in achieving the Company's key objectives and enhancing returns for all its stakeholders.

The Board has formed two committees, Audit Committee and Human Resource and Remuneration Committee. The committees carried out their responsibilities effectively in accordance with the code of corporate governance and terms of reference duly approved by the Board of Directors. Going forward, we will continue our efforts to adopt and implement best governance practices.

All quarterly, half yearly and annual financial results were thoroughly reviewed and board extended its guidance to the management on regular basis. The board also played a key role in monitoring the management performance and focus on major risk areas.

Board members also reviewed and approved Company's annual financial budget for FY 2020-21, capital expenditure requirements and significant investments.

The Board met frequently enough to discharge its responsibilities. Board members showed high attendance during the year. The independent and other non-executive directors were actively involved in all business decisions.

A formal annual evaluation of performance of the Board, Members of Board & its Sub-Committees was undertaken in pursuant to the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019. The Board Evaluation consisted of a survey on Board Effectiveness by all directors. Based on Director's feedback rating of the Board, Individual Directors and Committees; the Board's performance has been rated satisfactory.

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.

ACKNOWLEDGEMENTS

I would like to express gratitude to our stakeholders for their continued support and encouragement. I would also like to appreciate the valuable services rendered by the employees of the Company. I also acknowledge the commitment and diligence of my fellow directors and thank our CEO and his executive team for their valuable contributions towards the continued growth.

Mr. Amanullah Kassim
Chairman

Karachi
September 21, 2020

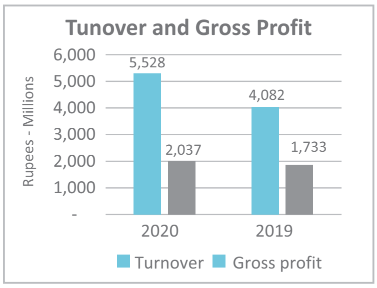
DIRECTORS' REPORT TO THE MEMBERS

The directors are pleased to present the Annual Report together with Audited Financial Statements of the Company for the year ended June 30, 2020.

FINANCIAL RESULTS

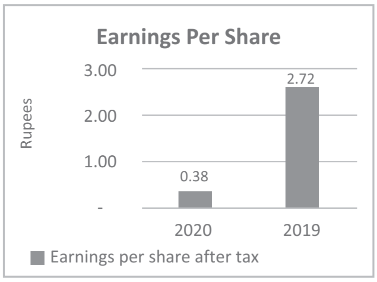
The financial results of the Company are summarized hereunder:

DESCRIPTION	July - June			
	Unconsolidated		Consolidated	
	2020	2019	2020	2019
	Rupees Millions			
Turnover - Net	**5,528.1**	4,081.8	**5,704.8**	4,195.0
Gross profit	**2,037.4**	1,732.9	**2,129.6**	1,791.3
Operating Profit	**294.9**	242.2	**251.7**	191.2
Profit before tax	**62.5**	122.6	**8.4**	65.8
Profit / (loss) after tax	**14.9**	106.4	**(45.6)**	43.0



EARNINGS PER SHARE

Earnings per share of the Company for the year ended June 30, 2020 was Rupees 0.38 as compared to earnings per share of Rupees 2.72 last year.



BUSINESS PERFORMANCE

The global COVID-19 pandemic severely impacted economic activities in the country. As a pharmaceutical company, we were allowed continuation of our manufacturing and supply operations during the lockdown. We implemented the SOPs laid down for operations by the government to ensure our people's safety.

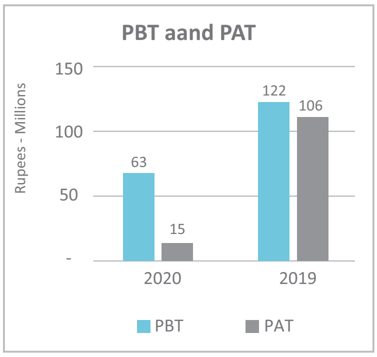
Hospitals and clinics were risk hotspots for COVID-19 infection. Consequently Out-Patients Departments were closed in most hospitals and this sharply reduced patient numbers and prescriptions in the 4th quarter. We suspended our medical representative's doctors and clinic visits to ensure their safety. Supply chain disruptions on import of pharmaceutical ingredients resulted in cost increases and delayed shipments that impacted our results.

Our largest and strategically important prescription business segment, grew strongly during July to March. However sales in the 4th quarter dropped significantly due to COVID-19 resulting in overall lower growth.

Overall Sales increased by 35% during the year - a remarkable achievement given the situation - on account of strong institutional business performance which helped offset lower prescription sales in the 4th quarter.

Gross Profit increased by 17.5% however Gross Profit % dropped to 37% versus 42% last year due to change in sales mix: institutional sales have lower Gross Margins. Also Cost of Goods Sold was negatively impacted due to price increases and supply disruptions due to COVID-19.

Operating profit increased by 21.7% over last year. This was largely offset by significant increase in the Finance cost due to increased working capital for inventories, institution business receivables and the extraordinary spike in KIBOR.



Due to above COVID-19 related challenges, Profit before and after Tax were lower at Rupees 63 million and Rupees 15 million respectively as compared to last year.

DIVIDEND

The board of directors do not recommend dividend at this time.

CAPITAL EXPENDITURE

During the year under review, the Company has made capital expenditure of Rupees 154 million in new manufacturing equipments and facility upgrades to ensure continuous cGMP and regulatory compliance and increasing our product volumes and portfolio.

PRINCIPAL RISKS AND UNCERTAINITIES

The Company is exposed to some inherent risks and uncertainties. We consider the following as our key risks:

- Dependence on imported APIs for manufacturing of medicines.
- Adverse movement in foreign exchange rates and increase in pharmaceutical ingredients prices;
- Increasing cost of operations and lag in compensatory inflationary price adjustments;
- Delays in product registration and pricing;
- Retaining business critical employees; and
- Data security and data privacy threats.

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

CORPORATE SOCIAL RESPONSIBILITY

In these difficult economic times, as a responsible corporate citizen, your company took a benevolent view and did not lay off any employee. Employees who were affected by Covid-19 were provided full medical coverage for hospitalization and paid medical leave. As part of its mission to serve humanity by improving their health and well-being the company undertook a number of Corporate Social Responsibility (CSR) initiatives during the year:

a) Provision of free drugs to various charitable organizations / hospitals
b) Capacity-building of doctors and healthcare leadership in the country
c) Support to various educational institutions and hospitals
d) Free screening camps for hepatitis B and C
e) Support to poor and needy patients

HEALTH, SAFETY & ENVIRONMENT

Our Company ensures complete adherence to the regulatory requirements in the area of health, safety and environment. Company has ISO Certification for EMS (Environment management system) 14001-2015 and OHSAS (Occupational Health and Safety) 18001-2007.

Our manufacturing facility is 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 the improvement project in the area of effluent treatment was completed during the year.

CONTRIBUTION TO NATIONAL EXCHEQUER

The Company made a total contribution of Rupees 227.8 million (2019: Rupees138.4 million) to the National Exchequer by way of income tax, custom duties and sales tax.

CREDIT RATING

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

INTERNAL FINANCIAL CONTROLS

The directors are aware of their responsibility with respect to 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

Our Company is fully compliant with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019. The Report issued by the auditors confirms compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Directors of the Company confirm compliance with the following 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 to and forming 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, 2020 is Rupees 147.6 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	4
Other Non-Executive Director	1
Executive Directors	3
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	Sheikh Muhammed Waseem	Independent Non-Executive
3	Mr. Islahuddin Siddiqui	Independent Non-Executive
4	Mr. Sohaib Umar	Independent Non-Executive
5	Mr. Muhammed Yahya Chawla	Other Non-Executive
6	Ms. Masarrat Misbah	Female Non-Executive
7	Mr. Asif Misbah	Executive
8	Mr. Swaleh Misbah Khan	Executive
9	Shaikh Aamir Naveed	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, two of them are independent non-executive directors, including its Chairman.

S. No.	Name	Category	Position
1	Sheikh Muhammed Waseem	Independent Non-Executive	Chairman
2	Mr. Sohaib Umar	Independent Non-Executive	Member
3	Mr. Muhammad Yahya Chawla	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 devising and periodic review of human resource policies and practices within the Company. It also assist 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. Islahuddin Siddiqui	Independent Non-Executive	Chairman
2	Mr. Muhammad Yahya Chawla	Non-Executive	Member
3	Shaikh Aamir Naveed	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	4	2	NA	NA	NA	NA
2	Mr. Asif Misbah	4	4	NA	NA	NA	NA
3	Mr. Swaleh Misbah Khan	4	4	NA	NA	NA	NA
4	Sheikh Muhammed Waseem	4	4	4	4	NA	NA
5	Mr. Sohaib Umar	4	4	4	4	NA	NA
6	Mr. Islahuddin Siddiqui	4	3	NA	NA	1	1
7	Shaikh Aamir Naveed	4	4	NA	NA	1	1
8	Ms. Masarrat Misbah	4	3	NA	NA	NA	NA
9	Mr. Muhammad Yahya Chawla	4	1	4	1	1	1

DIRECTORS' TRAINING PROGRAM

Five directors are certified under Directors' Training Program, as per the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The training of one director is in process. The requisite trainings are planned for the remaining Board members to comply with these requirements within the given time frame under the Regulations.

REMUNERATION POLICY OF NON EXECUTIVE DIRECTORS

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

KEY OPERATING AND FINANCIAL DATA

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

PATTERN OF SHAREHOLDING

A statement of the pattern of shareholding as at June 30, 2020 is annexed.

During the year trades carried out by Directors, Executives and their spouses are as under;

S.No	Name	Designation	Sale	Purchase
1	Swaleh Misbah Khan	Director	-	01

Apart from the above there have been no trade in the shares of the Company carried out by its Sponsors, Directors, Executives their Spouses and minor children.

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.

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, 2021.

FUTURE OUTLOOK

Although the number of COVID-19 infections has sharply declined and government has eased lock down the risk of second wave cannot be ruled out. Out Patient Departments are beginning to operate and Patient flow is gradually improving however remains below pre pandemic level. We expect normalizing of patient flow to clinics and Out Patient Departments from October onwards; this will help recover our prescription segment sales.

We appreciate the Government's and State Bank of Pakistan's timely policy relief measures to support industries and businesses to mitigate the liquidity crisis due to sharp decline in sales, slow recovery of receivables, supply disruptions and material price escalations. These measures will help the economy and industry to return to growth.

ACKNOWLEDGEMENTS

The Board of Directors would like to record their appreciation of the commitment, dedication, and devotion of all our employees especially supply chain operations who worked tirelessly during lock down to ensure uninterrupted supply of lifesaving medicines.

We also acknowledge the support and cooperation received from our valued shareholders, customers, distributors, suppliers, financial institutions and regulatory authorities in these challenging times.

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

On behalf of the board

Asif Misbah	**Islahuddin Siddiqui**
Chief Executive	Director

Karachi
September 21, 2020

ڈائریکٹرز رپورٹ برائے ممبران

ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کی سالانہ رپورٹ بمعہ آڈٹ شدہ مالی دستاویزات برائے ختم شدہ سال جون30، 2020ء پیش کررہے ہیں۔

مالیاتی نتائج

کمپنی کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

مندرجات	جولائی - جون			
	غیرمدغم شدہ		مدغم شدہ	
	2020	2019	**2020**	2019
	روپے ملین میں			
فروخت-خالص	**5,528.1**	4,081.8	**5,704.8**	4,195.0
خام منافع	**2,037.4**	1,732.9	**2,129.6**	1,791.3
آپریٹنگ منافع	**294.9**	242.2	**251.7**	191.2
قبل از ٹیکس منافع	**62.5**	122.6	**8.4**	65.8
بعد از ٹیکس منافع/(خسارہ)	**14.9**	106.4	**(45.6)**	43.0

فی حصص منافع

کمپنی کے پچھلے سال کے فی حصص منافع 2.72 روپے کے مقابلے میں 30 جون 2020ء کو ختم ہونے والے سال کے لئے فی حصص منافع 0.38 روپے رہا۔

مالیاتی کارکردگی

عالمی وبائی مرض COVID-19 نے ملک میں معاشی سرگرمیوں کو بری طرح متاثر کیا۔ایک دواساز کمپنی کی حیثیت سے لاک ڈاؤن کے دوران ہمیں اپنی مینوفیکچرنگ اور سپلائی کا کام جاری رکھنے کی اجازت تھی۔ہم نے اپنے لوگوں کی حفاظت کو یقینی بنانے کے لئے آپریشنز کے لیے رکھے گئے حکومت کی جانب سے ایس او پیز کو نافذ کیا۔

ہسپتالوں اور کلینکس میں COVID-19 انفیکشن کا شدید خطرہ تھا۔اس کے نتیجے میں زیادہ تر ہسپتالوں میں بیرونی مریضوں کے ڈیپارٹمنٹس بند کردیئے گئے تھے اور اس سے چوتھی سہ ماہی میں مریضوں کی تعداد اور بذریعہ نسخہ کاروبار میں تیزی سے کمی واقع ہوئی۔ہم نے اپنے طبی نمائندوں کے ڈاکٹرز اور کلینک کے دورے معطل کرکے ان کی حفاظت کو یقینی بنایا۔دواسازی کے اجزاء کی درآمد پر سپلائی چین کی رکاوٹوں کے نتیجے میں لاگت میں اضافہ اور پہنچنے میں تاخیر ہوئی جس سے ہمارے نتائج متاثر ہوئے۔

ہمارے سب سے بڑے اور حکمت عملی کے لحاظ سے اہم بذریعہ نسخہ کاروبار کے شعبے میں جولائی تا مارچ کے دوران مضبوط اضافہ ہوا۔تاہم چوتھی سہ ماہی میں فروخت میں COVID-19 کی وجہ سے نمایاں کمی واقع ہوئی جس کے نتیجے میں مجموعی طور پر کم شرح نمو ہوئی۔

دوران سال مجموعی طور پر فروخت میں 35 فیصد اضافہ ہوا جو اس صورتحال میں مستحکم انسٹی ٹیوشنل کاروبار کی کارکردگی کی بناء پر ایک قابل ذکر کامیابی رہی جس نے چوتھی سہ ماہی میں گرتے ہوئے بذریعہ نسخہ کاروبار کو مدد فراہم کی۔

خام منافع میں 17.5 فیصد کا اضافہ ہوا تاہم فروخت مکس میں تبدیلی، انسٹی ٹیوشنل فروخت میں مجموعی مارجن کم ہونے کی وجہ سے مجموعی منافع کی شرح گزشتہ سال 42 فیصد کے مقابلے میں گر کر 37 فیصد رہ گئی،اس کے علاوہ COVID-19 کی وجہ سے قیمتوں میں اضافے اور سپلائی میں خلل پڑنے کی وجہ سے سامان فروخت کی لاگت پر منفی اثر پڑا۔

آپریٹنگ منافع میں پچھلے سال کے مقابلے میں 21.7 فیصد کا اضافہ ہوا ہے۔ یہ انوینٹریوں کے لیے کام کرنے والے سرمائے میں غیر معمولی اضافے کی وجہ سے فائنانس لاگت میں نمایاں اضافہ ہونے سے، انسٹی ٹیوشنل کاروبار کی وصولیوں اور KIBOR میں غیر معمولی اضافے سے بڑی حد تک تلف ہوگیا۔

COVID-19 سے متعلقہ چیلنجوں کی وجہ سے قبل از ٹیکس اور بعد از ٹیکس منافع گزشتہ سال کے مقابلہ میں کم ہوکر بالترتیب 63 ملین اور 15 ملین روپے رہا۔

ڈیویڈنڈ (Dividend)

بورڈ آف ڈائریکٹرز اس بار ڈیویڈنڈ کی سفارش نہیں کرتے۔

کیپیٹل مصارف

زیر جائزہ سال کے دوران، کمپنی نے cGMP اور ریگولیٹری کے تقاضوں کی تعمیل کو یقینی بنانے اور اپنی مصنوعات کے حجم اور پورٹ فولیو میں اضافے کے لئے نئے صنعتی آلات اور سہولت کو اپ گریڈ کرنے میں 154 ملین پاکستانی روپے کا سرمایہ خرچ کیا۔

بنیادی خطرات اور غیر یقینی حالات

کمپنی کو کچھ فطری خطرات اور غیر یقینی صورتحال درپیش ہے۔ ہم درج ذیل کو کلیدی خطرات تصور کرتے ہیں:

- ادویات کی تیاری میں درآمد شدہ APIs پر انحصار
- غیر ملکی زرمبادلہ کی شرح اور دواسازی کے اجزا کی قیمتوں میں اضافے کے لحاظ سے منفی رجحان
- آپریشنز کی لاگت میں اضافہ اور سست رفتاری سے افراط زر کی قیمت میں مطابقت کے ذریعے اس کی تلافی
- پراڈکٹس کی رجسٹریشن اور قیمت کے تعین میں تاخیر
- کلیدی ملازمین کو اپنی طرف مائل اور برقرار رکھنے کے چیلنجز؛ اور
- ڈیٹا کی حفاظت اور ڈیٹا کی رازداری کے خطرات

مندرجہ بالا خطرات کے متوقع اثرات کو قابل قبول سطح تک لانے یا کم سے کم کرنے میں ہم داخلی اور بیرونی اسٹیک ہولڈرز کے ساتھ مل کر جانفشانی سے کام کرتے ہیں۔

کارپوریٹ سماجی ذمہ داری

ان مشکل معاشی لمحات میں، ایک ذمہ دار کارپوریٹ شہری کی حیثیت سے، آپ کی کمپنی نے ایک خیر اندیش نظریہ اپنایا اور کسی بھی ملازم کو نوکری سے برخاست نہیں کیا۔ COVID-19 سے متاثرہ ملازمین کو اسپتال میں علاج کے لیے مکمل طبی کوریج فراہم کی گئی اور میڈیکل رخصت دی گئی۔ انسانیت کی خدمت کے اپنے مشن کے طور پر ان کی صحت بہتر بناتے ہوئے کمپنی نے دوران سال کارپوریٹ سماجی ذمہ داری (CSR) کے بہت سے اقدامات بشمول ذیل کیے ہیں:

a) مختلف خیراتی تنظیموں/ہسپتالوں کو مفت ادویات کی فراہمی
b) ملک میں ڈاکٹروں اور صحت کی دیکھ بھال کرنے والوں کی صلاحیت میں اضافہ
c) مختلف تعلیمی اداروں اور ہسپتالوں کی امداد
d) ہیپاٹائٹس بی اور سی کے لیے مفت اسکریننگ کیمپ
e) غریب اور ضرورت مند مریضوں کے ساتھ تعاون

صحت، حفاظت اور ماحول

ہماری کمپنی صحت، حفاظت اور ماحول کے حوالے سے ریگولیٹری تقاضوں پر مکمل توجہ کو یقینی بناتی ہے۔ کمپنی کے پاس ISO سرٹیفکیٹس برائے EMS (Environment management system) 14001-2015 اور OHSAS (Occupational Health and Safety) 18001-2017 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 ریسپانس کمیٹی موجود ہے۔ دھویں 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 جیسے چشمے، دستانے، ہیلمٹس، کان پلگز، گیس ماسکس وغیرہ فراہم کیے جاتے ہیں۔

تمام آلات کے شور کی پیمائش کی جاتی ہے اور اسے کنٹرول حدود میں رکھا جاتا ہے۔ جنریٹرز کے دھویں کے اخراج کی نگرانی اور اسے کنٹرول کیا جاتا ہے۔ بوائلرز کی ایک تھرڈ پارٹی کے ذریعے باقاعدگی سے حفاظتی غرض سے جانچ کی جاتی ہے۔ ٹھوس کیمیائی فضلہ ضائع کیا جاتا ہے اور ایک نیا effluent treatment دوران سال لگایا گیا ہے۔

قومی خزانے میں حصہ

کمپنی نے انکم ٹیکس، کسٹم ڈیوٹیز اور سیلز ٹیکس کی مدات میں مجموعی طور پر 227.8 ملین پاکستانی روپے (138.4:2019 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 کے ذریعے، وہ اس بات کی تصدیق کرتے ہیں کہ کمپنی میں مناسب کنٹرولز لاگو ہیں۔

کارپوریٹ فائنانشل رپورٹنگ فریم ورک

ہماری کمپنی لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے مطالبات کے ساتھ پوری طرح مطابقت رکھتی ہے۔ آڈیٹرز کی جاری کردہ رپورٹ میں لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی تعمیل کی تصدیق کی گئی ہے۔ کمپنی کے ڈائریکٹرز درج ذیل کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک کے بیانات کی تصدیق کرتے ہیں:

- منیجمنٹ کی طرف سے تیار کردہ مالیاتی اسٹیٹمنٹ اس کی صورتحال، کارکردگی، 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 وشبہ کی گنجائش نہیں ہے۔
- مالی گوشواروں کے منسلکہ 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 واضح انحراف نہیں کیا گیا۔
- 30 جون 2020ء کو تازہ ترین غیر آڈٹ شدہ اکاؤنٹس کے مطابق ملازمین کے پراویڈنٹ فنڈ کی سرمایہ کاری کی مالیت 147.6 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 ایگزیکٹیو ڈائریکٹرز	4
دیگر نان ایگزیکیوٹیو ڈائریکٹرز	1
ایگزیکیوٹیو ڈائریکٹرز	3
خاتون نان ایگزیکیوٹیو ڈائریکٹر	1
کل	9

موجودہ ڈائریکٹرز کی فہرست درج ذیل ہے:

شمار	نام	درجہ بندی
1	جناب امان اللہ قاسم	انڈیپنڈنٹ نان ایگزیکٹیو
2	شیخ محمد وسیم	انڈیپنڈنٹ نان ایگزیکٹیو
3	جناب اصلاح الدین صدیقی	انڈیپنڈنٹ نان ایگزیکٹیو
4	جناب صہیب عمر	انڈیپنڈنٹ نان ایگزیکٹیو
5	جناب محمد یحیٰی چاولہ	دیگر نان ایگزیکٹیو
6	محترمہ مسرت مصباح	خاتون نان ایگزیکٹیو
7	جناب آصف مصباح	ایگزیکٹیو
8	جناب صالح مصباح خان	ایگزیکٹیو
9	شیخ عامر نوید	ایگزیکٹیو

بورڈ آڈٹ کمیٹی

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

نمبر شمار	نام	درجہ بندی	عہدہ
1	شیخ محمد وسیم	انڈیپنڈنٹ نان ایگزیکٹیو	چیئرمین
2	جناب صہیب عمر	انڈیپنڈنٹ نان ایگزیکٹیو	ممبر
3	محمد یحیٰی چاولہ	نان ایگزیکٹیو	ممبر

بورڈ ہیومن ریسورس اینڈ ریمونریشن کمیٹی

بورڈ ہیومن ریسورسز اینڈ ریمونریشن کمیٹی بھی کمپنی کے اندر ہیومن 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 ایگزیکٹیو ڈائریکٹرز ہیں۔

نمبر شمار	نام	درجہ بندی	عہدہ
1	جناب اصلاح الدین صدیقی	انڈیپنڈنٹ نان ایگزیکٹیو	چیئرمین
2	جناب محمد یحیٰی چاؤلہ	نان ایگزیکٹیو	ممبر
3	شیخ عامر نوید	ایگزیکٹیو	ممبر

بورڈ اور بورڈ کمیٹیز کی حاضری

نمبر شمار	نام	بورڈ آف ڈائریکٹرز		بورڈ آڈٹ کمیٹی		بورڈ ہیومن ریسورس اینڈ ریمونریشن کمیٹی	
		استحقاق	حاضری	استحقاق	حاضری	استحقاق	حاضری
1	جناب امان اللہ قاسم	4	2	NA	NA	NA	NA
2	جناب آصف مصباح	4	4	NA	NA	NA	NA
3	جناب صالح مصباح خان	4	4	NA	NA	NA	NA
4	شیخ محمد وسیم	4	4	4	4	NA	NA
5	جناب صہیب عمر	4	4	4	4	NA	NA
6	جناب اصلاح الدین صدیقی	4	3	NA	NA	1	1
7	شیخ عامر نوید	4	4	NA	NA	1	1
8	محترمہ مسرت مصباح	4	3	NA	NA	NA	NA
9	جناب محمد یحیٰی چاولہ	4	1	4	1	1	1

ڈائریکٹرز ٹریننگ پروگرام

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگیولیشنز 2019 کے تقاضوں کے مطابق پانچ ڈائریکٹرز، ڈائریکٹرز ٹریننگ پروگرام کے تحت سند یافتہ ہیں۔ ایک ڈائریکٹر کی ٹریننگ جاری ہے۔ بورڈ کے بقیہ ارکان کو ضوابط کے تحت دیئے گئے مقررہ وقت کے اندر متعلقہ ٹریننگ دینے کی منصوبہ بندی کی گئی ہے۔

نان ایگزیکٹو ڈائریکٹرز کو مالی مراعات دینے کی پالیسی

نان ایگزیکٹو ڈائریکٹرز (انڈیپنڈنٹ اور دیگر) کے لیے بورڈ یا بورڈ کمیٹی کے اجلاسوں میں شرکت کی فیس، کمپنی کے آرٹیکلز آف ایسوسی ایشن کی شرائط کے تحت کمپنی کے حصص یافتگان کی طرف سے منظور کی گئی ہے۔

کلیدی آپریٹنگ اور مالیاتی ڈیٹا

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

شیئر ہولڈنگ کا پیٹرن

30 جون 2020ء کے شیئر ہولڈنگ کے پیٹرن کا اسٹیٹمنٹ منسلک ہے۔

دوران سال ڈائریکٹرز، ایگزیکٹیوز اور ان کے شریک حیات کی جانب سے لین دین کی تفصیل یہ ہے:

نمبر شمار	نام	عہدہ	فروخت	خرید
1	صالح مصباح خان	ڈائریکٹر	-	01

مذکورہ بالا کے علاوہ کمپنی کے سپانسرز، ڈائریکٹرز، ایگزیکٹوز نے اپنے شریک حیات اور نابالغ بچوں کے ذریعہ بینک کے شیئرز میں کوئی لین دین نہیں کیا ہے۔

انٹرنل آڈیٹرز

کمپنی کے انٹرنل آڈٹ کی نگرانی ہیڈ آف انٹرنل آڈٹ کرتے ہیں جن کی معاونت انٹرنل آڈیٹرز میسرز KPMG تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کرتے ہیں۔

ایکسٹرنل آڈیٹرز

موجودہ آڈیٹرز میسرز EY فورڈ روڈز چارٹرڈ اکاؤنٹنٹس آنے والے سالانہ اجلاس عام کے اختتام پر ریٹائر ہوجائیں گے اور اہل ہونے کے باعث انہوں نے اپنے آپ کو دوبارہ تقرری کیلئے پیش کیا ہے۔ بورڈ آف ڈائریکٹرز نے 30 جون 2021 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 کردی ہے۔

مستقبل کا جائزہ

اگرچہ COVID-19 انفیکشنز کی تعداد میں تیزی سے کمی واقع ہوئی ہے اور حکومت نے لاک ڈاؤن میں نرمی کردی ہے مگر دوسری لہر کے خطرے سے انکار نہیں کیا جاسکتا۔ بیرونی مریضوں کے ڈیپارٹمنٹس نے کام کرنا شروع کردیا ہے اور مریضوں کی آمدورفت میں بتدریج بہتری آرہی ہے۔ تاہم یہ بیماری میں پہلے کی سطح سے کم ہے۔ ہم توقع کرتے ہیں کہ کلینکس اور بیرونی مریضوں کے ڈیپارٹمنٹس میں اکتوبر کے بعد سے بیرونی مریضوں کی آمدورفت معمول پر آجائے گی۔ اس سے ہمارے بذریعہ نسخہ کاروبار کے شعبے کی بحالی میں مدد ملے گی۔

ہم حکومت اور اسٹیٹ بینک آف پاکستان کے بروقت پالیسی ریلیف اقدامات کی تعریف کرتے ہیں جن کی بنا پر صنعتوں اور کاروباری اداروں کو تیزی سے گرتی ہوئی فروخت، وصولیوں کی سست بازیابی، فراہمی میں خلل اور مادی قیمتوں میں اضافے کی وجہ سے ہونے والے لیکویڈیٹی بحران کو کم کرنے میں مدد ملی۔ ان اقدامات سے معیشت اور صنعت کو نمو کی طرف واپسی میں مدد ملے گی۔

اعتراف

بورڈ آف ڈائریکٹرز اپنے تمام ملازمین کے عزم، لگن اور قربانی کی تعریف کو ریکارڈ پر لانا چاہیں گے اور خصوصاً سپلائی چین آپریشنز کو خراج تحسین پیش کرنا چاہیں گے جنہوں نے بلاتعطل زندگی بچانے والی ادویات کی فراہمی کو یقینی بنانے کے لئے لاک ڈاؤن کے دوران انتھک محنت کی۔

ہم اپنے قابل قدر شیئر ہولڈرز، کسٹمرز، ڈسٹری بیوٹرز، سپلائرز، مالیاتی اداروں اور ریگولیٹری اتھارٹیز کی اس مشکل وقت میں حمایت اور تعاون کا بھی اعتراف کرتے ہیں۔

اللہ سبحانہ وتعالیٰ کے مسلسل فضل وکرم پر تمام تر تعریفات اور تشکر اسی کے لیے ہے۔

منجانب بورڈ

اصلاح الدین صدیقی
ڈائریکٹر

آصف مصباح
چیف ایگزیکٹیو

کراچی۔
ستمبر 21، 2020ء

KEY OPERATING AND FINANCIAL DATA

	Unit	2020	2019	2018	2017	2016	2015
Summary of Statement of Financial Position							
Non-Current Assets	Rs. M	**1,669**	1,435	1,271	927	811	897
Current Assets	Rs. M	**2,289**	1,776	1,773	1,813	1,581	1,231
Total Assets	Rs. M	**3,958**	3,211	3,044	2,740	2,392	2,128
Total Equity	Rs. M	**1,168**	1,194	1,168	1,143	984	868
Non-Current Liabilities	Rs. M	**783**	478	444	248	258	316
Current Liabilities	Rs. M	**2,007**	1,539	1,432	1,349	1,150	944
Total Liabilities	Rs. M	**2,790**	2,017	1,876	1,597	1,408	1,260
Total Equity and Liabilities	Rs. M	**3,958**	3,211	3,044	2,740	2,392	2,128
Summary of Profit or loss							
Turnover - net	Rs. M	**5,528**	4,082	4,053	3,630	3,064	2,385
Gross profit	Rs. M	**2,037**	1,733	1,822	1,673	1,257	846
Operating profit	Rs. M	**295**	242	388	413	267	93
Profit before taxation	Rs. M	**63**	122	320	352	212	31
Taxation	Rs. M	**48**	16	74	78	65	12
Net profit	Rs. M	**15**	106	246	274	147	19
Ratios							
Profitability Ratios							
Gross profit to turnover	%	**36.85**	42.45	44.95	46.09	41.02	35.47
Operating profit to turnover	%	**5.34**	5.93	9.57	11.38	8.71	3.90
Profit before tax to turnover	%	**1.14**	2.99	7.90	9.70	6.92	1.30
Net profit to turnover	%	**0.27**	2.60	6.07	7.55	4.80	0.80
Return on equity before tax	%	**5.39**	10.22	27.40	30.80	21.54	3.57
Return on equity after tax	%	**1.28**	8.88	21.06	23.97	14.94	2.19
Return on capital employed	%	**15.12**	14.47	24.07	29.69	21.50	7.94
Return on assets	%	**0.38**	3.30	8.08	10.00	6.15	0.89
Market Ratios							
Market price per share at year end	Rs.	**93.06**	60.95	208.00	-	-	-
Market capitalization	Rs. M	**3,643**	2,386	8,142	-	-	-
Price earning ratio	Rs.	**242.58**	22.41	33.06	-	-	-
Break up value / share	Rs.	**29.84**	30.50	29.87	29.23	25.17	22.31
Basic / diluted earnings per share	Rs.	**0.38**	2.72	6.29	7.01	3.76	0.49
Dividend payout ratio	%	**-**	33.10	51.62	61.00	99.77	42.97
Dividend cover ratio	Times	**-**	3.01	1.93	1.65	1.00	0.44
Liquidity Ratios							
Current ratio	Times	**1.14**	1.15	1.24	1.34	1.37	1.30
Quick / acid test ratio	Times	**0.57**	0.60	0.57	0.62	0.78	0.50

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2020

Number of Certificate Holders	Certificate Holding From		To	Certificate Held
692	1	-	100	18,552
191	101	-	500	53,494
34	501	-	1000	26,083
51	1001	-	5000	112,831
6	5001	-	10000	35,302
3	10001	-	15000	39,000
2	20001	-	25000	46,250
1	30001	-	35000	31,250
1	40001	-	45000	40,001
1	1695001	-	1700000	1,699,998
1	1910001	-	1915000	1,912,499
1	3245001	-	3250000	3,248,964
1	6430001	-	6435000	6,430,868
1	12665001	-	12670000	12,668,380
1	12780001	-	12785000	12,780,879
987				**39,144,351**

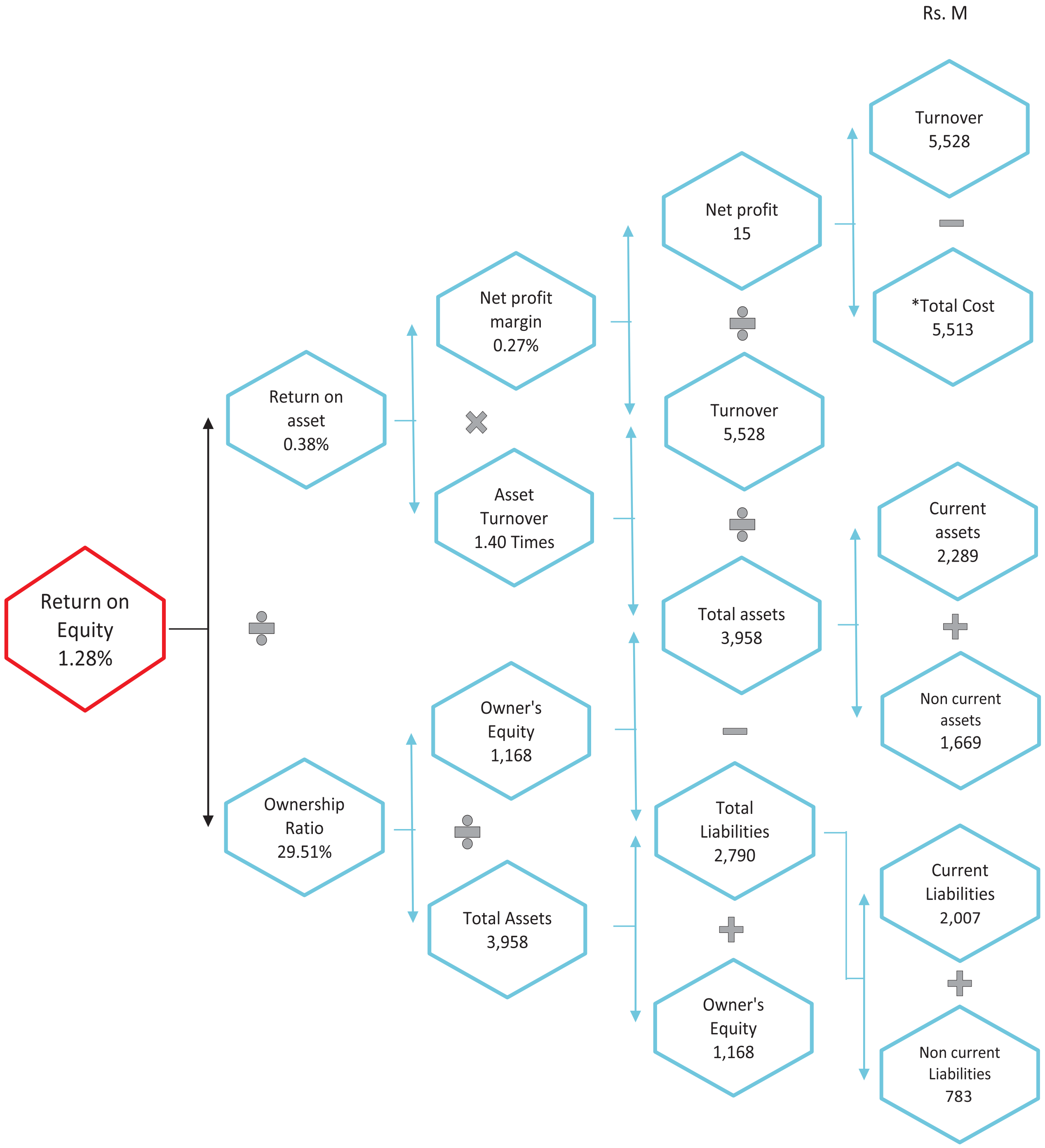
Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage
Individuals	969	32,673,952	83.47
Joint Stock Companies	10	6,446,089	16.47
Investment Companies	1	1,825	0.00
Modarabas	2	2,930	0.01
Others	5	19,555	0.05
	987	**39,144,351**	**100.00**

Categories Shareholders as on June 30, 2020

S. No.	Categories Shareholders	Shareholders	Shares Held	Total
1	**Directors, Chief Executive Officer and their spouse(s) and minor children**	**9**		**25,474,364**
	Asif Misbah		12,668,380	
	Swaleh Misbah Khan		12,780,879	
	Shaikh Aamir Naveed		25,000	
	Muhammad Yahya Chawla		100	
	Masarrat Misbah		1	
	Sheikh Muhammed Waseem		1	
	Islahuddin Siddiqui		1	
	Amanullah Kassim		1	
	Sohaib Umar		1	
2	**Associated Companies, Undertakings and related parties**	**NIL**		
3	**Executives**	**3**	84,072	**84,072**
4	**Modarabas and Mutual Funds**	**2**	2,930	**2,930**
5	**Public Sector Companies and Corporations**	**1**		**1,825**
	Investment Corporation of Paksitan		1,825	
6	**Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds**	**10**	6,446,089	**6,446,089**
7	**Others**	**5**	19,555	**19,555**
8	**General Public**	**957**		**7,115,516**
	Total	**987**		**39,144,351**

Shareholders Holding 5% or More in the Company	Number of Shares	%
Mr. Swaleh Misbah Khan	12,780,879	32.65
Mr. Asif Misbah	12,668,380	32.36
Saas Enterprises (Pvt.) Limited	6,430,868	16.43
Mr. Misbahuddin Khan	3,248,964	8.30

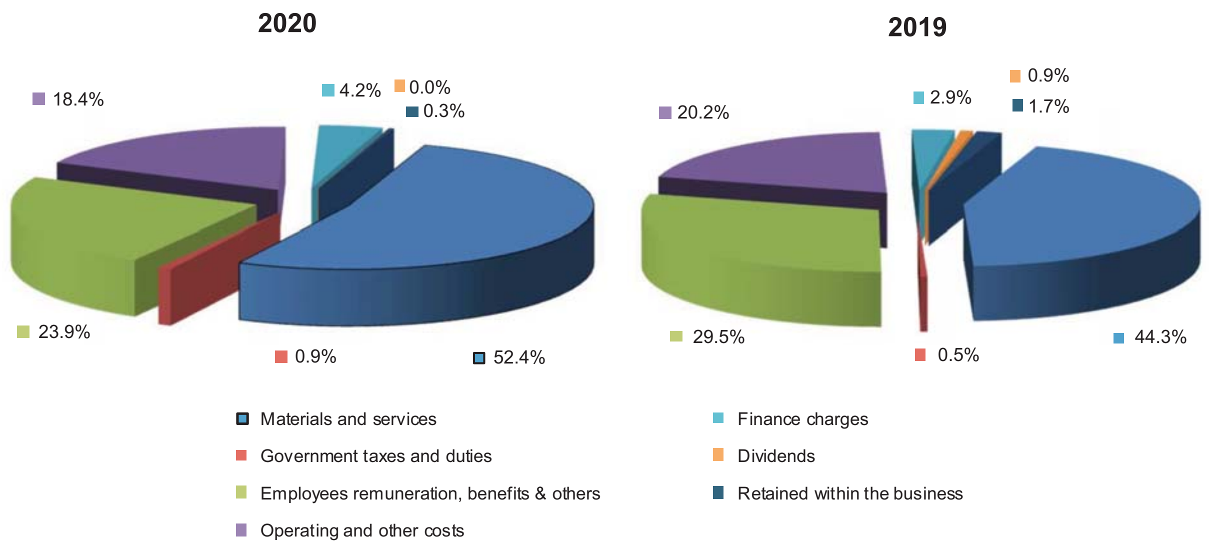
DUPONT ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020



*Total Cost includes COGS, Selling, Admin, Other Expenses (less other income), Financial Charges and Taxation

STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	2020 (Rupees in '000)	%	2019 (Rupees in '000)	%
VALUE ADDITION				
Turnover - net	**5,528,139**	**99.7%**	4,081,752	99.5%
Other operating income	**15,308**	**0.3%**	20,778	0.5%
	5,543,447	**100%**	4,102,530	100%
VALUE DISTRIBUTION				
Materials and services	**2,902,404**	**52.4%**	1,818,964	44.3%
Government taxes and duties	**49,524**	**0.9%**	19,942	0.5%
Employees remuneration, benefits & others	**1,323,699**	**23.9%**	1,208,640	29.5%
Operating and other costs	**1,017,734**	**18.4%**	828,987	20.2%
Financial charges	**232,388**	**4.2%**	119,560	2.9%
Dividends	**-**	**0.0%**	35,230	0.9%
Retained within the business	**17,698**	**0.3%**	71,207	1.7%
	5,543,447	**100%**	4,102,530	100%



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, 2020

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:

- 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.
- 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.
- Advise on regular basis that the business, transactions and investments made are in accordance with the principles of Shariah.
- 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, 2019 (un-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. Subsequently, on July 29, 2019, SECP issued Shariah compliance certificate (Certificate No. SECP/IFD/SCC/003) 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, 2020 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;

- The income received during the year was purified where necessary, and was treated in accordance with the requirements of Shariah Governance Regulations, 2018;

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 15, 2020

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

Name of Company : MACTER INTERNATIONAL LIMITED
Year ending : JUNE 30, 2020

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 Sheikh Muhammed Waseem Mr. Sohaib Umar Mr. Islahuddin Siddiqui
Non-executive Director	Mr. Muhammad Yahya Chawla
Executive Directors	Mr. Asif Misbah Mr. Swaleh Misbah Khan Sheikh Aamir Naveed
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. The Board has arranged Directors' Training program (DTP) for the following:

   1. Mr. Asif Misbah
   2. Mr. Swaleh Misbah Khan
   3. Sheikh Muhammad Waseem
   4. Mr. Sohaib Umar
   5. Shaikh Aamir Naveed
   6. Mr. Muhammad Yahya Chawla (in progress-attended 8 out of 16 sessions of DTP)

10. The board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board.

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

a.	Audit Committee	Sheikh Muhammed Waseem Mr. Sohaib Umar Mr. Muhammad Yahya Chawla	Chairman Member Member
b.	HR and Remuneration Committee	Mr. Islahuddin Siddiqui Shaikh Aamir Naveed Mr. Muhammad Yahya Chawla	Chairman Member 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.

On behalf of the board

Asif Misbah	**Islahuddin Siddiqui**
Chief Executive	Director

Karachi
September 21, 2020

Building a better working world

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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 2020** in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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

Chartered Accountants

Place: Karachi

Date: 25 September 2020

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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 2020.** This engagement was conducted by a multidisciplinary team including assurance practitioners and independent Shari'ah scholar.

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 2020) 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 2020.

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.

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-: 2 :-

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 2020 based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000, '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 2020 are in compliance with the Shari'ah principles, in all material respects.

Chartered Accountants

Engagement Partner: Shaikh Ahmed Salman

Date: 21 September 2020

Karachi

A member firm of Ernst & Young Global Limited

UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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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 2020**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows 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 changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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 are the key audit matters:

Key audit matters	How our audit addressed the key audit matter
1. Existence and valuation of stock in trade	
As disclosed in note 10 to the accompanying unconsolidated financial statements, the stock in trade represents 26% 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. 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.	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. 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.
2. Financing arrangements	
As at 30 June 2020, the Company has outstanding long term financing facilities and short-term borrowings amounting to Rs. 638.76 million and Rs.883.47 million respectively. The Company has obtained the aforesaid financing for capital expenditures, investment in subsidiary and working capital requirements etc. (refer notes 17 and 21). The Company's key operating / performance indicators including liquidity, gearing and finance cost are directly influenced by the additions to its portfolio of borrowings. Further, financing arrangements entails financial and non-financial covenants that the Company is subject to compliance for. The accounting treatment and test / assessment of whether the Company continues to meet its covenants are significant to our audit. For such reasons we have identified this as a key audit matter.	We understood the Company's processes and assessed the design and operating effectiveness of controls for recording and reporting the terms and conditions of financing agreements and the associated finance costs. We confirmed directly with the financial institutions all the outstanding balances as at the balance sheet date. We assessed the maturity of the Company's financing to ensure that loans maturing within the next twelve months were classified in current liabilities. We have obtained and reviewed the agreements to ensure that the Company is in compliance with all the financial and non-financial covenants. We inquired from the management with respect to the future compliance of the covenants to ensure that there are no potential chances of non-compliance. We tested the calculation of finance cost recognised in the statement of profit or loss account. We also assessed the adequacy of the related disclosures in the notes to the financial statements and ensured they are in accordance with the terms and conditions included in the financing agreements.

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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.

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.

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- 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.

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 changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

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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

Date: 25 September 2020

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019
		---------- (Rupees in '000) ----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	**1,332,885**	1,232,833
Intangible assets	5	**6,343**	8,279
Long-term investment	6	**200,000**	100,000
Long-term loans	7	**2,065**	2,147
Long-term deposits	8	**81,016**	73,619
Deferred tax asset	9	**46,665**	18,396
		1,668,974	1,435,274
CURRENT ASSETS			
Stores and spares		**3,767**	2,171
Stock-in-trade	10	**1,038,064**	773,203
Trade debts	11	**762,635**	580,686
Loans and advances	12	**88,243**	72,018
Trade deposits, prepayments and other receivables	13	**97,305**	70,576
Taxation - net		**168,958**	134,045
Cash and bank balances	14	**129,745**	142,578
		2,288,717	1,775,277
TOTAL ASSETS		**3,957,691**	3,210,551
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	15	**391,444**	391,444
Reserves		**776,274**	802,502
		1,167,718	1,193,946
NON-CURRENT LIABILITIES			
Deferred liabilities	16	**203,128**	178,459
Long-term financing	17	**544,357**	298,760
Lease liabilities	18	**35,081**	-
		782,566	477,219
CURRENT LIABILITIES			
Trade and other payables	19	**979,457**	625,248
Accrued profit	20	**26,975**	24,288
Short-term borrowings	21	**883,472**	790,738
Current portion of long-term financing	17	**94,401**	98,832
Current portion of lease liabilities	18	**22,834**	-
Unclaimed dividends		**268**	280
		2,007,407	1,539,386
CONTINGENCIES AND COMMITMENTS	22		
TOTAL EQUITY AND LIABILITIES		**3,957,691**	3,210,551

The annexed notes from 1 to 39 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, 2020

	Note	2020	2019
		---------- (Rupees in '000) ----------	
Turnover	23	**5,528,139**	4,081,752
Cost of sales	24	**(3,490,757)**	(2,348,865)
Gross profit		**2,037,382**	1,732,887
Distribution costs	25	**(1,523,132)**	(1,277,658)
Administrative expenses	26	**(226,395)**	(221,909)
Other expenses	27	**(8,242)**	(11,927)
Other income	28	**15,308**	20,778
Operating profit		**294,921**	242,171
Financial charges	29	**(232,388)**	(119,560)
Profit before taxation		**62,533**	122,611
Taxation	30	**(47,603)**	(16,174)
Net profit for the year		**14,930**	106,437
		---------- (Rupees) ----------	
Basic and diluted earnings per share	31	**0.38**	2.72

The annexed notes from 1 to 39 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, 2020

	2020	2019
	---------- (Rupees in '000) ----------	
Net profit for the year	**14,930**	106,437
Other comprehensive (loss) / income:		
Items that will not be reclassified subsequently to profit or loss		
Actuarial (loss) / gain on remeasurement of defined benefit plans – net of tax	**(5,928)**	2,496
Total comprehensive income for the year	**9,002**	108,933

The annexed notes from 1 to 39 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, 2020

	Note	2020	2019
		---------- (Rupees in '000) ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**62,533**	122,611
Adjustments:			
Depreciation		**127,740**	89,907
Amortization		**3,359**	3,724
Financial charges		**232,388**	119,560
Provision for gratuity		**27,297**	19,183
Gain on disposal of property, plant and equipment		**(9,941)**	(12,009)
Provision for slow moving and obsolete stock-in-trade - net		**12,502**	(19,106)
Allowance for expected credit loss		**18,496**	2,710
		411,841	203,969
		474,374	326,580
(Increase) / decrease in current assets			
Store and spares		**(1,596)**	(308)
Stock-in-trade		**(277,363)**	124,645
Trade debts		**(200,445)**	(35,886)
Loans and advances		**(16,225)**	30,197
Trade deposits, prepayments and other receivables		**(26,729)**	11,108
		(522,358)	129,756
Increase / (decrease) in current liabilities			
Trade and other payables		**354,197**	(87,294)
		(168,161)	42,462
Financial charges paid		**(229,701)**	(108,989)
Income tax paid		**(108,845)**	(58,022)
Gratuity paid		**(16,650)**	(8,947)
Long-term loans		**82**	743
Long-term deposits		**(7,397)**	(3,507)
Deferred liabilities		**6,154**	(152)
		(356,357)	(178,874)
Net cash (used in) / generated from operating activities		**(50,144)**	190,168
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(153,780)**	(149,020)
Proceeds from disposal of property, plant and equipment		**18,917**	20,594
Investment made during the year		**(100,000)**	(100,000)
Additions to intangible assets		**(1,423)**	(3,954)
Net cash used in investing activities		**(236,286)**	(232,380)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(35,230)**	(72,417)
Short-term borrowings obtained		**22,734**	37,808
Long-term financing obtained		**241,166**	42,404
Long-term lease liabilities		**(25,073)**	-
Net cash generated from financing activities		**203,597**	7,795
Net decrease in cash and cash equivalents during the year		**(82,833)**	(34,417)
Cash and cash equivalents at the beginning of the year		**12,578**	46,995
Cash and cash equivalents at the end of the year	35	**(70,255)**	12,578

The annexed notes from 1 to 39 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, 2020

	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, 2018	391,444	217,808	548,178	765,986		1,157,430
Final cash dividend at Rs.1.85 per share for the year ended June 30, 2018	-	-	(72,417)	(72,417)		(72,417)
Net profit for the year	-	-	106,437	106,437		106,437
Other comprehensive income	-	-	2,496	2,496		2,496
	-	-	108,933	108,933		108,933
Balance as at June 30, 2019	391,444	217,808	584,694	802,502		1,193,946
Balance as at July 01, 2019	**391,444**	**217,808**	**584,694**	**802,502**		**1,193,946**
Final cash dividend @ Rs 0.90 per share for the year ended June 30, 2019	**-**	**-**	**(35,230)**	**(35,230)**		**(35,230)**
Net profit for the year	**-**	**-**	**14,930**	**14,930**		**14,930**
Other comprehensive loss	**-**	**-**	**(5,928)**	**(5,928)**		**(5,928)**
	-	**-**	**9,002**	**9,002**		**9,002**
Balance as at June 30, 2020	**391,444**	**217,808**	**558,466**	**776,274**		**1,167,718**

The annexed notes from 1 to 39 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, 2020

1. THE COMPANY AND ITS OPERATIONS

1.1 Macter International Limited (the Company) was incorporated in Pakistan in 1992 as a private limited company 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.

1.4 Impact of COVID-19 pandemic on these financial statements

The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities during the period from March 2020 in line with the directives of the Government. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan. The lockdown, however, excluded companies involved in the business of necessary consumer supplies.

Being in an essential industry, the Company's production and distribution facilities have been permitted by the Government to operate with strict compliance of SOPs issued. The management has adopted all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity.

According to management's assessment, there are no material implications of COVID-19 that require specific disclosure in these unconsolidated financial statements.

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 Companies Act, 2017; 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 NEW STANDARDS, AMENDMENTS, INTERPRETATIONS AND IMPROVEMENTS EFFECTIVE DURING THE 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:

New standards and amendments

IFRS 9 Prepayment Features with Negative Compensation (Amendments)

IFRS 14 Regulatory Deferral Accounts

IFRS 16 Leases

IFRS 16 COVID 19 Related Rent Concessions (Amendments)

IAS 19 Plan Amendment, Curtailment or Settlement (Amendments)

IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments)

IFRIC 23 Uncertainty over income tax treatments

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

IFRS 3 Business Combinations - Previously held Interests in a joint operation

IFRS 11 Joint Arrangements - Previously held Interests in a joint operation

IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity

IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Company's unconsolidated financial statements except stated below:

2.4.1 IFRS 16 - Leases

During the year, the Company have adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.

IFRS 16 supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Company has lease contracts for its Commercial offices and warehouse. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Trade deposits, short term prepayments and other receivables, respectively.

Upon adoption of IFRS 16, the Company initially recognized a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. The RoU asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs.

As permitted by the transitional provisions of IFRS 16, the Company elected not to restate the comparative figures and not to adjust the opening unappropriated profit. Accordingly, adjustment to the carrying amount of assets and liabilities were recognised in the current period.

The effect of adoption of IFRS 16 as at July 01, 2019 is as follows:

	July 01, 2019 (Rupees in '000)
Increase in RoU asset	**82,987**
Decrease in trade deposits, short term prepayments and other receivables	**(7,260)**
Increase in total assets	**75,727**
Increase in lease liability against assets subject to finance lease	**75,727**
Increase in net assets	**-**

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as of June 30, 2019 as follows:

	(Rupees in '000)
Operating lease commitments as at June 30, 2019	**103,930**
Weighted average incremental borrowing rate as at July 01, 2019	**14.30%**
Discounted operating lease commitments as at July 01, 2019	**78,394**
Less: Commitments relating to short-term leases	**(2,667)**
Lease liabilities as July 01, 2019	**75,727**

Set out below, are the carrying amounts of the Company's right-of-use assets, lease liabilities and interest liability and the movements during the period:

	RoU asset	Lease liability	Interest liability
	------------------------------ (Rupees in '000)	-------------------------	
As at July 01, 2019	**82,987**	**75,727**	**-**
Depreciation expense	**(23,262)**	**-**	**-**
Interest expense	**-**	**-**	**9,479**
Payments	**-**	**(27,291)**	**-**
As at June 30, 2020	**59,725**	**48,436**	**9,479**

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

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

Standard or Interpretation	Effective date (annual periods beginning on after)
IFRS 3 Definition of a Business (Amendments)	January 01, 2020
IFRS 3 Business Combinations: Reference to the conceptual framework (Amendments)	January 01, 2022
IFRS 9 / IAS 39 and IFRS 7 - Interest rate benchmark reform (Amendments)	January 01, 2020
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IAS 1 / IAS 8 Definition of Material (Amendments)	January 01, 2020
IAS 1 - Classification of liabilities as current or non-current (Amendments)	* January 01, 2022
IAS 16 'Property, Plant and Equipment' - Proceeds before intended use (Amendments)	January 01, 2022
IAS 37 - Onerous Contracts — cost of fulfilling a contract (Amendments)	January 01, 2022

* The IASB has issued an exposure draft proposing to defer the effective date of the Amendments to IAS 1 to January 01, 2023.

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	January 01, 2022
IAS 41 - Agriculture – Taxation in fair value measurements	January 01, 2022

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of unconsolidated financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First Time adoption of IFRSs	January 01, 2004
IFRS 17 – Insurance Contracts	January 01, 2023

The Company expects that above new standards will not have any material impact on the Company's unconsolidated financial statements in the period of initial application.

2.6 Significant accounting judgments and estimates

The preparation of the Company's unconsolidated financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities and assets, at the end of the reporting period. However, uncertainty about these estimates and judgments could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The management continually evaluates estimates and judgments which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognized prospectively.

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, 3.3, 4 & 5
- valuation of inventories	3.4, 3.5 & 10
- provision for impairment on financial assets	3.12.1 & 11.2
- provision for tax and deferred tax	3.21, 9 & 30
- provision for employee retirement benefits	3.13 & 16.2
- determining the lease term of contracts with renewal and termination options	3.20
- Estimating the incremental borrowing rate	3.20
- contingencies	22.1

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 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.

3.3 Impairment

The carrying values of the Company's assets are reviewed at each statement of 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

Stores and spare parts, except goods-in transit, are stated at moving average cost less provision for slow moving / obsolete items. Cost of goods-in-transit includes invoice value plus other costs incurred thereon up to the statement of financial position date.

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.

3.6 Investment in subsidiary

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

3.7 Loans, advances, deposits, prepayments and other receivables

Loans, advances, deposits, prepayments and other receivables 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.

3.9 Long-term and short-term borrowings

These are recorded at the proceeds received. Installments due within one year are shown as a current liability and mark-up on borrowings is charged to profit or loss as an expense, on accrual basis.

3.10 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

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.

The Company has not designated any financial asset as at FVPL.

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 all financial assets 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 considers a financial asset in default depending on the past due days of various categories of its financial assets. 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 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.

3.13 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, 2020 using the Project Unit Credit Method.

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 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.

3.15 Other income

Other income is recognized on accrual basis.

Income on bank deposit is accrued on a time proportioned basis by reference to the principal outstanding and applicable rate of return.

3.16 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.

3.17 Foreign currency translations

Transactions in foreign currencies are recorded in Pakistan Rupees (functional currency) at the rates of exchange approximating those prevalent on the date of transaction. Monetary assets and liabilities in foreign currencies are reported in Pakistan rupees at the rate of exchange prevailing on the reporting date. Exchange gains or losses are taken to the statement of profit or loss.

3.18 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.

3.19 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.

3.20 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.

3.21 Taxation

Current

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years. Current tax is charged to profit or loss except to the extent it relates to items recognised in other comprehensive income.

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.

3.22 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the unconsolidated financial statements in the period in which these are approved.

3.23 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.

3.24 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.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
		---------- (Rupees in '000) ----------	
Operating fixed assets	4.1	**1,246,670**	1,201,358
Capital work-in-progress	4.5	**26,490**	31,475
Right-of-use assets	4.6	**59,725**	-
		1,332,885	1,232,833

4.1 Operating fixed assets:

	Cost			Depreciation					
	As at July 01, 2019	Additions / (Deletions) during the year	As at June 30, 2020	As at July 01, 2019	Charge for the year	On deletions	As at June 30, 2020	Net book value as at June 30, 2020	Depreciation rate % per annum
	---------- (Rupees in '000) ----------								
Owned									
Leasehold land (note 4.3)	212,280	- -	212,280	-	-	-	-	212,280	-
Buildings on leasehold land (note 4.3)	430,545	4,029 -	434,574	133,889	14,925	-	148,814	285,760	5
Plant and machinery	653,636	29,589 (12,075)	671,150	348,630	21,875	(9,661)	360,844	310,306	10
Tools and equipment	125,175	18,848 (9,497)	134,526	36,018	19,711	(6,578)	49,151	85,375	10
Gas and other installation	258,616	45,337 (501)	303,452	100,831	17,723	(448)	118,106	185,346	10
Furniture and fixture	58,538	2,896 -	61,434	24,532	3,551	-	28,083	33,351	10
Office equipment	34,751	1,826 -	36,577	16,177	1,966	-	18,143	18,434	10
Computer equipment	35,123	2,009 -	37,132	28,858	2,259	-	31,117	6,015	30
Motor vehicles	152,596	54,231 (12,164)	194,663	70,967	22,467	(8,574)	84,860	109,803	20
	1,961,260	158,765 (34,237)	2,085,788	759,902	104,477	(25,261)	839,118	1,246,670	

Operating fixed assets:

	Cost			Depreciation					
	As at July 01, 2018	Additions / (Deletions) during the year	As at June 30, 2019	As at July 01, 2018	Charge for the year	On deletions	As at June 30, 2019	Net book value as at June 30, 2019	Depreciation rate % per annum
	(Rupees in '000)								
Owned									
Leasehold land (note 4.3)	207,630	4,650 -	212,280	-	-	-	-	212,280	-
Buildings on leasehold land (note 4.3)	362,637	67,908 -	430,545	119,983	13,906	-	133,889	296,656	5
Plant and machinery	548,283	105,523 (170)	653,636	315,820	32,821	(11)	348,630	305,006	10
Tools and equipment	80,879	44,296 -	125,175	30,029	5,989	-	36,018	89,157	10
Gas and other installation	169,429	89,187 -	258,616	89,872	10,959	-	100,831	157,785	10
Furniture and fixture	48,813	9,725 -	58,538	21,206	3,326	-	24,532	34,006	10
Office equipment	31,317	3,740 (306)	34,751	14,445	1,864	(132)	16,177	18,574	10
Computer equipment	34,776	1,066 (719)	35,123	26,869	2,573	(584)	28,858	6,265	30
Motor vehicles	140,042	30,231 (17,677)	152,596	62,058	18,469	(9,560)	70,967	81,629	20
	1,623,806	356,326 (18,872)	1,961,260	680,282	89,907	(10,287)	759,902	1,201,358	

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 / (loss)	Mode of disposal	Particulars of buyers
	(Rupees in '000)						
Tools and equipment	**3,313**	**2,474**	**839**	**1,589**	**750**	Negotiation	Technology Links (Pvt) Ltd.
Tools and equipment	**2,974**	**1,992**	**982**	**1,589**	**607**	Negotiation	Technology Links (Pvt) Ltd.
Tools and equipment	**2,974**	**1,992**	**982**	**1,589**	**607**	Negotiation	Technology Links (Pvt) Ltd.
Motor Vehicles	**3,500**	**2,155**	**1,345**	**2,100**	**755**	3rd party via bid	Mr. Akbar Mumtaz
Motor Vehicles	**6,091**	**5,535**	**556**	**3,000**	**2,444**	3rd party via bid	Mr. Abbas
Motor Vehicles	**795**	**232**	**563**	**661**	**98**	Settled through claim received	
Items having book value of less than Rs. 500,000 each	**14,590**	**10,881**	**3,709**	**8,389**	**4,680**		
June 30, 2020	**34,237**	**25,261**	**8,976**	**18,917**	**9,941**		
June 30, 2019	18,872	10,287	8,585	20,594	12,009		

4.3 Particulars of immovable fixed assets:

Location	Usage	Total Area (Square fit)*
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		718,741

* The covered area includes multi storey buildings.

	Note	2020	2019
		---------- (Rupees in '000) ----------	

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

	Note	2020	2019
Cost of sales	24	**75,131**	64,582
Distribution cost	25	**19,645**	18,262
Administrative expenses	26	**9,702**	7,063
		104,478	89,907

4.5 Capital work-in-progress

2020	Civil works	Leasehold land	Plant and machinery	Others	Total
	--------------------- (Rupees in '000) ---------------------				
Opening balance	**683**	**2,050**	**28,427**	**315**	**31,475**
Capital expenditure incurred / advances made	**4,015**	**4,956**	**47,926**	**3,115**	**60,012**
Transfer to operating fixed assets	**(4,698)**	**-**	**(59,355)**	**(944)**	**(64,997)**
Closing balance	**-**	**7,006**	**16,998**	**2,486**	**26,490**

2019	Civil works	Leasehold land	Plant and machinery	Others	Total
	--------------------- (Rupees in '000) ---------------------				
Opening balance	79,687	4,000	150,207	4,886	238,780
Capital expenditure incurred / advances made	24,913	2,700	42,292	2,876	72,781
Transfer to operating fixed assets	(103,917)	(4,650)	(164,072)	(7,447)	(280,086)
Closing balance	683	2,050	28,427	315	31,475

4.6 Right-of-use assets

	Note	2020	2019
		---------- (Rupees in '000) ----------	
As at July 01, 2019			
Cost (Impact of initial application of IFRS 16)	2.4.1	**82,987**	-
Accumulated depreciation		**-**	-
Net book value		**82,987**	-
Year ended June 30, 2020			
Opening net book value		**82,987**	-
Additions during the year		**-**	-
Depreciation for the year	4.6.1	**(23,262)**	-
Closing net book value		**59,725**	
As at June 30, 2020			
Cost		**82,987**	-
Accumulated depreciation		**(23,262)**	-
Net book value		**59,725**	-

	Note	2020	2019
		---------- (Rupees in '000) ----------	

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

	Note	2020	2019
Cost of sales	24	**3,740**	-
Distribution cost	25	**19,522**	-
		23,262	-

5. INTANGIBLE ASSETS

2020	Cost			Amortization				
	As at July 01, 2019	Additions during the year	As at June 30, 2020	As at July 01, 2019	Charge for the year	As at June 30, 2020	Net book value as at June 30, 2020	Amortization rate % per annum
	---------- (Rupees in '000) ----------							
Software licenses	**21,760**	**1,423**	**23,183**	**14,666**	**2,761**	**17,427**	**5,756**	**20-33.33%**
SAP ERP	**41,802**	**-**	**41,802**	**40,617**	**598**	**41,215**	**587**	**20%**
Manufacturing and distribution rights	**20,000**	**-**	**20,000**	**20,000**	**-**	**20,000**	**-**	**20%**
	83,562	**1,423**	**84,985**	**75,283**	**3,359**	**78,642**	**6,343**	

2019	Cost			Amortization				
	As at July 01, 2018	Additions during the year	As at June 30, 2019	As at July 01, 2018	Charge for the year	As at June 30, 2019	Net book value as at June 30, 2019	Amortization rate % per annum
	---------- (Rupees in '000) ----------							
Software licenses	17,806	3,954	21,760	11,540	3,126	14,666	7,094	20-33.33%
SAP ERP	41,802	-	41,802	40,019	598	40,617	1,185	20%
Manufacturing and distribution rights	20,000	-	20,000	20,000	-	20,000	-	20%
	79,608	3,954	83,562	71,559	3,724	75,283	8,279	

	Note	2020	2019
		---------- (Rupees in '000) ----------	

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

	Note	2020	2019
Cost of sales	24	**367**	263
Distribution cost	25	**612**	611
Administrative expenses	26	**2,380**	2,850
		3,359	3,724

6. LONG-TERM INVESTMENT

	Note	2020	2019
Investment in subsidiary - at cost			
Misbah Cosmetics (Private) Limited			
Equity held: 72.53% (2019: 56.90%)			
No. of shares: 20,000,000 (2019: 10,000,000) of Rs.10/- each	6.1	**200,000**	100,000

6.1 During the year, the Company acquired an additional 10,000,000 ordinary shares increasing the voting from 56.90% to 72.53% of Misbah Cosmetics (Private) Limited against a cash consideration of Rs. 100 million. The subsidiary company is engaged in selling and distribution of cosmetics products.

	Note	2020	2019
		---------- (Rupees in '000)	----------
7. LONG-TERM LOANS - secured, considered good			
Due from:			
- Executives*		**1,536**	1,746
- Other employees		**4,669**	6,547
	7.1	**6,205**	8,293
Less: Current portion			
- Executives		**(514)**	(1,531)
- Other employees		**(3,626)**	(4,615)
	12	**(4,140)**	(6,146)
		2,065	2,147

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 fifty five 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.

	Note	2020	2019
		---------- (Rupees in '000)	----------
8. LONG-TERM DEPOSITS			
Ijarah lease rentals		**35,269**	34,050
Diminishing musharakah		**41,669**	35,386
Utilities		**3,473**	3,473
Rent		**605**	710
		81,016	73,619

	Note	2020	2019
		---------- (Rupees in '000) ----------	

9. DEFERRED TAX ASSET

	Note	2020	2019
Deductible temporary differences in respect of:			
Provisions for:			
- impairment on slow moving and obsolete items		**11,148**	7,816
- impairment on trade debts		**22,857**	18,064
- retirement and other service benefits		**40,487**	38,309
- Lease liabilities		**16,190**	-
Minimum tax		**76,472**	58,248
Others		**14,386**	12,444
		181,540	134,881
Less: Taxable temporary differences			
Right-of-use assets		**(16,696)**	-
Accelerated tax depreciation		**(118,179)**	(116,485)
	9.1	**46,665**	18,396

9.1 Movement in deferred tax asset - net is as follows:

		2020	2019
Balance at beginning of the year		**18,396**	7,782
Impact of change in accounting policy		**-**	3,837
Balance at beginning of the year		**18,396**	11,619
- recognized in profit or loss		**26,329**	7,774
- recognized in other comprehensive loss		**1,940**	(997)
Balance at end of the year		**46,665**	18,396

10. STOCK-IN-TRADE

	Note	2020	2019
In hand			
- raw materials		**472,026**	264,024
- packing materials		**235,025**	170,963
- work-in-process		**72,265**	65,668
- finished goods		**296,322**	296,278
	10.1	**1,075,638**	796,933
Less: Provision for slow moving and obsolete items	10.3	**(39,878)**	(27,376)
		1,035,760	769,557
In transit	10.2	**2,304**	3,646
		1,038,064	773,203

10.1 This includes items costing Rs.3.12 (2019: Rs.10.17) million which have been valued at their net realizable value of Rs.2.40 (2019: Rs.7.76) million.

This includes stock which is pledged with various banks against short-term borrowings as disclosed in note 21 to these unconsolidated financial statements.

10.2 Stock in transit includes raw material of Rs.2.27 (2019: Rs.3.18) million and packing material of Rs.0.03 (2019: Rs.0.47) million.

	Note	2020	2019
		---------- (Rupees in '000) ----------	
10.3 Provision for slow moving and obsolete items			
Opening balance		**27,376**	46,482
Charge for the year		**25,817**	10,716
Write off during the year		**(13,315)**	(29,822)
Closing balance		**39,878**	27,376
11. TRADE DEBTS - unsecured			
Considered good	11.1	**762,635**	580,686
Considered doubtful		**81,765**	63,269
		844,400	643,955
Allowance for expected credit loss	11.2	**(81,765)**	(63,269)
Trade debts - net		**762,635**	580,686

11.1 These trade debts include Rs.31.691 (2019: Rs.3.262) million representing receivable against export sales to Africa and Asia amounting to Rs.22.445 (2019: Rs.0.608) million and Rs.9.246 (2019: Rs.2.654) million respectively.

11.2 Allowance for expected credit loss

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

	2020	2019
Balance at beginning of the year	**63,269**	60,559
Provision recognised during the year	**20,999**	2,710
Write offs during the year	**(2,503)**	-
	18,496	2,710
Balance at end of the year	**81,765**	63,269

11.3 As at June 30, 2020, trade debts aggregating to Rs.459 (2019: Rs.283) million are neither past due nor impaired. The remaining debts aggregating to Rs.302 (2019: Rs.297) million are past due but not impaired. The ageing analysis of these past due trade debts is as follows:

	2020	2019
Trade debts		
Neither past due nor impaired	**459,986**	283,650
Past due but not impaired:		
- within 30 days	**109,490**	87,865
- within 31 to 90 days	**84,345**	68,356
- within 91 to180 days	**48,975**	8,974
- within 181 to 360 days	**30,934**	22,917
- over 360 days	**28,905**	108,924
	762,635	580,686

	Note	2020	2019
		---------- (Rupees in '000) ----------	

12. LOANS AND ADVANCES - considered good

	Note	2020	2019
Current portion of long term loans	7	**4,140**	6,146
Advances to:			
- employees	12.1	**5,982**	15,705
- suppliers		**78,121**	50,045
- others		**-**	122
		84,103	65,872
		88,243	72,018

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

13. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2020	2019
Deposits		
Ijarah lease rentals	**6,240**	5,532
Diminishing musharakah	**5,277**	1,362
Margin against bank guarantees	**21,975**	18,236
Tender deposits	**58,962**	34,992
Others	**450**	422
	92,904	60,544
Prepayments		
Rent	-	7,260
Software license	**2,325**	2,129
Takaful	**740**	224
Machine and Equipments	**452**	-
Fees, rates and taxes	**196**	221
	3,713	9,834
Other receivables		
Profit on savings account	**688**	188
Others	**-**	10
	688	198
	97,305	70,576

14. CASH AND BANK BALANCES

	Note	2020	2019
Cash in hand		**-**	271
Balances with banks in:			
- current accounts		**46,740**	84,182
- saving accounts	14.1	**82,737**	57,845
- dividend account		**268**	280
		129,745	142,307
Cash and bank balances		**129,745**	142,578

14.1 These carry profit at the rates ranging from 3.54% to 7.55% (2019: 2.25% to 6.15%) per annum.

15. SHARE CAPITAL

15.1 Authorized share capital

2020	2019		Note	2020	2019
----- Number of shares -----				---------- (Rupees in '000) ----------	
65,000,000	65,000,000	Ordinary shares of Rs.10/- each		**650,000**	650,000

15.2 Issued, subscribed and paid up share capital

2020	2019		2020	2019
8,430,868	8,430,868	Issued for cash	**84,309**	84,309
30,489,649	30,489,649	Issued as fully paid bonus shares	**304,897**	304,897
		Issued pursuant to merger		
223,834	223,834	with Associated Services Limited	**2,238**	2,238
39,144,351	39,144,351		**391,444**	391,444

16. DEFERRED LIABILITIES

	Note	2020	2019
		---------- (Rupees in '000) ----------	
Advance against motor vehicles		**740**	688
Government Grant	16.1	**6,102**	-
Employees' gratuity payable	16.2	**196,286**	177,771
		203,128	178,459

16.1 Government Grant

	Note	2020	2019
Opening balance		**-**	-
Received during the year		**14,824**	-
Released to the statement of profit or loss		**-**	-
Closing balance		**14,824**	-
Current Portion of Government Grant	19	**8,722**	-
Long-term Portion of Government Grant		**6,102**	-
		14,824	-

16.1.1 As mentioned in note 17.4, 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.

16.2 Defined benefit plan - unfunded gratuity scheme

The latest actuarial valuation was carried out on June 30, 2020 by an appointed actuary using "Projected Unit Credit Actuarial Cost Method".

	2020	2019
	--- Number of Employees ---	
The number of employees covered under the defined benefit scheme are:	**474**	507

The following principal actuarial assumptions were used for the valuation of above mentioned scheme:

	2020	2019
Financial assumptions		
- Discount rate (per annum compounded)	**8.50%**	13.25%
- Salary increase per annum	**8.50%**	12.25%
Demographic assumptions		
- Normal retirement	**60 years**	60 years
- Mortality rate	**EFU (61-66)**	EFU (61-66)

	2020	2019
	---------- (Rupees in '000) ----------	
Liability in balance sheet		
Present value of defined benefit obligations	**196,286**	177,771
Movement in liability during the year		
Opening balance	**177,771**	171,029
Charged to profit and loss account	**27,297**	19,183
Benefits paid during the year	**(16,650)**	(8,947)
Actuarial loss / (gain) recognised in other comprehensive income	**7,868**	(3,494)
Closing balance	**196,286**	177,771
Reconciliation of the present value of defined benefit obligations		
Present value of defined benefit obligations as at July 01, 2019	**177,771**	171,029
Current service cost	**4,845**	4,609
Finance cost	**22,452**	14,574
Benefits paid	**(16,650)**	(8,947)
Actuarial loss / (gain) on obligation	**7,868**	(3,494)
Present value of defined benefit obligations as at June 30, 2020	**196,286**	177,771

	2020	2019
	---------- (Rupees in '000) ----------	
Charge for the defined benefit plan		
Cost recognised in profit and loss		
Current service cost	**4,845**	4,609
Finance cost	**22,452**	14,574
	27,297	19,183
Actuarial loss / (gain) on defined benefit obligation recognised in other comprehensive income		
Actuarial loss / (gain) on defined benefit obligation		
- Loss / (gain) due to change in financial assumptions	**11,914**	(11,478)
- Loss due to change in demographic assumptions	**-**	3,080
- (Gain) / loss due to change in experience adjustments	**(4,046)**	4,904
	7,868	(3,494)
Expected contributions to the fund in the following year	**19,993**	25,858
Expected benefit payments to retirees in the following year	**38,424**	38,364
Weighted average duration of the defined benefit obligation (year)	**7.80**	7.50

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:

	2020	2019
	---------- (Rupees in '000) ----------	
Increase in discount rate by 1%	**(12,300)**	10,159
Decrease in discount rate by 1%	**14,002**	(11,478)
Increase in expected future increment in salary by 1%	**13,866**	11,478
Decrease in expected future increment in salary by 1%	**(12,408)**	(10,331)

Comparison for Five Years
As at June 30,

	2020	2019	2018	2017	2016
	(Rupees in '000)				
Defined benefit obligation	**196,286**	177,771	171,029	165,514	140,780
Experience adjustment (gain) / loss on obligation (as percentage of plan obligations)	**-2.06%**	2.76%	0.67%	16.19%	(4.80%)

17. LONG-TERM FINANCING

	Note	2020	2019
		(Rupees in '000)	
Diminishing musharakah:			
- leasehold land and buildings	17.1	**152,500**	76,263
- plant and machinery	17.2	**217,681**	253,727
- vehicles	17.3	**97,221**	67,602
- salaries and wages	17.4	**171,356**	-
		638,758	397,592
Less: Current maturity shown under current liabilities		**(94,401)**	(98,832)
		544,357	298,760

17.1 These facilities have been obtained from Meezan Bank Limited for different lands. These carry mark-up at the rate of 6 Months KIBOR plus 1.25% to 1.50% (2019: KIBOR plus 1.25% to 2.00%) per annum and having maturity till May 2025 (2019: August 2022). These facilities are secured against the respective assets.

The company obtained 12 month deferral against principal repayment effective from May 2020 under SBP Regulatory Relief to dampen the effects of Covid-19 - Prudential Regulations for Corporate / Commercial Banking through its circular BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

17.2 These facilities have been obtained from First Habib Modaraba, Dubai Islamic Bank and MCB Islamic Bank for different machineries. These carry mark-up at the rates of 6 Months KIBOR plus 1.25% to 2.00% (2019: KIBOR plus 1.40% to 2.00%) per annum and having maturity till March 2025 (2019: September 2024). These facilities are secured against the respective assets.

The company obtained 12 month deferral against principal repayment from MCB Islamic Bank effective from June 2020 under SBP Regulatory Relief to dampen the effects of Covid -19 - Prudential Regulations for Corporate / Commercial Banking through its circular BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

17.3 These facilities have been obtained from First Habib Modaraba and Albaraka Bank (Pakistan) Limited. These carry mark-up at the rates of 6 Months KIBOR plus 1.00% to 1.40% (2019: KIBOR plus 1.25% to 1:50%) per annum and are having maturity till January 2026 (2019: December 2023). These facilities are secured against the respective assets.

The company obtained 12 month deferral against principal repayment from Albaraka Bank (Pakistan) Limited effective from May 2020 under SBP Regulatory Relief to dampen the effects of Covid-19 - Prudential Regulations for Corporate / Commercial Banking through its circular BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

17.4 During the period, the Company utilized Rs.186 million against 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 circular IH&SMEFD Circular No. 07 dated April 10, 2020. This carries mark-up at the subsidised rate of 3% and is repayable latest by December 2022. The differential mark-up has been recognised as government grant (as mentioned in note 16.1) which will be amortised to mark-up income over the period of facility. The existing equitable mortgage charge over company properties E-40/A & Neclass No. 158 of Deh Tore, Tapo Konkar, Gadap Town, District Malir, Karachi with 25% margin in favor of the bank.

	Note	2020	2019
		---------- (Rupees in '000) ----------	
18. LEASE LIABILITIES			
Lease liabilities		**57,915**	-
Current portion of lease liabilities		**(22,834)**	-
		35,081	-
18.1 Reconciliation of the carrying amount is as follows:			
Initial application of IFRS 16 on July 01, 2019	2.4.1	**75,727**	-
Additions during the year		**-**	-
Accretion of finance cost	29	**9,479**	-
Lease rental payments made during the year		**(27,291)**	-
Lease Liability as at June 30, 2020		**57,915**	-
Current portion of lease liabilities		**(22,834)**	-
Long-term lease liabilities as at June 30, 2020		**35,081**	-
18.2 Maturity analysis			
Gross lease liabilities - minimum lease payments:			
Not later than one year		**29,430**	-
Later than one year but not later than five years		**44,542**	-
		73,972	-
Future finance charge		**(16,057)**	-
Present value of finance lease liabilities		**57,915**	-

			2020	2019
			---------- (Rupees in '000) ----------	

19. TRADE AND OTHER PAYABLES

Trade and other creditors		**610,296**	346,788
Advances from customers		**131,453**	114,205
Accrued liabilities		**88,579**	44,323
Provision for gas infrastructure development cess	19.1	**82,792**	66,795
Sindh Workers' Profit Participation Fund	19.2	**3,392**	2,852
Workers' Welfare Fund	19.3	**23,014**	21,725
Central Research Fund		**632**	1,238
Payable to provident fund	19.4	**3,319**	3,302
Current portion of government grant	16.1	**8,722**	-
Ijarah rental payable		**9,426**	4,591
Auditors' remuneration		**2,406**	2,023
Withholding taxes payable		**7,650**	9,398
Others		**7,776**	8,008
		979,457	625,248

19.1 Provision for gas infrastructure development cess

Opening balance	**66,795**	54,150
Charge for the year	**15,997**	12,645
	82,792	66,795

19.2 Sindh Workers' Profit Participation Fund

Opening balance	**2,852**	17,393
Mark-up thereon	**161**	1,510
Charge for the year	**3,392**	6,651
	6,405	25,554
Less: Payments made during the year	**(3,013)**	(22,702)
Closing balance	**3,392**	2,852

19.3 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.

19.4 Provident fund

19.4.1 General disclosures

The following information is based on the latest un-audited financial statements of the fund:

	2020 (Unaudited)	2019 (Audited)
Size of the fund	**209,047**	154,529
Percentage of investments made	**93%**	94%
Cost of investments	**194,511**	145,425
Fair value of investments made	**184,934**	134,776

19.4.2 Break-up of investments

Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

Particulars	2020 (Unaudited)		2019 (Audited)	
	Investment (Rupees in '000)	% of investment as size of fund	Investment (Rupees in '000)	% of investment as size of fund
Investment in Equity Collective Investment Scheme	**10,319**	**6%**	10,104	7%
Investment in Other Collective Investment Scheme	**7,667**	**4%**	7,088	5%
Bank balances	**46,948**	**25%**	2,584	2%
Others (Monthly Mudaraba Certificate / Special Musharakah Certificate)	**120,000**	**65%**	115,000	62%
	184,934	**100%**	134,776	100%

19.4.3 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.

	2020	2019
	(Rupees in '000)	
20. ACCRUED PROFIT		
Diminishing musharakah	**3,009**	1,687
Istisna'a	**1,212**	711
Murabaha	**16,491**	17,999
Musharakah running finance	**6,263**	3,891
	26,975	24,288

		Note	2020	2019
			---------- (Rupees in '000) ----------	
21.	**SHORT TERM BORROWINGS - secured**			
	Istisna'a	21.1	**45,284**	19,511
	Musharakah running finance	21.2	**200,000**	130,000
	Murabaha	21.3	**638,188**	641,227
			883,472	790,738

21.1 This represents finance facility obtained from Dubai Islamic Bank. This carries profit at the rate of 6 Months KIBOR plus 1.25% to 1.50% (2019: 6 Months KIBOR plus 1.25%) per annum and having maturity till November 2020 (2019: July 2019). These are secured by way of hypothecation on stock-in-trade and trade debts of the Company.

21.2 These represent finance facility obtained from MCB Islamic Bank. This carries profit at the rate of 3 Months KIBOR plus 0.85% to 1.25% (2019: 3 months KIBOR plus 0.85%) per annum and is repayable on demand. These are secured by way of hypothecation on stock-in-trade and trade debts of the Company.

21.3 These represent outstanding murabaha facilities with various Islamic banks for the purpose of purchase of inventory. These carry profit at the rates ranging from 6 Months KIBOR plus 1.00% to 1.50% (2019: from 3 to 6 Months of KIBOR plus 1.00% to 1.50%) per annum and having maturity till December 2020 (2019: December 2019). These are secured against hypothecation of stock in trade and trade debts of the Company.

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

22.1.1 Certain cases have been filed against the Company by some employees against their termination / dismissal. If the case goes in favour of employees, Rs.9.53 million (2019: Rs.7.24 million) may be paid as remuneration. 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.

22.1.2 During the year ended June 30, 2015, the Additional Commissioner Inland Revenue (ACIR) framed an order under section 122(5A) of Income Tax Ordinance, 2001 amounting to Rs.6.399 million for tax year 2013 on account of disallowance of certain expenses. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR (A)] who reverted the case back to the ACIR for re-adjudication. Being aggrieved, the tax authorities filed an appeal before the Appellate Tribunal Inland Revenue, which is pending adjudication. The management, based on tax advice, is confident for a favorable outcome, accordingly, no provision is made in these unconsolidated financial statements in this respect.

22.1.3 During the year ended June 30, 2020, the Deputy Commissioner Inland Revenue (DCIR) passed demand order under section 122(1) of the Income Tax Ordinance, 2001 amounting to Rs.28.567 million for the tax year 2014 on account of disallowance of certain expenses. The Company filed an appeal before the Commissioner Inland Revenue (Appeals). The management, based on tax advice, is confident for a favourable outcome, accordingly no provision is made in unconsolidated financial statements in this respect.

	Note	2020	2019
		---------- (Rupees in '000) ----------	

22.2 Commitments

		2020	2019
Outstanding letters of credit		143,613	55,641
Outstanding letters of guarantee		115,231	89,667
Commitments for capital expenditure		22,174	42,136

Commitments for Ijarah rentals in respect of plant and machinery, motor vehicles and equipment:

		2020	2019
2020		-	100,457
2021		81,402	90,938
2022		73,073	62,569
2023		33,188	9,640
2024		14,769	998
2025		7,863	-
		210,295	264,602

23. TURNOVER

		2020	2019
Gross Sales Turnover			
Local		5,268,176	3,943,576
Export		199,252	63,278
		5,467,428	4,006,854
Less: Sales tax		32,336	31,475
		5,435,092	3,975,379
Toll manufacturing		93,047	106,373
		5,528,139	4,081,752

24. COST OF SALES

	Note	2020	2019
Raw and packing materials consumed	24.1	2,691,969	1,636,392
Salaries, wages and benefits	24.2	422,461	388,706
Fuel and power		168,852	120,264
Ijarah lease rentals		75,516	62,747
Repairs and maintenance		56,941	52,961
Laboratory and factory supplies		18,667	29,732
Takaful		3,167	3,097
Provision for slow moving and obsolete stock-in-trade	10.2	25,817	10,716
Printing and stationery		6,913	6,071
Rent, rates and taxes		6,005	8,517
Legal and professional		1,041	204
Travelling, conveyance and entertainment		1,438	2,508
Depreciation	4.4 & 4.6.1	78,871	64,582
Amortization	5.1	367	263
Postage and communication		1,529	1,118
Training and development cost		81	727
Others		356	144
		3,559,991	2,388,749
Work-in-process			
Opening		65,668	52,716
Closing		(72,265)	(65,668)
		(6,597)	(12,952)
Cost of goods manufactured		3,553,394	2,375,797
Finished goods			
Opening		296,278	348,966
Closing		(296,322)	(296,278)
		(44)	52,688
Physician samples		(62,593)	(79,620)
		3,490,757	2,348,865

		Note	2020	2019
			---------- (Rupees in '000) ----------	
24.1	**Raw and packing materials consumed**			
	Opening stock		**434,987**	521,759
	Purchases		**2,964,033**	1,549,620
			3,399,020	2,071,379
	Closing stock		**(707,051)**	(434,987)
			2,691,969	1,636,392

24.2 This includes amount of Rs.10.84 (2019: Rs.9.89) million in respect of staff provident fund.

25. DISTRIBUTION COSTS

	Note	2020	2019
Salaries and benefits	25.1	**756,883**	666,379
Sales promotion expenses		**269,871**	236,581
Repair and maintenance		**24,498**	24,705
Fuel and power		**18,373**	14,631
Ijarah lease rentals		**23,994**	25,350
Printing and stationery		**2,928**	3,340
Takaful		**3,568**	3,508
Allowance for expected credit loss	11.2	**20,688**	2,710
Postage and communication		**6,056**	4,810
Rent, rate and taxes		**21,489**	28,988
Legal and professional		**1,487**	1,240
Freight charges		**85,553**	63,185
Training and development cost		**83,768**	84,620
Depreciation	4.4 & 4.6.1	**39,167**	18,262
Amortization	5.1	**612**	611
Traveling, conveyance and entertainment		**52,518**	62,206
Service charges		**91,417**	21,460
Subscription charges		**20,262**	15,072
		1,523,132	1,277,658

25.1 This includes amount of Rs.22.05 (2019: Rs.19.44) million in respect of staff provident fund.

26. ADMINISTRATIVE EXPENSES

	Note	2020	2019
Salaries and benefits	26.1	**140,023**	144,553
Director`s fee		**779**	842
Fuel and power		**10,566**	8,471
Ijarah lease rentals		**4,503**	4,811
Legal and professional		**20,498**	12,411
Printing and stationery		**4,016**	2,556
Auditors' remuneration	26.2	**3,102**	2,645
Rent, rates and taxes		**5,369**	5,987
Takaful		**1,278**	1,162
Repairs and maintenance		**18,074**	20,359
Postage and communication		**3,705**	3,379
Depreciation	4.4	**9,702**	7,063
Amortization	5.1	**2,380**	2,850
Training and development cost		**169**	319
Traveling, conveyance and entertainment		**1,726**	3,307
Others		**505**	1,194
		226,395	221,909

26.1 This includes amount of Rs.6.44 (2019: Rs.5.89) million in respect of staff provident fund.

		2020	2019
		---------- (Rupees in '000) ----------	
26.2 Auditors' remuneration			
Annual audit fee of unconsolidated financial statement		**1,170**	1,000
Half year review of unconsolidated financial statement		**350**	300
Annual audit fee of consolidated financial statement		**420**	400
Other services and certifications		**665**	450
		2,605	2,150
Out of pocket expenses		**286**	323
Sales tax		**211**	172
		3,102	2,645
27. OTHER EXPENSES			
Sindh Workers' Profit Participation Fund		**3,392**	6,651
Workers' Welfare Fund		**1,289**	2,528
Central Research Fund		**632**	1,238
Exchange loss - net		**2,768**	-
Mark-up on Sindh Workers' Profit Participation Fund		**161**	1,510
		8,242	11,927
28. OTHER INCOME			
Profit on savings accounts		**3,174**	725
Gain on disposal of property, plant and equipment		**9,941**	12,009
Scrap sales		**1,412**	1,270
Exchange gain - net		**-**	611
Others		**781**	6,163
		12,134	20,053
		15,308	20,778
29. FINANCIAL CHARGES			
Mark up on:			
- Diminishing musharakah		**63,180**	39,340
- Istisna`a		**24,360**	5,070
- Murabaha		**109,094**	63,065
- Musharakah running finance		**24,876**	11,309
- Right of use assets	18.1	**9,479**	-
		230,989	118,784
Bank charges and commission		**1,399**	776
		232,388	119,560
30. TAXATION			
Current		**73,932**	28,867
Prior		**-**	(4,919)
Deferred		**(26,329)**	(7,774)
		47,603	16,174

30.1 Income tax assessments of the Company have been finalised up to and including the tax year 2019 under the self assessment scheme.

30.2 Provision for current taxation has been made on the basis of turnover tax under section 113 of the Income Tax Ordinance, 2001. Accordingly, tax expense reconciliation with the accounting loss is not presented.

	Note	2020	2019
		---------- (Rupees in '000) ----------	
31. BASIC AND DILUTED EARNINGS PER SHARE			
Net profit for the year		**14,930**	106,437
Weighted average number of ordinary shares in issue		**39,144**	39,144
Basic earnings per share (Rupees)	31.1	**0.38**	2.72

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

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk, profit rate risk and equity price risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

32.1 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/Industries and identify the degree by which the Companies' customers and their businesses have impacted amid COVID-19.

The maximum exposure to credit risk at the reporting date is:

	2020	2019
	---------- (Rupees in '000) ----------	
Trade debts	**762,635**	580,686
Loans	**6,205**	8,293
Deposits	**173,920**	134,163
Other receivables	**-**	10
Bank balances	**129,745**	142,307
	1,072,505	865,459
Credit quality of financial assets		
Bank balances		
A1+	**127,576**	140,247
A1	**2,169**	2,060
	129,745	142,307

32.2 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.

32.3 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:

2020	**Less than three months**	**Three to twelve months**	**More than one year**	**Total**
	--------------------- (Rupees in '000) ---------------------			
Long-term financing	**5,098**	**80,581**	**553,079**	**638,758**
Trade and other payables	**297,654**	**324,165**	**-**	**621,819**
Accrued profit	**22,389**	**4,586**	**-**	**26,975**
Short-term borrowings	**247,123**	**636,349**	**-**	**883,472**
Unclaimed dividend	**268**	**-**	**-**	**268**
	572,532	**1,045,681**	**553,079**	**2,171,292**

2019	**Less than three months**	**Three to twelve months**	**More than one year**	**Total**
	--------------------- (Rupees in '000) ---------------------			
Long-term financing	24,994	73,839	298,760	397,593
Trade and other payables	256,293	219,590	-	475,883
Accrued profit	20,565	3,723	-	24,288
Short-term borrowings	391,964	398,774	-	790,738
Unclaimed dividend	280	-	-	280
	694,096	695,926	298,760	1,688,782

	July 01, 2019	Cash Flows	June 30, 2020
	------------------------------ (Rupees in '000) -------------------------		
32.3.1 Changes in liabilities from financing activities			
Long-term financing	397,592	241,166	**638,758**
Short-term borrowings	790,738	92,734	**883,472**

32.4 Foreign Currency Risk

Foreign 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.

32.5 Return rate risk

Return rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market return rates. The Company's exposure to the risk of changes in market return rates mainly relates to the long-term, short term borrowings, murabaha payables and bank deposits.
The following figures demonstrate the sensitivity to a reasonably possible change in profit 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)
2020	**+100**	**(14,395)**
	-100	**14,395**
2019	+100	(11,305)
	-100	11,305

	Note	2020	2019
		---------- (Rupees in '000) ----------	
32.6 Fair value of financial instruments			
32.6.1 Financial assets as per statement of financial position			
At amortised cost			
Trade debts		**762,635**	580,686
Loans		**6,205**	8,293
Investment in subsidiary		**200,000**	100,000
Deposits		**173,920**	134,173
Bank balances		**129,745**	142,307
		1,272,505	965,459

	Note	2020	2019
		---------- (Rupees in '000) ----------	
32.6.2 Financial liabilities as per statement of financial position			
Trade and other payables		**621,819**	475,883
Unclaimed dividend		**268**	280
Long-term financing		**638,758**	397,593
Accrued profit		**26,975**	24,288
Short-term borrowings		**883,472**	790,738
		2,171,292	1,688,782

32.6.3 Fair values of financial assets and liabilities

(a) Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

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

(b) Fair value estimation

The Company discloses the financial instruments carried at fair value in the statement of financial position in accordance with the following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

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

As at June 30, 2020, none of the financial instruments are carried at fair value.

32.7 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company has a long-term debt to equity ratio of 47.89% (2019: 25.02%) as of the reporting date, which in view of the management is adequate considering the size of the operations.

32.8 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.

33. TRANSACTIONS WITH RELATED PARTIES

33.1 Related parties of the Company comprise associates, companies with common directorship, directors, key management personnel and a subsidiary. Transactions and balances outstanding with related parties and associated undertakings are as follows:

		2020	2019
		---------- (Rupees in '000) ----------	
Transactions during the year			
Descriptions	**Nature of transactions**		
Key Management Personnel	Dividend	**23,002**	47,283
Non-Executive Directors	Meeting fees	**779**	842
Provident fund	Contribution paid	**39,338**	35,218
Misbah Cosmetics (Private) Limited (Subsidiary) - 72.53%	Investment made	**100,000**	100,000
	Expenses incurred and reimbursement thereon	**1,084**	3,086

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

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

33 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

	Chief Executive		Executive Directors		Executive *		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	---- (Rupees in '000) ----							
Managerial remuneration	**20,658**	19,128	**37,444**	34,670	**147,891**	119,979	**205,993**	173,777
Bonus	**-**	-	**-**	2,421	**260**	990	**260**	3,411
Perquisites	**107**	746	**110**	381	**552**	643	**769**	1,770
Retirement benefits	**1,062**	1,083	**1,924**	1,955	**12,160**	13,187	**15,146**	16,225
Other benefits	**1,623**	1,597	**2,987**	2,900	**14,801**	15,074	**19,411**	19,571
	23,450	22,554	**42,465**	42,327	**175,664**	149,873	**241,579**	214,754
Number of persons	**1**	1	**2**	2	**34**	29	**37**	32

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

34.2 In addition, meeting fee amounting to total Rs.0.779 (2019: Rs.0.842) million was paid to non-executive (independent directors) directors for meetings attended during the year. The non-executive (independent directors) directors are not entitled to any remuneration except meeting fee.

34.3 The number of persons does not include those who resigned during the year but remuneration paid to them is included in the above amounts.

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

		Note	2020	2019
			---------- (Rupees in '000) ----------	
35.	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances	14	**129,745**	142,578
	Musharakah running finance		**(200,000)**	(130,000)
			(70,255)	12,578

36. NUMBER OF EMPLOYEES

Number of persons employed as at year end were 1,264 (2019: 1,168), the average number of persons employed during the year were 1,226 (2019: 1,213) and number of person employed in factory as at year end were 449 (2019: 453).

37. NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Management in its meeting held on September 21, 2020 proposed (i) a final cash dividend of Rs. NIL per share amounting to Rs. NIL for approval of the members at the Annual General Meeting to be held on October 26, 2020.

38. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on September 21, 2020 by the Board of Directors of the Company.

39. GENERAL

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

39.2 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, 2020

Building a better working world

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INDEPENDENT AUDITOR'S REPORT

To the members of Macter International Limited

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 2020**, 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 2020, and (of) its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan, 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.

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-: 2 :-

Following are the Key audit matters:

Key audit matter	How our audit addressed the key audit matter
1. Existence and valuation of stock in trade	
As disclosed in note 9 to the accompanying consolidated financial statements, the stock in trade represents 28% 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. 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.	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. 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.
2. Financing arrangements	
As at 30 June 2020, the Group has outstanding long-term financing facilities and short-term borrowings amounting to Rs.694.328 million and Rs.891.231 million respectively. The Group has obtained the aforesaid financing for capital expenditures, investment in subsidiary and working capital requirements etc. (refer notes 16 and 20). The Group's key operating / performance indicators including liquidity, gearing and finance cost are directly influenced by the additions to its portfolio of borrowings. Further, financing arrangements entails financial and non-financial covenants that the Group is subject to compliance for. The accounting treatment and test / assessment of whether the Group continues to meet its covenants are significant to our audit. For such reasons we have identified this as a key audit matter.	We understood the Group's processes and assessed the design and operating effectiveness of controls for recording and reporting the terms and conditions of financing agreements and the associated finance costs. We confirmed directly with the financial institutions all the outstanding balances as at the balance sheet date. We assessed the maturity of the Group's financing to ensure that loans maturing within the next twelve months were classified in current liabilities. We have obtained and reviewed the agreements to ensure that the Group is in compliance with all the financial and non-financial covenants. We inquired from the management with respect to the future compliance of the covenants to ensure that there are no potential chances of non-compliance. We tested the calculation of finance cost recognised in the statement of profit or loss account. We also assessed the adequacy of the related disclosures in the notes to the consolidated financial statements and ensured they are in accordance with the terms and conditions included in the financing agreements.

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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 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.

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:

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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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.

EY Ford Rhodes

Chartered Accountants

Date: 25 September 2020

Karachi

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019
		---------- (Rupees in '000) ----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	**1,349,992**	1,248,312
Intangible assets	5	**60,410**	65,218
Long-term loans	6	**2,065**	2,147
Long-term deposits	7	**82,494**	74,537
Deferred tax asset	8	**46,665**	18,396
		1,541,626	1,408,610
CURRENT ASSETS			
Stores and spares		**3,767**	2,171
Stock-in-trade	9	**1,101,269**	841,849
Trade debts	10	**785,142**	599,532
Loans and advances	11	**91,270**	76,887
Trade deposits, prepayments and other receivables	12	**106,759**	76,998
Taxation - net		**168,958**	134,045
Cash and bank balances	13	**139,056**	144,969
		2,396,221	1,876,451
TOTAL ASSETS		**3,937,847**	3,285,061
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	14	**391,444**	391,444
Reserves		**667,144**	764,552
Equity attributable to the owner's of the Holding Company		**1,058,588**	1,155,996
Non controlling interest		**13,956**	4,031
		1,072,544	1,160,027
NON-CURRENT LIABILITIES			
Deferred liabilities	15	**203,128**	178,459
Long-term financing	16	**596,243**	354,330
Lease liabilities	17	**35,081**	
		834,452	532,789
CURRENT LIABILITIES			
Trade and other payables	18	**990,959**	648,245
Accrued profit	19	**27,474**	25,453
Short-term borrowings	20	**891,231**	815,751
Current portion of long-term financing	16	**98,085**	102,516
Current portion of lease liabilities	17	**22,834**	-
Unclaimed dividends		**268**	280
		2,030,851	1,592,245
CONTINGENCIES AND COMMITMENTS	21		
TOTAL EQUITY AND LIABILITIES		**3,937,847**	3,285,061

The annexed notes from 1 to 40 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, 2020

	Note	2020	2019
		---------- (Rupees in '000) ----------	
Turnover	24	**5,704,724**	4,194,932
Cost of sales	25	**(3,575,157)**	(2,403,621)
Gross profit		**2,129,567**	1,791,311
Distribution costs	26	**(1,656,635)**	(1,385,500)
Administrative expenses	27	**(228,331)**	(223,456)
Other expenses	28	**(8,242)**	(11,927)
Other income	29	**15,308**	20,778
Operating profit		**251,667**	191,206
Financial charges	30	**(243,308)**	(125,395)
Profit before taxation		**8,359**	65,811
Taxation	31	**(53,994)**	(22,763)
Net (loss) / profit for the year		**(45,635)**	43,048
		---------- (Rupees) ----------	
Basic and diluted (loss) / earnings per share	32	**(1.17)**	6.29
Attributable to:			
Owners of the Holding Company		**(28,397)**	70,262
Non-controlling interest		**(17,238)**	(27,214)
		(45,635)	43,048

The annexed notes from 1 to 40 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, 2020

	2020	2019
	---------- (Rupees in '000) ----------	
Net (loss) / profit for the year	**(45,635)**	43,048
Other comprehensive (loss) / income:		
Items that will not be reclassified subsequently to profit or loss		
Actuarial (loss) / gain on remeasurement of defined benefit plans – net of tax	**(5,928)**	2,496
Total comprehensive (loss) / income for the year	**(51,563)**	45,544
Attributable to:		
Owners of the Holding Company	**(34,325)**	72,758
Non-controlling interest	**(17,238)**	(27,214)
	(51,563)	45,544

The annexed notes from 1 to 40 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, 2020

	Note	2020	2019
		---------- (Rupees in '000)	----------
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		8,359	65,811
Adjustments:			
Depreciation		129,665	91,040
Amortization		6,231	5,875
Financial charges		243,308	125,395
Provision for gratuity		27,297	19,183
Gain on disposal of property, plant and equipment		(9,941)	(12,009)
Provision for slow moving and obsolete stock-in-trade - net		17,446	(19,106)
Allowance for expected credit loss		22,641	6,081
		436,647	216,459
		445,006	282,270
(Increase) / decrease in current assets			
Store and spares		(1,596)	(308)
Stock-in-trade		(276,866)	55,999
Trade debts		(208,251)	(59,878)
Loans and advances		(14,383)	25,328
Trade deposits, prepayments and other receivables		(29,761)	4,686
		(530,857)	25,827
Increase / (Decrease) in current liabilities			
Trade and other payables		342,702	(64,857)
		(188,155)	(39,030)
Financial charges paid		(241,287)	(113,659)
Income tax paid		(115,236)	(64,611)
Gratuity paid		(16,650)	(8,947)
Long-term loans		82	743
Long-term deposits		(7,957)	(4,425)
Deferred liabilities		6,154	(152)
		(374,894)	(191,051)
Net cash (used in) / generated from operating activities		(118,043)	52,189
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(157,333)	(157,593)
Proceeds from disposal of property, plant and equipment		18,917	20,594
Additions to intangible assets		(1,423)	(3,954)
Net cash (used in) investing activities		(139,839)	(140,953)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(35,230)	(72,417)
Issuance cost against right issue		(690)	-
Short-term borrowings obtained / (repaid)		5,480	62,821
Long-term financing obtained		237,482	101,658
Long-term lease liabilities		(25,073)	-
Net cash generated from financing activities		181,969	92,062
Net decrease in cash and cash equivalents during the year		(75,913)	3,298
Cash and cash equivalents at the beginning of the year		14,969	46,995
Cash and cash equivalents acquired through business combination		-	(35,324)
Cash and cash equivalents at the end of the year	36	(60,944)	14,969

The annexed notes from 1 to 40 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, 2020

	Issued, subscribed and paid-up share capital	Reserves			Non Controlling Interest	Total
		Capital reserves	Revenue reserves	Total reserves		
			Unappropriated profit			
	---------- (Rupees in '000) ----------					
Balance as at July 01, 2018	391,444	217,808	546,403	764,211	-	1,155,655
Non Controlling interest on acquisition of Subsidiary Company	-	-	-	-	31,245	31,245
Final cash dividend at Rs.1.85 per share for the year ended June 30, 2018	-	-	(72,417)	(72,417)	-	(72,417)
Net profit for the year	-	-	70,262	70,262	(27,214)	43,048
Other comprehensive gain	-	-	2,496	2,496	-	2,496
	-	-	72,758	72,758	(27,214)	45,544
Balance as at June 30, 2019	391,444	217,808	546,744	764,552	4,031	1,160,027
Balance as at July 01, 2019	**391,444**	**217,808**	**546,744**	**764,552**	**4,031**	**1,160,027**
Transactions with the owners						
Adjustment due to further acquisition of shares in subsidiary company	**-**	**-**	**(27,460)**	**(27,460)**	**27,460**	**-**
Final cash dividend @ Rs.0.90 per share for the year ended June 30, 2019	**-**	**-**	**(35,230)**	**(35,230)**	**-**	**(35,230)**
Issuance cost against right shares	**-**	**-**	**(393)**	**(393)**	**(297)**	**(690)**
Net profit for the year	**-**	**-**	**(28,397)**	**(28,397)**	**(17,238)**	**(45,635)**
Other comprehensive loss	**-**	**-**	**(5,928)**	**(5,928)**	**-**	**(5,928)**
	-	**-**	**(34,325)**	**(34,325)**	**(17,238)**	**(51,563)**
Balance as at June 30, 2020	**391,444**	**217,808**	**449,336**	**667,144**	**13,956**	**1,072,544**

The annexed notes from 1 to 40 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, 2020

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 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 Company is to manufacture and market pharmaceutical products.

1.1.3 During the year, the Holding Company acquired an additional 10,000,000 ordinary shares increasing the holding in voting shares from 56.90% to 72.53% of the subsidiary Company against a cash consideration of Rs.100 million.

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. Its registered office is at F-216, S.I.T.E, Karachi.

1.2.2 The principal activity of the 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.

1.4 Impact of COVID-19 pandemic on these financial statements

The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities during the period from March 2020 in line with the directives of the Government. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan. The lockdown, however, excluded companies involved in the business of necessary consumer supplies.

Impact on Holding Company

Being in an essential industry, the Company's production and distribution facilities have been permitted by the Government to operate with strict compliance of Standard Operating Procedures (SOPs) issued. The management has adopted all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity.

Impact on Subsidiary Company

COVID-19 has adversely impacted the subsidiary on a number of fronts including amongst others, disruption in growth due to slowdown in economic activity. The Subsidiary Company resumed operations after the lockdown was subsequently relaxed from the month of May, after implementing all necessary SOP's to ensure safety of employees.

According to management's assessment, there are no material implications of COVID-19 that require specific disclosure in these consolidated financial statements.

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); and

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017; 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:

	2020	2019
	---------- (Rupees in '000) ----------	
Non-current assets	**18,631**	16,608
Current assets	**107,503**	101,175
Non-current liabilities	**(51,886)**	(55,570)
Current liabilities	**(23,445)**	(52,862)
Net assets	**50,803**	9,351
Share of NCI @ 27.47% (2019: 43.11%)	**13,956**	4,031

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 NEW STANDARDS, AMENDMENTS, INTERPRETATIONS AND IMPROVEMENTS EFFECTIVE DURING THE 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:

New standards and amendments

IFRS 9 Prepayment Features with Negative Compensation (Amendments)

IFRS 14 Regulatory Deferral Accounts

IFRS 16 Leases

IFRS 16 COVID 19 Related Rent Concessions (Amendments)

IAS 19 Plan Amendment, Curtailment or Settlement (Amendments)

IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments)

IFRIC 23 Uncertainty over income tax treatments

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

IFRS 3 Business Combinations - Previously held Interests in a joint operation

IFRS 11 Joint Arrangements - Previously held Interests in a joint operation

IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity

IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Group's consolidated financial statements except stated below:

2.5.1 IFRS 16 - Leases

During the period, the Group have adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.

IFRS 16 supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Group has lease contracts for its Commercial offices and warehouse. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Trade deposits, short term prepayments and other receivables, respectively.

Upon adoption of IFRS 16, the Group initially recognized a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. The RoU asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs.

As permitted by the transitional provisions of IFRS 16, the Group elected not to restate the comparative figures and not to adjust the opening unappropriated profit. Accordingly, adjustment to the carrying amount of assets and liabilities were recognised in the current year.

The effect of adoption of IFRS 16 as at July 01, 2019 is as follows:

	July 01, 2019 (Rupees in '000)
Increase in RoU asset	82,987
Decrease in trade deposits, short term prepayments and other receivables	(7,260)
Increase in total assets	75,727
Increase in lease liability against assets subject to finance lease	75,727
Increase in net assets	-

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as of June 30, 2019 as follows:

	(Rupees in '000)
Operating lease commitments as at June 30, 2019	103,930
Weighted average incremental borrowing rate as at July 01, 2019	14.30%
Discounted operating lease commitments as at July 01, 2019	78,394
Less: Commitments relating to short-term leases	(2,667)
Lease liabilities as July 01, 2019	75,727

Set out below, are the carrying amounts of the Group's right-of-use assets, lease liabilities and interest liability and the movements during the period:

	RoU asset	Lease liability	Interest liability
	------------------------------ (Rupees in '000)	-------------------------	
As at July 01, 2019	**82,987**	**75,727**	**-**
Depreciation expense	**(23,262)**	**-**	**-**
Interest expense	**-**	**-**	**9,479**
Payments	**-**	**(27,291)**	**-**
As at June 30, 2020	**59,725**	**48,436**	**9,479**

2.6 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

	Effective date (annual periods beginning on after)
IFRS 3 Definition of a Business (Amendments)	January 01, 2020
IFRS 3 Business Combinations: Reference to the conceptual framework (Amendments)	January 01, 2022
IFRS 9 / IAS 39 and IFRS 7 - Interest rate benchmark reform (Amendments)	January 01, 2020
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IAS 1 / IAS 8 Definition of Material (Amendments)	January 01, 2020
IAS 1 - Classification of liabilities as current or non-current (Amendments)	* January 01, 2022
IAS 16 'Property, Plant and Equipment' - Proceeds before intended use (Amendments)	January 01, 2022
IAS 37 - Onerous Contracts — cost of fulfilling a contract (Amendments)	January 01, 2022

* The IASB has issued an exposure draft proposing to defer the effective date of the Amendments to IAS 1 to January 01, 2023.

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	January 01, 2022
IAS 41 - Agriculture – Taxation in fair value measurements	January 01, 2022

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of consolidated financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First Time adoption of IFRSs	01 January 2004
IFRS 17 – Insurance Contracts	01 January 2021

The Company expects that above new standards will not have any material impact on the Company's consolidated financial statements in the period of initial application.

2.7 Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities and assets, at the end of the reporting period. However, uncertainty about these estimates and judgments could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The management continually evaluates estimates and judgments which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognized prospectively.

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	3.5 & 9
- provision for impairment on financial assets	3.11.1 & 10.2
- provision for tax and deferred tax	3.20, 8 & 31
- provision for employee retirement benefits	3.12 & 15.2
- determining the lease term of contracts with renewal and termination options	3.19
- Estimating the incremental borrowing rate	3.19
- contingencies	21.1

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 and capital work-in-progress 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 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 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 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.

3.3 Impairment

The carrying values of the Group's assets are reviewed at each statement of 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

Stores and spare parts, except goods-in transit, are stated at moving average cost less provision for slow moving / obsolete items. Cost of goods-in-transit includes invoice value plus other costs incurred thereon up to the statement of financial position date.

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.

3.6 Loans, advances, deposits, prepayments and other receivables

Loans, advances, deposits, prepayments and other receivables 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.

3.8 Long-term and short-term borrowings

These are recorded at the proceeds received. Installments due within one year are shown as a current liability and mark-up on borrowings is charged to profit or loss as an expense, on accrual basis.

3.9 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

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 Solely Payments of Principal and Interest (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 fair value through OCI 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 SPPI 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.

The Group has not designated any financial asset as at FVPL.

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 consolidated 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 consolidated 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 all financial assets the Group 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 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 considers a financial asset in default depending on the past due days of various categories of its financial assets. 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, 2020 using the Project Unit Credit Method.

Defined contribution plan

The Group 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.

3.13 Revenue recognition

The Group recognises revenue at a point in time when control of product is transferred to customer. 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 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.

3.14 Other income

Other income is recognized on accrual basis.

Income on bank deposit is accrued on a time proportioned basis by reference to the principal outstanding and applicable rate of return.

3.15 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.

3.16 Foreign currency translations

Transactions in foreign currencies are recorded in Pakistan Rupees (functional currency) at the rates of exchange approximating those prevalent on the date of transaction. Monetary assets and liabilities in foreign currencies are reported in Pakistan rupees at the rate of exchange prevailing on the reporting date. Exchange gains or losses are taken to the statement of profit or loss.

3.17 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.

3.18 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.

3.19 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.

3.20 Taxation

Current

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years. Current tax is charged to profit or loss except to the extent it relates to items recognised in in other comprehensive income.

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.

Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the consolidated financial statements in the period in which these are approved.

3.21 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 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.

3.22 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.

		2020	**2019**
	Note	---------- (Rupees in '000) ----------	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	**1,263,777**	1,216,837
Capital work-in-progress	4.5	**26,490**	31,475
Right-of-use assets	4.6	**59,725**	-
		1,349,992	1,248,312

4.1 **Operating fixed assets:**

	Cost			Depreciation					
	As at July 01, 2019	Additions / (Deletions) during the year	As at June 30, 2020	As at July 01, 2019	Charge for the year	On deletions	As at June 30, 2020	Net book value as at June 30, 2020	Depreciation rate % per annum
	(Rupees in '000)								
Owned									
Leasehold land (note 4.3)	212,280	-	212,280	-	-	-	-	212,280	-
Buildings on leasehold land (note 4.3)	430,545	4,029 -	434,574	133,889	14,925	-	148,814	285,760	5
Plant and machinery	653,636	29,589 (12,075)	671,150	348,630	21,875	(9,661)	360,844	310,306	10
Tools and equipment	125,175	18,848 (9,497)	134,526	36,018	19,711	(6,578)	49,151	85,375	10
Gas and other installation	258,616	45,337 (501)	303,452	100,831	17,724	(448)	118,107	185,346	10
Furniture and fixture	75,538	6,413 -	81,951	26,776	5,272	-	32,048	49,903	10
Office equipment	34,816	1,846 -	36,662	16,202	1,971	-	18,173	18,489	10
Computer equipment	36,148	2,025 -	38,173	29,294	2,439	-	31,733	6,440	30
Motor Vehicles	152,701	54,231 (12,164)	194,768	70,978	22,486	(8,574)	84,890	109,878	20
	1,979,455	162,318 (34,237)	2,107,536	762,618	106,403	(25,261)	843,760	1,263,777	

Operating fixed assets:

	Cost			Depreciation					
	As at July 01, 2018	Additions / (Deletions) during the year	As at June 30, 2019	As at July 01, 2018	Charge for the year	On deletions	As at June 30, 2019	Net book value as at June 30, 2019	Depreciation rate % per annum
	(Rupees in '000)								
Owned									
Leasehold land (note 4.3)	207,630	4,650 -	212,280	-	-	-	-	212,280	-
Buildings on leasehold land (note 4.3)	362,637	67,908 -	430,545	119,983	13,906	-	133,889	296,656	5
Plant and machinery	548,283	105,523 (170)	653,636	315,820	32,821	(11)	348,630	305,006	10
Tools and equipment	80,879	44,296 -	125,175	30,029	5,989	-	36,018	89,157	10
Gas and other installation	169,429	89,187 -	258,616	89,872	10,959	-	100,831	157,785	10
Furniture and fixture	57,579	17,959 -	75,538	22,479	4,297	-	26,776	48,762	10
Office equipment	31,382	3,740 (306)	34,816	14,467	1,867	(132)	16,202	18,614	10
Computer equipment	35,564	1,303 (719)	36,148	27,157	2,721	(584)	29,294	6,854	30
Motor Vehicles	140,042	30,336 (17,677)	152,701	62,058	18,480	(9,560)	70,978	81,723	20
	1,633,425	364,902 (18,872)	1,979,455	681,865	91,040	(10,287)	762,618	1,216,837	

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 / (loss)	Mode of disposal	Particulars of buyers
	(Rupees in '000)						
Tools and equipment	**3,313**	**2,474**	**839**	**1,589**	**750**	Negotiation	Technology Links (Pvt) Ltd.
Tools and equipment	**2,974**	**1,992**	**982**	**1,589**	**607**	Negotiation	Technology Links (Pvt) Ltd.
Tools and equipment	**2,974**	**1,992**	**982**	**1,589**	**607**	Negotiation	Technology Links (Pvt) Ltd.
Motor Vehicles	**3,500**	**2,155**	**1,345**	**2,100**	**755**	3rd party via bid	Mr. Akbar Mumtaz
Motor Vehicles	**6,091**	**5,535**	**556**	**3,000**	**2,444**	3rd party via bid	Mr. Abbas
Motor Vehicles	**795**	**232**	**563**	**661**	**98**	Settled through claim received	
Items having book value of less than Rs. 500,000 each	**14,590**	**10,881**	**3,709**	**8,389**	**4,680**		
June 30, 2020	**34,237**	**25,261**	**8,976**	**18,917**	**9,941**		
June 30, 2019	18,872	10,287	8,585	20,594	12,009		

4.3 **Particulars of immovable fixed assets:**

Location	Usage	Total Area (Square fit)*
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		718,741

* The covered area includes multi storey buildings.

	Note	2020	2019
		(Rupees in '000)	
4.4 Depreciation charge for the year on operating fixed assets has been allocated as follows:			
Cost of sales	25	**75,131**	64,582
Distribution cost	26	**21,570**	19,395
Administrative expenses	27	**9,702**	7,063
		106,403	91,040

4.5 Capital work-in-progress

2020	Civil works	Leasehold land	Plant and machinery	Others	Total
	(Rupees in '000)				
Opening balance	**683**	**2,050**	**28,427**	**315**	**31,475**
Capital expenditure incurred / advances made	**4,015**	**4,956**	**47,926**	**3,115**	**60,012**
Transfer to operating fixed assets	**(4,698)**	**-**	**(59,355)**	**(944)**	**(64,997)**
Closing balance	**-**	**7,006**	**16,998**	**2,486**	**26,490**

2019	Civil works	Leasehold land	Plant and machinery	Others	Total
	(Rupees in '000)				
Opening balance	79,687	4,000	150,207	4,886	238,780
Capital expenditure incurred / advances made	24,913	2,700	42,292	2,876	72,781
Transfer to operating fixed assets	(103,917)	(4,650)	(164,072)	(7,447)	(280,086)
Closing balance	683	2,050	28,427	315	31,475

	Note	2020	2019
		(Rupees in '000)	
4.6 Right-of-use assets			
As at July 01, 2019			
Cost (Impact of initial application of IFRS 16)	2.5.1	**82,987**	-
Accumulated depreciation		**-**	-
Net book value		**82,987**	-
Year ended June 30, 2020			
Opening net book value		**82,987**	-
Additions during the year		**-**	-
Depreciation for the year	4.6.1	**(23,262)**	-
Closing net book value		**59,725**	
As at June 30, 2020			
Cost		**82,987**	-
Accumulated depreciation		**(23,262)**	-
Net book value		**59,725**	-

	Note	2020	2019
		---------- (Rupees in '000) ----------	

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

	Note	2020	2019
Cost of sales	25	**3,740**	-
Distribution cost	26	**19,522**	-
		23,262	-

5. INTANGIBLE ASSETS

2020	Cost			Amortization				
	As at July 01, 2019	Additions during the year	As at June 30, 2020	As at July 01, 2019	Charge for the year	As at June 30, 2020	Net book value as at June 30, 2020	Amortization rate % per annum
	---- (Rupees in '000) ----							
Goodwill	**4,632**	**-**	**4,632**	**-**	**-**	**-**	**4,632**	**-**
Brand "MMM"	**54,127**	**-**	**54,127**	**2,030**	**2,706**	**4,736**	**49,391**	**5**
Software licenses	**22,474**	**1,423**	**23,897**	**15,170**	**2,927**	**18,097**	**5,800**	**20-33**
SAP ERP	**41,802**	**-**	**41,802**	**40,617**	**598**	**41,215**	**587**	**20**
Manufacturing and distribution rights	**20,000**	**-**	**20,000**	**20,000**	**-**	**20,000**	**-**	**20**
	143,035	**1,423**	**144,458**	**77,817**	**6,231**	**84,048**	**60,410**	

2019	Cost			Amortization				
	As at July 01, 2018	Additions during the year	As at June 30, 2019	As at July 01, 2018	Charge for the year	As at June 30, 2019	Net book value as at June 30, 2019	Amortization rate % per annum
	---- (Rupees in '000) ----							
Goodwill	-	4,632	4,632	-	-	-	4,632	-
Brand "MMM"	-	54,127	54,127	-	2,030	2,030	52,097	5
Software licenses	17,806	4,668	22,474	11,540	3,630	15,170	7,304	20-33
SAP ERP	41,802	-	41,802	40,019	598	40,617	1,185	20
Manufacturing and distribution rights	20,000	-	20,000	20,000	-	20,000	-	20
	79,608	63,427	143,035	71,559	6,258	77,817	65,218	

	Note	2020	2019
		---------- (Rupees in '000) ----------	

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

	Note	2020	2019
Cost of sales	25	**367**	263
Distribution cost	26	**3,418**	5,782
Administrative expenses	27	**2,446**	2,900
		6,231	8,945

5.2 Impairment testing of goodwill

The Group has performed its annual impairment test on the following cash generating unit as at June 30, 2020:

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 15.59% for goodwill impairment testing. The growth rate used to extrapolate the cash flows beyond the ten 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 no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

	Note	2020	2019
		(Rupees in '000)	
6. LONG-TERM LOANS - secured, considered good			
Due from:			
- Executives*		**1,536**	1,746
- Other employees		**4,669**	6,547
	6.1	**6,205**	8,293
Less: Current portion			
- Executives		**(514)**	(1,531)
- Other employees		**(3,626)**	(4,615)
	11	**(4,140)**	(6,146)
		2,065	2,147

6.1 These represent markup 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 fifty five 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.

	Note	2020	2019
		---------- (Rupees in '000) ----------	
7. LONG-TERM DEPOSITS			
Ijarah lease rentals		**36,097**	34,878
Diminishing musharakah		**41,669**	35,386
Utilities		**4,033**	3,473
Rent		**695**	800
		82,494	74,537
8. DEFERRED TAX ASSET			
Deductible temporary differences in respect of:			
Provisions for:			
- impairment on slow moving and obsolete items		**11,148**	7,816
- impairment on trade debts		**22,857**	18,064
- retirement and other service benefits		**40,487**	38,309
Lease liabilities		**16,190**	-
Minimum tax		**76,472**	58,248
Others		**14,386**	12,444
		181,540	134,881
Less: Taxable temporary differences			
Right-of-use assets		**(16,696)**	-
Accelerated tax depreciation		**(118,179)**	(116,485)
	8.1	**46,665**	18,396
8.1 Movement in deferred tax asset - net is as follows:			
Balance at beginning of the year		**18,396**	7,782
Impact of change in accounting policy		**-**	3,837
Balance at beginning of the year		**18,396**	11,619
- recognized in profit or loss		**26,329**	7,774
- recognized in other comprehensive loss		**1,940**	(997)
Balance at end of the year		**46,665**	18,396

	Note	2020	2019
		---------- (Rupees in '000) ----------	
9. STOCK-IN-TRADE			
In hand			
- raw materials		**472,026**	264,024
- packing materials		**235,025**	170,963
- work-in-process		**72,265**	65,668
- finished goods		**357,075**	361,668
	9.1	**1,136,391**	862,323
Less: Provision for slow moving and obsolete items	9.3	**(44,822)**	(27,376)
		1,091,569	834,947
In transit	9.2	**9,700**	6,902
		1,101,269	841,849

9.1 This includes items costing Rs.3.12 million (2019: Rs.10.17 million) which have been valued at their net realizable value of Rs.2.40 million (2019: Rs.7.76 million).

This includes stock which is pledged with various banks against short-term borrowings as disclosed in note 20 to these consolidated financial statements.

9.2 Stock in transit includes raw material of Rs.2.27 million (2019: Rs.3.18 million), packing material of Rs.0.03 million (2019: Rs.0.47 million) and finished goods of Rs.7.39 million (2019: Rs.3.26 million).

	Note	2020	2019
		---------- (Rupees in '000) ----------	
9.3 Provision for slow moving and obsolete items			
Opening balance		**27,376**	46,482
Charge for the year		**30,761**	10,716
Write off during the year		**(13,315)**	(29,822)
Closing balance		**44,822**	27,376
10. TRADE DEBTS - unsecured			
Considered good	10.1	**785,142**	599,532
Considered doubtful		**91,056**	68,415
Trade debts - gross		**876,198**	667,947
Allowance for expected credit loss	10.2	**(91,056)**	(68,415)
Trade debts - net	10.3	**785,142**	599,532

10.1 These trade debts include Rs.31.691 million (2019: Rs.3.262 million) representing receivable against export sales to Africa and Asia amounting to Rs.22.445 million (2019: Rs.0.608 million) and Rs.9.246 million (2019: Rs.2.654 million) respectively.

	Note	2020	2019
		---------- (Rupees in '000) ----------	

10.2 Allowance for expected credit loss

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

		2020	2019
Balance at beginning of the year		**68,415**	62,334
Provision recognised during the year		**25,144**	6,081
Write offs during the year		**(2,503)**	-
		22,641	6,081
Balance at end of the year		**91,056**	68,415

10.3 This includes receivable from a related party - Depilex (Private) Ltd. The maximum aggregate amount outstanding during the year was Rs. 2.33 million (2019: Rs. 2.32 million).

10.4 As at June 30, 2020, trade debts aggregating to Rs.466 (2019: Rs.284) million are neither past due nor impaired. The remaining debts aggregating to Rs.319 (2019: Rs.316) million are past due but not impaired. The ageing analysis of these past due trade debts is as follows:

		2020	2019
Trade debts			
Neither past due nor impaired		**465,773**	283,650
Past due but not impaired:			
- within 30 days		**119,304**	93,394
- within 31 to 90 days		**84,345**	71,687
- within 91 to180 days		**55,771**	9,521
- within 181 to 360 days		**31,044**	22,917
- over 360 days		**28,905**	118,363
		785,142	599,532

11. LOANS AND ADVANCES - considered good

	Note	2020	2019
Current portion of long term loans	6	**4,140**	6,146
Advances to:			
- employees	11.1	**6,007**	15,784
- suppliers		**81,108**	54,740
- others		**15**	217
		87,130	70,741
		91,270	76,887

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

	Note	2020	2019
		---------- (Rupees in '000) ----------	

12. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2020	2019
Deposits			
Ijarah lease rentals		**6,240**	5,532
Diminishing musharakah		**5,277**	1,362
Margin against bank guarantees		**21,975**	18,236
Tender deposits		**58,962**	34,992
Others		**450**	6,711
		92,904	66,833
Prepayments			
Rent		**-**	7,260
Software license		**2,325**	2,262
Takaful		**798**	224
Machine and equipments		**452**	-
Fees, rates and taxes		**217**	221
		3,792	9,967
Other receivables			
Profit on savings account		**688**	188
Others		**9,375**	10
		10,063	198
		106,759	76,998

13. CASH AND BANK BALANCES

	Note	2020	2019
Cash in hand		**-**	608
Balances with banks in:			
- current accounts		**56,051**	86,236
- saving accounts	13.1	**82,737**	57,845
- dividend account		**268**	280
		139,056	144,361
Cash and bank balances		**139,056**	144,969

13.1 These carry profit at the rates ranging from 3.54% to 7.55% (2019: 2.25% to 6.15%) per annum.

14. SHARE CAPITAL

14.1 Authorized share capital

2020	2019		2020	2019
----- Number of shares -----			---------- (Rupees in '000) ----------	
65,000,000	65,000,000	Ordinary shares of Rs.10/- each	**650,000**	650,000

14.2 Issued, subscribed and paid up share capital

2020	2019		2020	2019
8,430,868	8,430,868	Issued for cash	**84,309**	84,309
30,489,649	30,489,649	Issued as fully paid bonus shares	**304,897**	304,897
223,834	223,834	Issued pursuant to merger with Associated Services Limited	**2,238**	2,238
39,144,351	39,144,351		**391,444**	391,444

	Note	2020	2019
		---------- (Rupees in '000) ----------	
15. DEFERRED LIABILITIES			
Advance against motor vehicles		**740**	688
Government Grant	15.1	**6,102**	-
Employees' gratuity payable	15.2	**196,286**	177,771
		203,128	178,459
15.1 Government Grant			
Opening balance		**-**	-
Received during the year		**14,824**	-
Released to the statement of profit or loss		**-**	-
Closing balance		**14,824**	-
Current portion of Government Grant	20	**8,722**	-
Long-term portion of Government Grant		**6,102**	-
		14,824	-

15.1.1 As mentioned in note 16.5, 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.

15.2 Defined benefit plan - unfunded gratuity scheme

The latest actuarial valuation was carried out on June 30, 2020 by an appointed actuary using "Projected Unit Credit Actuarial Cost Method".

	2020	2019
	--- Number of Employees ---	
The number of employees covered under the defined benefit scheme are:	**474**	507

The following principal actuarial assumptions were used for the valuation of above mentioned scheme:

	2020	2019
Financial assumptions		
- Discount rate (per annum compounded)	**8.50%**	13.25%
- Salary increase per annum	**8.50%**	12.25%
Demographic assumptions		
- Normal retirement	**60 years**	60 years
- Mortality rate	**EFU (61-66)**	EFU (61-66)

	2020	2019
	---------- (Rupees in '000) ----------	
Liability in balance sheet		
Present value of defined benefit obligations	**196,286**	177,771
Movement in liability during the year		
Opening balance	**177,771**	171,029
Charged to profit and loss account	**27,297**	19,183
Benefits paid during the year	**(16,650)**	(8,947)
Actuarial loss / (gain) recognised in other comprehensive income	**7,868**	(3,494)
Closing balance	**196,286**	177,771
Reconciliation of the present value of defined benefit obligations		
Present value of defined benefit obligations as at July 01, 2019	**177,771**	171,029
Current service cost	**4,845**	4,609
Finance cost	**22,452**	14,574
Benefits paid	**(16,650)**	(8,947)
Actuarial loss / (gain) on obligation	**7,868**	(3,494)
Present value of defined benefit obligations as at June 30, 2020	**196,286**	177,771
Charge for the defined benefit plan		
Cost recognised in profit and loss		
Current service cost	**4,845**	4,609
Finance cost	**22,452**	14,574
	27,297	19,183
Actuarial loss / (gain) on defined benefit obligation recognised in other comprehensive income		
Actuarial loss / (gain) on defined benefit obligation		
- Loss / (gain) due to change in financial assumptions	**11,914**	(11,478)
- Loss due to change in demographic assumptions	**-**	3,080
- (Gain) / Loss due to change in experience adjustments	**(4,046)**	4,904
	7,868	(3,494)
Expected contributions to the fund in the following year	**19,993**	25,858
Expected benefit payments to retirees in the following year	**38,424**	38,364
Weighted average duration of the defined benefit obligation (year)	**7.80**	7.50

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:

	2020	2019
	(Rupees in '000)	
Increase in discount rate by 1%	**(12,300)**	10,159
Decrease in discount rate by 1%	**14,002**	(11,478)
Increase in expected future increment in salary by 1%	**13,866**	11,478
Decrease in expected future increment in salary by 1%	**(12,408)**	(10,331)

Comparison for Five Years

As at June 30,	2020	2019	2018	2017	2016
	(Rupees in '000)				
Defined benefit obligation	**196,286**	177,771	171,029	165,514	140,780
Experience adjustment (gain) / loss on obligation (as percentage of plan obligations)	**-2.06%**	2.76%	0.67%	16.19%	(4.80%)

	Note	2020	2019
		(Rupees in '000)	
16. LONG-TERM FINANCING			
Loan from a related party	16.1	**55,570**	59,254
Diminishing musharakah on:			
- leasehold land and buildings	16.2	**152,500**	76,263
- plant and machinery	16.3	**217,681**	253,727
- vehicles	16.4	**97,221**	67,602
- salaries and wages	16.5	**171,356**	
		694,328	456,846
Less: Current maturity shown under current liabilities		**(98,085)**	(102,516)
		596,243	354,330

16.1 This represents loan obtained from one of the director of the Holding Company, under mark-up arrangements. It carries profit at 90 days average of 12 Months KIBOR for 3rd calendar Quarter-2019 which is fixed for the period as 12.30% per annum. (2019: 90 days average of 12 months KIBOR for 3rd calendar Quarter-2018 which was fixed for the period as 7.05% per annum). The profit is payable on monthly basis.

16.2 These facilities have been obtained from Meezan Bank Limited for different lands. These carry mark-up at the rate of 6 Months KIBOR plus 1.25% to 1.50% (2019: KIBOR plus 1.25% to 2.00%) per annum and having maturity till May 2025 (2019: August 2022). These facilities are secured against the respective assets.

The Holding company obtained 12 month deferral against principal repayment effective from May 2020 under SBP Regulatory Relief to dampen the effects of Covid -19 - Prudential Regulations for Corporate / Commercial Banking through its circular BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

16.3 These facilities have been obtained from First Habib Modaraba, Dubai Islamic Bank and MCB Islamic Bank for different machineries. These carry mark-up at the rates of 6 Months KIBOR plus 1.25% to 2.00% (2019: KIBOR plus 1.40% to 2.00%) per annum and having maturity till March 2025 (2019: September 2024). These facilities are secured against the respective assets.

The Holding company obtained 12 month deferral against principal repayment from MCB Islamic Bank effective from June 2020 under SBP Regulatory Relief to dampen the effects of Covid -19 - Prudential Regulations for Corporate / Commercial Banking through its circular BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

16.4 These facilities have been obtained from First Habib Modaraba and Albaraka Bank (Pakistan) Limited. These carry mark-up at the rates of 6 Months KIBOR plus 1.00% to 1.40% (2019: KIBOR plus 1.25% to 1:50%) per annum and are having maturity till January 2026 (2019: December 2023). These facilities are secured against the respective assets.

The Holding company obtained 12 month deferral against principal repayment from Albaraka Bank (Pakistan) Limited effective from May 2020 under SBP Regulatory Relief to dampen the effects of Covid -19 - Prudential Regulations for Corporate / Commercial Banking through its circular BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

16.5 During the period, the Holding Company utilized Rs.186 million against 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 circular IH&SMEFD Circular No. 07 dated April 10, 2020 issued . This carries mark-up at the subsidised rate of 3% and is repayable latest by December 2022. The differential mark-up has been recognised as government grant (as mentioned in note 15.1) which will be amortised to mark-up income over the period of facility. The existing equitable mortgage charge over company properties E-40/A & Neclass no 158 of Deh Tore, Tapo Konkar, Gadap Town, District Malir, Karachi with 25% margin in favor of the bank.

	Note	2020	2019
		(Rupees in '000)	
17. LEASE LIABILITIES			
Lease liabilities		**57,915**	-
Current portion of lease liabilities		**(22,834)**	-
		35,081	-

	Note	2020	2019
		---------- (Rupees in '000) ----------	

17.1 Reconciliation of the carrying amount is as follows:

	Note	2020	2019
Initial application of IFRS 16 on July 01, 2019	2.5.1	75,727	-
Additions during the year		-	-
Accretion of finance cost	30	9,479	-
Lease rental payments made during the year		(27,291)	-
Lease Liability as at June 30, 2020		57,915	-
Current portion of lease liabilities		(22,834)	-
Long-term lease liabilities as at June 30, 2020		35,081	-

17.2 Maturity analysis

	2020	2019
Gross lease liabilities - minimum lease payments:		
Not later than one year	29,430	-
Later than one year but not later than five years	44,542	-
	73,972	-
Future finance charge	(16,057)	-
Present value of finance lease liabilities	57,915	-

18. TRADE AND OTHER PAYABLES

	Note	2020	2019
Trade and other creditors		616,215	358,597
Advances from customers		131,760	115,334
Accrued liabilities		93,378	53,085
Provision for gas infrastructure development cess	18.1	82,792	66,795
Sindh Workers' Profit Participation Fund	18.2	3,392	2,852
Workers' Welfare Fund	18.3	23,014	21,725
Central Research Fund		632	1,238
Payable to provident fund	18.4	3,319	3,302
Current portion of government grant	15.1	8,722	-
Ijarah rental payable		9,426	4,591
Auditors' remuneration		2,406	2,363
Withholding taxes payable		7,650	9,651
Others		8,253	8,712
		990,959	648,245

18.1 Provision for gas infrastructure development cess

	2020	2019
Opening balance	66,795	54,150
Charge for the year	15,997	12,645
	82,792	66,795

18.2 Sindh Workers' Profit Participation Fund

	2020	2019
Opening balance	2,852	17,393
Markup thereon	161	1,510
Charge for the year	3,392	6,651
	6,405	25,554
Less: Payments made during the year	(3,013)	(22,702)
Closing balance	3,392	2,852

18.3 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.

18.4 Provident fund

18.4.1 General disclosures

The following information is based on the latest un-audited financial statements of the fund:

	2020 (Unaudited)	2019 (Audited)
Size of the fund	**209,047**	154,529
Percentage of investments made	**93%**	94%
Cost of investments	**194,511**	145,425
Fair value of investments made	**184,934**	134,776

18.4.2 Break-up of investments

Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2020 (Unaudited)		2019 (Audited)	
Particulars	**Investment** (Rupees in '000)	**% of investment as size of fund**	**Investment** (Rupees in '000)	**% of investment as size of fund**
Investment in Equity Collective Investment Scheme	**10,319**	**6%**	10,104	7%
Investment in Other Collective Investment Scheme	**7,667**	**4%**	7,088	5%
Bank balances	**46,948**	**25%**	2,584	2%
Others (Special Musharakah Certificate)	**120,000**	**65%**	115,000	85%
	184,934	**100%**	134,776	100%

18.4.3 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.

		2020	2019
		---------- (Rupees in '000) ----------	
19. ACCRUED PROFIT			
Diminishing musharakah		**3,009**	1,687
Istisna'a		**1,212**	711
Murabaha		**16,990**	19,164
Musharakah running finance		**6,263**	3,891
		27,474	25,453
20. SHORT TERM BORROWINGS - secured			
Istisna'a	20.1	**45,284**	19,511
Musharakah running finance	20.2	**200,000**	130,000
Murabaha	20.3	**645,947**	666,240
		891,231	815,751

20.1 This represents finance facility obtained from Dubai Islamic Bank. This carries profit at the rate of 6 Months KIBOR plus 1.25% to 1.50% (2019: 6 Months KIBOR plus 1.25%) per annum and having maturity till November 2020 (2019: July 2019). These are secured by way of hypothecation on stock-in-trade and trade debts of the Holding Company.

20.2 These represent finance facility obtained from MCB Islamic Bank. This carries profit at the rate of 3 Months KIBOR plus 0.85% to 1.25% (2019: 3 months KIBOR plus 0.85%) per annum and is repayable on demand. These are secured by way of hypothecation on stock-in-trade and trade debts of the Holding Company.

20.3 These represent outstanding murabaha facilities with various Islamic banks for the purpose of purchase of inventory. These carry profit at the rates ranging from 6 Months KIBOR plus 1.00% to 2.25% (2019: from 3 to 6 Months of KIBOR plus 1.00% to 2.25%) per annum and having maturity till December 2020 (2019:December 2019). These are secured against hypothecation of stock in trade and trade debts of the Group.

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

Holding Company

21.1.1 Certain cases have been filed against the Holding Company by some employees against their termination / dismissal. If case goes to in favour of employees, Rs.9.53 million (2018: Rs. 7.24 million) may be paid as remuneration. Provision has not been made in these consolidated financial statements for the said amount as the management of the Holding Company, based on the advice of its legal counsel handling the subject cases, is of the opinion that matters shall be decided in the Holding Company’s favour.

21.1.2 During the year ended June 30, 2015, the Additional Commissioner Inland Revenue (ACIR) framed an order under section 122(5A) of Income Tax Ordinance, 2001 amounting to Rs.6.399 million for tax year 2013 on account of disallowance of certain expenses. The Holding Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR (A)] who reverted the case back to the ACIR for re-adjudication. Being aggrieved, the tax authorities filed an appeal before the Appellate Tribunal Inland Revenue, which is pending adjudication. The management, based on tax advice, is confident for a favorable outcome, accordingly, no provision is made in these consolidated financial statements in this respect.

21.1.3 During the year ended June 30, 2020, the Deputy Commissioner Inland Revenue (DCIR) passed demand order under section 122(1) of the Income Tax Ordinance, 2001 amounting to Rs.28.567 million for the tax year 2014 on account of disallowance of certain expenses. The Holding company filed an appeal before the Commissioner Inland Revenue (Appeals). The management, based on tax advice, is confident for a favourable outcome, accordingly no provision is made in these consolidated financial statements in this respect.

Subsidiary Company

21.1.4 There were no contingencies as at June 30, 2020 (2019: Nil).

	Note	2020	2019
		---------- (Rupees in '000) ----------	
21.2 Commitments			
Outstanding letters of credit		**147,380**	55,641
Outstanding letters of guarantee		**115,231**	89,667
Commitments for capital expenditure		**22,174**	43,395
Commitments for Ijarah rentals in respect of plant and machinery, motor vehicles and equipment:			
2020		**-**	100,457
2021		**83,494**	90,938
2022		**75,165**	62,569
2023		**35,280**	9,640
2024		**15,252**	998
2025		**7,863**	-
		217,054	264,602

22. OPERATING SEGMENTS

	Holding Company		Subsidiary Company		Group	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Local	**5,268,176**	3,943,576	**211,098**	153,116	**5,479,274**	4,096,692
Export	**199,252**	63,278	**-**	-	**199,252**	63,278
Toll income	**93,047**	106,373	**-**	-	**93,047**	106,373
Turnover	**5,560,475**	4,113,227	**211,098**	153,116	**5,771,573**	4,266,343
Sales tax	**32,336**	31,475	**34,513**	39,936	**66,849**	71,411
Net turnover	**5,528,139**	4,081,752	**176,585**	113,180	**5,704,724**	4,194,932
Cost of Sales	**(3,490,757)**	(2,348,865)	**(84,400)**	(54,756)	**(3,575,157)**	(2,403,621)
Gross Profit	**2,037,382**	1,732,887	**92,185**	58,424	**2,129,567**	1,791,311
Other income	**15,308**	20,778	**-**	-	**15,308**	20,778
Distribution costs	**(1,523,132)**	(1,277,658)	**(133,503)**	(107,842)	**(1,656,635)**	(1,385,500)
Administrative expenses	**(226,395)**	(221,909)	**(1,936)**	(1,547)	**(228,331)**	(223,456)
Other expenses	**(8,242)**	(11,927)	**-**	-	**(8,242)**	(11,927)
Finance cost	**(232,388)**	(119,560)	**(10,920)**	(5,835)	**(243,308)**	(125,395)
Profit / (loss) before tax	**62,533**	122,611	**(54,174)**	(56,800)	**8,359**	65,811
Segments assets	**3,757,691**	3,210,551	**126,133**	117,783	**3,883,824**	3,328,334
Unallocated Assets	**-**	-	**-**	-	**54,023**	56,729
Segment Liabilities	**2,789,973**	2,016,605	**75,330**	108,432	**2,865,303**	2,125,037
Depreciation and amortisation charge	**131,099**	93,631	**2,091**	1,254	**133,190**	94,885
Capital expenditure	**301,764**	429,107	**3,553**	8,576	**305,317**	437,683

22.1 Out of total net turnover of the Group, 96.51% (2019: 98.49%) relates to customers in Pakistan. Further, all non-current assets of the Group as at June 30, 2020 are located in Pakistan.

22.2 Out of total net turnover of the Group, 10.95% (2019: Nil) relates to a single major customer located in Pakistan.

		Note	2020	2019
			---------- (Rupees in '000) ----------	
23.	**RECONCILIATION OF SEGMENTS ASSETS AND LIABILITIES**			
23.1	**Assets**			
	Total Assets for reportable segments		**3,883,824**	3,328,334
	Intangibles - goodwill and brands		**54,023**	56,729
			3,937,847	3,285,061
23.2	**Depreciation and amortisation**			
	Total depreciation and amortisation for reportable segments		**133,190**	94,885
	Amorisation of brand		**2,706**	2,030
			135,896	96,915
24.	**TURNOVER**			
	Gross sales			
	Local		**5,479,274**	4,096,692
	Export		**199,252**	63,278
			5,678,526	4,159,970
	Less: Sales tax		**66,849**	71,411
			5,611,677	4,088,559
	Toll manufacturing		**93,047**	106,373
			5,704,724	4,194,932
25.	**COST OF SALES**			
	Raw and packing materials consumed	25.1	**2,761,845**	1,717,326
	Salaries, wages and benefits	25.2	**422,461**	388,706
	Fuel and power		**168,852**	120,264
	Ijarah lease rentals		**75,516**	62,747
	Repairs and maintenance		**56,941**	52,961
	Laboratory and factory supplies		**18,667**	29,732
	Takaful		**3,167**	3,097
	Provision for slow moving and obsolete stock-in-trade	9.3	**30,761**	10,716
	Printing and stationery		**6,913**	6,071
	Rent, rates and taxes		**6,005**	8,517
	Legal and professional		**1,041**	204
	Travelling, conveyance and entertainment		**1,438**	2,508
	Depreciation	4.4 & 4.6.1	**78,871**	64,582
	Amortization	5.1	**367**	263
	Postage and communication		**1,529**	1,118
	Training and development cost		**81**	727
	Others		**356**	144
			3,634,811	2,469,683
	Work-in-process			
	Opening		**65,668**	52,716
	Closing		**(72,265)**	(65,668)
			(6,597)	(12,952)
	Cost of goods manufactured		**3,628,214**	2,456,731
	Finished goods			
	Opening		**361,667**	388,177
	Closing		**(352,131)**	(361,667)
			9,536	26,510
	Physician samples		**(62,593)**	(79,620)
			3,575,157	2,403,621

	Note	2020	2019
		---------- (Rupees in '000) ----------	

25.1 Raw and packing materials consumed

Opening stock		**434,987**	521,759
Purchases		**3,033,909**	1,630,554
		3,468,896	2,152,313
Closing stock		**(707,051)**	(434,987)
		2,761,845	1,717,326

25.2 This includes amount of Rs.10.84 million (2019: Rs.9.89 million) in respect of staff provident fund.

26. DISTRIBUTION COSTS

Salaries and benefits	26.1	**810,879**	713,050
Sales promotion expenses		**324,931**	271,771
Repair and maintenance		**25,103**	25,103
Fuel and power		**21,547**	16,588
Ijarah lease rentals		**26,319**	27,039
Printing and stationery		**2,928**	3,340
Takaful		**3,865**	3,783
Provision for impairment	10.2	**24,833**	6,081
Postage and communication		**7,886**	6,318
Rent, rate and taxes		**23,768**	33,718
Legal and professional		**1,752**	1,465
Freight charges		**85,942**	63,650
Training and development cost		**88,100**	90,834
Depreciation	4.4 & 4.6.1	**41,092**	19,395
Amortization	5.1	**3,418**	2,712
Traveling, conveyance and entertainment		**52,518**	62,206
Service charges		**91,492**	23,362
Subscription charges		**20,262**	15,085
		1,656,635	1,385,500

26.1 This includes amount of Rs.22.05 million (2019: Rs.19.44 million) in respect of staff provident fund.

27. ADMINISTRATIVE EXPENSES

Salaries and benefits	27.1	**140,023**	144,553
Director`s fee		**779**	842
Fuel and power		**10,566**	8,471
Ijarah lease rentals		**4,503**	4,811
Legal and professional		**21,043**	12,423
Printing and stationery		**4,016**	2,556
Auditors' remuneration	27.2	**3,355**	2,845
Rent, rates and taxes		**5,943**	6,893
Takaful		**1,278**	1,162
Repairs and maintenance		**18,570**	20,738
Postage and communication		**3,705**	3,379
Depreciation	4.4	**9,702**	7,063
Amortization	5.1	**2,446**	2,900
Training and development cost		**169**	319
Traveling, conveyance and entertainment		**1,726**	3,307
Others		**507**	1,194
		228,331	223,456

27.1 This includes amount of Rs.6.44 million (2019: Rs.5.89 million) in respect of staff provident fund.

	2020	2019
	---------- (Rupees in '000) ----------	
27.2 Auditors' remuneration		
Annual audit fee of unconsolidated financial statement	**1,423**	1,200
Half year review of unconsolidated financial statement	**350**	300
Annual audit fee of consolidated financial statement	**420**	400
Other services and certifications	**665**	450
	2,858	2,350
Out of pocket expenses	**286**	323
Sales tax	**211**	172
	3,355	2,845

	2020	2019
28. OTHER EXPENSES		
Sindh Workers' Profit Participation Fund	**3,392**	6,651
Workers' Welfare Fund	**1,289**	2,528
Central Research Fund	**632**	1,238
Exchange loss - net	**2,768**	-
Mark-up on Sindh Workers' Profit Participation Fund	**161**	1,510
	8,242	11,927

	2020	2019
29. OTHER INCOME		
Profit on savings accounts	**3,174**	725
Gain on disposal of property, plant and equipment	**9,941**	12,009
Scrap sales	**1,412**	1,270
Exchange gain - net	**-**	611
Others	**781**	6,163
	12,134	20,053
	15,308	20,778

	2020	2019
30. FINANCIAL CHARGES		
Mark-up on:		
- Loan from a related party	**8,583**	4,606
- Diminishing musharakah	**63,180**	39,340
- Istisna`a	**24,360**	5,070
- Murabaha	**111,363**	64,230
- Musharakah running finance	**24,876**	11,309
- Right of use - assets	**9,479**	-
	241,841	124,555
Bank charges and commission	**1,467**	840
	243,308	125,395

	2020	2019
31. TAXATION		
Current	**80,323**	35,456
Prior	**-**	(4,919)
Deferred	**(26,329)**	(7,774)
	53,994	22,763

31.1 Income tax assessments of the Group have been finalised up to and including the tax year 2019 under the self assessment scheme.

31.2 Holding Company

Provision for current taxation has been made on the basis of turnover tax under section 113 of the Income Tax Ordinance, 2001.

Subsidiary Company

Provision for current taxation has been made on the basis of Minimum tax under section 148 of the Income Tax Ordinance, 2001.

Accordingly, tax expense reconciliation with the accounting loss is not presented in these consolidated financial statements.

	Note	2020	2019
		---------- (Rupees in '000) ----------	
32. BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE			
Net (loss) / profit for the year		**(45,635)**	43,048
Weighted average number of ordinary shares in issue		**39,144**	39,144
Basic (loss) / earnings per share (Rupees)	32.1	**(1.17)**	1.10

32.1 There is no dilutive effect on basic loss per share of the Group.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group’s financial instruments are credit risk, liquidity risk, foreign currency risk, profit rate risk and equity price risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

33.1 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. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

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 / industries and identify the degree by which the Group's customers and their businesses have impacted amid Covid-19.

The maximum exposure to credit risk at the reporting date is:

	2020	2019
	---------- (Rupees in '000) ----------	
Trade debts	**785,142**	599,532
Loans	**6,205**	8,293
Deposits	**175,398**	141,370
Other receivables	**9,375**	10
Bank balances	**139,056**	144,361
	1,115,176	893,566

	2020	2019
	---------- (Rupees in '000) ----------	
Credit quality of financial assets		
Bank balances		
A1+	**132,794**	142,185
A1	**6,262**	2,176
	139,056	144,361

33.2 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.

33.3 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:

2020	Less than three months	Three to twelve months	More than one year	Total
	-------------------- (Rupees in '000)	--------------------		
Long-term financing	**6,019**	**83,344**	**604,965**	**694,328**
Trade and other payables	**305,895**	**327,119**	**-**	**633,014**
Accrued profit	**22,888**	**4,586**	**-**	**27,474**
Short-term borrowings	**254,882**	**636,349**	**-**	**891,231**
Unclaimed dividend	**268**	**-**	**-**	**268**
	589,952	**1,051,398**	**604,965**	**2,246,315**

2019	Less than three months	Three to twelve months	More than one year	Total
	--------------------	(Rupees in '000)	--------------------	
Long-term financing	25,915	76,602	354,330	456,847
Trade and other payables	271,819	226,811	-	498,630
Accrued profit	21,730	3,723	-	25,453
Short-term borrowings	416,977	398,774	-	815,751
Unclaimed dividend	280	-	-	280
	736,721	705,910	354,330	1,796,961

33.3.1 Changes in liabilities from financing activities

	July 01, 2019	Cash Flows	June 30, 2020
	------------------------------	(Rupees in '000)	-------------------------
Long-term financing	456,846	237,482	**694,328**
Short-term borrowings	815,751	75,480	**891,231**

33.4 Foreign Currency Risk

Foreign 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.

33.5 Return rate risk

Return rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market return rates mainly relates to the long-term, short term borrowings, murabaha payables and bank deposits.

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

	Increase / (decrease) in basis points	Effect on profit before tax (Rupees in '000)
2020	**+100**	**(15,028)**
	-100	**15,028**
2019	+100	(12,148)
	-100	12,148

	2020	2019
	---------- (Rupees in '000) ----------	

33.6 Fair value of financial instruments

33.6.1 Financial assets as per statement of financial position

	2020	2019
At amortised cost		
Trade debts	**785,142**	604,678
Loans	**6,205**	8,293
Deposits	**175,398**	141,380
Bank balances	**139,056**	144,361
	1,105,801	898,712

33.6.2 Financial liabilities as per statement of financial position

	2020	2019
Trade and other payables	**633,014**	498,630
Unclaimed dividend	**268**	280
Long-term financing	**694,328**	456,847
Accrued profit	**27,474**	25,453
Short-term borrowings	**891,231**	815,751
	2,246,315	1,796,961

33.6.3 Fair values of financial assets and liabilities

(a) Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

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

(b) Fair value estimation

The Group discloses the financial instruments carried at fair value in the consolidated statement of financial position in accordance with the following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

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

As at June 30, 2020, none of the financial instruments are carried at fair value.

33.7 Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group has a long-term debt to equity ratio of 55.59% (2019: 30.54%) as of the reporting date, which in view of the management is adequate considering the size of the operations.

33.8 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.

34. TRANSACTIONS WITH RELATED PARTIES

34.1 Related parties of the Group comprise associates, companies with common directorship, directors and key management personnel. Transactions and balances outstanding with related parties and associated undertakings are as follows:

		2020	2019
		---------- (Rupees in '000) ----------	
Transactions during the year			
Descriptions	**Nature of transactions**		
Key Management Personnel	Dividend	**23,002**	47,283
Non-Executive Directors	Meeting fees	**779**	842
Provident fund	Contribution paid	**39,338**	35,218
Depilex (Private) Limited (Common directorship)	Sales made by the Subsidiary Company	**4,600**	6,702
Balances Outstanding			
Depilex (Private) Limited (Common directorship)	Amount due to the Subsidiary Company	**790**	2,297

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

34.3 The Group carries out transactions with related parties at commercial terms and conditions as per the Group's policy.

35. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

	Chief Executive		Executive Directors		Executive *		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	-- (Rupees in '000) --							
Managerial remuneration	**20,658**	19,128	**37,444**	34,670	**156,402**	129,028	**214,504**	182,826
Bonus	**-**	-	**-**	2,421	**525**	2,990	**525**	5,411
Perquisites	**107**	746	**110**	381	**552**	643	**769**	1,770
Retirement benefits	**1,062**	1,083	**1,924**	1,955	**12,160**	13,187	**15,146**	16,225
Other benefits	**1,623**	1,597	**2,987**	2,900	**15,326**	15,824	**19,936**	20,321
	23,450	22,554	**42,465**	42,327	**184,965**	161,672	**250,880**	226,553
Number of persons	**1**	1	**2**	2	36	32	**39**	35

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

35.2 In addition, meeting fee amounting to total Rs.0.779 (2019: Rs.0.842) million was paid to non-executive (independent directors) directors for meetings attended during the year. The non-executive (independent directors) directors are not entitled to any remuneration except meeting fee.

35.3 The number of persons does not include those who resigned during the year but remuneration paid to them is included in the above amounts.

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

	Note	2020	2019
		---------- (Rupees in '000)	----------
36. CASH AND CASH EQUIVALENTS			
Cash and bank balances	14	**139,056**	144,969
Musharakah running finance		**(200,000)**	(130,000)
		(60,944)	14,969

37. NUMBER OF EMPLOYEES

Number of persons employed as at year end were 1,297 (2019: 1,196), the average number of persons employed during the year were 1,251 (2019: 1,213) and number of person employed in factory as at year end were 449 (2019: 453).

38. NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Management in its meeting held on September 21, 2020 proposed (i) a final cash dividend of Rs. NIL per share amounting to Rs. NIL for approval of the members at the Annual General Meeting to be held on October 26, 2020.

39. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on September 21, 2020 by the Board of Directors of the Group.

40. GENERAL

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

40.2 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

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 26, 2020 at 09:45 am and/or at any adjournment thereof.

Signed this ___________day of October, 2020

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

میں/ہم------------------------------- از --------------------------- بحیثیت میکٹر انٹرنیشنل لمیٹڈ کے ممبر (ز) اور------------
عام حصص یافتہ مطابق شیئر زرجسٹرڈ فولیو/ سی ڈی سی اکاؤنٹ نمبر---------------- محترم / محترمہ-------------------------- جن کا سی این آئی سی نمبر یا
پاسپورٹ نمبر----------------- فولیو/ سی ڈی سی اکاؤنٹ نمبر------------------ از---------------------- یا ان کے حاضر نہ ہو سکنے کی
صورت میں محترم / محترمہ------------------ از------------- جن کا سی این آئی سی نمبر یا پاسپورٹ نمبر-------------------- فولیو/ سی ڈی سی
اکاؤنٹ نمبر---------- کو اپنے/ ہمارے ایماء پر کمپنی کے 26 اکتوبر 2020 کو صبح 09:45 بجے ہونے والے سالانہ اجلاس عام میں شرکت کرنے، حق رائے دہی استعمال کرنے
یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور نمائندہ (پراکسی) مقرر کرتا / کرتے ہیں۔

آج بتاریخ---------------- اکتوبر 2020 میرے/ہمارے دستخط ہوئے۔

پانچ روپے کا رسیدی ٹکٹ

دستخط ____________________________

(اس دستخط کا کمپنی کے ساتھ رجسٹرڈ دستخط کے نمونے
سے مشابہت ہونا لازمی ہے۔)

گواہ نمبر 1۔ دستخط: ____________________________

نام: ____________________________

سی این آئی سی نمبر: ____________________________

پتہ: ____________________________

گواہ نمبر 2۔ 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 چاہیئے۔

2۔ فارم پر ممبر یا اس کا تحریراً مقرر کردہ اٹارنی دستخط کرے گا۔ ممبر کارپوریشن ہونے کی صورت میں اس کی مہر فارم پر ثبت کرنی ہوگی۔

سی ڈی سی اکاؤنٹ رکھنے والے / کارپوریٹ ادارے کے لئے

مزید برآں درج ذیل شرائط کو پورا کیا جائے گا۔

(i) پراکسی فارم پر دو افراد کی گواہی ہونی چاہیئے جن کے نام، پتے اور سی این آئی سی یا پاسپورٹ نمبر فارم میں درج ہوں۔

(ii) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی دی جائیں گی۔

(iii) پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔

(iv) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہوگی۔

Macter

Macter International Limited
F-216 SITE, Karachi - Pakistan
www.macter.com

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