Macter

ANNUAL REPORT 2020-21

Macter International Limited

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		Non-Executive Director
5.	Syed Anis Ahmad Shah		Independent Director
6.	Mr. Sohaib Umar		Independent Director
7.	Mr. Tariq Wajid		Independent Director
8.	Ms. Masarrat Misbah		Non-Executive Director
9.	Mr. Muhammad Yahya Chawla		Non-Executive Director

BOARD AUDIT COMMITTEE

1.	Syed Anis Ahmad Shah	(Chairman)
2.	Sheikh Muhammed Waseem	(Member)
3.	Mr. Sohaib Umar	(Member)
4.	Mr. Swaleh Misbah Khan	(Member)

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

1.	Mr. Tariq Wajid	Chairman
2.	Mr. Asif Misbah	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
Askari Bank Limited – Islamic Banking Branch
Bank Al Habib Limited - Islamic Banking Branch
Bankislami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited - Islamic Banking Branch
Habib Metropolitan Bank Pakistan Limited - Islamic Banking Branch
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited

SHARE REGISTRAR

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

REGISTERED OFFICE

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

WEBSITE

www.macter.com

VISION, MISSION AND VALUES

VISION

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

MISSION

Macter exists to:

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

VALUES

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting ("AGM") of the Members of Macter International Limited (the Company) will be held on Saturday, October 23, 2021 at 10:00 a.m. at Moosa D. Desai Auditorium, the Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Consolidated and Unconsolidated Financial Statements of the Company for the year ended June 30, 2021, together with the Directors' and the Auditors' Reports thereon.

2. To approve and declare the final cash dividend @ Rs. 2.00 per share i.e. (20%) for the financial year ended June 30, 2021 as recommended by the Board of Directors. This is in addition to interim cash dividend @ 19% i.e. Rs.1.90 per ordinary share, already paid.

3. To appoint Auditors and fix their remuneration for the year ending June 30, 2022. The present auditors M/s. EY Ford Rhodes, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.

By Order of the Board of Directors

Asif Javed
Company Secretary

Karachi:
October 01, 2021

Notes:

1. Closure of Shares Transfer Books

The share transfer books of the Company will remain closed from October 16, 2021 to October 23, 2021 (both days inclusive). The transfers received in order at the office of the Company's Share Registrar M/s. F. D. Registrar Services (Pvt.) Limited, 17th Floor, Saima Trade Tower-A, I. I. Chundrigar, Road, Karachi before the close of the business on October 15, 2021 will be treated in time for the entitlement of final cash dividend and to attend and vote at the Meeting.

2. Participation in Annual General Meeting

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

For appointing proxies:

i) In case of individuals, the account holder or subaccount holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

3. Payment of Cash Dividend Electronically (Mandatory Requirement)

In accordance with the provisions of Section 242 of the Companies Act, 2017 and Companies (Distribution of Dividends) Regulations 2017, a listed company, is required to pay cash dividend to the shareholders only through electronic mode directly into the bank account designated by the entitled shareholders.

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

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

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

4. Withholding Tax on Dividend

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

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

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

The required information must reach the Share Registrar of the Company before the close of the business on October 15, 2021 otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Shareholder(s).

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

5. Electronic Transmission of Audited Financial Statements & Notices

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

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

6. Video Conference Facility

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

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

7. Postal Ballot

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

8. Zakat Declaration

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

9. Deposit of Physical Shares in CDC Accounts

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017.

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

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

10. Unclaimed Dividend

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

11. Submission of CNIC or Passport

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

12. Change of Address

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

13. Placement of Audited Financials on the website

Annual Audited Financial Statements of the Company for the year ended June 30, 2021 have been placed on Company's website i.e. www.macter.com

CHAIRMAN'S REVIEW

On behalf of the board of directors, I would like to share or Board's performance review of your Company for the year ended June 30, 2021.

BOARD COMPOSITION AND PERFORMANCE

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

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

Board members also reviewed and approved Company's annual financial budget for FY 2021-22, capital expenditure requirements and significant investments.

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

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

In pursuant to the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019, a formal and effective process is in place for an annual evaluation of Board's performance, Members of Board and its Sub-Committees. Board's Performance review consists of comprehensive Self-Evaluation Questionnaires on performance. Based on the feedback by each Individual Director a consolidated average performance rating is computed. The performance rating of the Board, Individual Directors & Committees performance was satisfactory and effective. As the Chairman of your Company I will continue to be responsible for leading the Board, fostering an inclusive culture of openness and constructive dialogue. I remain committed to ensure that our Board and its committees should perform effectively and take timely decisions to create value for all stakeholders.

ACKNOWLEDGEMENTS

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

Amanullah Kassim
Chairman

Karachi
September 18, 2021

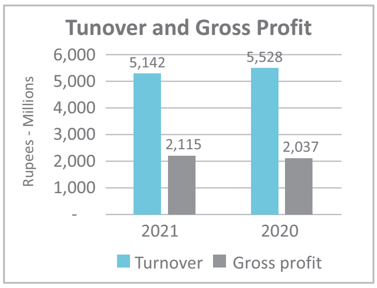
DIRECTORS' REPORT

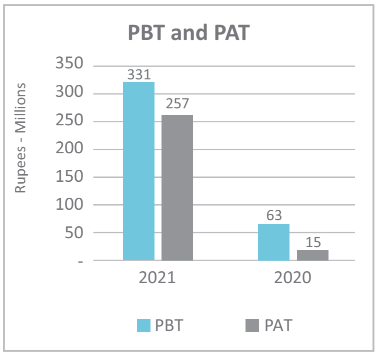
Directors are pleased to present the Annual Report together with the Audited Financial Statements of the Company for the year ended June 30, 2021.

FINANCIAL RESULTS

The financial results of the Company are summarized hereunder:

DESCRIPTION	July - June			
	Unconsolidated		Consolidated	
	2021	2020	2021	2020
	Rupees Millions			
Turnover - Net	**5,141.6**	5,528.1	**5,372.8**	5,704.7
Gross profit	**2,114.8**	2,037.4	**2,225.8**	2,129.6
Operating Profit	**459.9**	294.9	**438.1**	251.6
Profit before tax	**330.8**	62.5	**298.9**	8.4
Profit / (loss) after tax	**257.0**	14.9	**215.8**	(45.6)





BUSINESS PERFORMANCE

Net turnover at Rupees 5,142 million is lower by 7% versus last year due to the exceptionally high public tender business last year. Importantly though our Prescription sales is recovering well from the Covid slowdown and grew over last year as patient flow and doctor access improved.

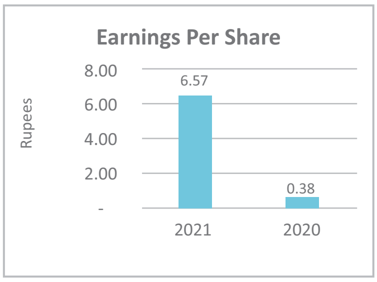
Gross Margins improved by 4% to 41% over last year due to change in sales mix with lower institutional sales and supply chain cost savings. Operating profit at Rupees 460 million was higher over last year due to lower selling and distribution costs through efficiency and cost reduction measures.

Financial Charges at Rupees 129 million were lower by Rupees 103 million vs last year due to lower borrowings and lower KIBOR during the year.

As a result Profit before Tax was significantly higher and Net profit was Rupees 257 million compared to Rupees 15 million last year.

EARNINGS PER SHARE

Earnings per share of the Company for the year ended June 30, 2021 was Rupees 6.57 vs. Rupees 0.38 last year.



DIVIDEND

The board of directors have recommended a final cash dividend of 20% i.e. Rs. 2.00 per share. This is in addition to Interim Cash Dividend at Rs. 1.90 per share i.e.19%.

CAPITAL EXPENDITURE

During the year under review, the Company has made capital expenditure of Rupees 260 million in new manufacturing equipment and facility upgrades to ensure continuous cGMP and regulatory compliance.

RISKS AND UNCERTAINITIES

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

HEALTH, SAFETY & ENVIRONMENT

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

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

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

CONTRIBUTION TO NATIONAL EXCHEQUER

The Company made a total contribution of Rupees 167.8 million (2020: Rupees 227.8 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 assigned rating is "Stable".

INTERNAL FINANCIAL CONTROLS

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

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in the preparation of Financial Statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of these financial statements.
- The system of internal control system is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern.
- Information about taxes and levies is given in the notes and form part of the financial statements.
- There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.
- The values of investments of employees' provident fund based on latest unaudited accounts as of June 30, 2021 is Rupees 176.7 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	2
Executive Directors	2
Female Non-Executive Director	1
Total	9

The list of existing directors is as under:

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

BOARD AUDIT COMMITTEE

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

S. No.	Name	Category	Position
1	Syed Anis Ahmad Shah	Independent Non-Executive	Chairman
2	Mr. Sohaib Umar	Independent Non-Executive	Member
3	Sheikh Muhammed Waseem	Non-Executive	Member
4	Mr. Swaleh Misbah Khan	Executive	Member

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

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

BOARD AND BOARD COMMITTEES ATTENDANCE

S. No.	Name	Board of Directors		Board Audit Committee		Board Human Resource and Remuneration Committee	
		Entitled	Attended	Entitled	Attended	Entitled	Attended
1	Mr. Amanullah Kassim	9	8	NA	NA	NA	NA
2	Mr. Asif Misbah	9	9	NA	NA	1	1
3	Mr. Swaleh Misbah Khan	9	9	2	2	NA	NA
4	Sheikh Muhammed Waseem	9	9	5	5	NA	NA
5	Mr. Sohaib Umar	9	7	5	5	NA	NA
6	Mr. Tariq Wajid	6	6	NA	NA	1	1
7	Syed Anis Ahmad Shah	6	6	2	2	NA	NA
8	Mr. Islahuddin Siddiqui	3	3	NA	NA	NA	NA
9	Shaikh Aamir Naveed	3	3	NA	NA	NA	NA
10	Ms. Masarrat Misbah	9	1	NA	NA	NA	NA
11	Mr. Muhammad Yahya Chawla	9	7	3	1	1	0

CHANGES IN BOARD OF DIRECTORS

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

Outgoing	Incoming	Mode	Effective
Mr. Islahuddin Siddiqui	Mr. Tariq Wajid	Election	November 2020
Sheikh Aamir Naveed	Syed Anis Ahmad Shah	Election	November 2020

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

DIRECTORS' TRAINING PROGRAM

Four directors are certified under Directors' Training Program. The training of one director is in process. The requisite trainings are planned for the remaining Board members to comply with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2019.

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 Board as per the terms of the Articles of Association of the Company.

KEY OPERATING AND FINANCIAL DATA

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

PATTERN OF SHAREHOLDING

A statement of the pattern of shareholding as at June 30, 2021 is annexed.

There was no trading in the shares of the Company by Directors, 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, 2022.

SUBSEQUENT EVENT

Company has successfully raised Rupees 1100 million through Rights Issue to reduce bank borrowing and for investment in capital expenditure, working capital and new launches. The rights shares allotment will be completed in September 2021.

FUTURE OUTLOOK

Our Sales team have commenced face to face interaction with HCPs with strict COVID-19 precautions. Even with a resurgence of cases in subsequent wave our safety SOPs and key learnings will ensure our peoples' safety and business continuity. We expect that COVID-19 will continue for the foreseeable future and this will be the new norm and we continue to adapt and adopt new ways of working to ensure business growth.

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

ACKNOWLEDGEMENTS

The Board of Directors would like to record their appreciation of the commitment, dedication, and devotion of all our employees 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

Amanullah Kassim
Chairman

Asif Misbah
Chief Executive

Karachi
September 18, 2021

ڈائریکٹرز رپورٹ

ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کی سالانہ رپورٹ بمعہ آڈٹ شدہ مالیاتی دستاویزات برائے ختم شدہ سال جون30، 2021ء پیش کر رہے ہیں۔

مالیاتی نتائج

کمپنی کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

مندرجات	جولائی - جون			
	غیر مدغم شدہ		مدغم شدہ	
	2021	2020	2021	2020
	(روپے ملین میں)			
فروخت خالص	**5,141.6**	5,528.1	**5,372.8**	5,704.7
خام منافع	**2,114.8**	2,037.4	**2,225.8**	2,129.6
آپریٹنگ منافع	**459.9**	294.9	**438.1**	251.6
قبل از ٹیکس منافع	**330.8**	62.5	**298.9**	8.4
بعد از ٹیکس منافع / (خسارہ)	**257.0**	14.9	**215.8**	(45.6)

کاروباری کارکردگی

خالص فروخت 5.142ملین روپے گزشتہ سال کے مقابلے میں 7فیصد کم رہی اس کی وجہ گزشتہ سال غیر معمولی عوامی ٹینڈر کاروبار تھا۔ اہم بات یہ ہے کہ بذریعہ نسخہ فروخت COVID کی مندی کے بعد بہتر طور پر بحال ہو رہی ہے اور گذشتہ سال کے مقابلے میں اس میں اضافہ ہوا ہے کیونکہ مریضوں کی آمدورفت اور ڈاکٹرز کی رسائی میں بہتری آئی ہے۔

کم انسٹی ٹیوشنل فروخت اور سپلائی چین لاگت کی بچت کے ساتھ سیلز مکس میں تبدیلی کی وجہ سے گذشتہ سال کے مقابلے میں خام منافع میں 4فیصد سے 41فیصد تک بہتری آئی ہے۔

بہتر کارکردگی اور لاگت میں کمی کے اقدامات کے ذریعے فروخت اور تقسیم کے اخراجات میں کمی کی وجہ سے آپریٹنگ منافع میں گذشتہ سال کے مقابلے میں 460ملین روپے اضافہ ہوا۔

دوران سال کم قرضوں اور کم KIBOR کی وجہ سے مالیاتی چارجز 129ملین روپے رہے جو گزشتہ سال کے مقابلے میں103ملین روپے کم تھے۔ اس کے نتیجے میں قبل از ٹیکس منافع میں نمایاں طور پر اضافہ ہوا اور خالص منافع 257.0ملین روپے رہا جبکہ گزشتہ سال یہ 15ملین روپے تھا۔

فی حصص منافع

کمپنی کے گذشتہ سال کے فی حصص منافع 0.38روپے کے مقابلے میں30جون 2021 کو ختم ہونے والے سال کے لئے 6.57روپے تھی۔

ڈیویڈنڈ (Dividend)

بورڈ آف ڈائریکٹرز نے 20فیصد یعنی 2.00روپے فی حصص کے حتمی کیش ڈیویڈنڈ کی سفارش کی ہے۔ یہ عبوری کیش ڈیویڈنڈ 1.90روپے فی حصص یعنی 19فیصد کے علاوہ ہے۔

کیپیٹل مصارف

زیر جائزہ سال کے دوران کمپنی نے cGMP اور ریگولیٹری کے مسلسل تقاضوں کی تعمیل کو یقینی بنانے کے لئے نئے مینوفیکچرنگ آلات اور سہولت کو اپ گریڈ کرنے میں 260 ملین پاکستانی روپے کا سرمایہ خرچ کیا۔

خطرات اور غیر یقینی حالات

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

- لاگت افراط زر اور معاوضہ افراط زر کی قیمت میں پست تلافی مطابقت۔
- پاکستانی روپے کی قدر میں کمی
- عالمی API اور لاجسٹک رکاوٹیں
- مقامی اور بین الاقوامی ریگولیٹری تقاضوں میں تیزی سے اضافہ
- پراڈکٹس کی رجسٹریشن اور قیمت کے تعین میں تاخیر
- کلیدی ملازمین کو اپنی طرف مائل اور برقرار رکھنا
- ڈیٹا کی حفاظت اور ڈیٹا کی رازداری کے بڑھتے ہوئے خطرات

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

کارپوریٹ سماجی ذمہ داری

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

a) مختلف رفاہی تنظیموں / ہسپتالوں کو مفت ادویات کی فراہمی۔
b) ملک میں ڈاکٹروں اور صحت کی دیکھ بھال کرنے والوں کی صلاحیت میں اضافہ کرنا
c) مختلف تعلیمی اداروں اور ہسپتالوں کی امداد
d) کارڈیو میٹابولک عوارض اور ہیپاٹائٹس بی اور سی کے لیے مفت سکریننگ کیمپ
e) غریب مریضوں کے ساتھ تعاون

صحت، حفاظت اور ماحول

ہماری کمپنی صحت، حفاظت اور ماحول کے حوالے سے ریگولیٹری تقاضوں پر عمل درآمد کو یقینی بناتی ہے۔ کمپنی کے پاس ISO کے QMS (Environment management system) ISO 9001:2015، 14001-2015 EMS (Environment Management System) اور OHSAS (Occupational Health and Safety) 18001-2007 سرٹیفکیٹس 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، 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 جانچ کی جاتی ہے۔ ٹھوس کیمیائی فضلہ جلایا اور تمام فضلہ موزوں طریقے سے ضائع کیا جاتا ہے۔

قومی خزانے میں حصہ

کمپنی نے انکم ٹیکس، کسٹم ڈیوٹیزاور سیلز ٹیکس کی مدات میں مجموعی طور پر167.8 ملین پاکستانی روپے(2020میں227.8 ملین روپے) قومی خزانے میں جمع کرائے۔

کریڈٹ ریٹنگ

گذشتہ 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 وایکسٹرنل) کے ساتھ بات چیت اور انٹرنل آڈٹ رپورٹ کے جائزے کے ذریعے، ہم اس بات کی تصدیق کرتے ہیں کہ کمپنی میں مناسب کنٹرولز لاگو ہیں۔

کارپوریٹ اور فائنانشل رپورٹنگ فریم ورک

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

- کمپنی کی مینجمنٹ کی طرف سے تیار کردہ مالیاتی اسٹیٹمنٹ کمپنی کے معاملات، سرگرمیوں کے نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کا واضح اظہار کرتی ہے۔
- کمپنی کے اکاؤنٹس کی موزوں کتابیں تیار کی گئی ہیں۔
- مالیاتی اسٹیٹمنٹ کی تیاری میں اکاؤنٹنگ کی مخصوص پالیسیوں کا یکساں اور مسلسل اطلاق کیا گیا ہے۔ اکاؤنٹنگ تخمینے موزوں اور محتاط اندازوں پر مبنی ہیں۔
- مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیارات کی، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، پیروی کی گئی ہے۔
- انٹرنل کنٹرول کا سسٹم ڈیزائن میں مضبوط ہے اور موثر طریقے سے لاگو ہے اور زیر نگرانی بھی ہے۔
- بطور ادارہ کمپنی کے کام جاری رکھنے کی اہلیت پر کسی شک وشبہ کی گنجائش نہیں ہے۔
- مالیاتی 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 مادی انحراف نہیں کیا گیا ہے۔
- 30 جون 2021 کو تازہ ترین غیر آڈٹ شدہ اکاؤنٹس کے مطابق ملازمین کے پراویڈنٹ فنڈ کی سرمایہ کاری کی مالیت 176.7 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 ایگزیکیوٹیو ڈائریکٹرز	4
دیگر نان ایگزیکیوٹیو ڈائریکٹرز	2
ایگزیکیوٹیو ڈائریکٹرز	2
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 ایگزیکیوٹیو
2	جناب طارق واجد	انڈیپنڈنٹ نان ایگزیکیوٹیو
3	سید انیس احمد شاہ	انڈیپنڈنٹ نان ایگزیکیوٹیو
4	جناب صہیب عمر	انڈیپنڈنٹ نان ایگزیکیوٹیو
5	شیخ محمد وسیم	نان ایگزیکیوٹیو
6	جناب محمد یحیٰی چاؤلہ	نان ایگزیکیوٹیو
7	محترمہ مسرت مصباح	خاتون نان ایگزیکیوٹیو
8	جناب آصف مصباح	ایگزیکیوٹیو
9	جناب صالح مصباح خان	ایگزیکیوٹیو

بورڈ آڈٹ کمیٹی

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

نمبر شمار	نام	درجہ بندی	عہدہ
1	سید انیس احمد شاہ	انڈیپنڈنٹ نان ایگزیکٹیو	چیئرمین
2	جناب صہیب عمر	انڈیپنڈنٹ نان ایگزیکٹیو	ممبر
3	شیخ محمد وسیم	نان ایگزیکٹیو	ممبر
4	جناب صالح مصباح خان	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 منیجمنٹ کے کلیدی عملے کے انتخاب، تشخیص، معاوضے اور جانشینی کی منصوبہ بندی میں بھی بورڈ کو مدد فراہم کرتی ہے۔ کمیٹی مندرجہ ذیل تین ارکان پر مشتمل ہے، جن میں اکثر بشمول کمیٹی چیئرمین کے نان ایگزیکٹو ڈائریکٹرز ہیں۔

نمبر شمار	نام	درجہ بندی	عہدہ
1	جناب طارق واجد	انڈیپنڈنٹ نان ایگزیکٹیو	چیئرمین
2	جناب محمد یحیٰی چاؤلہ	نان ایگزیکٹیو	ممبر
3	جناب آصف مصباح	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	9	8	NA	NA	NA	NA
2	جناب آصف مصباح	9	9	NA	NA	1	1
3	جناب صالح مصباح خان	9	9	2	2	NA	NA
4	شیخ محمد وسیم	9	9	5	5	NA	NA
5	جناب صہیب عمر	9	7	5	5	NA	NA
6	جناب طارق واجد	6	6	NA	NA	1	1
7	سید انیس احمد شاہ	6	6	2	2	NA	NA
8	جناب اصلاح الدین صدیقی	3	3	NA	NA	NA	NA
9	شیخ عامر نوید	3	3	NA	NA	NA	NA
10	محترمہ مسرت مصباح	9	1	NA	NA	NA	NA
11	جناب محمد یحییٰ چاؤلہ	9	7	3	1	1	0

بورڈ آف ڈائریکٹرز میں تبدیلیاں

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

سبکدوش ہونے والے	نئے آنے والے	طریقہ کار	مؤثر
جناب اصلاح الدین صدیقی	جناب طارق واجد	الیکشن	نومبر 2020
شیخ عامر نوید	سید انیس احمد شاہ	الیکشن	نومبر 2020

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

ڈائریکٹرز ٹریننگ پروگرام

چار ڈائریکٹرز، ڈائریکٹرز ٹریننگ پروگرام کے تحت سند یافتہ ہیں۔ ایک ڈائریکٹر کی ٹریننگ جاری ہے۔ بورڈ کے بقیہ ارکان کے لیے مطلوبہ ٹریننگ دینے کی منصوبہ بندی کی گئی ہے تاکہ وہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی ضروریات کو پورا کر سکیں۔

نان ایگزیکٹو ڈائریکٹرز کو مالی مراعات دینے کی پالیسی

نان ایگزیکٹو ڈائریکٹرز (انڈیپنڈنٹ و دیگر) کے لیے بورڈ یا بورڈ کمیٹی کے اجلاسوں میں شرکت کی فیس کمپنی کے آرٹیکلز آف ایسوسی ایشن کی شرائط کے تحت بورڈ 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۔

شیئرہولڈنگ کا پیٹرن

30 جون 2021 کے شیئرہولڈنگ کے پیٹرن کا اسٹیٹمنٹ منسلک ہے۔

دورانِ سال ڈائریکٹرز اوران کے / کی شریک حیات اور نابالغ بچوں نے کمپنی 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 میسرزKPMG تاثیرہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کرتے ہیں۔

ایکسٹرنل آڈیٹرز

موجودہ آڈیٹرز میسرزEY 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 2022 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۔

ذیلی واقعات

کمپنی نے بینک قرضوں کو کم کرنے اور سرمائے کے اخراجات، ورکنگ کیپیٹل اور نئی مصنوعات کے اجراء میں سرمایہ کاری کے لئے رائٹس ایشو کے ذریعے کامیابی سے 1,100 ملین روپے اکٹھے کیے ہیں۔ رائٹس شیئرز کی الاٹمنٹ ستمبر 2021 میں مکمل ہوجائے گی۔

مستقبل کا جائزہ

ہماری سیلز ٹیم نے COVID-19 وبا کی شدت میں حتیاطی تدابیر کے ساتھ HCPs کے ساتھ آمنے سامنے بات چیت شروع کردی ہے۔ یہاں تک کہ بعد کی لہر میں کیسز کے دوبارہ سر اُٹھانے کے باوجود ہماری حفاظتی SOPs اور بنیادی مہارت ہمارے لوگوں کی حفاظت اور کاروباری تسلسل کو یقینی بنائے گی۔ ہمیں توقع ہے کہ COVID-19 مستقبل قریب میں بھی جاری رہے گا اور یہ نیا اصول ہوگا اور ہم کاروباری ترقی کو یقینی بنانے کے لئے کارکردگی کے جدید طریقوں کو مسلسل اپناتے رہیں گے۔

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

اعتراف

بورڈ آف ڈائریکٹرز اپنے تمام ملازمین کے عزم، لگن اور خلوص کی قدردانی کو ریکارڈ کرنا چاہتا ہے جنہوں نے زندگی بچانے والی ادویات کی بلاتعطل فراہمی کو یقینی بنانے کے لئے لاک ڈاؤن کے دوران انتھک محنت کی ہے۔

ہم اپنے قابل قدر شیئرہولڈرز، کسٹمرز، ڈسٹربیوٹرز، سپلائرز، مالیاتی اداروں اور ریگولیٹری اتھارٹیز کی ان مشکل گھڑیوں میں حمایت اور تعاون کا بھی اعتراف کرتے ہیں۔

اللہ سبحانہ وتعالی کے مسلسل فضل و کرم پر تمام تر تعریفات اور تشکر اسی کے لیے ہے۔

منجانب بورڈ

امان اللہ قاسم
چیئرمین

آصف مصباح
چیف ایگزیکٹیو

کراچی۔
ستمبر 18، 2021ء

KEY OPERATING AND FINANCIAL DATA

	Unit	2021	2020	2019	2018	2017	2016
Summary of Statement of Financial Position							
Non-Current Assets	Rs. M	**1,867**	1,669	1,435	1,271	927	811
Current Assets	Rs. M	**1,852**	2,289	1,776	1,773	1,813	1,581
Total Assets	Rs. M	**3,719**	3,958	3,211	3,044	2,740	2,392
Total Equity	Rs. M	**1,350**	1,168	1,194	1,168	1,143	984
Non-Current Liabilities	Rs. M	**812**	783	478	444	248	258
Current Liabilities	Rs. M	**1,557**	2,007	1,539	1,432	1,349	1,150
Total Liabilities	Rs. M	**2,369**	2,790	2,017	1,876	1,597	1,408
Total Equity and Liabilities	Rs. M	**3,719**	3,958	3,211	3,044	2,740	2,392
Summary of Profit or Loss							
Turnover - net	Rs. M	**5,142**	5,528	4,082	4,053	3,630	3,064
Gross profit	Rs. M	**2,115**	2,037	1,733	1,822	1,673	1,257
Operating profit	Rs. M	**460**	295	242	388	413	267
Profit before taxation	Rs. M	**331**	63	122	320	352	212
Taxation	Rs. M	**74**	48	16	74	78	65
Net profit	Rs. M	**257**	15	106	246	274	147
Ratios							
Profitability Ratios							
Gross profit to turnover	%	**41.13**	36.85	42.45	44.95	46.09	41.02
Operating profit to turnover	%	**8.95**	5.34	5.93	9.57	11.38	8.71
Profit before tax to turnover	%	**6.44**	1.14	2.99	7.90	9.70	6.92
Net profit to turnover	%	**5.01**	0.27	2.60	6.07	7.55	4.80
Return on equity before tax	%	**24.52**	5.39	10.22	27.40	30.80	21.54
Return on equity after tax	%	**19.06**	1.28	8.88	21.06	23.97	14.94
Return on capital employed	%	**21.29**	15.12	14.47	24.07	29.69	21.50
Return on assets	%	**6.92**	0.38	3.30	8.08	10.00	6.15
Market Ratios							
Market price per share at year end	Rs.	**161.38**	93.06	60.95	208.00	-	-
Market capitalization	Rs. M	**6,317**	3,643	2,386	8,142	-	-
Price earning ratio	Rs.	**24.54**	242.58	22.41	33.06	-	-
Break up value / share	Rs.	**34.46**	29.84	30.50	29.87	29.23	25.17
Basic / diluted earnings per share	Rs.	**6.57**	0.38	2.72	6.29	7.01	3.76
Dividend payout ratio	%	**64.58**	-	33.10	51.62	61.00	99.77
Dividend cover ratio	Times	**1.55**	-	3.01	1.93	1.65	1.00
Liquidity Ratios							
Current ratio	Times	**1.19**	1.14	1.15	1.24	1.34	1.37
Quick / acid test ratio	Times	**0.49**	0.57	0.60	0.57	0.62	0.78

* Based on proposed dividend

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2021

Number of Certificate Holders	Certificate Holding From		To	Certificate Held
722	1	-	100	20,245
184	101	-	500	52,528
45	501	-	1000	37,059
54	1001	-	5000	107,855
5	5001	-	10000	34,325
3	10001	-	15000	37,000
1	15001	-	20000	17,500
1	20001	-	25000	25,000
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
1023				**39,144,351**

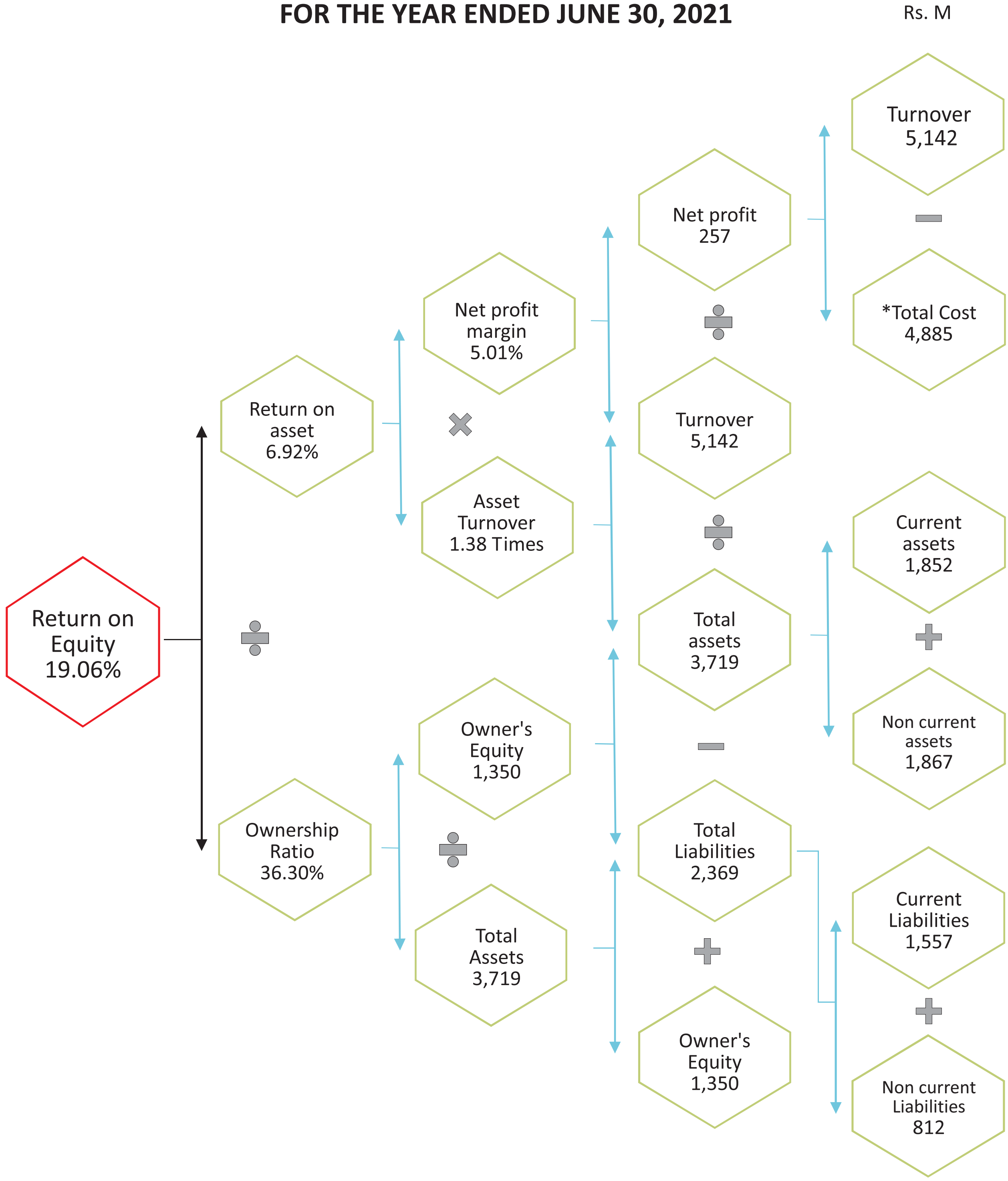
Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage
Individuals	1007	32,669,783	83.46
Joint Stock Companies	9	6,454,658	16.49
Investment Companies	1	1,825	0.00
Modarabas	1	30	0.00
Others	5	18,055	0.05
	1023	**39,144,351**	**100.00**

Categories Shareholders as on June 30, 2021

S. No.	Categories Shareholders	Shareholders	Shares Held	Total
1	**Directors, Chief Executive office and their spouse(s) and minor children**	**9**		**25,449,365**
	Asif Misbah		12,668,380	
	Swaleh Misbah Khan		12,780,879	
	Muhammad Yahya Chawla		100	
	Masarrat Misbah		1	
	Tariq Wajid		1	
	Sheikh Muhammed Waseem		1	
	Syed Anis Ahmed Shah		1	
	Amanullah Kassim		1	
	Sohaib Umar		1	
2	**Associated Companies, Undertakings and related parties**	**NIL**		
3	**Executives**	**3**		**77,601**
4	**Modarabas and Mutual Funds**	**1**		**30**
5	**NIT and ICP**	**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**	9		**6,454,658**
7	**Others**	**5**		**18,055**
8	**General Public**	**995**		**7,142,817**
	Total	**1,023**		**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

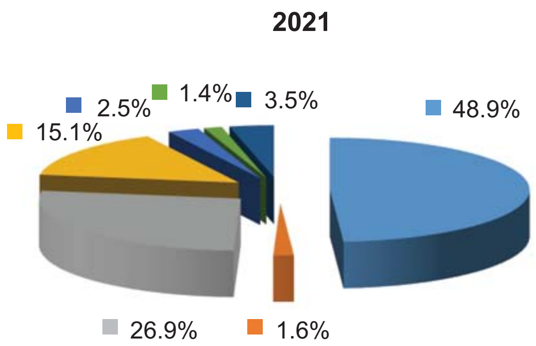
DUPONT ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

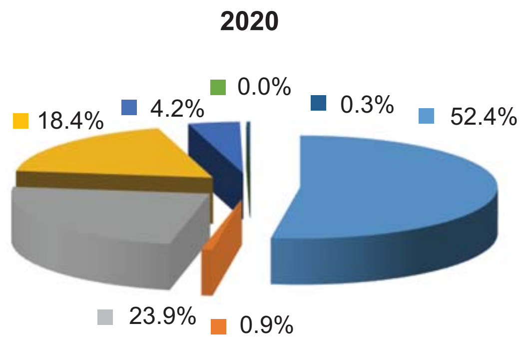


*Total Cost includes COGS, Selling, Admin, Other Expenses (less other income), Financial Charges and Taxation

STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	2021 (Rupees in '000)	%	2020 (Rupees in '000)	%
VALUE ADDITION				
Turnover - net	**5,141,627**	**99.8%**	5,528,139	99.7%
Other operating income	**9,401**	**0.2%**	15,308	0.3%
	5,151,028	**100.0%**	5,543,447	100.0%
VALUE DISTRIBUTION				
Materials and services	**2,520,404**	**48.9%**	2,902,404	52.4%
Government taxes and duties	**83,980**	**1.6%**	49,524	0.9%
Employees remuneration, benefits & others	**1,385,154**	**26.9%**	1,323,699	23.9%
Operating and other costs	**775,412**	**15.1%**	1,020,502	18.4%
Financial charges	**129,050**	**2.5%**	232,388	4.2%
Dividends	**74,374**	**1.4%**	-	0.0%
Retained within the business	**182,654**	**3.5%**	14,930	0.3%
	5,151,028	**100.0%**	5,543,447	100.0%





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, 2021

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, 2021 (audited) using the criteria mentioned in the Chapter IV (b) of Shariah Governance Regulations, 2018.

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

Review of Operations and my Opinion:

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

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

I have conducted the Shariah review of Macter International Limited for the financial year ended on June 30, 2021 in accordance with the provisions of Shariah Governance Regulations, 2018 and in my opinion:

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

Conclusion:

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

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

Muhammad Najeeb Khan

Karachi
September 13, 2021

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

Name of Company : MACTER INTERNATIONAL LIMITED
Year ending : JUNE 30, 2021

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

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

2. The composition of the Board is as follows:

Category	Names
Independent Directors	Mr. Amanullah Kassim Mr. Sohaib Umar Syed Anis Ahmad Shah Mr. Tariq Wajid
Non-executive Director	Sheikh Muhammad Waseem Mr. Muhammad Yahya Chawla
Executive Directors	Mr. Asif Misbah Mr. Swaleh Misbah Khan
Female Non-Executive Director	Ms. Masarrat Misbah

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

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

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

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

9. 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. Mr. Muhammad Yahya Chawla (Participated in 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	Syed Anis Ahmad Shah	Chairman
		Mr. Sohaib Umar	Member
		Sheikh Muhammed Waseem	Member
		Mr. Swaleh Misbah	Member
b.	HR and Remuneration Committee	Mr. Tariq Wajid	Chairman
		Mr. Asif Misbah	Member
		Mr. Muhammad Yahya Chawla	Member

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

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

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

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

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Amanullah Kassim
Chairman

Asif Misbah
Chief Executive

Karachi
September 18, 2021

EY
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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 2021** in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2021.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 24 September 2021

A member firm of Ernst & Young Global Limited

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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 2021**. This engagement was conducted by a multidisciplinary team including assurance practitioners and independent Shari'ah scholars.

2. Applicable Criteria

The criteria for the assurance engagement, against which the underlying subject matter (financial arrangements, contracts, and transactions having Shari'ah implications for the year ended 30 June 2021) 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 2021.

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 2021 based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements other than audits or reviews of historical financial statements', issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the compliance of the Company's financial arrangements, contracts and transactions having Shari'ah implications with Shari'ah principles is free from material misstatement.

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

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

6. Conclusion

Based on our reasonable assurance engagement, we report that in our opinion, the Company's financial arrangements, contracts and transactions for the year ended 30 June 2021 are in compliance with the Shari'ah principles, in all material respects.

Chartered Accountants

Engagement Partner: Shaikh Ahmed Salman

Date: 28 September 2021

Karachi

A member firm of Ernst & Young Global Limited

UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Ey Ford Rhodes
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INDEPENDENT AUDITOR'S REPORT

To the members of Macter International Limited

Report on the Audit of Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Macter International Limited** (the Company), which comprise the statement of financial position as at **30 June 2021**, 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 2021 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 Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following is the key audit matters:

Key audit matters	How our audit addressed the key audit matter
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. Capital expenditure and related financing	
As disclosed in note 4.1 to the accompanying financial statements, the Company has incurred significant amount of capital expenditure during the year for enhancement of production capacity. To finance the above capital expenditures, the Company has obtained various modes of financings. Capital expenditures incurred during the year represents a significant transaction and judgments in respect of capitalisation of elements of eligible components of costs as per the applicable reporting standards. Further, financing agreements entail financial and non-financial covenants that the Company is subject to compliance. Accordingly, we have identified the capital expenditure and related financing as a key audit matter.	Our procedures, amongst others, included obtaining an understanding of the Company's process with respect to capital expenditure including determination of useful lives and testing the Company's controls in this area relevant to our audit. We considered whether the items of cost capitalized and related depreciation expense recognized, meet the recognition criteria of an assets and depreciation expense in accordance with the applicable financial reporting standards. We also reviewed the relevant documentation of newly acquired fixed assets. We reviewed the financing agreements executed and inquired from the management with respect to the compliance of the covenants and tested controls related to such compliance and circularized confirmations to the financing banks with respect to outstanding loan balances at year end. We also reviewed the maturity analysis of the financing to ascertain the classification of loans as per their remaining maturities. We assessed the adequacy of the disclosures as per the requirements set out in the applicable financial reporting framework.

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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.

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

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

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

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

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

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

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

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

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

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Report on Other Legal and Regulatory Requirements

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

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

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of 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

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: 24 September 2021

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021	2020
		---------- (Rupees in '000) ----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	**1,448,418**	1,332,885
Intangible assets	5	**3,992**	6,343
Long-term investment	6	**300,000**	200,000
Long-term loans	7	**2,219**	2,065
Long-term deposits	8	**64,733**	81,016
Deferred tax asset	9	**47,047**	46,665
		1,866,409	1,668,974
CURRENT ASSETS			
Stores and spares		**10,118**	3,767
Stock-in-trade	10	**984,304**	1,038,064
Trade debts	11	**513,247**	762,635
Loans and advances	12	**69,466**	88,243
Trade deposits, prepayments and other receivables	13	**92,108**	97,305
Taxation - net		**101,107**	168,958
Cash and bank balances	14	**81,993**	129,745
		1,852,343	2,288,717
TOTAL ASSETS		**3,718,752**	3,957,691
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	15	**391,444**	391,444
Reserves		**958,065**	776,274
		1,349,509	1,167,718
NON-CURRENT LIABILITIES			
Deferred liabilities	16	**210,023**	203,128
Long-term financing	17	**455,245**	544,357
Long-term provision	18	**80,884**	-
Lease liabilities	19	**66,093**	35,081
		812,245	782,566
CURRENT LIABILITIES			
Trade and other payables	20	**781,128**	979,457
Accrued profit	21	**10,088**	26,975
Short-term borrowings	22	**381,695**	883,472
Current portion of long-term financing	17	**362,040**	94,401
Current portion of lease liabilities	19	**21,769**	22,834
Unclaimed dividends		**278**	268
		1,556,998	2,007,407
CONTINGENCIES AND COMMITMENTS	23		
TOTAL EQUITY AND LIABILITIES		**3,718,752**	3,957,691

The annexed notes from 1 to 40 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, 2021

	Note	2021	2020
		---------- (Rupees in '000) ----------	
Turnover	24	**5,141,627**	5,528,139
Cost of sales	25	**(3,026,827)**	(3,490,757)
Gross profit		**2,114,800**	2,037,382
Distribution costs	26	**(1,385,439)**	(1,523,132)
Administrative expenses	27	**(248,859)**	(226,395)
Other expenses	28	**(30,007)**	(8,242)
Other income	29	**9,401**	15,308
Operating profit		**459,896**	294,921
Financial charges	30	**(129,050)**	(232,388)
Profit before taxation		**330,846**	62,533
Taxation	31	**(73,818)**	(47,603)
Net profit for the year		**257,028**	14,930
		---------- (Rupees) ----------	
Basic and diluted earnings per share	32	**6.57**	0.38

The annexed notes from 1 to 40 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, 2021

	2021	2020
	---------- (Rupees in '000) ----------	
Net profit for the year	**257,028**	14,930
Other comprehensive (loss) / income:		
Items that will not be reclassified subsequently to profit or loss		
Actuarial loss on remeasurement of defined benefit plans – net of tax	**(863)**	(5,928)
Total comprehensive income for the year	**256,165**	9,002

The annexed notes from 1 to 40 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, 2021

	Note	2021	2020
		---------- (Rupees in '000) ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**330,846**	62,533
Adjustments:			
Depreciation	4.4 & 4.6	**135,991**	127,740
Amortization	5	**2,974**	3,359
Financial charges	30	**129,050**	232,388
Provision for gratuity	16.2	**20,495**	27,297
Gain on disposal of property, plant and equipment	29	**(1,108)**	(9,941)
Provision for slow moving and obsolete stock-in-trade - net	10.3	**38,712**	12,502
Allowance for expected credit loss	11.2	**19,145**	18,496
		345,259	411,841
		676,105	474,374
Decrease / (increase) in current assets			
Store and spares		**(6,351)**	(1,596)
Stock-in-trade		**15,048**	(277,363)
Trade debts		**230,243**	(200,445)
Loans and advances		**18,777**	(16,225)
Trade deposits, prepayments and other receivables		**5,197**	(26,729)
		262,914	(522,358)
(Decrease) / increase in current liabilities			
Trade and other payables		**(198,319)**	354,197
		64,595	(168,161)
Financial charges paid		**(145,937)**	(229,701)
Income tax paid		**(5,819)**	(108,845)
Gratuity paid		**(11,147)**	(16,650)
Long-term loans		**(154)**	82
Long-term deposits		**16,283**	(7,397)
Deferred liabilities		**(3,847)**	6,154
		(150,621)	(356,357)
Net cash generated from / (used in) from operating activities		**590,080**	(50,144)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(259,529)**	(153,780)
Proceeds from disposal of property, plant and equipment	4.2	**9,113**	18,917
Investment made during the year		**(100,000)**	(100,000)
Additions to intangible assets	5	**(623)**	(1,423)
Net cash used in investing activities		**(351,039)**	(236,286)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(74,374)**	(35,230)
Short-term borrowings (paid) / obtained		**(414,877)**	22,734
Long-term financing obtained		**178,527**	241,166
Long-term provision		**80,884**	-
Long-term lease liabilities		**29,947**	(25,073)
Net cash (used in) / generated from financing activities		**(199,893)**	203,597
Net increase / (decrease) in cash and cash equivalents during the year		**39,148**	(82,833)
Cash and cash equivalents at the beginning of the year		**(70,255)**	12,578
Cash and cash equivalents at the end of the year	36	**(31,107)**	(70,255)

The annexed notes from 1 to 40 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, 2021

	Issued, subscribed and paid-up share capital	Reserves			Total
		Capital reserves	Revenue reserves: Unappropriated profit	Total reserves	
	---------- (Rupees in '000) ----------				
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
Balance as at July 01, 2020	**391,444**	**217,808**	**558,466**	**776,274**	**1,167,718**
Interim dividend @ Rs.1.90 per share	**-**	**-**	**(74,374)**	**(74,374)**	**(74,374)**
Net profit for the year	**-**	**-**	**257,028**	**257,028**	**257,028**
Other comprehensive loss	**-**	**-**	**(863)**	**(863)**	**(863)**
	-	**-**	**256,165**	**256,165**	**256,165**
Balance as at June 30, 2021	**391,444**	**217,808**	**740,257**	**958,065**	**1,349,509**

The annexed notes from 1 to 40 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, 2021

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 The Board of Directors in their meeting held on June 22, 2021 approved to raise further capital by issuance of right shares at a value of Rs.165 per share (premium of Rs.155 per share) to its existing shareholders in the proportion of 17.03 right share for every 100 ordinary share held. The total size of the issue is Rs.1,100,000,055. As at year end, the Company is in the process of completing the legal formalities for the issuance of right shares.

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

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

New standards and amendments

IFRS 3	Business Combinations - Definition of a Business (Amendments)
IFRS 9 / IAS 39 / IFRS 7	Interest Rate Benchmark Reform (Amendments)
IAS 1 / IAS 8	Definition of Material (Amendments)

Conceptual Framework for Financial Reporting

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

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

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

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendment)	January 01, 2021
IFRS 16	Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendments)	01 April 2021
IFRS 3	Reference to the Conceptual Framework (Amendments)	January 01, 2022
IFRS 10/IAS 28	Sale or contribution of Assets between an investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	January 01, 2023
IAS 1	Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 16	Proceeds before Intended Use (Amendments)	January 01, 2022
IAS 8	Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	January 01, 2023
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	January 01, 2022
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
IFRS 16	Leases: Lease incentives	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 and non financial assets	3.12.1 & 11.2
- provision for tax and deferred tax	3.22, 9 & 31
- provision for employee retirement benefits	3.13 & 16.2
- determining the lease term of contracts with renewal and termination options	3.21
- estimating the incremental borrowing rate	3.21
- contingencies	23
- provision for return	3.15 & 24

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 upto the preceding month of disposal.

Maintenance and repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the 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.

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

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.

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

3.6 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 and are also included as part of cash and cash equivalents for the purpose of the statement of cash flows.

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 and recorded as stated in note 3.11.

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, 2021 using the Project Unit Credit Method.

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

Defined contribution plan

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

3.14 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 Assets and liabilities arising from rights of return

Right of return assets

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

Refund liabilities

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

3.16 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.

3.17 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.

3.18 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.

3.19 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.

3.20 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.

3.21 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.

3.22 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.

3.23 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.

3.24 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.

3.25 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.

	Note	2021	2020
		---------- (Rupees in '000) ----------	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	**1,327,741**	1,246,670
Capital work-in-progress	4.5	**35,407**	26,490
Right of use - assets	4.6	**85,270**	59,725
		1,448,418	1,332,885

4.1 Operating fixed assets:

	Cost			Depreciation					
	As at July 01, 2020	Additions / (Deletions) during the year	As at June 30, 2021	As at July 01, 2020	Charge for the year	On deletions	As at June 30, 2021	Net book value as at June 30, 2021	Depreciation rate % per annum
	---------- (Rupees in '000) ----------								
Owned									
Leasehold land (note 4.3)	212,280	4,527 -	216,807	-	-	-	-	216,807	-
Buildings on leasehold land (note 4.3)	434,574	2,000 -	436,574	148,814	14,328	-	163,142	273,432	5
Plant and machinery	671,150	104,997 (13,288)	762,859	360,844	34,960	(9,837)	385,967	376,892	10
Tools and equipment	134,526	26,187 (1,386)	159,327	49,151	10,099	(1,007)	58,243	101,084	10
Gas and other installation	303,452	29,695 (3,900)	329,247	118,106	19,773	(3,049)	134,830	194,417	10
Furniture and fixture	61,434	395 (4,800)	57,029	28,083	3,339	(3,674)	27,748	29,281	10
Office equipment	36,577	1,452 (4,085)	33,944	18,143	1,916	(2,863)	17,196	16,748	10
Computer equipment	37,132	2,045 (3,857)	35,320	31,117	2,106	(3,718)	29,505	5,815	30
Motor vehicles	194,663	30,723 (12,754)	212,632	84,860	23,294	(8,787)	99,367	113,265	20
	2,085,788	202,021 (44,070)	2,243,739	839,118	109,815	(32,935)	915,998	1,327,741	

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	

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)						
Motor vehicles	**2,863**	**873**	**1,990**	**3,000**	**1,010**	Negotiation	Mr. Muhammad Asif
Motor vehicles	**1,347**	**758**	**589**	**1,101**	**512**	Settled through claim received	
Items having book value of less than Rs.500,000 each	**35,158**	**31,288**	**3,870**	**-**	**(3,870)**	Write-off	
	1,196	**814**	**382**	**2,041**	**1,659**	Via Bid	
	3,321	**2,231**	**1,090**	**2,751**	**1,661**	Settled through claim received	
	185	**101**	**84**	**220**	**136**	Negotiation	
June 30, 2021	**44,070**	**36,065**	**8,005**	**9,113**	**1,108**		
June 30, 2020	34,237	25,261	8,976	18,917	9,941		

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	2021	2020
		---------- (Rupees in '000) ----------	

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

	Note	2021	2020
Cost of sales	25	**80,339**	75,131
Distribution costs	26	**19,020**	19,645
Administrative expenses	27	**10,456**	9,702
		109,815	104,478

4.5 Capital work-in-progress

2021	Civil works	Leasehold land	Plant and machinery	Others	Total
	--------------------- (Rupees in '000) ---------------------				
Opening balance	**-**	**7,006**	**16,998**	**2,486**	**26,490**
Capital expenditure incurred / advances made	**-**	**3,844**	**9,094**	**36,099**	**49,037**
Adjustments (note 4.5.1)	**-**	**-**	**(11,630)**	**-**	**(11,630)**
Transfer to operating fixed assets	**-**	**(5,449)**	**(10,497)**	**(12,544)**	**(28,490)**
Closing balance	**-**	**5,401**	**3,965**	**26,041**	**35,407**

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

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

4.6 Right-of-use assets

	Note	2021	2020
		---------- (Rupees in '000) ----------	
As at July 01,			
Cost		**82,987**	-
Initial application of IFRS 16		**-**	82,987
Accumulated depreciation		**(23,262)**	-
Net book value		**59,725**	82,987
Year ended June 30,			
Opening net book value		**59,725**	82,987
Reassessment of lease during the year		**51,721**	-
Depreciation for the year	4.6.1	**(26,176)**	(23,262)
Closing net book value		**85,270**	59,725
As at June 30,			
Cost		**134,708**	82,987
Accumulated depreciation		**(49,438)**	(23,262)
Net book value		**85,270**	59,725

	Note	2021	2020
		---------- (Rupees in '000) ----------	

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

	Note	2021	2020
Cost of sales	25	**3,740**	3,740
Distribution costs	26	**22,436**	19,522
		26,176	23,262

5. INTANGIBLE ASSETS

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

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	

	Note	2021	2020
		---------- (Rupees in '000) ----------	

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

	Note	2021	2020
Cost of sales	25	**369**	367
Distribution costs	26	**611**	612
Administrative expenses	27	**1,994**	2,380
		2,974	3,359

6. LONG-TERM INVESTMENT

	Note	2021	2020
Investment in subsidiary - at cost Misbah Cosmetics (Private) Limited Equity held: 79.84% (2020: 72.53%) No. of shares: 30,000,000 (2020: 20,000,000) of Rs.10 each	6.1	**300,000**	200,000

6.1 During the year, the Company acquired an additional 10,000,000 ordinary shares thereby increasing the voting rights from 72.53% to 79.84% 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	2021	2020
		---------- (Rupees in '000) ----------	
7. LONG-TERM LOANS - secured, considered good			
Due from:			
- Executives*		**793**	1,536
- Other employees		**5,741**	4,669
	7.1	**6,534**	6,205
Less: Current portion			
- Executives		**(245)**	(514)
- Other employees		**(4,070)**	(3,626)
	12	**(4,315)**	(4,140)
		2,219	2,065

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

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

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

	Note	2021	2020
		---------- (Rupees in '000) ----------	
8. LONG-TERM DEPOSITS			
Ijarah lease rentals		**16,643**	35,269
Diminishing musharakah		**42,948**	41,669
Utilities		**4,637**	3,473
Rent		**505**	605
		64,733	81,016

	Note	2021	2020
		(Rupees in '000)	
9. DEFERRED TAX ASSET			
Deductible temporary differences in respect of:			
Provisions for:			
- impairment on slow moving and obsolete items		**21,341**	11,148
- impairment on trade debts		**28,478**	22,857
- retirement and other service benefits		**58,426**	54,873
- Lease liabilities		**24,796**	16,190
Minimum tax		**60,583**	76,472
		193,624	181,540
Less: Taxable temporary differences			
Right-of-use assets		**(24,064)**	(16,696)
Accelerated tax depreciation		**(122,513)**	(118,179)
	9.1	**47,047**	46,665

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

	2021	2020
Balance at beginning of the year	**46,665**	18,396
- recognized in profit or loss	**(149)**	26,329
- recognized in other comprehensive loss	**531**	1,940
Balance at end of the year	**47,047**	46,665

10. STOCK-IN-TRADE

	Note	2021	2020
In hand			
- raw materials		**350,512**	472,026
- packing materials		**203,774**	235,025
- work-in-process		**95,836**	72,265
- finished goods	10.4	**407,560**	296,322
	10.1	**1,057,682**	1,075,638
Less: Provision for slow moving and obsolete items	10.3	**(75,619)**	(39,878)
		982,063	1,035,760
In transit	10.2	**2,241**	2,304
		984,304	1,038,064

10.1 This includes stock which is pledged with various banks against short-term borrowings as disclosed in note 22 to these unconsolidated financial statements.

10.2 Stock in transit includes raw material of Rs.0.97 (2020: Rs.2.27) million and packing material of Rs.1.27 (2020: Rs.0.03) million.

	Note	2021	2020
		---------- (Rupees in '000) ----------	

10.3 Provision for slow moving and obsolete items

Opening balance		**39,878**	27,376
Charge for the year		**38,712**	25,817
Write off during the year		**(2,971)**	(13,315)
Closing balance		**75,619**	39,878

10.4 Finished goods includes right of return assets amounting to Rs.11.05 million.

11. TRADE DEBTS - unsecured

	Note	2021	2020
Considered good	11.1	**513,247**	762,635
Considered doubtful		**100,910**	81,765
		614,157	844,400
Allowance for expected credit loss	11.2	**(100,910)**	(81,765)
Trade debts - net		**513,247**	762,635

11.1 These trade debts include Rs.0.61 (2020: Rs.31.69) million representing receivable against export sales to Africa and Asia amounting to Rs.0.61 (2020: Rs.22.45) million and nil (2020: Rs.9.25) million respectively.

11.2 Allowance for expected credit loss

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

	2021	2020
	---------- (Rupees in '000) ----------	
Balance at beginning of the year	**81,765**	63,269
Provision recognised during the year	**19,145**	20,999
Write offs during the year	**-**	(2,503)
	19,145	18,496
Balance at end of the year	**100,910**	81,765

11.3 As at June 30, 2021, trade debts aggregating to Rs.346.51 (2020: Rs.459.97) million are neither past due nor impaired. The remaining debts aggregating to Rs.166.74 (2020: Rs.302.65) million are past due but not impaired. The ageing analysis of these past due trade debts is as follows:

	2021	2020
Trade debts		
Neither past due nor impaired	**346,510**	459,986
Past due but not impaired:		
- within 30 days	**51,483**	109,490
- within 31 to 90 days	**18,272**	84,345
- within 91 to180 days	**18,094**	48,975
- within 181 to 360 days	**49,128**	30,934
- over 360 days	**29,760**	28,905
	513,247	762,635

	Note	2021	2020
		---------- (Rupees in '000) ----------	

12. LOANS AND ADVANCES - considered good

	Note	2021	2020
Current portion of long term loans	7	**4,315**	4,140
Advances to:			
- employees	12.1	**11,860**	5,982
- suppliers		**53,291**	78,121
		65,151	84,103
		69,466	88,243

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 & OTHER RECEIVABLES

		2021	2020
Deposits			
Ijarah lease rentals		**2,445**	6,240
Diminishing musharakah		**3,163**	5,277
Margin against bank guarantees		**22,590**	21,975
Tender deposits		**66,839**	59,060
Allowance for expected credit loss		**(8,088)**	(98)
Others		**-**	450
		86,949	92,904
Prepayments			
Software license		**2,593**	2,325
Takaful		**891**	740
Machine and equipments		**175**	452
Fees, rates and taxes		**1,354**	196
		5,013	3,713
Other receivables			
Profit on saving accounts		**146**	688
		92,108	97,305

14. CASH AND BANK BALANCES

	Note	2021	2020
Cash in hand		**6**	-
Balances with banks in:			
- current accounts		**70,407**	46,740
- saving accounts - with Islamic banks	14.1	**11,302**	82,737
- dividend accounts - with Islamic banks		**278**	268
		81,987	129,745
Cash and bank balances		**81,993**	129,745

14.1 These carry profit at the rates ranging from 2.75% to 3.47% (2020: 3.54% to 7.55%) per annum.

15. SHARE CAPITAL

15.1 Authorized share capital

2021	2020		Note	2021	2020
----- 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

2021	2020		2021	2020
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	2021	2020
		---------- (Rupees in '000) ----------	
Advance against motor vehicles		**1,224**	740
Government Grant	16.1	**1,771**	6,102
Employees' gratuity payable	16.2	**207,028**	196,286
		210,023	203,128

16.1 Government Grant

	Note	2021	2020
Opening balance		**14,824**	-
Received during the year		**10,335**	14,824
Released to the statement of profit or loss		**(12,976)**	-
Closing balance		**12,183**	14,824
Current portion of Government Grant	20	**10,412**	8,722
Long-term portion of Government Grant		**1,771**	6,102
		12,183	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, 2021 by an appointed actuary using "Projected Unit Credit Actuarial Cost Method".

	2021	2020
	--- Number of Employees ---	
The number of employees covered under the defined benefit scheme are:	**445**	474

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

Financial assumptions		
- Discount rate (per annum compounded)	**9.75%**	8.50%
- Salary increase per annum	**9.75%**	8.50%
Demographic assumptions		
- Normal retirement	**60 years**	60 years
- Mortality rate	**EFU (61-66)**	EFU (61-66)

	2021	2020
	---------- (Rupees in '000) ----------	
Liability in balance sheet		
Present value of defined benefit obligations	**207,028**	196,286
Movement in liability during the year		
Opening balance	**196,286**	177,771
Charged to profit and loss account	**20,495**	27,297
Benefits paid during the year	**(11,147)**	(16,650)
Actuarial loss recognised in other comprehensive income	**1,394**	7,868
Closing balance	**207,028**	196,286
Reconciliation of the present value of defined benefit obligations		
Present value of defined benefit obligations as at July 01,	**196,286**	177,770
Current service cost	**4,941**	4,845
Finance cost	**15,554**	22,452
Benefits paid	**(11,147)**	(16,649)
Actuarial loss on obligation	**1,394**	7,868
Present value of defined benefit obligations as at June 30,	**207,028**	196,286

	2021	2020
	---------- (Rupees in '000) ----------	
Charge for the defined benefit plan		
Cost recognised in profit and loss		
Current service cost	**4,941**	4,845
Finance cost	**15,554**	22,452
	20,495	27,297
Actuarial loss on defined benefit obligation recognised in other comprehensive income		
Actuarial loss / (gain) on defined benefit obligation		
- Loss due to change in financial assumptions	**-**	11,914
- Loss due to change in demographic assumptions	**-**	-
- Loss / (gain) due to change in experience adjustments	**1,394**	(4,046)
	1,394	7,868
Expected contributions to the fund in the following year	**23,577**	19,993
Expected benefit payments to retirees in the following year	**37,412**	38,424
Weighted average duration of the defined benefit obligation (year)	**7.60**	7.80

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:

	2021	2020
	---------- (Rupees in '000) ----------	
Increase in discount rate by 1%	**(12,772)**	(12,300)
Decrease in discount rate by 1%	**14,472**	14,002
Increase in expected future increment in salary by 1%	**14,333**	13,866
Decrease in expected future increment in salary by 1%	**(12,882)**	(12,408)
Maturity analysis		
Year 1	**37,412**	38,424
Year 2	**18,562**	17,887
Year 3	**21,519**	16,818
Year 4	**19,902**	19,288
Year 5	**25,532**	18,043
Year 6 to Year 10	**109,355**	97,952

Comparison for five years
As at June 30,

	2021	2020	2019	2018	2017
	(Rupees in '000)				
Defined benefit obligation	**207,028**	196,286	177,771	171,029	165,514
Experience adjustment loss / (gain) on obligation (as percentage of plan obligations)	**0.67%**	-2.06%	2.76%	0.67%	16.19%

	Note	2021	2020
		(Rupees in '000)	
17. LONG-TERM FINANCING			
Diminishing musharakah:			
- leasehold land and buildings	17.1	**152,500**	152,500
- plant and machinery	17.2	**272,284**	217,681
- vehicles	17.3	**129,858**	97,221
- salaries and wages	17.4	**262,643**	171,356
		817,285	638,758
Less: Current maturity shown under current liabilities		**(362,040)**	(94,401)
		455,245	544,357

17.1 These facilities have been obtained from Meezan Bank Limited for different leasehold lands which carry profit at the rate of 3 to 6 Months KIBOR plus 1.25% to 1.50% (2020: 6 Months KIBOR plus 1.25% to 1.50%) per annum and having maturity till June 2025 (2020: May 2025). These facilities are secured against the respective assets.

17.2 These facilities have been obtained from First Habib Modaraba, Dubai Islamic Bank, MCB Islamic Bank and Habib Metro Bank for different machineries. These carry mark-up at the rates of 1 Month, 3 Months and 6 Months KIBOR plus 1.00% to 2.00% (2020: 6 Months KIBOR plus 1.25% to 2.00%) per annum and having maturity till September 2025 (2020: March 2025). These facilities are secured against the respective assets.

During the period, the company swapped machinery obtained under ijarah to Diminishing Musharakah from MCB Islamic having outstanding principal amounting Rs.31.08 million.

During the period, the company swapped machinery obtained under ijarah from Bank AlHabib Limited to Diminishing Musharakah with Habib Metropolitan Bank Limited having outstanding principal amounting Rs.69.06 million.

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 1.50% (2020: 6 Months KIBOR plus 1.00% to 1.40%) per annum and are having maturity till March 2026 (2020: January 2026). These facilities are secured against the respective assets.

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

	Note	2021	2020
		---------- (Rupees in '000) ----------	
18. LONG-TERM PROVISION			
Gas Infrastructure Development Cess (GIDC)		**80,884**	-

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

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

However, as a matter of abundant caution and without prejudice to the suit filed, the Company has made aggregate provision of Rs.97.13 million for GIDC in the financial statements.

	Note	2021	2020
		---------- (Rupees in '000) ----------	
19. LEASE LIABILITIES			
Lease liabilities		**87,862**	57,915
Current portion of lease liabilities		**(21,769)**	(22,834)
		66,093	35,081

19.1 Reconciliation of the carrying amount is as follows:

	Note	2021	2020
Opening		**57,915**	75,727
Reassessment of lease during the year		**51,720**	-
Accretion of finance cost	30	**4,862**	9,479
Lease rental payments made during the year		**(26,635)**	(27,291)
Lease liability as at June 30,		**87,862**	57,915
Current portion of lease liabilities		**(21,769)**	(22,834)
Long-term lease liabilities as at June 30,		**66,093**	35,081

		Note	2021	2020
			---------- (Rupees in '000) ----------	
19.2	**Maturity analysis**			
	Gross lease liabilities - minimum lease payments:			
	Not later than one year		**29,786**	29,430
	Later than one year but not later than five years		**73,394**	44,542
			103,180	73,972
	Future finance charge		**(15,318)**	(16,057)
	Present value of finance lease liabilities		**87,862**	57,915
20.	**TRADE AND OTHER PAYABLES**			
	Trade and other creditors		**520,453**	645,687
	Advances from customers - contract liabilities		**137,781**	131,453
	Accrued liabilities		**11,578**	53,188
	Provision for gas infrastructure development cess		**-**	82,792
	Sindh Workers' Profit Participation Fund	20.1	**2,948**	3,392
	Workers' Welfare Fund	20.2	**29,834**	23,014
	Central Research Fund		**3,342**	632
	Payable to provident fund	20.3	**794**	3,319
	Current portion of government grant	16.1	**10,412**	8,722
	Refund liability		**18,777**	-
	Ijarah rental payable		**1,206**	9,426
	Auditors' remuneration		**2,816**	2,406
	Withholding taxes payable		**10,924**	7,650
	Others		**30,263**	7,776
			781,128	979,457
20.1	**Sindh Workers' Profit Participation Fund**			
	Opening balance		**3,392**	2,852
	Mark-up thereon		**82**	161
	Charge for the year		**17,948**	3,392
			21,422	6,405
	Less: Payments made during the year		**(18,474)**	(3,013)
	Closing balance		**2,948**	3,392

20.2 Workers' Welfare Fund

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

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

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

20.3 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.

	Note	2021	2020
		---------- (Rupees in '000) ----------	
21. ACCRUED PROFIT			
Diminishing musharakah		**2,455**	3,009
Istisna'a		**-**	1,212
Murabaha		**6,107**	16,491
Musharakah running finance		**1,526**	6,263
		10,088	26,975
22. SHORT TERM BORROWINGS - secured			
Istisna'a		**-**	45,284
Musharakah running finance	22.1	**113,100**	200,000
Murabaha	22.2	**268,595**	638,188
		381,695	883,472

22.1 These represent finance facility obtained from MCB Islamic Bank. This carries profit at the rate of 3 Months KIBOR plus 1.25% (2020: 3 months KIBOR plus 0.85% to 1.25%) per annum and is repayable on demand. These are secured by way of hypothecation on stock-in-trade and trade debts of the Company.

22.2 This represent outstanding murabaha facilities with various Islamic banks for the purpose of purchase of stock-in-trade. These carry profit at the rates ranging from 3 to 6 Months KIBOR plus 0.80% to 1.50% (2020: 6 Months KIBOR plus 1.00% to 1.50%) per annum and having maturity latest by October 2021 (2020: December 2020). These are secured against hypothecation of stock-in-trade and trade debts of the Company.

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 Certain cases have been filed against the Company by some employees against their termination / dismissal, having exposure of Company to the extent of Rs.8.01 million (2020: Rs.9.53 million). Provision has not been made in these unconsolidated financial statements for the said amount as the management of the Company, based on the advice of its legal counsel handling the subject cases, is of the opinion that matters shall be decided in the Company’s favour.

23.1.2 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.6.39 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. The Appellate Tribunal Inland Revenue has decided case in favor of the Company and few points have been reverted back to ACIR with the direction to re-adjudicate the issue after considering the evidences produced. The management, based on tax advice and strong grounds, is confident for a favorable outcome, accordingly, no provision is made in these unconsolidated financial statements in this respect.

23.1.3 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.28.57 million for the tax year 2014 on account of disallowance of certain expenses. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication. The management, based on tax advice, is confident for a favorable outcome, accordingly no provision is made in unconsolidated financial statements in this respect.

23.1.4 The Additional Commissioner Inland Revenue (ACIR) raised demands of Rs.22.43, Rs.51.46 and Rs.245.21 million for the tax year 2015, 2016 and 2017 respectively through order under section 122(5A) of the Income Tax Ordinance, 2001, whereby, the assessing officer added back certain expenses. In case of tax year 2017 also disallowed salary and wages expenses pertaining to field force employees as advertisement and promotional expenses over 10% of revenue. Being aggrieved, the Company filed an appeal before Commissioner Inland Revenue (Appeals), which is pending adjudication. The management, based on tax advice and strong arguments, is confident for a favorable outcome, accordingly no provision is made in unconsolidated financial statements in this respect.

		Note	2021	2020
			---------- (Rupees in '000) ----------	
23.2	**Commitments**			
	Outstanding letters of credit		**135,381**	143,613
	Outstanding letters of guarantee		**113,604**	115,231
	Commitments for capital expenditure		**26,876**	22,174
	Commitments for Ijarah rentals in respect of plant and machinery, motor vehicles and equipment:			
	2021		**-**	81,402
	2022		**52,071**	73,073
	2023		**36,471**	33,188
	2024		**14,458**	14,769
	2025		**9,125**	7,863
			112,125	210,295
24.	**TURNOVER**			
	Gross Sales			
	Local		**5,550,287**	5,598,180
	Export		**138,051**	199,252
			5,688,338	5,797,432
	Less: Trade discount		**536,279**	293,614
	Less: Sales return		**51,484**	36,390
	Less: Sales tax		**37,902**	32,336
			5,062,673	5,435,092
	Toll manufacturing		**78,954**	93,047
			5,141,627	5,528,139

		Note	2021	2020
			---------- (Rupees in '000) ----------	
25.	**COST OF SALES**			
	Raw and packing materials consumed	25.1	**2,391,707**	2,691,969
	Salaries, wages and benefits	25.2	**395,133**	422,461
	Fuel and power		**164,999**	168,852
	Ijarah lease rentals		**17,617**	75,516
	Repairs and maintenance		**69,777**	56,941
	Laboratory and factory supplies		**25,712**	18,667
	Takaful		**3,484**	3,167
	Provision for slow moving and obsolete stock-in-trade	10.3	**38,712**	25,817
	Printing and stationery		**8,861**	6,913
	Rent, rates and taxes		**4,078**	6,005
	Legal and professional		**26**	1,041
	Travelling, conveyance and entertainment		**1,551**	1,438
	Depreciation	4.4 & 4.6.1	**84,079**	78,871
	Amortization	5.1	**369**	367
	Postage and communication		**1,415**	1,529
	Training and development cost		**125**	81
	Others		**123**	356
			3,207,768	3,559,991
	Work-in-process			
	Opening		**72,265**	65,668
	Closing		**(95,836)**	(72,265)
			(23,571)	(6,597)
	Cost of goods manufactured		**3,184,197**	3,553,394
	Finished goods			
	Opening		**296,322**	296,278
	Closing		**(407,560)**	(296,322)
			(111,238)	(44)
	Physician samples		**(46,132)**	(62,593)
			3,026,827	3,490,757
25.1	**Raw and packing materials consumed**			
	Opening stock		**707,051**	434,987
	Purchases		**2,238,942**	2,964,033
			2,945,993	3,399,020
	Closing stock		**(554,286)**	(707,051)
			2,391,707	2,691,969

25.2 This includes amount of Rs.11.02 (2020: Rs.10.84) million in respect of staff provident fund.

	Note	2021	2020
		---------- (Rupees in '000)	----------
26. DISTRIBUTION COSTS			
Salaries and benefits	26.1	**808,263**	756,883
Sales promotion expenses		**237,127**	269,871
Repair and maintenance		**27,362**	24,498
Fuel and power		**17,278**	18,373
Ijarah lease rentals		**7,766**	23,994
Printing and stationery		**2,958**	2,928
Takaful		**3,697**	3,568
Allowance for expected credit loss	11.2 & 13	**27,135**	20,688
Postage and communication		**3,506**	6,056
Rent, rate and taxes		**7,949**	21,489
Legal and professional		**947**	1,487
Freight charges		**62,085**	85,553
Training and development cost		**28,144**	83,768
Depreciation	4.4 & 4.6.1	**41,456**	39,167
Amortization	5.1	**611**	612
Traveling, conveyance and entertainment		**14,489**	52,518
Service charges		**75,580**	91,417
Subscription charges		**19,086**	20,262
		1,385,439	1,523,132

26.1 This includes amount of Rs.23.09 (2020: Rs.22.05) million in respect of staff provident fund.

	Note	2021	2020
27. ADMINISTRATIVE EXPENSES			
Salaries and benefits	27.1	**161,465**	140,023
Director`s fee		**2,262**	779
Fuel and power		**12,364**	10,566
Ijarah lease rentals		**683**	4,503
Legal and professional		**15,599**	20,498
Printing and stationery		**4,504**	4,016
Auditors' remuneration	27.2	**3,200**	3,102
Rent, rates and taxes		**4,707**	5,369
Takaful		**1,446**	1,278
Repairs and maintenance		**25,085**	18,074
Postage and communication		**3,516**	3,705
Depreciation	4.4	**10,456**	9,702
Amortization	5.1	**1,994**	2,380
Training and development cost		**216**	169
Traveling, conveyance and entertainment		**613**	1,726
Others		**749**	505
		248,859	226,395

27.1 This includes amount of Rs.7.01 (2020: Rs.6.44) million in respect of staff provident fund.

		2021	2020
		---------- (Rupees in '000) ----------	

27.2 Auditors' remuneration

		2021	2020
Annual audit fee of unconsolidated financial statements		**1,287**	1,170
Half year review of unconsolidated financial statements		**385**	350
Annual audit fee of consolidated financial statements		**462**	420
Other services and certifications		**676**	665
		2,810	2,605
Out of pocket expenses		**165**	286
Sales tax		**225**	211
		3,200	3,102

28. OTHER EXPENSES

		2021	2020
Sindh Workers' Profit Participation Fund		**17,948**	3,392
Workers' Welfare Fund		**6,820**	1,289
Central Research Fund		**3,342**	632
Exchange loss - net		**1,814**	2,768
Mark-up on Sindh Workers' Profit Participation Fund		**83**	161
		30,007	8,242

29. OTHER INCOME

		2021	2020
Profit on saving accounts		**3,920**	3,174
Gain on disposal of property, plant and equipment		**1,108**	9,941
Scrap sales		**974**	1,412
Others		**3,399**	781
		5,481	12,134
		9,401	15,308

30. FINANCIAL CHARGES

		2021	2020
Mark up on:			
- Diminishing musharakah		**50,957**	63,180
- Istisna`a		**1,034**	24,360
- Murabaha		**62,529**	109,094
- Musharakah running finance		**7,210**	24,876
- Right of use assets	19.1	**4,862**	9,479
		126,592	230,989
Bank charges and commission		**2,458**	1,399
		129,050	232,388

31. TAXATION

		2021	2020
Current		**76,662**	73,932
Prior		**(2,993)**	-
Deferred		**149**	(26,329)
		73,818	47,603

31.1 Income tax assessments of the Company have been finalised up to and including the tax year 2020 under the self assessment scheme.

31.2 Adequate provision for tax has been provided in these financial statements for they current year in accordance with the requirements laid under Income tax Ordinance, 2001 (ITO 2001). The current year tax represents tax on taxable income at the rate of 29% (2020: 1.5% turnover tax).

	2021	2020
	---------- (Rupees in '000) ----------	

31.3 Relationship between accounting profit and tax expense

	2021	2020
Accounting profit before taxation	**330,846**	62,533
Normal tax at the rate of 29% (2020: 29%)	**95,945**	18,135
Tax effects of:		
Income subject to FTR	**(1,125)**	1,696
Expenses/Income are not allowed-net	**15,735**	15,119
Carried forward turnover tax adjustment	**(33,893)**	-
Deferred tax	**149**	(26,329)
Prior period adjustment	**(2,993)**	-
Turnover tax over normal tax	**-**	46,975
Tax credits	**-**	(7,993)
	73,818	47,603

32. BASIC AND DILUTED EARNINGS PER SHARE

	Note	2020	2019
		---------- (Rupees in '000) ----------	
Net profit for the year		**257,028**	14,930
Weighted average number of ordinary shares in issue		**39,144**	39,144
Basic earnings per share (Rupees)	32.1	**6.57**	0.38

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

33. 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:

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. 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:

	2021	2020
	---------- (Rupees in '000) ----------	
Trade debts	**513,247**	762,635
Loans	**6,534**	6,205
Deposits	**151,682**	173,920
Bank balances	**81,987**	129,745
	753,450	1,072,505

Credit quality of financial assets		
Bank balances		
A1+	**81,987**	127,576
A1	**-**	2,169
	81,987	129,745

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 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.

33.3 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:

2021	Less than three months	Three to twelve months	More than one year	Total
	---------------- (Rupees in '000) ----------------			
Long-term financing	**93,577**	**268,463**	**455,245**	**817,285**
Trade and other payables	**346,066**	**119,938**	**-**	**466,004**
Accrued profit	**10,057**	**31**	**-**	**10,088**
Short-term borrowings	**354,734**	**26,961**	**-**	**381,695**
Unclaimed dividends	**278**	**-**	**-**	**278**
	804,712	**415,393**	**455,245**	**1,675,350**

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 dividends	268	-	-	268
	572,532	1,045,681	553,079	2,171,292

33.3.1 Changes in liabilities from financing activities

	July 01, 2020	Cash Flows	June 30, 2021
	---------------- (Rupees in '000) ----------------		
Long-term financing	638,758	178,527	**817,285**
Short-term borrowings	883,472	(501,777)	**381,695**

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 Company 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 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)
2021	**+100**	**(11,877)**
	-100	**11,877**
2020	+100	(14,395)
	-100	14,395

	Note	2021	2020
		---------- (Rupees in '000) ----------	

33.6 Fair value of financial instruments

33.6.1 Financial assets as per statement of financial position

	2021	2020
At amortised cost		
Trade debts	**513,247**	762,635
Loans	**6,534**	6,205
Investment in subsidiary	**300,000**	200,000
Deposits	**151,682**	173,920
Bank balances	**81,987**	129,745
	1,053,450	1,272,505

33.6.2 Financial liabilities as per statement of financial position

	2021	2020
Trade and other payables	**466,004**	621,819
Unclaimed dividends	**278**	268
Long-term financing	**817,285**	638,758
Accrued profit	**10,088**	26,975
Short-term borrowings	**381,695**	883,472
	1,675,350	2,171,292

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 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, 2021, none of the financial instruments are carried at fair value.

33.7 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 33.74% (2020: 47.89%) 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 Company’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 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:

		2021	**2020**
		---------- (Rupees in '000)	----------
Descriptions	**Nature of transactions**		
Key Management Personnel	Dividend	**48,501**	23,002
Non-Executive Directors	Meeting fees	**2,263**	779
Provident fund	Contribution paid	**41,940**	39,338
Misbah Cosmetics (Private) Limited (Subsidiary)	Investment made	**100,000**	100,000
	Expenses incurred and reimbursement thereon	**-**	1,084

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

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

35. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

	Chief Executive		Executive Directors		Executive *		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in '000)							
Managerial remuneration	**20,658**	20,658	**27,652**	37,444	**182,199**	147,891	**230,509**	205,993
Bonus	**-**	-	**-**	-	**805**	260	**805**	260
Perquisites	**-**	107	**157**	110	**388**	552	**545**	769
Retirement benefits	**1,062**	1,062	**1,421**	1,924	**15,296**	12,160	**17,779**	15,146
Other benefits	**1,644**	1,623	**1,699**	2,987	**20,456**	14,801	**23,799**	19,411
	23,364	23,450	**30,929**	42,465	**219,144**	175,664	**273,437**	241,579
Number of persons	**1**	1	**1**	2	**40**	34	**42**	37

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

35.2 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.

36. CASH AND CASH EQUIVALENTS

	Note	2021	2020
		(Rupees in '000)	
Cash and bank balances	14	**81,993**	129,745
Musharakah running finance		**(113,100)**	(200,000)
		(31,107)	(70,255)

37. NUMBER OF EMPLOYEES

Number of persons employed as at year end were 1,237 (2020: 1,264), the average number of persons employed during the year were 1,246 (2020: 1,226) and number of person employed in factory as at year end were 454 (2020: 449).

38. NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Management in its meeting held on September 18, 2021 proposed (i) a final cash dividend of Rs.2/- per share amounting to Rs. 91.6M for approval of the members at the Annual General Meeting to be held on October 23, 2021.

39. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on September 18, 2021 by the Board of Directors of the Company.

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 financial statements during the current year.

CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the members of Macter International Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Macter International Limited** (the Holding Company) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at **30 June 2021**, 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 2021, 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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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 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. Capital expenditure and related financing	
As disclosed in note 4.1 to the accompanying consolidated financial statements, the Group has incurred significant amount of capital expenditure during the year for enhancement of production capacity. To finance the above capital expenditures, the group has obtained various modes of financings. Capital expenditures incurred during the year represents a significant transaction and judgments in respect of capitalisation of elements of eligible components of costs as per the applicable reporting standards. Further, financing agreements entail financial and non-financial covenants that the Group is subject to compliance. Accordingly, we have identified the capital expenditure and related financing as a key audit matter.	Our procedures, amongst others, included obtaining an understanding of the Group's process with respect to capital expenditure including determination of useful lives and testing the Group's controls in this area relevant to our audit. We considered whether the items of cost capitalized and related depreciation expense recognized, meet the recognition criteria of an assets and depreciation expense in accordance with the applicable financial reporting standards. We also reviewed the relevant documentation of newly acquired fixed assets. We reviewed the financing agreements executed and inquired from the management with respect to the compliance of the covenants and tested controls related to such compliance and circularized confirmations to the financing banks with respect to outstanding loan balances at year end. We also reviewed the maturity analysis of the financing to ascertain the classification of loans as per their remaining maturities. We assessed the adequacy of the disclosures as per the requirements set out in the applicable financial reporting framework.

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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.

Chartered Accountants

Date: 24 September 2021

Karachi

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021	2020
		---------- (Rupees in '000) ----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	**1,464,433**	1,349,992
Intangible assets	5	**55,310**	60,410
Long-term loans	6	**2,219**	2,065
Long-term deposits	7	**66,211**	82,494
Deferred tax asset	8	**47,047**	46,665
		1,635,220	1,541,626
CURRENT ASSETS			
Stores and spares		**10,118**	3,767
Stock-in-trade	9	**1,042,133**	1,101,269
Trade debts	10	**546,342**	785,142
Loans and advances	11	**73,918**	91,270
Trade deposits, prepayments and other receivables	12	**105,328**	106,759
Taxation - net		**101,107**	168,958
Cash and bank balances	13	**157,836**	139,056
		2,036,782	2,396,221
TOTAL ASSETS		**3,672,002**	3,937,847
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	14	**391,444**	391,444
Reserves		**797,931**	667,144
Equity attributable to the owner's of the Holding Company		**1,189,375**	1,058,588
Non controlling interest		**22,359**	13,956
		1,211,734	1,072,544
NON-CURRENT LIABILITIES			
Deferred liabilities	15	**210,023**	203,128
Long-term financing	16	**503,447**	596,243
Long-term provision	17	**80,884**	-
Lease liabilities	18	**66,093**	35,081
		860,447	834,452
CURRENT LIABILITIES			
Trade and other payables	19	**792,365**	990,959
Accrued profit	20	**10,722**	27,474
Short-term borrowings	21	**408,963**	891,231
Current portion of long-term financing	16	**365,724**	98,085
Current portion of lease liabilities	18	**21,769**	22,834
Unclaimed dividends		**278**	268
		1,599,821	2,030,851
CONTINGENCIES AND COMMITMENTS	22		
TOTAL EQUITY AND LIABILITIES		**3,672,002**	3,937,847

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, 2021

	Note	2021	2020
		---------- (Rupees in '000) ----------	
Turnover	24	**5,372,787**	5,704,724
Cost of sales	25	**(3,147,012)**	(3,575,157)
Gross profit		**2,225,775**	2,129,567
Distribution costs	26	**(1,514,888)**	(1,656,635)
Administrative expenses	27	**(252,143)**	(228,331)
Other expenses	28	**(30,007)**	(8,242)
Other income	29	**9,401**	15,308
Operating profit		**438,138**	251,667
Financial charges	30	**(139,233)**	(243,308)
Profit before taxation		**298,905**	8,359
Taxation	31	**(83,017)**	(53,994)
Net profit / (loss) for the year		**215,888**	(45,635)
		---------- (Rupees) ----------	
Basic and diluted earnings / (loss) per share	32	**5.52**	(1.17)
Attributable to:			
Owners of the Holding Company		**225,982**	(28,397)
Non-controlling interest		**(10,094)**	(17,238)
		215,888	(45,635)

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, 2021

	2021	2020
	---------- (Rupees in '000) ----------	
Net profit / (loss) for the year	**215,888**	(45,635)
Other comprehensive income / (loss) :		
Items that will not be reclassified subsequently to profit or loss		
Actuarial loss on remeasurement of defined benefit plans – net of tax	**(864)**	(5,928)
Total comprehensive income / (loss) for the year	**215,024**	(51,563)
Attributable to:		
Owners of the Holding Company	**225,118**	(34,325)
Non-controlling interest	**(10,094)**	(17,238)
	215,024	(51,563)

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, 2021

	Note	2021	2020
		---------- (Rupees in '000) ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**298,905**	8,359
Adjustments:			
Depreciation	4.1 & 4.4	**137,818**	129,665
Amortization	5.1	**5,724**	6,231
Financial charges	31	**139,233**	243,308
Provision for gratuity	15.2	**20,495**	27,297
Gain on disposal of property, plant and equipment	30	**(1,108)**	(9,941)
Provision for slow moving and obsolete stock-in-trade - net	9.3	**46,647**	17,446
Allowance for expected credit loss	10.2	**19,145**	22,641
		367,954	436,647
		666,859	445,006
Decrease / (Increase) in current assets			
Store and spares		**(6,351)**	(1,596)
Stock-in-trade		**12,489**	(276,866)
Trade debts		**219,655**	(208,251)
Loans and advances		**17,352**	(14,383)
Trade deposits, prepayments and other receivables		**1,431**	(29,761)
		244,576	(530,857)
(Decrease) / increase in current liabilities			
Trade and other payables		**(198,584)**	342,702
		45,992	(188,155)
Financial charges paid		**(155,985)**	(241,287)
Income tax paid		**(15,018)**	(115,236)
Gratuity paid		**(11,147)**	(16,650)
Long-term loans		**(154)**	82
Long-term deposits		**16,283**	(7,957)
Deferred liabilities		**(3,847)**	6,154
		(169,868)	(374,894)
Net cash generated from / (used in) from operating activities		**542,983**	(118,043)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(260,265)**	(157,333)
Proceeds from disposal of property, plant and equipment	4.2	**9,113**	18,917
Additions to intangible assets	5	**(623)**	(1,423)
Net cash used in investing activities		**(251,775)**	(139,839)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(74,374)**	(35,230)
Issuance cost against right issue		**(1,460)**	(690)
Short-term borrowings (paid) / obtained		**(395,368)**	5,480
Long-term financing obtained		**174,843**	237,482
Long-term provision		**80,884**	-
Long-term lease liabilities		**29,947**	(25,073)
Net cash (used in) / generated from financing activities		**(185,528)**	181,969
Net decrease in cash and cash equivalents during the year		**105,680**	(75,913)
Cash and cash equivalents at the beginning of the year		**(60,944)**	14,969
Cash and cash equivalents at the end of the year	36	**44,736**	(60,944)

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, 2021

	Issued, subscribed and paid-up share capital	Reserves			Non Controlling Interest	Total
		Capital reserves	Revenue reserves – Unappropriated profit	Total reserves		
	---------- (Rupees in '000) ----------					
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
Balance as at July 01, 2020	**391,444**	**217,808**	**449,336**	**667,144**	**13,956**	**1,072,544**
Transactions with the owners						
Adjustment due to further acquisition of shares in Subsidiary Company	**-**	**-**	**(18,811)**	**(18,811)**	**18,811**	**-**
Interim cash dividend @ Rs.1.90 per share	**-**	**-**	**(74,374)**	**(74,374)**	**-**	**(74,374)**
Issuance cost against right shares	**-**	**-**	**(1,146)**	**(1,146)**	**(314)**	**(1,460)**
Net profit for the year	**-**	**-**	**225,982**	**225,982**	**(10,094)**	**215,888**
Other comprehensive loss	**-**	**-**	**(864)**	**(864)**	**-**	**(864)**
	-	**-**	**225,118**	**225,118**	**(10,094)**	**215,024**
Balance as at June 30, 2021	**391,444**	**217,808**	**580,123**	**797,931**	**22,359**	**1,211,734**

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, 2021

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 Holding Company has been listed on Pakistan Stock Exchange Limited. The geographical location and registered office of the Company is situated at F-216, S.I.T.E., Karachi.

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

1.1.3 During the year, the Holding Company acquired an additional 10,000,000 ordinary shares increasing the holding in voting shares from 72.53% to 79.84% of the Subsidiary Company against a cash consideration of Rs.100 million.

1.1.4 The Board of Directors of the Holding Company in their meeting held on June 22, 2021 approved to raise further capital by issuance of right shares at a value of Rs.165 per share (premium of Rs.155 per share) to its existing shareholders in the proportion of 17.03 right share for every 100 ordinary share held. The total size of the issue is Rs.1,100,000,055. As at year end, the Holding Company is in the process of completing the legal formalities for the issuance of right shares.

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-A, S.I.T.E, Karachi.

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act); 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:

	2021	2020
	---------- (Rupees in '000) ----------	
Non-current assets	**17,494**	18,631
Current assets	**184,439**	107,503
Non-current liabilities	**(48,202)**	(51,886)
Current liabilities	**(42,822)**	(23,445)
Net assets	**110,909**	50,803
Share of NCI @ 20.16% (2020: 27.47%)	**22,359**	13,956

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 3	Business Combinations - Definition of a Business (Amendments)
IFRS 9 / IAS 39 / IFRS 7	Interest Rate Benchmark Reform (Amendments)
IAS 1 / IAS 8	Definition of Material (Amendments)

Conceptual Framework for Financial Reporting

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.

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

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

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendment)	01 January 2021
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)	01 April 2021
IFRS 3	Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 10/IAS 28	Sale or contribution of Assets between an investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	01 January 2023
IAS 1	Disclosure of Accounting Policies (Amendments)	01 January 2023
IAS 16	Proceeds before Intended Use (Amendments)	01 January 2022
IAS 8	Definition of Accounting Estimates (Amendments)	01 January 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	01 January 2023
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022
Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)		
IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IAS 41	Agriculture – Taxation in fair value measurements	01 January 2022
IFRS 16	Leases: Lease incentives	01 January 2022

The 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 Group expects that above new standards will not have any material impact on the Group'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	3.21, 8 & 31
- provision for employee retirement benefits	3.12 & 15.2
- determining the lease term of contracts with renewal and termination options	3.20
- estimating the incremental borrowing rate	3.20
- contingencies	22.1
- provision for sale return	3.14 & 19

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.

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

3.6 Loans, advances, deposits, prepayments and other receivables

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 and are also included as part of cash and cash equivalents for the purpose of the statement of cash flows.

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 and recorded as stated in note 3.10.

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 Group.

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 Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix for large portfolio of customer having similar characteristics and default rates based on the credit rating of customers from which receivables are due that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group 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, 2021 using the Project Unit Credit Method.

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

Defined contribution plan

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

3.13 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 Group at customer premises.

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

3.14 Assets and liabilities arising from rights of return

Right of return assets

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

Refund liabilities

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

3.15 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 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.

3.19 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 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.

3.21 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 consolidated financial statements in the period in which these are approved.

3.23 Earnings per share

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

3.24 Segment Reporting

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

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

	Note	2021	2020
		---------- (Rupees in '000) ----------	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	**1,343,756**	1,263,777
Capital work-in-progress	4.5	**35,407**	26,490
Right of use - assets	4.6	**85,270**	59,725
		1,464,433	1,349,992

4.1 Operating fixed assets:

	Cost			Depreciation					
	As at July 01, 2020	Additions / (Deletions) during the year	As at June 30, 2021	As at July 01, 2020	Charge for the year	On deletions	As at June 30, 2021	Net book value as at June 30, 2021	Depreciation rate % per annum
	(Rupees in '000)								
Owned									
Leasehold land (note 4.3)	212,280	4,527	216,807	-	-	-	-	216,807	-
Buildings on leasehold land (note 4.3)	434,574	2,000 -	436,574	148,814	14,328	-	163,142	273,432	5
Plant and machinery	671,150	104,997 (13,288)	762,859	360,844	34,960	(9,837)	385,967	376,892	10
Tools and equipment	134,526	26,187 (1,386)	159,327	49,151	10,099	(1,007)	58,243	101,084	10
Gas and other installation	303,452	29,695 (3,900)	329,247	118,106	19,773	(3,049)	134,830	194,417	10
Furniture and fixture	81,951	1,129 (4,800)	78,280	32,048	5,018	(3,674)	33,392	44,888	10
Office equipment	36,662	1,452 (4,085)	34,029	18,173	1,921	(2,863)	17,231	16,798	10
Computer equipment	38,173	2,045 (3,857)	36,361	31,733	2,233	(3,718)	30,248	6,113	30
Motor vehicles	194,768	30,723 (12,754)	212,737	84,889	23,310	(8,787)	99,412	113,325	20
	2,107,536	202,755 (44,070)	2,266,221	843,758	111,642	(32,935)	922,465	1,343,756	

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	

4.2 The 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)						
Motor vehicles	**2,863**	**873**	**1,990**	**3,000**	**1,010**	Negotiation	Mr. Muhammad Asif
Motor vehicles	**1,347**	**758**	**589**	**1,101**	**512**	Settled through claim received	
Items having book value of less than Rs.500,000 each	**35,158**	**31,288**	**3,870**	**-**	**(3,870)**	Write-off	
	1,196	**814**	**382**	**2,041**	**1,659**	Via Bid	
	3,321	**2,231**	**1,090**	**2,751**	**1,661**	Settled through claim received	
	185	**101**	**84**	**220**	**136**	Negotiation	
June 30, 2021	**44,070**	**36,065**	**8,005**	**9,113**	**1,108**		
June 30, 2020	34,237	25,261	8,976	18,917	9,941		

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	2021	2020
		---------- (Rupees in '000) ----------	

4.4 Depreciation charge for the year has been allocated as follows:

	Note	2021	2020
Cost of sales	25	**80,339**	75,131
Distribution cost	26	**20,847**	21,570
Administrative expenses	27	**10,456**	9,702
		111,642	106,403

4.5 Capital work-in-progress

2021	Civil works	Leasehold land	Plant and machinery	Others	Total
	---------------------- (Rupees in '000) ----------------------				
Opening balance	**-**	**7,006**	**16,998**	**2,486**	**26,490**
Capital expenditure incurred / advances made	**-**	**3,844**	**9,094**	**36,099**	**49,037**
Adjustments (note 4.5.1)	**-**	**-**	**(11,630)**	**-**	**(11,630)**
Transfer to operating fixed assets	**-**	**(5,449)**	**(10,497)**	**(12,544)**	**(28,490)**
Closing balance	**-**	**5,401**	**3,965**	**26,041**	**35,407**

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

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

4.6 Right-of-use assets

	Note	2021	2020
		---------- (Rupees in '000) ----------	
As at July 01,			
Cost		**82,987**	-
Initial application of the standard		**-**	82,987
Accumulated depreciation		**(23,262)**	-
Net book value		**59,725**	82,987
Year ended June 30,			
Opening net book value		**59,725**	82,987
Reassessment of lease during the year		**51,721**	-
Depreciation for the year	4.6.1	**(26,176)**	(23,262)
Closing net book value		**85,270**	59,725
As at June 30,			
Cost		**134,708**	82,987
Accumulated depreciation		**(49,438)**	(23,262)
Net book value		**85,270**	59,725

	Note	2021	2020
		(Rupees in '000)	

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

	Note	2021	2020
Cost of sales	25	**3,740**	3,740
Distribution cost	26	**22,436**	19,522
		26,176	23,262

5. INTANGIBLE ASSETS

2021	Cost			Amortization			Net book value as at June 30, 2021	Amortization rate % per annum
	As at July 01, 2020	Additions during the year	As at June 30, 2021	As at July 01, 2020	Charge for the year	As at June 30, 2021		
	(Rupees in '000)							
Goodwill	**4,632**	**-**	**4,632**	**-**	**-**	**-**	**4,632**	**-**
Brand "MMM"	**54,127**	**-**	**54,127**	**4,736**	**2,706**	**7,442**	**46,685**	**5**
Software licenses	**23,897**	**623**	**24,520**	**18,096**	**2,431**	**20,527**	**3,993**	**20-33**
SAP ERP	**41,802**	**-**	**41,802**	**41,215**	**587**	**41,802**	**-**	**20**
Manufacturing and distribution rights	**20,000**	**-**	**20,000**	**20,000**	**-**	**20,000**	**-**	**20**
	144,458	**623**	**145,081**	**84,047**	**5,724**	**89,771**	**55,310**	

2020	Cost			Amortization			Net book value as at June 30, 2020	Amortization rate % per annum
	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		
	(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	

	Note	2021	2020
		(Rupees in '000)	

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

	Note	2021	2020
Cost of sales	25	**369**	367
Distribution cost	26	**3,361**	3,418
Administrative expenses	27	**1,994**	2,446
		5,724	6,231

5.2 Impairment testing of goodwill

The Group has performed its annual impairment test on the following cash generating unit as at June 30, 2021:

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 14.66% 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	2021	2020
		---------- (Rupees in '000) ----------	
6. LONG-TERM LOANS - secured, considered good			
Due from:			
- Executives*		**793**	1,536
- Other employees		**5,741**	4,669
	6.1	**6,534**	6,205
Less: Current portion			
- Executives		**(245)**	(514)
- Other employees		**(4,070)**	(3,626)
	11	**(4,315)**	(4,140)
		2,219	2,065

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

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

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

	Note	2021	2020
		---------- (Rupees in '000) ----------	
7. LONG-TERM DEPOSITS			
Ijarah lease rentals		**17,471**	36,097
Diminishing musharakah		**42,948**	41,669
Utilities		**5,197**	4,033
Rent		**595**	695
		66,211	82,494
8. DEFERRED TAX ASSET			
Deductible temporary differences in respect of:			
Provisions for:			
- impairment on slow moving and obsolete items		**21,341**	11,148
- impairment on trade debts		**28,478**	22,857
- retirement and other service benefits		**58,426**	54,873
Lease liabilities		**24,796**	16,190
Minimum tax		**60,583**	76,472
		193,624	181,540
Less: Taxable temporary differences			
Right-of-use assets		**(24,064)**	(16,696)
Accelerated tax depreciation		**(122,513)**	(118,179)
	8.1	**47,047**	46,665
8.1 Movement in deferred tax asset - net is as follows:			
Balance at beginning of the year		**46,665**	18,396
Impact of change in accounting policy		**-**	-
Balance at beginning of the year		**46,665**	18,396
- recognized in profit or loss		**(148)**	26,329
- recognized in other comprehensive loss		**530**	1,940
Balance at end of the year		**47,047**	46,665

	Note	2021	2020
		---------- (Rupees in '000) ----------	
9. STOCK-IN-TRADE			
In hand			
- raw materials		**350,512**	472,026
- packing materials		**203,774**	235,025
- work-in-process		**95,836**	72,265
- finished goods	9.4	**474,322**	357,075
	9.1	**1,124,444**	1,136,391
Less: Provision for slow moving and obsolete items	9.3	**(88,498)**	(44,822)
		1,035,946	1,091,569
In transit	9.2	**6,187**	9,700
		1,042,133	1,101,269

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

9.2 Stock in transit includes raw material of Rs.0.97 million (2020: Rs.2.27 million) and packing material of Rs.1.27 million (2020: Rs.0.03 million) and finished goods of Rs.3.49 million (2020: Rs.7.39 million).

	Note	2021	2020
		---------- (Rupees in '000) ----------	
9.3 Provision for slow moving and obsolete items			
Opening balance		**44,822**	27,376
Charge for the year		**46,647**	30,761
Write off during the year		**(2,971)**	(13,315)
Closing balance		**88,498**	44,822

9.4 Finished goods includes right of return assets amounting to Rs.11.05 million.

10. TRADE DEBTS - unsecured

	Note	2021	2020
Considered good	10.1	**546,343**	785,142
Considered doubtful		**110,200**	91,056
Trade debts - gross		**656,543**	876,198
Allowance for expected credit loss	10.2	**(110,201)**	(91,056)
Trade debts - net	10.3	**546,342**	785,142

10.1 These trade debts include Rs.0.61 (2020: Rs.31.69) million representing receivable against export sales to Africa and Asia amounting to Rs.0.61 (2020: Rs.22.45) million and Rs.Nil (2020: Rs.9.25) million respectively.

	Note	2021	2020
		---------- (Rupees in '000) ----------	

10.2 Allowance for expected credit loss

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

		2021	2020
Balance at beginning of the year		**91,056**	68,415
Provision recognised during the year		**19,145**	25,144
Write offs during the year		**-**	(2,503)
		19,145	22,641
Balance at end of the year		**110,201**	91,056

10.3 This includes receivable from a related party - Depilex (Private) Ltd. The maximum aggregate amount outstanding during the year was Rs.1.08 million (2020: Rs.2.33 million).

10.4 As at June 30, 2021, trade debts aggregating to Rs.359.27 (2020: Rs.465.77) million are neither past due nor impaired. The remaining debts aggregating to Rs.186.07 (2020: Rs.319.37) million are past due but not impaired. The ageing analysis of these past due trade debts is as follows:

		2021	2020
Trade debts			
Neither past due nor impaired		**359,274**	465,773
Past due but not impaired:			
- within 30 days		**57,330**	119,304
- within 31 to 90 days		**32,591**	84,345
- within 91 to180 days		**18,218**	55,771
- within 181 to 360 days		**49,169**	31,044
- over 360 days		**29,760**	28,905
		546,342	785,142

11. LOANS AND ADVANCES - considered good

	Note	2021	2020
Current portion of long term loans	6	**4,315**	4,140
Advances to:			
- employees	11.1	**11,860**	6,007
- suppliers		**57,541**	81,108
- others		**202**	15
		69,603	87,130
		73,918	91,270

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

	Note	2021	2020
		---------- (Rupees in '000) ----------	
12. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Deposits			
Ijarah lease rentals		**2,445**	6,240
Diminishing musharakah		**3,163**	5,277
Margin against bank guarantees		**22,590**	21,975
Tender deposits		**66,839**	59,060
Allowance for expected credit loss		**(8,088)**	(98)
Others		**-**	450
		86,949	92,904
Prepayments			
Software license		**2,607**	2,325
Takaful		**929**	798
Machine and equipments		**175**	452
Fees, rates and taxes		**1,354**	217
		5,065	3,792
Other receivables			
Profit on saving accounts		**146**	688
Others		**13,168**	9,375
		13,314	10,063
		105,328	106,759
13. CASH AND BANK BALANCES			
Cash in hand		**6**	-
Balances with banks in:			
- current accounts		**146,250**	56,051
- saving accounts - with Islamic banks	13.1	**11,302**	82,737
- dividend accounts - with Islamic banks		**278**	268
		157,830	139,056
Cash and bank balances		**157,836**	139,056

13.1 These carry profit at the rates ranging from 2.75% to 3.47% (2020: 3.54% to 7.55%) per annum.

14. SHARE CAPITAL

14.1 Authorized share capital

2021	2020		2021	2020
----- 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

2021	2020		2021	2020
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	2021	2020
		---------- (Rupees in '000) ----------	
15. DEFERRED LIABILITIES			
Advance against motor vehicles		**1,224**	740
Government Grant	15.1	**1,771**	6,102
Employees' gratuity payable	15.2	**207,028**	196,286
		210,023	203,128

15.1 Government Grant

	Note	2021	2020
Opening balance		**14,824**	-
Received during the year		**10,335**	14,824
Released to the statement of profit or loss		**(12,976)**	-
Closing balance		**12,183**	14,824
Current portion of Government Grant	20	**10,412**	8,722
Long-term portion of Government Grant		**1,771**	6,102
		12,183	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, 2021 by an appointed actuary using "Projected Unit Credit Actuarial Cost Method".

	2021	2020
	--- Number of Employees ---	
The number of employees covered under the defined benefit scheme are:	**445**	474

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

	2021	2020
Financial assumptions		
- Discount rate (per annum compounded)	**9.75%**	8.50%
- Salary increase per annum	**9.75%**	8.50%
Demographic assumptions		
- Normal retirement	**60 years**	60 years
- Mortality rate	**EFU (61-66)**	EFU (61-66)

	2021	2020
	---------- (Rupees in '000) ----------	
Liability in balance sheet		
Present value of defined benefit obligations	**207,028**	196,286
Movement in liability during the year		
Opening balance	**196,286**	177,771
Charged to profit and loss account	**20,495**	27,297
Benefits paid during the year	**(11,147)**	(16,650)
Actuarial loss recognised in other comprehensive income	**1,394**	7,868
Closing balance	**207,028**	196,286
Reconciliation of the present value of defined benefit obligations		
Present value of defined benefit obligations as at July 01,	**196,286**	177,771
Current service cost	**4,941**	4,845
Finance cost	**15,554**	22,452
Benefits paid	**(11,147)**	(16,650)
Actuarial loss on obligation	**1,394**	7,868
Present value of defined benefit obligations as at June 30,	**207,028**	196,286
Charge for the defined benefit plan		
Cost recognised in profit and loss		
Current service cost	**4,941**	4,845
Finance cost	**15,554**	22,452
	20,495	27,297
Actuarial loss / (gain) on defined benefit obligation recognised in other comprehensive income		
Actuarial loss / (gain) on defined benefit obligation		
- Loss due to change in financial assumptions	**-**	11,914
- Loss due to change in demographic assumptions	**-**	-
- Loss / (gain) due to change in experience adjustments	**1,394**	(4,046)
	1,394	7,868
Expected contributions to the fund in the following year	**23,577**	19,993
Expected benefit payments to retirees in the following year	**37,412**	38,424
Weighted average duration of the defined benefit obligation (year)	**7.60**	7.80

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:

	2021	2020
	(Rupees in '000)	
Increase in discount rate by 1%	**(12,772)**	(12,300)
Decrease in discount rate by 1%	**14,472**	14,002
Increase in expected future increment in salary by 1%	**14,333**	13,866
Decrease in expected future increment in salary by 1%	**(12,882)**	(12,408)

Maturity analysis

	2021	2020
Year 1	**37,412**	38,424
Year 2	**18,562**	17,887
Year 3	**21,519**	16,818
Year 4	**19,902**	19,288
Year 5	**25,532**	18,043
Year 6 to Year 10	**109,355**	97,952

Comparison for five years

As at June 30,	2021	2020	2019	2018	2017
	(Rupees in '000)				
Defined benefit obligation	**207,028**	196,286	177,771	171,029	165,514
Experience adjustment loss on obligation (as percentage of plan obligations)	**0.67%**	-2.06%	2.76%	0.67%	16.19%

	Note	2021	2020
		(Rupees in '000)	
16. LONG-TERM FINANCING			
Loan from a related party	16.1	**51,886**	55,570
Diminishing musharakah on:			
- leasehold land and buildings	16.2	**152,500**	152,500
- plant and machinery	16.3	**272,284**	217,681
- vehicles	16.4	**129,858**	97,221
- salaries and wages	16.5	**262,643**	171,356
		869,171	694,328
Less: Current maturity shown under current liabilities		**(365,724)**	(98,085)
		503,447	596,243

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-2020 which is fixed for the period as 8.73% per annum. (2020: 90 days average of 12 months KIBOR for 3rd calendar Quarter-2019 which was fixed for the period as 12.30% per annum). The profit is payable on monthly basis.

16.2 These facilities have been obtained from Meezan Bank Limited for different leasehold lands which carry profit at the rate of 3 to 6 Months KIBOR plus 1.25% to 1.50% (2020: 6 Months KIBOR plus 1.25% to 1.50%) per annum and having maturity till June 2025 (2020: May 2025). These facilities are secured against the respective assets.

16.3 These facilities have been obtained from First Habib Modaraba, Dubai Islamic Bank, MCB Islamic Bank and Habib Metro Bank for different machineries. These carry mark-up at the rates of 1 Month, 3 Months and 6 Months KIBOR plus 1.00% to 2.00% (2020: 6 Months KIBOR plus 1.25% to 2.00%) per annum and having maturity till September 2025 (2020: March 2025). These facilities are secured against the respective assets.

During the period, the Holding Company swaped machinery obtained under ijarah to Diminishing Musharakah from MCB Islamic having outstanding principal amounting Rs.31.08 million.

During the period, the Holding Company swaped machinery obtained under ijarah from Bank AlHabib Limited to Diminishing Musharakah with Habib Metropolitan Bank Limited having outstanding principal amounting Rs.69.06 million.

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 1.50% (2020: 6 Months KIBOR plus 1.00% to 1.40%) per annum and are having maturity till March 2026 (2020: January 2026). These facilities are secured against the respective assets.

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

	Note	2021	2020
		---------- (Rupees in '000)	----------
17. LONG-TERM PROVISION			
Gas Infrastructure Development Cess (GIDC)		**80,884**	-

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

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

However, as a matter of abundant caution and without prejudice to the suit filed, the Holding Company has made aggregate provision of Rs.97.13 million for GIDC in the financial statements.

		Note	2021	2020
			---------- (Rupees in '000) ----------	
18.	**LEASE LIABILITIES**			
	Lease liabilities		**87,862**	57,915
	Current portion of lease liabilities		**(21,769)**	(22,834)
			66,093	35,081
18.1	**Reconciliation of the carrying amount is as follows:**			
	Opening		**57,915**	75,727
	Reassessment of lease during the year		**51,720**	-
	Accretion of finance cost	30	**4,862**	9,479
	Lease rental payments made during the year		**(26,635)**	(27,291)
	Lease liability as at June 30,		**87,862**	57,915
	Current portion of lease liabilities		**(21,769)**	(22,834)
	Long-term lease liabilities as at June 30,		**66,093**	35,081
18.2	**Maturity analysis**			
	Gross lease liabilities - minimum lease payments:			
	Not later than one year		**29,786**	29,430
	Later than one year but not later than five years		**73,394**	44,542
			103,180	73,972
	Future finance charge		**(15,318)**	(16,057)
	Present value of finance lease liabilities		**87,862**	57,915
19.	**TRADE AND OTHER PAYABLES**			
	Trade and other creditors		**522,687**	616,215
	Advances from customers		**138,197**	131,760
	Accrued liabilities		**20,164**	93,378
	Provision for gas infrastructure development cess		**-**	82,792
	Sindh Workers' Profit Participation Fund	19.1	**2,948**	3,392
	Workers' Welfare Fund	19.2	**29,834**	23,014
	Central Research Fund		**3,342**	632
	Payable to provident fund	19.3	**794**	3,319
	Current portion of Government Grant	15.1	**10,412**	8,722
	Refund liability		**18,777**	-
	Ijarah rental payable		**1,206**	9,426
	Auditors' remuneration		**2,816**	2,406
	Withholding taxes payable		**10,924**	7,650
	Others		**30,264**	8,253
			792,365	990,959

	Note	2021	2020
		---------- (Rupees in '000) ----------	
19.1 Sindh Workers' Profit Participation Fund			
Opening balance		**3,392**	2,852
Mark-up thereon		**82**	161
Charge for the year		**17,948**	3,392
		21,422	6,405
Less: Payments made during the year		**(18,474)**	(3,013)
Closing balance		**2,948**	3,392

19.2 Workers' Welfare Fund

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

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

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

19.3 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.

	Note	2021	2020
		---------- (Rupees in '000) ----------	
20. ACCRUED PROFIT			
Diminishing musharakah		**2,455**	3,009
Istisna'a		**-**	1,212
Murabaha		**6,741**	16,990
Musharakah running finance		**1,526**	6,263
		10,722	27,474
21. SHORT TERM BORROWINGS - secured			
Istisna'a		**-**	45,284
Musharakah running finance	21.1	**113,100**	200,000
Murabaha	21.2	**295,863**	645,947
		408,963	891,231

21.1 These represent finance facility obtained from MCB Islamic Bank. This carries profit at the rate of 3 Months KIBOR plus 1.25% (2020: 3 months KIBOR plus 0.85% to 1.25%) per annum and is repayable on demand. These are secured by way of hypothecation on stock-in-trade and trade debts of the Group.

21.2 This represent outstanding murabaha facilities with various Islamic banks for the purpose of purchase of stock-in-trade. These carry profit at the rates ranging from 1 to 6 Months KIBOR plus 0.80% to 2.25% (2020: 6 Months KIBOR plus 1.00% to 2.25%) per annum and having maturity latest by October 2021 (2020: December 2020). These are secured against hypothecation of stock-in-trade and trade debts of the Group.

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

Holding Company

22.1.1 Certain cases have been filed against the Holding Company by some employees against their termination / dismissal, having an exposure of Holding Company to the extent of Rs.8.01 million (2020: Rs.9.53 million). 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.

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.6.39 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. The Appellate Tribunal Inland Revenue has decided case in favor of the Holding Company and few points have been reverted back to ACIR with the direction to re-adjudicate the issue after considering the evidences produced. The management, based on tax advice and strong grounds, is confident for a favorable outcome, accordingly, no provision is made in these consolidated 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.28.57 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) which is pending adjudication. The management, based on tax advice, is confident for a favorable outcome, accordingly no provision is made in consolidated financial statements in this respect.

22.1.4 The Additional Commissioner Inland Revenue (ACIR) raised demands of Rs.22.43, Rs.51.46 and Rs.245.21 million for the tax year 2015, 2016 and 2017 respectively through order under section 122(5A) of the Income Tax Ordinance, 2001, whereby, the assessing officer added back certain expenses. In case of tax year 2017 also disallowed salary and wages expenses pertaining to field force employees as advertisement and promotional expenses over 10% of revenue. Being aggrieved, the Holding Company filed an appeal before Commissioner Inland Revenue (Appeals), which is pending adjudication. The management, based on tax advice and strong arguments, is confident for a favorable outcome, accordingly no provision is made in consolidated financial statements in this respect.

Subsidiary Company

22.1.5 There are no contingencies as at June 30, 2021 (2020: Nil).

		Note	2021	2020
			---------- (Rupees in '000) ----------	
22.2	**Commitments**			
	Outstanding letters of credit		**157,546**	147,380
	Outstanding letters of guarantee		**113,604**	115,231
	Commitments for capital expenditure		**26,876**	22,174

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

	2021	2020
2021	**-**	83,494
2022	**52,071**	75,165
2023	**38,483**	35,280
2024	**16,470**	15,252
2025	**9,818**	7,863
	116,842	217,054

23. OPERATING SEGMENTS

	Holding Company		Subsidiary Company		Group	
	2021	2020	2021	2020	2021	2020
	---------------------- (Rupees in '000) ----------------------					
Local	**5,550,287**	5,598,180	**281,835**	211,998	**5,832,122**	5,810,178
Export	**138,051**	199,252	**-**	-	**138,051**	199,252
Toll income	**78,954**	93,047	**-**	-	**78,954**	93,047
Turnover	**5,767,292**	5,890,479	**281,835**	211,998	**6,049,127**	6,102,477
Trade discount	**536,279**	293,614	**-**	-	**536,279**	293,614
Sales return	**51,484**	36,390	**1,201**	900	**52,685**	37,290
Sales tax	**37,902**	32,336	**49,474**	34,513	**87,376**	66,849
Net turnover	**5,141,627**	5,528,139	**231,160**	176,585	**5,372,787**	5,704,724
Cost of sales	**(3,026,827)**	(3,490,757)	**(120,185)**	(84,400)	**(3,147,012)**	(3,575,157)
Gross profit	**2,114,800**	2,037,382	**110,975**	92,185	**2,225,775**	2,129,567
Other income	**9,401**	15,308	**-**	-	**9,401**	15,308
Distribution costs	**(1,385,439)**	(1,523,132)	**(126,743)**	(131,487)	**(1,514,888)**	(1,656,635)
Administrative expenses	**(248,859)**	(226,395)	**(3,284)**	(1,936)	**(252,143)**	(228,331)
Other expenses	**(30,007)**	(8,242)	**-**	-	**(30,007)**	(8,242)
Financial charges	**(129,050)**	(232,388)	**(10,183)**	(10,920)	**(139,233)**	(243,308)
Profit / (loss) before tax	**330,846**	62,533	**(29,235)**	(52,158)	**298,905**	8,359
Segments assets	**3,418,752**	3,757,691	**201,933**	126,133	**3,672,002**	3,937,847
Unallocated assets	**-**	-	**-**	-	**51,317**	54,023
Segment liabilities	**2,369,244**	2,789,973	**91,024**	75,331	**2,460,268**	2,865,304
Depreciation and amortisation charge	**138,965**	131,099	**1,871**	2,091	**143,542**	135,896
Capital expenditure	**291,772**	301,764	**734**	3,553	**292,506**	305,317

23.1 Out of total net turnover of the Group, 97.43% (2020: 96.51%) relates to customers in Pakistan. Further, all non-current assets of the Group as at June 30, 2021 are located in Pakistan.

23.2 Out of total net turnover of the Group, 5.47% (2020: 10.95%) relates to a single major customer located in Pakistan.

	Note	2021	2020
		---------- (Rupees in '000) ----------	
23.3 RECONCILIATION OF SEGMENTS ASSETS AND LIABILITIES			
23.3.1 Assets			
Total Assets for reportable segments		**3,620,685**	3,883,824
Intangibles - goodwill and brands		**51,317**	54,023
		3,672,002	3,937,847
23.3.2 Depreciation and amortisation			
Total depreciation and amortisation for reportable segments		**140,836**	133,190
Amorisation of brand		**2,706**	2,706
		143,542	135,896

24. TURNOVER	Note	2021	2020
Gross sales			
Local		**5,832,122**	5,810,178
Export		**138,051**	199,252
		5,970,173	6,009,430
Less: Trade discount		**536,279**	293,614
Less: Sales return		**52,685**	37,290
Less: Sales tax		**87,376**	66,849
		5,293,833	5,611,677
Toll manufacturing		**78,954**	93,047
		5,372,787	5,704,724

25. COST OF SALES	Note	2021	2020
Raw and packing materials consumed	25.1	**2,502,031**	2,761,845
Salaries, wages and benefits	25.2	**395,133**	422,461
Fuel and power		**164,999**	168,852
Ijarah lease rentals		**17,617**	75,516
Repairs and maintenance		**69,777**	56,941
Laboratory and factory supplies		**25,712**	18,667
Takaful		**3,484**	3,167
Provision for slow moving and obsolete stock-in-trade	9.3	**46,647**	30,761
Printing and stationery		**8,861**	6,913
Rent, rates and taxes		**4,078**	6,005
Legal and professional		**26**	1,041
Travelling, conveyance and entertainment		**1,551**	1,438
Depreciation	4.4 & 4.6.1	**84,079**	78,871
Amortization	5.1	**369**	367
Postage and communication		**1,415**	1,529
Training and development cost		**125**	81
Others		**123**	356
		3,326,027	3,634,811

	Note	2021	2020
		---------- (Rupees in '000) ----------	
Work-in-process			
Opening		**72,265**	65,668
Closing		**(95,836)**	(72,265)
		(23,571)	(6,597)
Cost of goods manufactured		**3,302,456**	3,628,214
Finished goods			
Opening		**352,131**	361,667
Closing		**(461,443)**	(352,131)
		(109,312)	9,536
Physician samples		**(46,132)**	(62,593)
		3,147,012	3,575,157

25.1 Raw and packing materials consumed

		2021	2020
Opening stock		**707,051**	434,987
Purchases		**2,349,266**	3,033,909
		3,056,317	3,468,896
Closing stock		**(554,286)**	(707,051)
		2,502,031	2,761,845

25.2 This includes amount of Rs.11.02 (2020: Rs.10.84) million in respect of staff provident fund.

26. DISTRIBUTION COSTS

	Note	2021	2020
Salaries and benefits	26.1	**860,972**	810,879
Sales promotion expenses		**296,989**	324,931
Repair and maintenance		**27,843**	25,103
Fuel and power		**19,876**	21,547
Ijarah lease rentals		**9,916**	26,319
Printing and stationery		**2,958**	2,928
Takaful		**3,951**	3,865
Allowance for expected credit loss	10.2 & 12	**27,135**	24,833
Postage and communication		**5,364**	7,886
Rent, rate and taxes		**7,949**	23,768
Legal and professional		**947**	1,752
Freight charges		**62,590**	85,942
Training and development cost		**32,463**	88,100
Depreciation	4.4 & 4.6.1	**43,283**	41,092
Amortization	5.1	**3,361**	3,418
Traveling, conveyance and entertainment		**14,489**	52,518
Service charges		**75,716**	91,492
Subscription charges		**19,086**	20,262
		1,514,888	1,656,635

26.1 This includes amount of Rs.23.09 (2020: Rs.22.05) million in respect of staff provident fund.

	Note	2021	2020
		---------- (Rupees in '000) ----------	
27. ADMINISTRATIVE EXPENSES			
Salaries and benefits	27.1	**161,465**	140,023
Director`s fee		**2,262**	779
Fuel and power		**12,364**	10,566
Ijarah lease rentals		**683**	4,503
Legal and professional		**17,639**	21,043
Printing and stationery		**4,504**	4,016
Auditors' remuneration	27.2	**3,453**	3,355
Rent, rates and taxes		**5,038**	5,943
Takaful		**1,446**	1,278
Repairs and maintenance		**25,745**	18,570
Postage and communication		**3,516**	3,705
Depreciation	4.4	**10,456**	9,702
Amortization	5.1	**1,994**	2,446
Training and development cost		**216**	169
Traveling, conveyance and entertainment		**613**	1,726
Others		**749**	507
		252,143	228,331

27.1 This includes amount of Rs.7.01 (2020: Rs.6.44) million in respect of staff provident fund.

27.2 Auditors' remuneration

	2021	2020
Annual audit fee of unconsolidated financial statements	**1,507**	1,423
Half year review of unconsolidated financial statements	**385**	350
Annual audit fee of consolidated financial statements	**462**	420
Other services and certifications	**676**	665
	3,030	2,858
Out of pocket expenses	**180**	286
Sales tax	**243**	211
	3,453	3,355

28. OTHER EXPENSES

	2021	2020
Sindh Workers' Profit Participation Fund	**17,948**	3,392
Workers' Welfare Fund	**6,820**	1,289
Central Research Fund	**3,342**	632
Exchange loss - net	**1,814**	2,768
Mark-up on Sindh Workers' Profit Participation Fund	**83**	161
	30,007	8,242

29. OTHER INCOME

	2021	2020
Profit on saving accounts	**3,920**	3,174
Gain on disposal of property, plant and equipment	**1,108**	9,941
Scrap sales	**974**	1,412
Others	**3,399**	781
	5,481	12,134
	9,401	15,308

	2021	2020
	---------- (Rupees in '000) ----------	

30. FINANCIAL CHARGES

	2021	2020
Mark-up on:		
- Loan from a related party	**6,546**	8,583
- Diminishing musharakah	**50,957**	63,180
- Istisna`a	**1,034**	24,360
- Murabaha	**66,005**	111,363
- Musharakah running finance	**7,210**	24,876
- Right of use - assets	**4,862**	9,479
	136,614	241,841
Bank charges and commission	**2,619**	1,467
	139,233	243,308

31. TAXATION

	2021	2020
Current	**85,861**	80,323
Prior	**(2,992)**	-
Deferred	**148**	(26,329)
	83,017	53,994

31.1 Income tax assessments of the Group have been finalised up to and including the tax year 2020 under the self assessment scheme.

31.2 Holding Company

Adequate provision for tax has been provided in these financial statements for they current year in accordance wirth the requirements laid under Income tax Ordinance, 2001 (ITO 2001). The current year tax represents tax on taxable income at the rate of 29% (2020: 1.5% turnover tax).

	2021	2020
	---------- (Rupees in '000) ----------	
Relationship between accounting profit and tax expense		
Accounting profit before taxation	**330,846**	62,533
Normal tax at the rate of 29% (2020: 29%)	**95,945**	18,135
Tax effects of:		
Income subject to FTR	**8,074**	8,087
Expenses/Income are not allowed-net	**15,735**	15,119
Carried forward turnover tax adjustment	**(33,893)**	-
Deffered tax	**148**	(26,329)
Prior period adjustment	**(2,992)**	-
Turnover tax over normal tax	**-**	46,975
Tax credits	**-**	(7,993)
	83,017	53,994

Subsidiary Company

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

		Note	2021	2020
			---------- (Rupees in '000) ----------	
32.	**BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE**			
	Net profit / (loss) for the year		**215,888**	(45,635)
	Weighted average number of ordinary shares in issue		**39,144**	39,144
	Basic earnings / (loss) per share (Rupees)	32.1	**5.52**	(1.17)

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:

	2021	2020
	---------- (Rupees in '000) ----------	
Trade debts	**546,342**	785,142
Loans	**6,534**	6,205
Deposits	**153,160**	175,398
Other receivables	**-**	9,375
Bank balances	**157,830**	139,056
	863,866	1,115,176
Credit quality of financial assets		
Bank balances		
A1+	**112,660**	132,794
A1	**45,170**	6,262
	157,830	139,056

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:

2021	**Less than three months**	**Three to twelve months**	**More than one year**	**Total**
	-------------------- (Rupees in '000) --------------------			
Long-term financing	**94,498**	**271,226**	**503,447**	**869,171**
Trade and other payables	**354,307**	**122,517**	**-**	**476,824**
Accrued profit	**10,691**	**31**	**-**	**10,722**
Short-term borrowings	**382,002**	**26,961**	**-**	**408,963**
Unclaimed dividends	**278**	**-**	**-**	**278**
	841,776	**420,735**	**503,447**	**1,765,958**

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 dividends	268	-	-	268
	589,952	1,051,398	604,965	2,246,315

33.3.1 Changes in liabilities from financing activities

	July 01, 2020	Cash Flows	June 30, 2021
	---------- (Rupees in '000) ----------		
Long-term financing	694,328	174,843	**869,171**
Short-term borrowings	891,231	(482,268)	**408,963**

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 return 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)
2021	**+100**	**(12,668)**
	-100	**12,668**
2020	+100	(15,028)
	-100	15,028

	2021	2020
	---------- (Rupees in '000) ----------	

33.6 Fair value of financial instruments

33.6.1 Financial assets as per statement of financial position

	2021	2020
At amortised cost		
Trade debts	**546,342**	785,142
Loans	**6,534**	6,205
Deposits	**153,160**	175,398
Bank balances	**157,830**	139,056
	863,866	1,105,801

33.6.2 Financial liabilities as per statement of financial position

	2021	2020
Trade and other payables	**476,824**	633,014
Unclaimed dividends	**278**	268
Long-term financing	**869,171**	694,328
Accrued profit	**10,722**	27,474
Short-term borrowings	**408,963**	891,231
	1,765,958	2,246,315

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, 2021, 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 41.28% (2020: 55.59%) 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:

		2021	2020
		---------- (Rupees in '000) ----------	
Transactions during the year			
Descriptions	**Nature of transactions**		
Key Management Personnel	Dividend	**48,501**	23,002
Non-Executive Directors	Meeting fees	**2,263**	779
Provident fund	Contribution paid	**41,940**	39,338
Depilex (Private) Limited (Common directorship)	Sales made by the Subsidiary Company	**5,135**	4,600
Balances Outstanding			
Depilex (Private) Limited (Common directorship)	Amount due to the Subsidiary Company	**940**	790

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	
	2021	2020	2021	2020	2021	2020	2021	2020
	-- (Rupees in '000) --							
Managerial remuneration	**20,658**	20,658	**27,652**	37,444	**187,556**	156,402	**235,866**	214,504
Bonus	**-**	-	**-**	-	**805**	525	**805**	525
Perquisites	**-**	107	**157**	110	**388**	552	**545**	769
Retirement benefits	**1,062**	1,062	**1,421**	1,924	**15,296**	12,160	**17,779**	15,146
Other benefits	**1,644**	1,623	**1,699**	2,987	**20,756**	15,326	**24,099**	19,936
	23,364	23,450	**30,929**	42,465	**224,801**	184,965	**279,094**	250,880
Number of persons	**1**	1	**1**	2	**43**	36	**45**	39

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 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	2021	2020
		---------- (Rupees in '000) ----------	
36. CASH AND CASH EQUIVALENTS			
Cash and bank balances	13	**157,836**	139,056
Musharakah running finance		**(113,100)**	(200,000)
		44,736	(60,944)

37. NUMBER OF EMPLOYEES

Number of persons employed as at year end were 1,262 (2020: 1,297), the average number of persons employed during the year were 1,271 (2020: 1,251) and number of person employed in factory as at year end were 454 (2020: 449).

38. NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Management in its meeting held on September 18, 2021 proposed (i) a final cash dividend of Rs.2/- per share amounting to Rs.91.6M for approval of the members at the Annual General Meeting to be held on October 23, 2021.

39. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on September 18, 2021 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 23, 2021 at 10:00 am and/or at any adjournment thereof.

Signed this ___________day of October, 2021

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 رجسٹرڈ 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 ہوسکنے 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 23 اکتوبر 2021 کو صبح 10:00 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 2021 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 چاہیے۔

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 چاہیے 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

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