

# vaccination for a covid free world

**SEARLE**

Research in the service of mankind



ANNUAL REPORT  
2021



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## Our Vision

To lead in improving the quality of human life.

## Our Mission

Provide its customers with the best possible products and services in the healthcare and consumer industry.

Ever evolving in-step with the changing market place to maintain its leadership role.

Being responsible corporate citizen contributing to society and protecting the environment.

Promote team spirit amongst its employees whilst maintaining their individuality, in a culture where people are encouraged to think and strive to achieve their true potential.

Care for its employees and shares in their dreams.

Work today for a better and secure tomorrow for all its stake holders through innovation, new product development and sound business practices which would grow and live beyond each one of us.



W  
H E A L T H

# Values

## Passion

- Source of energy in the workplace
- Demonstrates entrepreneurial drive
- Shows grit

## Integrity

- Creates transparency
- Acts fairly & honestly

## Partnership

- Collaborates selflessly
- Behaves respectfully
- Seeks to create value for IBL Group, its partners and society

## Excellence

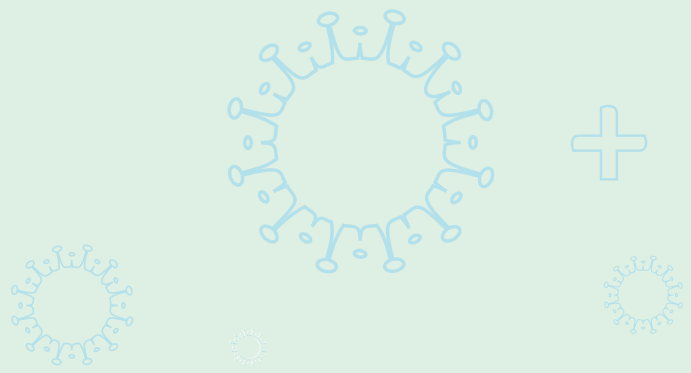
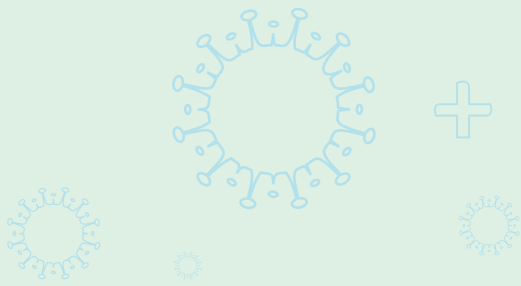
- Takes ownership of current role and beyond
- Delivers quality work
- Strives for continuous improvement

## What a year it has been!!!

The year 2021 will always be remembered as a year of radical changes, monumental developments and life-long learning as it was atypical and strewn with gigantic challenges for human health and business. The year witnessed the humankind coming together to fight covid amidst ongoing mutations of Corona virus and put up a unified front against covid through Vaccines. This ability of humankind to never give up and weather all the storms is what makes them so special and helped survive on the face of adversity.







+  **SEARLE**



# Company Information

## Board of Directors

Mr. Adnan Asdar Ali	Chairman
Mr. Munis Abdullah	
Mr. S. Nadeem Ahmed	Chief Executive Officer
Mr. Zubair Razzak Palwala	
Mr. Mufti Zia Ul Islam	
Dr. Atta Ur Rahman	
Mrs. Shaista Khaliq Rehman	

## Committees of the Board

### Audit Committee

Mrs. Shaista Khaliq Rehman	Chairperson
Mr. Adnan Asdar Ali	Member
Dr. Atta Ur Rahman	Member

## Human Resource &

### Remuneration Committee

Mrs. Shaista Khaliq Rehman	Chairperson
Mr. Adnan Asdar Ali	Member
Dr. Atta Ur Rahman	Member

## Chief Financial Officer

Mr. Mobeen Alam

## Company Secretary

Mr. Zubair Razzak Palwala

## Auditors

A. F. Ferguson & Co.

## Legal Advisors

Mohsin Tayebaly & Co.

## Bankers

Albaraka Bank (Pakistan) Limited  
Askari Bank Limited  
Bank Al Habib Limited  
Bank Alfalah Limited  
Bank of Punjab  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Summit Bank Limited

## Registered Office

One IBL Centre, 2nd Floor, Plot # 1  
Block 7 & 8, D.M.C.H.S, Tipu Sultan Road  
Off Shakra-e-Faisal, Karachi  
Tel:+92 21 37170200 - 01

## Share Registrar

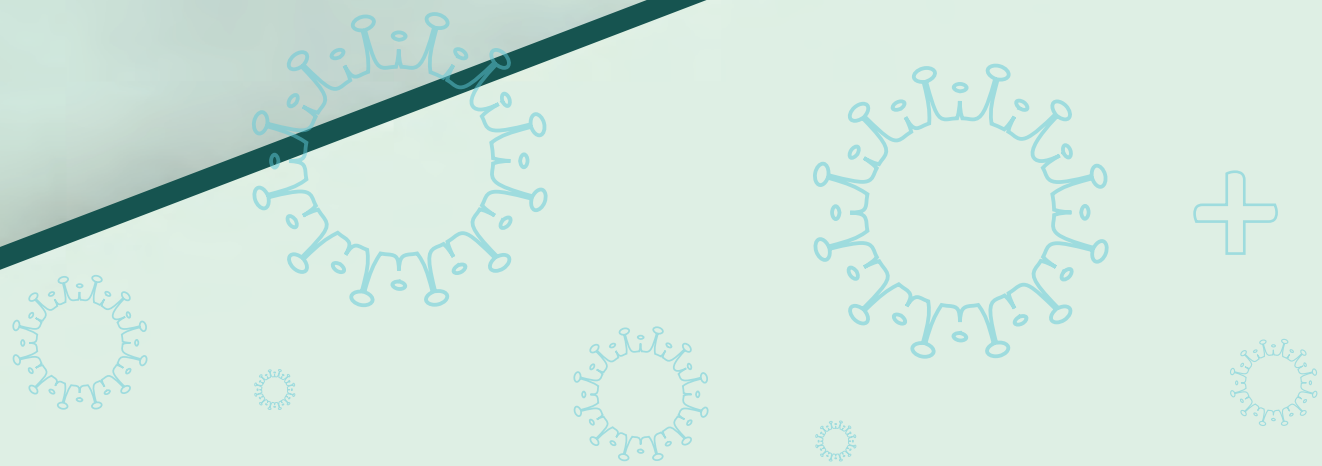
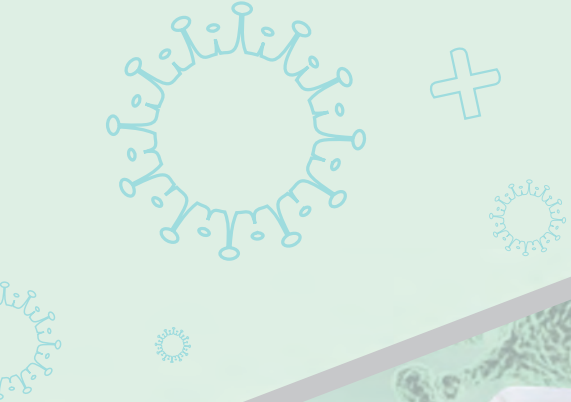
CDC Share Registrar Services Limited  
Head Office, CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main Shakrah-e-Faisal  
Karachi - 74400



# Challenges & Opportunities for Pakistan

Blissfully, Pakistan remained one of the few countries in the world having least Covid mortalities per million. Pakistan's strategy and action plan against Covid has largely been appreciated by WHO and other global bodies however, Pakistan's Vaccination per million statistic is the least in the world. With 45 million people Vaccinated, Pakistan is spearheading its drive to vaccinate 2/3rd of its adult population but the challenge remains about half of the population has not returned for the 2nd dose and the government response on it is lackluster. Growing misconception and fake news have contributed miserably on misleading masses particularly the low socio-economic strata of the society and the media has done little to educate them. This warrants immediate and aggressive drive from all stakeholders to speed up vaccination and increase vaccination index on war footing. Pakistan needs to turbo charge all the vehicle of its executive machinery and accelerate its immunization drive to ensure it stay ahead with global fraternity on the fight against Covid-19.





# Notice of 56<sup>th</sup> Annual General Meeting

Notice is hereby given that the **56<sup>th</sup> Annual General Meeting** (AGM) of the members of **The Searle Company Limited** will be held on **Thursday, October 28, 2021** at **04:00 p.m.** through **video link facility** from 3<sup>rd</sup> Floor, One IBL Center, Plot No. 1, Block 7 & 8, Tipu Sultan Road, Off Shahrah-e-Faisal, Karachi to transact the following business:

## **ORDINARY BUSINESS**

1. To confirm the minutes of extraordinary general meeting held on June 28, 2021.
2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2021 together with the Directors' and Independent Auditors' reports thereon.
3. To declare and approve final cash dividend @ 20% i.e. PKR 2/- per share of PKR 10/- each for the financial year ended June 30, 2021, as recommended by the Board of Directors.
4. To appoint external auditors of the Company for the ensuing year, and to fix their remuneration. The Board of Directors, on the recommendation of Audit Committee of the Company, has proposed re-appointment of M/s A. F. Ferguson & Co., Chartered Accountants as external auditors, for the year ending June 30, 2022.

## **SPECIAL BUSINESS**

5. To consider the increase of authorized share capital of the Company from PKR 3.0 billion to PKR 4.0 billion divided into 400,000,000 ordinary shares of PKR10/- each and to consider and if thought fit to pass the following resolution as **special resolution**:

**“RESOLVED** that the authorized share capital of the Company be and is hereby increased from PKR 3,000,000,000/- divided into 300,000,000 ordinary shares of PKR10/- each to PKR 4,000,000,000/- divided into 400,000,000 ordinary shares of PKR10/- each, by the creation of 100,000,000 additional ordinary shares at nominal value of PKR10/- each to rank pari passu in every respect with the existing ordinary share of the Company.

**FURTHER RESOLVED** that the Memorandum and Articles of Association of the Company be and are hereby altered for increase in authorized share capital to read as follows:

Clause V of Memorandum of Association “The authorized capital of the Company is PKR 4,000,000,000/- divided into 400,000,000 ordinary shares of PKR10/- each.”

Article 3 of Articles of Association “The authorized capital of the Company is PKR 4,000,000,000/- divided into 400,000,000 ordinary shares of PKR10/- each.”

**FURTHER RESOLVED** that Mr. Zubair Razzak Palwala, Secretary of the Company be and is hereby authorized to do all acts, deeds and things, take any or all necessary actions to complete all legal formalities and file all necessary documents as may be necessary or incidental for the purpose of implementation of the aforesaid resolution.”

6. To approve the issue of bonus shares in the ratio of 30 shares for every 100 shares held i.e. 30% as recommended by the board of directors and, if thought appropriate, to pass with or without modification(s) the following resolutions as ordinary resolution:

**RESOLVED** that a sum of PKR 720,121,570/- shall be appropriated from the share premium account and applied in making payment in full of 72,012,157 ordinary shares of PKR 10/- each and that the said shares be allotted as fully paid bonus shares to the members who are registered in the books of the Company as at the close of business on October 21, 2021, in the proportion of 30 shares for every 100 ordinary shares held and that such new shares shall rank pari passu with the existing ordinary shares but shall not be eligible for the final cash dividend declared for the year ended June 30, 2021

# Notice of 56<sup>th</sup> Annual General Meeting

**FURTHER RESOLVED** that in the event of any member becoming entitled to a fraction of a share, the Directors be and are hereby authorized to consolidate all such fractions and sell the shares so constituted on the Stock Market and to pay the proceeds of the sale when realized to a recognized charitable institution as may be selected by the Directors of the Company.

**FURTHER RESOLVED** that the Company Secretary be and is hereby authorized to take all necessary actions on behalf of the Company for allotment and distribution of the said bonus shares as he thinks fit.”

7. To approve the remuneration of Executive Director(s) including the Chief Executive Officer and, if thought appropriate, to pass with or without modification(s) the following resolutions as ordinary resolution:

“**RESOLVED** that the Chief Executive Officer and one full-time working director will be paid an amount not exceeding PKR 150 million which includes allowances and other benefits as per terms of their employment for the year ending June 30, 2022 be and is hereby approved. Further, the Chief Executive Officer and Executive Director are entitled for free use of Company maintained transport for official and private purposes as approved by the Board.”

8. To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2021 by passing the following special resolution with or without modification:

“**RESOLVED** that the transactions carried out with Related Parties as disclosed in the note 41 of the unconsolidated financial statements for the year ended June 30, 2021 and specified in the Statement of Material Information under section 134(3) of the Companies Act, 2017 be and are hereby ratified, approved and confirmed.”

9. To authorize the Board of Directors of the Company to approve transactions with Related Parties for the financial year ending June 30, 2022 by passing the following special resolution with or without modification:

“**RESOLVED** that the Board of Directors of the Company be and is hereby authorized to approve the transactions to be carried out with Related Parties on case-to-case basis for the financial year ending June 30, 2022.

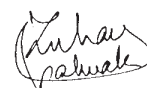
**FURTHER RESOLVED** that these transactions by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval.”

## **OTHER BUSINESS**

10. To transact any other business with the permission of the chair.

**“Statements under Section 134(3) of the Companies Act, 2017 in respect of special business contained in Agenda Item Numbers 5, 6, 7, 8 and 9 is annexed to the notice being sent to the members.”**

By order of the Board



**Zubair Razzak Palwala**  
Company Secretary

Karachi: October 7, 2021

# Notice of 56<sup>th</sup> Annual General Meeting

## NOTES:

### A. Book closure

The share transfer books will remain closed from October 22, 2021 to October 28, 2021 (both days inclusive). Transfers received in order at the office of Company's Share Registrar, M/s. CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 at the close of business on October 21, 2021 shall be considered in time for the purpose of attending the Annual General Meeting and entitlement of cash dividend and bonus shares.

### B. Coronavirus contingency planning for general meeting of shareholders

In accordance with SECP Circular No. 6 of 2021 dated March 03, 2021, the Company will be taking measures for managing the annual general meeting of the Company in consonance with the Government's restrictions on public gatherings. Accordingly, the following information is set out below for the convenience of the shareholders of the Company:

i) Shareholders are urged to send by email, WhatsApp or any other electronic mean or by post or courier their comments/suggestions for the proposed agenda item of the annual general meeting. The details are set out below:

Email address:	muhammad.suleman@searlecompany.com
WhatsApp No.:	+ 92 300 2700130
Cell phone No.:	+ 92 300 2700130
Registered Office Address:	The Searle Company Limited 2nd Floor, One IBL Center, Plot No. 1, Block 7 & 8, Tipu Sultan Road, Off Shahra-e-Faisal, Karachi

ii) Shareholders of the Company can also attend the annual general meeting via video link to login and participate in the proceedings of the annual general meeting through their smartphones or computer devices from their homes or any convenient location after completing meeting attendance formalities.

Shareholders interested in attending the annual general meeting via video link are requested to have their particulars registered at least 24 hours before the time of annual general meeting with the Company Secretary at the following address:

**Email address:** muhammad.suleman@searlecompany.com

The login facility will be opened at 3:00 p.m. on October 28, 2021 enabling the participants to join the proceedings which will start at 4:00 p.m. sharp.

The shareholders are requested to provide the information as per the below format. The video link will be sent to the shareholders on the email address provided in the below table:

S. No.	Name of Shareholder	CNIC No.	Folio No.	Cell No.	Email address

In view of the prevailing situation shareholders are urged to provide proxies.

### C. Participation in Annual General Meeting

All members are entitled to attend, speak and vote at the annual general meeting. A member may appoint a proxy to attend, speak and vote on his/her behalf. The proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company's Registered Office: 2nd Floor, One IBL Center, Plot No. 1, Block 7 & 8, Tipu Sultan Road, Off Shahra-e-Faisal, Karachi-75530 not less than 48 hours before the meeting.



# Notice of 56<sup>th</sup> Annual General Meeting

An individual beneficial owner of the shares must bring his/her original CNIC or Passport, Account and Participant's ID numbers to prove his / her identity. A representative of corporate members, must bring the Board of Directors' Resolution and/or Power of Attorney and the specimen signature of the nominee. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan.

## D. 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) Regulation 2017, a listed company, is required to pay cash dividend to its shareholder only through electronic mode directly into the bank account designated by the entitled shareholder. In this regard, The Searle Company Limited has already sent letters and Electronic Credit Mandate Forms to the shareholders and issued various notices requesting the shareholders to comply with the requirements of providing their International Bank Account Number (IBAN).

Those shareholders who have still not provided their 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 M/s. CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 (in case of shareholding in Physical Form).

<b><u>Details of Shareholder</u></b>	
Name of shareholder	
Folio / CDS Account No.	
CNIC No.	
Cell number of shareholder	
Landline number of shareholder, if any	
Email	
<b><u>Details of Bank Account</u></b>	
Title of Bank Account	
International Bank Account Number (IBAN) " <b>Mandatory</b> "	<b>PK _____ (24 digits)</b>  (Kindly provide your accurate IBAN number after consulting with your respective bank branch since in case of any error or omission in given IBAN, the company will not be held responsible in any manner for any loss or delay in your cash dividend payment).
Bank's name	
Branch name and address	
It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate Participant / Share Registrar accordingly.	
<b>Signature of shareholder</b>	

In case of non-provision of IBAN, the Company will have to withhold the cash dividend according to SECP directives.

# Notice of 56<sup>th</sup> Annual General Meeting

## E. Withholding tax on Dividend

- I) Effective from July 1, 2021, the applicable rates of deduction of income tax from dividend payment under the Income Tax Ordinance, 2001 are given as under:
- i. for filers of income tax return – 15%
  - ii. for non-filers of income tax return – 30%

Shareholders whose names are not entered into the Active Tax-payers List (ATL) available on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

- II) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to Company's Share Registrar by the first day of book closure.
- III) As per the clarification issued by FBR, withholding tax will be determined separately on "Filer/Non-filer" status of principal shareholder as well as joint-holder(s) based on their shareholding proportions.

If the shares are not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to the Registrar and Share Transfer Agent in writing as follows:

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

- IV) The corporate shareholders having CDC accounts are required to have their NTN updated with their respective participants, whereas corporate physical shareholders are requested to send a copy of their NTN certificate to the Company's Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.

## F. Request for Video conference facility

Members can also avail video conference facility at Lahore and Islamabad. In this regard, please fill the following form and submit to registered address of the company ten 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 day prior to day of meeting, the company will arrange a video conference facility in the city subject to availability of such facility in that city.

I/We, \_\_\_\_\_ of \_\_\_\_\_ being a member of the Searle Company Limited, holder of \_\_\_\_\_ ordinary shares as per registered folio # \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

\_\_\_\_\_  
Signature of Member

The Company will intimate members regarding venue of video conference facility at least five days before the date of annual general meeting along with the complete information necessary to enable them to access the facility.

# Notice of 56<sup>th</sup> Annual General Meeting

## **G. Electronic transmission of financial statements and notice of annual general meeting**

Members who desire to receive financial statements and notice of annual general meeting through email are requested to send their consent on Standard Request Form available on company's website [www.searlecompany.com](http://www.searlecompany.com) in order to avail the facility. The financial statements and notice of annual general meeting are also available on company's website.

## **H. Postal Ballot/E-Voting**

In accordance with the Companies (Postal Ballot) Regulations 2018, for the purpose of approval of any agenda item, members will be allowed to exercise their vote through postal ballot i-e, by post or e-voting, in the manner and subject to conditions contained in aforementioned regulations.

## **I. Change of Address**

Members are requested to notify changes in their address, if any, immediately to the Company's Share Registrar, CDC Share Registrar Services Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahr-e-Faisal, Karachi-74400.

## **STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017**

### **- Item 5 of the notice – increase of authorized share capital**

The amendment in Memorandum and Articles of Association of the Company is proposed to enhance the authorized capital of the Company by PKR 1.0 billion. The enhancement of authorized capital will enable the Company to issue the bonus shares in future.

The Directors have no interest, directly or indirectly, in alteration of the Memorandum and Articles of Association of the Company, except that they are shareholders/directors in the Company.

### **- Item 6 of the notice - approval of bonus shares**

The Directors of the Company are of the view that the Company's financial position justifies issuance of bonus shares in the ratio of thirty shares for every hundred shares held.

The Directors are interested in the business to the extent of the entitlement of bonus shares as shareholders.

### **- Item 7 of the notice - approval of the remuneration of Chief Executive Officer**

The approval is being sought for fixing the remuneration of Executive Director(s) including the Chief Executive Officer of the Company in accordance with their terms and conditions of service.

None of the Directors of the Company have any, direct or indirect, interest in the above said special business, except that mentioned therein.

### **- Item 8 of the notice - ratification and approval of the related party transactions**

All transactions of the Company with the related parties were approved by the Board. Transactions conducted with all related parties have to be approved by the Board of Directors duly recommended by the Audit Committee on quarterly basis pursuant to clause 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019. However, during the year since majority of the Company's Directors were interested in certain transactions due to their common directorships in the group companies, these transactions are being placed for the approval by shareholders in the Annual General Meeting.

# Notice of 56<sup>th</sup> Annual General Meeting

All transactions with related parties to be ratified have been disclosed in the note 41 to the unconsolidated financial statements for the year ended June 30, 2021. Party-wise details of such related party transactions are given below:

<b>Name of Related Parties</b>	<b>Nature of transactions</b>	<b>PKR '000</b>
International Brands Limited	Corporate service charges	<b>240,000</b>
	Rent income	<b>13,919</b>
	Income from provision of amenities	<b>18,169</b>
	Expenses	<b>2,473</b>
	Right shares subscribed	<b>2,543,229</b>
IBL Healthcare Limited	Revenue	<b>219,375</b>
	Dividend income	<b>78,018</b>
	Rent income	<b>3,208</b>
	Income from provision of amenities	<b>2,110</b>
	Claims	<b>5,237</b>
	Bank guarantee	<b>7,633</b>
	Reimbursement of expenses	<b>29,812</b>
The Company has created a pledge on ordinary shares of IBL Healthcare Limited in favour of Universal Ventures (Private) Limited - note 8.1.2.7		
The Company has obtained a Musharaka facility against the properties of IBL Healthcare Limited - note 21.3		
Searle Biosciences (Private) Limited	Revenue	<b>161,740</b>
	Dividend income	<b>233,000</b>
	Advance against financial assistance	<b>116,625</b>
Searle Pakistan Limited {Formerly as OBS Pakistan (Private) Limited}	Rent income	<b>7,800</b>
	Income from provision of amenities	<b>1,071</b>
	Dividend income	<b>500,000</b>
	Advance against financial assistance	<b>116,000</b>
	Reimbursement of expenses	<b>4,236</b>
	Sales Promotion Expenses	<b>8,388</b>
	Material loan given	<b>7,016</b>
	Material loan obtained	<b>1,018</b>
The Company has obtained a Musharaka facility against the property, plant and equipment of Searle Pakistan Limited {Formerly as OBS Pakistan (Private) Limited} - note 21.3		

# Notice of 56<sup>th</sup> Annual General Meeting

Name of Related Parties	Nature of transactions	PKR '000
IBL Identity (Private) Limited *	Revenue	176,562
	Discounts claimed	19,260
	Rent expense	22,600
	Purchases	2,831
	Short term loan	305,120
	Right shares subscribed	3,477,000
	Others	292
<i>* with effect from June 28, 2021 IBL Identity (Private) Limited ceased to be subsidiary of the Company.</i>		
Nextar Pharma (Private) Limited	Advance against financial assistance	18,773
IBL Operations (Private) Limited	Revenue	14,151,632
	Rent income	13,416
	Income from provision of amenities	21,565
	Carriage and duties	36,241
	Discounts claimed	213,705
	Rent expense	32,701
	Merchandise expense	31,737
	Internet services	745
	Incentive to field force staff	22,923
	Salaries and wages	5,222
	Inventory claims	580,480
	Purchase of assets	8,040
	Rent for warehouse	9,799
Others	808	
Universal Ventures (Private) Limited	Disposal of subsidiary - note 8.1.3	3,526,875
	Acquisition of subsidiary - note 8.1.2	15,800,000
United Brands Limited	Purchases	312
	Others	6,427
IBL Frontier Markets (Private) Limited	Purchases	1,196
	Purchase of fixed assets	17,010
	Income from provision of amenities	24,225
IBL Unisys (Private) Limited	Rent income	1,853
	Income from provision of amenities	1,297
	Purchases	37

# Notice of 56<sup>th</sup> Annual General Meeting

Name of Related Parties	Nature of transactions	PKR '000
IBL Logistics (Private) Limited	Revenue	8
	Rent income	995
	Carriage and duties	157,144
	Repair and maintenance	459
	Purchases	2,625
	Transportation charges	5,373
International Franchises (Private) Limited *	Rent income	12,186
	Income from provision of amenities	3,228
	Renovation	6,300
	Others	1,774
United Distributors (Private) Limited *	Rent income	349
	Income from provision of amenities	141
	Rent expense	600
<i>* with effect from June 18, 2021, United Distributors (Private) Limited and International Franchises (Private) Limited ceased to be related party of the Company.</i>		
United Retail (SMC-Private) Limited	Rent income	39,989
	Income from provision of amenities	37,386
	Salaries and wages	513
	Donations	253
	Purchases of Property, Plant and Equipment	137
	Purchases	1,276
AKAR Hospital	Donations	17,323
Multinet (Private) Limited	Internet services	7,661
The Hunar Foundation	Donations	10,000
Sabaq Learning Foundation	Donations	30,000
The Indus Hospital	Donations	5,000
Staff retirement benefits:	Contributions to Provident Fund	140,942
	Benefits paid	281,375
Key management employee's compensation:	Salaries and other employee benefits	322,926
	Contributions to Provident Fund	18,946
<i>* Key management personnel include Chief Executive Officer, Executive Director, Chief Financial Officer and Head of departments.</i>		

# Notice of 56<sup>th</sup> Annual General Meeting

Name of Related Parties	Nature of transactions	PKR '000
<b>Directors:</b>		
Mr. Adnan Asdar Ali	Right shares subscribed	73
Mr. Rashid Abdulla*	Right shares subscribed	1,049
* The amount has been deposited by Mr. Munis Abdullah -son of Mr. Rashid Abdulla (Late).		
Mr. Syed Nadeem Ahmed	Right shares subscribed	84
Mr. Zubair Razzak Palwala	Right shares subscribed	32,388
Mr. Ayaz Abdulla	Right shares subscribed	439
Mr. Atta Ur Rahman	Right shares subscribed	5,111
Mrs. Shaista Khailq Rehman	Right shares subscribed	20,071
Mr. Mufti Zia Ul Islam	Right shares subscribed	1,870

The Company carries out transactions with its related parties on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. All transactions entered into with related parties require the approval of the Board of Audit Committee of the Company, which is chaired by an independent director of the Company. Upon the recommendation of the Board of Audit Committee, such transactions are placed before the board of directors for approval.

Transactions entered into with the related parties include, but are not limited to, sale of goods, dividends paid, (in accordance with the approval of shareholders and board where applicable) and salaries and other benefits paid to the key management personnel.

The nature of relationship with these related parties has also been indicated in the note 41 to the unconsolidated financial statements for the year ended June 30, 2021. The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

- **Item 9 of the notice - authorize the Board of Directors to approve the related party transactions during the year ending June 30, 2022**

The Company shall be conducting transactions with its related parties during the year ending June 30, 2022, on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship in the holding / associated companies. In order to promote transparent business practices, the shareholders desire to authorize the Board of Directors to approve transactions with the related parties from time-to-time on case-to-case basis for the year ending June 30, 2022, which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

# Post Covid World

The world will never be same again as Covid has transformed almost all the patterns of human life and business. Post Covid World is a changed world altogether wherein the human interaction, mobility, channels and medium have largely been transformed and reshaped. With restrictions on mobility and interactions come this opportunity of coming together, joining hands, and putting up a brave and bold face to deal with the aftermaths of Covid. The wonder that happened afterward resulted in the development of dozens of potential candidates of Vaccines and quite a few have got Emergency Use Authorization. The resultant trials have shown remarkable vaccine induced immunogenicity against Novel Corona Virus and reduced length of diseases. With Vaccination drives on its go, many countries have achieved the landmark 2/3rd number of vaccinated people that is critical to eliminate further spread of the virus. With 2/3 of population vaccinated and immunized against Covid-19, many countries are now opening-up life and business albeit with caution to further avoid any mutations.







# Chairman's Review

For the year ended June 30, 2021

## To my fellow shareholders,

The financial year 2020-21 was yet another challenging and turbulent year across the globe. To curb the pandemic, COVID-19 vaccine was successfully launched during the year. However, significant variation in its roll out process was observed among the developed and emerging economies resulting in slower economic recovery in emerging economies. The emergence of second and third wave of COVID-19 forced governments to re-impose lockdown measures in many countries which also significantly affected the economic recovery process.

In pharmaceutical and healthcare industry, a new perspective of maintaining a safety stock and increasing awareness of health and hygiene among consumers was observed. This has partially offset the impact of COVID-19 on the pharmaceutical industry due to closure of OPD's and lockdown measures. Despite all these challenges, Company was able to sustain its sales and achieved a revenue of PKR 16.57 bn. Net profit for the year amounted to PKR 2.12 bn against a net profit of PKR 2.46 bn in 2020. The decrease in net profit was due to increase in finance cost resulting from the acquisition of OBS Pakistan (Private) Limited. The increase in finance cost is expected to be offset by the increase in profitability of the Company due to acquisition of OBS which will ultimately enhance the return to our shareholders. We have achieved earnings per share of PKR 9.11. We have also decided to return PKR 480.08 million to the shareholders in 2021 in the form of cash dividend and PKR 720.12 million in the form of stock dividend.

## OVERVIEW

The pharmaceutical market in Pakistan is estimated to be around \$3.3 billion (PKR 559 billion), growing at a rate of 17.05% (as per IMS). The industry is dominated by local/national companies which account for 69% of market share whereas multinationals enjoy the remaining 31%. Top twenty-five companies constitute approximately 73% of the market, whereas top 50 share approximately 90% of the market.

Growth in sales of national companies has been higher

than the multinationals as the market is essentially a low-cost generic market with large number of new generic medicines launched at higher unit price. There are approximately 620 companies operating in the Pakistani pharmaceutical market, out of which less than 31 are multinational companies. The pharmaceutical industry contributes approximately 1% to the GDP of Pakistan annually.

The growth of the pharmaceutical industry is dampened by high reliance of imported APIs, high volatility in exchange rates, low per capita expenditure, and uncompetitive prices in the global market.

However, Searle was able to persevere through these difficult times and still managed to sustain its sales due to strong and effective oversight by the board of directors, unwavering efforts of the management, sharp focus on success and dedications of its employees. Searle was able to maintain its prominence in many therapeutic areas through its quality products and the dedication of its exceptional people.

We have an established legacy of creating tremendous value for all our stakeholders and we continue to accelerate our efforts to make a lasting positive impact for them and the society in which we operate.

## BUILDING OUR LEGACY TO INNOVATE AND GROW

Continuing our legacy of innovation and growth, Searle acquired OBS Pakistan (Private) Limited (OBS), which is one of the leading pharmaceutical companies in Pakistan. OBS is a leading producer of iron sucrose injections with the brand name of Venofer. OBS is also the leading manufacturer of Decadron (Dexamethane), which is considered an effective medicine to decrease the mortality rate in COVID-19 patients.

Our seasoned and experienced management team has a track record of navigating a relatively turbulent regulatory environment and has delivered a 6-year sales and earnings CAGR of 14% and 7%, respectively, while growing its market share from

2.7% in 2013 to 5.6% in 2021. This growth has largely been organic (new drug introductions), which has been facilitated by its sustainable competitive advantages in the form of the following steps:

- i) Aggressive investment in capacity building of its sales force;
- ii) Nationwide distribution expertise of an entity within the same group (International Brands); and
- iii) Capitalizing the increased healthcare expenditure mindset of the public at large due to COVID-19.

## FINANCIAL PERFORMANCE

Searle's financial performance has been outstanding over the past several years and the Company's performance during the year ended June 30, 2021 has continued to sustain its revenue.

The year ended June 30, 2021 has been a challenging one for Searle, building on the financial performance of the previous years. I am pleased to share the following financial highlights:

- Sales of the Company were sustained at PKR 16.57 billion.
- The profit from operations grew by PKR 111 million i.e. 2.81%.
- The profit after tax of the Company amounted to PKR 2.12 billion.

## KEY INITIATIVES

Searle continues to advance its market share in the domestic and international pharmaceutical market, particularly in the segments of Cardiovascular, Cold & Cough, Diabetes, Infant formula, Probiotics and Antibiotics. Moving forward, we are focusing on enhancing our share of specialty generic branded portfolios and targeting differentiated products.

Quality of products is a concern of paramount importance to us; therefore, our key priority is to

ensure continuous CGMP & Regulatory compliance while increasing our product volumes and portfolio. Searle has been investing in new manufacturing equipment and frequent facility upgrades and is continuing to improve its processes and human capabilities to meet global regulatory standards at all manufacturing facilities. As part of our continuous improvement initiatives, Searle has also implemented a robust enterprise resource planning system (SAP), which we expect will enable our Company to have increased control over inventories, facilitate agile financial decision-making and improve performance management.

The Company is also fully cognizant of its immense responsibility towards its stakeholders during this pandemic situation. Accordingly, following priorities were set by the management to ensure that the Company continues its operations smoothly during this unprecedented situation.

- Protecting the health and safety of our staff, who are at front line, due to their engagement in the production process and process of sales to customers through strict health and safety policies;
- Ensuring availability of our products to our customers during the pandemic; and
- Engaging in corporate social activities in the form of donations and charities to clinics, hospitals and the less fortunate

## REVIEW ON BOARD'S PERFORMANCE U/S 192 OF THE COMPANIES ACT 2017

The Board is committed to operate at the highest standards of corporate governance. The work of the Board and its Committees during the year focused on ensuring compliance with all statutory and regulatory requirements applicable upon the Company.

There were eight meetings of the Board of Directors held in year ended June 30, 2021. In addition, there were five meetings of the Audit Committee of the Board and one meeting of Human Resources and Remuneration Committee.

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 an annual evaluation of the Board of Directors of the Company was carried out for the financial year ended 30 June 2021.

I am pleased to report that the overall performance of the Board was found satisfactory, based on an evaluation of the following components:

- **Corporate governance structure and Compliance with regulations:** The Company has a well-developed and transparent corporate governance system, with regular oversight by the Board.
- **Board Composition:** The Board comprises members with rich professional experience in various domains, having strong financial & analytical abilities and independent perspectives.
- **Strategic planning:** The Board actively engaged with the management to monitor the Company's performance against its established strategy, goals and targets. Further, the Board has a strategic view of how the organization will evolve over the next three to five years.
- **Execution of duties:** All Board members and members of Board Committees diligently performed their duties by thoroughly reviewing, discussing and approving business plans, financial statements and associated documents.

**Resource management:** The Board provides appropriate direction and oversight on a timely basis to ensure optimal utilization of resources.

## FUTURE OUTLOOK

Searle is fully committed to lead the industry, due to it's focus on developing the Searle brand, its products and people. Looking ahead, we are ready to build on our recent transformation successes, including maintaining and improving on our leading process development and manufacturing capabilities, driving our innovation and expanding our outreach in patient access and services to more regions around the world. We will sustain the gains of the past five years through a culture of productivity so that the time,

talent and capital invested in Searle is put to good use. We will continue to deliver on our commitments to patients, to you as shareholders and to all those we serve, both year to year and generation to generation.

On behalf of Searle's board of directors and leadership team, I thank you for your continued investment and support. I also thank our more than 2,500 staff members for their commitment to ethics and to our mission. It is our shared privilege to work at the leading edge of progress and for a Company making a positive difference in the lives of so many people every day.

I would like to acknowledge and particularly thank our CEO, Mr. Nadeem Ahmed, his executive leadership team and commitment and leadership in steering the Company into a new era of growth & profitability.

Lastly, I would also like to thank the Board for its hard work and commitment to the Company.



**Adnan Asdar Ali**

Chairman  
October 04, 2021

جیسا کہ لسٹڈ کمپنیوں کے (کوڈ کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت کرنے ضروری ہیں، جس کے لئے کمپنی کے بورڈ آف ڈائریکٹرز کی 30 جون 2021 کو اختتامی مالی سال کے لئے سالانہ جانچ پڑتال کی گئی۔

مجھے یہ کہتے ہوئے خوشی ہو رہی ہے کہ بورڈ کی مجموعی کارکردگی اطمینان بخش پائی گئی جو ذیل کے نکات کے مطابق جائزے اور جانچ پر مبنی تھی:

- کارپوریٹ گورننس اسٹرکچر اور کمپلائنس مع ریگولیشنز: کمپنی ایک انتہائی مستحکم اور شفاف کارپوریٹ گورننس نظام کے تحت کام کرتی ہے جس کی بورڈ کی جانب سے باقاعدہ نگرانی کی جاتی ہے۔
- بورڈ کی تشکیل: بورڈ متعدد امور سے متعلق بھرپور اور پیشہ ورانہ تجربہ رکھنے والے ممبروں پر مشتمل ہے، جن میں مستحکم مالی، تجزیاتی قابلیت اور آزاد نقطہ نظر موجود ہے۔
- اسٹریٹجک منصوبہ بندی: بورڈ اپنی قائم کردہ حکمت عملی اور اہداف کے تحت کمپنی کی کارکردگی کی نگرانی کے لئے انتظامیہ کے ساتھ سرگرم عمل ہے۔ اس کے علاوہ بورڈ اس حکمت عملی پر بھی نگاہ رکھتا ہے کہ ادارہ آئندہ 3 سے 5 سالوں کے دوران کس طرح کام کرے گا۔
- فرائض کی انجام دہی: بورڈ اور اس کی کمیٹیوں کے تمام ممبران وسیع پیمانے پر صورت حال کا جائزہ لینے، باہمی مشاورت، منصوبوں، مالیاتی حسابات اور منسلک دستاویزات کی منظوری کے تحت اپنے فرائض انجام دیتے ہیں۔
- ریسورس منیجمنٹ: بورڈ وسائل کے درست اور بروقت استعمال کو یقینی بنانے کیلئے فوری بنیاد پر موزوں سمت میں ہدایات جاری کرتا ہے۔

## مستقبل کا جائزہ

سرل انڈسٹری کی رہنمائی کے لئے مکمل طور پر پُر عزم ہے۔ اس کی وجہ سرل برانڈ کا فروغ، اس کی مصنوعات اور صارفین پر اپنی خصوصی توجہ مرکوز کرنا ہے۔ ہم آگے بڑھنے کے لئے اپنی حالیہ تبدیلی کی کامیابیوں پر مزید ترقی کرنے کے لئے تیار ہیں اور بشمول ہماری نشوونما کے، کارکردگی، مینوفیکچرنگ صلاحیتوں کو برقرار رکھنے اور ان میں بہتری لانے کے ساتھ، ہماری جدت طرازی، مریضوں تک رسائی اور خدمات کا دنیا بھر میں وسیع پیمانے پر پھیلانے کا ارادہ شامل ہے۔ ہم اپنی خدمات سے اپنے پیداواری رجحان سے گذشتہ پانچ سالوں کے حاصل کردہ فوائد کو برقرار رکھیں گے تاکہ سرل میں لگائے ہوئے وقت، ہنر اور سرمایہ کو بہتر انداز میں بروئے کار لایا جاسکے۔ اسی طرح ہم مریضوں کے لئے بہتر طبی سہولتوں کی فراہمی، آپ کے لئے بطور حصص یافتگان اور ان سب کے لئے، جن کو ہم خدمات فراہم کر رہے ہیں سال بہ سال اور نسل در نسل اپنے بہتر فوائد فراہم کرنے کے عزم کے تسلسل کو جاری رکھیں گے۔

میں آپ کا سرل بورڈ آف ڈائریکٹرز اور قیادت ٹیم کی جانب سے مستقل سرمایہ کاری اور معاونت کرنے پر شکریہ ادا کرتا ہوں۔ میں 2500 سے زائد اپنے ملازمین کا بھی ان کے ہمارے عزم اور ضابطے سے وابستگی کے لئے بھی مشکور ہوں۔ یہ ہمارا مشترکہ اعزاز ہے کہ ہم ترقی کے ایک عظیم سفر پر گامزن ہیں اور ایک ایسی کمپنی کے لئے کام کر رہے ہیں جو ہر روز بڑی تعداد میں لوگوں کی زندگیوں میں مثبت تبدیلی پیدا کر رہی ہے۔

میں بالخصوص اپنے سی ای او جناب ندیم احمد، ان کی ایگزیکٹو لیڈرشپ ٹیم اور کمپنی کو ترقی و منافع کے نئے دور میں شامل کرنے کے عہد اور ان کی قائدانہ صلاحیتوں کا معترف اور مشکور ہوں۔

میں آخر میں بورڈ کا شکریہ ادا کرنا چاہوں گا جس نے کمپنی کے لئے اپنی ذمہ داری اور بہترین صلاحیتوں کا مظاہرہ کیا ہے۔



عدنان اصدر علی

چیئر مین

کراچی: 04 اکتوبر 2021

اس کے علاوہ ہماری تجربہ کار انتظامی ٹیم کے پاس نسبتاً سخت گیر ریگولیٹری ماحول میں کام کرنے کا تجربہ بھی موجود ہے جسے اُس نے فروخت اور آمدنی کی مد میں بالترتیب 14 فیصد اور 7 فیصد کی 6 سال کے CAGR تک پہنچا دیا ہے، جبکہ اس کا مارکیٹ شیئر جو 2013 میں صرف 2.7 فیصد تھا اب 2021 میں بڑھ کر 5.6 فیصد ہو گیا ہے۔ یہ نمونے پیمانے پر نامیاتی (نئی ادویات کے تعارف) سے منسلک رہی ہے، جس کی معاونت اس کے پائیدار مسابقتی فوائد کی صورت میں کی گئی ہے:

- (i) چارحانہ طور پر اپنی سیلز فورس میں سرمایہ کاری
- (ii) اسی گروپ (انٹرنیشنل برانڈز لمیٹڈ) کے اندر ایک وابستہ ادارے کی ملک گیر ڈسٹری بیوشن کی مہارت اور
- (iii) عوام میں COVID-19 کی وجہ سے صحت کی بڑے پیمانے پر دیکھ بھال پر بڑھتے ہوئے اخراجات کا رجحان شامل ہے۔

## مالیاتی کارکردگی

سرل کی مالی کارکردگی گزشتہ کئی سالوں سے غیر معمولی رہی ہے اور 30 جون 2021 کو ختم ہونے والے سال کے دوران کمپنی کی کارکردگی نے اپنی آمدنی کو برقرار رکھا ہے۔ گزشتہ سالوں کی مالی کارکردگی کی وجہ سے 30 جون، 2021 کو ختم ہونے والا سال سرل کے لئے ایک دشوار سال رہا ہے مجھے درج ذیل نمایاں مالیاتی خصوصیات پیش کرتے ہوئے خوشی محسوس ہو رہی ہے:-

- کمپنی کی آمدنی 16.57 ارب روپے تک برقرار رہی ہے۔
- آپریشنز سے حاصل ہونے والے منافع میں 111 ملین روپے کا اضافہ ہوا جو 2.81 فیصد کے لگ بھگ ہے۔
- کمپنی کا بعد از ٹیکس حاصل ہونے والا منافع 2.12 ارب روپے ریکارڈ کیا گیا۔

## کلیدی اقدامات

سرل مقامی اور بین الاقوامی فارماسیوٹیکل مارکیٹ میں اپنے مارکیٹ شیئر کو مزید بڑھا رہی ہے، خاص طور پر امراض قلب، سردی اور کھانسی، ذیابیطس، Infant Formula، پرو بائیو ٹیکس اور اینٹی بائیو ٹیکس کے شعبوں میں پیشرفت کرتے ہوئے ہم خصوصی طور پر جنیٹک برانڈڈ پورٹ فولیوز میں اپنے شیئر بڑھانے اور متنوع مصنوعات کو متعارف کرانے پر توجہ دے رہے ہیں۔

مصنوعات کا معیار ہمارے لئے اہمیت کا حامل ہے، لہذا ہماری اہم ترجیحات یہ ہیں کہ ہم اپنی مصنوعات کے حجم اور پورٹ فولیو میں اضافہ کرتے ہوئے مستقل CGMP اور ریگولیٹری کمپلائنس کو یقینی بنائیں۔ سرل مینوفیکچرنگ کے نئے ساز و سامان اور سہولیات کو بہتر کرنے میں سرمایہ کاری کر رہا ہے اور عالمی ریگولیٹری معیارات پر پورا اترنے کے لئے اپنی کارکردگی اور انسانی صلاحیتوں میں بہتری لاتا رہے گا۔ اسی طرح گزشتہ سال، سرل نے پورٹ قاسم میں ایک نیا پلانٹ حاصل کیا جو اس کی نیوٹراسیوٹیکل مصنوعات کے پورٹ فولیو کو مضبوط بنانے کے لیے استعمال کیا جائے گا۔

ہماری بہتری کے اقدامات کے ایک جزو کے طور پر سرل نے مستقل طور پر ایک فعال انٹرپرائز ریسورس پلاننگ سسٹم (ایس اے پی) بھی نافذ کیا ہے جس سے ہمیں توقع ہے کہ ہماری کمپنی انٹرنیٹ پر کنٹرول بڑھانے، حساس مالیاتی فیصلہ کن صلاحیت کے حصول اور انتظامی کارکردگی بہتر بنانے کی صلاحیت حاصل کر لے گی۔

اس وبائی صورتحال کے دوران کمپنی اپنے شراکت داروں کی صحت کی جانب اپنی بے پناہ ذمہ داریوں سے بھی پوری طرح واقف ہے۔ اسی مناسبت سے انتظامیہ کی جانب سے مندرجہ ذیل ترجیحات کا تعین کیا گیا ہے تاکہ اس امر کو یقینی بنایا جاسکے کہ کمپنی غیر متوقع اور ناگہانی صورتحال کے دوران آسانی کے ساتھ اپنی کارروائیاں جاری رکھے:

- صحت اور حفاظت کی ٹھوس پالیسیوں کے ذریعے اپنے عملے کی صحت اور حفاظت کا تحفظ کرنا جو پیداوار اور صارفین کو فروخت کے عمل میں پیش پیش رہتے ہیں؛
- وبائی مرض کے دوران صارفین تک اپنی مصنوعات کی دستیابی کو یقینی بنانا اور
- کلینکس، اسپتالوں اور متاثرہ لوگوں میں عطیات اور خیرات کی صورت میں کارپوریٹ کی سماجی سرگرمیوں میں شامل اور مصروف ہونا۔

## کمپنیز ایکٹ 2017 کی زیر دفعہ 192 کے تحت بورڈ کی کارکردگی کا جائزہ

بورڈ کارپوریٹ گورننس کے اعلیٰ معیار پر کام کرنے کے عزم پر کاربند ہے۔ گزشتہ سال کے دوران بورڈ اور اُس کی کمیٹیوں کا کام کمپنی کے لئے تمام قانونی اور قابل اطلاق ریگولیٹری ضوابط کو یقینی بنانے کے لئے توجہ مرکوز کرنا تھا۔

اختتامی سال 30 جون 2021 کے دوران بورڈ آف ڈائریکٹرز کے آٹھ اجلاس منعقد ہوئے۔ اس کے علاوہ بورڈ کی آڈٹ کمیٹی کے پانچ اور ہیومن ریسورسز اور ریٹیریشن کمیٹی کا ایک اجلاس منعقد ہوا۔

# چیمبر میں کا جائزہ برائے اختتامی سال 30 جون، 2021

## میرے عزیز حصص یافتگان،

مالی سال 2020-21 پوری دنیا میں ایک مشکل اور ہنگامہ خیز سال تھا۔ وبائی امراض کو روکنے کے لیے، کوویڈ 19 ویکسین سال کے دوران کامیابی سے شروع کی گئی، تاہم ترقی یافتہ اور ابھرتی ہوئی معیشتوں کے درمیان اس کے رول آؤٹ کے عمل میں نمایاں فرق دیکھنے میں آیا ہے جس کے نتیجے میں ابھرتی ہوئی معیشتوں میں معاشی بحالی کا عمل سست رہا۔ COVID-19 کی دوسری اور تیسری لہر کے آنے سے کئی ممالک اپنے یہاں لاک ڈاؤن کے اقدامات دوبارہ نافذ کرنے پر مجبور ہو گئے جس نے معاشی بحالی کے عمل کو اور بھی نمایاں طور پر متاثر کیا۔

فارماسیوٹیکل اور ہیلتھ کیئر کی صنعت میں حفاظتی اسٹاک برقرار رکھنے اور صارفین میں صحت اور حفظانِ صحت کے بارے میں آگاہی پیدا کرنے کا ایک نیا نقطہ نظر دیکھا گیا۔ اوپی ڈی کی بندش اور لاک ڈاؤن کے اقدامات کی وجہ سے اس نے فارماسیوٹیکل کی صنعت پر COVID-19 کے اثرات کو جزوی طور پر ختم کر دیا ہے۔ ان تمام چیلنجوں کے باوجود، کمپنی اپنی کارکردگی برقرار رکھنے میں کامیاب رہی اور اس نے 16.57 ارب روپے کی آمدنی حاصل کی۔ سال کے لیے خالص منافع 2.12 ارب روپے تھا جو خالص منافع 2.46 ارب روپے 2020 میں تھا۔ خالص منافع میں کمی، OBS پاکستان (پرائیویٹ) لمیٹڈ کے حصول کے نتیجے میں مالیاتی لاگت میں اضافے کی وجہ سے ہوئی۔ توقع ہے کہ، OBS کے حصول کی وجہ سے کمپنی کے منافع میں اضافہ ہو گا جو کہ بالآخر ہمارے حصص یافتگان کی آمدنی میں اضافہ کرے گا۔ ہم نے 9.11 روپے فی شیئر آمدنی حاصل کی ہے۔ اس کے علاوہ ہم نے 2021 میں نقد منافع کی صورت میں حصص یافتگان کو 480.08 ملین روپے (CASH DIVIDEND) دینے کا بھی فیصلہ کیا ہے اور اسٹاک کی صورت میں 720.12 ملین روپے (STOCK DIVIDEND) دینے کا فیصلہ کیا ہے۔

## جائزہ

پاکستان میں فارماسیوٹیکل مارکیٹ کا تخمینہ تقریباً 3.3 ارب ڈالر (559 ارب روپے) ہے جو کہ آئی ایم ایس کے مطابق 17.05 فیصد کی شرح سے بڑھ رہا ہے۔ اس انڈسٹری میں قومی کمپنیوں کا غلبہ ہے جو مارکیٹ شیئر کا 69 فیصد حصہ ہیں، جبکہ باقی ملٹی نیشنلز کا 31 فیصد حصہ ہے۔ سرفہرست پچیس کمپنیاں مارکیٹ کا تقریباً 73 فیصد اور اوٹ لین 50 کمپنیاں تقریباً 90 فیصد حصہ ہیں۔

ملکی کمپنیوں کی فروخت میں اضافہ ملٹی نیشنلز کمپنیوں کے مقابلے میں زیادہ رہا ہے چونکہ مارکیٹ بنیادی طور پر ایک کم قیمت کے رجحان پر مبنی ہے جہاں زائد قیمتوں پر نئی اور عام دواؤں کی بڑی تعداد کو متعارف کرایا گیا ہے۔ پاکستانی فارماسیوٹیکل مارکیٹ میں لگ بھگ 620 کمپنیاں کام کر رہی ہیں جن میں 31 سے بھی کم ملٹی نیشنل کمپنیاں ہیں۔ فارماسیوٹیکل انڈسٹری پاکستان کے جی ڈی پی میں سالانہ تقریباً 1 فیصد حصہ ڈالتی ہے۔

درآمد شدہ APIs پر زائد انحصار، زرمبادلہ کی شرح میں زیادہ اتار چڑھاؤ، فی کس کم خرچ اور عالمی منڈی میں غیر مسابقتی قیمتوں سے فارماسیوٹیکل انڈسٹری کی افزائش متاثر ہوئی ہے۔

دوسری طرف سرل ان مشکل اوقات میں ثابت قدم رہنے اور اپنی انتظامیہ کی غیر متنزلزل کاوشوں، کامیابی پر خصوصی توجہ، اپنے ملازمین کی محنت و لگن اور بورڈ آف ڈائریکٹرز کی سخت نگرانی کی وجہ سے ایک متاثر کن نتیجہ حاصل کرنے میں کامیاب رہی ہے۔ سرل علاج معالجے کے مختلف شعبوں میں اپنی معیاری مصنوعات اور اپنے بے مثل ملازمین کی لگن کے سبب نمایاں کارکردگی برقرار رکھنے میں بھی کامیاب رہی ہے۔

ہمارے پاس اپنے تمام شراکت داروں کے لئے زبردست قدر پیدا کرنے کی روایت قائم ہے اور ہم ان کے لئے اور جس معاشرے میں ہم سرگرم عمل ہیں، دیر پا اور مثبت اثرات مرتب کرنے کی کوششوں کو تیز کرنے میں مصروف کار ہیں۔

## جدت اور ترقی کی روایت کا تسلسل

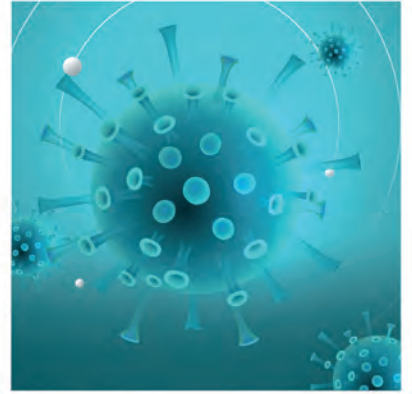
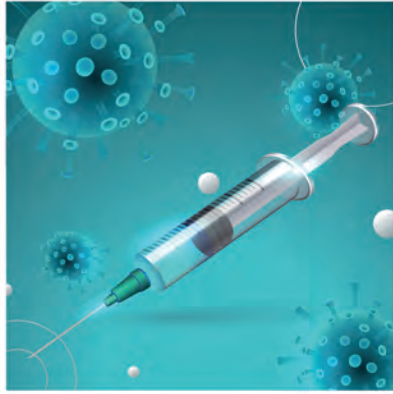
ہماری جدت اور ترقی کی روایت کو جاری رکھتے ہوئے، سرل نے او بی ایس پاکستان (پرائیویٹ) لمیٹڈ (OBS) حاصل کیا ہے جو پاکستان کی معروف فارماسیوٹیکل کمپنیوں میں سے ایک ہے۔ Venofer OBS کے برانڈ نام کے ساتھ آرن سوکروزا کیکسٹن کا تانے والا ایک معروف ادارہ ہے۔ Decadron Dexamethan OBS اسی طرح کا ایک معروف مینوفیکچرر بھی ہے جو کہ COVID-19 کے مریضوں میں شرح اموات کو کم کرنے کے لیے ایک مؤثر دوا تسلیم کی جاتی ہے۔

## Searle contributed in weathering the Storm

Right after the first confirmed case of Covid-19 in Pakistan, Searle remained committed to help community get rid of the menace of this deadly virus. We spearheaded our drive to educate and sensitize communities to follow SOP. We helped medical fraternity with PPEs, Masks and Sanitizers, We were primarily the first to deliver FDA approved IV Remdesivir to patients who deserve it the most and by the mercy of Almighty Allah, it saved many precious lives. We went in nook and corner of the country and pay our regards and respect to all the healthcare providers and allied staff who risked their lives in the lines of duties, many of them have contracted Covid, went through the agonies of distressed respiration and hundreds of them have succumb to their miseries and martyred.







Wash Hand



Use Soap



Avoid Crowd



Use Masker



Avoid Shakehand



Use Disinfection

# Directors' Report to the Members

The Directors take pleasure in presenting the annual report together with the audited financial statements of the company for the year ended June 30, 2021.

The Directors' Report has been prepared in accordance with section 227 of the Companies Act, 2017 and Chapter XII of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

This report is to be submitted to the members at the 56th Annual General Meeting of the Company to be held on October 28, 2021.

## OVERVIEW

The COVID-19 pandemic has triggered the most severe economic recession in nearly a century, causing disruptions in economic activity, threatening health, hurting well-being and jobs of the people. With 227 million cases of COVID-19 and over 4.5 million reported deaths across the globe, bringing back life to normalcy remains a challenge. While advanced economies are expected to benefit from quicker access to vaccines and strong fiscal support from their governments, emerging economies face the most challenges coping with COVID-19 outbreaks because of slower vaccine rollouts and lower resource capacity. As long as a large proportion of the world's population is not vaccinated and risk of new variants like Delta variant and new outbreaks remain, economic recovery will remain vulnerable to volatility and fresh setbacks.

The COVID-19 has significantly affected the landscape of the pharmaceutical and healthcare sectors due to changing consumer perspectives and preferences. The industry and especially the rightly placed institutions are taking advantage of new opportunities resulting from increasing emphasis on health and hygiene, development of vaccines, branding and additional revenue streams. Despite of the uncertainties on account of slower vaccination and resurgence of COVID-19 cases resulting in frequent lockdown measures by the governments, stakeholders can navigate them by factoring in historic and current drivers of change when strategizing for 2022 and beyond.

Pharmaceutical sales in Pakistan grew at an annual growth rate of 17.05% worth nearly USD 3.3 billion (PKR 559 billion), with more than 620 companies operating in the sector, driven by new molecule introductions and supported by underlying demographic trends of increasing affordability, rising population, infrastructure investment, technological advancements, evolving care models, higher life expectancy and increased incidence of chronic diseases and as well as new healthcare risks introduced during the pandemic.

Despite this, the pharmaceutical industry is unable to achieve its full potential, due to high reliance on imported APIs, fluctuation in exchange rates, low per capita expenditure, and low prices in terms of global environment. Although the industry is contributing 1% of their profit before tax (PBT) to government for conducting Research and Development (R&D), a lot is still desired on the front of R&D.

## OPERATING RESULTS

Searle is a company which has always focused and strived for enhancing the quality of life of its customers by offering them quality healthcare solutions. We have always placed the benefit of the patients and our stakeholders at the forefront and we are proud of the impact of our efforts. Searle has recorded a 6-year (FY15-21) CAGR of 14% in its revenue and 7% in profit after tax. This growth in revenue is on the back of consistent growth in volumes and a diversified product range along with positive impact of DRAP pricing policy, which is now linked with annual Consumer Price Index (CPI).

During these difficult and challenging times, which had severe repercussions on Pakistan as well as on the global economic environment, Searle secured an impressive performance during the year ended June 30, 2021. The company reported revenue of Rs. 16.57 billion. Profit after tax of the Company amounted to PKR 2.12 bn.

	June 30,	
	2021	2020
	(Rupees in thousand)	
Revenue	<b>16,569,596</b>	16,567,219
Cost of sales	<b>(8,020,891)</b>	(8,295,187)
Gross Profit	<b>8,548,705</b>	8,272,032
Operating expenses	<b>(5,290,138)</b>	(4,844,499)
Other operating expenses	<b>(206,816)</b>	(261,841)
Other income	<b>1,005,284</b>	780,277
Profit from operations	<b>4,057,035</b>	3,945,969
Finance cost	<b>(1,322,366)</b>	(641,491)
Profit before tax	<b>2,734,669</b>	3,304,478
Income tax expense	<b>(611,745)</b>	(849,401)
Profit after taxation	<b>2,122,924</b>	2,455,077

During the year, the Company acquired OBS Pakistan (Private) Limited (now Searle Pakistan Limited) which is engaged in manufacturing and sales of pharmaceutical products. The acquisition of OBS was the largest transaction in the pharmaceutical industry of Pakistan. The acquisition will facilitate Searle in leveraging its doctors' coverage and expertise of handling a diversified portfolio of products with OBS.

The Company was able to sustain its financial performance due to its doctor coverage, maturing product portfolio, introduction of new brands, richer product mix and branding efforts.

## SUBSIDIARIES OF THE COMPANY

Following are the subsidiary companies:

	Principal place of business	Effective %age of holding	
		June 30, 2021	June 30, 2020
<b>Listed Company</b>			
- IBL HealthCare Limited		<b>74.19%</b>	74.19%
<b>Unlisted Companies</b>			
- Searle Pharmaceuticals (Private) Limited	Pakistan	<b>100.00%</b>	100.00%
- OBS Pakistan (Private) Limited		<b>100.00%</b>	-
- Searle Laboratories (Private) Limited		<b>100.00%</b>	100.00%
- Searle Biosciences (Private) Limited		<b>100.00%</b>	100.00%
- IBL Identity (Private) Limited		<b>-</b>	100.00%
- IBL Future Technologies (Private) Limited		<b>100.00%</b>	100.00%
- Nextar Pharma (Private) Limited		<b>87.20%</b>	87.20%

\* with effect from June 28, 2021 IBL Identity (Private) Limited ceased to be subsidiary of the Company.

## EARNINGS PER SHARE

Basic earnings per share after taxation for the period was Rs. 9.11 (2020: Rs. 11.25). There is no dilution effect on the basic earnings per share of the Company, as the Company had no convertible dilutive potential ordinary shares outstanding as at June 30, 2021.

## DIVIDEND

The Board of Directors has recommended cash dividend of 20% and stock dividend of 30% for the year ended June 30, 2021. During the previous year ended June 30, 2020, the Company declared cash dividend of 25% as well.

## FINANCIAL STATEMENTS AND AUDITORS

The present auditors, Messrs. A.F. Ferguson & Co. Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.

The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as the Auditors of the Company for the financial year ending June 30, 2022, at a mutually agreed fee.

## HOLDING COMPANY

International Brands Limited is the holding company of Searle, which holds 56.32% shareholding in the Company.

## **PATTERN OF SHAREHOLDING**

The pattern of shareholding along with categories of shareholders as at June 30, 2021 as required under section 227 of the Companies Act, 2017 and Listing Regulations is presented on pages 250 to 252 of the annual report 2021.

## **BUSINESS CONDUCT**

Searle's business practices are based on integrity, transparency and compliance with applicable laws and regulations.

Our values and expectations are more than just words. Together they help guide us to our goal to be one of the world's most innovative, best performing and trusted healthcare companies. They shape our culture and guide our actions and decision making, so we can maintain the trust of the people who rely on us each and every day – our patients and consumers. It's up to all of us, every day, to keep Searle the kind of company we can all be proud to be a part of. We seek to understand and meet our customers' needs, whilst seeking continuous improvement in all spheres of business operations.

We do the right thing for our patients and consumers and strive for the highest quality. We work with our partners to improve healthcare and find new medicines and vaccines. Regardless of our role, we understand how our work affects patients and consumers.

## **PRODUCT QUALITY**

Consumers trust and confidence on Searle's products is our most valuable asset. We recognize that pharmaceutical manufacturing bears many inherent risks and that any mistake in product design or production can be severe, even fatal, therefore, the maintenance of quality is our utmost priority and moral responsibility.

We are committed to our duty towards safeguarding the patient's well-being and assure that all operations associated with manufacture of medicinal products are of a standard that ensures the patient's expectations of safety and efficacy.

## **CORPORATE AND SOCIAL RESPONSIBILITY**

The horizon of our duties does not end with the creation of wealth for our stakeholders. At Searle, our aim has always been to make useful contributions to the economy we operate in. One of the primary areas of focus has been creation of employment opportunities to support a large industrial and sales workforce.

The Company operates in a socially responsible manner. Accordingly, the Company's CSR program has a wide scope encompassing initiatives in the areas of healthcare, education, child welfare and other social welfare activities.

## **OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT**

We, at Searle, recognize the importance of safe and secure environment and consider it our duty to ensure that people who work for us know how to work safely and without any risks to their health. The health and safety of our employees and visitors is a high priority for the Company. Therefore, hazards associated with operations are continuously identified, assessed and managed to eliminate or reduce risks.

## **INFORMATION TECHNOLOGY**

To cater to the growing business needs of the Company, and in line with our continuous endeavors to regularly upgrade information systems, we continued with our policy to invest more and more in information technology. We have successfully deployed the most powerful business management system 'SAP' to further strengthen our business operations.

## WEBSITE

All our stakeholders and general public can visit The Searle Company Limited's website, [www.searlecompany.com](http://www.searlecompany.com), which has a dedicated section for investors containing information related to annual, half-yearly and quarterly financial statements.

## RELATED PARTY TRANSACTIONS

All related party transactions, during the year 2021, were placed before the Audit Committee and the Board for their review and approval. These transactions were duly approved by the Audit Committee and the Board in their respective meetings. All these transactions were in line with the transfer pricing methods and the policy with related parties approved by the board previously. The Company also maintains a full record of all such transactions, along with the terms and conditions. For further details, please refer note 41 in the financial statements.

## COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The stock exchange has included in their Listing Rules and Listed Companies Regulations issued by the Securities & Exchange Commission of Pakistan. The Company has adopted the code and is implementing the same in letter and spirit.

## TRADING OF SHARES BY DIRECTORS, CFO, COMPANY SECRETARY AND EXECUTIVES ETC.

The Company's shares are traded on Pakistan Stock Exchange Limited. The Directors, CEO, Company Secretary and CFO and executives, their spouses and minor children did not carry out any trade in the shares of the Company except the following executives:

Name	Shares Purchased	Shares Disposed
Mr. Moujood ul Hassan	-	4,480

## DIRECTORS' TRAINING PROGRAM

Currently, four directors have attained DTP certification. The company has planned to arrange DTP Certification for the remaining of the directors over the next one year. By the end of June 30, 2022, 75% of the directors shall attain the directors training certificate as recommended under the Listed Companies (Code of Corporate Governance) Regulations, 2019.

## ADEQUACY OF INTERNAL FINANCIAL CONTROLS

In order to ensure that adequate internal controls are deployed by the company for safeguarding of company's assets, compliance with laws and regulations and reliable financial reporting, the Board of Directors has outsourced the internal audit function to Grant Thornton Anjum Rahman, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

## CODE OF CONDUCT

The Board of Directors of the Company has adopted a code of conduct. All employees are informed and aware of this and are required to observe these rules of conduct in relation to business and regulations.

## 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 of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The Company maintains a sound internal control

- system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed.
- There are no significant doubts upon the Company's ability to continue as a going concern.
  - There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
  - There has been no departure from the best practices of transfer pricing.

The key operating and financial data for the six years is tabulated as follows:

	2021	2020	2019	2018	2017 (Re-stated)	2016	2015
<b>ASSETS EMPLOYED</b>							
Property, plant and equipment	5,577,984	3,707,635	2,879,439	1,714,141	1,235,640	808,692	687,332
Right of use assets	79,410	121,515	-	-	-	-	-
Intangible assets	94,214	131,438	164,913	189,068	207,732	69,885	30,642
Investment properties-at cost	2,490,049	2,203,890	2,458,041	2,456,565	2,460,614	2,483,919	2,491,318
Long-term investments- subsidiaries	17,436,311	1,686,186	1,686,186	1,686,186	1,486,186	2,636,202	519,091
Long-term loans and deposits	7,721	7,754	7,666	7,548	1,791	1,949	2,044
Deferred assets	-	-	-	-	443	-	-
Non-current assets classified as held for sale	-	-	-	-	600,278	-	-
Net current assets	8,822,872	9,579,938	7,470,720	6,337,546	4,636,991	2,984,954	1,827,051
<b>Total assets employed</b>	<b>34,508,561</b>	<b>17,456,356</b>	<b>14,666,965</b>	<b>12,391,054</b>	<b>10,629,675</b>	<b>8,985,601</b>	<b>5,557,478</b>
<b>FINANCED BY</b>							
Issued, subscribed and paid-up capital	2,400,405	2,124,253	2,124,253	1,847,177	1,539,314	1,227,523	858,407
Reserves and unappropriated profit	19,336,033	13,300,048	11,342,852	9,893,014	8,385,533	6,952,694	3,689,268
Shareholder's equity	<b>21,736,438</b>	<b>15,424,301</b>	<b>13,467,105</b>	<b>11,740,191</b>	<b>9,924,847</b>	<b>8,180,217</b>	<b>4,547,675</b>
Surplus on revaluation of fixed assets	2,751,216	1,446,517	1,050,800	574,331	443,511	296,961	296,961
Long-term and deferred liabilities	10,020,907	585,538	149,060	76,532	261,317	508,423	712,842
<b>Total capital employed</b>	<b>34,508,561</b>	<b>17,456,356</b>	<b>14,666,965</b>	<b>12,391,054</b>	<b>10,629,675</b>	<b>8,985,601</b>	<b>5,557,478</b>
<b>Turnover</b>	<b>16,569,596</b>	<b>16,567,219</b>	<b>14,537,198</b>	<b>12,675,110</b>	<b>10,753,751</b>	<b>9,561,490</b>	<b>7,582,470</b>
<b>Profit before tax</b>	<b>2,734,669</b>	<b>3,304,478</b>	<b>2,830,180</b>	<b>3,233,223</b>	<b>2,874,933</b>	<b>2,520,295</b>	<b>1,767,664</b>
<b>Profit after tax</b>	<b>2,122,924</b>	<b>2,455,077</b>	<b>2,641,946</b>	<b>3,049,164</b>	<b>2,638,745</b>	<b>2,089,388</b>	<b>1,405,413</b>
<b>Profit after tax as % of turnover</b>	<b>12.81</b>	<b>14.82</b>	<b>18.17</b>	<b>24.06</b>	<b>24.54</b>	<b>21.85</b>	<b>18.54</b>
<b>Profit after tax as % of capital employed</b>	<b>6.15</b>	<b>14.06</b>	<b>18.01</b>	<b>24.61</b>	<b>24.82</b>	<b>23.25</b>	<b>25.29</b>
<b>Dividends</b>							
<b>Cash (%)</b>	<b>20</b>	<b>25</b>	<b>25</b>	<b>50</b>	<b>100</b>	<b>50</b>	<b>20</b>
<b>Stock (%)</b>	<b>30</b>	<b>NIL</b>	<b>NIL</b>	<b>15</b>	<b>30</b>	<b>24</b>	<b>20</b>

## COMPOSITION OF THE BOARD OF DIRECTORS

There have been seven directors on the Board. The composition of the board as at June 30, 2021 is as follows:

	Category	Names
i	Independent Director	Dr. Atta Ur Rahman
		Mrs. Shaista Khaliq Rehman
ii	Non-executive Directors	Mr. Adnan Asdar Ali
		Mr. Munis Abdullah
		Mr. Mufti Zia Ul Islam
iii	Executive Directors	Mr. Syed Nadeem Ahmed
		Mr. Zubair Palwala

During the year, casual vacancy created by the sad demise of Mr. Rashid Abdulla was filled by Mr. Munis Abdullah as a non-executive director. Second casual vacancy of Mr. Ayaz Abdulla was filled by Mr. Mufti Zia Ul Islam also as a non-executive director. Further, election of directors was held on October 28, 2020 and Dr. Atta Ur Rahman was elected as an independent director on the board of directors. Subsequent to the election, Mr. Adnan Asdar Ali was re-elected as the Chairman of the board and Mr. S. Nadeem Ahmed was re-elected as the Chief Executive Officer of the Company.

No person other than those mentioned above, have at any time during the year ended June 30, 2021 served as the director of the company.

## MEETINGS OF THE BOARD OF DIRECTORS

During the year, eight meetings of the Board of Directors were held. The attendance at meetings of the board members is summarized as under:

Name of Director	Meetings attended
Mr. Adnan Asdar Ali	8
Mr. Rashid Abdulla	2
Mrs. Shaista Khaliq Rehman	8
Mr. Syed Nadeem Ahmed	8
Mr. Zubair Palwala	8
Mr. Ayaz Abdulla	2
Mr. Asad Abdulla	2
Dr. Atta Ur Rahman	6
Mr. Munis Abdullah	3
Mr. Mufti Zia Ul Islam	-

## AUDIT COMMITTEE

The Committee comprises of three non-executive Directors. The Chairperson of the committee is an independent director.

During the year, five meetings of audit committee were held, the attendance of which is as follows:

Name of director	Meetings attended
Mrs. Shaista Khaliq Rehman	5
Mr. Adnan Asdar Ali	5
Dr. Atta Ur Rahman	3
Mr. Asad Abdulla	1

Subsequent to the election, audit committee was reconstituted by the board of directors and the following members amongst non-executive directors, including an independent director, were selected for the Committee. The Chairperson is an independent director:

Name of director	
Mrs. Shaista Khaliq Rehman	Chairperson
Mr. Adnan Asdar Ali	Member
Dr. Atta Ur Rahman	Member

## HUMAN RESOURCE AND REMUNERATION COMMITTEE (HR & R)

The Committee comprises of three non-executive members. The Chairperson of the committee is an independent director. During the year, one meeting of the committee was held, the attendance of which is as follows:

Name of director	Meetings attended
Mrs. Shaista Khaliq Rehman	1
Mr. Adnan Asdar Ali	1
Dr. Atta Ur Rahman	1

Subsequent to the election, HR & R committee was reconstituted by the board of directors.

## DIRECTORS REMUNERATION

The significant features and key elements of directors' remuneration are as follows:

- Non-executive directors are only entitled to receive fees in lieu of remuneration in respect of the board and committee meetings attended by them.
- The board is authorized to determine the remuneration of its Directors for attending meetings of the board and committee.

## SUBSEQUENT EVENTS

Material changes or commitments affecting the financial position of the Company have occurred between the end of financial year and the date of this report are mentioned in the note 46 of the unconsolidated financial statements.

## VALUE OF INVESTMENTS

The value of investment of provident fund based on their un-audited / audited accounts as on June 30, 2021 and June 30, 2020 respectively was as follows:

	2021	2020
	Rs '000	
Provident Fund	900,693	708,917

## FUTURE OUTLOOK

Searle is strongly committed to growing and increasing its market share among its competitors and maintaining its organic and in-organic growth despite of challenges of a turbulent regulatory environment and volatile economic scenario due to the pandemic. Searle is also focusing on its product demand in international market due to increased healthcare spending trend after COVID-19 which is expected to translate into greater revenues for the industry.

For and on behalf of the Board



**Syed Nadeem Ahmed**  
Chief Executive Officer

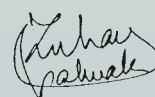
Karachi: October 04, 2021

Moving forward, we are focusing on enhancing the share of specialty generic branded portfolio and targeting differentiated products. It is also pertinent to mention that Searle has an organic pipeline of over 200 products in different stages of the regulatory approval process and has a diversified drug portfolio and strong gross profit margins. The company, in the local market, has over the years strengthened in cardiovascular, cold & cough, diabetes, infant formula, pro-biotic and antibiotics therapeutic areas.

The company's acquisition of OBS, is one of the most instrumental acquisitions in pharmaceutical industry of Pakistan. OBS is one of leading player in the pharma and healthcare sector of Pakistan and represents renowned principals such as Vifor, MSD and Santen. OBS is a leading producer of iron sucrose injections with the brand name of Venofer. OBS is also the manufacturer of Decadron (Dexamethane), which is considered as a drug to decrease the mortality rate in COVID-19 patients.

It is important to mention that due to overly regulated drug pricing mechanism, volatility in retail prices is a concern of immense significance for us. Delays in new product approvals also pose a key threat for the industry as a whole. In the longer run, Searle is focusing on emerging portfolios including bio-similars, medical devices, nutraceuticals and genome sciences. As part of this strategy, Searle has acquired a manufacturing facility at Port Qasim, Karachi which will facilitate in further strengthening our nutraceutical portfolio.

At Searle, we are all highly motivated and willing to contribute enthusiastically for the progress of the Company. Same is the case with our partners, suppliers and customers, for which we are thankful and expect the same zeal and zest for future contribution. We assure Searle will continue to work hard to provide long term sustainable growth to everyone associated with us.



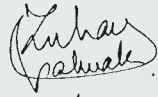
**Zubair Palwala**  
Director



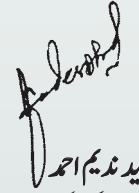
یہ بات قابل ذکر ہے کہ ضرورت سے زیادہ ڈرگ پرائسنگ میکنیزم کی وجہ سے، ریٹیل پرائسز میں اُتار چڑھاؤ ہمارے لیے ایک نہایت اہمیت کا معاملہ ہے۔ کیونکہ نئی پروڈکٹ کی منظوری میں تاخیر کا ہونا، مکمل طور پر انڈسٹری کے لیے ایک اہم خطرے کا باعث ہوتا ہے۔ سرل طویل مدت میں، اُبھرتے ہوئے پوٹ فولیوز پر نگاہ رکھے ہوئے ہے جن میں بائیوسیمیلرز، طبی آلات، نیوٹراسیوٹیکلز جینوم سائنسز شامل ہیں اس حکمتِ عملی کے ایک حصے کے طور پر، سرل نے پورٹ فاسم کراچی پر مینوفیکچرنگ کی سہولت حاصل کر لی ہے جو آگے چل کر ہماری نیوٹراسیوٹیکل پورٹ فولیو کو مستحکم بنانے میں سہولت فراہم کرے گا۔

سرل میں ہم سب انتہائی دلچسپی سے اور مستقل بنیادوں پر جوش و خروش سے اپنا حصہ ڈالنے کے لئے تیار ہیں۔ اسی طرح ہمارے شراکت دار، سپلائرز اور صارفین بھی اسی جذبے کا اظہار کرتے ہیں، جس کے لئے ہم شکر گزار ہیں اور آئندہ کے تعاون کے لئے اسی جوش و جذبے کی توقع کرتے ہیں۔ ہم یقین دہانی کراتے ہیں کہ، سرل اپنے سے وابستہ ہر فرد کو طویل مدتی اور پائیدار ترقی کی فراہمی کے لئے سخت جدوجہد اور لگن سے کوشاں رہیں گے۔

برائے اور بورڈ کی جانب سے



زبیر پال والا  
ڈائریکٹر



سید ندیم احمد  
چیف ایگزیکٹو آفیسر

کراچی: 04 اکتوبر 2021

## ڈائریکٹرز کا مشاہرہ

ڈائریکٹرز کے معاوضے کی اہم خصوصیات اور کلیدی عناصر حسب ذیل ہیں:

- صرف نان ایگزیکٹو ڈائریکٹرز ہی بورڈ اور کمیٹیوں کے اجلاسوں میں شرکت کے سلسلے میں معاوضے کے طور پر فیس وصول کرنے کا حق رکھتے ہیں۔
- بورڈ اپنے ڈائریکٹرز کی جانب سے بورڈ اور کمیٹی کے اجلاسوں میں شرکت کے لئے معاوضے کا تعین کرنے کا مجاز ہے۔

## بعد ازاں ہونے والے واقعات

کمپنی کی مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے دوران کمپنی کی مالیاتی پوزیشن پر کسی بھی قسم کی اثر انداز ہونے والی ضروری تبدیلیاں اور عزم اثر انداز ہوئے ہیں جو کہ نوٹ 46 میں درج ہیں۔

## سرمایہ کاری کی قدر و قیمت

پروویڈنٹ فنڈ کی سرمایہ کاری کی قدر و قیمت ان کے غیر آڈٹ شدہ / آڈٹ شدہ حسابات کی بنیاد پر 30 جون، 2020 اور 30 جون، 2019 کو بالترتیب درج ذیل تھی:

2020	2021	
		Rs '000
708,917	900,693	پروویڈنٹ فنڈ

## مستقبل پر ایک نظر

سرل اپنے حریف اداروں کے درمیان اپنے مارکیٹ شیئر کو بڑھانے اور زیادہ کرنے کے عمل پر سختی سے گامزن ہے۔ اور اپنی نامیاتی اور غیر نامیاتی نشوونما کو برقرار رکھتے ہوئے، پریشان کن ریگولیٹری ماحول اور غیر مستحکم منظر نامے کو عالمی وبا کی وجہ سے COVID-19 کے بعد بڑھتی ہوئی سیلتھ کیسر اور بڑھتے ہوئے رجحان کی بدولت، بین الاقوامی منڈی میں اپنی پروڈکٹ ڈیماڈ پر توجہ مرکوز رکھے ہوئے ہے جس سے توقع ہے کہ انڈسٹری کی آمدنی میں بڑے پیمانے پر اضافہ ہوگا۔

آگے بڑھتے ہوئے، ہم خصوصاً جنرل برانڈڈ پورٹ فولیو کا حصہ بڑھانے اور مختلف مصنوعات پر توجہ مرکوز کئے ہوئے ہیں۔ یہ بھی قابل تحسین ہے کہ ریگولیٹری منظوری کے عمل کے مختلف مراحل میں سرل کے پاس 200 سے زائد نامیاتی مصنوعات ہیں جس میں متنوع ادویات کا پورٹ فولیو اور مضبوط منافع بخش مارجن ہے۔ مقامی مارکیٹ میں کمپنی نے گذشتہ برسوں میں امراض قلب، نزلہ اور کھانسی، ذیابیطس، نوزائیدہ فارمولہ، حیاتیاتی اور اینٹی بائیوٹک کے علاج معالجے میں مستحکم جگہ بنالی ہے۔

کمپنی کا ادویہ کا حصول، پاکستان کی فارماسیوٹیکل انڈسٹری میں سب سے بڑی خریداری ہے۔ یہ صحت کی دیکھ بھال کے شعبے میں پاکستان کی ایک اعلیٰ نجی لمیٹڈ فارما کمپنی میں سے ایک ہے اور وینوفر کی برانڈ نام کے ساتھ آئرن سوکروزا بحیکشن کی صف اول کی فراہم کنندہ ہے۔ ادویہ ایس ڈیکارون (ڈیکسیتھاسون) بھی بنانا ہے، جو COVID-19 کے مریضوں میں اموات کی شرح کو کم کرنے کی موزوں دوا سمجھا جاتا ہے۔

## آڈٹ کمیٹی

کمیٹی 3 نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ کمیٹی کے چیئرمین بھی ایک آزاد ڈائریکٹر ہیں۔

سال کے دوران، آڈٹ کمیٹی کے 5 اجلاس منعقد ہوئے، جن میں حاضری کی تفصیلات مندرجہ ذیل ہیں:

ڈائریکٹر کے نام	اجلاسوں میں شرکت
محترمہ شائستہ خالق رحمن	5
جناب عدنان اصدر علی	5
ڈاکٹر عطاء الرحمان	3
جناب اسد عبداللہ	1

انتخاب کے بعد، آڈٹ کمیٹی بورڈ آف ڈائریکٹرز کے ذریعے دوبارہ تشکیل دی گئی اور مندرجہ ذیل ممبرز غیر ادرتی ڈائریکٹرز کے درمیان، جن میں ایک آزاد ڈائریکٹر بھی شامل ہے، کمیٹی کے لئے منتخب کیے گئے۔ چیئر پرسن ایک آزاد ڈائریکٹر ہے۔

ڈائریکٹر کے نام	اجلاسوں میں شرکت
محترمہ شائستہ خالق رحمن	چیئر پرسن
جناب عدنان اصدر علی	ممبر
ڈاکٹر عطاء الرحمان	ممبر

## ہیومن ریسورس اور ریمونریشن کمیٹی

کمیٹی تین غیر ادرتی ممبرز پر مشتمل ہے۔ کمیٹی کے چیئر پرسن ایک آزاد ڈائریکٹر ہیں۔ دوران سال ایک میٹینگ منعقد ہو چکی ہے جس میں حاضری کی صورت حال ذیل میں درج کی جا رہی ہے:

ڈائریکٹر کے نام	اجلاسوں میں شرکت
محترمہ شائستہ خالق رحمن	1
جناب عدنان اصدر علی	1
ڈاکٹر عطاء الرحمان	1

انتخاب کے بعد، HR & R کمیٹی کو بورڈ آف ڈائریکٹرز کے ذریعے دوبارہ تشکیل دیا گیا۔

## بورڈ آف ڈائریکٹرز کی تشکیل

بورڈ میں سات ڈائریکٹرز موجود ہیں۔ بورڈ کی تشکیل 30 جون 2021 کے مطابق مندرجہ ذیل ہے:

نام	کینگری	
ڈاکٹر عطاء الرحمان	آزاد ڈائریکٹر	i
محترمہ شائستہ خالق رحمن		
جناب عدنان اصدر علی	نان۔ ایگزیکٹو ڈائریکٹرز	ii
جناب مونس عبد اللہ		
جناب مفتی ضیاء الاسلام		
جناب سید ندیم احمد	ایگزیکٹو ڈائریکٹرز	iii
جناب زبیر پال والا		

جناب راشد عبد اللہ کی دوران سال افسوس ناک وفات ہو جانے کے سبب ان کی جگہ عارضی طور پر جناب مونس عبد اللہ سے بطور غیر اداری ڈائریکٹر کے پُر کی گئی۔ دوسری عارضی ملازمت بھی جناب مفتی ضیاء الاسلام سے بطور غیر اداری ڈائریکٹر پُر کی گئی۔ جبکہ ان سے پہلے اس جگہ پر جناب ایاز عبد اللہ تعینات تھے۔ مزید، ڈائریکٹرز کا انتخاب 28 اکتوبر 2020 کو منعقد کیا گیا اور ڈاکٹر عطاء الرحمان کو بحیثیت ایک آزاد ڈائریکٹر کے بورڈ آف ڈائریکٹرز تعینات کیا گیا۔ بعد میں ہونے والے انتخاب میں جناب عدنان اصدر علی کا بورڈ میں بطور چیئر مین دوبارہ انتخاب کیا گیا اور سید ندیم احمد کمپنی کے چیف ایگزیکٹو آفیسر کی حیثیت سے دوبارہ منتخب کیے گئے۔

مذکورہ بالا افراد کے علاوہ کسی بھی فرد نے 30 جون 2021 کو ختم ہوئے سال کے دوران کسی بھی وقت کمپنی کے ڈائریکٹر کی حیثیت سے خدمات انجام نہیں دیں۔

## بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران، بورڈ آف ڈائریکٹرز کے 8 اجلاس منعقد ہوئے۔ بورڈ ممبران کی میٹنگوں میں شرکت کا خلاصہ درج ذیل ہے:

ڈائریکٹر کے نام	اجلاسوں میں شرکت
جناب عدنان اصدر علی	8
جناب راشد عبد اللہ	2
محترمہ شائستہ خالق رحمن	8
جناب سید ندیم احمد	8
جناب زبیر پال والا	8
جناب ایاز عبد اللہ	2
جناب اسد عبد اللہ	2
ڈاکٹر عطاء الرحمان	6
جناب مونس عبد اللہ	3
جناب مفتی ضیاء الاسلام	-

- کمپنی ایک مستحکم انٹرنل کنٹرول سسٹم برقرار رکھتی ہے جو کسی بھی غلط بیانی یا نقصان کے خلاف تحفظ فراہم کرتا ہے۔ انٹرنل سسٹم کا باقاعدگی سے جائزہ لیا جاتا ہے۔
  - کمپنی کی ترقی سے جاری رہنے کی صلاحیت پر کوئی شبہات نہیں ہیں۔
  - کارپوریٹ گورننس کے بہترین طریقہ کار سے قطعی انحراف نہیں کیا جاتا جیسا کہ لسٹنگ ریگولیشنز میں تفصیل سے درج کیا گیا ہے۔
  - ٹرانسفر کے نزخوں کے بہترین طریقہ کار سے روگردانی نہیں کی جاتی ہے۔
- 6 سالوں کے لئے اہم آپریٹنگ اور مالیاتی تفصیل درج ذیل ہے۔

2015	2016	2017 (Re-stated)	2018	2019	2020	2021	
							<b>لاگو کردہ اثاثہ جات</b>
687,332	808,692	1,235,640	1,714,141	2,879,439	3,707,635	5,577,984	املاک، پلائنٹس اور ایکویٹی
-	-	-	-	-	121,515	79,410	استعمال اثاثہ جات کا حق
30,642	69,885	207,732	189,068	164,913	131,438	94,214	غیر معمولی اثاثہ جات
2,491,318	2,483,919	2,460,614	2,456,565	2,458,041	2,203,890	2,490,049	مالیت پر جائیدادوں میں سرمایہ کاری
519,091	2,636,202	1,486,186	1,686,186	1,686,186	1,686,186	17,436,311	طویل مدتی سرمایہ کاری۔ ذیلی اداروں
2,044	1,949	1,791	7,548	7,666	7,754	7,721	طویل مدتی قرضے اور ڈپازٹس
-	-	443	-	-	-	-	ڈیفریڈ اثاثہ جات
-	-	600,278	-	-	-	-	نان کرنٹ اثاثہ جات کلاسیفائیڈ فروخت کے لئے دستیاب
1,827,051	2,984,954	4,636,991	6,337,546	7,470,720	9,579,938	8,822,872	خالص کرنٹ اثاثہ جات
<b>5,557,478</b>	<b>8,985,601</b>	<b>10,629,675</b>	<b>12,391,054</b>	<b>14,666,965</b>	<b>17,456,356</b>	<b>34,508,561</b>	<b>مجموعی زیر عمل اثاثہ جات</b>
							<b>سرمایہ کاری کا ذریعہ</b>
858,407	1,227,523	1,539,314	1,847,177	2,124,253	2,124,253	2,400,405	جاری کردہ، سبسکرائبڈ اور ادا شدہ سرمایہ
3,689,268	6,952,694	8,385,533	9,893,014	11,342,852	13,300,048	19,336,033	ریزرو اور غیر منقولہ شدہ منافع جات
<b>4,547,675</b>	<b>8,180,217</b>	<b>9,924,847</b>	<b>11,740,191</b>	<b>13,467,105</b>	<b>15,424,301</b>	<b>21,736,438</b>	حصص یافتگان کی ایکویٹی
296,961	296,961	443,511	574,331	1,050,800	1,446,517	2,751,216	فکسڈ اثاثہ جات کی دوبارہ قدر و قیمت پر اضافہ
712,842	508,423	261,317	76,532	149,060	585,538	10,020,907	طویل مدتی غیر معمولی شدہ مالیاتی ذمے داریاں
<b>5,557,478</b>	<b>8,985,601</b>	<b>10,629,675</b>	<b>12,391,054</b>	<b>14,666,965</b>	<b>17,456,356</b>	<b>34,508,561</b>	<b>مجموعی لاگو شدہ سرمایہ</b>
<b>7,582,470</b>	<b>9,561,490</b>	<b>10,753,751</b>	<b>12,675,110</b>	<b>14,537,198</b>	<b>16,567,219</b>	<b>16,569,596</b>	<b>ٹرن اوور</b>
<b>1,767,664</b>	<b>2,520,295</b>	<b>2,874,933</b>	<b>3,233,223</b>	<b>2,830,180</b>	<b>3,304,478</b>	<b>2,734,669</b>	<b>منافع قبل از ٹیکس</b>
<b>1,405,413</b>	<b>2,089,388</b>	<b>2,638,745</b>	<b>3,049,164</b>	<b>2,641,946</b>	<b>2,455,077</b>	<b>2,122,924</b>	<b>منافع بعد از ٹیکس</b>
18.54	21.85	24.54	24.06	18.17	14.82	12.81	منافع بعد از ٹیکس بطریق ٹرن اوور کا فیصد
25.29	23.25	24.82	24.61	18.01	14.06	6.15	منافع بعد از ٹیکس بطریق زیر عمل سرمائے کا فیصد
							منافع مستقر
20	50	100	50	25	25	20	نقد (فیصد)
20	24	30	15	NIL	NIL	30	اسٹاک (فیصد)

## کوڈ آف کارپوریٹ گورننس سے مطابقت

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ کمپنیوں کے قواعد و ضوابط اسٹاک ایکسچینج نے اپنے لسٹنگ قوانین اور لسٹڈ کمپنیوں کے ضوابط میں شامل کر لئے ہیں۔ کمپنی نے ان ضوابط کو نافذ کر رکھا ہے اور انہی خطوط اور روح کے مطابق اسی پر عمل درآمد کیا جا رہا ہے۔

## ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری اور ایگزیکٹو وغیرہ کی جانب سے کی تجارت۔

کمپنی کے حصص کی تجارت پاکستان اسٹاک ایکسچینج لمیٹڈ میں کی جاتی ہے۔ ڈائریکٹرز، سی ای او، کمپنی سیکریٹری، سی ایف او اور ایگزیکٹوز، ان کی شریک حیات اور نابالغ بچوں نے کمپنی کے حصص میں کوئی تجارت نہیں کی ہے، ماسوائے درج ذیل ایگزیکٹوز کے:

نام	خریدے گئے حصص	فروخت کئے گئے حصص
جناب موجود الحسن	-	4,480

## ڈائریکٹرز کا تربیتی پروگرام

حال ہی میں چار ڈائریکٹرز DTP سرٹیفیکیشن میں شرکت کر چکے ہیں۔ اگلے سال باقی رہ جانے والے ڈائریکٹرز کے لئے کمپنی نے DTP سرٹیفیکیشن کے لئے منصوبہ ترتیب دیا ہے۔ 30 جون 2022 کے اختتام تک 75% ڈائریکٹرز، ڈائریکٹرز ٹریننگ میں شریک ہونگے جیسا کہ اسکی لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 میں سفارش کی گئی ہے۔

## داخلی مالی کنٹرول کی اہلیت

اس امر کو یقینی بنانے کے لئے کمپنی کی جانب سے کمپنی کے اثاثہ جات کے تحفظ، قواعد اور ضوابط پر عملدرآمد اور مستند فنانشل رپورٹنگ کے لئے موزوں داخلی کنٹرولز لاگو کئے گئے ہیں، بورڈ آف ڈائریکٹرز نے انٹرنل آڈٹ کے امور بیرونی ذرائع سے گرانٹ تھورنٹن انجمن رحمن، چارٹرڈ اکاؤنٹنٹس کو سونپ دیئے ہیں جن کو موزوں اور اہل ہونے کے ساتھ ساتھ اس مقصد کے لئے مناسب تجربے کا حامل تصور کیا جاتا ہے اور وہ کمپنی کی پالیسی اور طریقہ کار سے بھی بخوبی واقف ہیں۔

## ضابطہ اخلاق

کمپنی کے بورڈ آف ڈائریکٹرز نے ایک ضابطہ اخلاق رائج کیا ہے۔ تمام ملازمین کو اس بارے میں اطلاع اور آگاہی فراہم کر دی ہے اور یہ ضروری ہے کہ وہ کاروبار اور اصول و ضوابط سے متعلق امور میں ان قوانین پر عمل پیرا ہوں۔

## کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیات حسابات، اس کے معاملات، کاروباری امور کے نتائج، نقد بہاؤ اور لیکویڈٹی میں بدلاؤ کو شفاف انداز میں پیش کرتے ہیں۔
- کمپنی کے حسابات کی باقاعدہ کتب برقرار رکھی جاتی ہیں۔
- مالیاتی حسابات اور اکاؤنٹنگ کے تخمینہ جات کی تیاری میں موزوں اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں جو مناسب اور محتاط فیصلوں پر مبنی ہیں۔
- بین الاقوامی اکاؤنٹنگ معیارات، جو کہ پاکستان میں قابل اطلاق ہیں، مالیاتی حسابات کی تیاری میں ملحوظ خاطر رکھا گیا ہے۔

## مصنوعات کا معیار

صارفین کا سرل کی مصنوعات پر اعتماد اور بھروسہ ہمارا سب سے قیمتی اثاثہ ہے۔ ہم اس امر کو تسلیم کرتے ہیں کہ فارماسیوٹیکلز کی تیاری میں کئی منفی خطرات لاحق ہوتے ہیں اور پروڈکٹ ڈیزائن کرنے میں یا تیاری میں کوئی معمولی سی بھی غلطی مہلک حتیٰ کہ خطرناک بھی ہو سکتی ہے لہذا معیار کو برقرار رکھنا ہماری اولین ترجیح اور اخلاقی ذمہ داری ہے۔

ہم مریضوں کی صحت کی بحالی کے لئے اپنے فرض کے پابند ہیں، اور یہ یقین دہانی کراتے ہیں کہ دواؤں کی مصنوعات کی تیاری سے وابستہ تمام کاروائیاں ایک ایسے معیار کی ہوں جو مریض کی حفاظت اور افادیت کی توقعات کو یقینی بنائے۔

## کارپوریٹ اور سماجی ذمہ داری

ہمارے فرائض کا دائرہ کار ہمارے شراکت داروں کے لئے منافع میں اضافے کے ساتھ ختم نہیں ہوتا ہے۔ سرل میں، ہمیشہ ہمارا مقصد یہی رہا ہے کہ ہم جس معیشت میں کام کرتے ہیں اس میں مفید شراکت کریں۔ توجہ کا ایک بنیادی شعبہ روزگار کے مواقع پیدا کرنا ہے تاکہ ایک بڑی صنعتی اور فروخت سے منسلک افرادی قوت کی معانت کی جاسکے۔

کمپنی معاشرتی طور پر ذمہ دارانہ انداز میں سرگرم عمل ہے۔ اس کے مطابق کمپنی کا سماجی ذمہ داری کا پروگرام وسیع البیناد سرگرمیوں کا حامل ہے اور اس ضمن میں ہیلتھ کیئر، تعلیم، بچوں کی فلاح و بہبود اور دیگر سماجی و فلاحی اقدامات شامل ہیں۔

## پیشہ ورانہ صحت، حفاظت اور ماحولیات

ہم، سرل میں، محفوظ اور پر اعتماد ماحول کی اہمیت کو تسلیم کرتے ہیں اور اسے اپنا فرض سمجھتے ہیں کہ یہ یقینی بنائیں کہ جو لوگ ہمارے ساتھ کام کرتے ہیں وہ اپنی صحت کو بغیر کسی خطرے کے محفوظ طریقے سے کام سرانجام دیتے رہیں۔ ہمارے ملازمین اور زائرین کی صحت اور حفاظت کمپنی کی اولین ترجیح ہے۔ لہذا، آپریشنز سے وابستہ خطرات کی مسلسل نشاندہی کی جاتی ہے، اور تشخیص کے بعد خطرات کو ختم کرنے یا کم کرنے کا انتظام کیا جاتا ہے۔

## انفارمیشن ٹیکنالوجی

کمپنی کی بڑھتی ہوئی کاروباری ضروریات کو پورا کرنے اور مستقل طور پر انفارمیشن سسٹم کو اپ گریڈ کرنے کی ہماری مسلسل کوششوں کے ضمن میں، ہم انفارمیشن ٹیکنالوجی میں زیادہ سے زیادہ سرمایہ کاری کرنے کی اپنی پالیسی جاری رکھے ہوئے ہیں۔ ہم نے اپنے کاروباری عمل کو مزید مستحکم کرنے کے لئے کاروباری انتظام کے سب سے طاقتور سسٹم، ایس اے پی کو کامیابی کے ساتھ تعینات کیا ہے۔

## ویب سائٹ

ہمارے تمام شراکت داروں اور عوام الناس دی سرل کمپنی لیڈنگ کی ویب سائٹ [www.searlecompany.com](http://www.searlecompany.com) ملاحظہ کر سکتے ہیں، جس پر سرمایہ کاروں کے لئے ایک حصہ مختص ہے جس میں سالانہ، ششماہی اور سہ ماہی مالیاتی حسابات سے متعلق معلومات موجود ہیں۔

## متعلقہ پارٹیوں کے لین دین

سال 2020 کے دوران تمام متعلقہ پارٹی ٹرانزیکشن، ان کے جائزے اور منظوری کے لئے آڈٹ کمیٹی اور بورڈ کے سامنے رکھے گئے تھے۔ ان ٹرانزیکشنس کو آڈٹ کمیٹی اور بورڈ نے اپنے متعلقہ اجلاسوں میں باضابطہ طور پر منظور کیا تھا۔ یہ تمام ٹرانزیکشنز منتقلی کی قیمتوں کے تعین کے طریقوں اور اس سے قبل بورڈ کے ذریعہ منظور شدہ متعلقہ فریقوں کے ساتھ پالیسی کے مطابق تھا۔ کمپنی ایسے تمام ٹرانزیکشنز کا شرائط و ضوابط کے ساتھ مکمل ریکارڈ بھی رکھتی ہے۔ مزید تفصیلات کے لئے، براہ کرم مالیات حسابات کا حوالہ نوٹ 41 ملاحظہ کریں۔

## کمپنی کے ذیلی ادارے

زیر انتظام کمپنیاں درج ذیل ہیں:

کاروبار کا مرکزی مقام	موثر العمل
فیصد ہولڈنگ کی عمر	فیصد ہولڈنگ کی عمر
جون 30، 2020	جون 30، 2021

74.19%	<b>74.19%</b>
100.00%	<b>100.00%</b>
-	<b>100.00%</b>
100.00%	<b>100.00%</b>
100.00%	<b>100.00%</b>
100.00%	-
100.00%	<b>100.00%</b>
87.20%	<b>87.20%</b>

پاکستان

### لسٹڈ کمپنی

- آئی بی ایل ہیلتھ کیئر لمیٹڈ

### غیر لسٹڈ کمپنیاں

- سرل فرماسیوٹیکلز (پرائیویٹ) لمیٹڈ
- اوبی ایس پاکستان (پرائیویٹ) لمیٹڈ
- سرل لیبارمیٹریز (پرائیویٹ) لمیٹڈ
- سرل بائیوسائنسز (پرائیویٹ) لمیٹڈ
- آئی بی ایل آئیڈیٹیٹی (پرائیویٹ) لمیٹڈ
- آئی بی ایل فیوچر ٹیکنالوجیز (پرائیویٹ) لمیٹڈ
- نیکسٹر فارما (پرائیویٹ) لمیٹڈ

## شیئر ہولڈنگ کا طریقہ کار

30 جون 2021 کے مطابق شیئر ہولڈنگ کا طریقہ کار بشمول حصص یافتگان کی کیٹیگریز جیسا کہ کمپنیز ایکٹ 2017 کے سیکشن 227 اور لسٹنگ ریگولیشنز کے تحت ضروری ہے، سالانہ رپورٹ 2021 کے صفحہ نمبر 250 تا 252 پر پیش کیا جا رہا ہے۔

## کاروباری اقدار

سرل کا کاروباری طریقہ کار ایمانداری، شفافیت اور قابل اطلاق قوانین اور ضوابط کی تعمیل پر مبنی ہے۔

ہماری اقدار اور توقعات محض لفظوں سے کہیں زیادہ ہیں۔ وہ مل کر دنیا کی ایک اہم جدید ترین، بہترین کارکردگی دیکھانے والی اور قابل اعتماد ہیلتھ کیئر کمپنیوں میں سے ایک بننے کے لئے ہمارے ہدف کی رہنمائی میں مدد کرتے ہیں۔ وہ ہماری ثقافت کی تشکیل اور ہمارے اقدامات اور فیصلہ سازی کی رہنمائی کرتے ہیں، لہذا ہم ان لوگوں کا اعتماد برقرار رکھ سکتے ہیں جو ہر روز ہم پر انحصار کرتے ہیں یعنی ہمارے مریضوں اور صارفین۔ اب یہ ہم سب پر منحصر ہے کہ، ہر روز، سرل کو اس نوعیت کی کمپنی بنانے رکھیں کہ ہم سب کو اس کا حصہ ہونے پر فخر ہو۔ ہم اپنے صارفین کی ضروریات کو سمجھنے اور اسے پورا کرنے کی کوشش میں جڑے رہتے ہیں، جبکہ کاروباری کاموں کے تمام شعبوں میں مستقل بہتری کی تلاش میں سرگرم ہیں۔

ہم اپنے مریضوں اور صارفین کے لئے درست اقدامات اور اعلیٰ معیار کے لئے جستجو کرتے ہیں۔ ہم صحت کی دیکھ بھال کو بہتر بنانے اور نئی دوائیں اور ویکسین تلاش کرنے کے لئے اپنے شراکت داروں کے ساتھ مصروف عمل رہتے ہیں۔ ہمارے کردار سے قطع نظر، ہم سمجھتے ہیں کہ ہماری کاوشیں مریضوں اور صارفین پر کیسے اثر انداز ہوتی ہیں۔



## فی شیئر آمدنی

اس مدت کے لئے بنیادی آمدنی فی شیئر بعد از ٹیکس 9.11 روپے رہی (11.25 روپے: 2020)۔ کمپنی کی بنیادی آمدنی فی شیئر پر کمی کے کوئی اثرات نہیں ہوئے، چونکہ 30 جون، 2021 تک کمپنی کے تبدیل پذیر غیر متوقع ممکنہ تخصیص بقایا نہیں تھے۔

## منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کیلئے %20 کے نقد منافع اور %30 اسٹاک کے بونس شیئرز کی سفارش کی ہے۔ 30 جون 2020 کو ختم ہونے والے گزشتہ سال کے دوران، کمپنی نے 25 فیصد نقد منافع کا اعلان کیا تھا۔

## مالیاتی حسابات اور آڈیٹرز

موجودہ آڈیٹرز، میسرز۔ اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، سبکدوش ہو رہے ہیں اور اہل ہونے کے بناء پر انہوں نے خود کو دوبارہ تقرری کے لئے پیش کیا۔

بورڈ آف ڈائریکٹرز نے آڈٹ کمپنی کی سفارشات پر 30 جون 2022 کو ختم ہونے والے مالی سال کے لئے باہمی طے شدہ معاوضے پر کمپنی کے آڈیٹرز کی حیثیت سے ان کی دوبارہ تقرری کی توثیق کرتے ہیں۔

## ہولڈنگ کمپنی

انٹرنیشنل برانڈز لمیٹڈ سرل کی ہولڈنگ کمپنی ہے، جو کمپنی میں 56.32 فیصد شیئر ہولڈنگ رکھتی ہے۔

## آپریٹنگ نتائج

سرل ایک ایسی کمپنی ہے جس نے ہمیشہ اعلیٰ معیار کی ہیلتھ کیئر خدمات پیش کر کے مریضوں کی زندگی کو بہتر بنانے پر توجہ مرکوز کی ہے۔ ہم نے مریضوں اور اپنے شراکت داروں کے فوائد کو ہمیشہ ترجیح دی ہے اور ہمیں اپنی کاوشوں کے ثمرات پر فخر ہے۔

سرل نے 6 سال (مالی سال 2014-2020) کے دوران (CAGR) 14 فیصد اور منافع بعد از ٹیکس میں 7 فیصد اضافہ ریکارڈ کیا ہے۔ منافع میں اس اضافے کی وجہ حجم میں مستقل نمو اور متنوع اقسام کی مصنوعات کے ساتھ ڈرگ ریگولیٹری اتھارٹی آف پاکستان کی قیمتوں کا تعین کرنے کی پالیسی کے مثبت اثرات بھی شامل ہیں، جو اب سالانہ صارفی قیمت کے اشاریے (سی پی آئی) سے منسلک ہیں۔

اس مشکل ترین عرصے کے دوران، جس نے پاکستان کے سمیت دنیا بھر کے معاشی ماحول پر اپنے شدید اثرات مرتب کیے، سرل اختتامی سال 30 جون 2021 کے دوران ایک متاثر کن کارکردگی حاصل کرنے میں کامیاب ہوا۔ اس طرح کمپنی نے 16.57 ارب روپے کی آمدنی اور 2.12 ارب روپے کا بعد از ٹیکس منافع حاصل کیا۔

June 30,

2020

2021

(پاکستانی روپے ہزاروں میں)

16,567,219	<b>16,569,596</b>	آمدنی
(8,295,187)	<b>(8,020,891)</b>	فروخت کے اخراجات
8,272,032	<b>8,548,705</b>	مجموعی آمدنی
(4,844,499)	<b>(5,290,138)</b>	آپریٹنگ اخراجات
(261,841)	<b>(206,816)</b>	دیگر آپریٹنگ اخراجات
780,277	<b>1,005,284</b>	دیگر آمدنی
3,945,969	<b>4,057,035</b>	آپریٹنگ سے آمدنی
(641,491)	<b>(1,322,366)</b>	مالیاتی اخراجات
3,304,478	<b>2,734,669</b>	منافع قبل از ٹیکس
(849,401)	<b>(611,745)</b>	انکم ٹیکس اخراجات
2,455,077	<b>2,122,924</b>	منافع بعد از ٹیکس

دوران سال، کمپنی نے (OBS) پاکستان پرائیویٹ لمیٹڈ (جو کہ اب سرل پاکستان لمیٹڈ کہلاتی ہے) کو حاصل کیا، جو کہ فارماسیوٹیکل پروڈکشن کی مینوفیکچرنگ اور سیلز میں مصروف کار ہے۔ پاکستان کی فارماسیوٹیکل انڈسٹری میں (OBS) کا حصول ایک بڑی ٹرانزکشن تھی۔ یہ ٹرانزکشن سرل کو ڈاکٹرز کی کوریج اور ان کے تجربے کو سہولت فراہم کرے گی تاکہ (OBS) کے ساتھ پورٹ فولیو پروڈکشن سے نمٹنے میں آسانی رہے۔

کمپنی اپنے ڈاکٹر کی کوریج، مستحکم پروڈکٹ پورٹ فولیو، نئے برانڈز کا تعارف، مصنوعات کی شمولیت اور برانڈنگ کی کوششوں کی وجہ سے اپنی مالی کارکردگی کو برقرار رکھنے میں کامیاب رہی۔

## ڈائریکٹرز رپورٹ برائے حصص یافتگان

ڈائریکٹرز سالانہ رپورٹ مع سال محتتمہ 30 جون 2021 کے لئے کمپنی کے آڈٹ شدہ مالیاتی حسابات پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔ ڈائریکٹرز رپورٹ کمپنیز ایکٹ، 2017 کی دفعہ 227 اور لسٹڈ کمپنیوں (کارپوریٹ گورننس کے ضابطہ) کی ریگولیشنز 2019 کے باب XII کے مطابق تیار کی گئی ہے۔

یہ رپورٹ 28 اکتوبر 2021 کو کمپنی کے منعقدہ ہونے والے 56 ویں سالانہ اجلاس عام میں حصص یافتگان کو پیش کی جائے گی۔

### جائزہ

کورونا وائرس کی وبا اس صدی میں شدید کساد بازاری کا باعث بنی ہے جس کی وجہ سے معاشی سرگرمیاں درہم برہم ہو گئیں، صحت عامہ کو خطرات لاحق ہو گئے، لوگوں کے چین و آرام کو تکلیف پہنچی اور انہیں اپنی ملازمتوں سے ہاتھ دھونے پڑے۔ کورونا وائرس کے 227 ملین کیسز اور اس کی وجہ سے دنیا بھر میں 4.5 ملین سے زائد اموات کی اطلاعات موصول ہوئی ہیں۔ لہذا زندگی کو اُس کے معمول پر لانا اب دنیا کے لئے ایک چیلنج کی صورت اختیار کر گیا ہے۔ جبکہ ترقی یافتہ معیشتوں سے توقع ہے کہ وہ اپنی حکومتوں سے ویکسین کے فوری حصول کے لئے اور مضبوط ملکی محاصل کے تعاون سے فائدہ اٹھائیں۔ آزمائش سے گزرتی معیشتوں کو کورونا وائرس کی وبا کے پھوٹ پڑنے سے بہت زیادہ چیلنج کا سامنا ہے۔ کیونکہ اس کی وجہ سُسٹ ویکسین رول آؤٹ اور وسائل حاصل کرنے کی کم قدرت ہے۔ تاحال دنیا کی آبادی کے ایک بڑے حصے نے ویکسین نہیں لگوائی ہے۔ لہذا مختلف اقسام کے وبائی امراض جیسے ڈیلٹا ویرنٹ کی قسم اور نئی بیماریاں پھوٹ پڑ رہی ہیں۔ اس طرح معیشت کی بحالی کو عارضی طور پر اور ترقی کی راہ میں نئی روکاوٹوں سے نقصان پہنچنے کا اندیشہ رہے گا۔

کورونا وائرس نے خصوصیت کے ساتھ فارماسیوٹیکل اور ہیلتھ کیئر سیکٹرز پر اپنا اثر ڈالا ہے۔ اس کی وجہ صارف کے رجحانات اور اس کی ترجیحات میں تبدیلی بتائی جاتی ہے۔ انڈسٹری اور خاص طور پر صحیح طریقے سے قائم شدہ ادارے نئے مواقع سے فائدہ اٹھا رہے ہیں۔ جس کے نتیجے میں حفظان صحت، پر بڑھتا ہوا زور ویکسین کی بہتر صورت، برانڈنگ اور اضافی آمدنی میں اضافے پر پڑتا ہوا زور ہے۔ سُسٹ رفتار Vaccination کی غیر یقینی صورت حال کے باوجود، COVID-19 کے دوبارہ بڑھتے ہوئے کیسز کے نتیجے میں حکومتوں کا اپنے ملکوں میں کئی بار لاک ڈاون کے اقدامات شامل ہیں۔ اسٹیک ہولڈرز تبدیلی کے تاریخی اور موجودہ اسباب کو مد نظر رکھ سکتے ہیں۔ جبکہ وہ 2022 اور اس سے آگے کے لیے اپنی حکمت عملی ترتیب دے رہے ہوں۔

پاکستان میں فارماسیوٹیکل کی فروخت میں سالانہ نمو کی شرح میں 17.05 فیصد اضافہ ہوا جس کی مالیت تقریباً 3.3 ارب امریکی ڈالر (پاکستانی 559 ارب روپے) ہے، اور اس شعبے میں 620 سے زائد کمپنیاں کام کر رہی ہیں، جس میں نئے مایکریول کے تعارف جیسے عوامل اور اس کی معاونت کرتی بڑھتی ہوئی استطاعت کے آبادیاتی رجحانات، آبادی میں اضافہ، بنیادی ڈھانچے کی سرمایہ کاری، تکنیکی پیش رفت، تدریجی کیسز ماڈل، زائد متوقع عمر اور دائمی بیماریوں کے واقعات میں اضافہ اور اس کے ساتھ ہی وبائی امراض کے دوران صحت کو لاحق نئے تحفظات کار فرما ہیں۔

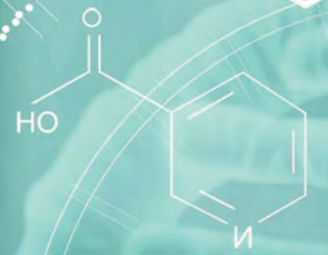
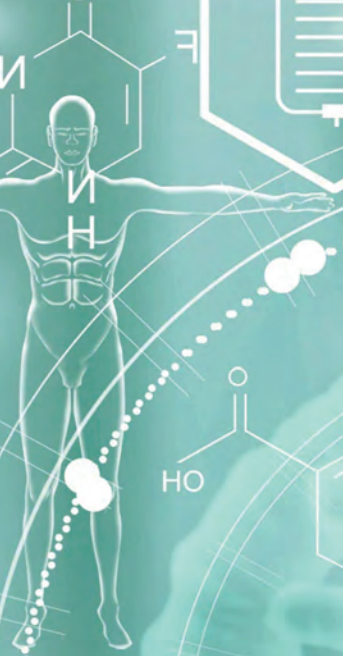
اس کے باوجود، فارماسیوٹیکل کی صنعت اپنی پوری صلاحیت حاصل کرنے میں ناکام ہے، جس کی وجوہات درآمد شدہ APIs پر زیادہ انحصار، زر مبادلہ کی شرح میں اتار چڑھاؤ، فی کس کم اخراجات اور عالمی ماحول کے لحاظ سے کم قیمتیں ہیں۔ اگرچہ انڈسٹری ان کے منافع قبل از ٹیکس کا 1 فیصد حصہ حکومت کو ریسرچ اور ڈیولپمنٹ کے ضمن میں دے رہی ہے، لیکن تحقیقاتی اور ترقیاتی محاذ پر مزید بہت کچھ حاصل کیا جاسکتا ہے۔

## The Way Forward

The road to healthier and safe tomorrow is a rocky, treacherous and bumpy road that is less travelled and much resisted. But only this road leads to the safer and healthier tomorrow for the humankind and its species. To embark on this journey, Vaccination is the way forward. We are pleased to have known that all the Searle Head Office Staff, distributors staff and Field Force have taken complete jabs of Covid Vaccines and are now fully vaccinated and majority of them have their families vaccinated as well. The goal is to make 100% of their families and accomplices vaccinated to ensure we put our fair share in helping our country steer out of this crisis. Searle has joined hands with NCOG, provincial and local govts institutions in increasing awareness of vaccination among masses. Searle and affiliate operating companies are making sure that all the staff, support staff, field staff and their families get complete doses of vaccines and carry their vaccination cards all the time with them. We believe together IA, we will come out of this crisis triumphantly.

Searle has a resolute pledge to continue to contribute and play its part in creating awareness and seriousness among masses to get them and their families vaccinated. Searle will continue to stand with valiant medical fraternity to get masses immunized and vaccinated so that the world will become a safer and healthier place for us all and our generations to come.





# Statement of Compliance

## with Listed Companies (Code Of Corporate Governance) Regulations, 2019 for the year ended June 30, 2021

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

- The total number of directors are seven (07) as per the following:

a.	Male	Six (06)
b.	Female	One (01)

- The composition of the Board is as follows:

	Category	Numbers	Names
i)	Independent directors*		
	Male	01	Dr. Atta Ur Rahman
	Female	01	Mrs. Shaista Khaliq Rehman
ii)	Non-Executive directors	03	Mr. Adnan Asdar Ali Mr. Munis Abdullah Mr. Mufti Zia Ul Islam
iii)	Executive directors	02	Mr. S. Nadeem Ahmed Mr. Zubair Razzak Palwala

*\*For the purpose of rounding up of fraction, the Company has not rounded up the fraction as the Board has determined the current composition adequate.*

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
- 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;
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
- 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
- The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- Four out of seven members of Board of Directors comply with the requirements of Directors' Training as required under clause 19 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
- 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;
- Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
- The Board has formed committees comprising of members given below:

a)	Audit Committee	b)	HR and Remuneration Committee:
	Dr. Atta Ur Rahman		Dr. Atta Ur Rahman
	Mrs. Shaista Khaliq Rehman - Chairperson		Mrs. Shaista Khaliq Rehman - Chairperson
	Mr. Adnan Asdar Ali		Mr. Adnan Asdar Ali

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

14. The frequency of meetings of the committee were as per following:
- Audit Committee: Quarterly (five meetings during the financial year ended June 30, 2021)
  - HR and Remuneration Committee: Yearly (one meeting during the financial year ended June 30, 2021)
15. The Board has outsourced the internal audit function to Grant Thornton Anjum Rahman, 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 other requirements of the regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with; and
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (if applicable):

S.No.	Requirement	Reg. No.	Explanation
1	Atleast 75% of the Directors have obtained DTP certification by June 30, 2021	19	Currently, 4 out of 7 directors have obtained DTP certification. The Company will arrange training for the remaining directors to comply with the requirement.
2	The Board may constitute a separate committee, designed as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	29(1)	The responsibilities as prescribed for the nomination committee are being performed by the HR and Remuneration Committee.
3	The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	30(1)	The Board has not constituted a separate risk management committee however the risk is managed at respective department level which is also supervised by the department head.
4	The company may post on its website key elements of its significant policies including but not limited to the following: (i) communication and disclosure policy; (ii) code of conduct for members of Board of directors, senior management and other employees; (iii) risk management policy; (iv) internal control policy; (v) whistle blowing policy; (vi) corporate social responsibility/sustainability/ environmental, social and governance related policy.	35(1)	As the regulation provides concession with respect to disclosure of key elements of significant policies on the website, only those policies which were considered necessary, have been posted.

On behalf of the Board



**Adnan Asdar Ali**  
Chairman/Director



**Syed Nadeem Ahmed**  
Chief Executive Officer

Karachi: October 04, 2021

# Product Portfolio

Pharmaceutical range includes therapeutic areas such as Cardiovascular, Respiratory Care, Gastroenterology, Pain Management, CNS, Orthocare, Neuropsychiatry, Probiotics, Antibiotics and Nutritional Care.



**Nuberol**  
For Fever & Pain



**Nuberol Forte**  
Let's Educate Pakistan



**Hydryllin**  
Silver & Gold  
Never gets Rusted  
Never gets Old



**Extor**  
I need you



**Tramal**  
The Original Tramadol  
Excellence in Pain Management



**Pedital**  
Quality Decision for your  
Loved ones



**Metrozine**  
30 Years of Experience



**Sustac**  
Working together for  
Risk prevention



**Ezium**  
Make Life Eazy with Ezium





### Gravinate

A Trusted Companion to cure Nausea & Vomiting



### Spiromide

More than just a diuretic



### Dextop

Fight Heartburn associated with GERD



### Metodine

For Mild to moderate intestinal infections, the Drug of choice



### Rotec

For A Week or Longer therapy



### Metodine DF

A Chocolaty way to restore GI rhythm



### Selanz

Why to take 2 Capsules when Selanz is there



### Relispa

Fastest Symptomatic Relief



### Lumark

Low marks to epilepsy, full marks to life



### VITRUM

A to Z Sey Milay Bhardpur Zindagi



### BYSCARD

Synergic add-on anti-hypertensive for diabetic hypertensives



### TRAMAL PLUS

Effective Analgesia Without NSAIDs Like Side Effects



**Ventek**  
A better Choice!  
For non sedative allergy relief



**Hylixia**  
Goodbye Side effects



**Adronil**  
Established efficacy & Safety in  
Spine Osteoporosis



**Ostegem**  
Deposits Calcium where it  
is required the Most



**Ecotec**  
Pakistan's 1st Ready to Use  
Synbiotic



**EMSYN**  
Protect what matters



**Enfagrow A+**  
High-quality supplement  
formulated



**Canderel**  
Low calorie sweetener



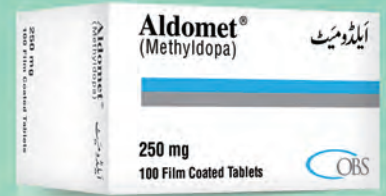
**Vitamin Water**  
Immunity ka Boost,  
Flavours ka Burst



**Decadron**  
The Power of One



**Venofor**  
IV Irons may lead to Severe Reactions.  
Know the Difference.  
Go Safe



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**SEARLE**

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF THE SEARLE COMPANY 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 The Searle Company Limited (the Company) for the year ended June 30, 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 June 30, 2021.



A. F. Ferguson & Co  
Chartered Accountants  
Karachi

Dated: October 06, 2021

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## INDEPENDENT AUDITOR'S REPORT

### To the members of The Searle Company Limited Report on the Audit of the Unconsolidated Financial Statements

#### Opinion

We have audited the annexed unconsolidated financial statements of The Searle Company Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2021, and the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

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

#### Key Audit Matters

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

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Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	<p><b>Investment in OBS Pakistan (Private) Limited</b></p> <p><b><i>(Refer Note 8.1.2, 21 and 46.3 to the unconsolidated financial statements)</i></b></p> <p>During the year, the Company acquired 100% shareholding in OBS Pakistan (Private) Limited [formerly Luna Pakistan (Private) Limited] - (OBS) from Universal Ventures (Private) Limited - related party (UVPL) under an agreement dated August 24, 2020 at a purchase consideration of Rs. 15.8 billion.</p> <p>For the acquisition of OBS the Company obtained loan from Habib Bank Limited amounting to Rs. 10.44 billion and provided security of assets including those from the subsidiary companies.</p> <p>As part of the share purchase agreement of OBS, the Company has provided a call option to UVPL to purchase up to 25% of the issued share capital of OBS within one year of acquisition date. Subsequent to the year end, the Company has entered into an arrangement with UVPL to settle and release the Company with respect to its obligations under the call option arrangement and have UVPL release its rights and entitlements with respect thereto.</p> <p>At the year end, the management has assessed that there has been no indication of impairment in the valuation of investment in OBS.</p> <p>We considered acquisition of OBS Pakistan (Private) Limited to be a key audit matter as this was a significant transaction of the year and involves significant estimates and judgements related to the transaction event.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- inspected the share purchase agreement to obtain an understanding of the transaction and the key terms;</li> <li>- inspected minutes of the meeting of the Board of Directors and shareholders of the Company for the approval of the transaction;</li> <li>- inspected approvals obtained by the Company from the relevant authorities in respect of the acquisition;</li> <li>- obtained reports of management valuation experts in support of the acquisition price;</li> <li>- obtained report of management valuation expert for the call option, assessed its assumptions, methodology and objectivity of the valuation expert;</li> <li>- obtained loan agreement and verified the details of securities provided;</li> <li>- circularized direct bank confirmation relating to the securities provided;</li> <li>- obtained agreement relating to settlement of call option to understand the settlement terms;</li> <li>- obtained latest financial statements and budget of OBS to assess any indicator of impairment;</li> <li>- assessed the adequacy and appropriateness of the related disclosures in the unconsolidated financial statements for compliance with the requirement of the applicable financial reporting framework.</li> </ul>

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**S. No. Key audit matters**

**How the matter was addressed in our audit**

**(ii) Revenue from contracts with customers**

***(Refer note 2.15 & 28 to the unconsolidated financial statements)***

The Company's revenue is generated from sales of pharmaceutical and consumer products. The Company recognised revenue of Rs. 16.57 billion from the sale of goods to domestic as well as export customers during the year ended June 30, 2021.

Revenue recognition includes determination of sales prices in accordance with the regulated price regime of the Government and transfer of control of products sold to customers. Further, discounts and claims in respect of revenue recognised are provided to customers.

Taking into account that revenue recognition is a key performance indicator for the Company and higher risk area, we considered this as a key audit matter.

Our audit procedures included the following:

- obtained an understanding of determination of sales prices in accordance with policies of Drug Regulatory Authority of Pakistan (DRAP);
- tested on sample basis selling prices of regulated pharmaceutical products to ensure compliance with DRAP pricing policies;
- obtained an understanding of and testing the design and effectiveness of controls designed to ensure that revenue is recognised in the appropriate accounting period;
- checked the discounts and claims offered by the Company to its customers on sample basis;
- inspected contracts to obtain an understanding of contract terms particularly relating to timing and the customer's acceptance of the products and assessing the Company's accounting policies for recognition of revenue with reference to the requirements of the prevailing accounting standards; and
- compared on sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation, including the relevant sales contracts, the customer's acknowledgement of acceptance to assess whether revenue had been recognised in the appropriate period.

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**S. No. Key audit matters**

**How the matter was addressed in our audit**

**(iii) Litigation matters**

***(Refer Note 27.1 and 28.3 to the unconsolidated financial statements)***

The Company has litigation cases in respect of product pricing and income tax matters, which are pending at various forums including Honorable High Court of Sindh, Commissioner Inland Revenue (Appeals) (CIR(A)), Appellate Tribunal Inland Revenue (ATIR) and DRAP.

Matters under litigation require management to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations, and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provisions that may be required against such litigation matters.

Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgement and estimates to assess the same including related financial impacts, we considered litigation matters relating to product pricing and taxation a key audit matter.

Our audit procedures included the following:

- obtained and reviewed details of the pending cases and discussed the same with the Company's management;
- reviewed correspondence of the Company with the relevant authorities including judgments or orders passed by the competent authorities/courts of law in relation to the issues involved or matters which have similarities with the issues involved;
- obtained confirmations from the Company's external legal and tax counsels for their views on open tax assessments and legal cases;
- involved internal tax professionals to assess management's conclusions on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Company; and
- assessed the adequacy and appropriateness of the related disclosures in the unconsolidated financial statements for compliance with the requirement of the applicable financial reporting framework.

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### **Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon**

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

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

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

### **Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements**

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

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

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

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

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

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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 unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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■ KARACHI ■ LAHORE ■ ISLAMABAD

### Report on Other Legal and Regulatory Requirements

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

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Farrukh Rehman.



A. F. Ferguson & Co  
Chartered Accountants  
Karachi

Date: October 06, 2021

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# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Note	2021	2020
		-----Rupees '000-----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	5,577,984	3,707,635
Right-of-use asset	4	79,410	121,515
Investment properties - at cost	5	2,490,049	2,203,890
Intangible assets	6	94,214	131,438
Long-term investments - subsidiaries	8	17,436,311	1,686,186
Long-term loans	9	325	358
Long-term deposits	10	7,396	7,396
		<b>25,685,689</b>	<b>7,858,418</b>
<b>Current assets</b>			
Inventories	11	2,206,898	2,632,887
Trade receivables	12	8,754,968	7,801,828
Loans and advances	13	1,335,832	4,712,052
Trade deposits and short-term prepayments	14	105,351	95,287
Other receivables	15	4,762,598	1,063,601
Short-term investment - at amortised cost	16	100,000	100,000
Taxation - payments less provision		870,507	809,636
Tax refunds due from Government - Sales Tax		-	7,832
Cash and bank balances	17	103,680	299,624
		<b>18,239,834</b>	<b>17,522,747</b>
		<b>43,925,523</b>	<b>25,381,165</b>
<b>Total assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Issued, subscribed and paid-up capital	18	2,400,405	2,124,253
Share premium		6,049,419	1,630,974
General reserve		280,251	280,251
Unappropriated profit		13,006,363	11,388,823
Revaluation surplus on property, plant and equipment	19	2,751,216	1,446,517
		<b>24,487,654</b>	<b>16,870,818</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	7	215,275	50,143
Employee benefit obligations	20	53,484	54,994
Long-term borrowings	21	9,650,485	316,000
Deferred income - Government grant	22	8,571	42,856
Lease liability	23	93,092	121,545
		<b>10,020,907</b>	<b>585,538</b>
<b>Current liabilities</b>			
Trade and other payables	24	3,213,872	2,754,097
Short-term borrowings	25	5,988,610	4,974,646
Unpaid dividend	26	163,596	141,102
Unclaimed dividend		42,269	43,544
Current portion of lease liability	23	4,416	11,420
Sales tax payable		4,199	-
		<b>9,416,962</b>	<b>7,924,809</b>
		<b>19,437,869</b>	<b>8,510,347</b>
		<b>43,925,523</b>	<b>25,381,165</b>
<b>Total liabilities</b>			
<b>Contingencies and commitments</b>			
<b>Total equity and liabilities</b>			

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2021

	Note	2021 -----Rupees '000-----	2020
Revenue from contracts with customers	28	<b>16,569,596</b>	16,567,219
Cost of sales	29	<b>(8,020,891)</b>	(8,295,187)
Gross profit		<b>8,548,705</b>	8,272,032
Distribution costs	30	<b>(4,106,608)</b>	(3,762,599)
Administrative expenses	31	<b>(1,183,530)</b>	(1,081,900)
Other expenses	32	<b>(206,816)</b>	(261,841)
Other income	33	<b>1,005,284</b>	780,277
Profit from operations		<b>4,057,035</b>	3,945,969
Finance cost	34	<b>(1,322,366)</b>	(641,491)
Profit before income tax		<b>2,734,669</b>	3,304,478
Income tax expense	35	<b>(611,745)</b>	(849,401)
Profit for the year		<b>2,122,924</b>	2,455,077
<b>Other comprehensive income:</b>			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations	20	<b>97</b>	2,215
Surplus on revaluation of property, plant and equipment - net of deferred tax	19	<b>1,355,342</b>	426,685
		<b>1,355,439</b>	428,900
Total comprehensive income for the year		<b>3,478,363</b>	2,883,977
			(Restated)
Basic and diluted earnings per share (Rupees)	36	<b>9.11</b>	11.25

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2021

	Share capital	Capital reserves		Revenue reserves		Total reserves	Total
		Share premium	Revaluation surplus on Property, plant & equipment	General reserve	Unappropriated profit		
-----Rupees '000-----							
<b>Balance as at July 1, 2019</b>	2,124,253	1,630,974	1,050,800	280,251	9,431,627	12,393,652	14,517,905
Total comprehensive income for the year ended June 30, 2020							
Profit for the year ended June 30, 2020	-	-	-	-	2,455,077	2,455,077	2,455,077
Other comprehensive income for the year ended June 30, 2020	-	-	426,685	-	2,215	428,900	428,900
Transfer of incremental depreciation - net of deferred tax	-	-	(30,968)	-	30,968	-	-
	-	-	395,717	-	2,488,260	2,883,977	2,883,977
<b>Transactions with owners</b>							
Final dividend for the year ended June 30, 2019 @ Rs. 2.5 per share	-	-	-	-	(531,064)	(531,064)	(531,064)
<b>Balance as at June 30, 2020</b>	<b>2,124,253</b>	<b>1,630,974</b>	<b>1,446,517</b>	<b>280,251</b>	<b>11,388,823</b>	<b>14,746,565</b>	<b>16,870,818</b>
Total comprehensive income for the year ended June 30, 2021							
Profit for the year ended June 30, 2021	-	-	-	-	2,122,924	2,122,924	2,122,924
Other comprehensive income for the year ended June 30, 2021	-	-	1,355,342	-	97	1,355,439	1,355,439
Transfer of incremental depreciation - net of deferred tax	-	-	(50,643)	-	50,643	-	-
	-	-	1,304,699	-	2,173,664	3,478,363	3,478,363
<b>Transactions with owners</b>							
Subscription of shares against right issue	276,152	4,418,445	-	-	-	4,418,445	4,694,597
Issuance cost against rights issue	-	-	-	-	(25,060)	(25,060)	(25,060)
Final dividend for the year ended June 30, 2020 @ Rs. 2.5 per share	-	-	-	-	(531,064)	(531,064)	(531,064)
<b>Balance as at June 30, 2021</b>	<b>2,400,405</b>	<b>6,049,419</b>	<b>2,751,216</b>	<b>280,251</b>	<b>13,006,363</b>	<b>22,087,249</b>	<b>24,487,654</b>

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

	Note	2021	2020
		-----Rupees '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	37	3,795,234	963,160
Employee benefit obligations paid		(8,005)	(7,269)
Finance cost paid		(1,222,645)	(478,745)
Payments to workers' welfare fund and workers' profit participation fund		(244,475)	(164,324)
Income tax paid		(630,521)	(617,690)
Increase in long-term loans		33	(88)
Net cash generated from / (used in) operating activities		1,689,621	(304,956)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(652,411)	(236,878)
Proceeds from disposal of property, plant and equipment		19,302	2,450
Purchase of investment properties		(356,759)	(148,743)
Purchase of intangible assets		(5,278)	(10,558)
Acquisition of subsidiary		(8,339,288)	-
Further equity injection in subsidiary		(7,200,000)	-
Proceeds from disposal of subsidiary		200,000	-
Purchase of short-term investment		-	(100,000)
Net cash used in investing activities		(16,334,434)	(493,729)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(509,845)	(496,767)
Net repayment of export refinance		-	(210,000)
(Repayment) / proceeds from salary refinancing		(133,875)	535,500
Demand finance facility obtained		113,333	-
Musharaka facility obtained		9,641,500	-
Transaction cost paid on musharaka facility obtained		(117,989)	-
Proceeds from issuance of shares		4,694,597	-
Issue cost relating to issuance of shares		(25,060)	-
Payments against lease liabilities		(22,878)	(28,868)
Net cash generated from / (used in) financing activities		13,639,783	(200,135)
Net decrease in cash and cash equivalents		(1,005,030)	(998,820)
<b>Cash and cash equivalents at beginning of the year</b>		<b>(4,341,147)</b>	<b>(3,340,229)</b>
<b>Unrealised exchange loss on cash and cash equivalents</b>		<b>(233)</b>	<b>(2,098)</b>
<b>Cash and cash equivalents at end of the year</b>	38	<b>(5,346,410)</b>	<b>(4,341,147)</b>

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

## 1. THE COMPANY AND ITS OPERATIONS

**1.1** The Searle Company Limited (the Company) was incorporated in Pakistan as a private limited company in October 1965. In November 1993, the Company was converted into a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Its shares are quoted on the Pakistan Stock Exchange Limited (PSX). The Company is principally engaged in the manufacture of pharmaceutical and other consumer products.

International Brands Limited is the Parent Company, which holds 56.32% (2020: 56.60%) shareholding in the Company.

Following are the subsidiary companies:

	Principal place of business	Effective %age of holding		
		June 30, 2021	June 30, 2020	
<b>Listed Company</b>				
- IBL HealthCare Limited	Pakistan	74.19%	74.19%	
<b>Unlisted Companies</b>				
- Searle Pharmaceuticals (Private) Limited		100.00%	100.00%	
- OBS Pakistan (Private) Limited		100.00%	-	
- Searle Laboratories (Private) Limited		100.00%	100.00%	
- Searle Biosciences (Private) Limited		100.00%	100.00%	
- IBL Identity (Private) Limited *		-	100.00%	
- IBL Future Technologies (Private) Limited	100.00%	100.00%		
- Nextar Pharma (Private) Limited **	87.20%	87.20%		

\* with effect from June 28, 2021 IBL Identity (Private) Limited ceased to be subsidiary of the Company.

\*\* Nextar Pharma (Private) Limited is the subsidiary of Searle Biosciences (Private) Limited being the indirect subsidiary of the Company.

**1.2** The geographical locations and addresses of the Company's business units, including plant are as under:

- The registered office of the Company is situated at One IBL Centre 2nd Floor, Plot No. 1, Block 7 & 8 Delhi Mercantile Co-operative Housing Society, Tipu Sultan Road Off Shahrah-e-Faisal, Karachi.
- The Company's manufacturing plants are located at F-319, S.I.T.E Area, Karachi, 32 km Multan Road, Lahore, and E-44 - 45, North Western Industrial store, Port Qasim, Karachi

The warehouses and storage facilities of the Company are situated at:

- Sana Logistics, Survey Number 53-55, Deh Gandpas, Tapo Gabopat, Kemari Town, Taluka & District, Karachi West
- Plot No. 21-C, Sector 15/16, Gulshan-e-Mazdoor, Hub River Road, Karachi.
- Raiwind Road, Manga Mandi, Lahore.



## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

- Kotlakpat, Plot No. 131/3, Quaid-e-Azam Industrial Estate, Gate 4, Near Fine Chowk, Kotlakhpot, Lahore.
- DHL Logistics, 26 - Km Multan Road, Opposite Maraka PTCL Exchange, Lahore
- Shabab Studio Chung, 19-KM, Multan Road, Lahore.

**1.3** These unconsolidated financial statements are separate financial statements of the Company in which investments in subsidiaries have been accounted for at cost less accumulated impairment losses, if any. Details of the Company's investment in subsidiaries are stated in note 8 to these unconsolidated financial statements.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these unconsolidated financial statements are set out below:

### **2.1 Basis of preparation**

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards and/ or IFAS the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### **2.1.2 Use of critical accounting estimates and judgements**

The preparation of unconsolidated financial statements in conformity with approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the unconsolidated financial statements are as follows:

- a) Income tax - note 2.4
- b) Revaluation of property, plant and equipment - note 2.6
- c) Pricing of revenue from contracts with customers - note 2.15

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management believes that the change in outcome of estimates would not have a material impact on the amounts disclosed in the unconsolidated financial statements.

# Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

There have been no critical judgements other than those disclosed by the Company's management in applying the accounting policies that would have significant effect on the amounts recognised in the unconsolidated financial statements.

## 2.1.3 Changes in accounting standards, interpretations and pronouncements

### a) Standards and amendments to approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Company's financial reporting.

### b) Standards and amendments to approved accounting standards that are not yet effective

The standard, certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2021. However, these are considered either not to be relevant or to have any significant impact on the Company's unconsolidated financial standards and operations and, therefore, have not been disclosed in these unconsolidated financial statements.

## 2.2 Overall valuation policy

These unconsolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policy notes.

## 2.3 Staff retirement benefits

### 2.3.1 Defined benefit plan

Defined benefit plans define an amount of pension or gratuity or medical benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the unconsolidated statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds or the market rates on government bonds. These are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related benefit obligation.

The Company operates an approved unfunded gratuity scheme covering all unionised employees with five or more years of service with the Company. The provision has been made in accordance with actuarial valuations carried out as of June 30, 2021 using the projected unit credit method.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

### 2.3.2 Defined contribution plan

The Company operates a recognised provident fund scheme for all employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% per annum of the basic salary. The contributions are recognised as employee benefit expense when they are due.

### 2.4 Income tax

#### 2.4.1 Current

The charge for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates after taking into account tax credits and rebates available, if any.

#### 2.4.2 Deferred

Deferred tax is accounted for using the liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the unconsolidated financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited in the unconsolidated statement of profit or loss and other comprehensive income, except in the case of items credited or charged to equity in which case it is included in equity.

Deferred tax is determined using tax rates and prevailing law for taxation on income that have been enacted or substantively enacted by the unconsolidated statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

### 2.5 Borrowings and their cost

Borrowings are initially recognised at cost being the fair value of the consideration received together with the associated transaction cost. Subsequently, these are recognised at amortised cost using the effective interest method. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalised as part of the cost of that asset. Borrowings payable within next twelve months are classified as current liabilities.

### 2.6 Property, plant and equipment

These are stated at cost less accumulated depreciation / amortisation and impairment loss, if any, except leasehold land, building on leasehold land, plant and machinery, vehicles and airconditioning systems, which are stated at revalued amount less accumulated depreciation and impairment losses, if any, and capital work-in-progress which is stated at cost.

Depreciation is charged to unconsolidated statement of profit or loss and other comprehensive income applying the straight line method, whereby the depreciable amount of an asset is written off over its estimated useful life. The revalued amount of building on leasehold land, plant and machinery, vehicles and airconditioning systems is depreciated equally over the remaining life from the date of valuation. Depreciation is charged on additions from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in unconsolidated statement of profit or loss and other comprehensive income, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to retained earnings. The accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount.

Gain or loss on disposal or retirement of property, plant and equipment is included in unconsolidated statement of profit or loss and other comprehensive income.

### 2.7 Lease liability and right-of-use asset

At inception of a contract, the Company assesses whether a contract is, or contains, a lease i.e. it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

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

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

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

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any payments made at or before the commencement date and any incentive received, plus any initial direct costs and estimate of costs to dismantle, remove or restore the underlying asset (if any) or to restore the site on which it is located. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company does not recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less, leases of low-value assets and recognises associated payments in the period in which these are incurred.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

### 2.8 Intangible assets

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the Company and that the cost of such asset can be measured reliably. These are stated at cost less accumulated amortisation and impairment, if any.

Distribution rights, brand name & logo and licenses have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets having infinite life are carried at cost less impairment, if any.

Amortisation is calculated using the straight line method to allocate the cost of trademarks and licenses over the useful lives.

### 2.9 Investment property

The Company carries investment properties at their respective costs under the cost model in accordance with IAS 40 - 'Investment Property'. The fair values are determined by the independent valuation experts and such valuations are carried out every year to determine the recoverable amount.

Assets classified under investment properties are carried at their respective cost less accumulated depreciation and accumulated impairment losses, if any.

The Company carries investment property under work in progress at their respective costs less accumulated impairment losses, if any. Depreciation is charged on such property after it is completed as per IAS 40 - 'Investment Property'.

### 2.10 Investment in subsidiary companies

Investments in subsidiary companies are initially recognised at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognised as expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in unconsolidated profit or loss and other comprehensive income.

### 2.11 Inventories

These are valued at the lower of cost and net realisable value except goods-in-transit which are valued at invoice value plus other charges incurred thereon. Cost signifies standard cost adjusted by variances.

Cost of raw and packing material is determined using weighted average method and includes directly related expenses less trade discounts. Cost of work-in-process and finished goods includes cost of raw material, direct labour and related production overheads.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less cost of completion and estimated cost necessarily to be incurred to make the sale.

Stores and spares are valued at lower of cost, determined using weighted average method less provision for slow moving and obsolete stores and spares. Items in transit are valued at invoice value plus other charges incurred thereon.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

### 2.12 Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer note 2.19 for a description of the Company's impairment policies.

### 2.13 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated statement of financial position at cost. For the purposes of statement of cash flows, cash and cash equivalents comprise cash, balances with banks on current and deposit accounts and finance under mark-up arrangements.

### 2.14 Foreign currencies

The financial statements are presented in Pak Rupees which is the Company's functional and presentation currency. The figures are rounded off to the nearest Rupees in thousand.

Transactions in foreign currencies are converted into Pak Rupees using the exchange rates prevailing on the dates of the transactions. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees using the exchange rates prevailing on the reporting date. Exchange differences are taken to unconsolidated profit or loss and other comprehensive income.

### 2.15 Revenue recognition

Revenue is recognised when control of the products has transferred, being when the products are dispatched to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue is recognised as follows:

- Revenue from sale of goods is recognised when control is transferred to the customers.
- Income from toll manufacturing is recognised when services are rendered.
- Dividend income, other than those from investments measured using equity method, is recognised when the right to receive payment is established.
- Interest income and rental income is recognised on accrual basis.

No element of financing is deemed present as the sales are made with a credit term of 30-90 days, which is consistent with the market practice.

The Transaction price for products are agreed under the contracts with customers.

Discounts are offered on the basis of contracts with customers.

### 2.16 Research and development cost

Research and development cost except to the extent that an intangible asset is recognised, is charged in the year in which it is incurred. Development costs previously charged to unconsolidated statement of profit or loss and other comprehensive income are not recognised as an asset in the subsequent period.

### 2.17 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events, and 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 unconsolidated statement of financial position date and adjusted to reflect the current best estimates.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

### 2.18 Impairment of non-financial asset

Carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, assets or cash-generating units are tested for impairment. Cash-generating units to which goodwill is allocated are tested for impairment annually. Where the carrying values of assets or cash-generating units exceed the estimated recoverable amount, these are written down to their recoverable amount and the resulting impairment is charged to unconsolidated statement of profit or loss and other comprehensive income.

### 2.19 Financial Instruments - Initial recognition and subsequent measurement

#### Initial Recognition

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

#### Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

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

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

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

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

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

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

#### Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

### Subsequent measurement

#### i) Financial assets at FVTOCI

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

#### ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

#### iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognised in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

### Impairment of financial asset

The Company recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost at an amount equal to life time ECLs except for the following, which are measured at 12 months ECLs:

- bank balances for whom credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased since the inception.
- employee receivables.
- other short term loans and receivables that have not demonstrated any increase in credit risk since inception.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

The Company considers a financial asset in default when it is more than 90 days past due.

Life time ECLs are the ECLs that results from all possible defaults events over the expected life of a financial instrument. 12 month ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.



# Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

## Derecognition

### i) Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

### ii) Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

## 2.20 Off-setting of financial assets and liabilities

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

## 2.21 Dividend distribution

Dividend distribution to shareholders is recognised as liability in the financial statements in the period in which the dividend is declared / approved.

## 2.22 Government Grants

Government grants relating to costs are deferred and recognised in the Statement of profit or loss and other comprehensive income over the period necessary to match these with the costs that they are intended to compensate.

## 2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

2021                      2020  
-----Rupees '000 -----

## 3. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 3.1	<b>5,325,199</b>	3,616,514
Capital work-in-progress - at cost - note 3.13	<b>252,785</b>	91,121
	<b><u>5,577,984</u></b>	<u>3,707,635</u>

# Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

## 3.1 Operating assets:

	Owned assets							Total
	Leasehold land - notes 3.2, 3.3, 3.4, 3.5 & 3.7	Building on leasehold land - notes 3.2, 3.3, 3.4 & 3.5	Plant and machinery - notes 3.2, 3.3, 3.4 & 3.5	Office equipment	Furniture and fixtures - note 3.8	Vehicles - notes 3.2, 3.3, 3.4 & 3.5	Air - conditioning systems - notes 3.2, 3.3, 3.4 & 3.5	
-----Rupees '000-----								
<b>Net carrying value basis</b>								
<b>Year ended June 30, 2021</b>								
Opening net book value	1,922,176	556,171	907,467	58,582	46,891	43,750	81,477	3,616,514
Additions	26,774	33,955	295,410	19,600	10,590	847	103,571	490,747
Transfers from investment property - note 3.6	294	6,231	905	26	237	-	1,839	9,532
Revaluation	998,986	9,229	425,958	-	-	21,600	22,606	1,478,379
Disposals - note 3.12	-	-	(2,141)	(56)	-	-	-	(2,197)
Depreciation charge	-	(40,927)	(150,065)	(26,786)	(7,418)	(18,422)	(24,158)	(267,776)
<b>Closing net book value</b>	<b>2,948,230</b>	<b>564,659</b>	<b>1,477,534</b>	<b>51,366</b>	<b>50,300</b>	<b>47,775</b>	<b>185,335</b>	<b>5,325,199</b>
<b>Gross carrying value basis</b>								
<b>As at June 30, 2021</b>								
Cost or revaluation	2,948,230	564,659	1,477,534	187,072	85,036	47,775	185,335	5,495,641
Accumulated Depreciation	-	-	-	(135,706)	(34,736)	-	-	(170,442)
<b>Closing net book value</b>	<b>2,948,230</b>	<b>564,659</b>	<b>1,477,534</b>	<b>51,366</b>	<b>50,300</b>	<b>47,775</b>	<b>185,335</b>	<b>5,325,199</b>
<b>Net carrying value basis</b>								
<b>Year ended June 30, 2020</b>								
Opening net book value	1,340,640	368,234	856,250	50,986	26,071	49,101	37,431	2,728,713
Additions	14,010	139,716	46,310	28,151	18,324	-	49,972	296,483
Transfers from investment property	267,861	45,146	13,774	2,683	8,387	-	8,062	345,913
Revaluation	299,665	36,971	119,258	-	-	12,620	2,072	470,586
Disposal	-	-	-	-	-	(1,058)	-	(1,058)
Depreciation charge	-	(33,896)	(128,125)	(23,238)	(5,891)	(16,913)	(16,060)	(224,123)
<b>Closing net book value</b>	<b>1,922,176</b>	<b>556,171</b>	<b>907,467</b>	<b>58,582</b>	<b>46,891</b>	<b>43,750</b>	<b>81,477</b>	<b>3,616,514</b>
<b>Gross carrying value basis</b>								
<b>As at June 30, 2020</b>								
Cost or revaluation	1,922,176	556,171	907,467	173,375	74,209	43,750	81,477	3,758,625
Accumulated depreciation	-	-	-	(114,793)	(27,318)	-	-	(142,111)
<b>Net book value</b>	<b>1,922,176</b>	<b>556,171</b>	<b>907,467</b>	<b>58,582</b>	<b>46,891</b>	<b>43,750</b>	<b>81,477</b>	<b>3,616,514</b>
<b>Depreciation rate</b>	<b>-</b>	<b>5% &amp; 20%</b>	<b>10%, 20% &amp; 33%</b>	<b>10%, 20% &amp; 33%</b>	<b>10%, 20% &amp; 33%</b>	<b>20%</b>	<b>10% &amp; 20%</b>	

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

- 3.2** During the year, the Company revalued its operating assets classified under leasehold land, building on leasehold land, plant and machinery, vehicles and air-conditioning systems which resulted in revaluation surplus amounting to Rs. 998.99 million (2020: Rs. 299.67 million), Rs. 9.23 million (2020: Rs. 36.97 million), Rs. 425.96 million (2020: Rs. 119.26 million), Rs. 21.60 million (2020: Rs. 12.62 million) and Rs. 22.61 million (2020: Rs. 2.07 million) respectively.
- 3.3** Following assets have been revalued on the basis of present market values (level 2) for similar sized plots in the vicinity for land and replacement values of similar types of buildings, plant and machinery, vehicles and air-conditioning system during the year, details are as follows:

<b>Assets</b>	<b>Location</b>	<b>Area square yards</b>
<b>Valuer: Pee Dee &amp; Associates (Private) Limited</b>		
<b>Leasehold land</b>	Plot # 5-B, Block 7& 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi	505
<b>Leasehold land</b>	E-58A, North Western Industrial Zone, Port Qasim Authority, Karachi	7,366
<b>Leasehold land</b>	Plot # B-168, S.I.T.E, Nooriabad, District Jamshoro, Sindh	121,000
<b>Leasehold land</b>	Plot # F- 319, S.I.T.E, Karachi	25,362
<b>Vehicles</b>	N/A	N/A
<b>Valuer: Iqbal A. Nanjee &amp; Co. (Private) Limited</b>		
<b>Building on leasehold land, air-conditioning system, plant and machinery</b>	Plot # F- 319, S.I.T.E, Karachi	N/A

- 3.4** Forced sale value of the revalued assets as at June 30, 2021 are as follows:

	<b>2021</b>	2020
	-----Rupees '000 -----	
- Leasehold land	<b>1,935,773</b>	1,412,972
- Building on leasehold land	<b>449,565</b>	394,142
- Plant and machinery	<b>1,108,978</b>	636,871
- Vehicles	<b>139,417</b>	35,000
- Air-conditioning systems	<b>35,810</b>	56,001

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

- 3.5** The previous valuation was carried out by an independent valuer Pee Dee & Associates Limited on June 30, 2020.

### The different levels have been defined in IFRS 13 as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- 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 2).
- Inputs for the assets or liabilities that are not based on observable market data (i.e., unobservable inputs e.g. estimated future cash flows) (level 3).

- 3.6** This represents owner occupied portion of investment property (One IBL Building Center) being used by the Company. The owner occupied portion has been determined on the basis of total covered area occupied by the Company i.e. 20,184 square fts (2020: 20,184 square fts), in terms of percentage 13.91% (2020: 13.91%). The net book value of the owner occupied portion is Rs. 344.10 million (2020: Rs. 345.91 million), with fair value of Rs. 1,184.60 million (2020: Rs. 580.71 million).

- 3.7** This includes registration fee paid for plot number E-58A situated at Port Qasim amounting to Rs. 26 million.

- 3.8** This includes purchase of furniture and fixtures from the IBL Frontier Markets (Private) Limited - related party amounting to Rs. 5.02 million.

- 3.9** Depreciation for the year has been allocated as follows:

	<b>2021</b>	2020
	-----Rupees '000	-----
Cost of sales - note 29	<b>140,541</b>	134,891
Distributions cost - note 30	<b>40,262</b>	26,959
Administrative expenses - note 31	<b>86,973</b>	62,273
	<b>267,776</b>	224,123

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

- 3.10** Had there been no revaluation of leasehold land, building on leasehold land, plant and machinery, vehicles and air-conditioning systems, cost and written down value of revalued assets would have been as follows:

	Leasehold land	Building on leasehold land	Plant and machinery	Air-conditioning systems	Vehicles	Total
-----Rupees '000-----						
<b>Cost</b>	<b>832,825</b>	<b>656,475</b>	<b>1,482,733</b>	<b>227,338</b>	<b>49,208</b>	<b>3,248,579</b>
<b>Accumulated depreciation</b>	<b>-</b>	<b>(199,501)</b>	<b>(742,934)</b>	<b>(68,772)</b>	<b>(47,634)</b>	<b>(1,058,841)</b>
<b>NBV as at June 30, 2021</b>	<b>832,825</b>	<b>456,974</b>	<b>739,799</b>	<b>158,566</b>	<b>1,574</b>	<b>2,189,738</b>
NBV as at June 30, 2020	805,757	457,715	591,408	77,314	19,149	1,951,343

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

Location	Usage	Total Area Square yards
- F-319, S.I.T.E area, Karachi - note 3.11.1	Manufacturing Facility	25,362
- E-58-A North Western Industrial Zone, Port Qasim Authority, Karachi	Land	7,366
- Plot # B - 168, S.I.T.E, Nooriabad, District Jamshoro, Sindh	Land	121,000
- Plot # 5-B, Block 7& 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi	Land	505

- 3.11.1** Leasehold land, building on leasehold land, plant and machinery, office equipment, furniture and fixtures, vehicles and air-conditioning systems of plot # F-319, S.I.T.E, Karachi are subject to a first charge against the short term running facilities of Rs. 6,725 million obtained from various commercial banks. This charge existed at June 30, 2021. The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

- 3.12** Following item of property, plant and equipment having net book value in excess of Rs. 500,000 each was disposed off during the year:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchaser	Relationship with buyer
-----Rupees '000-----								
Plant and machinery	2,354	451	1,903	3,100	1,197	Advertisement/ Bid	Azeem Engineering	Third Party

### 3.13 Capital work-in-progress - at cost

	Balance as at July 1, 2020	Additions during the year	Transfers to operating assets	Balance as at June 30, 2021	Balance as at July 1, 2019	Additions during the year	Transfers to operating assets	Balance as at June 30, 2020
-----Rupees '000-----								
Civil works	37,145	2,805	(31,638)	8,312	80,100	32,923	(75,878)	37,145
Plant and machinery - note 3.13.1	36,813	365,003	(320,534)	81,282	63,395	76,646	(103,228)	36,813
	<b>73,958</b>	<b>367,808</b>	<b>(352,172)</b>	<b>89,594</b>	143,495	109,569	(179,106)	73,958
Advances against purchase of building, plant and machinery - note 23.4	-	145,000	-	145,000	-	-	-	-
Advances to suppliers	17,163	85,412	(84,384)	18,191	7,231	54,465	(44,533)	17,163
	<b>91,121</b>	<b>598,220</b>	<b>(436,556)</b>	<b>252,785</b>	150,726	164,034	(223,639)	91,121

- 3.13.1** It represents plant and machinery that has not been commissioned yet.

## 4. RIGHT-OF-USE ASSET

### Plant and Machinery

	2021	2020
-----Rupees '000-----		
Balance as at July 01	121,515	-
Initial recognition	-	141,421
Derecognition of right of use asset - note 23.4	(27,322)	-
Depreciation for the year - note 4.1	(14,783)	(19,906)
Closing as at June 30 - note 4.2	<b>79,410</b>	121,515

- 4.1** Depreciation expense on right-of-use asset has been charged to cost of sales.

- 4.2** The Company has lease contracts of plant and machinery relating to SA Pharma and MyPlan located in Lahore, which is used for the purpose of manufacturing of pharmaceutical products. Leases of such plants have a useful life of 10 and 11 years respectively.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

2021                      2020  
-----Rupees '000-----

### 5. INVESTMENT PROPERTIES - at cost

Operating assets - notes 5.1 & 5.2	<b>2,370,576</b>	2,145,144
Investment property under work-in-progress - at cost - note 5.8	<b>119,473</b>	58,746
	<b>2,490,049</b>	2,203,890

### 5.1 Operating assets

	Owned assets							Total	
	Leasehold Land - note 5.3	Building on Leasehold Land - note 5.3	Office Equipment	Electrical Equipment	Lifts & Elevators	Generators	Furniture & Fixtures - note 5.4		Air - conditioning
-----Rupees '000-----									
<b>Gross carrying value basis</b>									
<b>Year ended June 30, 2021</b>									
Opening net book value	1,657,810	280,877	16,999	57,224	15,953	13,260	52,387	50,634	2,145,144
Additions	229,616	42,492	189	8,812	-	-	1,705	13,218	296,032
Transfers to property plant and equipment - note 3.6	(294)	(5,911)	(26)	(1,226)	-	-	(236)	(1,839)	(9,532)
Depreciation charge	-	(20,518)	(5,675)	(9,823)	(3,612)	(2,526)	(7,778)	(11,136)	(61,068)
<b>Closing net book value</b>	<b>1,887,132</b>	<b>296,940</b>	<b>11,487</b>	<b>54,987</b>	<b>12,341</b>	<b>10,734</b>	<b>46,078</b>	<b>50,877</b>	<b>2,370,576</b>
<b>Net carrying value basis</b>									
<b>As at June 30, 2021</b>									
Cost	1,887,132	408,495	34,639	97,390	35,469	24,856	77,681	109,921	2,675,583
Accumulated depreciation	-	(111,555)	(23,152)	(42,403)	(23,128)	(14,122)	(31,603)	(59,044)	(305,007)
<b>Net book value</b>	<b>1,887,132</b>	<b>296,940</b>	<b>11,487</b>	<b>54,987</b>	<b>12,341</b>	<b>10,734</b>	<b>46,078</b>	<b>50,877</b>	<b>2,370,576</b>
<b>Gross carrying value basis</b>									
<b>Year ended June 30, 2020</b>									
Opening net book value	1,915,871	326,986	12,927	68,984	22,317	18,056	28,205	58,496	2,451,842
Additions	9,800	18,673	12,025	6,715	-	-	38,934	10,049	96,196
Transfers to property plant and equipment	(267,861)	(45,146)	(2,683)	(9,133)	(2,531)	(2,110)	(8,387)	(8,062)	(345,913)
Depreciation charge	-	(19,636)	(5,270)	(9,342)	(3,833)	(2,686)	(6,365)	(9,849)	(56,981)
<b>Closing net book value</b>	<b>1,657,810</b>	<b>280,877</b>	<b>16,999</b>	<b>57,224</b>	<b>15,953</b>	<b>13,260</b>	<b>52,387</b>	<b>50,634</b>	<b>2,145,144</b>
<b>Net carrying value basis</b>									
<b>As at June 30, 2020</b>									
Cost	1,657,810	371,914	34,476	89,804	35,469	24,856	76,213	98,542	2,389,084
Accumulated depreciation	-	(91,037)	(17,477)	(32,580)	(19,516)	(11,596)	(23,826)	(47,908)	(243,940)
<b>Net book value</b>	<b>1,657,810</b>	<b>280,877</b>	<b>16,999</b>	<b>57,224</b>	<b>15,953</b>	<b>13,260</b>	<b>52,387</b>	<b>50,634</b>	<b>2,145,144</b>
<b>Depreciation rate</b>	<b>-</b>	<b>5%</b>	<b>20%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

**5.2** Leasehold land classified under investment property has been valued under the market value basis by an independent valuer, Iqbal A. Nanjee & Co. (Private) Limited. Market value of leasehold land and other assets (comprises of building on leasehold land, office equipment, electrical equipment, lifts and elevators, generators, furniture and fixtures and air-conditioning) based on the valuation as of June 30, 2021 was Rs. 7.79 billion (2020: Rs. 3.44 billion) and Rs. 0.816 billion (2020: Rs. 0.825 billion) respectively. Leasehold land and building on leasehold land represent One IBL Building Centre situated at Main Shahrah-e-Faisal, Block 7 & 8, Tipu Sultan Road, Delhi Mercantile Co-operative Housing Society having an area of 5,291 square yards. The said property has been provided as security for Musharaka facility - refer note 21.1 and 21.3.

**5.3** During the year the Company has purchased a leasehold land and building on leasehold land (Plot # 24-/5 - A , Block 7 and 8 Delhi Mercantile Muslim Co-operative Housing Society) amounting to Rs. 232.50 million. As at June 30, 2021 the Company has paid Rs. 227.50 million and the remaining amount will be paid at the time of pre-lease transfer or registration of the conveyance deed in favour of the Company. The fair value determined by an independent valuer i.e. Pee Dee & Associates as at June 30, 2021 for leasehold land and building on leasehold land is Rs. 225 million and Rs. 5.4 million respectively.

**5.4** This includes furnitures and fixtures purchased from related parties - United Retail (SMC- Private) Limited and IBL Frontier Market (Private) Limited amounting to Rs. 0.14 million and Rs. 1.19 million respectively.

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

<b>Location</b>	<b>Total Area Square yards</b>
One IBL Building Center, Block 7 and 8 Dehli Mercantile Cooperative Housing Society	5,291

**5.6** The rental income in respect of this property amounting to Rs. 105.31 million has been recognised in profit or loss and included in "other income" - refer note 33.

The direct operating expenses pertaining to this property comprising maintenance and utility costs amounting to Rs. 28.33 million which is netted with income from provision of amenities which is specified in other income - refer note 33.

**5.7** The Company has entered into operating leases on its investment property consisting of certain office building including lift and elevator, generator, furniture and fixtures, air-conditioners and electrical equipment. These leases have multiple terms ranging from 5 to 10 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

	<b>2021</b>	2020
	-----Rupees '000-----	
Upto 1 year	<b>118,387</b>	105,313
1 - 5 years	<b>305,170</b>	423,557
	<b>423,557</b>	528,870



## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

### 5.8 Movement in investment property under work in progress at One IBL Building Center - at cost

	2021	2020
	-----Rupees '000-----	
Balance as at July 01	58,746	6,199
Additions during the year - note 5.8.1	122,671	131,643
Transfers to operating assets - investment property	(61,944)	(79,096)
Balance as at June 30	<u>119,473</u>	<u>58,746</u>

**5.8.1** This includes furnitures and fixtures purchased from IBL Frontier Market (Private) Limited - related party amounting to Rs. 7.93 million.

**5.9** Investment property comprising leasehold land, building on leasehold land, generator, lift and elevator, air-conditioner, electrical equipment, furniture and fittings and office equipment with a carrying amount of Rs. 2.14 billion are subject to first charge against musharaka loan from Habib Bank Limited (Musharaka agent). This charge existed as at June 30, 2021 refer note - 21.1 and 21.3.

	2021	2020
	-----Rupees '000-----	
Operating intangible assets - note 6.1	<u>94,214</u>	<u>131,438</u>

## 6. INTANGIBLE ASSETS

### 6.1 Operating intangible assets

	Distribution rights	Brand name and logo - note 6.1.1	Product license - note 6.1.2	Software licenses - note 6.1.3	Total
	-----Rupees '000-----				
<b>Net carrying value basis</b>					
<b>Year ended June 30, 2021</b>					
Opening net book value	-	2,916	66,977	61,545	131,438
Additions	-	-	-	5,278	5,278
Amortisation charge - note 6.2	-	(2,916)	(11,164)	(28,422)	(42,502)
<b>Closing net book value</b>	<u>-</u>	<u>-</u>	<u>55,813</u>	<u>38,401</u>	<u>94,214</u>
<b>Gross carrying value basis</b>					
<b>As at June 30, 2021</b>					
Cost	76,275	74,703	111,623	166,160	428,761
Accumulated amortisation	(76,275)	(74,703)	(55,810)	(127,759)	(334,547)
<b>Net book value</b>	<u>-</u>	<u>-</u>	<u>55,813</u>	<u>38,401</u>	<u>94,214</u>
<b>Gross carrying value basis</b>					
<b>Year ended June 30, 2020</b>					
Opening net book value	-	7,916	78,137	78,860	164,913
Additions	-	-	-	10,558	10,558
Amortisation charge	-	(5,000)	(11,160)	(27,873)	(44,033)
<b>Closing net book value</b>	<u>-</u>	<u>2,916</u>	<u>66,977</u>	<u>61,545</u>	<u>131,438</u>
<b>Net carrying value basis</b>					
<b>As at June 30, 2020</b>					
Cost	76,275	74,703	111,623	160,882	423,483
Accumulated amortisation	(76,275)	(71,787)	(44,646)	(99,337)	(292,045)
<b>Net book value</b>	<u>-</u>	<u>2,916</u>	<u>66,977</u>	<u>61,545</u>	<u>131,438</u>
<b>Amortisation rate</b>	<u>-</u>	<u>10%</u>	<u>10%</u>	<u>33.33% &amp; 20%</u>	

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

- 6.1.1** Brand name and logo include brands purchased from Cirin Pharmaceutical (Private) Limited which are fully amortised and still in use.
- 6.1.2** This represents license obtained for the production of product "Tramal".
- 6.1.3** Software licenses include various licenses and enterprise resources planning software.
- 6.2** Amortisation charge on intangible assets has been charged to administrative expenses.

### 7. DEFERRED TAX LIABILITIES

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the unconsolidated statement of financial position as follows:

	2021	2020
	-----Rupees '000-----	
Deferred tax asset	<b>(277,893)</b>	(273,761)
Deferred tax liability	<b>493,168</b>	323,904
	<b>215,275</b>	50,143

#### 7.1 Analysis of change in deferred tax

	Accelerated tax depreciation	Minimum tax	Surplus on revaluation	Right-of-use asset and Lease Liability	Decelerated tax amortisation	Deferred grant	Unwinding of interest on salary refinancing	Provision for doubtful receivables	Provision for doubtful trade deposits	Total
	Rupees '000									
July 1, 2020	166,929	(222,819)	137,141	(2,944)	(8,260)	19,834	-	(39,059)	(679)	50,143
Credit / (charge) to profit or loss	49,428	-	-	(1,701)	(2,910)	(8,835)	5,634	479	-	42,095
Charge to other comprehensive income	-	-	123,037	-	-	-	-	-	-	123,037
June 30, 2021	<b>216,357</b>	<b>(222,819)</b>	<b>260,178</b>	<b>(4,645)</b>	<b>(11,170)</b>	<b>10,999</b>	<b>5,634</b>	<b>(38,580)</b>	<b>(679)</b>	<b>215,275</b>
July 1, 2019	-	-	93,240	-	-	-	-	-	-	93,240
(Charge) / credit to profit or loss	166,929	(222,819)	-	(2,944)	(8,260)	19,834	-	(39,059)	(679)	(86,998)
Charge to other comprehensive income	-	-	43,901	-	-	-	-	-	-	43,901
June 30, 2020	166,929	(222,819)	137,141	(2,944)	(8,260)	19,834	-	(39,059)	(679)	50,143

- 7.2** Deferred tax liability is restricted to 88.50% (2020: 88.57%) of the total deferred tax liability based on the assumptions that export sales will continue to fall under Final Tax Regime and historical trend of export and local sales ratio will continue to be the same in foreseeable future.
- 7.3** The total deferred tax asset on minimum tax for tax year 2018 and 2019 will expire on June 30, 2023 and June 30, 2024 respectively.
- 7.4** Under the Finance Act, 2020, corporate rate of tax has been fixed at 29% for tax year 2021 and onwards. Therefore, deferred tax assets and liabilities have been recognised accordingly using the expected applicable rate of 29%.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	-----Rupees '000-----	
<b>8. LONG-TERM INVESTMENTS - SUBSIDIARIES</b>		
Subsidiary companies (at cost) - note 8.1	<b>17,436,311</b>	1,686,186

### 8.1 Subsidiary companies

	2021		2020	
	Equity % held	Investment at cost (Rupees '000)	Equity % held	Investment at cost (Rupees '000)
<b>Listed security</b>				
IBL HealthCare Limited - note 8.1.1				
40,126,241 (June 30, 2020: 40,126,241)				
Ordinary shares of Rs. 10 each	74.19%	1,300,911	74.19%	1,300,911
Market price as at June 30, 2021: Rs. 111.13				
(June 30, 2020: Rs. 77.45) per share				
		<b>1,300,911</b>		1,300,911
<b>Unlisted securities</b>				
Searle Pharmaceuticals (Private) Limited				
40,000 (June 30, 2020: 40,000)				
Ordinary shares of Rs. 10 each	100%	400	100%	400
Break up value as at June 30, 2021: nil				
(June 30, 2020: Rs. nil) per share				
Searle Laboratories (Private) Limited				
12,500,000 (June 30, 2020: 12,500,000)				
Ordinary shares of Rs. 10 each	100%	125,000	100%	125,000
Break up value as at June 30, 2021: Rs. 0.41				
(June 30, 2020: Rs. 0.60) per share				
OBS Pakistan (Private) Limited - note 8.1.2				
349,009,998 (June 30, 2020: nil)				
Ordinary shares of Rs. 10 each	100%	15,800,000	-	-
Break up value as at June 30, 2021: Rs. 28.16				
(June 30, 2020: Rs. nil) per share				
Searle Biosciences (Private) Limited				
1,000,000 (June 30, 2020: 1,000,000)				
Ordinary shares of Rs. 10 each	100%	10,000	100%	10,000
Break up value as at June 30, 2021: Rs. 132.21				
(June 30, 2020: Rs. 62.82) per share				
IBL Identity (Private) Limited - note 8.1.3				
nil (June 30, 2020: 9,500,000)				
Ordinary shares of Rs. 10 each	-	-	100%	49,875
Break up value as at June 30, 2021: Nil				
(June 30, 2020: Nil) per share				
IBL Future Technologies (Private) Limited				
20,000,000 (June 30, 2020: 20,000,000)				
Ordinary shares of Rs. 10 each	100%	200,000	100%	200,000
Break up value as at June 30, 2021: Rs. 9.96				
(June 30, 2020: Rs. 9.96) per share				
		<b>16,135,400</b>		385,275
		<b>17,436,311</b>		1,686,186

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

**8.1.1** Section 236M of the Income tax Ordinance, 2001 (inserted through Finance Act, 2014), specified that every company, quoted on stock exchange, while issuing bonus shares shall withhold five percent of the bonus shares to be issued. Bonus shares withheld shall only be issued to a shareholder, if the Company collects tax equal to five percent of the value of the bonus shares issued including bonus share withheld, determined on the basis of day-end price on the first day of closure of books. The tax was to be collected within fifteen days of the first day of closure of books, after which the company was required to deposit shares withheld to Central Depository Company, in favour of the Federal Government. This section was later deleted through Finance Act, 2018.

Based on the requirement mentioned above, the Company is exposed to a tax liability of approximately Rs. 71.8 million (2020: Rs. 71.8 million), on account of bonus shares received from IBL HealthCare Limited from 2015 to 2018. The Company has filed a petition in respect of tax on bonus shares in Honourable High Court of Sindh, and expects a favourable outcome, based on a legal advice. Further, pending decision of the Honorable High Court of Sindh, IBL HealthCare Limited has withheld 1,117,379 shares (2020: 1,117,379 shares) with Central Depository Company of Pakistan Limited.

### 8.1.2 OBS Pakistan (Private) Limited

**8.1.2.1** On August 24, 2020, the Company acquired 100% paid up share capital of OBS Pakistan (Private) Limited - [formerly Luna Pakistan (Private) Limited] (OBS), engaged in manufacturing and sales of pharmaceutical products, from Universal Venture (Private) Limited - related party (UVPL). The said acquisition was approved by Board of Directors in its meeting held on October 23, 2019. The Board of Directors, in its meeting held on December 17, 2019 approved the acquisition of OBS for the total consideration amounting to Rs. 8.6 billion. Moreover, the acquisition was also approved by the shareholders in Extra-Ordinary General Meeting (EOGM) held on May 18, 2020.

Further, the Competition Commission of Pakistan (CCP), vide its order 1097/Merger-CCP/20 dated July 15, 2020 have authorised the transaction under section 31 (1) (d) (i) of the Competition Act, 2010.

**8.1.2.2** The Company acquired OBS as it is one of Pakistan's top private limited pharma company in healthcare sector and is a leading producer of iron sucrose injections with the brand name of Venofer. It is also manufacturer of Decadron (Dexamethane), which is considered as the drug to decrease the mortality rate in COVID-19 patients.

The amount involved for the above investment contains the following:

	Rupees in '000
Initial consideration	3,250,000
Deferred consideration to be paid in cash	5,350,000
Total consideration paid to UVPL for OBS acquisition - note 8.1.2.3	8,600,000
Equity injection in OBS through right issue of shares - note 8.1.2.4	7,200,000
	<u>15,800,000</u>

**8.1.2.3** Out of the total consideration of Rs. 8,600 million, Rs. 3,250 million was paid to the UVPL being the initial consideration. The balance consideration of Rs. 5,350 million was agreed to be paid in cash on a deferred payment basis. If the Company pays the amount after 12 months and before 36 months, the outstanding balance amount shall be paid along with mark-up calculated at the rate of 6 months KIBOR + 0.5% per annum. As at June 30, 2021, payable to UVPL in respect of OBS acquisition amounts to Rs. 260.71 million.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

**8.1.2.4** OBS has authorised share capital of 833 million ordinary shares out of which 325.01 million ordinary share has already been issued, subscribed and fully paid-up. The Company has further subscribed 24 million ordinary shares in OBS at a price of Rs. 300 per share, resulting in aggregate additional investment of Rs. 7,200 million. The purpose for this equity injection in OBS was to set off and swap the finance facility availed by OBS from Habib Bank Limited (HBL), through availing a new finance facility in the form of Musharaka Agreement from HBL itself - refer note 21.1.

**8.1.2.5** The Company has obtained independent valuations for the acquisition of subsidiary from KPMG Taseer Hadi & Co. as at June 30, 2019 in September 2019 and from Ernst & Young Pakistan as at December 31, 2019 in April 2020.

**8.1.2.6** The Company has also provided a call option to UVPL to purchase up to 25% of the issued share capital of OBS within one year of acquisition date. The price for such purchase under the call option shall be the price at which the Company acquired these shares from UVPL as duly adjusted for proportionate amounts of injection or withdrawal of equity from date of acquisition of OBS to the date of exercise of call option.

Based on expert advice, KPMG Taseer Hadi & Co., management believes that the call option does not carry any material fair value as at June 30, 2021.

Subsequent to the year end, the Company has settled the call option of 25% for the amount equivalent to Rs. 600 million - refer note 46.3.

**8.1.2.7** The Board of Directors, in its meeting held on October 27, 2020, authorized to create a pledge upto 14.50 million ordinary shares of IBL HealthCare Limited out of which 14.21 million ordinary shares are pledged in favour of UVPL for securing the Company's obligations towards UVPL.

**8.1.2.8** OBS in extraordinary general meeting held on May 05, 2021, approved the potential listing of its shares on Pakistan Stock Exchange Limited - refer note 46.4.

### **8.1.3 IBL Identity (Private) Limited**

**8.1.3.1** During the year, the Board of Directors of IBL Identity (Private) Limited (IBL Identity) announced a right issue on April 14, 2021 which was subscribed by the Company resulting in the conversion of an interest free loan of Rs 3.48 billion into paid up capital of the Company - refer note 13.6.

**8.1.3.2** On June 28, 2021, the Company sold the 100% share holding in subsidiary - IBL Identity, to UVPL - related party. The said disinvestment was approved by Board of Directors in its meeting held on June 04, 2021 for the total consideration at a price equal to Rs. 3.53 billion which is equivalent to the cost of investment of the Company. Moreover, it was also approved by the shareholders in Extra-Ordinary General Meeting (EOGM) held on June 28, 2021.

Out of the total consideration of Rs. 3.53 billion, Rs. 200 million has been received prior to the year end by the Company being the initial consideration. The balance consideration is receivable in cash as per the agreement in remaining two tranches of Rs. 1 billion and Rs. 2.33 billion on July 15, 2021 and August 31, 2021 respectively. Subsequently, UVPL has requested for payment deferral that has been approved by the Company's Board of Directors.

It has been agreed that upon receipt of the first installment amount, the IBL Identity shall transfer to the Company all the shares, free from encumbrances, together with all rights attaching or accruing to the same, by delivering the relevant share certificates and the duly executed transfer deeds.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

- 8.2** The Company has committed to provide a financial support to Searle Laboratories (Private) Limited, Searle Pharmaceuticals (Private) Limited and IBL Future Technologies (Private) Limited as on June 30, 2021.

2021                      2020  
-----Rupees '000-----

### 9. LONG-TERM LOANS

Secured - considered good - note 9.1	<b>555</b>	1,046
Less: Current portion - shown under loans and advances - note 13	<b>(230)</b>	(688)
	<b>325</b>	358

- 9.1** This represents interest-free loans given to employees other than executives provided for a period of 3.5 years. These are secured against provident fund balances of respective employees.

### 10. LONG-TERM DEPOSITS

These are security deposits held with K-Electric Limited and do not carry any mark up arrangement.

2021                      2020  
-----Rupees '000-----

### 11. INVENTORIES

Raw materials	<b>1,339,632</b>	1,692,248
Packing materials	<b>490,475</b>	383,576
Stores and spares	<b>122,433</b>	132,552
Work-in-process	<b>118,624</b>	133,341
Finished goods	<b>135,734</b>	291,170
	<b>2,206,898</b>	2,632,887

- 11.1** Inventories include inventory in transit amounting to Rs. 645.84 million (2020: Rs. 518.18 million).
- 11.2** Inventories include inventory held by third parties amounting to Rs. 456.81 million (2020: Rs. 560.80 million).

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	-----Rupees '000-----	
<b>12. TRADE RECEIVABLES</b>		
Considered good		
- Export receivables, secured - note 12.5	<b>426,619</b>	448,334
- Due from related parties, unsecured - note 12.1	<b>8,094,376</b>	6,706,017
- Others, unsecured	<b>233,973</b>	647,477
	<b>8,754,968</b>	7,801,828
Considered doubtful - others	<b>150,323</b>	151,915
Less: Allowance for impairment of trade receivables - note 12.7	<b>(150,323)</b>	(151,915)
	<b>-</b>	-
	<b>8,754,968</b>	7,801,828
<b>12.1 Due from related parties, unsecured</b>		
Subsidiary companies - notes 12.2, 12.3 & 12.4		
- Searle Biosciences (Private) Limited	<b>286,531</b>	333,488
- IBL HealthCare Limited	<b>62,606</b>	124,190
- IBL Identity (Private) Limited *	<b>158,859</b>	-
Associated companies - notes 12.2, 12.3 & 12.4		
- IBL Operations (Private) Limited	<b>7,524,202</b>	6,127,993
- IBL Logistics (Private) Limited	<b>58,409</b>	100,894
- United Brands Limited	<b>3,749</b>	11,485
- International Franchises (Private) Limited **	<b>20</b>	20
- IBL Frontier Markets (Private) Limited	<b>-</b>	181
- United Retail (SMC-Private) Limited	<b>-</b>	7,766
	<b>8,094,376</b>	6,706,017

\* with effect from June 28, 2021 IBL Identity (Private) Limited ceased to be subsidiary of the Company.

\*\* with effect from June 18, 2021 International Franchises (Private) Limited ceased to be a related party of the Company.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

**12.2** The maximum aggregate amount of receivable outstanding at any time during the year are as follows:

	2021	2020
	-----Rupees '000-----	
<b>Subsidiary companies</b>		
- Searle Biosciences (Private) Limited	443,105	360,190
- IBL HealthCare Limited	193,527	291,760
- IBL Identity (Private) Limited *	480,771	-
<b>Associated companies</b>		
IBL Operations (Private) Limited	7,743,281	6,161,816
United Brands Limited	12,118	44,428
IBL Logistics (Private) Limited	105,725	107,691
International Franchises (Private) Limited **	20	20
IBL Frontier Markets (Private) Limited	181	181
United Retail (SMC-Private) Limited	-	7,766

\* with effect from June 28, 2021 IBL Identity (Private) Limited ceased to be subsidiary of the Company.

\*\* with effect from June 18, 2021 International Franchises (Private) Limited ceased to be a related party of the Company.

**12.3** These are stated net of amount payable from the following parties:

	2021	2020
	-----Rupees '000-----	
IBL Operations (Private) Limited	219,079	111,820
United Brands Limited	8,369	630
IBL Logistics (Private) Limited	39,533	4,030
	<b>266,981</b>	<b>116,480</b>

**12.4** As at June 30, 2021, the age analysis of these related party receivables is as follows:

	2021	2020
	-----Rupees '000-----	
Not yet due	2,726,065	2,700,265
Past due but not yet impaired		
- 1 to 30 days	1,346,241	1,034,036
- 30 to 90 days	2,386,912	2,403,472
- 90 to 180 days	1,156,161	476,381
- 180 to 365 days	322,582	83,516
- older than 365 days	156,415	8,347
	<b>8,094,376</b>	<b>6,706,017</b>



## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

**12.5** Breakup of export receivables are as follows:

Country	Export Sales	Receivables	Confirmed Letter of Credit	Others
	-----Rupees '000-----			
Afghanistan	1,160,742	221,465	-	221,465
Cambodia	208,046	78,204	78,204	-
Kenya	9,196	5,530	-	5,530
Laos	25,144	5,890	2,650	3,239
Maldives	2,209	-	-	-
Myanmar	105,933	12,407	12,407	-
Oman	28,658	-	-	-
Phillipines	14,708	319	319	-
Rwanda	463	425	-	425
Srilanka	286,330	87,382	87,382	-
Uganda	5,412	-	-	-
Vietnam	63,089	14,997	14,997	-
	<b>1,909,930</b>	<b>426,619</b>	<b>195,959</b>	<b>230,659</b>

**12.6** The Competition Commission of Pakistan (CCP) through its order dated September 13, 2007 instructed the Company to reduce terms of trade credit with IBL Operations (Private) Limited, an associated concern, re-negotiate the offered rate of commission and conduct audit of the transactions. The Company filed a counter case in Honorable High Court of Sindh to revert the order. The Company, based on the opinion of its legal advisor, believes that it has a strong case and the matter would be decided in favour of the Company.

	2021	2020
	-----Rupees '000-----	
<b>12.7</b> Balance at beginning of the year	<b>151,915</b>	152,003
Reversal during the year - net	<b>(1,592)</b>	(88)
Balance at end of the year	<b>150,323</b>	151,915

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	-----Rupees '000-----	
<b>13. LOANS AND ADVANCES – considered good</b>		
Advances to:		
<b>Secured</b>		
- employees for business operations	<b>96,536</b>	86,199
- notes 13.1 & 13.2	<b>25,835</b>	9,288
- employees against salary - notes 13.1 & 13.2		
<b>Unsecured</b>		
- suppliers - note 13.7	<b>379,655</b>	398,544
- against imports - notes 13.3 and 24.1	<b>53,145</b>	55,351
- related parties - note 13.4	<b>780,431</b>	990,102
	<b>1,335,602</b>	1,539,484
Short-term loan to IBL Identity - note 13.6	-	3,171,880
Current portion of long-term loans to employees - note 9	<b>230</b>	688
	<b>1,335,832</b>	4,712,052

**13.1** These advances for business operations are adjusted against submission of actual expenses. Advances against salary are repayable on monthly basis. The maximum aggregate amount of these advances outstanding at any time during the year was Rs.170.17 million (2020: Rs. 135.52 million).

**13.2** Advances given to employees in excess of Rs. 1 million are as follows:

<b>Employee</b>	<b>Amount Rupees '000</b>
Rodney Sham Kumara	5,380
Ghazala Tarannum	2,606
Hafiz Muhammad Shahid	2,500
Ikran Ishaq	2,018
Muhammad Aslam	1,976
Muhammad Naveed	1,604
Danish Ali	1,486
Muhammad Amin	1,346
Muhammad Abbas	1,342
Faisal Naveed	1,173
Ahsan Subhani	1,147
Amir Shahzad Sadiq	1,141
Munir Ahmed	1,135
Abdur Rahim	1,093
Tariq Hanif	1,015
Muhammad Azam	1,006
Muhammad Kashif	1,000

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

**13.3** This includes amount kept with scheduled banks in accordance with the requirement of Circular No. 02 of 2017 of Banking Policy & Regulations Department issued by the State Bank of Pakistan, requiring 100% cash margin on the import of specified items.

**13.4** This represents advance to Searle Biosciences (Private) Limited and Searle Laboratories (Private) Limited - wholly owned subsidiaries amounting to Rs. 779.18 million (2020: Rs. 972.18 million) and Rs. 1.25 million (2020: Rs 17.92 million) respectively. The maximum aggregate amounts outstanding at any time during the year was Rs. 779.18 million (2020: Rs. 975.58 million) and Rs 17.92 million (2020: Rs 17.92 million) respectively. These advances are provided for the purpose of financial assistance and are settled in the ordinary course of business.

**13.5** As at June 30, 2021, the age analysis of these related party loans and advances is as follows:

	2021	2020
	-----Rupees '000-----	
Not yet due	-	-
Past due but not yet impaired		
- 1 to 30 days	450	-
- 30 to 90 days	-	-
- 90 to 180 days	800	-
- 180 to 365 days	-	-
- older than 365 days	779,181	990,102
	<u>780,431</u>	<u>990,102</u>

**13.6** Movement in the short term loan is as follows:

	2021	2020
	-----Rupees '000-----	
Opening as at July 1	3,171,880	3,046,130
Further loan given to subsidiary - net	305,120	125,750
Conversion of loan into equity through right issue - note 8.1.3	(3,477,000)	-
Closing as at June 30	<u>-</u>	<u>3,171,880</u>

**13.7** Advance to supplier is adjustable with respect to inventory and services received from the respective vendors.

	2021	2020
	-----Rupees '000-----	
<b>14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>		
Deposits		
Trade deposits - note 14.1	88,307	79,180
Less: Provision for doubtful deposits	(2,640)	(2,640)
	<u>85,667</u>	<u>76,540</u>
Prepayments	19,684	18,747
	<u>105,351</u>	<u>95,287</u>

**14.1** This includes deposits made to institutions for tender deposit amounting to Rs. 59.3 million (2020: Rs. 65.88 million)

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	-----Rupees '000-----	
<b>15. OTHER RECEIVABLES</b>		
<b>Receivables from related parties</b>		
<i>Due from subsidiary companies - note 15.1</i>		
- IBL Healthcare Limited against:		
Expenses	554	816
Royalty	24,776	12,456
- OBS Pakistan (Private) Limited against:		
Management fee - note 15.9	123,000	252,000
Dividend income - note 15.7	500,000	-
Expenses	12,961	-
Financial assistance	116,000	-
Rental Income - note 33.2	10,614	895
- Searle Biosciences (Private) Limited against:		
Dividend income - note 15.7	64,916	50,000
- IBL Future Technologies (Private) Limited against:		
Financial assistance	1,949	1,949
- Searle Pharmaceuticals (Private) Limited		
Expenses	911	-
-Nextar Pharma (Private) Limited against:		
Expenses - note 15.10	2,279	-
	<b>857,960</b>	<b>318,116</b>
<i>Due from parent company &amp; associated companies note - 15.2</i>		
- IBL Operations (Private) Limited against		
Expenses	20,867	-
Rental Income - note 33.2	3,516	14,738
- IBL Frontier Markets (Private) Limited		
Expenses - note 15.6	24,225	-
- International Brands Limited against:		
Expenses	9,804	-
Rental income - note 33.2	8,526	20,795
Group relief - note 15.4	117,089	54,894
- International Franchises (Private) Limited * against:		
Expenses	21,297	13,749
Rental income - note 33.2	3,438	4,107
- IBL Unisys (Private) Limited against:		
Rental income - note 33.2	163	1,033
Expenses	632	-
- IBL Logistics (Private) Limited against:		
Rental income - note 33.2	1,692	697
- Universal Ventures (Private) Limited against:		
Sale of subsidiary - note 8.1.3.2	3,326,859	-
- United Distributors Pakistan Limited * against:		
Rental income - note 33.2	922	574
Expenses	141	-
	<b>3,539,171</b>	<b>110,587</b>
<b>Balance carried forward</b>	<b>4,397,131</b>	<b>428,703</b>

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	-----Rupees '000-----	
<b>Balance brought forward</b>	<b>4,397,131</b>	428,703
<i>Due from other related parties note - 15.2</i>		
- United Retail (SMC-Private) Limited against:		
Rental income - note 33.2	<b>34,276</b>	274,140
Expenses	<b>1,071</b>	-
- The IBL Company (Private) Limited against:		
Expenses	-	2,440
- Lunar Pharma (Private) Limited against:		
Expenses	-	2,882
Surplus arising under retirement benefit fund - note 15.5	<b>5,250</b>	5,250
<b>Receivables from other than related parties</b>		
Others, considered good - note 15.8	<b>324,870</b>	350,186
	<b>4,762,598</b>	1,063,601

\* with effect from June 18, 2021 International Franchises (Private) Limited and United Distributors Pakistan Limited ceased to be a related party of the Company.

- 15.1** These are settled in the ordinary course of business without any defined payment terms. The maximum aggregate amount outstanding at any time during the year are as follows:

	2021	2020
	-----Rupees '000-----	
IBL Healthcare Limited	<b>79,193</b>	70,007
Searle Biosciences (Private) Limited	<b>190,379</b>	767,164
IBL Future Technologies (Private) Limited	<b>1,949</b>	1,949
Searle Pharmaceuticals (Private) Limited	<b>911</b>	1,982,566
OBS Pakistan (Private) Limited	<b>880,478</b>	252,895
Nextar Pharma (Private) Limited	<b>16,494</b>	-

- 15.2** The maximum aggregate amount outstanding at any time during the year from parent company, associated companies and other related parties are as follows:

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	-----Rupees '000-----	
IBL Operations (Private) Limited	<b>31,319</b>	33,392
International Brands Limited	<b>288,515</b>	75,690
The IBL Company (Private) Limited	-	2,440
International Franchises (Private) Limited *	<b>24,735</b>	17,856
IBL Unisys (Private) Limited	<b>1,478</b>	1,033
IBL Logistics (Private) Limited	<b>1,692</b>	697
United Distributors Pakistan Limited *	<b>1,063</b>	574
United Retail (SMC-Private) Limited	<b>326,889</b>	274,140
Universal Ventures (Private) Limited	<b>3,326,859</b>	-
Lunar Pharma (Private) Limited	-	2,882
IBL Frontier Markets (Private) Limited	<b>24,225</b>	-

\* with effect from June 18, 2021 International Franchises (Private) Limited and United Distributors Pakistan Limited ceased to be a related party of the Company.

**15.3** The age analysis of these related parties except for expense and financial assistance is as follows:

	2021	2020
	-----Rupees '000-----	
Not yet due	<b>3,430,615</b>	103,003
Past due but not yet impaired		
- 1 to 30 days	<b>22,975</b>	26,097
- 30 to 90 days	<b>136,299</b>	30,195
- 90 to 180 days	<b>315,073</b>	94,223
- 180 to 365 days	<b>177,762</b>	178,737
- older than 365 days	<b>137,063</b>	210,689
	<b>4,219,787</b>	642,944

**15.4** This represents excess amount paid in relation to group relief availed, in previous year, by the Company. The amount was paid by the Company on the basis of estimation for the purpose of discharging tax liability as per Income Tax Ordinance, 2001.

**15.5** This represents surplus on funded gratuity scheme discontinued by the Company with effect from December 31, 2012.

**15.6** This relates to rental expenses paid by the Company on behalf of IBL Frontier Market (Private) Limited for their warehouse located at F-405 S.I.T.E, Karachi.

**15.7** This represents interim dividend declared by the Board of Directors of Searle Biosciences (Private) Limited in the meeting held on September 30, 2020 and December 31, 2020, March 31, 2021 and June 30, 2021 and OBS Pakistan (Private) Limited in their meeting held on September 30, 2020 and December 31, 2020.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

- 15.8** This includes Rs. 235.02 million (2020: Rs. 279.12 million) claimed by the Company from Zhejiang Huahai Pharmaceuticals, China (ZHP) relating to its product "Extor" that contains material supplied by ZHP. On July 12, 2018, the Drug Regulatory Authority of Pakistan in response to a review triggered by the European Medicine Agency (EMA) issued drug re-call for "Valsartan" containing products due to the presence of cancer causing impurities. Accordingly, the Company recalled finished product "Extor" amounting to Rs. 221.95 million from the local market and Rs. 97 million from the international market. The impact of the product recall has been set off by the claim raised by the Company against ZHP.

Further, the Company lodged claim of Rs. 881.05 million from ZHP in respect of the overall business loss.

In the prior year, the Company has entered into an agreement with ZHP for settlement of the above claims. As per the agreement, these claims will be settled against future purchases of raw material by the Company from ZHP. These claims will be accounted for when the credit notes for the discounted purchase price are received. Claims amounting to Rs. 44.1 million (2020: Rs. 39.83 million) were settled during the year.

- 15.9** This relates to fees charged to OBS in relation to finance, administration, human resources and other services provided by the Company in the prior year, in accordance with the agreement.
- 15.10** This relates to the payment of salaries made by the Company for the employees of Nextar Pharma (Private) Limited.

### 16. SHORT-TERM INVESTMENT - AT AMORTISED COST

This represents unsecured perpetual term finance certificates which carry markup at the rate of 3 months KIBOR + 1.6% per annum.

	2021	2020
	-----Rupees '000-----	
<b>17. CASH AND BANK BALANCES</b>		
Cash in hand:		
- local currency	150	421
- foreign currency	2,921	5,089
	<b>3,071</b>	5,510
Cheques in hand	19,753	197,976
<b>With banks in:</b>		
<b>Islamic</b>		
- current account - local currency	19,752	11,394
<b>Conventional</b>		
- current account - local currency	60,755	84,384
- current account - foreign currency	349	349
- savings account	-	11
	<b>61,104</b>	84,744
	<b>103,680</b>	299,624

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

### 18. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

#### Authorised share capital

2021	2020		2021	2020
(Number of shares)			-----Rupees '000-----	
<b>300,000,000</b>	300,000,000	Ordinary shares of Rs. 10 each	<b>3,000,000</b>	3,000,000

#### Issued, subscribed and paid up capital

2021	2020		2021	2020
(Number of shares)			-----Rupees '000-----	
<b>40,168,355</b>	12,553,074	Shares allotted for consideration paid in cash - note 18.1	<b>401,683</b>	125,531
<b>24,000</b>	24,000	Shares allotted for consideration other than cash	<b>240</b>	240
<b>199,848,171</b>	199,848,171	Shares allotted as bonus shares	<b>1,998,482</b>	1,998,482
<b>240,040,526</b>	<u>212,425,245</u>		<b>2,400,405</b>	<u>2,124,253</u>

#### 18.1 Movement in issued, subscribed and paid-up share capital

	2021	2020
Ordinary Shares	-----Number of shares-----	
Number of shares outstanding at the beginning of the year	<b>212,425,245</b>	212,425,245
Right shares issued - note 18.3	<b>27,615,281</b>	-
Number of shares outstanding at the end of the year	<b>240,040,526</b>	<u>212,425,245</u>

**18.2** All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

**18.3** On October 27, 2020, the Board of Directors has made a decision regarding the issue of right shares in the ratio of 13 shares for every 100 shares. 14.96 million and 0.01 million shares were subscribed by directors and International Brands Limited respectively at the exercise price of Rs. 170 per share equivalent to the amount of Rs. 2,544.98 million. The general public subscribed 10.71 million shares against the rights issue. However, the remaining unsubscribed 1.94 million shares were allotted to the employees, individuals, directors and corporate entities after obtaining the Board of Directors approval on January 12, 2021.



## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

### 19. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

The revaluation surplus represents net cumulative increase in the carrying amount as a result of revaluation of property, plant and equipment carried at revalued amount.

	2021	2020
	-----Rupees '000-----	
Revaluation surplus at beginning of the year	1,446,517	1,050,800
Surplus arising on revaluation :		
- Leasehold land	998,986	299,665
- Building on Leasehold land	9,229	36,971
- Plant and machinery	425,958	119,258
- Vehicle	21,600	12,620
- Air - conditioning and systems	22,606	2,072
Deferred tax liability on revaluation surplus	(123,037)	(43,901)
	1,355,342	426,685
Net amount transferred to unappropriated profit on account of		
- Incremental depreciation	(71,328)	(43,617)
- Deferred tax on incremental depreciation	20,685	12,649
	(50,643)	(30,968)
	<u>2,751,216</u>	<u>1,446,517</u>

### 20. EMPLOYEE BENEFIT OBLIGATIONS

Staff retirement gratuity - unfunded - note 20.1	<u>53,484</u>	<u>54,994</u>
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#### 20.1 Gratuity scheme - unfunded

##### 20.1.1 General description

As stated in note 2.3.1, the Company operates unfunded gratuity scheme for eligible employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to minimum service under the scheme. The latest actuarial valuation was carried out as at June 30, 2021 using the Project Unit Credit method.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

### 20.1.2 Risk on account of defined benefit plan

The Company faces the following risks on account of defined benefit plans:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Group has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

2021                      2020  
-----Rupees '000-----

### 20.1.3 Statement of financial position reconciliation

Present value of defined benefit obligation	<b>53,484</b>	54,994
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### 20.1.4 Movement in the present value of defined benefit obligation

Obligation as at July 1	<b>54,994</b>	55,820
Current service cost	<b>2,258</b>	2,396
Interest cost	<b>4,334</b>	6,262
Benefits paid	<b>(8,005)</b>	(7,269)
Remeasurements on obligation	<b>(97)</b>	(2,215)
Obligation as at June 30	<b>53,484</b>	54,994

### 20.1.5 Expense recognised in unconsolidated statement of profit or loss and other comprehensive income

Current service cost	<b>(2,258)</b>	(2,396)
Interest cost	<b>(4,334)</b>	(6,262)
	<b>(6,592)</b>	(8,658)

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	-----Rupees '000-----	
<b>20.1.6 Remeasurement recognised in other comprehensive income</b>		
Experience gain	97	2,215

### 20.1.7 Net recognised liability

Balance as at July 1	54,994	55,820
Expense for the year	6,592	8,658
Benefits paid	(8,005)	(7,269)
Remeasurement gain recognised in other comprehensive income	(97)	(2,215)
Balance as at June 30	53,484	54,994

	2021	2020
<b>20.1.8 Actuarial assumptions</b>		
Discount rate used for year end obligation	10.00%	8.50%
Expected rate of increase in salaries	10.00%	8.50%
Retirement age (years)	60 years	60 years

Mortality was assumed to be SLIC (2001-05) for males and females, as the case may be, but rated down by one year.

**20.1.9** The sensitivity of the defined benefit obligation to changes in the weighted average principal assumption is:

	<b>Impact on defined benefit obligation</b>		
	<b>Change in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>
Discount rate at 30 June	1%	(4,102)	4,628
Future salary increases	1%	5,109	(4,584)

**20.1.10** If longevity increases by 1 year, the resultant increase in obligation is insignificant.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

**20.1.11** The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the gratuity liability recognised within the unconsolidated statement of financial position.

**20.1.12** As per actuarial advice, the Company is expected to recognise a service cost of Rs. 7.59 million in 2022.

**20.1.13** The weighted average service duration of employees is 7.4 years.

At June 30, 2021	Between				Over 10 years
	Less than a year	1 - 2 years	2 - 5 years	5 - 10 years	
	------(Rupees '000)-----				
<b>Gratuity Funds</b>	476	6,154	6,157	25,386	36,860

	2021	2020
	-----Rupees '000-----	

### 21. LONG-TERM BORROWINGS

#### Islamic

Musharaka Facility - notes 21.1, 21.2, 21.3, 21.4  
Salary refinancing - note 21.5

9,537,892	-
112,593	316,000
<b>9,650,485</b>	<b>316,000</b>

**21.1** The Company has obtained a musharaka facility from Habib Bank Limited (Musharaka Agent) for a period of 7 years with a repayment grace period of two years. The Company is required to repay the amount of the loan in quarterly installments, starting from September 2022. However, on February 24, 2021, the Company has repaid the loan amounting to Rs. 800 million to its Musharaka Agent. This facility carries a mark-up of three months KIBOR plus 1.35%.

**21.2** During the year new musharaka participants were added which are as follows:

Names of participants:	Original Share	Revised Share
Habib Bank Limited	100%	52.29%
Pakistan Kuwait Investment Company (Private) Limited	-	10.37%
Bank of Khyber	-	10.37%
Pakistan China Investment Company (Private) Limited	-	10.37%
Bank Alfalah Limited	-	16.60%

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

**21.3** This borrowing facility is secured against the following properties:

Particulars	Address	Land Area square yards
<b>The Company:</b>		
One IBL Building Center (classified as Investment Property of the Company)	Block 7 & 8 Delhi Mercantile Co-operative Housing Society , Tipu Sultan Road Off Shahrah-e-Faisal, Karachi.	5,291
<b>Parent Company:</b>		
International Brands Limited - note 21.3.1	Plot # 39, Korangi Industrial Area, Karachi.	37,778
<b>Subsidiaries:</b>		
IBL HealthCare Limited	Plot # 24/3, 24/4 and 24/4 - A , Block 7 & 8 Delhi Mercantile Co-operative Housing Society , Tipu Sultan Road Off Shahrah- e-Faisal, Karachi.	2,260
OBS Pakistan (Private) Limited	Land, Building and Plant and Machinery on plot # C- 14, S.I.T.E, Karachi	14,375
<b>Third Party property</b>		
Mr. Asad Abdulla	Plot # 30/1 and 353 at Deh Digh Malir, Karachi	8,804

**21.3.1** During the year, the Parent Company has sold the property situated at Korangi and accordingly after obtaining no objection certificate from the musharaka agent the property has been released from total securities provided against the loan.

2021                      2020  
-----Rupees '000-----

### 21.4 Loan movement

Loan obtained during the period	10,441,500	-
Transaction cost	(117,989)	-
Amortisation of transaction cost	14,381	-
Repayment	(800,000)	-
	<b>9,537,892</b>	<b>-</b>

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

### 21.5 Salary refinancing

This represents salary financing obtained under SBP payroll refinance facility as a part of measures for countering economic hardships faced by the businesses during COVID-19 pandemic. The Company will pay a quarterly mark up at a discounted rate of 3% per annum, with eight equal quarterly instalments starting from January 2021. The loan is secured by way of equitable mortgage on land and building of the Company.

	2021	2020
	-----Rupees '000-----	
Balance at beginning of the year	<b>316,000</b>	-
Loan obtained during the year	-	535,500
Less: Deferred income - Government grant - note 22	-	(85,712)
Classified in short term borrowings - note 25	<b>(225,187)</b>	(133,875)
Unwinding of discount on salary refinancing	<b>21,780</b>	87
Balance at end of the year	<b>112,593</b>	316,000

**21.5.1** The facility is a sublimit of running musharaka obtained from Dubai Islamic Bank.

	2021	2020
	-----Rupees '000-----	

### 22. DEFERRED INCOME - GOVERNMENT GRANT

Balance as at July 01,	<b>77,141</b>	-
Recognised during the year	-	85,712
Deferred income recognised during the year - note 33	<b>(34,285)</b>	(8,571)
	<b>(34,285)</b>	77,141
Less: current portion of deferred income - note 24	<b>(34,285)</b>	(34,285)
Balance as at June 30,	<b>8,571</b>	42,856

**22.1** This represents deferred grant recognised in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance' in respect of SBP's Refinance Scheme for Payment of Wages and Salaries and the Islamic Temporary Economic Refinance Facility obtained at concessionary rates. The Company has fulfilled the criteria of the said loans and have accordingly recognised the grant income in the statement of profit or loss account.

	2021	2020
	-----Rupees '000-----	

### 23. LEASE LIABILITY

Lease liabilities under IFRS 16 - note 23.1 & 23.2	<b>97,508</b>	132,965
Non Current portion	<b>93,092</b>	121,545
Current portion	<b>4,416</b>	11,420

#### 23.1 Maturity analysis of lease liabilities

Upto 1 year	<b>4,416</b>	11,420
1 - 5 years	<b>32,961</b>	63,952
More than 5 years	<b>60,131</b>	57,593
	<b>97,508</b>	132,965

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

**23.2** Following is the carrying amount of lease liabilities and the movement during the year:

	2021	2020
	-----Rupees '000-----	
Balance as at July 01	<b>132,965</b>	-
Initial Recognition	-	141,421
Derecognition of lease liability	<b>(29,496)</b>	-
Interest expense	<b>16,917</b>	20,412
Payments	<b>(22,878)</b>	(28,868)
Balance as at June 30	<b>97,508</b>	132,965

**23.3** Finance cost on lease liabilities for the year ended June 30, 2021 was Rs. 16.92 million (2020: Rs. 20.41 million). Total cash outflow for leases was Rs. 22.88 million (2020 : Rs. 28.87 million). The lease liability was measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 15.48%.

**23.4** During the year, Company has paid an advance amounting to Rs 145 million out of Rs. 230 million for the purchase of building, plant and machinery situated at Port Qasim, as per the agreement dated December 24, 2020. Previously, the Company has recognised the lease liability on such assets as per the rental agreement. However, as per the new purchase agreement, the Company will continue to pay rentals till December 2021. Therefore, the Company has derecognised lease liability amounting to Rs. 29.50 million. For remaining period, the Company has opted for exception provided in IFRS 16 for short term leases and has recorded the plant as an operating lease. Rental expense relating to such plant and machinery is recognised in "cost of sales".

## **24. TRADE AND OTHER PAYABLES**

	2021	2020
	-----Rupees '000-----	
Creditors	<b>291,865</b>	299,137
Bills payable in foreign currency	<b>393,192</b>	481,130
Payable to related parties - note 24.1	<b>96,116</b>	180,585
Royalty payable - note 24.2	<b>35,638</b>	21,935
Accrued liabilities	<b>1,543,889</b>	1,154,741
Payable to provident fund - notes 24.3 and 24.4	<b>25,377</b>	10,946
Deferred income - note 22	<b>34,285</b>	34,285
Deferred payable to UVPL - related party - note 24.9	<b>260,712</b>	-
Advance from customers - unsecured	<b>50,293</b>	14,029
Accrued mark-up - note 24.6	<b>185,143</b>	208,096
Taxes deducted at source and payable to statutory authorities	<b>64,326</b>	61,678
Workers' Profits Participation Fund - note 24.7	<b>147,552</b>	178,920
Workers' Welfare Fund - note 24.8	<b>59,738</b>	72,560
Other liabilities	<b>25,746</b>	36,055
	<b>3,213,872</b>	2,754,097

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

**24.1** This include payable to related parties which are as follows:

	2021	2020
	-----Rupees '000-----	
<b>Parent Company:</b>		
International Brands Limited	7,116	89,577
<b>Subsidiary Companies:</b>		
Searle Pharmaceuticals (Private) Limited	-	4,290
Searle Laboratories (Private) Limited	4,740	6,800
IBL Identity (Private) Limited * - note 24.5	51,374	78,050
IBL HealthCare Limited - note 24.1.1, 24.1.2 and 24.1.3	29,667	-
OBS Pakistan (Private) Limited - note 24.1.4	3,034	-
	<b>88,815</b>	89,140
<b>Associated Companies:</b>		
United Brands Limited	-	1,618
United Distributors Pakistan Limited	-	250
	-	1,868
<b>Other related parties:</b>		
IBL Frontier Markets (Private) Limited	113	-
United Retail (SMC-Private) Limited	72	-
	185	-
	<b>96,116</b>	<b>180,585</b>

\* with effect from June 28, 2021 IBL Identity (Private) Limited ceased to be subsidiary of the Company.

**24.1.1** This includes payable to IBL HealthCare Limited - subsidiary on account of discounts offered by the Company against Diazic Syrup.

**24.1.2** This includes advance from customers of IBL HealthCare Limited - subsidiary amounting to Rs. 18.93 million.

**24.1.3** This includes amount of Rs. 7.63 million received from IBL HealthCare Limited - subsidiary on account of bank guarantee.

**24.1.4** This includes payable to OBS Pakistan (Private) Limited - subsidiary amounting to Rs. 2.02 million on account of purchase of raw material and promotional expenses incurred on behalf of the Company.

**24.2** This includes royalty payable to M/s Sanofi Winthrop Industrie as per agreement.

**24.3** The investment in listed equity securities out of the provident fund is in excess of the limit prescribed under the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder. However, the fund is in the process of ensuring compliance with the prescribed limits.

**24.4** This includes markup on loan obtained from employees provident fund of the Company - related party, carrying markup at the rate of 15% per annum amounting to Rs. 13.9 million.

**24.5** This includes payable amounting to Rs. 27.6 million on account of purchase of fixtures and fittings and Rs. 22.6 million against rent paid on behalf of the Company.



## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	-----Rupees '000-----	
<b>24.6 Accrued mark-up</b>		
Accrued mark-up on:		
- long-term borrowing	17,135	2,678
- short-term borrowing - note 24.6.1	168,008	205,418
	<b>185,143</b>	208,096
<b>24.6.1</b>	This includes markup on loan obtained from employees provident fund of OBS Pakistan (Private) Limited - subsidiary, carrying markup at the rate of 15% per annum amounting to Rs. 1.56 million.	
<b>24.7 Workers' Profit Participation Fund</b>	2021	2020
	-----Rupees '000-----	
Balance at beginning of the year	178,920	149,417
Charge for the year - note 32	147,102	178,470
	<b>326,022</b>	327,887
Interest on funds utilised in Company's business - note 34	13,505	15,357
Payments made during the year	(191,975)	(164,324)
	<b>147,552</b>	178,920
<b>24.8 Workers' Welfare Fund</b>		
Balance at beginning of the year	72,560	16,342
Charge for the year - note 32	39,678	56,218
	<b>112,238</b>	72,560
Payments made during the year	(52,500)	-
Balance at end of the year	<b>59,738</b>	72,560
<b>24.9 Deferred payable to Universal Ventures Private Limited</b>	2021	2020
	-----Rupees '000-----	
Deferred payment on account of purchase of subsidiary - note 8.1.2.1	5,350,000	-
Payments during the year	(5,089,288)	-
Closing as at June 30,	<b>260,712</b>	-

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	-----Rupees '000-----	
<b>25. SHORT-TERM BORROWINGS</b>		
<b>Secured borrowings</b>		
<b>Conventional</b>		
Running finance facility - note 25.1	1,548,476	874,828
Demand Finance - note 25.2	113,333	-
	<b>1,661,809</b>	874,828
<b>Islamic</b>		
Running Musharaka - note 25.1 and 25.3	3,901,614	3,586,943
Current portion of long-term borrowings	225,187	133,875
	<b>4,126,801</b>	3,720,818
	<b>5,788,610</b>	4,595,646
<b>Unsecured borrowings</b>		
IBL Future Technologies (Private) Limited - note 25.5	200,000	200,000
Employees provident fund - related party	-	161,000
Employees provident fund - OBS Pakistan (Private) Limited - related party	-	18,000
	<b>5,988,610</b>	4,974,646

- 25.1** The Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 6,725 million (2020: Rs. 4,925 million) which include financing facilities obtained under Islamic mode amounting to Rs. 5,175 million (2020: Rs. 4,075 million). The arrangements are secured jointly by registered mortgage of Rs. 1,681.25 million (2020: Rs. 1,126.96 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs. 9,990.42 million (2020: Rs. 6,889.23 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).
- 25.2** The Company has obtained a demand finance facility for a period of six months having a markup of one month KIBOR plus 2%.
- 25.3** The amount utilised under the Islamic mode of financing amounted to Rs. 4,222.79 million (2020: Rs. 3,977.03 million).
- 25.4** The rates of mark-up / profit ranged between 0.75% to 14.74% (2020: 2.75% to 15.60%) per annum.
- 25.5** This represents interest free loan which is repayable on demand.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

### 26. UNPAID DIVIDEND

This consists of unpaid dividend on account of:

	Rupees '000
- Bonus shares withheld - note 26.1	130,728
- Unavailability of bank details	32,608
- Others	260
	163,596

**26.1** This includes dividend on bonus shares withheld pertaining to 125 shareholders on which stay from the Honorable High Court of Sindh has been obtained - refer note 8.1.1.

### 27. CONTINGENCIES AND COMMITMENTS

#### 27.1 Contingencies

	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
<b>27.1.1</b>	High Court of Sindh	During the year ended June 30, 2014, Sindh Revenue Board (SRB) had imposed sales tax on toll manufacturing at the rate of 16% of sales value. The cumulative such sales tax amounts to Rs. 354.97 million. The matter has been contested in the High Court of Sindh.	The Company and The Federation of Pakistan	05-Mar-14
<b>27.1.2</b>	High Court of Sindh	Section 5A of Income Tax Ordinance, 2001 inserted through Section 5(3) of the Finance Act, 2015 requires the Company to charge income tax @ 10% on the reserves of the Company where they exceed an amount equivalent to the paid up capital. The Company has filed a suit for declaration and permanent injunction before the Court challenging the vires of the above said section.	The Company and The Federation of Pakistan	15-Sep-15
		The Court passed an interim orders restraining the defendants from taking any coercive action as prayed. The case is at the stage of hearing of applications. The charge for the tax year 2016 amounts to Rs. 283.08 million.		

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

	<b>Name of the court, agency or authority</b>	<b>Description of the factual basis of the proceeding and relief sought</b>	<b>Principal parties</b>	<b>Date instituted</b>
<b>27.1.3</b>	High Court of Sindh	<p>The Company has challenged the levy of Sindh Sales Tax on services of renting of immovable property which has been categorised as renting services by the SRB.</p> <p>The Company has challenged the levy on constitutional grounds taking the stance that renting of immovable property is not a "service" and therefore does not fall within the competence of SRB to tax through the Sindh Sales Tax on Services Act, 2011.</p> <p>Further, the Company has also taken the stance that the collection mechanism is ultra vires to the Act and therefore no coercive measures can be adopted against the Company for the collection of the impugned levy.</p> <p>The High Court of Sindh, on the basis of the representations made, has been pleased to grant an ad interim order to the Company restraining the defendants from taking any coercive action against the Company. The matter is presently pending on hearing of the case. The cumulative amount of such sales tax is Rs. 42.9 million.</p>	The Company and Province of Sindh	15-Jan-16
<b>27.1.4</b>	High Court of Sindh	<p>A suit was filed to challenge the imposition of Sales Tax under Sales Tax Act, 1990 with respect to raw material being used for manufacturing pharmaceutical products inspite of such raw material being exempt in view of Entry No. 105 of the Sixth schedule of the Act.</p> <p>The Court issued interim orders restraining the defendants from collecting sales tax on raw material imported by the Company. It has been further asserted that the term "manufacture", as stated in Sub-section 16 of Section 2 of the Sales Tax Act, 1990, adequately covers the present activity and exempts the Company from payment of Sales Tax on the Packaging utilised in the manufacture of drugs/pharmaceuticals. The case is at the stage of hearing of applications. The cumulative impact of this levy amounts to Rs. 31.6 million.</p>	The Company and The Federation of Pakistan	2014

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

	<b>Name of the court, agency or authority</b>	<b>Description of the factual basis of the proceeding and relief sought</b>	<b>Principal parties</b>	<b>Date instituted</b>
<b>27.1.5</b>	High Court of Sindh	The Company has filed a petition against tax on bonus shares in the High Court of Sindh and expects a favourable outcome. For further detail, refer note 8.1.1 of these unconsolidated financial statements.	The Company and The Federation of Pakistan	11-Nov-15
<b>27.1.6</b>	High Court of Sindh	Exemption provided to the companies falling under Group Relief (section 59B of Income Tax Ordinance, 2001), from tax on intercorporate dividend as mentioned under Clause 103A of Part I of the Second Schedule of the Income Tax Ordinance, 2001, is not applicable now on account of deletion of Section 59B from the said clause, through the Finance Act, 2016.  The Company has filed petition against withholding tax on dividend received from the subsidiary companies in the High Court of Sindh and has obtained a stay order against the same. The total cumulative amount of withholding tax is Rs. 1,171.16 million.	The Company and The Federation of Pakistan	2017 to 2020
<b>27.1.7</b>		The Company is in the process of filing an appeal in Supreme Court of Pakistan against imposition of super tax and expects a favourable outcome. For further details, refer note 35.3.2 of these unconsolidated financial statements.		
<b>27.1.8</b>		The management, based on legal advice, is confident that the ultimate decisions in the above cases (notes 27.1.1 to 27.1.7) will be in favour of the Company, hence no provision has been made in respect of the aforementioned litigations.		

### **27.2 Commitments**

**Rupees '000**

#### **27.2.1** Commitments in respect of capital expenditures

Property, plant and equipment  
Investment property

**85,000**

**5,000**

**90,000**

#### **27.2.2** Post-dated cheques issued in favour of Collector of Customs for import of inventory at June 30, 2021 amounted to Rs. 25 million (2020: Rs. nil).

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

**27.2.3** The facility for opening letters of credit and guarantees as at June 30, 2021 amounted to Rs. 2,755 million (2020: Rs. 2,105 million) of which the amount remaining unutilised as at year end amounted to Rs. 1,489.63 million (2020: Rs. 1,494 million).

2021                      2020  
-----Rupees '000-----

### 28. REVENUE FROM CONTRACTS WITH CUSTOMERS

Gross sales		
Local sale of goods - note 28.3	<b>15,868,924</b>	15,792,032
Export sales	<b>2,374,288</b>	2,299,165
	<b>18,243,212</b>	18,091,197
Toll manufacturing	<b>276,841</b>	285,000
	<b>18,520,053</b>	18,376,197
Sales tax	<b>(55,560)</b>	(61,393)
	<b>18,464,493</b>	18,314,804
Less:		
Trade discount	<b>951,848</b>	1,117,918
Sales returns	<b>943,049</b>	629,667
	<b>1,894,897</b>	1,747,585
	<b>16,569,596</b>	16,567,219

#### 28.1 Geographical Markets

Pakistan	<b>14,663,584</b>	14,673,193
Afganistan	<b>1,156,772</b>	869,770
Srilanka	<b>286,330</b>	327,298
Cambodia	<b>208,046</b>	194,358
Myanmar	<b>105,933</b>	257,998
Vietnam	<b>63,140</b>	143,453
Oman	<b>28,658</b>	39,517
Laos	<b>25,144</b>	15,002
Others	<b>31,989</b>	46,630
	<b>16,569,596</b>	16,567,219

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

**28.2** Revenue from IBL operations (Private) Limited - related party represents approximately Rs. 14.15 billion (2020: Rs. 13.73 billion) which constitute 80.63% of the Company's total gross revenue.

**28.3** Consequent to Order 4480/2018 dated August 3, 2018 issued by the Honourable Supreme Court of Pakistan, the Drug Regulatory Authority of Pakistan (DRAP) fixed maximum retail price of drugs vide notification S.R.O 1610/2018 dated December 31, 2018. Further, DRAP vide Notification S.R.O 34(1)/2019 dated January 10, 2019 increased the maximum retail prices of drugs by nine percent over and above the maximum retail prices as determined under hardship category during the year 2018 and fifteen percent over and above existing maximum retail prices determined under Drug Pricing Policy, 2018 for drugs other than those specified under hardship category.

The Honorable High Court of Sindh vide Order dated January 22, 2019 has disposed off all the legal cases of the Company against DRAP. As mandated under the orders dated August 3, 2018 and November 14, 2018 passed by the Honourable Supreme Court of Pakistan in Human Rights Case No. 2858 of 2006, the Company may file an appeal before the Appellate Board of DRAP as provided under Section 9 of the Drugs Act, 1976, if the Company is dissatisfied by the prices fixed by DRAP.

Consequent to the above, the Company challenged the prices for four of its products namely, Peditral, Gravinite, Metodine and Hydryllin set by DRAP in its Appellate Board and the Appellate Board under its orders dated 18 June, 20 June and 25 June 2019 rejected the said application of the Company. The Company has challenged the said orders in the Honourable High Court of Sindh and an interim order has been passed restricting DRAP from taking any coercive action against the Company.

During the year, the Company has received a notice from DRAP which directed the Company having generic brand name, named Co- Extor, to lower their prices by 15% than that of corresponding originator brands vide its letter dated May 05, 2021 regarding the sale of its product "Co-Extor" for selling at the prices higher than the approved prices of DRAP. The Company has challenged the said order and obtained a stay order dated May 20, 2021 from Honourable High Court of Sindh, restricting DRAP from taking any coercive action against the Company.

During the year, the Company has received an annual price adjustment on all of its products at a rate of 7% on essential products and 10% on other products based on CPI 2020.

Exposure of the Company due to abovementioned litigations amounted to Rs. 1.76 billion (2020: Rs. 1.27 billion).

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

29. COST OF SALES	2021	2020
	-----Rupees '000-----	
Raw and packing material consumed	<b>5,055,103</b>	5,565,668
Processing charges	<b>525,942</b>	729,111
Salaries, wages and benefits	<b>562,568</b>	470,638
Provision for staff gratuity (unfunded)	<b>2,809</b>	4,779
Provident fund contribution	<b>18,465</b>	16,489
Inventory written off - note 29.1	<b>93,833</b>	29,263
Carriage and duties	<b>59,740</b>	49,850
Fuel, water and power	<b>242,664</b>	207,792
Rent, rate and taxes	<b>108,942</b>	85,418
Canteen expenses	<b>35,657</b>	33,711
Stationery and supplies	<b>52,311</b>	53,032
Travelling	<b>29,399</b>	37,173
Repairs and maintenance	<b>259,674</b>	198,588
Security expenses	<b>10,659</b>	11,062
Vehicle expenses	<b>8,834</b>	8,286
Insurance	<b>6,848</b>	5,925
Legal and professional charges	<b>21,698</b>	19,808
Depreciation	<b>216,392</b>	191,872
Medical expenses	<b>8,043</b>	8,087
Research cost	<b>70,386</b>	76,990
Others	<b>10,476</b>	11,578
Add: Opening work-in-process	<b>133,341</b>	96,524
Less: Closing work-in-process	<b>(118,624)</b>	(133,341)
<b>Cost of goods manufactured</b>	<b>7,415,160</b>	7,778,303
Add: Opening inventory of finished goods	<b>291,170</b>	489,744
Add: Finished goods purchased	<b>647,289</b>	425,360
Less: Closing inventory of finished goods	<b>(135,734)</b>	(291,170)
	<b>8,217,885</b>	8,402,237
Less: Cost of samples	<b>(196,994)</b>	(107,050)
<b>Cost of sales</b>	<b>8,020,891</b>	8,295,187

**29.1** This amount represents expired inventory written off.



## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	-----Rupees '000-----	
<b>30. DISTRIBUTION COSTS</b>		
Salaries, wages and benefits	<b>1,262,062</b>	1,237,951
Advertising and promotion	<b>575,628</b>	620,503
Travelling and related	<b>470,000</b>	447,124
Carriage and duties	<b>362,307</b>	301,889
Bonus to salesmen	<b>299,549</b>	263,272
Samples	<b>382,079</b>	254,158
Stationery and printed materials	<b>89,267</b>	84,091
Vehicle running	<b>94,095</b>	68,460
Personal training and selection	<b>96,129</b>	94,330
Legal and professional	<b>57,729</b>	53,428
Service charges - note 30.1	<b>35,882</b>	97,696
Fees and subscription	<b>54,456</b>	51,099
Communication	<b>29,004</b>	23,964
Provident fund contribution	<b>42,011</b>	36,010
Royalty	-	1,587
Insurance	<b>15,065</b>	12,502
Depreciation	<b>40,262</b>	26,959
Medical expenses	<b>27,297</b>	19,248
Replacement products	<b>69,248</b>	18,379
Rent, rate and taxes	<b>62,834</b>	28,771
Repairs and maintenance	<b>2,533</b>	4,833
Fuel, water and power	<b>15,080</b>	10,170
Receivable no longer recoverable written off - note 30.2	<b>11,615</b>	-
Canteen expenses	<b>4,271</b>	2,444
Security expenses	<b>3,643</b>	1,191
Others	<b>4,562</b>	2,540
	<b>4,106,608</b>	3,762,599

**30.1** These service charges mainly comprise of payments made to distributors for sale to institutions as per the agreement.

**30.2** During the year, the Company has recovered Rs. 1 million and has written off the receivable and payable balance from a same party - Heinz amounting to Rs. 86.13 million and Rs. 73.51 million respectively.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	-----Rupees '000-----	
<b>31. ADMINISTRATIVE EXPENSES</b>		
Salaries, wages and benefits	<b>313,692</b>	274,809
Corporate services charged by Parent Company	<b>240,000</b>	240,000
Legal and professional charges	<b>43,922</b>	64,197
Donation - notes 31.1, 31.2 and 31.3	<b>184,215</b>	144,442
Depreciation	<b>86,973</b>	82,179
Reversal of impairment allowance for trade receivables	<b>(1,592)</b>	(88)
Repairs and maintenance	<b>62,392</b>	56,860
Rent, rate and taxes	<b>19,161</b>	29,597
Stationery and supplies	<b>16,002</b>	12,301
Amortisation - note 6	<b>42,502</b>	44,033
Fuel, water and power - note 33.3	-	1,846
Insurance	<b>39,527</b>	37,198
Travelling	<b>21,553</b>	22,326
Auditors' remuneration - note 31.4	<b>19,696</b>	13,910
Fees and subscription	<b>33,473</b>	7,258
Vehicle expenses	<b>8,831</b>	10,576
Canteen expenses	<b>1,912</b>	2,150
Provident fund contribution	<b>9,995</b>	8,920
Communication	<b>18,598</b>	8,325
Security expenses	<b>1,529</b>	3,686
Medical expenses	<b>3,609</b>	3,593
Provision for staff gratuity (unfunded)	<b>3,482</b>	3,879
Personal training and selection	<b>322</b>	675
Others	<b>13,736</b>	9,228
	<b>1,183,530</b>	1,081,900

**31.1** Donations to a single party exceeding 10% of total donations i.e. Rs. 18.42 million are as follows:

	2021	2020
	-----Rupees '000-----	
Arts Council of Pakistan	<b>25,312</b>	21,625
Sabaq Learning Foundation - related party	<b>30,000</b>	15,000

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

**31.2** During the year, the Company also donated Rs. 32.32 million to its other related parties:

	2021	2020
	-----Rupees '000-----	
Indus Hospital	5,000	10,000
AKAR Hospital	17,323	8,374
Hunar Foundation	10,000	11,500
	<b>32,323</b>	<b>29,874</b>

**31.3** Following directors' interest in the above related parties is limited to the extent of their involvement as directors:

Name of Related Party	Association
- Indus Hospital	Mr. Adnan Asdar Ali - member of General Body
- Hunar Foundation	Mr. Adnan Asdar Ali - Director
- Sabaq Learning Foundation	Mr. Adnan Asdar Ali - Trustee

Moreover, the AKAR Hospital is being managed by the management of the Company.

**31.3.1** The Directors or their spouse have no interest in any other donee entity.

	2021	2020
	-----Rupees '000-----	
<b>31.4 Auditors' remuneration</b>		
Audit fee (including consolidation)	4,000	3,600
Fee for review of interim financial information and Statement of Compliance with Code of Corporate Governance	1,245	900
Taxation services	7,200	7,600
Other assurance services	5,000	-
Other certifications, attestations and other services	1,780	1,420
Out-of-pocket expenses	471	390
	<b>19,696</b>	<b>13,910</b>

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	-----Rupees '000-----	
<b>32. OTHER EXPENSES</b>		
Workers' Profits Participation Fund - note 24.7	<b>147,102</b>	178,470
Workers' Welfare Fund - note 24.8	<b>39,678</b>	56,218
Central Research Fund - note 32.1	<b>20,036</b>	27,153
	<b>206,816</b>	261,841
<b>32.1</b> This includes prior year charge amounting to Rs. 2.3 million.		
<b>33. OTHER INCOME</b>		
<b>Income from financial assets - related parties</b>		
<b>Dividend income - subsidiary companies</b>		
IBL HealthCare Limited	<b>78,018</b>	39,009
Searle Biosciences (Private) Limited	<b>233,000</b>	332,000
OBS Pakistan (Private) Limited	<b>500,000</b>	-
<b>Income from financial assets - others</b>		
Interest Income from Term Finance Certificates	<b>9,122</b>	14,543
	<b>820,140</b>	385,552
<b>Income from non-financial assets</b>		
Facility management fee - note 33.1	-	252,000
Rental income from investment property - note 33.2	<b>105,313</b>	94,636
Government grant - note 22	<b>34,285</b>	8,571
Income from provision of amenities in respect of investment properties - note 33.3	<b>18,127</b>	-
Exchange gain - net	-	19,664
Gain on derecognition of lease liability - note 23.4	<b>2,174</b>	-
Gain on disposal of property, plant and equipment	<b>17,105</b>	1,392
Scrap sales	<b>8,140</b>	18,370
	<b>185,144</b>	394,633
<b>Others</b>	-	92
	<b>1,005,284</b>	780,277

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

**33.1** During the year, after acquiring 100% paid-up capital of OBS Pakistan (Private) Limited - subsidiary the Company did not charge for the provision of finance, administration, human resources and other services from its subsidiary.

	2021	2020
	-----Rupees '000-----	
<b>33.2</b> This includes rental income from related parties, which are as follows:		
- United Retail (SMC- Private) Limited	<b>39,989</b>	32,055
- International Brands Limited	<b>13,919</b>	13,048
- International Franchises (Private) Limited *	<b>12,186</b>	12,651
- IBL Operations (Private) Limited	<b>13,416</b>	13,612
- IBL Logistics (Private) Limited	<b>995</b>	697
- IBL Healthcare Limited	<b>3,208</b>	1,204
- IBL Unisys (Private) Limited	<b>1,853</b>	695
- United Distributors Pakistan Limited *	<b>349</b>	408
- OBS Pakistan (Private) Limited	<b>7,800</b>	2,814
	<b>93,715</b>	77,184

\* with effect from June 18, 2021 International Franchises (Private) Limited and United Distributors Pakistan Limited have ceased to be a related party.

**33.3** This amount is stated net of charges pertaining to utilities utilized by the tenants.

**33.4** The Company has recorded dividend income amounting to Rs. 32 million from wholly owned subsidiary IBL Identity (Private) Limited \*, in the financial statements up to the period ended March 31, 2021. However, the said dividend has not been received by the Company and such dividend income has been reversed.

\* with effect from June 28, 2021 IBL Identity (Private) Limited ceased to be subsidiary of the Company.

	2021	2020
	-----Rupees '000-----	
<b>34. FINANCE COST</b>		
Bank charges	<b>34,863</b>	23,933
Interest on Workers' Profits Participation Fund - note 24.7	<b>13,505</b>	15,357
Interest on:		
Employees provident fund - related party	<b>13,887</b>	9,196
Employees provident fund - OBS Pakistan (Private) Limited - related party	<b>1,561</b>	1,036
Exchange loss - net	<b>41,519</b>	-
Mark-up on:		
- Long-term Borrowings - note 34.1		
Musharaka facility	<b>755,728</b>	-
Salary refinancing	<b>14,700</b>	2,678
- Short-term borrowing - note 34.1	<b>407,906</b>	568,792
Unwinding of discount on salary refinancing	<b>21,780</b>	87
Interest on lease liabilities	<b>16,917</b>	20,412
	<b>1,322,366</b>	641,491

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

- 34.1** The amount of profit expense under Islamic mode of financing amounted to Rs. 1,118.64 million (2020: Rs. 497.09 million).

2021                      2020  
-----Rupees '000-----

### 35. INCOME TAX EXPENSE

Current tax

For the year	<b>661,572</b>	854,474
Prior year (reversal) / charge - note 35.2	<b>(91,922)</b>	81,925
Deferred tax expense / (income) - note 7	<b>42,095</b>	(86,998)
	<b>611,745</b>	849,401

2021		2020	
Effective tax rate %	Rupees '000	Effective tax rate %	Rupees '000

#### 35.1 Relationship between tax expense and accounting profit

Profit before income tax		<b>2,734,669</b>		3,304,478
Tax at applicable rate of 29% (2020: 29%)	<b>29%</b>	<b>793,054</b>	29%	958,299
Effect of:				
- final tax regime	<b>-7%</b>	<b>(183,418)</b>	-5%	(175,541)
- minimum tax	<b>4%</b>	<b>115,518</b>	3%	96,770
- tax credit	<b>-1%</b>	<b>(21,487)</b>	-1%	(25,054)
- Prior year (reversal) / charge	<b>-3%</b>	<b>(91,922)</b>	2%	81,925
- others	<b>0%</b>	<b>-</b>	-3%	(86,998)
	<b>22%</b>	<b>611,745</b>	26%	849,401

- 35.2** In the prior year, the Company has charged tax provision, availing the benefits of group relief under section 59 of Income Tax Ordinance 2001 from associated companies, on the bases of estimated losses. However, the amount of losses were changed after the audit of financial statements for the year ended June 30, 2020 of the respective companies.

#### 35.3 Current status of tax assessments

##### Tax Years 2009 to 2017

- 35.3.1** Deemed order under Section 120 of the Income tax Ordinance, 2001 for the above tax years were amended, where certain expenses / benefits were disallowed which mainly includes disallowance due to non-deduction of tax on Distributors margin, eligibility of claim made for Group Relief, finance cost on long-term loan as not being related to business income, receipts on termination of contract, advertisement expenses, salesman bonuses, bonus shares, discount given to group company, deemed interest income on interest-free loan given to group company and other expenses meeting the criteria of Section 21(c) of the Income Tax Ordinance, 2001 with reference to deduction of tax.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

Out of the above, the majority of the issues have been decided in favour of the Company either by Commissioner Appeals or by ATIR in its decision for tax year 2008. Considering this position and in consultation with its tax advisors, the management is of the view that above issues will also be decided in favour of the Company. The impact of the above mentioned orders pending resolution amounts to approximately Rs. 624.95 million, except for the tax years 2009 to 2013 and 2017 for which the appeal effect orders are awaited.

The Company has obtained stay orders from Honorable High Court of Sindh for the tax years 2014, 2015 and 2017 and for tax year 2016, the Company has obtained a stay order from Appellate Tribunal Inland Revenue (ATIR). Further, appeals against the above orders are pending before (ATIR) except for tax years 2008 which is decided.

**35.3.2** During the year, the petition filed by the Company against the imposition of super tax for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001 for the tax years 2015 to 2019, in the High Court of Sindh was rejected vide order dated July 21, 2020. Consequently, Company received various notices from tax authorities for recoverability of super tax for the tax years 2015 to 2019 amounting to Rs. 485.19 million.

However, the Company has not made provision of Rs. 403.26 million on the basis of the following contention:

- Applicability of super tax on Final Tax Regime (FTR) income.
- Taxability of dividend income in light of stay obtained from High Court of Sindh refer - note 27.1.6.
- Erroneous additions in the notices received.

However, during the year, with respect to super tax, the Company has received notices for the tax year 2015 and 2016 amounting to Rs. 138.08 million and Rs. 76.60 million, respectively was closed by the Assistant Commissioner Inland Revenue, based on the order dated June 16, 2021.

Further, the Company in consultation with its legal and tax advisors is in the process of filing an appeal against the above decision of Honorable High Court of Sindh, in the Supreme Court of Pakistan. The Company expects a favourable outcome based on a legal advice.

	2021	(Restated) 2020
	-----Rupees '000-----	
<b>36. BASIC AND DILUTED EARNINGS PER SHARE</b>		
Profit for the year	<b>2,122,924</b>	2,455,077
Weighted average number of outstanding shares at the end of year (in thousands) - note 36.1	<b>232,907</b>	218,160
Basic and diluted earnings per share (Rupees)	<b>9.11</b>	11.25

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

	2021	(Restated) 2020
	-----Rupees '000-----	
<b>36.1 Weighted average number of ordinary shares</b>		
Issued ordinary shares as at July 01	<b>212,425</b>	212,425
Effect of number of shares issued	<b>20,482</b>	5,735
Weighted average number of ordinary shares as at June 30	<b>232,907</b>	218,160

**36.2** Diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at June 30, 2021 and 2020 which would have any effect on the earnings per share if the option to convert is exercised.

	2021	2020
	-----Rupees '000-----	
<b>37. CASH GENERATED FROM OPERATIONS</b>		
Profit before income tax	<b>2,734,669</b>	3,304,478
Add / (less): Adjustments for non-cash charges and other items		
Depreciation of property, plant and equipment	<b>267,776</b>	224,123
Depreciation of right-of-use assets	<b>14,783</b>	19,906
Depreciation of investment properties	<b>61,068</b>	56,981
Gain on disposal of property, plant and equipment	<b>(17,105)</b>	(1,392)
Amortisation of intangible assets	<b>42,502</b>	44,033
Amortization of transaction cost	<b>14,381</b>	-
Provision for retirement benefits obligation	<b>6,592</b>	8,658
Gain on derecognition of lease liability	<b>(2,174)</b>	-
Government grant recognised in income	<b>(34,285)</b>	(8,571)
Unwinding of discount on long term borrowing	<b>21,780</b>	87
Interest on lease liabilities	<b>16,917</b>	20,412
Inventory written off	<b>93,833</b>	29,263
Receivable no longer recoverable written off - net	<b>11,615</b>	-
Reversal of provision for impairment on trade receivables	<b>(1,592)</b>	(88)
Workers' Welfare Fund and Workers' Profit Participation Fund	<b>186,780</b>	234,688
Finance cost	<b>1,213,197</b>	592,725
Unrealized exchange loss / (gain)	<b>907</b>	(4,009)
Profit before working capital changes	<b>4,631,644</b>	4,521,294



## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

2021                      2020  
-----Rupees '000-----

### Effect on cash flow due to working capital changes

(Increase) / decrease in current assets		
Inventories	<b>332,156</b>	(467,500)
Trade receivables	<b>(959,236)</b>	(2,911,211)
Loans and advances	<b>(100,780)</b>	(195,111)
Trade deposits and short-term prepayments	<b>(10,064)</b>	(13,405)
Tax refunds due from Government - Sales Tax	<b>7,832</b>	27,347
Other receivables	<b>(372,122)</b>	2,014,048
	<b>(1,102,214)</b>	(1,545,832)
Increase / (decrease) in current liabilities		
Trade and other payables	<b>261,605</b>	(2,012,302)
Sales tax payable	<b>4,199</b>	-
	<b>265,804</b>	(2,012,302)
	<b>(836,410)</b>	(3,558,134)
Cash generated from operations	<b>3,795,234</b>	963,160

### 38. CASH AND CASH EQUIVALENTS

Cash and bank balances - note 17	<b>103,680</b>	299,624
Short-term borrowing - note 25		
- Running finance under markup arrangement	<b>(5,450,090)</b>	(4,461,771)
- loan obtained from employees provident fund related party	-	(161,000)
- loan obtained from employees provident fund of OBS Pakistan (Private) Limited - related party	-	(18,000)
	<b>(5,346,410)</b>	(4,341,147)

### 39. SEGMENT INFORMATION

Based on internal management reporting structure for the year, no reportable segments were identified that were of continuing significance for decision making.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

### 40. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executive Directors		Executives	
	2021	2020	2021	2020	2021	2020
-----Rupees '000-----						
Managerial remuneration	<b>28,098</b>	25,543	<b>14,462</b>	13,147	<b>219,138</b>	189,968
Housing allowance	<b>12,644</b>	11,495	<b>6,508</b>	5,916	<b>98,612</b>	85,441
Utility allowance	<b>2,810</b>	2,554	<b>1,446</b>	1,315	<b>21,914</b>	18,987
Other allowance	<b>1,366</b>	1,366	<b>358</b>	358	<b>37,961</b>	32,895
Benefits	<b>42,000</b>	21,500	<b>12,100</b>	11,856	<b>85,172</b>	46,825
Bonus	<b>9,366</b>	8,514	<b>4,821</b>	4,382	<b>74,781</b>	63,289
Retirement benefits	<b>2,810</b>	2,554	<b>1,446</b>	1,315	<b>22,300</b>	18,737
Others	<b>219</b>	121	<b>170</b>	121	<b>8,606</b>	7,283
	<b>99,313</b>	73,647	<b>41,311</b>	38,410	<b>568,484</b>	463,425
Number of persons	<b>1</b>	1	<b>1</b>	1	<b>83</b>	70

**40.1** In addition to the above, the chief executive and some of the executives have been provided with free use of the Company maintained cars.

**40.2** During the year, the Company has paid fees to four non-executive directors (2020: four) an aggregate amount of Rs. 45 thousand (2020: Rs. 57 thousand) on account of meetings attended by them.

### 41. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise the parent company, subsidiary companies, associated companies or undertakings, directors of the Company, key management personnel and staff retirement funds. The Company continues to have a policy whereby transactions with related parties are entered into at mutually agreed terms and conditions. Remuneration of key management personnel are in accordance with their terms of engagements.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

Nature of relationship	Nature of transactions	2021	2020
		-----Rupees '000-----	
<b>Parent Company</b>			
International Brands Limited	- Corporate service charges	<b>240,000</b>	240,000
	- Rent income	<b>13,919</b>	13,048
	- Income from provision of amenities	<b>18,169</b>	9,216
	- Expenses	<b>2,473</b>	2,643
	- Payment for group tax relief	<b>-</b>	137,089
	- Right shares subscribed	<b>2,543,229</b>	-
	- Others	<b>-</b>	135
<b>Subsidiary Companies:</b>			
IBL Healthcare Limited	- Revenue	<b>219,375</b>	317,739
	- Dividend income	<b>78,018</b>	39,009
	- Rent income	<b>3,208</b>	1,204
	- Income from provision of amenities	<b>2,110</b>	586
	- Advance against financial assistance	<b>-</b>	8,277
	- Royalty paid	<b>-</b>	5,464
	- Claims	<b>5,237</b>	-
	- Bank guarantee	<b>7,633</b>	-
	- Reimbursement of expenses	<b>29,812</b>	-
	- The Company has created a pledge on ordinary shares of IBL Healthcare Limited in favour of Universal Ventures (Private) Limited - note 8.1.2.7		
	- The Company has obtained a musharaka facility against the properties of IBL Healthcare Limited - note 21.3		
Searle Biosciences (Private) Limited	- Revenue	<b>161,740</b>	164,529
	- Dividend income	<b>233,000</b>	332,000
	- Advance against financial assistance	<b>116,625</b>	115,292
	- Advances refunded	<b>-</b>	3,400
Searle Laboratories (Private) Limited	- Advances refunded	<b>-</b>	8,700
OBS Pakistan (Private) Limited	- Rent income	<b>7,800</b>	2,814
	- Income from provision of amenities	<b>1,071</b>	-
	- Dividend income	<b>500,000</b>	-
	- Advance against financial assistance	<b>116,000</b>	-
	- Reimbursement of expenses	<b>4,236</b>	-
	- Sales Promotion Expenses	<b>8,388</b>	-
	- Material loan given	<b>7,016</b>	-
	- Material loan obtained	<b>1,018</b>	-
	- Purchases	<b>-</b>	2,071
	- Facility management fee	<b>-</b>	252,000
	- Others	<b>-</b>	111
	- The Company has obtained a musharaka facility against the property, plant and equipment of OBS Pakistan (Private) Limited - note 21.3		

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

Nature of relationship	Nature of transactions	2021	2020
		-----Rupees '000-----	
<b>Subsidiary Companies:</b>			
IBL Identity (Private) Limited *	- Revenue	176,562	-
	- Discounts claimed	19,260	-
	- Rent expense	22,600	-
	- Purchases	2,831	-
	- Right shares subscribed	3,477,000	-
	- Purchases of Property, Plant and Equipment	-	74,060
	- Short term loan	305,120	125,750
	- Others	292	-
Nextar Pharma (Private) Limited	- Advance against financial assistance	18,773	-
<b>Associated Companies:</b>			
IBL Operations (Private) Limited	- Revenue	14,151,632	13,730,653
	- Rent income	13,416	13,613
	- Income from provision of amenities	21,565	-
	- Carriage and duties	36,241	74,017
	- Discounts claimed	213,705	531,429
	- Rent expense	32,701	16,803
	- Merchandise expense	31,737	27,462
	- Internet services	745	414
	- Incentive to field force staff	22,923	19,035
	- Salaries and wages	5,222	4,436
	- Inventory claims	580,480	401,293
	- Purchase of assets	8,040	-
	- Rent for warehouse	9,799	-
	- Purchases	-	718
	- Repair and maintenance	-	807
	- Others	808	8,935
Universal Ventures (Private) Limited	- Disposal of subsidiary - note 8.1.3	3,526,875	-
	- Acquisition of subsidiary - note 8.1.2	15,800,000	-
United Brands Limited	- Purchases	312	21,685
	- Others	6,427	-
	- Inventory claims	-	313
	- Purchase of assets	-	6,276
	- Group Tax Relief	-	14,325

\* with effect from June 28, 2021 IBL Identity (Private) Limited ceased to be subsidiary of the Company.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

Nature of relationship	Nature of transactions	2021	2020
		-----Rupees '000-----	
IBL Frontier Markets (Private) Limited	- Purchases	<b>1,196</b>	-
	- Purchase of fixed assets	<b>17,010</b>	25,304
	- Purchase of personal protective equipments	-	11,934
	- Income from provision of amenities	<b>24,225</b>	-
IBL Unisys (Private) Limited	- Rent income	<b>1,853</b>	695
	- Income from provision of amenities	<b>1,297</b>	338
	- Purchases	<b>37</b>	-
IBL Logistics (Private) Limited	- Revenue	<b>8</b>	9,301
	- Rent income	<b>995</b>	697
	- Carriage and duties	<b>157,144</b>	-
	- Repair and maintenance	<b>459</b>	-
	- Purchases	<b>2,625</b>	7,835
	- Transportation charges	<b>5,373</b>	-
International Franchises (Private) Limited *	- Rent income	<b>12,186</b>	12,651
	- Income from provision of amenities	<b>3,228</b>	5,342
	- Renovation	<b>6,300</b>	13,749
	- Others	<b>1,774</b>	-
United Distributors Pakistan Limited *	- Rent income	<b>349</b>	408
	- Income from provision of amenities	<b>141</b>	165
	- Rent expense	<b>600</b>	250
United Retail (SMC-Private) Limited	- Rent income	<b>39,989</b>	32,055
	- Income from provision of amenities	<b>37,386</b>	32,521
	- Salaries and wages	<b>513</b>	-
	- Donations	<b>253</b>	-
	- Purchases of Property, Plant and Equipment	<b>137</b>	-
	- Purchases	<b>1,276</b>	-
The IBL Company (Private) Limited	- Others	-	2,440
AKAR Hospital	- Donations	<b>17,323</b>	8,374
Multinet Private Limited	- Internet services	<b>7,661</b>	2,865
The Hunar Foundation	- Donations	<b>10,000</b>	11,500
Sabaq Learning Foundation	- Donations	<b>30,000</b>	15,000

\* with effect from June 18, 2021, United Distributors Pakistan Limited and International Franchises (Private) Limited ceased to be related party of the Company.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

Nature of relationship	Nature of transactions	2021	2020
		-----Rupees '000-----	
The Indus Hospital	- Donations	5,000	10,000
Arshad Shahid Abdullah (Private) Limited	- Architect fee	-	7,604
Staff retirement benefits:	- Contributions to Provident Fund	140,942	61,419
	- Benefits paid	281,375	163,005
Key management employees compensation:	- Salaries and other employee benefits	322,926	202,352
	- Contributions to Provident Fund	18,946	7,820
	- Sale of goods	-	64

\* Key management personnel includes Chief Executive Officer, Executive Director, Chief Financial Officer and Head of departments.

### Directors:

Mr. Adnan Asdar Ali	- Right shares subscribed	73	-
*Mr. Rashid Abdulla	- Right shares subscribed	1,049	-
* The amount has been deposited by Mr. Munis Abdulla -son of Mr.Rashid Abdulla (Late).			
Mr. Syed Nadeem Ahmed	- Right shares subscribed	84	-
Mr. Zubair Razzak Palwala	- Right shares subscribed	32,388	-
Mr. Ayaz Abdulla	- Right shares subscribed	439	-
Mr. Atta Ur Rahman	- Right shares subscribed	5,111	-
Mrs. Shaista Khailq Rehman	- Right shares subscribed	20,071	-
Mr. Mufti Zia ul Islam	- Right shares subscribed	1,870	-

**41.1** The status of outstanding balances with related parties as at June 30, 2021 is included in the respective notes to the unconsolidated financial statements. These are settled in the ordinary course of business.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

**41.2** Following are the related parties including associated companies with whom the Company had entered into transactions or have arrangements / agreements in place:

S. No.	Company name	Basis of Relationship	Aggregate % of shareholding
1.	International Brands Limited	Parent	56.32%
2.	Searle Pharmaceuticals (Private) Limited	Subsidiary	100%
3.	Searle Biosciences (Private) Limited	Subsidiary	100%
4.	Searle Laboratories (Private) Limited	Subsidiary	100%
5.	IBL Identity (Private) Limited *	Subsidiary	-
6.	IBL Future Technologies (Private) Limited	Subsidiary	100%
7.	OBS Pakistan (Private) Limited	Subsidiary	100%
8.	IBL Healthcare Limited	Subsidiary	74.19%
9.	Nextar Pharma (Private) Limited	Indirect Subsidiary	87.20%
10.	United Distributors Pakistan Limited **	Associated Company	N/A
11.	International Franchises (Private) Limited **	Associated Company	N/A
12.	IBL Operations (Private) Limited	Associated Company	N/A
13.	IBL Unisys (Private) Limited	Associated Company	N/A
14.	MyCart (Private) Limited	Associated Company	N/A
15.	United Brands Limited	Associated Company	N/A
16.	IBL Frontier Markets (Private) Limited	Associated Company	N/A
17.	IBL Logistics (Private) Limited	Associated Company	N/A
18.	Sabaq Learning Foundation	Common Directorship	N/A
19.	The IBL Company (Private) Limited	Common Directorship	N/A
20.	Universal Ventures (Private) Limited	Common Directorship	N/A
21.	The Hunar Foundation	Common Directorship	N/A
22.	Indus Hospital	Common Directorship	N/A
23.	Multinet (Private) Limited	Common Directorship	N/A
24.	Arshad Shahid Abdulla (Private) Limited	Close relative of Director	N/A
25.	United Retail (SMC-Private) Limited	Close relative of Director	N/A
26.	AKAR Hospital	Managing Company	N/A

\* With effect from June 28, 2021 IBL Identity (Private) Limited ceased to be subsidiary of the Company

\*\* With effect from June 18, 2021 United Distributors Pakistan Limited and International Franchises (Private) Limited ceased to be a related party of the Company.

## 42. PLANT CAPACITIES AND ACTUAL PRODUCTION

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

## 43. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### 43.1 Financial risk factors

The Company's activities expose it to variety of financial risks namely market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as manage financial risk to minimise earnings volatility and provide maximum return to shareholders.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

### 43.2 Financial assets and liabilities by category and their respective maturities

	2021			2020		
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total
-----Rupees '000-----						
<b>Financial assets</b>						
<b>Loans and receivables</b>						
Loans, advances and deposits	866,328	7,721	874,049	4,221,289	7,754	4,229,043
Trade receivables	8,754,968	-	8,754,968	7,801,828	-	7,801,828
Other receivables	4,762,598	-	4,762,598	1,063,601	-	1,063,601
Bank balances	100,609	-	100,609	294,114	-	294,114
Cash in hand	3,071	-	3,071	5,510	-	5,510
<b>At Cost</b>						
Short-term investment	100,000	-	100,000	100,000	-	100,000
Long-term investments	-	17,436,311	17,436,311	-	1,686,186	1,686,186
	<b>14,587,574</b>	<b>17,444,032</b>	<b>32,031,606</b>	<b>13,486,342</b>	<b>1,693,940</b>	<b>15,180,282</b>
<b>Financial liabilities</b>						
Long-term borrowing	225,187	9,425,298	9,650,485	133,875	182,125	316,000
Trade and other payables	3,028,729	-	3,028,729	2,511,716	-	2,511,716
Lease Liability	4,416	93,092	97,508	11,420	121,545	132,965
Short term borrowings	5,988,610	-	5,988,610	4,974,646	-	4,974,646
Unpaid dividend	163,596	-	163,596	141,102	-	141,102
Unclaimed dividend	42,269	-	42,269	43,544	-	43,544
	<b>9,452,807</b>	<b>9,518,390</b>	<b>18,971,197</b>	<b>7,816,303</b>	<b>303,670</b>	<b>8,119,973</b>
<b>On reporting date gap</b>	<b>5,134,767</b>	<b>7,925,642</b>	<b>13,060,409</b>	<b>5,670,039</b>	<b>1,390,270</b>	<b>7,060,309</b>
<b>Net financial (liabilities) / assets</b>						
Interest bearing	(15,339,095)	(9,425,298)	(24,764,393)	(5,090,646)	-	(5,090,646)
Non-interest bearing	20,473,862	17,350,940	37,824,802	10,760,685	1,390,270	12,150,955



## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

### a) Market Risk

#### (i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As per market practices, Company's borrowings are on variable interest rate exposing the Company to interest rate risk.

At June 30, 2021, the Company has variable interest bearing financial liabilities of Rs. 15.7 billion (2020: Rs. 4.91 billion), and had the interest rate varied by 200 basis points with all the other variables held constant, profit before income tax for the year would have been approximately Rs. 314 million (2020: Rs. 98.2 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

#### (ii) Foreign exchange risk

Foreign currency risk arises mainly where payables and receivables exist due to transactions in foreign currencies. The Company's exposure to exchange risk comprise mainly due to receivable, payable and bank balance maintained in foreign currency account. At June 30, 2021, trade and other payables of Rs. 393.19 million (2020: Rs. 481.13 million), trade receivables of Rs. 426.62 million (2020: Rs. 448.33 million) and bank balance of Rs. 0.35 million (2020: Rs. 0.35 million) are exposed to foreign currency risk.

As at June 30, 2021, if the Pakistan Rupee had weakened / strengthened by 2% against foreign currency with all other variables held constant, profit before income tax for the year would have been lower / higher by Rs. -0.67 million (2020: Rs. 0.66 million), as a result of foreign exchange gains / losses on translation of foreign currencies denominated trade and other payables, and trade receivables.

The sensitivity of foreign exchange rates looks at the outstanding foreign exchange balances of the Company only as at the unconsolidated statement of financial position date and assumes this is the position for a full twelve-month period. The volatility percentages for movement in foreign exchange rates have been used due to the fact that historically (five years) rates have moved on average basis by the mentioned percentages per annum.

#### (iii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to individual financial instruments company, its issuer, or factors affecting all similar financial instrument traded in the market. The Company has no investment as at June 30, 2021 which is subject to a change in market price.

### b) Credit Risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs. 32,032 million (2020: Rs. 15,180 million) the financial assets exposed to credit risk amounts to Rs. 14,592 million (2020: Rs. 13,544 million). The carrying values of financial assets are as under:

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	-----Rupees '000-----	
Loans and advances - notes 9 & 13	<b>780,986</b>	4,200,458
Trade deposits - notes 10 & 14	<b>93,063</b>	83,936
Trade receivables - note 12	<b>8,754,968</b>	7,801,828
Other receivables - note 15	<b>4,762,598</b>	1,063,601
Bank balances	<b>100,609</b>	294,114
Short-term investment - note 16	<b>100,000</b>	100,000
	<b>14,592,224</b>	13,543,937

Trade receivables of the Company are not exposed to significant credit risk as the major amount is due from IBL Operations (Private) Limited - an associated company. However, the Company has established policies and procedures for timely recovery of trade receivables. With respect to parties other than affiliates, the Company mitigates its exposure and credit risk by applying credit limits to its customers.

Deposits, loans, advances and other receivables are not exposed to any material credit risk as loans and advances mainly relate to subsidiary companies amounting to Rs. 885.78 million (2020: Rs. 4,144.06 million) and other receivables mainly pertains to related parties amounting to Rs. 4,432.48 million (2020: Rs. 708.17 million).

Bank balance represent low credit risk as major balances are placed with banks having credit ratings of A or above as assigned by PACRA or JCR-VIS.

### c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The management believes that it will be able to fulfill its financial obligations.

### d) Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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

The management assessed that the fair values of cash and cash equivalents, other receivable, trade deposits, trade receivables, short term borrowings, trade and other payables, accrued mark-up and unclaimed dividends approximate their carrying amounts largely due to short-term maturities of these instruments. For long term deposit and long term financing, management consider that their carrying values approximate fair value owing to credit standing of counterparties and interest payable on borrowings are market rates. Fair values of investment in quoted subsidiary are disclosed in note 8 to these unconsolidated financial statements.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

### 43.3 Capital risk management

The Company's objectives when managing capital are to safeguard company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

The debt to capital ratio are as follows:

	2021	2020
	-----Rupees '000-----	
Total borrowings	<b>15,639,095</b>	5,290,646
Cash and bank - note 17	<b>(103,680)</b>	(299,624)
Net debt	<b>15,535,415</b>	4,991,022
Equity	<b>24,487,654</b>	16,870,818
Total capital	<b>40,023,069</b>	21,861,840
Debt to capital ratio	<b>39%</b>	23%

### 44. NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2021	2020
Number of employees including contractual employees at year end	<b>2,526</b>	2,320
Average number of employees including contractual employees at year end	<b>2,447</b>	2,275
Number of employees working in the factory at year end	<b>345</b>	358
Average number of employees working in the factory at year end	<b>352</b>	357

### 45. CORRESPONDING FIGURES

Comparative information has been reclassified, re-arranged or additionally incorporated in these financial statements, wherever necessary, to facilitate comparison and to confirm with presentation in the current period, having insignificant impact.

### 46. SUBSEQUENT EVENTS

#### 46.1 NUTRITION BUSINESS

Subsequent to the year end, the Company has transferred the rights for sale of its "Nutrition" products to its OBS Pakistan (Private) Limited - wholly owned subsidiary. This business relates to sales of formula milk for infants.

#### 46.2 NAME & STATUS CHANGE OF OBS PAKISTAN (PRIVATE) LIMITED - SUBSIDIARY

Subsequent to the year end, OBS Pakistan (Private) Limited (OBS) - wholly owned subsidiary has changed its name to Searle Pakistan (Private) Limited, effective July 12, 2021 after getting necessary approvals from Securities and Exchange Commission of Pakistan (SECP). Further, OBS has applied for change in status from private limited company to public limited company, SECP has approved the said conversion into public limited company with effect from August 27, 2021.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

### 46.3 SETTLEMENT OF CALL OPTION ARRANGEMENT WITH UNIVERSAL VENTURES (PRIVATE) LIMITED

Subsequent to the year end, on August 30, 2021, the Board of Directors of the Company has enter into an arrangement with Universal Ventures (Private) Limited - related party (UVPL) to settle and release the Company with respect to its obligations under the existing call option arrangement (refer note - 8.1.2.6), and have UVPL release its rights and entitlements with respect thereto, for a consideration of Rs. 600 million.

### 46.4 LISTING OF A SUBSIDIARY - OBS PAKISTAN (PRIVATE) LIMITED

Subsequent to the year end, on September 15, 2021, the Board of Directors of the Company resolved that the shares of OBS Pakistan (Private) Limited - wholly owned subsidiary, may be listed on the Pakistan Stock Exchange Limited (PSX) upto the maximum extent of 349,010,000 ordinary shares, as and by way of an initial public offering.

### 46.5 BONUS SHARES BY OBS

OBS Pakistan (Private) Limited - wholly owned subsidiary has approved bonus shares in the ratio of 200 shares for every 100 ordinary shares equivalent to 200% for the year ended June 30, 2021.

### 46.6 INCREASE IN AUTHORISED SHARE CAPITAL

On October 4, 2021, the Board of Directors of the Company has considered to increase the authorised share capital of the Company from Rs. 3 billion divided into 300 million ordinary shares of Rs. 10 each to Rs 4 billion divided into 400 million ordinary shares of Rs. 10 each, by the creation of 100 million additional ordinary shares at nominal value of Rs. 10 each to rank pari passu in every respect with the existing ordinary share of the Company. The said resolution would be presented to members in the forthcoming annual general meeting.

### 46.7 DIVIDEND

The Board of Directors of the Company in the meeting held on October 4, 2021, has approved the following appropriation:

	2021	2020
	-----Rupees '000-----	
- Issue of 30 bonus shares for every 100 shares (June 30, 2020: nil) held	<b>720,122</b>	-
- Cash dividend of Rs. 2 (June 30, 2020: Rs. 2.5) per share	<b>480,081</b>	531,064

This would be recognised in the Company's financial statements in the year in which such dividend is declared / approved.

### 47. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Directors on October 4, 2021.

  
Chief Executive

  
Director

  
Chief Financial Officer

# Consolidated Financial Statements

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# Consolidated Directors' Report to the members

The Directors take pleasure in presenting the annual report together with the audited financial statements of the holding company for the year ended June 30, 2021.

The Directors' Report has been prepared in accordance with section 227 of the Companies Act, 2017 and Chapter XII of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

This report is to be submitted to the members at the 56th Annual General Meeting of the Company to be held on October 28, 2021.

## OVERVIEW

The COVID-19 pandemic has triggered the most severe economic recession in nearly a century, causing disruptions in economic activity, threatening health, hurting well-being and jobs of the people. With 227 million cases of COVID-19 and over 4.5 million reported deaths across the globe, bringing back life to normalcy remains a challenge. While advanced economies are expected to benefit from quicker access to vaccines and strong fiscal support from their governments, emerging economies face the most challenges coping with COVID-19 outbreaks because of slower vaccine rollouts and lower resource capacity. As long as a large proportion of the world's population is not vaccinated and risk of new variants like Delta variant and new outbreaks remain, economic recovery will remain vulnerable to volatility and fresh setbacks.

The COVID-19 has significantly affected the landscape of the pharmaceutical and healthcare sectors due to changing consumer perspectives and preferences. The industry and especially the rightly placed institutions are taking advantage of new opportunities resulting from increasing emphasis on health and hygiene, development of vaccines, branding and additional revenue streams. Despite of the uncertainties on account of slower vaccination and resurgence of COVID-19 cases resulting in frequent lockdown measures by the governments, stakeholders

can navigate them by factoring in historic and current drivers of change when strategizing for 2022 and beyond.

Pharmaceutical sales in Pakistan grew at an annual growth rate of 17.05% worth nearly USD 3.3 billion (PKR 559 billion), with more than 620 companies operating in the sector, driven by new molecule introductions and supported by underlying demographic trends of increasing affordability, rising population, infrastructure investment, technological advancements, evolving care models, higher life expectancy and increased incidence of chronic diseases and as well as new healthcare risks introduced during the pandemic.

Despite this, the pharmaceutical industry is unable to achieve its full potential, due to high reliance on imported APIs, fluctuation in exchange rates, low per capita expenditure, and low prices in terms of global environment. Although the industry is contributing 1% of their profit before tax (PBT) to government for conducting Research and Development (R&D), a lot is still desired on the front of R&D.

## OPERATING RESULTS

Searle is a company which has always focused and strived for enhancing the quality of life of its customers by offering them quality healthcare solutions. We have always placed the benefit of the patients and our stakeholders at the forefront and we are proud of the impact of our efforts.

Searle has recorded a 6-year (FY15-21) CAGR of 19.4% in its revenue and 17.1% in profit after tax. This growth in revenue is on the back of consistent growth in volumes and a diversified product range along with positive impact of DRAP pricing policy, which is now linked with annual Consumer Price Index (CPI).

During these difficult and challenging times, which had severe repercussions on Pakistan as well as on the global economic environment,

Searle achieved phenomenal growth in its sales and profitability during the year ended June 30, 2021. Key highlights of the financial performance of the Company are as follows:

- Sales increased by PKR 5.74 bn i.e. a growth of 28%.
- Operating profit increased by PKR 2.14 bn i.e. a growth of 49.34%.
- Profit after tax increased by PKR 1.20 bn i.e. a growth of 47.05%.

	<b>June 30,</b>	
	<b>2021</b>	<b>2020</b>
	(Rupees in thousand)	
Revenue	<b>26,219,656</b>	20,474,842
Cost of sales	<b>(14,028,488)</b>	(10,769,089)
Gross Profit	<b>12,191,168</b>	9,705,753
Operating expenses	<b>(6,731,007)</b>	(5,606,056)
Other operating expenses	<b>(326,467)</b>	(261,841)
Other income	<b>1,353,192</b>	505,957
Profit from operations	<b>6,486,886</b>	4,343,813
Finance cost	<b>(1,451,588)</b>	(684,953)
Profit before tax	<b>5,035,298</b>	3,658,860
Income tax expense	<b>(1,288,450)</b>	(1,110,813)
Profit after taxation	<b>3,746,848</b>	2,548,047

During the year, the Company acquired OBS Pakistan (Private) Limited (now Searle Pakistan Limited) which is engaged in manufacturing and sales of pharmaceutical products. The acquisition of OBS was the largest transaction in the pharmaceutical industry of Pakistan. The acquisition will facilitate Searle in leveraging its doctors' coverage and expertise of handling a diversified portfolio of products with OBS.

The Company was able to achieve phenomenal growth in its sales and profitability due to acquisition of OBS Pakistan (Private) Limited

along with its doctor coverage, maturing product portfolio, introduction of new brands, richer product mix and branding efforts.

## EARNINGS PER SHARE

Basic earnings per share after taxation for the period was Rs. 15.80 (2020: Rs. 11.46). There is no dilution effect on the basic earnings per share of the Company, as the Company had no convertible dilutive potential ordinary shares outstanding as at June 30, 2021.

## DIVIDEND

The Board of Directors has recommended cash dividend of 20% and stock dividend of 30% for the year ended June 30, 2021. During the previous year ended June 30, 2020, the Company declared cash dividend of 25% as well.

## FINANCIAL STATEMENTS AND AUDITORS

The present auditors, Messrs. A.F. Ferguson & Co. Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.

The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as the Auditors of the Company for the financial year ending June 30, 2022, at a mutually agreed fee.

## HOLDING COMPANY

International Brands Limited is the holding company of Searle, which holds 56.32% shareholding in the Company.

## SUBSIDIARIES OF THE COMPANY

Following are the subsidiary companies:

	Principal place of business	Effective %age of holding	
		June 30, 2021	June 30, 2020
<b>Listed Company</b>			
- IBL HealthCare Limited		74.19%	74.19%
<b>Unlisted Companies</b>			
- Searle Pharmaceuticals (Private) Limited	Pakistan	100.00%	100.00%
- OBS Pakistan (Private) Limited		100.00%	-
- Searle Laboratories (Private) Limited		100.00%	100.00%
- Searle Biosciences (Private) Limited		100.00%	100.00%
- IBL Identity (Private) Limited		-	100.00%
- IBL Future Technologies (Private) Limited		100.00%	100.00%
- Nextar Pharma (Private) Limited		87.20%	87.20%

\* with effect from June 28, 2021 IBL Identity (Private) Limited ceased to be subsidiary of the Company.

## PATTERN OF SHAREHOLDING

The pattern of shareholding along with categories of shareholders as at June 30, 2021 as required under section 227 of the Companies Act, 2017 and Listing Regulations is presented on pages 250 to 252 of the annual report 2021.

## BUSINESS CONDUCT

Searle's business practices are based on integrity, transparency and compliance with applicable laws and regulations.

Our values and expectations are more than just words. Together they help guide us to our goal to be one of the world's most innovative, best performing and trusted healthcare companies. They shape our culture and guide our actions and decision making, so we can maintain the trust of the people who rely on us each and every day – our patients and consumers. It's up to all of us, every day, to keep Searle the kind of company we can all be proud to be a part of. We seek to understand and meet our customers' needs, whilst seeking continuous improvement in all spheres of business operations.

We do the right thing for our patients and consumers and strive for the highest quality. We work with our partners to improve healthcare and find new medicines and vaccines. Regardless of our

role, we understand how our work affects patients and consumers.

## PRODUCT QUALITY

Consumers trust and confidence on Searle's products is our most valuable asset. We recognize that pharmaceutical manufacturing bears many inherent risks and that any mistake in product design or production can be severe, even fatal, therefore, the maintenance of quality is our utmost priority and moral responsibility.

We are committed to our duty towards safeguarding the patient's well-being and assure that all operations associated with manufacture of medicinal products are of a standard that ensures the patient's expectations of safety and efficacy.

## CORPORATE AND SOCIAL RESPONSIBILITY

The horizon of our duties does not end with the creation of wealth for our stakeholders. At Searle, our aim has always been to make useful contributions to the economy we operate in. One of the primary areas of focus has been creation of employment opportunities to support a large industrial and sales workforce.

The Company operates in a socially responsible manner. Accordingly, the Company's CSR program



has a wide scope encompassing initiatives in the areas of healthcare, education, child welfare and other social welfare activities.

## OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT

We, at Searle, recognize the importance of safe and secure environment and consider it our duty to ensure that people who work for us know how to work safely and without any risks to their health. The health and safety of our employees and visitors is a high priority for the Company. Therefore, hazards associated with operations are continuously identified, assessed and managed to eliminate or reduce risks.

## INFORMATION TECHNOLOGY

To cater to the growing business needs of the Company, and in line with our continuous endeavors to regularly upgrade information systems, we continued with our policy to invest more and more in information technology. We have successfully deployed the most powerful business management system 'SAP' to further strengthen our business operations.

## WEBSITE

All our stakeholders and general public can visit The Searle Company Limited's website, [www.searlecompany.com](http://www.searlecompany.com), which has a dedicated section for investors containing information related to annual, half-yearly and quarterly financial statements.

## RELATED PARTY TRANSACTIONS

All related party transactions, during the year 2021, were placed before the Audit Committee and the Board for their review and approval. These transactions were duly approved by the Audit Committee and the Board in their respective meetings. All these transactions were in line with the transfer pricing methods and the policy with related parties approved by the board previously. The Company also maintains a full record of all such transactions, along with the terms and conditions. For further details, please refer note 41 in the financial statements.

## COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The stock exchange has included in their Listing Rules and Listed Companies Regulations issued by the Securities & Exchange Commission of Pakistan. The Company has adopted the code and is implementing the same in letter and spirit.

## TRADING OF SHARES BY DIRECTORS, CFO, COMPANY SECRETARY AND EXECUTIVES ETC.

The Company's shares are traded on Pakistan Stock Exchange Limited. The Directors, CEO, Company Secretary and CFO and executives, their spouses and minor children did not carry out any trade in the shares of the Company except the following executives:

Name	Shares Purchased	Shares Disposed
Mr. Moujood ul Hassan	-	4,480

## DIRECTORS' TRAINING PROGRAM

Currently, four directors have attained DTP certification. The company has planned to arrange DTP Certification for the remaining of the directors over the next one year. By the end of June 30, 2022, 75% of the directors shall attain the directors training certificate as recommended under the Listed Companies (Code of Corporate Governance) Regulations, 2019.

## ADEQUACY OF INTERNAL FINANCIAL CONTROLS

In order to ensure that adequate internal controls are deployed by the company for safeguarding of company's assets, compliance with laws and regulations and reliable financial reporting, the Board of Directors has outsourced the internal audit function to Grant Thornton Anjum Rahman, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

## CODE OF CONDUCT

The Board of Directors of the Company has adopted a code of conduct. All employees are informed and aware of this and are required to observe these rules of conduct in relation to business and regulations.

- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The Company maintains a sound internal control system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- There has been no departure from the best practices of transfer pricing.

## 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.

The key operating and financial data for the six years is tabulated as follows:

	2021	2020	2019	2018	2017 (Re-stated)	2016	2015
<b>ASSETS EMPLOYED</b>							
Property, plant and equipment	8,741,499	4,415,663	3,786,177	2,692,524	2,254,788	1,528,607	688,354
Right of use assets	79,410	121,515	-	-	-	-	-
Intangible assets	15,622,504	328,533	365,268	384,661	397,709	254,473	39,845
Investment properties-at cost	2,970,279	2,571,674	2,724,116	2,871,818	2,584,202	2,607,507	2,614,906
Long-term investments- subsidiaries	-	-	-	-	-	-	187,792
Long-term loans and deposits	24,462	11,182	13,895	1,682,189	1,020,405	325,560	100,300
Deferred assets	-	-	-	-	1,894	-	-
Assets classified as held for sale	-	88,064	75,500	-	-	-	-
Net current assets	8,579,394	9,021,013	6,711,339	3,897,703	3,817,731	3,956,256	2,397,902
<b>Total assets employed</b>	<b>36,017,547</b>	<b>16,557,644</b>	<b>13,676,294</b>	<b>11,528,895</b>	<b>10,076,729</b>	<b>8,672,403</b>	<b>6,029,099</b>
<b>FINANCED BY</b>							
Issued, subscribed and paid-up capital	2,400,405	2,124,253	2,124,253	1,847,177	1,539,314	1,227,523	858,407
Reserves and unappropriated profit	19,105,693	11,516,719	9,514,903	8,477,432	7,335,404	6,185,481	3,842,263
Shareholder's equity	<b>21,506,098</b>	<b>13,640,972</b>	<b>11,639,156</b>	<b>10,324,609</b>	<b>8,874,718</b>	<b>7,413,004</b>	<b>4,700,670</b>
Surplus on revaluation of fixed assets	4,066,913	1,846,153	1,437,936	675,001	493,079	296,961	296,961
Non-controlling Interest	513,181	475,408	442,137	451,963	422,867	390,725	318,627
Long-term and deferred liabilities	9,931,355	595,111	157,065	77,322	286,065	571,713	712,841
<b>Total capital employed</b>	<b>36,017,547</b>	<b>16,557,644</b>	<b>13,676,294</b>	<b>11,528,895</b>	<b>10,076,729</b>	<b>8,672,403</b>	<b>6,029,099</b>
<b>Turnover</b>	<b>26,219,656</b>	<b>20,474,842</b>	<b>18,062,107</b>	<b>16,148,468</b>	<b>13,309,651</b>	<b>11,328,239</b>	<b>9,048,041</b>
<b>Profit before tax</b>	<b>5,035,298</b>	<b>3,658,860</b>	<b>2,832,228</b>	<b>3,254,423</b>	<b>2,880,416</b>	<b>2,679,203</b>	<b>1,908,819</b>
<b>Profit after tax</b>	<b>3,746,848</b>	<b>2,548,047</b>	<b>2,265,296</b>	<b>2,716,600</b>	<b>2,393,075</b>	<b>2,058,373</b>	<b>1,452,391</b>
<b>Profit after tax as % of turnover</b>	<b>14.29</b>	<b>12.44</b>	<b>12.54</b>	<b>16.82</b>	<b>17.98</b>	<b>18.17</b>	<b>16.05</b>
<b>Profit after tax as % of capital employed</b>	<b>10.40</b>	<b>15.39</b>	<b>16.56</b>	<b>23.56</b>	<b>23.75</b>	<b>23.73</b>	<b>24.09</b>
<b>Dividends</b>							
Cash (%)	20	25	25	50	100	50	20
Stock (%)	30	NIL	NIL	15	30	24	20

## COMPOSITION OF THE BOARD OF DIRECTORS

There have been seven directors on the Board. The composition of the board as at June 30, 2021 is as follows:

	Category	Names
i	Independent Director	Dr. Atta Ur Rahman
		Mrs. Shaista Khaliq Rehman
ii	Non-executive Directors	Mr. Adnan Asdar Ali
		Mr. Munis Abdullah
		Mr. Mufti Zia Ul Islam
iii	Executive Directors	Mr. Syed Nadeem Ahmed
		Mr. Zubair Palwala

During the year, casual vacancy created by the sad demise of Mr. Rashid Abdulla was filled by Mr. Munis Abdullah as a non-executive director. Second casual vacancy of Mr. Ayaz Abdulla was filled by Mr. Mufti Zia Ul Islam also as a non-executive director. Further, election of directors was held on October 28, 2020 and Dr. Atta Ur Rahman was elected as an independent director on the board of directors. Subsequent to the election, Mr. Adnan Asdar Ali was re-elected as the Chairman of the board and Mr. S. Nadeem Ahmed was re-elected as the Chief Executive Officer of the Company.

No person other than those mentioned above, have at any time during the year ended June 30, 2021 served as the director of the company.

## MEETINGS OF THE BOARD OF DIRECTORS

During the year, eight meetings of the Board of Directors were held. The attendance at meetings of the board members is summarized as under:

Name of Director	Meetings attended
Mr. Adnan Asdar Ali	8
Mr. Rashid Abdulla	2
Mrs. Shaista Khaliq Rehman	8
Mr. Syed Nadeem Ahmed	8
Mr. Zubair Palwala	8
Mr. Ayaz Abdulla	2
Mr. Asad Abdulla	2
Dr. Atta Ur Rahman	6
Mr. Munis Abdullah	3
Mr. Mufti Zia Ul Islam	-

## AUDIT COMMITTEE

The Committee comprises of three non-executive Directors. The Chairperson of the committee is an independent director.

During the year, five meetings of audit committee were held, the attendance of which is as follows:

Name of director	Meetings attended
Mrs. Shaista Khaliq Rehman	5
Mr. Adnan Asdar Ali	5
Dr. Atta Ur Rahman	3
Mr. Asad Abdulla	1

Subsequent to the election, audit committee was reconstituted by the board of directors and the following members amongst non-executive directors, including an independent director, were selected for the Committee. The Chairperson is an independent director:

Name of director	
Mrs. Shaista Khaliq Rehman	Chairperson
Mr. Adnan Asdar Ali	Member
Dr. Atta Ur Rahman	Member

## HUMAN RESOURCE AND REMUNERATION COMMITTEE (HR & R)

The Committee comprises of three non-executive members. The Chairperson of the committee is an independent director. During the year, one meeting of the committee was held, the attendance of which is as follows:

Name of director	Meetings attended
Mrs. Shaista Khaliq Rehman	1
Mr. Adnan Asdar Ali	1
Dr. Atta Ur Rahman	1

Subsequent to the election, HR & R committee was reconstituted by the board of directors.

## DIRECTORS REMUNERATION

The significant features and key elements of directors' remuneration are as follows:

- Non-executive directors are only entitled to receive fees in lieu of remuneration in respect of the board and committee meetings attended by them.
- The board is authorized to determine the remuneration of its Directors for attending meetings of the board and committee.

## SUBSEQUENT EVENTS

Material changes or commitments affecting the financial position of the Company have occurred between the end of financial year and the date of this report are mentioned in the note 52 of the consolidated financial statements.

## VALUE OF INVESTMENTS

The value of investment of provident fund based on their un-audited / audited accounts as on June 30, 2021 and June 30, 2020 respectively was as follows:

	2021	2020
	Rs '000	
Provident Fund	900,693	708,917

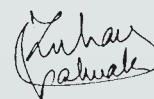
## FUTURE OUTLOOK

Searle is strongly committed to growing and increasing its market share among its competitors and maintaining its organic and in-organic growth despite of challenges of a turbulent regulatory environment and volatile economic scenario due to the pandemic. Searle is also focusing on its product demand in international market due to increased healthcare spending trend after COVID-19 which is expected to translate into greater revenues for the industry.

For and on behalf of the Board



**Syed Nadeem Ahmed**  
Chief Executive Officer



**Zubair Palwala**  
Director

Moving forward, we are focusing on enhancing the share of specialty generic branded portfolio and targeting differentiated products. It is also pertinent to mention that Searle has an organic pipeline of over 200 products in different stages of the regulatory approval process and has a diversified drug portfolio and strong gross profit margins. The company, in the local market, has over the years strengthened in cardiovascular, cold & cough, diabetes, infant formula, pro-biotic and antibiotics therapeutic areas.

The company's acquisition of OBS, is one of the most instrumental acquisitions in pharmaceutical industry of Pakistan. OBS is one of leading player in the pharma and healthcare sector of Pakistan and represents renowned principals such as Vifor, MSD and Santen. OBS is a leading producer of iron sucrose injections with the brand name of Venofer. OBS is also the manufacturer of Decadron (Dexamethane), which is considered as a drug to decrease the mortality rate in COVID-19 patients.

It is important to mention that due to overly regulated drug pricing mechanism, volatility in retail prices is a concern of immense significance for us. Delays in new product approvals also pose a key threat for the industry as a whole. In the longer run, Searle is focusing on emerging portfolios including bio-similars, medical devices, nutraceuticals and genome sciences. As part of this strategy, Searle has acquired a manufacturing facility at Port Qasim, Karachi which will facilitate in further strengthening our nutraceutical portfolio.

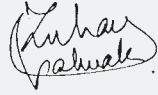
At Searle, we are all highly motivated and willing to contribute enthusiastically for the progress of the Company. Same is the case with our partners, suppliers and customers, for which we are thankful and expect the same zeal and zest for future contribution. We assure Searle will continue to work hard to provide long term sustainable growth to everyone associated with us.

Karachi: October 04, 2021

یہ بات قابل ذکر ہے کہ ضرورت سے زیادہ ڈرگ پرائسنگ میکنیزم کی وجہ سے، ریٹیل پرائسز میں اُتار چڑھاؤ ہمارے لیے ایک نہایت اہمیت کا معاملہ ہے۔ کیونکہ نئی پروڈکٹ کی منظوری میں تاخیر کا ہونا، مکمل طور پر انڈسٹری کے لیے ایک اہم خطرے کا باعث ہوتا ہے۔ سرل طویل مدت میں، اُبھرتے ہوئے پوٹ فولیوز پر نگاہ رکھے ہوئے ہے جن میں بائیوسیمیلرز، طبی آلات، نیوٹراسیوٹیکلز جینوم سائنسز شامل ہیں اس حکمتِ عملی کے ایک حصے کے طور پر، سرل نے پورٹ فاسم کراچی پر مینوفیکچرنگ کی سہولت حاصل کر لی ہے جو آگے چل کر ہماری نیوٹراسیوٹیکل پورٹ فولیو کو مستحکم بنانے میں سہولت فراہم کرے گا۔

سرل گروپ میں ہم سب انتہائی دلچسپی سے اور مستقل بنیادوں پر جوش و خروش سے اپنا حصہ ڈالنے کے لئے تیار ہیں۔ اسی طرح ہمارے شراکت دار، سپلائرز اور صارفین بھی اسی جذبے کا اظہار کرتے ہیں، جس کے لئے ہم شکر گزار ہیں اور آئندہ کے تعاون کے لئے اسی جوش و جذبے کی توقع کرتے ہیں۔ ہم یقین دہانی کراتے ہیں کہ، سرل گروپ اپنے سے وابستہ ہر فرد کو طویل مدتی اور پائیدار ترقی کی فراہمی کے لئے سخت جدوجہد اور لگن سے کوشاں رہیں گے۔

برائے اور بورڈ کی جانب سے



زبیر پائل والا  
ڈائریکٹر



سید ندیم احمد  
چیف ایگزیکٹو آفیسر

کراچی: 04 اکتوبر 2021

## ڈائریکٹرز کا مشاہرہ

ڈائریکٹرز کے معاوضے کی اہم خصوصیات اور کلیدی عناصر حسب ذیل ہیں:

- صرف نان ایگزیکٹو ڈائریکٹرز ہی بورڈ اور کمیٹیوں کے اجلاسوں میں شرکت کے سلسلے میں معاوضے کے طور پر فیس وصول کرنے کا حق رکھتے ہیں۔
- بورڈ اپنے ڈائریکٹرز کی جانب سے بورڈ اور کمیٹی کے اجلاسوں میں شرکت کے لئے معاوضے کا تعین کرنے کا مجاز ہے۔

## بعد ازاں ہونے والے واقعات

گروپ کی مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے دوران گروپ کی مالیاتی پوزیشن پر کسی بھی قسم کی اثر انداز ہونے والی ضروری تبدیلیاں اور عزاؤں اثر انداز ہوئے ہیں جو کہ نوٹ نمبر 52 میں درج ہیں۔

## سرمایہ کاری کی قدر و قیمت

پروویڈنٹ فنڈ کی سرمایہ کاری کی قدر و قیمت ان کے غیر آڈٹ شدہ / آڈٹ شدہ حسابات کی بنیاد پر 30 جون، 2020 اور 30 جون، 2019 کو بالترتیب درج ذیل تھی:

2020	2021	
		Rs '000
708,917	900,693	پروویڈنٹ فنڈ

## مستقبل پر ایک نظر

سرل گروپ اپنے حریف اداروں کے درمیان اپنے مارکیٹ شیئرز کو بڑھانے اور زیادہ کرنے کے عمل پر سختی سے گامزن ہے۔ اور اپنی نامیاتی اور غیر نامیاتی نشوونما کو برقرار رکھتے ہوئے، پریشان کن ریگولیٹری ماحول اور غیر مستحکم منظر نامے کو عالمی وبا کی وجہ سے COVID-19 کے بعد بڑھتی ہوئی ہیلتھ کیسز اور بڑھتے ہوئے رجحان کی بدولت، بین الاقوامی منڈی میں اپنی پروڈکٹ ڈیمانڈ پر توجہ مرکوز رکھے ہوئے ہے جس سے توقع ہے کہ انڈسٹری کی آمدنی میں بڑے پیمانے پر اضافہ ہوگا۔

آگے بڑھتے ہوئے، ہم خصوصاً جزک برانڈڈ پورٹ فولیو کا حصہ بڑھانے اور مختلف مصنوعات پر توجہ مرکوز کئے ہوئے ہیں۔ یہ بھی قابل تحسین ہے کہ ریگولیٹری منظوری کے عمل کے مختلف مراحل میں سرل کے پاس 200 سے زائد نامیاتی مصنوعات ہیں جس میں متنوع ادویات کا پورٹ فولیو اور مضبوط منافع بخش مارجن ہے۔ مقامی مارکیٹ میں کمپنی نے گذشتہ برسوں میں امراض قلب، نزلہ اور کھانسی، ذیابیطس، نوزائیدہ فارمولہ، حیاتیاتی اور ہنٹی بائیوٹک کے علاج معالجے میں مستحکم جگہ بنالی ہے۔

ہولڈنگ کمپنی کا ادبی ایس کا حصول، پاکستان کی فارماسیوٹیکل انڈسٹری میں سب سے بڑی خریداری ہے۔ یہ صحت کی دیکھ بھال کے شعبے میں پاکستان کی ایک اعلیٰ نجی لمیٹڈ فارما کمپنی میں سے ایک ہے اور وینوفر کی برانڈ نام کے ساتھ آئرن سوکروز اکیلیشن کی صف اول کی فراہم کنندہ ہے۔ ادبی ایس ڈیکارون (ڈیکسامیتھاسون) بھی بناتا ہے، جو COVID-19 کے مریضوں میں اموات کی شرح کو کم کرنے کی موزوں دوا سمجھا جاتا ہے۔

ڈائریکٹر کے نام	اجلاسوں میں شرکت
جناب مفتی ضیاء الاسلام	-

## آڈٹ کمیٹی

کمیٹی 3 نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ کمیٹی کے چیئرمین بھی ایک آزاد ڈائریکٹر ہیں۔

سال کے دوران، آڈٹ کمیٹی کے 5 اجلاس منعقد ہوئے، جن میں حاضری کی تفصیلات مندرجہ ذیل ہیں:

ڈائریکٹر کے نام	اجلاسوں میں شرکت
محترمہ شائستہ خالق رحمن	5
جناب عدنان اصدر علی	5
ڈاکٹر عطاء الرحمان	3
جناب اسد عبداللہ	1

انتخاب کے بعد، آڈٹ کمیٹی بورڈ آف ڈائریکٹرز کے ذریعے دوبارہ تشکیل دی گئی اور مندرجہ ذیل ممبرز غیر اداری ڈائریکٹرز کے درمیان، جن میں ایک آزاد ڈائریکٹر بھی شامل ہے، کمیٹی کے لئے منتخب کیے گئے۔ چیر پرسن ایک آزاد ڈائریکٹر ہے۔

ڈائریکٹر کے نام	اجلاسوں میں شرکت
محترمہ شائستہ خالق رحمن	چیئرمین
جناب عدنان اصدر علی	ممبر
ڈاکٹر عطاء الرحمان	ممبر

## ہیومن ریسورس اور ریمونریشن کمیٹی

کمیٹی تین غیر اداری ممبرز پر مشتمل ہے۔ کمیٹی کے چیئرمین ایک آزاد ڈائریکٹر ہیں۔ دوران سال ایک میٹنگ منعقد ہو چکی ہے جس میں حاضری کی صورت حال ذیل میں درج کی جا رہی ہے:

ڈائریکٹر کے نام	اجلاسوں میں شرکت
محترمہ شائستہ خالق رحمن	1
جناب عدنان اصدر علی	1
ڈاکٹر عطاء الرحمان	1

انتخاب کے بعد، HR & R کمیٹی کو بورڈ آف ڈائریکٹرز کے ذریعے دوبارہ تشکیل دیا گیا۔

## بورڈ آف ڈائریکٹرز کی تشکیل

بورڈ میں سات ڈائریکٹرز موجود ہیں۔ بورڈ کی تشکیل 30 جون 2021 کے مطابق مندرجہ ذیل ہے:

نام	کینڈیگری	
ڈاکٹر عطاء الرحمان	آزاد ڈائریکٹر	i
محترمہ شائستہ خالق رحمن		
جناب عدنان اصدر علی	نان۔ ایگزیکٹو ڈائریکٹرز	ii
جناب مونس عبد اللہ		
جناب مفتی ضیاء الاسلام		
جناب سید ندیم احمد	ایگزیکٹو ڈائریکٹرز	iii
جناب زبیر پال والا		

جناب راشد عبد اللہ کی دوران سال افسوسناک وفات ہو جانے کے سبب ان کی جگہ عارضی طور پر جناب مونس عبد اللہ سے بطور غیر اداریتی ڈائریکٹر کے پُر کی گئی۔ دوسری عارضی ملازمت بھی جناب مفتی ضیاء الاسلام سے بطور غیر اداریتی ڈائریکٹر پُر کی گئی۔ جبکہ ان سے پہلے اس جگہ پر جناب ایاز عبد اللہ تعینات تھے۔ مزید، ڈائریکٹرز کا انتخاب 28 اکتوبر 2020 کو منعقد کیا گیا اور ڈاکٹر عطاء الرحمان کو بحیثیت ایک آزاد ڈائریکٹر کے بورڈ آف ڈائریکٹرز تعینات کیا گیا۔ بعد میں ہونے والے انتخاب میں جناب عدنان اصدر علی کا بورڈ میں بطور چیئر مین دوبارہ انتخاب کیا گیا اور سید ندیم احمد کمپنی کے چیف ایگزیکٹو آفیسر کی حیثیت سے دوبارہ منتخب کیے گئے۔

مذکورہ بالا افراد کے علاوہ کسی بھی فرد نے 30 جون 2021 کو ختم ہوئے سال کے دوران کسی بھی وقت کمپنی کے ڈائریکٹر کی حیثیت سے خدمات انجام نہیں دیں۔

## بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران، بورڈ آف ڈائریکٹرز کے 8 اجلاس منعقد ہوئے۔ بورڈ ممبران کی میٹنگوں میں شرکت کا خلاصہ درج ذیل ہے:

ڈائریکٹر کے نام	اجلاسوں میں شرکت
جناب عدنان اصدر علی	8
جناب راشد عبد اللہ	2
محترمہ شائستہ خالق رحمن	8
جناب سید ندیم احمد	8
جناب زبیر پال والا	8
جناب ایاز عبد اللہ	2
جناب اسد عبد اللہ	2
ڈاکٹر عطاء الرحمان	6
جناب مونس عبد اللہ	3



- بین الاقوامی اکاؤنٹنگ معیارات، جو کہ پاکستان میں قابل اطلاق ہیں، مالیاتی حسابات کی تیاری میں ملحوظ خاطر رکھا گیا ہے۔
- کمپنی ایک مستحکم انٹر کنزول سسٹم برقرار رکھتی ہے جو کسی بھی غلط بیانی یا نقصان کے خلاف تحفظ فراہم کرتا ہے۔ انٹر نل سسٹم کا باقاعدگی سے جائزہ لیا جاتا ہے۔
- کمپنی کی ترقی سے جاری رہنے کی صلاحیت پر کوئی شبہات نہیں ہیں۔
- کارپوریٹ گورننس کے بہترین طریقہ کار سے قطعی انحراف نہیں کیا جاتا جیسا کہ لسٹنگ ریگولیشنز میں تفصیل سے درج کیا گیا ہے۔
- ٹرانسفر کے زخموں کے بہترین طریقہ کار سے روگردانی نہیں کی جاتی ہے۔

6 سالوں کے لئے اہم آپریشننگ اور مالیاتی تفصیل درج ذیل ہے۔

2015	2016	2017 (Re-stated)	2018	2019	2020	2021	
							<b>لاگو کردہ اثاثہ جات</b>
688,354	1,528,607	2,254,788	2,692,524	3,786,177	4,415,663	8,741,499	املاک، پلائٹس اور لیکوئٹس
-	-	-	-	-	121,515	79,410	استعمال اثاثہ جات کا حق
39,845	254,473	397,709	384,661	365,268	328,533	15,622,504	غیر معمولی اثاثہ جات
2,614,906	2,607,507	2,584,202	2,871,818	2,724,116	2,571,674	2,970,279	مالیت پر جائیدادوں میں سرمایہ کاری
187,792	-	-	-	-	-	-	طویل مدتی سرمایہ کاری۔ ذیلی اداروں
100,300	325,560	1,020,405	1,682,189	13,895	11,182	24,462	طویل مدتی قرضے اور ڈپازٹس
-	-	1,894	-	-	-	-	ڈیفنڈ اثاثہ جات
-	-	-	-	75,500	88,064	-	نان کرنٹ اثاثہ جات کلاسیفائیڈ فروخت کے لئے دستیاب
2,397,902	3,956,256	3,817,731	3,897,703	6,711,339	9,021,013	8,579,394	خالص کرنٹ اثاثہ جات
<b>6,029,099</b>	<b>8,672,403</b>	<b>10,076,729</b>	<b>11,528,895</b>	<b>13,676,294</b>	<b>16,557,644</b>	<b>36,017,547</b>	<b>مجموعی زیر عمل اثاثہ جات</b>
							<b>سرمایہ کاری کا ذریعہ</b>
858,407	1,227,523	1,539,314	1,847,177	2,124,253	2,124,253	2,400,405	جاری کردہ، سبسکر آئیڈ اور ادا شدہ سرمایہ
3,842,263	6,185,481	7,335,404	8,477,432	9,514,903	11,516,719	19,105,693	ریزرو ز اور غیر منقولہ شدہ منافع جات
<b>4,700,670</b>	<b>7,413,004</b>	<b>8,874,718</b>	<b>10,324,609</b>	<b>11,639,156</b>	<b>13,640,972</b>	<b>21,506,098</b>	<b>حصص یافتگان کی ایکویٹی</b>
296,961	296,961	493,079	675,001	1,437,936	1,846,153	4,066,913	فکسڈ اثاثہ جات کی دوبارہ قدر و قیمت پر اضافہ
318,627	390,725	422,867	451,963	442,137	475,408	513,181	کنزول نہ کئے جانے والا مناد
712,841	571,713	286,065	77,322	157,065	595,111	9,931,355	طویل مدتی غیر معمولی شدہ مالیاتی ذمے داریاں
<b>6,029,099</b>	<b>8,672,403</b>	<b>10,076,729</b>	<b>11,528,895</b>	<b>13,676,294</b>	<b>16,557,644</b>	<b>36,017,547</b>	<b>مجموعی لاگو شدہ سرمایہ</b>
<b>9,048,041</b>	<b>11,328,239</b>	<b>13,309,651</b>	<b>16,148,468</b>	<b>18,062,107</b>	<b>20,474,842</b>	<b>26,219,656</b>	<b>ٹرن اوور</b>
1,908,819	2,679,203	2,880,416	3,254,423	2,832,228	3,658,860	5,035,298	منافع قبل از ٹیکس
1,452,391	2,058,373	2,393,075	2,716,600	2,265,296	2,548,047	3,746,848	منافع بعد از ٹیکس
16.05	18.17	17.98	16.82	12.54	12.44	14.29	منافع بعد از ٹیکس بمطابق ٹرن اوور کا فیصد
24.09	23.73	23.75	23.56	16.56	15.39	10.4	منافع بعد از ٹیکس بمطابق زیر عمل سرمائے کا فیصد
							منافع منقسمہ
20	50	100	50	25	25	20	نقد (فیصد)
20	24	30	15	NIL	NIL	30	اسٹاک (فیصد)

## کوڈ آف کارپوریٹ گورننس سے مطابقت

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ کمپنیوں کے قواعد و ضوابط اسٹاک ایکسچینج نے اپنے لسٹنگ قوانین اور لسٹنگ کمپنیوں کے ضوابط میں شامل کر لئے ہیں۔ کمپنی نے ان ضوابط کو نافذ کر رکھا ہے اور انہی خطوط اور روح کے مطابق اسی پر عمل درآمد کیا جا رہا ہے۔

## ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری اور ایگزیکٹو وغیرہ کی جانب سے کی تجارت۔

کمپنی کے حصص کی تجارت پاکستان اسٹاک ایکسچینج لمیٹڈ میں کی جاتی ہے۔ ڈائریکٹرز، سی ای او، کمپنی سیکریٹری، سی ایف او اور ایگزیکٹوز، ان کی شریک حیات اور نابالغ بچوں نے کمپنی کے حصص میں کوئی تجارت نہیں کی ہے، ماسوائے درج ذیل ایگزیکٹوز کے:

نام	خریدے گئے حصص	فروخت کئے گئے حصص
جناب موجود الحسن	-	4,480

## ڈائریکٹرز کا ترتیبی پروگرام

حال ہی میں چار ڈائریکٹرز DTP سرٹیفیکیشن میں شرکت کر چکے ہیں۔ اگلے سال باقی رہ جانے والے ڈائریکٹرز کے لئے کمپنی نے DTP سرٹیفیکیشن کے لئے منصوبہ ترتیب دیا ہے۔ 30 جون 2022 کے اختتام تک 75% ڈائریکٹرز، ڈائریکٹرز ٹریننگ میں شریک ہونگے جیسا کہ اسکی لسٹنگ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 میں سفارش کی گئی ہے۔

## داخلی مالی کنٹرول کی اہلیت

اس امر کو یقینی بنانے کے لئے کمپنی کی جانب سے کمپنی کے اثاثہ جات کے تحفظ، قواعد اور ضوابط پر عملدرآمد اور مستند فنانشل رپورٹنگ کے لئے موزوں داخلی کنٹرولز لاگو کئے گئے ہیں، بورڈ آف ڈائریکٹرز نے انٹرنل آڈٹ کے امور بیرونی ذرائع سے گرانٹ تھورنٹن انجمن رحمن، چارٹرڈ اکاؤنٹنٹس کو سونپ دیئے ہیں جن کو موزوں اور اہل ہونے کے ساتھ ساتھ اس مقصد کے لئے مناسب تجربے کا حامل تصور کیا جاتا ہے اور وہ کمپنی کی پالیسی اور طریقہ کار سے بھی بخوبی واقف ہیں۔

## ضابطہ اخلاق

کمپنی کے بورڈ آف ڈائریکٹرز نے ایک ضابطہ اخلاق رائج کیا ہے۔ تمام ملازمین کو اس بارے میں اطلاع اور آگاہی فراہم کر دی ہے اور یہ ضروری ہے کہ وہ کاروبار اور اصول و ضوابط سے متعلق امور میں ان قوانین پر عمل پیرا ہوں۔

## کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیات حسابات، اس کے معاملات، کاروباری امور کے نتائج، نقد بہاؤ اور لیکویڈٹی میں بدلاؤ کو شفاف انداز میں پیش کرتے ہیں۔

- کمپنی کے حسابات کی باقاعدہ کتب برقرار رکھی جاتی ہیں۔
- مالیاتی حسابات اور اکاؤنٹنگ کے تخمینہ جات کی تیاری میں موزوں اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں جو مناسب اور محتاط فیصلوں پر مبنی ہیں۔

## مصنوعات کا معیار

صارفین کا سرل کی مصنوعات پر اعتماد اور بھروسہ ہمارا سب سے قیمتی اثاثہ ہے۔ ہم اس امر کو تسلیم کرتے ہیں کہ فارماسیوٹیکلز کی تیاری میں کئی منفی خطرات لاحق ہوتے ہیں اور پروڈکٹ ڈیزائن کرنے میں یا تیاری میں کوئی معمولی سی بھی غلطی مہلک حتیٰ کہ خطرناک بھی ہو سکتی ہے لہذا معیار کو برقرار رکھنا ہماری اولین ترجیح اور اخلاقی ذمہ داری ہے۔

ہم مریضوں کی صحت کی بحالی کے لئے اپنے فرض کے پابند ہیں، اور یہ یقین دہانی کراتے ہیں کہ دواؤں کی مصنوعات کی تیاری سے وابستہ تمام کاروائیاں ایک ایسے معیار کی ہوں جو مریض کی حفاظت اور افادیت کی توقعات کو یقینی بنائے۔

## کارپوریٹ اور سماجی ذمہ داری

ہمارے فرائض کا دائرہ کار ہمارے شراکت داروں کے لئے منافع میں اضافے کے ساتھ ختم نہیں ہوتا ہے۔ سرل میں، ہمیشہ ہمارا مقصد یہی رہا ہے کہ ہم جس معیشت میں کام کرتے ہیں اس میں مفید شراکت کریں۔ توجہ کا ایک بنیادی شعبہ روزگار کے مواقع پیدا کرنا ہے تاکہ ایک بڑی صنعتی اور فروخت سے منسلک افرادی قوت کی معانت کی جاسکے۔

کمپنی معاشرتی طور پر ذمہ دارانہ انداز میں سرگرم عمل ہے۔ اس کے مطابق کمپنی کا سماجی ذمہ داری کا پروگرام وسیع البیناد سرگرمیوں کا حامل ہے اور اس ضمن میں ہیلتھ کیئر، تعلیم، بچوں کی فلاح و بہبود اور دیگر سماجی و فلاحی اقدامات شامل ہیں۔

## پیشہ ورانہ صحت، حفاظت اور ماحولیات

ہم، سرل میں، محفوظ اور پر اعتماد ماحول کی اہمیت کو تسلیم کرتے ہیں اور اسے اپنا فرض سمجھتے ہیں کہ یہ یقینی بنائیں کہ جو لوگ ہمارے ساتھ کام کرتے ہیں وہ اپنی صحت کو بغیر کسی خطرے کے محفوظ طریقے سے کام سرانجام دیتے رہیں۔ ہمارے ملازمین اور زائرین کی صحت اور حفاظت کمپنی کی اولین ترجیح ہے۔ لہذا، آپریشنز سے وابستہ خطرات کی مسلسل نشاندہی کی جاتی ہے، اور تشخیص کے بعد خطرات کو ختم کرنے یا کم کرنے کا انتظام کیا جاتا ہے۔

## انفارمیشن ٹیکنالوجی

کمپنی کی بڑھتی ہوئی کاروباری ضروریات کو پورا کرنے اور مستقل طور پر انفارمیشن سسٹم کو اپ گریڈ کرنے کی ہماری مسلسل کوششوں کے ضمن میں، ہم انفارمیشن ٹیکنالوجی میں زیادہ سے زیادہ سرمایہ کاری کرنے کی اپنی پالیسی جاری رکھے ہوئے ہیں۔ ہم نے اپنے کاروباری عمل کو مزید مستحکم کرنے کے لئے کاروباری انتظام کے سب سے طاقتور سسٹم، ایس اے پی کو کامیابی کے ساتھ تعینات کیا ہے۔

## ویب سائٹ

ہمارے تمام شراکت داروں اور عوام الناس دی سرل کمپنی لمیٹڈ کی ویب سائٹ [www.searlecompany.com](http://www.searlecompany.com) ملاحظہ کر سکتے ہیں، جس پر سرمایہ کاروں کے لئے ایک حصہ مختص ہے جس میں سالانہ، ششماہی اور سہ ماہی مالیاتی حسابات سے متعلق معلومات موجود ہیں۔

## متعلقہ پارٹیوں کے لین دین

سال 2021 کے دوران تمام متعلقہ پارٹی ٹرانزیکشن، ان کے جائزے اور منظوری کے لئے آڈٹ کمیٹی اور بورڈ کے سامنے رکھے گئے تھے۔ ان ٹرانزیکشنس کو آڈٹ کمیٹی اور بورڈ نے اپنے متعلقہ اجلاسوں میں باضابطہ طور پر منظور کیا تھا۔ یہ تمام ٹرانزیکشنز منتقلی کی قیمتوں کے تعین کے طریقوں اور اس سے قبل بورڈ کے ذریعہ منظور شدہ متعلقہ فریقوں کے ساتھ پالیسی کے مطابق تھا۔ کمپنی ایسے تمام ٹرانزیکشنز کا شرائط و ضوابط کے ساتھ مکمل ریکارڈ بھی رکھتی ہے۔ مزید تفصیلات کے لئے، براہ کرم مالیات حسابات کا حوالہ نوٹ 41 ملاحظہ کریں۔

## ہولڈنگ کمپنی کے ذیلی ادارے

زیر انتظام کمپنیاں درج ذیل ہیں:

کاروبار کا مرکزی مقام	موثر العمل	فیصد ہولڈنگ کی عمر
جون 30، 2021	جون 30، 2020	
پاکستان	74.19%	74.19%
	100.00%	100.00%
	-	100.00%
	100.00%	100.00%
	100.00%	100.00%
	100.00%	-
	100.00%	100.00%
	87.20%	87.20%

### لسٹڈ کمپنی

- آئی بی ایل، ہیلتھ کیئر لمیٹڈ

### غیر لسٹڈ کمپنیاں

- سرل فرماسیوٹیکلز (پرائیویٹ) لمیٹڈ
- ادبی ایس پاکستان (پرائیویٹ) لمیٹڈ
- سرل لیبارٹریز (پرائیویٹ) لمیٹڈ
- سرل بائیوسائنسز (پرائیویٹ) لمیٹڈ
- آئی بی ایل آئیڈینٹیٹی (پرائیویٹ) لمیٹڈ
- آئی بی ایل فوچر ٹیکنالوجیز (پرائیویٹ) لمیٹڈ
- نیکسٹر فارما (پرائیویٹ) لمیٹڈ

## شیر ہولڈنگ کا طریقہ کار

30 جون 2021 کے مطابق شیر ہولڈنگ کا طریقہ کار بشمول حصص یافتگان کی کینیگریز جیسا کہ کمپنیز ایکٹ 2017 کے سیکشن 227 اور لسٹنگ ریگولیشنز کے تحت ضروری ہے، سالانہ رپورٹ 2021 کے صفحہ نمبر 250 تا 252 پر پیش کیا جا رہا ہے۔

## کاروباری اقدار

سرل گروپ کا کاروباری طریقہ کار ایمانداری، شفافیت اور قابل اطلاق قوانین اور ضوابط کی تعمیل پر مبنی ہے۔

ہماری اقدار اور توقعات محض لفظوں سے کہیں زیادہ ہیں۔ وہ مل کر دنیا کی ایک اہم جدید ترین، بہترین کارکردگی دیکھانے والی اور قابل اعتماد ہیلتھ کیئر کمپنیوں میں سے ایک بننے کے لئے ہمارے ہدف کی رہنمائی میں مدد کرتے ہیں۔ وہ ہماری ثقافت کی تشکیل اور ہمارے اقدامات اور فیصلہ سازی کی رہنمائی کرتے ہیں، لہذا ہم ان لوگوں کا اعتماد برقرار رکھ سکتے ہیں جو ہر روز ہم پر انحصار کرتے ہیں یعنی ہمارے مریضوں اور صارفین۔ اب یہ ہم سب پر منحصر ہے کہ، ہر روز، سرل گروپ کو اس نوعیت کا گروپ بنائے رکھیں کہ ہم سب کو اس کا حصہ ہونے پر فخر ہو۔ ہم اپنے صارفین کی ضروریات کو سمجھنے اور اسے پورا کرنے کی کوشش میں جڑے رہتے ہیں، جبکہ کاروباری کاموں کے تمام شعبوں میں مستقل بہتری کی تلاش میں سرگرم ہیں۔

ہم اپنے مریضوں اور صارفین کے لئے درست اقدامات اور اعلیٰ معیار کے لئے جستجو کرتے ہیں۔ ہم صحت کی دیکھ بھال کو بہتر بنانے اور نئی دوائیں اور ویکسین تلاش کرنے کے لئے اپنے شراکت داروں کے ساتھ مصروف عمل رہتے ہیں۔ ہمارے کردار سے قطع نظر، ہم سمجھتے ہیں کہ ہماری کاوشیں مریضوں اور صارفین پر کیسے اثر انداز ہوتی ہیں۔

دوران سال، سرل گروپ نے (OBS) پاکستان پرائیوٹ لمیٹڈ (جو کہ اب سرل پاکستان لمیٹڈ کہلاتی ہے) کو حاصل کیا، جو کہ فارماسیوٹیکل پروڈکٹس کی مینوفیکچرنگ اور سیلز میں مصروف کار ہے۔ پاکستان کی فارماسیوٹیکل انڈسٹری میں (OBS) کا حصول ایک بڑی ٹرانزیکشن تھی۔ یہ ٹرانزیکشن سرل گروپ کو ڈاکٹرز کی کوریج اور ان کے تجربے کو سہولت فراہم کرے گی تاکہ (OBS) کے ساتھ پورٹ فولیو پروڈکٹس سے نمٹنے میں آسانی رہے۔

سرل گروپ اس قابل تھا کہ اپنی ڈاکٹر کوریج، میچورنگ پروڈکٹ پورٹ فولیو، نئی برانڈز کے تعارف، وافر پروڈکٹ مکس اور برانڈنگ کی کوششوں کے ساتھ حاصل کردہ (OBS) پاکستان (پرائیوٹ) لمیٹڈ کی وجہ سے اپنی فروخت اور منافع بخش کاروبار کو غیر معمولی طور پر آگے بڑھاسکے۔

## فی شیئر آمدنی

اس مدت کے لئے بنیادی آمدنی فی شیئر بعد از ٹیکس 15.80 روپے رہی (11.46 روپے: 2020)۔ سرل گروپ کی بنیادی آمدنی فی شیئر پر کمی کے کوئی اثرات نہیں ہوئے، چونکہ 30 جون، 2021 تک کمپنی کے تبدیل پذیر غیر متوقع ممکنہ حصص بقایا نہیں تھے۔

## منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کیلئے 20% کے نقد منافع اور 30% اسٹاک کے بونس شیئرز کی سفارش کی ہے۔

30 جون 2020 کو ختم ہونے والے گزشتہ سال کے دوران، گروپ نے 25 فیصد نقد منافع کا اعلان کیا تھا۔

## مالیاتی حسابات اور آڈیٹرز

موجودہ آڈیٹرز، میسرز۔ اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، سبکدوش ہو رہے ہیں اور اہل ہونے کے بناء پر انہوں نے خود کو دوبارہ تقرری کے لئے پیش کیا۔

بورڈ آف ڈائریکٹرز نے آڈٹ کمپنی کی سفارشات پر 30 جون 2022 کو ختم ہونے والے مالی سال کے لئے باہمی طے شدہ معاوضے پر کمپنی کے آڈیٹرز کی حیثیت سے ان کی دوبارہ تقرری کی توثیق کرتے ہیں۔

## ہولڈنگ کمپنی

انٹرنیشنل برانڈز لمیٹڈ سرل کی ہولڈنگ کمپنی ہے، جو کمپنی میں 56.32 فیصد شیئر ہولڈنگ رکھتی ہے۔

## آپریٹنگ نتائج

سرل گروپ ایک ایسا گروپ ہے جس نے ہمیشہ اعلیٰ معیار کی ہیلتھ کیئر خدمات پیش کر کے مریضوں کی زندگی کو بہتر بنانے پر توجہ مرکوز کی ہے۔ ہم نے مریضوں اور اپنے شراکت داروں کے فوائد کو ہمیشہ ترجیح دی ہے اور ہمیں اپنی کاوشوں کے ثمرات پر فخر ہے۔

سرل گروپ نے 6 سال (مالی سال 2014-2020) کے دوران سی اے جی آر (CAGR) 19.4 فیصد اور منافع بعد از ٹیکس میں 17.1 فیصد اضافہ ریکارڈ کیا ہے۔ منافع میں اس اضافے کی وجہ حجم میں مستقل نمو اور متنوع اقسام کی مصنوعات کے ساتھ ڈرگ ریگولیشنری اتھارٹی آف پاکستان کی قیمتوں کا تعین کرنے کی پالیسی کے مثبت اثرات بھی شامل ہیں، جو اب سالانہ صارفنی قیمت کے اشاریے (سی پی آئی) سے منسلک ہیں۔

اس مشکل ترین عرصے کے دوران، جس نے پاکستان سمیت دنیا بھر کے معاشی ماحول پر اپنے شدید اثرات مرتب کیے، سرل گروپ اپنے اختتامی سال 30، جون 2021 کے دوران ایک متاثر کن کارکردگی حاصل کرنے میں کامیاب ہوا۔ گروپ کی مالیاتی کارکردگی کی اہم خصوصیات مندرجہ ذیل ہیں:

- آمدنی %28 کے اضافے کے ساتھ 5.74 ارب روپے تک بڑھ گئی۔
- آپریٹنگ منافع %49.34 کے اضافے کے ساتھ 2.14 ارب روپے تک بڑھ گیا۔
- بعد از ٹیکس %47.05 اضافے کے ساتھ 1.20 ارب روپے تک بڑھ گیا۔

June 30,		
2020	2021	
(پاکستانی روپے ہزاروں میں)		
20,474,842	<b>26,219,656</b>	آمدنی
(10,769,089)	<b>(14,028,488)</b>	فروخت کے اخراجات
9,705,753	<b>12,191,168</b>	مجموعی آمدنی
(5,606,056)	<b>(6,731,007)</b>	آپریٹنگ اخراجات
(261,841)	<b>(326,467)</b>	دیگر آپریٹنگ اخراجات
505,957	<b>1,353,192</b>	دیگر آمدنی
4,343,813	<b>6,486,886</b>	آپریٹنگ سے آمدنی
(684,953)	<b>(1,451,588)</b>	مالیاتی اخراجات
3,658,860	<b>5,035,298</b>	منافع قبل از ٹیکس
(1,110,813)	<b>(1,288,450)</b>	انکم ٹیکس اخراجات
2,548,047	<b>3,746,848</b>	منافع بعد از ٹیکس

## اشتمالی ڈائریکٹرز رپورٹ برائے حصص یافتگان

ڈائریکٹرز سالانہ رپورٹ مع سال محتممہ 30 جون 2021 کے لئے ہولڈنگ کمپنی کے آڈٹ شدہ مالیاتی حسابات پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

ڈائریکٹرز رپورٹ کمپنیز ایکٹ، 2017 کی دفعہ 227 اور لسٹڈ کمپنیوں (کارپوریٹ گورننس کے ضابطہ) کی ریگولیشنز 2019 کے باب XII کے مطابق تیار کی گئی ہے۔

یہ رپورٹ 28 اکتوبر 2021 کو کمپنی کے منعقدہ ہونے والے 56 ویں سالانہ اجلاس عام میں حصص یافتگان کو پیش کی جائے گی۔

### جائزہ

کرونا وائرس کی وبا اس صدی میں شدید کساد بازاری کا باعث بنی ہے جس کی وجہ سے معاشی سرگرمیاں درہم برہم ہو گئیں، صحت عامہ کو خطرات لاحق ہو گئے، لوگوں کے چین و آرام کو تکلیف پہنچی اور انہیں اپنی ملازمتوں سے ہاتھ دھونے پڑے۔ کرونا وائرس کے 227 ملین کیسز اور اس کی وجہ سے دنیا بھر میں 4.5 ملین سے زائد اموات کی اطلاعات موصول ہوئی ہیں۔ لہذا زندگی کو اُس کے معمول پر لانا دنیا کے لئے ایک چیلنج کی صورت اختیار کر گیا ہے۔ جبکہ ترقی یافتہ معیشتوں سے توقع ہے کہ وہ اپنی حکومتوں سے ویکسین کے فوری حصول کے لئے اور مضبوط ملکی محاصل کے تعاون سے فائدہ اٹھائیں۔ آزمائش سے گزرتی معیشتوں کو کرونا وائرس کی وبا کے پھوٹ پڑنے سے بہت زیادہ چیلنج کا سامنا ہے۔ کیونکہ اس کی وجہ سُست ویکسین رول آؤٹ اور وسائل حاصل کرنے کی کم قدرت ہے۔ تاحال دنیا کی آبادی کے ایک بڑے حصے نے ویکسین نہیں لگوائی ہے۔ لہذا مختلف اقسام کے وبائی امراض جیسے ڈیلٹا ویرنٹ کی قسم اور نئی بیماریاں پھوٹ پڑ رہی ہیں۔ اس طرح معیشت کی بحالی کو عارضی طور پر اور ترقی کی راہ میں نئی رُو کاٹوں سے نقصان پہنچنے کا اندیشہ رہے گا۔

کرونا وائرس نے خصوصیت کے ساتھ فارماسیوٹیکل اور ہیلتھ کیئر سیکٹرز پر اپنا اثر ڈالا ہے۔ اس کی وجہ صارف کے رجحانات اور اس کی ترجیحات میں تبدیلی بتائی جاتی ہے۔ انڈسٹری اور خاص طور پر صبح طریقے سے قائم شدہ ادارے نئے مواقع سے فائدہ اٹھا رہے ہیں۔ جس کے نتیجے میں حفظانِ صحت، پر بڑھتا ہوا زور ویکسین کی بہتر صورت، برانڈنگ اور اضافی آمدنی میں اضافے پر پڑتا ہوا زور ہے۔ سُست رفتار Vaccination کی غیر یقینی صورتِ حال کے باوجود، COVID-19 کے دوبارہ بڑھتے ہوئے کیسز کے نتیجے میں حکومتوں کا اپنے ملکوں میں کئی بار لاک ڈاون کے اقدامات شامل ہیں۔ اسٹیک ہولڈرز تبدیلی کے تاریخی اور موجودہ اسباب کو مد نظر رکھ سکتے ہیں۔ جبکہ وہ 2022 اور اس سے آگے کے لیے اپنی حکمتِ عملی ترتیب دے رہے ہوں۔

پاکستان میں فارماسیوٹیکل کی فروخت میں سالانہ نمو کی شرح میں 17.05 فیصد اضافہ ہوا جس کی مالیت تقریباً 3.3 ارب امریکی ڈالر (پاکستانی 559 ارب روپے) ہے، اور اس شعبے میں 620 سے زائد کمپنیاں کام کر رہی ہیں، جس میں نئے مالیکول کے تعارف جیسے عوامل اور اس کی معاونت کرتی بڑھتی ہوئی استطاعت کے آبادیاتی رجحانات، آبادی میں اضافہ، بنیادی ڈھانچے کی سرمایہ کاری، تکنیکی پیش رفت، تدریجی کسٹ ماڈل، زائد متوقع عمر اور دائمی بیماریوں کے واقعات میں اضافہ اور اس کے ساتھ ہی وبائی امراض کے دوران صحت کو لاحق نئے تحفظات کار فرما ہیں۔

اس کے باوجود، فارماسیوٹیکل کی صنعت اپنی پوری صلاحیت حاصل کرنے میں ناکام ہے، جس کی وجوہات درآمد شدہ APIs پر زیادہ انحصار، زر مبادلہ کی شرح میں اتار چڑھاؤ، فی کس کم اخراجات اور عالمی ماحول کے لحاظ سے کم قیمتیں رہیں۔ اگرچہ انڈسٹری ان کے منافع قبل از ٹیکس کا 1 فیصد حصہ حکومت کو ریسرچ اور ڈیولپمنٹ کے ضمن میں دے رہی ہے، لیکن تحقیقاتی اور ترقیاتی محاذ پر مزید بہت کچھ حاصل کیا جاسکتا ہے۔

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THE SEARLE COMPANY LIMITED

#### Opinion

We have audited the annexed consolidated financial statements of The Searle Company Limited (the Parent Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 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 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 judgement, 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:

S. No.	Key Audit Matters	How the matter was addressed in our audit
(i)	<p><b>Acquisition of OBS Pakistan (Private) Limited</b></p> <p><b><i>(Refer note 4 to the consolidated financial statements)</i></b></p> <p>During the year, the Parent Company acquired 100% shareholding in OBS Pakistan (Private) Limited [formerly Luna Pakistan (Private) Limited] - (OBS) from Universal Ventures (Private) Limited - related party (UVPL) under an agreement dated August 24, 2020 at a total purchase consideration of Rs. 15.80 billion.</p> <p>The Parent Company has accounted for this acquisition under IFRS 3 – ‘Business Combinations’. For this purpose, management engaged experts to determine the fair values of identifiable assets and liabilities of OBS for the purpose of purchase price allocation. It also requires the management to make adjustments (if any) to align accounting policies of OBS with those of the Parent Company.</p> <p>We considered acquisition of OBS Pakistan (Private) Limited to be a key audit matter as this was a significant transaction during the year and involves significant estimates and judgements related to the transaction event.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- inspected the agreements to obtain an understanding of the transaction and the key terms;</li> <li>- assessed the valuation for the consideration paid and traced payment made for acquisition of shares;</li> <li>- tested the identification and fair valuation of the acquired assets including intangible assets and liabilities assumed and corroborating this identification based on our discussion with the management;</li> <li>- involved our internal and external specialists / experts to assist us in reviewing the valuation methodologies used by management’s external valuation experts for the fair valuation of the assets acquired and liabilities assumed and purchase price allocation. As part of this we assessed the valuation assumptions such as discount rates and growth rates by comparing these assumptions to source data and market data. We have also assessed the competence and relevant experience of the experts engaged by the management;</li> <li>- assessed whether the appropriate accounting treatment has been applied to the transaction; and</li> <li>- assessed the adequacy and appropriateness of the related disclosures in the consolidated financial statements for compliance with the requirement of the applicable financial reporting framework.</li> </ul>

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<b>S. No. Key Audit Matters</b>	<b>How the matter was addressed in our audit</b>
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**(ii) Revenue from contracts with customers**

***(Refer note 2.20 and 31 to the consolidated financial statements)***

The Group's revenue is generated from sales of pharmaceutical and consumer products. The Group recognized revenue of Rs. 26.22 billion from the sale of goods to domestic as well as export customers during the year ended June 30, 2021.

Revenue recognition includes determination of sales prices in accordance with the regulated price regime of the Government and transfer of control of products sold to customers. Further, discounts and claims in respect of revenue recognised are provided to customers.

Taking into account that revenue recognition is a key performance indicator for the Group and higher risk area, we considered this as a key audit matter.

Our audit procedures included the following:

- obtained an understanding of determination of sales prices in accordance with policies of Drug Regulatory Authority of Pakistan (DRAP);
- tested on sample basis selling prices of regulated pharmaceutical products to ensure compliance with DRAP pricing policies;
- obtained an understanding of and tested the design and effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period;
- checked the discounts and claims offered by the Group to its customers on sample basis;
- inspected contracts to obtain an understanding of contract terms particularly relating to timing and the customer's acceptance of the products and assessing the Group's accounting policies for recognition of revenue with reference to the requirements of the prevailing accounting standards; and
- compared on sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation, including the relevant sales contracts, the customer's acknowledgement of acceptance to assess whether revenue had been recognized in the appropriate period.

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**S. No. Key Audit Matters**

**How the matter was addressed in our audit**

**(iii) Litigation matters**

***(Refer Note 30.1 and 31.3 to the consolidated financial statements)***

The Group has litigation cases in respect of product pricing and income tax matters, which are pending at various forums including Honorable High Court of Sindh, Commissioner Inland Revenue (Appeals) (CIR(A)), Appellate Tribunal Inland Revenue (ATIR) and DRAP.

Matters under litigation require management to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations, and the probability of outcome and financial impact, if any, on the Group for disclosure and recognition and measurement of any provisions that may be required against such litigation matters.

Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgement and estimates to assess the same including related financial impacts, we considered litigation matters relating to product pricing and taxation a key audit matter.

Our audit procedures included the following:

- obtained and reviewed details of the pending cases and discussed the same with the Group's management;
- reviewed correspondence of the Group with the relevant authorities including judgements or orders passed by the competent authorities/ courts of law in relation to the issues involved or matters which have similarities with the issues involved;
- obtained confirmations from the Group's external legal and tax counsels for their views on open tax assessments and legal cases;
- involved internal tax professionals to assess management's conclusions on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Group; and
- assessed the adequacy and appropriateness of the related disclosures in the consolidated financial statements for compliance with the requirement of 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 unconsolidated and consolidated financial statements and our auditor's reports 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 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 judgement and maintain professional skepticism throughout the audit. We also:

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

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Farrukh Rehman.



A. F. Ferguson & Co  
Chartered Accountants  
Karachi

Date: October 04, 2021

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# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Note	2021	2020
-----Rupees '000-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	8,741,499	4,415,663
Right-of-use asset	6	79,410	121,515
Investment properties - at cost	7	2,970,279	2,571,674
Intangible assets	8	15,622,504	328,533
Long-term loans and advances	9	325	358
Long-term deposits	10	24,137	10,824
		<b>27,438,154</b>	<b>7,448,567</b>
<b>Current assets</b>			
Inventories	11	4,886,018	3,428,519
Trade receivables	12	10,038,858	8,633,836
Loans and advances	13	1,035,531	2,950,401
Trade deposits and short-term prepayments	14	145,493	113,181
Accrued markup		1,106	-
Other receivables	15	4,016,938	1,187,736
Short-term investment at amortised cost	16	116,721	100,000
Taxation - payments less provision		1,243,726	793,352
Tax refunds due from Government - Sales tax		-	23,757
Cash and bank balances	17	222,996	335,189
		<b>21,707,387</b>	<b>17,565,971</b>
<b>Asset classified as 'Held for Sale'</b>	18	-	88,064
		<b>49,145,541</b>	<b>25,102,602</b>
<b>Total assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Issued, subscribed and paid-up capital	19	2,400,405	2,124,253
Share premium	20	6,049,419	1,630,974
Unappropriated profit		12,776,023	9,605,494
General reserve		280,251	280,251
Revaluation surplus on property, plant and equipment	21	4,066,913	1,846,153
Attributable to owners of The Searle Company Limited - Parent Company		25,573,011	15,487,125
Non-controlling interests		513,181	475,408
		<b>26,086,192</b>	<b>15,962,533</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	22	9,693,174	320,664
Deferred tax liabilities	23	59,174	55,052
Employee benefit obligations	24	76,669	54,994
Deferred income - Government grant	25	9,246	42,856
Lease liability	26	93,092	121,545
		<b>9,931,355</b>	<b>595,111</b>
<b>Current liabilities</b>			
Trade and other payables	27	5,088,191	3,385,618
Short term borrowings	28	7,794,044	4,953,328
Unpaid dividend	29	171,176	139,707
Unclaimed dividend		49,367	54,885
Sales tax payable		20,800	-
Current portion of lease liability	26	4,416	11,420
		<b>13,127,994</b>	<b>8,544,958</b>
		<b>23,059,349</b>	<b>9,140,069</b>
<b>Total liabilities</b>			
<b>Contingencies and commitments</b>			
	30		
<b>Total equity and liabilities</b>			
		<b>49,145,541</b>	<b>25,102,602</b>

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2021

	Note	2021 -----Rupees '000-----	2020 -----
Revenue from contracts with customers	31	26,219,656	20,474,842
Cost of sales	32	(14,028,488)	(10,769,089)
Gross profit		12,191,168	9,705,753
Distribution costs	33	(5,348,136)	(4,417,290)
Administrative expenses	34	(1,382,871)	(1,188,766)
Other expenses	35	(326,467)	(261,841)
Other income	36	1,353,192	505,957
Profit from operations		6,486,886	4,343,813
Finance cost	37	(1,451,588)	(684,953)
Profit before income tax		5,035,298	3,658,860
Income tax expense	38	(1,288,450)	(1,110,813)
Profit for the year		3,746,848	2,548,047
<b>Profit from:</b>			
Continuing Operations		3,690,065	2,548,047
Discontinued Operations		56,783	-
		3,746,848	2,548,047
<b>Profit is attributable to:</b>			
Owners of The Searle Company Limited - Parent Company		3,678,918	2,499,697
Non-controlling interests		67,930	48,350
		3,746,848	2,548,047
			(Restated)
Basic and diluted earnings per share (Rupees)	39	15.80	11.46

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2021

	Note	2021 -----Rupees '000-----	2020
Profit for the year		<b>3,746,848</b>	2,548,047
<b>Other comprehensive (loss) / income:</b>			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations		<b>(3,427)</b>	2,215
Surplus on revaluation of property, plant and equipment - net of deferred tax	21	<b>2,271,922</b>	439,185
		<b>2,268,495</b>	441,400
<b>Total comprehensive income for the year</b>		<b>6,015,343</b>	2,989,447
<b>Total comprehensive income is attributable to:</b>			
Owners of The Searle Company Limited - Parent Company		<b>5,947,413</b>	2,941,097
Non-controlling interests		<b>67,930</b>	48,350
		<b>6,015,343</b>	2,989,447

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2021

	Attributable to the owners of the Parent Company			Revenue reserves			Non-controlling interests	Total
	Capital reserves			Revenue reserves				
	Share capital	Share premium	Revaluation surplus on property, plant and equipment	General reserve	Unappropriated profits	Sub - Total reserves		
-----Rupees '000-----								
<b>Balance as at July 1, 2019</b>	2,124,253	1,630,974	1,437,936	280,251	7,603,678	10,952,839	442,137	13,519,229
Total comprehensive income for the year ended June 30, 2020								
Profit for the year ended June 30, 2020	-	-	-	-	2,499,697	2,499,697	48,350	2,548,047
Other comprehensive income for the year ended June 30, 2020	-	-	439,185	-	2,215	441,400	-	441,400
Transfer of incremental depreciation net of deferred tax	-	-	(30,968)	-	30,968	-	-	-
	-	-	408,217	-	2,532,880	2,941,097	48,350	2,989,447
<b>Transaction with owners in their capacity as owners</b>								
Final dividend for the year ended June 30, 2019 @ Rs. 2.5 per share	-	-	-	-	(531,064)	(531,064)	-	(531,064)
Dividend pertaining to non-controlling interests	-	-	-	-	-	-	(15,079)	(15,079)
	-	-	-	-	(531,064)	(531,064)	(15,079)	(546,143)
<b>Balance as at June 30, 2020</b>	<b>2,124,253</b>	<b>1,630,974</b>	<b>1,846,153</b>	<b>280,251</b>	<b>9,605,494</b>	<b>13,362,872</b>	<b>475,408</b>	<b>15,962,533</b>
Total comprehensive income for the year ended June 30, 2021								
Profit for the year ended June 30, 2021	-	-	-	-	3,678,918	3,678,918	67,930	3,746,848
Other comprehensive income / (loss) for the year ended June 30, 2021	-	-	2,271,922	-	(3,427)	2,268,495	-	2,268,495
Transfer of incremental depreciation net of deferred tax	-	-	(51,162)	-	51,162	-	-	-
	-	-	2,220,760	-	3,726,653	5,947,413	67,930	6,015,343
<b>Transaction with owners in their capacity as owners</b>								
Right issue - note 19.1	276,152	4,418,445				4,418,445		4,694,597
Issuance cost					(25,060)	(25,060)	-	(25,060)
Final dividend for the year ended June 30, 2020 @ Rs. 2.5 per share	-	-	-	-	(531,064)	(531,064)	-	(531,064)
Dividend pertaining to non-controlling interests	-	-	-	-	-	-	(30,157)	(30,157)
	-	-	-	-	(531,064)	(531,064)	(30,157)	(561,221)
<b>Balance as at June 30, 2021</b>	<b>2,400,405</b>	<b>6,049,419</b>	<b>4,066,913</b>	<b>280,251</b>	<b>12,776,023</b>	<b>23,172,606</b>	<b>513,181</b>	<b>26,086,192</b>

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

	2021	2020
Note	-----Rupees '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	40 <b>5,106,041</b>	1,300,923
Employee benefit obligations paid	<b>(17,054)</b>	(7,269)
Finance cost paid	<b>(1,755,300)</b>	(550,561)
Income taxes paid	<b>(1,208,701)</b>	(988,835)
Payments to workers' welfare fund and workers' profit participation fund	<b>(237,947)</b>	(164,324)
Interest income received	<b>9,653</b>	33,570
Decrease in long-term deposits	<b>2,834</b>	2,800
Decrease / (increase) in long-term loans and advances	<b>33</b>	(88)
Net cash generated from / (used in) from operating activities	<b>1,899,559</b>	(373,784)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(879,825)</b>	(163,694)
Proceeds from disposal of property, plant and equipment	<b>20,396</b>	2,778
Purchase of investment properties	<b>(561,384)</b>	(250,452)
Proceeds from sale of investment property	<b>-</b>	75,500
Purchase of intangible assets	<b>(7,499)</b>	(11,171)
Acquisition of subsidiary - net	<b>(17,004,956)</b>	-
Proceeds from disposal of subsidiary - net	<b>187,933</b>	-
Purchase of investments	<b>-</b>	(100,000)
Net cash used in investing activities	<b>(18,245,335)</b>	(447,039)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	<b>(535,270)</b>	(509,850)
Repayment of export refinance	<b>-</b>	(210,000)
Proceeds from issue of shares	<b>4,694,597</b>	-
Issue cost relating to issuance of shares	<b>(25,060)</b>	-
Borrowings obtained - net	<b>9,641,500</b>	-
Transaction cost paid on musharaka facility obtained	<b>(117,989)</b>	-
Demand finance facility obtained	<b>113,333</b>	-
(Payment) / proceeds from salary refinancing - net	<b>(80,810)</b>	535,500
Payments against lease liabilities	<b>(22,878)</b>	(28,868)
Net cash generated from / (used in) financing activities	<b>13,667,423</b>	(213,218)
<b>Net decrease in cash and cash equivalents</b>	<b>(2,678,353)</b>	(1,034,041)
Cash and cash equivalents at beginning of the year	<b>(4,484,264)</b>	(3,450,223)
<b>Cash and cash equivalents at end of the year</b>	<b>(7,162,617)</b>	(4,484,264)

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

## 1. LEGAL STATUS AND OPERATIONS

### 1.1 The Group consists of:

#### Parent company - The Searle Company Limited (the 'Parent Company')

The Parent Company was incorporated in Pakistan as a private limited company in October 1965. In November 1993, the Parent Company was converted into a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Its shares are quoted on the Pakistan Stock Exchange Limited (PSX). The Parent Company is principally engaged in the manufacture of pharmaceutical and other consumer products.

International Brands Limited is the ultimate Parent company (the 'Ultimate Parent Company') as it holds 56.32% (2020: 56.60%) of the total paid-up share capital of the Parent Company.

The registered office of the Company is located at One IBL Centre, 2nd floor, Plot No.1, Block 7 and 8, D.M.C.H.S. Tipu Sultan Road, Off Shahra-e-faisal, Karachi.

Subsidiary companies - Companies in which the Parent Company owns over 50% of voting rights or companies directly or indirectly controlled by the Parent Company.

	Principal place of business	% age of effective holding	
		2021	2020
<b>Listed Companies</b>			
- IBL HealthCare Limited (note 1.2.1)	Pakistan	<b>74.19%</b>	74.19%
<b>Unlisted Companies</b>			
- OBS Pakistan (Private) Limited (note 1.2.2)		<b>100.00%</b>	-
- Searle Pharmaceuticals (Private) Limited (note 1.2.3)		<b>100.00%</b>	100.00%
- Searle Laboratories (Private) Limited (note 1.2.4)		<b>100.00%</b>	100.00%
- Searle Biosciences (Private) Limited (note 1.2.5)		<b>100.00%</b>	100.00%
- Nextar Pharma (Private) Limited (note 1.2.6)		<b>87.20%</b>	87.20%
- IBL Identity (Private) Limited (note 1.2.7) *		-	100.00%
- IBL Future Technologies (Private) Limited (note 1.2.8)	<b>100.00%</b>	100.00%	

\* with effect from June 28, 2021, IBL Identity (Private) Limited ceased to be the subsidiary of the Group

### 1.2 Subsidiary Companies

#### 1.2.1 IBL HealthCare Limited

IBL HealthCare Limited (IBLHC) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) as a private limited company on July 14, 1997. In November 2008, IBLHC was converted into public limited company with its liability limited by shares. The shares of IBLHC are quoted on the Pakistan Stock Exchange Limited (PSX). Its principal business activities include marketing, selling and distribution of health care products. The registered office of the IBLHC is located at One IBL Centre, 2nd floor, Plot No.1, Block 7 and 8, D.M.C.H.S. Tipu Sultan Road, Off Shahra-e-faisal, Karachi.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

### 1.2.2 OBS Pakistan (Private) Limited

OBS Pakistan (Private) Limited [formerly Luna Pakistan (Private) Limited] (OBS), was incorporated on December 3, 2018, under the Companies Act, 2017. OBS is principally engaged in import, manufacture and sale of pharmaceutical products. The registered office of OBS is situated at One IBL Centre, 2nd floor, Plot No.1, Block 7 and 8, D.M.C.H.S. Tipu Sultan Road, Off Shahra-e-faisal, Karachi.

### 1.2.3 Searle Pharmaceuticals (Private) Limited

Searle Pharmaceuticals (Private) Limited (SPPL) was incorporated in Pakistan on December 18, 2012 as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). It is principally engaged in the facilitation of manufacturing of pharmaceutical products. During the year 2020, SPPL has ceased operations of toll manufacturing. However, it expects to commence sale of pharmaceutical products in the coming years. The registered office of SPPL is located at One IBL Centre, 2nd floor, Plot No.1, Block 7 and 8, D.M.C.H.S. Tipu Sultan Road, Off Shahra-e-faisal, Karachi.

### 1.2.4 Searle Laboratories (Private) Limited

Searle Laboratories (Private) Limited (SLPL) was incorporated in Pakistan on December 26, 2012 as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Its principal business activities include marketing, selling and distribution of pharmaceutical products. The registered office of SLPL is located at One IBL Centre, 2nd floor, Plot No.1, Block 7 and 8, D.M.C.H.S. Tipu Sultan Road, Off Shahra-e-faisal, Karachi.

### 1.2.5 Searle Biosciences (Private) Limited

Searle Biosciences (Private) Limited (SBPL) was incorporated in Pakistan on August 17, 2013 as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Its principal business activities include marketing, selling and distribution of pharmaceutical products. The registered office of SBPL is located at One IBL Centre, 2nd floor, Plot No.1, Block 7 and 8, D.M.C.H.S. Tipu Sultan Road, Off Shahra-e-faisal, Karachi.

### 1.2.6 Nextar Pharma (Private) Limited

Nextar Pharma (Private) Limited (NPPL) was incorporated in Pakistan in February 2003 as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). It is principally engaged in the business of manufacturing and selling of pharmaceutical products. The registered office of NPPL is located at One IBL Centre, 2nd floor, Plot No.1, Block 7 and 8, D.M.C.H.S. Tipu Sultan Road, Off Shahra-e-faisal, Karachi.

### 1.2.7 IBL Identity (Private) Limited

IBL Identity (Private) Limited (IBLIPL) was incorporated in Pakistan on April 23, 1986 as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Earlier, IBLIPL was engaged in the business of designing, manufacturing, producing, marketing, distributing and selling textile products under the brand name 'Tarzz'. However, the Tarzz Brand was discontinued and IBLIPL had shut down its production plant and closed down all of its outlets last year. Moreover, during the year, the IBLIPL also sold leftover inventory of its discontinued brand 'Tarzz'. During the year, the Parent Company transferred the right to sale of Nutrition products to IBLIPL. The IBLIPL was principally engaged in the business of marketing, distributing and selling of "Nutrition" products during the year. The registered office of IBLIPL is located at One IBL Centre, 2nd floor, Plot No.1, Block 7 and 8, D.M.C.H.S. Tipu Sultan Road, Off Shahra-e-faisal, Karachi. However, with effect from June 28, 2021, IBLIPL ceased to be the subsidiary of the Group - refer note 3.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

### 1.2.8 IBL Future Technologies (Private) Limited

IBL Future Technologies (Private) Limited (IBLFT) was incorporated in Pakistan on June 15, 2016 as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Its principal business activities are marketing, selling and distribution of electronic goods however, no operation have started till June 30, 2021. The registered office of IBLFT is located at One IBL Centre, 2nd floor, Plot No.1, Block 7 and 8, D.M.C.H.S. Tipu Sultan Road, Off Shakra-e-faisal, Karachi.

**1.3** The geographical location and address of the Group business units, including plant are detailed in note 50.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

### 2.1 Basis of preparation

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards and/ or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.2 Use of critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with the accounting and reporting standards require the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

- a) Income tax - note 2.18
- b) Revaluation of property, plant and equipment - note 2.6
- c) Pricing of revenue from contracts with customers - note 2.20

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management believes that the change in outcome of estimates would not have a material impact on the amounts disclosed in the consolidated financial statements.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

There have been no critical judgements other than those disclosed by the Group's management in applying the accounting policies that would have significant effect on the amounts recognised in the consolidated financial statements.

### 2.3 Changes in accounting standards, interpretations and pronouncements

#### a) Standards and amendments to approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Group's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Group's financial reporting.

#### b) Standards and amendments to approved accounting standards that are not yet effective

The standard, certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Group's annual accounting periods beginning on or after July 1, 2021. However, these are considered either not to be relevant or to have any significant impact on the Group's consolidated financial standards and operations and, therefore, have not been disclosed in these consolidated financial statements.

### 2.4 Overall valuation policy

These consolidated financial statements have been prepared under the historical cost convention except as otherwise stated below in the respective accounting policy notes.

### 2.5 Basis of consolidation

#### i. Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the relevant activities of the subsidiaries;
- is exposed to variable returns from the subsidiaries; and
- decision making power allows the Group to affect its variable returns from the subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are derecognised from the date the control ceases. These consolidated financial statements include The Searle Company Limited (the Parent Company) and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the Subsidiaries).

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

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 re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in consolidated statement of profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the proportionate net identifiable assets acquired and liabilities assumed. If this is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised in consolidated statement of profit or loss.

The financial statements of the subsidiaries have been consolidated on a line by line basis. Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses (unrealised) are also eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

### ii. Transactions and non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

## 2.6 Property, plant and equipment

### i. Owned

These are stated at cost less accumulated depreciation / amortisation and impairment loss, if any, except leasehold land, building on leasehold land, plant and machinery, vehicles and air-conditioning systems, which are stated at revalued amount less accumulated depreciation and impairment losses, if any, and capital work-in-progress which is stated at cost.

Depreciation is charged to the consolidated statement of profit or loss applying the straight line method, whereby the depreciable amount of an asset is written off over its estimated useful life. The revalued amount of building on leasehold land, plant and machinery, vehicles and air-conditioning systems is depreciated equally over the remaining life from the date of valuation. Depreciation is charged on additions from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in the consolidated statement of comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in consolidated statement of profit or loss, the increase is first recognised in consolidated statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in consolidated statement of comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to consolidated statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to retained earnings. The accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

Disposal of asset is recognised when significant risk and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating expense / income' in the consolidated statement of profit or loss.

Gain or loss on disposal or retirement of property, plant and equipment is included in the consolidated statement of profit or loss.

The Group reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation.

### 2.7 Lease Liability and Right-of-use asset

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

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any incentives received.

The right-of-use asset is depreciated on a straight-line method over the lease term as this method most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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



## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

### 2.8 Intangible assets

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the Group and that the cost of such asset can be measured reliably. These are stated at cost less accumulated amortisation and impairment, if any.

Distribution rights, brand name & logo and licenses have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangibles having infinite life are carried at cost less impairment, if any.

Amortisation is calculated using the straight line method to allocate the cost of trademarks and licenses over the useful lives.

Goodwill represents the difference between the consideration paid, for acquiring interests in a company and the value of the Group's share of its net assets at the date of acquisition.

### 2.9 Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists the assets' recoverable amount is estimated. An impairment loss is recognised wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised in consolidated statement of profit or loss.

### 2.10 Investment properties

The Group carries investment properties at their respective costs under the cost model in accordance with IAS 40 'Investment Property'. The fair values are determined by the independent valuation experts and such valuations are carried out every year to determine the recoverable amount.

Asset classified as investment property is carried at its respective cost less accumulated depreciation and accumulated impairment losses, if any.

The Group carries investment property under work-in-progress at their respective costs less accumulated impairment losses, if any. Depreciation is charged on such property after it is completed as per IAS 40 'Investment Property'.

### 2.11 Inventories

Inventories are valued at the lower of cost and net realisable value except goods-in-transit which are valued at invoice value plus other charges incurred thereon. Cost signifies standard cost adjusted by variances.

Cost of raw and packing material comprises purchase price including directly related expenses less trade discounts. Cost of work-in-process and finished goods includes cost of raw material, direct labour and related production overheads.

Net realisable value signifies the estimated selling price in the ordinary course of business less all estimated costs of completion and costs necessarily to be incurred in order to make the sales.

Stores and spares are valued at lower of cost, determined using first-in-first-out method less provision for slow moving and obsolete stores and spares. Items in transit are valued at invoice value plus other charges incurred thereon.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

### 2.12 Short-term deposits, prepayments, loans and advances

Short-term deposits, prepayments, loans and advances are non-derivative financial assets with fixed and determinable payments. These are included in current assets, except those with maturities greater than twelve months after the reporting date, which are classified as non-current assets.

Interest free loans to employees are stated at amortised cost.

### 2.13 Trade and other receivables

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer - note 2.26 for a description of the Group's impairment policies.

### 2.14 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purposes of consolidated statement of cash flows, cash and cash equivalents comprise cash, balances with banks on current and deposit accounts and finance under mark-up arrangements.

### 2.15 Assets held for sale

Non-current assets held for sale are measured at lower of carrying amount and fair value less cost to sell.

Impairment is measured based on the difference between adjusted carrying amount and fair value less costs to sell. Impairment loss is recognised in the consolidated statement of profit or loss.

A gain for any subsequent increase in fair value less costs to sell of an asset can be recognised in the consolidated statement of profit or loss to the extent that it is not in excess of the cumulative impairment loss that has been recognised in accordance with IFRS 5 - Assets Held for Sale.

Non-current assets classified as held for sale are not depreciated.

### 2.16 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.

### 2.17 Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, and 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 estimates.

### 2.18 Income tax

#### i. Current

The charge for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates after taking into account tax credits and rebates available, if any.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

### ii. Deferred

Deferred tax is accounted for using the liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited in the consolidated statement of profit or loss, except in the case of items credited or charged to equity in which case it is included in equity. Deferred tax is determined using tax rates and prevailing law for taxation on income that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

### 2.19 Employee retirement benefits

The Group operates various post-employment schemes, including both defined contribution and defined benefit plans.

#### 2.19.1 Defined contribution plan

The Group operates a recognised provident fund scheme for all employees. Equal monthly contributions are made, both by the Group and the employees, to the fund at the rate of 10% per annum of the basic salary. The contributions are recognised as employee benefit expense when they are due.

#### 2.19.2 Defined benefit plan

Defined benefit plans define an amount of pension or gratuity or medical benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the consolidated statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation less fair value of plan assets at the end of the reporting period. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds or the market rates on government bonds. These are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related benefit obligation.

The Group operates an approved unfunded gratuity scheme covering all unionised employees with five or more years of service with the Group. The provision has been made in accordance with actuarial valuations carried out as of June 30, 2021 using the projected unit credit method.

#### 2.19.3 Employees' compensated absences

Accrual for leave encashment is made to the extent of value of accrued absences of the employees at the reporting date using their current salary levels.

### 2.20 Revenue recognition

Revenue is recognised when control of the products has transferred, being when the products are dispatched to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue is recognised as follows:

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

- Revenue from sale of goods is recognised when control is transferred to the customers.
- Income from toll manufacturing is recognised when services are rendered.
- Dividend income, other than those from investments measured using equity method, is recognised when the Group's right of receipts is established.
- Interest income and rental income are recognised on accrual basis.

No element of financing is deemed present as the sales are made with a credit term of 30-90 days, which is consistent with the market practice.

The Transaction price for products are agreed under the contract with customers.

Discounts are offered on the basis of contracts with customers.

### 2.21 Borrowings and their cost

Borrowings are initially recognised at cost being the fair value of the consideration received together with the associated transaction cost. Subsequently, these are recognised at amortised cost using the effective interest method. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalised as part of the cost of that asset. Borrowings payable within next twelve months are classified as current liabilities.

### 2.22 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent 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.

### 2.23 Foreign currency transactions and translation

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

Transactions in foreign currencies are converted into Pak Rupees using the exchange rates prevailing on the dates of the transactions. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees using the exchange rates prevailing on the reporting date. Exchange differences are taken to consolidated statement of profit or loss.

### 2.24 Research and development costs

Research and development cost except to the extent that an intangible asset is recognised, is charged in the year in which it is incurred. Development costs previously charged to in the consolidated statement of profit or loss are not recognised as an asset in the subsequent period.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

### 2.25 Operating lease

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases are charged to in the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

### 2.26 Financial Instruments - Initial recognition and subsequent measurement

#### Initial Recognition

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

#### Classification of financial assets

The Group classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

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

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

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

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

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

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

#### Classification of financial liabilities

The Group classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortised cost.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Group has opted to measure them at FVTPL.

### Subsequent measurement

#### i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in consolidated statement of comprehensive income.

#### ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

#### iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of profit or loss. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Group's own credit risk will be recognized in statement of comprehensive income. Currently, there are no financial liabilities designated at FVTPL.

### Impairment of financial asset

The Group recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost at an amount equal to life time ECLs except for the following, which are measured at 12 months ECLs:

- bank balances for whom credit risk (the risk of default occurring over the expected life of the financial instrument has not increased since the inception.
- employee receivables.
- other short term loans and receivables that have not demonstrated any increase in credit risk since inception.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

The Group considers a financial asset in default when it is more than 90 days past due.

Life time ECLs are the ECLs that results from all possible defaults events over the expected life of a financial instrument. 12 month ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Group expects to receive).

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

### Derecognition

#### i) Financial assets

The Group derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in consolidated statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to consolidated statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to consolidated statement of profit or loss, but is transferred to consolidated statement of changes in equity.

#### ii) Financial liabilities

The Group derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit or loss.

### 2.27 Off-setting of financial assets and liabilities

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

### 2.28 Dividend distribution

Dividend distribution to shareholders is recognised as liability in the consolidated financial statements in the period in which the dividend is declared and approved.

### 2.29 Government Grants

Government grants relating to costs are deferred and recognised in the consolidated statement of profit or loss over the period necessary to match these with the costs that they are intended to compensate.

### 2.30 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

## 3. Disposal of subsidiary - IBL Identity (Private) Limited

### 3.1

During the year, the Board of Directors of IBL Identity (Private) Limited (IBLIPL) announced a right issue on April 14, 2021 which was subscribed by the Company resulting in the conversion of an interest free loan of Rs 3.48 billion into paid up capital of the Company.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

**3.2** Further, on June 28, 2021, the Group sold the 100% share holding in subsidiary - IBL Identity (Private) Limited to Universal Ventures (Private) Limited - related party (UVPL) which carried out the business of marketing, distribution and selling of "Nutrition" products during the year. The details about disposal of subsidiary are set out below:

**3.3** The said disinvestment was approved by the Parent Company's Board of Directors in its meeting held on June 04, 2021 for the total consideration at a price equal to Rs. 3.53 billion which is equivalent to the cost of investment of the subsidiary. Moreover, it was also approved by the Parent Company shareholders in Extra-Ordinary General Meeting (EOGM) held on June 28, 2021.

Out of the total consideration of Rs. 3.53 billion, Rs. 200 million has been received prior to the year end by the Parent Company being the initial consideration. The balance consideration is receivable in cash as per the agreement in remaining two tranches of Rs. 1 billion and Rs. 2.33 billion on July 15, 2021 and August 31, 2021 respectively. Subsequently, UVPL has requested for payment deferral that has been approved by the Parent Company Board of Directors.

It has been agreed that upon receipt of the first installment amount, the IBL Identity shall transfer to the UVPL all the shares, free from encumbrances, together with all rights attaching or accruing to the same, by delivering the relevant share certificates and the duly executed transfer deeds.

	<b>2021</b> <b>Rupees '000</b>
Total consideration agreed	3,526,875
Less: consideration received in cash and cash equivalents	200,000
Consideration receivable from UVPL	<u>3,326,875</u>

**3.4** Analysis of assets and liabilities as at June 28, 2021 over which control was lost is as follows:

	<b>2021</b> <b>Rupees '000</b>
<b>Non-current assets</b>	
Intangibles	1,657
<b>Current assets</b>	
Trade receivables	499,474
Inventories	282,426
Loans and advances	2,117,201
Trade deposits and short-term prepayments	4,569
Other receivables	216,154
Sales tax receivable	16,715
Cash and cash equivalents	12,067
	<b>3,148,606</b>
Assets held for sale	88,064
<b>Total Assets</b>	<b>3,238,327</b>
<b>Current liabilities</b>	
Trade and other payables	494,658
Taxation - provision less payment	14,626
<b>Total Liabilities</b>	<b>509,284</b>
<b>Net assets</b>	<b><u>2,729,043</u></b>



## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

	For the period from July 01, 2020 to June 28, 2021
	Rupees in '000
Financial performance of the discontinued operations	
Revenue from contracts with customer	429,113
Cost of sales	(298,506)
Gross Profit	130,607
Marketing and distribution expenses	(48,167)
Administrative and general expenses	(7,817)
Other income	803
Operating profit	75,426
Finance cost	(42)
Profit before income tax	75,384
Income tax expenses	(18,601)
Profit for the period	56,783
Other comprehensive income	-
Total comprehensive income	<u>56,783</u>
Cashflows attributable to discontinued operations	
	2021 Rupees '000
Net cash generated from operating activities	75,868
Net cash used in investing activities	(370,634)
Net cash generated from financing activities	302,745
	<u>7,979</u>
<b>3.5 Gain on disposal of subsidiary</b>	
Total Consideration	3,526,875
Net assets disposed off	(2,729,043)
Gain on disposal	<u>797,832</u>
<b>3.6</b> Net cash inflow on disposal of subsidiary is detailed below:	
Consideration received in cash and cash equivalents	200,000
Less: Cash and cash equivalent balances disposed off	12,067
Net cash inflow	<u>187,933</u>

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

### 4. Acquisition of subsidiary - OBS Pakistan (Private) Limited

#### 4.1 Acquisition method of accounting - IFRS 3 “Business Combination”

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business; and
- equity interests issued by the Group

Identifiable assets acquired and liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

Fair valuation exercise has been undertaken by the independent valuers, KPMG Taseer Hadi and Co. and Pee Dee & Associates.

**4.2** On August 24, 2020, the Group acquired 100% paid up share capital of OBS Pakistan (Private) Limited - [formerly Luna Pakistan (Private) Limited] (OBS), engaged in manufacturing and sales of pharmaceutical products, from Universal Ventures (Private) Limited - related party (UVPL). The said acquisition was approved by Parent Company’s Board of Directors in its meeting held on October 23, 2019. The Parent Company’s Board of Directors, in its meeting held on December 17, 2019 approved the acquisition of OBS for the total consideration amounting to Rs. 8.6 billion. Moreover, the acquisition was also approved by the Parent Company shareholders in Extra-Ordinary General Meeting (EOGM) held on May 18, 2020.

Further, the Competition Commission of Pakistan (CCP), vide its order 1097/Merger-CCP/20 dated July 15, 2020 have authorised the transaction under section 31 (1) (d) (i) of the Competition Act, 2010.

Taking control of OBS will enable the Group to horizontally integrate its production process through access to supply of medicines from OBS. The Group also expects to reduce costs through economies of scale.

For the ten months ended June 30, 2021, OBS contributed revenue of Rs.5.55 billion and profit of Rs.1.04 billion to the Group’s results. If the acquisition had occurred on July 01, 2020, management estimates that consolidated revenue would have been Rs. 27.95 billion, and consolidated profit for the year would have been Rs.3.75 billion. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on July 01, 2020.

#### 4.3 Consideration

The Group has agreed to pay a total consideration of Rs. 15,800 million for purchase of 349.01 million number of ordinary shares of OBS - refer note 4.8.

#### 4.4 Acquisition related costs

The Group incurred acquisition related costs of Rs. 5.44 million on legal fees and due diligence costs. These costs have been included in administrative expenses.

#### 4.5 Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of major classes of assets acquired and liabilities assumed at the date of acquisition.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

	Carrying amount as at August 24, 2020	Fair value adjustments	Fair value as at August 24, 2020
-----Rupees '000-----			
<b>Assets</b>			
<b>Non- Current Assets</b>			
Property, plant and equipment	1,366,046	-	1,366,046
Intangible assets	3,102,701	1,624,051	4,726,752
Right of use assets	43,852	-	43,852
Long term deposits	16,147	-	16,147
	<b>4,528,746</b>	<b>1,624,051</b>	<b>6,152,797</b>
<b>Current Assets</b>			
Inventories	1,480,719	-	1,480,719
Trade receivable	265,184	-	265,184
Other receivable	973,794	-	973,794
Short term investment	16,721	-	16,721
Loans and advances	87,245	-	87,245
Trade deposit and short term prepayments	10,053	-	10,053
Taxation - payment less provision	274,576	-	274,576
Cash and cash equivalents	2,503,597	-	2,503,597
Deferred tax asset	365,170	-	365,170
	<b>5,977,059</b>	<b>-</b>	<b>5,977,059</b>
<b>Total Assets</b>	<b>10,505,805</b>	<b>1,624,051</b>	<b>12,129,856</b>
<b>Liabilities</b>			
<b>Non Current Liabilities</b>			
Long term borrowings	38,091	-	38,091
Long term lease liability	48,420	-	48,420
Deferred income - government grant	5,411	-	5,411
Employee benefit obligations	45,097	-	45,097
	<b>137,019</b>	<b>-</b>	<b>137,019</b>
<b>Current liabilities</b>			
Trade and other payables	2,393,504	-	2,393,504
Accrued Markup	441,623	-	441,623
Short term borrowings	3,969,265	-	3,969,265
	<b>6,804,392</b>	<b>-</b>	<b>6,804,392</b>
Total Liabilities	<b>6,941,411</b>	<b>-</b>	<b>6,941,411</b>
Provisional value in net assets acquired	<b>3,564,394</b>	<b>1,624,051</b>	<b>5,188,445</b>

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

	2021 Rupees '000
<b>4.6</b> Net cash outflow on acquisition of subsidiary is detailed below:	
Consideration paid in cash and cash equivalents	15,539,288
Cash and cash equivalent balances acquired	1,465,668
Net cash outflow on acquisition	<u>17,004,956</u>

### 4.7 Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	Market comparison technique and cost technique: The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets (Trade marks / brands and market authorisation rights)	Relief-from-royalty method: Under the Royalty Relief Method (RRM), the value of brand / trademark is the present value of the expected future royalty payments, assuming that the brand or trademark is not owned rather it is licensed from the owner / originator of the brand. The value calculate through the RRM thus constitutes the present value of the hypothetical royalty payment (net of taxation) saved through the ownership of the brand or right to use the trademark.
Inventories	Market comparison technique: The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

The trade and other receivables comprise gross contractual amounts due of Rs. 265.184 million, of which Rs. 4.95 million was expected to be uncollectible at the date of acquisition.

### 4.8 Goodwill

Rupees in 000

Goodwill arising from the acquisition has been recognised as follows:

Total consideration paid to UVPL for OBS acquisition - note 4.10	8,600,000
Equity injection In OBS through right issue of shares - note 4.11	7,200,000
	<u>15,800,000</u>
Fair value of identifiable net assets	(5,188,445)
Goodwill - note 4.8.1	<u>10,611,555</u>

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

- 4.8.1** The goodwill is attributable mainly to the skills and technical talent of OBS work force and the synergies expected to be achieved from integrating the OBS into the Group's existing Standard medicine business. None of the goodwill recognised is expected to be deductible for tax purposes.
- 4.9** Since the Group has acquired 100% shareholding of OBS non controlling interest did not exist.
- 4.10** Out of the total consideration of Rs. 8,600 million, Rs. 3,250 million was paid to the UVPL being the initial consideration. The balance consideration of Rs. 5,350 million was agreed to be paid in cash on a deferred payment basis. If the Group pays the amount after 12 months and before 36 months, the outstanding balance amount shall be paid along with mark-up calculated at the rate of 6 months KIBOR + 0.5% per annum. As at June 30, 2021, payable to UVPL in respect of OBS acquisition amounts to Rs. 260.71 million.
- 4.11** OBS has an authorised share capital of 833 million ordinary shares out of which 325.01 million ordinary share has already been issued, subscribed and fully paid-up. The Group has further subscribed 24 million ordinary shares in OBS at a price of Rs. 300 per share on the date of acquisition i.e. August 24, 2020, resulting in aggregate additional investment of Rs. 7,200 million. The purpose for this equity injection in OBS was to set off and swap the finance facility availed by OBS from Habib Bank Limited (HBL), through availing a new finance facility in the form of Musharaka Agreement from HBL itself - refer note 22.1.
- 4.12** The Group has obtained independent valuations for the acquisition of subsidiary from KPMG Taseer Hadi & Co. as at 30 June 2019 in September 2019 and from Ernst & Young Pakistan as at 31 December 2019 in April 2020.
- 4.13** The Group has also provided a call option to UVPL to purchase up to 25% of the issued share capital of OBS within one year of acquisition date. The price for such purchase under the call option shall be the price at which the Group acquired these shares from UVPL as duly adjusted for proportionate amounts of injection or withdrawal of equity from date of acquisition of OBS to the date of exercise of call option.
- Based on expert advice, KPMG Taseer Hadi & Co., management believes that the call option does not carry any material fair value as at June 30, 2021.
- Subsequent to the year end, the Group has settled the call option of 25% for the amount equivalent to Rs. 600 million - refer note 52.4.
- 4.14** The Parent Company's Board of Directors, in its meeting held on October 27, 2020, authorized to create a pledge upto 14.50 million ordinary shares of IBLHC out of which 14.2 million shares are pledged in favour of UVPL for securing the Parent Company's obligations towards UVPL.
- 4.15** OBS's management in extraordinary general meeting held on May 05, 2021, approved the potential listing of its shares on Pakistan Stock Exchange Limited - refer note 52.5.

	2021	2020
	-----Rupees '000-----	
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets - note 5.1	<b>8,256,752</b>	4,197,208
Capital work in progress - note 5.15	<b>484,747</b>	218,455
	<b>8,741,499</b>	4,415,663

# Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

## 5.1 Operating assets

	OWNED ASSETS							Total
	Leasehold land - notes 5.3, 5.4, 5.5 5.6, 5.7 & 5.10	Building on leasehold land / rented office premises - notes 5.4, 5.5, 5.6 & 5.7	Plant and machinery 5.4, 5.5, 5.6 & 5.7	Office equipment	Furniture and fixtures - note 5.9	Vehicles - note 5.4, 5.5, 5.6 & 5.7	Air - conditioning systems - note 5.4, 5.5, 5.6 & 5.7	
-----Rupees '000-----								
<b>Net carrying value basis</b>								
<b>Year ended June 30, 2021</b>								
Opening net book value	2,035,245	986,642	923,026	70,105	54,651	43,474	84,065	4,197,208
Acquisition of subsidiary - note 4.5	594,000	151,469	550,366	-	52,993	2,652	-	1,351,480
Additions	27,094	56,628	365,986	24,288	35,119	847	103,571	613,533
Transfer from / (to) investment property - note 5.2	76,194	16,909	2,814	(150)	1,374	-	4,570	101,711
Revaluation	1,879,504	119,275	359,095	-	-	21,600	20,819	2,400,293
Disposals - note 5.13	-	-	(2,234)	(56)	-	(802)	-	(3,092)
Depreciation charge - note 5.8 & 5.14	(250)	(77,519)	(229,970)	(29,806)	(23,814)	(18,864)	(24,158)	(404,381)
Write off	-	-	-	-	-	-	-	-
<b>Closing net book value</b>	<b>4,611,787</b>	<b>1,253,404</b>	<b>1,969,083</b>	<b>64,381</b>	<b>120,323</b>	<b>48,907</b>	<b>188,867</b>	<b>8,256,752</b>
<b>Gross carrying value basis</b>								
<b>At June 30, 2021</b>								
Cost or revaluation	4,611,787	1,253,404	1,969,083	241,926	179,461	48,907	188,867	8,493,435
Accumulated depreciation	-	-	-	(177,545)	(59,138)	-	-	(236,683)
<b>Net book value</b>	<b>4,611,787</b>	<b>1,253,404</b>	<b>1,969,083</b>	<b>64,381</b>	<b>120,323</b>	<b>48,907</b>	<b>188,867</b>	<b>8,256,752</b>
<b>* Asset written off during the year having zero net book value</b>								
<b>Net carrying value basis</b>								
<b>Year ended June 30, 2020</b>								
Opening net book value	1,440,641	485,512	896,968	92,604	42,028	48,852	40,019	3,046,624
Additions	14,735	547,204	61,695	625	10,563	-	49,972	684,794
Transfer from investment property	267,861	45,146	13,774	2,683	8,387	-	8,062	345,913
Revaluation	312,165	36,971	119,258	-	-	12,620	2,072	483,086
Disposals	-	-	(520)	-	-	(1,085)	-	(1,605)
Transfers to assets held for sale	-	(81,360)	(35,623)	(436)	-	-	-	(117,419)
Impairment loss	-	-	(3,101)	-	-	-	-	(3,101)
Depreciation charge	(157)	(46,831)	(129,425)	(25,371)	(6,327)	(16,913)	(16,060)	(241,084)
<b>Closing net book value</b>	<b>2,035,245</b>	<b>986,642</b>	<b>923,026</b>	<b>70,105</b>	<b>54,651</b>	<b>43,474</b>	<b>84,065</b>	<b>4,197,208</b>
<b>Gross carrying value basis</b>								
<b>At June 30, 2020</b>								
Cost or revaluation	2,035,245	986,642	926,127	217,844	89,975	43,474	84,065	4,383,372
Accumulated depreciation	-	-	-	(146,334)	(31,722)	-	-	(178,056)
Accumulated impairment	-	-	(3,101)	(1,405)	(3,602)	-	-	(8,108)
<b>Net book value</b>	<b>2,035,245</b>	<b>986,642</b>	<b>923,026</b>	<b>70,105</b>	<b>54,651</b>	<b>43,474</b>	<b>84,065</b>	<b>4,197,208</b>
<b>Depreciation rate</b>	<b>-</b>	<b>5% &amp; 20%</b>	<b>10%, 20% &amp; 33%</b>	<b>10%, 20% &amp; 33%</b>	<b>10%, 20% &amp; 33%</b>	<b>20%</b>	<b>10% &amp; 20%</b>	

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

- 5.2** This represents owner occupied portion of investment property (One IBL Building Center) being used by the Group. The owner occupied portion has been determined on the basis of total covered area occupied by the Group i.e. 25,895 square feet (2020: 20,184 square feet), in terms of percentage 17.85% (2020: 13.91%). The net book value of the owner occupied portion is Rs. 447.62 million (2020: Rs. 345.91 million), with fair value of Rs. 1,519.90 million (2020: Rs. 580.71 million).
- 5.3** This includes registration fee paid for plot number E-58A situated at Port Qasim amounting to Rs. 26 million.
- 5.4** During the year, the Group revalued its operating assets classified under leasehold land, building on leasehold land, plant and machinery, vehicles and air-conditioning systems. This resulted in revaluation surplus on leasehold land, building on leasehold land, plant and machinery, vehicles and air-conditioning systems amounting to Rs. 1,879.50 million (2020: Rs. 312.17 million), Rs. 119.28 million (2020: Rs. 36.97), Rs. 359.10 million (2020: Rs. 119.26 million), Rs. 21.6 million (2020: Rs. 12.62 million) and Rs. 20.82 million (2020: Rs. 2.07 million) respectively.
- 5.5** Following assets have been revalued on the basis of present market values (level 2) for similar sized plots in the vicinity for leasehold land and replacement values of similar types of buildings, plant and machinery, vehicles and air-conditioning system during the year, details are as follows:

<b>Assets</b>	<b>Location</b>	<b>Area square yards</b>
<b>Valuer: Pee Dee &amp; Associates (Private) Limited</b>		
<b>Leasehold land</b>	Plot # 5-B, Block 7& 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi	505
<b>Leasehold land</b>	E-58A, North Western Industrial Zone, Port Qasim Authority, Karachi	7,366
<b>Leasehold land</b>	Plot # B-168, S.I.T.E, Nooriabad, District Jamshoro, Sindh	121,000
<b>Leasehold land</b>	Plot # F- 319, S.I.T.E, Karachi	25,362
<b>Vehicles</b>	N/A	N/A
<b>Leasehold land</b>	Plot # E-58, North Western Industrial Zone, Port Qasim, Karachi.	7,260
<b>Leasehold land</b>	Plot # C -14, Manghir road, S.I.T.E, Karachi	14,375
<b>Building on leasehold land and plant and machinery</b>	Plot # C -14, Manghir road, S.I.T.E, Karachi	N/A
<b>Building on leasehold land and plant and machinery</b>	Plot # E-58, North Western Industrial Zone, Port Qasim, Karachi.	N/A
<b>Valuer : Iqbal A. Nanjee &amp; Co. (Private) Limited:</b>		
<b>Building on leasehold land, air-conditioning system, plant and machinery</b>	Plot # F- 319, S.I.T.E, Karachi	N/A

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

**5.6** Forced sale value of the revalued assets as at June 30, 2021 are as follows:

	2021	2020
	-----Rupees '000-----	
- Leasehold land	<b>2,537,429</b>	1,412,972
- Building on leasehold land	<b>573,909</b>	394,142
- Plant and machinery	<b>1,569,458</b>	636,871
- Vehicles	<b>35,810</b>	35,000
- Air-conditioning systems	<b>139,966</b>	56,001

**5.7** The previous valuation was carried out by an independent valuer Pee Dee & Associates Limited on June 30, 2020.

### The different levels have been defined in IFRS 13 as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included with in level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2).
- Inputs for the assets or liabilities that are not based on observable market data (i.e., unobservable inputs e.g. estimated future cash flows) (level 3).

**5.8** Upto previous year depreciation on property, plant and equipment by NPPL was charged using reducing balance method having insignificant impact, whereas with effect from July 1, 2020, the depreciation method has been changed from reducing balance method to straight line method in order make it consistent with the Group depreciation policy. Had the change in accounting estimate not been made, the depreciation for the year would have been lower by Rs. 8.56 million, profit before income tax for the year and net book value of property, plant and equipment would have been higher by the same amount.

**5.9** This includes purchase of furniture and fixtures from the IBL Frontier Markets (Private) Limited amounting to Rs. 5.02 million.

**5.10** Leasehold land represents 1.5 acres of land owned by the NPPL at North Western Industrial Zone, Port Qasim, Karachi,

**5.11** Had there been no revaluation of leasehold land, building on leasehold land, plant and machinery, vehicles and air-conditioning systems, cost and written down value of revalued assets would have been as follows:

	Leasehold land	Buildings on leasehold land / rented office premises	Plant and machinery	Air conditioners	Vehicles	Total
	-----Rupees '000-----					
<b>Cost</b>	2,325,791	853,773	2,183,275	210,870	54,650	5,628,359
<b>Accumulated depreciation / impairment</b>	(406)	(263,103)	(819,897)	(68,772)	(47,622)	(1,199,800)
<b>NBV as at June 30, 2021</b>	<b>2,325,385</b>	<b>590,670</b>	<b>1,363,378</b>	<b>142,098</b>	<b>7,028</b>	<b>4,428,559</b>
NBV as at June 30, 2020	1,628,347	443,183	676,417	58,115	23,195	2,829,257



## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

**5.12** Particulars of immovable property (i.e. land and building) in the name of the Group are as follows:

Location	Usage	Total Area (sqr. yds)
F-319, situated at S.I.T.E area, Karachi - note 5.12.1	Manufacturing facility	25,362
E-58 North Western Industrial Zone, Port Qasim	Manufacturing facility	7,260
Plot # C -14, Manghir road, S.I.T.E, Karachi	Manufacturing facility	14,375
E-58-A North Western Industrial Zone, Port Qasim	Land	7,366
Plot # 5-B, Block 7 & 8, D.M.C.H.S, Karachi	Land	505
Plot no. B-168, S.I.T.E area, Nooriabad, District Jamshoro	Land	121,000

**5.12.1** Leasehold land, building on leasehold land, plant and machinery, office equipment, furniture and fixtures, vehicles and air-conditioning systems of plot # F-319, S.I.T.E, Karachi are subject to a first charge against the short term running facilities of Rs. 6,725 million obtained from various commercial banks. This charge existed at June 30, 2021. The Parent Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

**5.13** The details of operating assets disposed off, having net book value in excess of Rs. 500,000 each are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchaser	Relationship with buyer
-----Rupees '000-----								
Plant and machinery	2,354	451	1,903	3,100	1,197	Advertisement / Bid	Azeem Engineering	Third party
Motor Vehicle	1,119	317	802	802	-	Negotiation	Aspin Pharma (Private) Limited	Third party
	<b>3,473</b>	<b>768</b>	<b>2,705</b>	<b>3,902</b>	<b>1,197</b>			

2021                      2020  
-----Rupees '000-----

**5.14 Depreciation charge for the year has been allocated as follows:**

Cost of sales - note 32	<b>268,378</b>	206,263
Distribution expenses - note 33	<b>40,962</b>	27,266
Administrative expenses - note 34	<b>95,041</b>	84,441
	<b>404,381</b>	317,970

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

### 5.15 Capital work-in-progress - at cost

Reclassification	Balance as at July 1, 2020	Acquisition of subsidiary - note 4.5	Additions during the year	Transfers to operating assets	Balance as at June 30, 2021	Balance as at July 1, 2019	Additions during the year	Reclassification	Transfers to operating assets	Balance as at June 30, 2020
-----Rupees '000-----										
Civil works	37,145	-	5,827	(31,958)	11,014	310,179	32,923	213,402	(519,359)	37,145
Plant and machinery - note 5.15.1	164,147	683	496,282	(393,212)	267,900	422,143	76,646	(213,402)	(121,240)	164,147
Building - note 5.15.2	-	13,883	51,432	(22,673)	42,642	-	-	-	-	-
Furniture and fixtures	-	-	22,229	(22,229)	-	-	-	-	-	-
	<u>201,292</u>	<u>14,566</u>	<u>575,770</u>	<u>(470,072)</u>	<u>321,556</u>	<u>732,322</u>	<u>109,569</u>	<u>-</u>	<u>(640,599)</u>	<u>201,292</u>
Advance against purchase of building, plant and machinery - note 26.4	-	-	145,000	-	145,000	-	-	-	-	-
Advances to suppliers	17,163	-	85,412	(84,384)	18,191	7,231	54,465	-	(44,533)	17,163
	<u>218,455</u>	<u>14,566</u>	<u>806,182</u>	<u>(554,456)</u>	<u>484,747</u>	<u>739,553</u>	<u>164,034</u>	<u>-</u>	<u>(685,132)</u>	<u>218,455</u>

**5.15.1** It includes plant and machinery that has not been commissioned yet.

**5.15.2** It includes on-going renovation works carried out at the manufacturing plant of the OBS.

### 6. RIGHT-OF-USE ASSET

	2021	2020
-----Rupees '000-----		
Balance as at July 01	121,515	-
Initial recognition	-	141,421
Derecognition of right of use asset - note 26.4	(27,322)	-
Depreciation for the year - note 6.1	(14,783)	(19,906)
Closing as at June 30	<u>79,410</u>	<u>121,515</u>

**6.1** Depreciation expense on right-of-use asset has been charged to cost of sales.

**6.2** The Parent Company has lease contracts of plant and machinery relating to SA Pharma and MyPlan located in Lahore, which is used for the purpose of operations. Leases of such plants have a useful life of 10 and 11 years respectively.

### 7. INVESTMENT PROPERTIES - at cost

	2021	2020
-----Rupees '000-----		
Operating assets - note 7.1	2,850,806	2,512,928
Investment property under work in progress - at cost - note 7.12	119,473	58,746
	<u>2,970,279</u>	<u>2,571,674</u>

# Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

## 7.1 Operating assets

	Owned assets								Total
	Leasehold land - notes 7.2, 7.3, 7.4 & 7.10	Building on leasehold land	Office equipment	Electrical equipment	Lifts & elevators	Generators	Furniture & fittings - note 7.5	Air-conditioning	
-----Rupees '000-----									
<b>Year ended June 30, 2021</b>									
Opening net book value	2,025,594	280,877	16,999	57,223	15,954	13,260	52,387	50,634	2,512,928
Additions	434,241	42,492	189	8,812	-	-	1,705	13,218	500,657
Transfer (to) / from property, plant and equipment - note 5.2	(76,194)	(16,909)	150	(2,509)	(123)	(182)	(1,374)	(4,570)	(101,711)
Depreciation charge	-	(20,518)	(5,675)	(9,823)	(3,612)	(2,526)	(7,778)	(11,136)	(61,068)
<b>Closing net book value</b>	<b>2,383,641</b>	<b>285,942</b>	<b>11,663</b>	<b>53,703</b>	<b>12,219</b>	<b>10,552</b>	<b>44,940</b>	<b>48,146</b>	<b>2,850,806</b>
<b>As at June 30, 2021</b>									
Cost	2,383,641	397,492	34,814	96,106	35,346	24,674	76,543	107,189	3,155,805
Accumulated depreciation	-	(111,550)	(23,151)	(42,403)	(23,127)	(14,122)	(31,603)	(59,043)	(304,999)
<b>Net book value</b>	<b>2,383,641</b>	<b>285,942</b>	<b>11,663</b>	<b>53,703</b>	<b>12,219</b>	<b>10,552</b>	<b>44,940</b>	<b>48,146</b>	<b>2,850,806</b>
<b>Year ended June 30, 2020</b>									
Opening net book value	2,181,946	326,986	12,927	68,984	22,317	18,056	28,205	58,496	2,717,917
Additions	111,509	18,673	12,025	6,715	-	-	38,934	10,049	197,905
Transfer to property, plant and equipment	(267,861)	(45,146)	(2,683)	(9,134)	(2,530)	(2,110)	(8,387)	(8,062)	(345,913)
Depreciation charge	-	(19,636)	(5,270)	(9,342)	(3,833)	(2,686)	(6,365)	(9,849)	(56,981)
<b>Closing net book value</b>	<b>2,025,594</b>	<b>280,877</b>	<b>16,999</b>	<b>57,223</b>	<b>15,954</b>	<b>13,260</b>	<b>52,387</b>	<b>50,634</b>	<b>2,512,928</b>
<b>As at June 30, 2020</b>									
Cost	2,025,594	371,909	34,475	89,803	35,469	24,856	76,212	98,541	2,756,859
Accumulated depreciation	-	(91,032)	(17,476)	(32,580)	(19,515)	(11,596)	(23,825)	(47,907)	(243,931)
<b>Net book value</b>	<b>2,025,594</b>	<b>280,877</b>	<b>16,999</b>	<b>57,223</b>	<b>15,954</b>	<b>13,260</b>	<b>52,387</b>	<b>50,634</b>	<b>2,512,928</b>
<b>Depreciation rate</b>	<b>-</b>	<b>5%</b>	<b>20%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	

**7.2** This includes investment in plots made by IBLHC which have been rented to United Retail (SMC-Private) Limited - (an associated company) and Espresso Coffee Houses (Private) Limited in consideration for monthly rentals. The rental income in respect of this property amounting to Rs. 14.5 million (2020: Rs. 21.7 million) has been recognised in consolidated statement of profit or loss.

**7.3** This includes purchase cost, mutation and other registration charges for Plot 24/4, Block 7 & 8, D.M.C.H.S, Karachi, incurred by IBLHC.

**7.4** This includes amount paid as amalgamation charges in respect of Plots 24/4, 24/4-A and 24/3, Block 7 & 8, D.M.C.H.S, Karachi, paid by IBLHC.

**7.5** This includes furnitures and fixtures purchased from related parties - United Retail (SMC- Private) Limited and IBL Frontier Market (Private) Limited amounting to Rs. 0.14 million and 1.19 million respectively.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

**7.6** Leasehold land classified under investment property had been valued under the market value basis by an independent valuer, Pee Dee & Associates. Market value of leasehold land and other assets based on the valuation as of June 30, 2021 was Rs. 7.79 billion (2020: Rs. 3.44 billion) and Rs. 0.816 billion (2020: Rs. 0.825 billion) respectively. Leasehold land and building on leasehold land represent Building Centre situated at Main Shahrah-e-Faisal, Block 7 & 8, Tipu Sultan Road, Delhi Mercantile Co-operative Housing Society having an area of 5,291 square yards.

**7.7** The valuations of investment properties of IBLHC have been carried out by M/s. Pee Dee & Associates, an independent valuer engaged by the IBLHC as at June 30, 2021. Market value of these investment properties as at June 30, 2021 is Rs. 1.31 billion (2020: Rs. 1.01 billion).

Forced sales value of IBLHC properties as at June 30, 2021 is Rs. 1.22 billion (2020: Rs. 0.77 billion).

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

<b>Location</b>	<b>Total Area Square yards</b>
One IBL Building Center, Block 7 and 8 Delhi Mercantile Muslim Co-operative Housing Society, Karachi - note 7.8.1	<b>5,291</b>
Plot no 24/3, Block 7 & 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi - note 7.8.1	<b>754</b>
Plot no 24/4A, Block 7 & 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi - note 7.8.1	<b>1,004</b>
Plot no 24/4, Block 7 & 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi (First plot) - note 7.8.1	<b>502</b>
Plot no 24/3, Block 7 & 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi (Second plot) - note 7.8.1	<b>502</b>

**7.8.1** These properties are pledged for obtaining the Musharaka facility from Habib Bank Limited - refer note 22.3

**7.9** The rental income in respect of One IBL Building Center amounting to Rs 107.86 million has been recognized in profit or loss and included in 'other income' - refer note 36.

The direct operating expenses pertaining to this property comprising maintenance and utility costs amounting to Rs. 28.32 million is recognized in profit or loss and included in 'administrative expenses'.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

**7.10** During the year, the Parent Company has purchased a leasehold land and building on leasehold land (Plot # 24-/5 - A , Block 7 and 8 Delhi Mercantile Muslim Co-operative Housing Society) amounting to Rs. 232.5 million. As at June 30, 2021 the Company has paid Rs. 227.5 million and the remaining amount will be paid at the time of pre-lease transfer or registration of the conveyance deed in favour of the Parent Company. The fair value determined by an independent valuer i.e. Pee Dee & Associates as at June 30, 2021 for leasehold land and building on leasehold land is Rs. 225 million and Rs. 5.4 million respectively.

**7.11** The Group has entered into operating leases on its investment property consisting of certain office building including lift and elevator, generator, furniture and fixtures, air-conditioners and electrical equipment. These leases have multiple terms ranging from 5 to 10 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at June 30 are as follows

	2021	2020
	-----Rupees '000-----	
Upto 1 year	<b>118,387</b>	105,313
1 - 5 years	<b>305,170</b>	423,557
	<b>423,557</b>	528,870

### **7.12 Movement in investment properties under work-in-progress - at cost - at One IBL Building Center**

	2021	2020
	-----Rupees '000-----	
Balance at beginning of the year	<b>58,746</b>	6,199
Addition during the year - note 7.12.1	<b>122,671</b>	131,643
Transfer to operating assets - investment property	<b>(61,944)</b>	(79,096)
Balance at the end of the year	<b>119,473</b>	58,746

**7.12.1** This includes furnitures and fixtures purchased from IBL Frontier Market (Private) Limited - related party amounting to Rs. 7.93 million.

**7.13** Investment property comprising leasehold land, building on leasehold land, generator, lift and elevator, air-conditioner, electrical equipment, furniture and fittings and office equipment with a carrying amount of Rs. 2.14 billion are subject to first charge against musharaka loan from Habib Bank Limited (Musharaka agent). This charge existed as at June 30, 2021 (refer note - 22.1 and 22.3).

	2021	2020
	-----Rupees '000-----	

## **8. INTANGIBLE ASSETS**

Operating intangible assets - note 8.1	<b>15,622,504</b>	328,533
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## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

### 8.1 Operating intangibles assets

	Distribution rights	Trade marks / brands - notes 8.3 & 8.5	Market authorisation rights -notes 8.3 & 8.5	Brand name and logo - note 8.6	Product license - note 8.2	Software licenses - note 8.4	Goodwill - notes 8.5 & 8.7	Total
-----Rupees '000-----								
<b>Net carrying value basis</b>								
<b>Year ended June 30, 2021</b>								
Opening net book value	6,750	-	-	2,916	66,977	76,274	175,616	328,533
Acquisition of subsidiary - note 4.5	-	2,500,000	2,200,000	-	-	26,752	-	4,726,752
Goodwill on acquisition of subsidiary - note 4.8	-	-	-	-	-	-	10,611,555	10,611,555
Additions	-	-	-	-	-	7,499	-	7,499
Amortisation charge	(1,800)	-	-	(2,916)	(11,164)	(34,298)	-	(50,178)
Discontinued operation - note 3.4	-	-	-	-	-	(1,657)	-	(1,657)
<b>Closing net book value</b>	<b>4,950</b>	<b>2,500,000</b>	<b>2,200,000</b>	<b>-</b>	<b>55,813</b>	<b>74,570</b>	<b>10,787,171</b>	<b>15,622,504</b>
<b>Gross carrying value basis</b>								
<b>At June 30, 2021</b>								
Cost	277,475	2,500,000	2,200,000	74,703	111,623	215,498	10,787,171	16,166,470
Accumulated amortisation	(272,525)	-	-	(74,703)	(55,810)	(140,928)	-	(543,966)
<b>Net book value</b>	<b>4,950</b>	<b>2,500,000</b>	<b>2,200,000</b>	<b>-</b>	<b>55,813</b>	<b>74,570</b>	<b>10,787,171</b>	<b>15,622,504</b>
<b>Net carrying value basis</b>								
<b>Year ended June 30, 2020</b>								
Opening net book value	8,550	-	-	7,916	78,137	86,419	175,616	356,638
Additions	-	-	-	-	-	19,801	-	19,801
Amortisation charge	(1,800)	-	-	(5,000)	(11,160)	(29,946)	-	(47,906)
<b>Closing net book value</b>	<b>6,750</b>	<b>-</b>	<b>-</b>	<b>2,916</b>	<b>66,977</b>	<b>76,274</b>	<b>175,616</b>	<b>328,533</b>
<b>Gross carrying value basis</b>								
<b>At June 30, 2020</b>								
Cost	277,475	-	-	74,703	111,623	181,247	175,616	820,664
Accumulated amortisation	(258,596)	-	-	(71,787)	(44,646)	(104,973)	-	(480,002)
Accumulated impairment	(12,129)	-	-	-	-	-	-	(12,129)
<b>Net book value</b>	<b>6,750</b>	<b>-</b>	<b>-</b>	<b>2,916</b>	<b>66,977</b>	<b>76,274</b>	<b>175,616</b>	<b>328,533</b>
<b>Amortisation rate</b>	<b>10%</b>	<b>-</b>	<b>-</b>	<b>10%</b>	<b>10%</b>	<b>33.33%</b>	<b>-</b>	<b>-</b>

**8.2** This represents license obtained for the production of product "Tramal".

**8.3** This represents value of 34 profitable trademarks recognised in the above mentioned business combination of OBS.

As per IAS 38 an intangible asset acquired through a business combination is recognized, if it is separable or arises from contractual or other legal rights and sufficient information exists to measure reliably the fair value of the asset. An intangible asset acquired in a business combination might be separable, but only together with a related contract, identifiable asset or liability. In such cases, the acquirer recognizes the intangible asset separately from goodwill, but together with the related item.

**8.4** Software licenses include various licenses and enterprise resources planning software and cost of implementation and license of SAP.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

### 8.5 Impairment testing of intangibles of the Group

The Group carried out its impairment review on June 30, 2021 and assessed that the recoverable amount of intangibles (which includes trade marks / brands, market authorisation rights and goodwill) was higher than the cost. Consequently the Group carried its intangibles at cost.

The recoverable amounts of the Cash Generating Unit, to which the intangibles is allocated, is assessed using fair value less costs of disposal model. Fair value less costs of disposal is calculated using a discounted cash flow approach, with a post-tax discount rate applied to the projected risk-adjusted post-tax cash flows and terminal value of the Cash Generating Unit to which it belongs.

**Details relating to the discounted cash flow model used in the impairment test are as follows:**

The significant assumptions used by the Group for determining the fair value less cost to disposal are as follows:

<b>Valuation basis</b>	<b>Fair value less cost to disposal</b>
Key assumptions	<ul style="list-style-type: none"> <li>- Sales growth rates</li> <li>- Profit margins</li> <li>- Terminal growth rate</li> <li>- Discount rate</li> </ul>
Determination of assumptions	<p>Growth rates and profit margins are based on the internal forecasts and estimates of the management. These forecasts and estimates are based on both internal and external market information and past performance of the Group.</p> <p>Costs reflect past experience adjusted for inflation and expected changes. Discount rate is primarily based on weighted average cost of capital.</p>
Terminal growth rate	7%
Period of specific projected cash flows	5 years

The valuation indicates sufficient headroom such that a 1% change in the terminal growth or discount rate has not resulted in an impairment of the intangibles.

**8.6** Brand name and logo include brands purchased by the Parent Company from Cirin Pharmaceuticals (Private) Limited which are fully amortised and still in use.

**8.7** This includes goodwill recognised on the acquisition of the controlling interest in NPPL during the year ended June 30, 2016.

### 9. LONG-TERM LOANS AND ADVANCES

Loans - considered good  
- To others - note 9.1

#### 9.1 Others

Employees - note 9.1.1  
Less: current portion employee loan

	<b>2021</b>	2020
	-----Rupees '000-----	
	<b>325</b>	358
	<b>555</b>	1,046
	<b>(230)</b>	(688)
	<b>325</b>	358

**9.1.1** This represents interest-free loans given to employees other than executives provided for a period of 3.5 years. These are secured against provident fund balances of respective employees.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	-----Rupees '000-----	
<b>10. LONG TERM DEPOSITS</b>		
Deposit against utilities - notes 10.1 & 10.2	<b>24,137</b>	10,824
<b>10.1</b> These are security deposits given by Parent Company held with K-Electric Limited and do not carry any mark up arrangement.		
<b>10.2</b> This also includes amount deposited by NPPL for electricity and gas amounting to Rs. 0.75 million (2020: Rs. 0.75 million) and Rs. 2.68 million (2020: Rs. 2.68 million) respectively. It does not carry any mark up arrangement.		
	2021	2020
	-----Rupees '000-----	
<b>11. INVENTORIES</b>		
Raw materials	<b>1,750,676</b>	1,715,353
Packing materials	<b>495,258</b>	390,314
Stores and spares	<b>143,300</b>	137,159
Work-in-process	<b>201,227</b>	133,452
Finished goods	<b>2,295,557</b>	1,052,241
	<b>4,886,018</b>	3,428,519
<b>11.1</b> Inventories include material in transit amounting to Rs. 1,154.41 million (2020: Rs. 782.82 million).		
<b>11.2</b> This include inventories amounting to Rs. 957.85 million (2020: Rs. 560.80) held with third parties.		
	2021	2020
	-----Rupees '000-----	
<b>12. TRADE RECEIVABLES</b>		
Considered good		
- Export receivables, secured - note 12.5	<b>514,752</b>	448,334
- Due from related parties, unsecured - note 12.1, 12.2, 12.3 & 12.4	<b>8,784,916</b>	7,327,278
- Others, unsecured	<b>739,190</b>	858,224
	<b>10,038,858</b>	8,633,836
Considered doubtful - others	<b>163,593</b>	154,099
Less: Allowance for impairment of trade receivables - note 12.7	<b>(163,593)</b>	(154,099)
	<b>-</b>	-
	<b>10,038,858</b>	8,633,836



## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

### 12.1 Due from related parties, unsecured

Associated companies - note 12.2

- IBL Operations (Private) Limited	<b>8,527,428</b>	7,022,659
- United Brands Limited	<b>40,180</b>	12,063
- International Franchises (Private) Limited *	<b>20</b>	20
- MyCart (Private) Limited	<b>-</b>	135
- IBL Logistics (Private) Limited	<b>58,429</b>	100,894
- IBL Identity (Private) Limited **	<b>158,859</b>	-
- IBL Frontier Markets (Private) Limited	<b>-</b>	23,160
United Retail (SMC-Private) Limited	<b>-</b>	168,347
	<b>8,784,916</b>	<b>7,327,278</b>

\* with effect from June 18, 2021 International Franchises (Private) Limited ceased to be a related party of the Group.

\*\* with effect from June 28, 2021, IBL Identity (Private) Limited ceased to be the subsidiary of the Group.

### 12.2 The maximum aggregate amount of receivable from related parties outstanding at any time during the year are as follows:

	2021	2020
	-----Rupees '000-----	
IBL Operations (Private) Limited	<b>9,787,888</b>	7,980,180
United Brands Limited	<b>48,549</b>	51,513
IBL Logistics (Private) Limited	<b>105,745</b>	107,691
International Franchises (Private) Limited *	<b>20</b>	20
IBL Frontier Markets (Private) Limited	<b>181</b>	23,188
IBL Identity (Private) Limited **	<b>480,771</b>	-
MyCart (Private) Limited	<b>-</b>	794
United Retail (SMC-Private) Limited	<b>-</b>	168,347

\* with effect from June 18, 2021, International Franchises (Private) Limited ceased to be a related party of the Group.

\*\* with effect from June 28, 2021, IBL Identity (Private) Limited ceased to be the subsidiary of the Group.

### 12.3 These are stated net of amount payable from the following related parties:

	2021	2020
	-----Rupees '000-----	
IBL Operations (Private) Limited	<b>307,859</b>	218,813
United Brands Limited	<b>8,369</b>	630
IBL Logistics (Private) Limited	<b>39,533</b>	4,030
	<b>355,761</b>	<b>223,473</b>

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

**12.4** As at June 30, 2021, the age analysis of these related party receivables is as follows:

	<b>2021</b>	2020
	-----Rupees '000-----	
Not yet due	<b>3,562,149</b>	3,156,829
Past due but not yet impaired		
- 1 to 30 days	<b>1,478,338</b>	1,189,536
- 30 to 90 days	<b>2,372,553</b>	2,534,699
- 90 to 180 days	<b>1,051,173</b>	225,750
- 180 to 365 days	<b>250,794</b>	9,196
- older than 365 days	<b>69,909</b>	211,268
	<b>8,784,916</b>	7,327,278

**12.5** Breakup of export receivables are as follows:

<b>Country</b>	<b>Export Sales</b>	<b>Receivables</b>	<b>Confirmed Letter of Credit</b>	<b>Others</b>
	-----Rupees '000-----			
Afghanistan	1,160,742	221,465	-	221,465
Cambodia	208,046	78,204	78,204	-
Kenya	9,196	5,530	-	5,530
Laos	25,144	5,890	2,650	3,240
Myanmar	105,933	12,407	12,407	-
Phillipines	14,708	319	319	-
Rwanda	463	425	-	425
Srilanka	603,614	175,515	175,515	-
Vietnam	63,089	14,997	14,997	-
	<b>2,190,935</b>	<b>514,752</b>	<b>284,092</b>	<b>230,660</b>

The above receivables are from unrelated parties.

**12.6** The Competition Commission of Pakistan (CCP) through its order dated September 13, 2007 instructed the Parent Company to reduce terms of trade credit with IBL Operations (Private) Limited, an associated concern, re-negotiate the offered rate of commission and conduct audit of the transactions. The Parent Company filed a counter case in Honorable High Court of Sindh to revert the order. The Parent Company, based on the opinion of its legal advisor, believes that it has a strong case and the matter would be decided in the favour of the Parent Company.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	-----Rupees '000-----	
<b>12.7 Allowance for impairment of trade receivables</b>		
Balance as at July 01	<b>154,099</b>	152,208
Charge for the year - net	<b>9,494</b>	1,891
Balance as at June 30	<b>163,593</b>	154,099
<b>13. LOANS AND ADVANCES – considered good</b>		
Advances to:		
<b>Secured</b>		
- employees for operating activities - notes 13.1 & 13.3	<b>98,039</b>	89,295
- employees against salaries - notes 13.1 & 13.3	<b>32,620</b>	11,879
<b>Unsecured</b>		
- advance to Universal Ventures (Private) Limited - note 13.7	<b>1,400</b>	-
- suppliers - note 13.2	<b>722,702</b>	764,992
- against imports - note 13.4	<b>157,480</b>	100,539
- against LC margin	<b>16,585</b>	1,890
Other advances - note 13.5	<b>6,475</b>	5,986
	<b>1,035,301</b>	974,581
Short term loan - note 13.6	-	1,975,132
Current portion long-term loans to employee - note 9.1	<b>230</b>	688
	<b>1,035,531</b>	2,950,401

**13.1** These advances for business operations are adjusted against submission of actual expenses. Advances against salary are repayable on monthly basis. The maximum aggregate amount of these advances outstanding at any time during the year was Rs. 178.26 million (2020: Rs. 138.62 million).

**13.2** This includes advance given by SBS to Searle IV Solutions (Private) Limited amounting to Rs. 155.89 million (2020: Rs 172.19 million). Further, it includes advance paid by the Parent Company to supplier which is adjustable with respect to inventory and services received from the respective vendors.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

**13.3** Advances given to employees in excess of Rs. 1 million are as follows:

	<b>Amount Rupees '000</b>
Rodney Sham Kumara	<b>5,380</b>
Ghazala Tarannum	<b>2,606</b>
Hafiz Muhammad Shahid	<b>2,500</b>
Ikran Ishaq	<b>2,018</b>
Muhammad Aslam	<b>1,976</b>
Muhammad Naveed	<b>1,604</b>
Danish Ali	<b>1,486</b>
Muhammad Amin	<b>1,346</b>
Muhammad Abbas	<b>1,342</b>
Faisal Naveed	<b>1,173</b>
Ahsan Subhani	<b>1,147</b>
Amir Shahzad Sadiq	<b>1,141</b>
Munir Ahmed	<b>1,135</b>
Abdur Rahim	<b>1,093</b>
Tariq Hanif	<b>1,015</b>
Muhammad Azam	<b>1,006</b>
Muhammad Kashif	<b>1,000</b>

**13.4** This represents amount kept with scheduled banks in accordance with the requirement of Circular No. 02 of 2017 of Banking Policy & Regulations Department issued by the State Bank of Pakistan, requiring 100% cash margin on the import of specified items.

**13.5** This includes interest free loans that has been provided to employees by NPPL to facilitate expenditures for domestic purposes, these advances are not secured.

**13.6** This represented loans, granted to International Brands Limited, the Ultimate Parent Company in prior years. The loans carried mark up ranging between KIBOR +1% to KIBOR + 2% per annum. These loans were settled during the year along with mark up payments.

**13.7** This includes advance receivable to OBS from Universal Ventures (Private) Limited - related party (UVPL) amounting to Rs. 1.4 million as at June 30, 2021 in relation to the auditor's remuneration and CDC fee with respect to share transfer.

### **14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**

**2021**                      **2020**

-----Rupees '000-----

Deposits		
Trade deposits - note 14.1	<b>122,315</b>	91,932
Others	<b>873</b>	-
	<b>123,188</b>	91,932
Considered doubtful:		
Trade deposits	<b>2,640</b>	2,640
Less: provision for doubtful deposits	<b>(2,640)</b>	(2,640)
	<b>-</b>	-
Prepayments	<b>22,305</b>	21,249
	<b>145,493</b>	113,181

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

- 14.1.** This includes deposits made to institutions for tender deposit amounting to Rs. 59.30 million (2020: Rs. 65.88 million)

**15. OTHER RECEIVABLES** 2021  
-----Rupees '000----- 2020

### Receivables from related parties

*Due from ultimate parent company and associated companies - note 15.1 & 15.2*

- IBL Operations (Private) Limited against:		
Expenses	<b>20,867</b>	432
Rental income - note 36.3	<b>3,516</b>	14,738
- International Brands Limited against:		
Expenses	<b>9,804</b>	-
Rental income - note 36.3	<b>28,526</b>	20,795
Group Relief - note 15.3	<b>117,089</b>	54,894
- International Franchises (Private) Limited * against:		
Expenses	<b>21,297</b>	13,749
Rental income - note 36.3	<b>3,438</b>	4,107
- IBL Identity (Private) Limited ** against:		
Expenses	<b>3,111</b>	-
- Trax Online (Private) Limited against:		
Expenses	-	385
- IBL Frontier Market (Private) Limited against:		
Expenses - note 15.4	<b>24,859</b>	35,882
- United Distributors Pakistan Limited * against:		
Rental Income - note 36.3	<b>922</b>	574
Expenses	<b>141</b>	
- IBL Logistics (Private) Limited against:		
Rental Income - note 36.3	<b>1,692</b>	697
- Universal Ventures (Private) Limited		
Sale of subsidiary - note 3.3	<b>3,326,859</b>	-
- IBL Unisys (Private) Limited against:		
Rental Income - note 36.3	<b>163</b>	1,033
Expenses	<b>632</b>	-
<i>Balance carried forward</i>	<b>3,562,916</b>	147,286

\* *with effect from June 18, 2021, International Franchises (Private) Limited and United Distributors Pakistan Limited have ceased to be a related party of the Group.*

\*\* *with effect from June 28, 2021, IBL Identity (Private) Limited ceased to be subsidiary of the Group.*

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	-----Rupees '000-----	
<i>Balance brought forward</i>	<b>3,562,916</b>	147,286
<i>Due from other related parties: - note 15.1 &amp; 15.2</i>		
- United Retail (SMC-Private) Limited against:		
Rental income- note 36.3	<b>34,276</b>	274,140
Expenses	<b>1,071</b>	136,632
- The IBL Company (Private) Limited against:		
Expenses	-	2,440
- Lunar Pharma (Private) Limited against:		
Expenses	-	2,882
Receivable from provident fund	<b>2,267</b>	-
- OBS Pakistan (Private) Limited against:		
Management fee	-	252,000
Expenses	-	895
- International Knitwear Limited against:		
Expenses	-	562
	<b>37,614</b>	669,551
Surplus arising under retirement benefit - fund - note 15.5	<b>5,250</b>	5,250
<b>Receivables from other than related parties</b>		
Others, considered good - notes 15.6 & 15.7	<b>411,158</b>	365,649
	<b>4,016,938</b>	1,187,736

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

- 15.1** The maximum aggregate amount outstanding at any time during the year from the related parties are as follows:

	<b>2021</b>	2020
	-----Rupees '000-----	
IBL Operations (Private) Limited	<b>31,319</b>	33,824
International Brands Limited	<b>288,515</b>	75,690
International Franchises (Private) Limited *	<b>24,735</b>	17,856
Trax Online (Private) Limited	-	1,587
IBL Frontier Market (Private) Limited	<b>25,150</b>	41,646
United Distributors Pakistan Limited *	<b>1,063</b>	574
IBL Logistics (Private) Limited	<b>1,692</b>	697
IBL Unisys (Private) Limited	<b>1,478</b>	1,033
United Retail (SMC-Private) Limited	<b>326,889</b>	436,825
The IBL Company (Private) Limited	-	2,440
Universal Ventures (Private) Limited	<b>3,326,859</b>	-
Lunar Pharma (Private) Limited	-	2,882
OBS Pakistan (Private) Limited	-	252,895
OBS Pakistan (Private) Limited - provident fund	<b>43,694</b>	-
IBL Identity (Private) Limited **	<b>3,111</b>	-
International Knitwear Limited	-	562

\* *with effect from June 18, 2021 International Franchises (Private) Limited and United Distributors Pakistan Limited ceased to be a related party of the Group.*

\*\* *with effect from June 28, 2021, IBL Identity (Private) Limited ceased to be subsidiary of the Group.*

- 15.2** The aging of the receivables except expenses from related parties is as follows:

	<b>2021</b>	2020
	-----Rupees '000-----	
Not yet due	<b>3,406,926</b>	103,003
Past due but not yet impaired		
- 1 to 30 days	<b>15,487</b>	26,290
- 30 to 90 days	<b>16,399</b>	30,388
- 90 to 180 days	<b>2,118</b>	94,223
- 181 to 365 days	<b>60,488</b>	60,670
- older than 365 days	<b>17,330</b>	308,404
	<b>3,518,748</b>	622,978

- 15.3** This represents excess amount paid in relation to group relief availed, in previous year, by the Parent Company. The amount was paid by the Parent Company on the basis of estimation for the purpose of discharging tax liability as per Income Tax Ordinance, 2001.

- 15.4** This relates to rental expenses paid by the Parent Company on behalf of IBL Frontier Market (Private) Limited - related party for their warehouse located at F-405 S.I.T.E, Karachi.

- 15.5** This represents surplus on funded gratuity scheme discontinued by the Parent Company with effect from December 31, 2012.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

**15.6** This represents amount claimed from Nestle Health Sciences, Bausch & Lomb, Brand Plus and Reckitt Benckiser in respect of certain claimable expenses related to trade.

**15.7** This includes Rs. 235.02 million (2020: Rs. 279.12 million) claimed by the Parent Company from Zhejiang Huahai Pharmaceuticals, China (ZHP) relating to its product "Extor" that contains material supplied by ZHP. On July 12, 2018, the Drug Regulatory Authority of Pakistan in response to a review triggered by the European Medicine Agency (EMA) issued drug re-call for "Valsartan" containing products due to the presence of cancer causing impurities. Accordingly, the Parent Company recalled finished product "Extor" amounting to Rs. 221.95 million from the local market and Rs. 97 million from the international market. The impact of the product recall has been set off by the claim raised by the Parent Company against ZHP.

Further, the Parent Company lodged claim of Rs. 881.05 million from ZHP in respect of the overall business loss.

In the prior year, the Parent Company has entered into an agreement with ZHP for settlement of the above claims. As per the agreement, these claims will be settled against future purchases of raw material by the Parent Company from ZHP. These claims will be accounted for when the credit notes for the discounted purchase price are received. Claims amounting to Rs. 44.1 million (2020: Rs. 39.83 million) were settled during the year.

### 16. SHORT-TERM INVESTMENT - AT AMORTISED COST

**16.1** This includes unsecured perpetual term finance certificates placed by the Parent Company which carry markup at the rate of 3 months KIBOR + 1.6% per annum.

**16.2** This also includes guarantee deposits placed by OBS with commercial banks in the form of term deposit receipts carrying markup at the rates ranging from 4.7% to 7% per annum.

### 17. CASH AND BANK BALANCES

#### Cash in hand:

- local currency
- foreign currency

Cheques in hand

#### With banks in:

##### Islamic

- current account - local currency

##### Conventional

- current account - local currency
- current account - foreign currency
- saving accounts - note 17.1

	2021	2020
	-----Rupees '000-----	
	441	521
	3,847	5,089
	4,288	5,610
	39,225	201,057
	19,752	11,304
	153,102	116,768
	3,257	349
	3,372	101
	159,731	117,218
	222,996	335,189



## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

- 17.1** At June 30, 2021 the rates of mark-up on saving accounts ranges from 3.90% to 4.62% (2020: 5.75%) per annum respectively.

	2021	2020
	-----Rupees '000-----	
<b>18. ASSETS CLASSIFIED AS 'HELD FOR SALE'</b>		
Plant and machinery	26,717	26,717
Office and other equipments	327	327
Shop fitouts	61,020	61,020
Discontinued operation - note 3	(88,064)	-
	<u>-</u>	<u>88,064</u>

### 19. Issued, Subscribed and Paid-up Capital

#### Authorised share capital

2021	2020		2021	2020
(Number of shares)			-----Rupees '000-----	
<u>300,000,000</u>	<u>300,000,000</u>	Ordinary shares of Rs. 10 each	<u>3,000,000</u>	<u>3,000,000</u>

#### Issued, subscribed and paid up capital

2021	2020		2021	2020
(Number of shares)			-----Rupees '000-----	
40,168,355	12,553,074	Shares allotted for consideration paid in cash	401,683	125,531
24,000	24,000	Shares allotted for consideration other than cash	240	240
199,848,171	199,848,171	Shares allotted as bonus shares	1,998,482	1,998,482
<u>240,040,526</u>	<u>212,425,245</u>		<u>2,400,405</u>	<u>2,124,253</u>

### 19.1 Movement in issued, subscribed and paid-up share capital

#### Ordinary Shares

	2021	2020
Number of shares outstanding at the beginning of the year	212,425,245	212,425,245
Right shares issued	27,615,281	-
Number of shares outstanding at the end of the year	<u>240,040,526</u>	<u>212,425,245</u>

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

**19.2** All ordinary shares rank equally with regard to the Parent Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at Parent Company's general meetings.

**19.3** On October 27, 2020, the Parent Company's Board of Directors has made a decision regarding the issue of right shares in the ratio of 13 shares for every 100 shares. 14.96 million and 0.01 million shares were subscribed by directors of Parent Company and International Brands Limited - Ultimate Parent Company respectively at the exercise price of Rs. 170 per share equivalent to the amount of Rs. 2,544.98 million. The general public subscribed 10.71 million shares against the rights issue. However, the remaining unsubscribed 1.94 million shares were allotted to the employees, individuals, directors and corporate entities after obtaining the approval of Parent Company's Board of Directors approval on January 12, 2021.

**20.** This reserve can be utilised by the Parent Company only in accordance with section 81 of the Companies Act, 2017.

### **21. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT**

The revaluation surplus represents net cumulative increase in the carrying amount as a result of revaluation of property, plant and equipment carried at revalued amount.

	2021	2020
	-----Rupees '000-----	
Revaluation surplus at beginning of the year	1,846,153	1,437,936
Surplus arising on revaluation :		
- Leasehold land	1,879,504	312,165
- Building on Leasehold land	119,275	36,971
- Plant and machinery	359,095	119,258
- Vehicle	21,600	12,620
- Air - conditioning and systems	20,819	2,072
Deferred tax liability on revaluation surplus	(128,371)	(43,901)
	2,271,922	439,185
Net amount transferred to unappropriated profit on account of		
- Incremental depreciation	(72,059)	(43,617)
- Deferred tax on incremental depreciation	20,897	12,649
	(51,162)	(30,968)
	4,066,913	1,846,153
<b>22. LONG TERM BORROWINGS</b>		
<b>Islamic</b>		
Musharaka Facility - notes 22.1, 22.2, 22.3 & 22.4	9,537,892	-
Salary refinancing - note 22.5	150,618	316,000
Other liabilities	4,664	4,664
	9,693,174	320,664

**22.1** The Parent Company has obtained a musharaka facility from Habib Bank Limited (Musharaka Agent) for a period of 7 years with a repayment grace period of two years. The Company is required to repay the amount of the loan in quarterly installments, starting from September 2022. However, on February 24, 2021, the Parent Company has repaid the loan amounting to Rs. 800 million to its Musharaka Agent. This facility carries a mark-up of three months KIBOR plus 1.35%.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

**22.2** During the year new musharaka participants were added which are as follows:

<b>Names of participants:</b>	<b>Original Share</b>	<b>Revised Share</b>
- Habib Bank Limited	<b>100%</b>	<b>52.29%</b>
- Pakistan Kuwait Investment Company (Private) Limited	-	<b>10.37%</b>
- Bank of Khyber	-	<b>10.37%</b>
- Pakistan China Investment Company (Private) Limited	-	<b>10.37%</b>
- Bank Alfalah Limited	-	<b>16.60%</b>

**22.3** This borrowing facility is secured against the following properties:

<b>Particulars</b>	<b>Address</b>	<b>Land Area square yards</b>
<b><i>The Parent Company:</i></b>		
One IBL Building Center (classified in Investment Property)	Block 7 & 8 Delhi Mercantile Co-operative Housing Society , Tipu Sultan Road Off Shahrah-e-Faisal, Karachi.	5,291
<b><i>Ultimate Parent Company:</i></b>		
International Brands Limited - note 22.3.1	Plot # 39, Korangi Industrial Area, Karachi.	37,778
<b><i>Group Companies:</i></b>		
IBL HealthCare Limited	Plot # 24/3, 24/4 and 24/4 - A , Block 7 & 8 Delhi Mercantile Co-operative Housing Society , Tipu Sultan Road Off Shahrah-e-Faisal, Karachi.	2,260
OBS Pakistan (Private) Limited	Land, Building and Plant and Machinery on plot # C- 14, S.I.T.E, Karachi	14,375
<b><i>Third Party property</i></b>		
Mr. Asad Abdulla	Plot # 30/1 and 353 at Deh Digh Malir, Karachi	8,804

**22.3.1** During the year, the International Brands Limited - Ultimate Parent Company has sold the property situated at Korangi and accordingly after obtaining no objection certificate from the musharaka agent the property has been released from total securities provided against the loan.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	-----Rupees '000-----	
<b>22.4 Loan movement</b>		
Loan obtained during the year	<b>10,441,500</b>	-
Transaction cost	<b>(117,989)</b>	-
Amortisation of transaction cost	<b>14,381</b>	-
Repayment	<b>(800,000)</b>	-
	<b>9,537,892</b>	-

### 22.5 Salary refinancing

This represents salary financing obtained under SBP payroll refinance facility as a part of measures for countering economic hardships faced by the businesses during COVID-19 pandemic. The Group will pay a quarterly mark up at a discounted rate of 3% per annum, with eight equal quarterly instalments starting from January 2021. The loan is secured by way of equitable mortgage on land and building of the Group Company.

	2021	2020
	-----Rupees '000-----	
Balance at beginning of the year	<b>449,875</b>	-
Acquisition of subsidiary - note 4.5	<b>52,533</b>	-
Loan obtained during the year	<b>91,258</b>	535,500
Less: Deferred income - Government grant - note 25	<b>(6,090)</b>	(85,712)
Repayment	<b>(172,068)</b>	-
Unwinding of discount on salary refinancing - note 37	<b>30,208</b>	87
	<b>445,716</b>	449,875
Classified in short term borrowings - note 28	<b>(295,098)</b>	(133,875)
Balance at end of the year	<b>150,618</b>	316,000

**22.5.1** This includes facility which is a sublimit of running musharaka obtained from Dubai Islamic Bank by Parent Company.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

### 23. DEFERRED TAX LIABILITIES

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	2021	2020
	-----Rupees '000-----	
Deferred tax asset	<b>(764,161)</b>	(273,761)
Deferred tax liability	<b>823,335</b>	328,813
	<b>59,174</b>	55,052

#### 23.1. Analysis of change in deferred tax

	Accelerat- ed tax de- preciation	Minimum tax, alternate corporate tax and unused tax losses - note 23.5 & 23.6	Surplus on revalu- ation	Right- of-use Lease Liability	Decelerat- ed tax am- ortisation	Deferred grant	Unwind- ing of discount on salary refinanc- ing	Provisions	Provision for doubt- ful receiv- ables	Provision for trade deposits	Net effect of con- solidation adjust- ment	Total
	-----Rupees '000-----											
July 1, 2020	171,838	(222,819)	137,141	(2,944)	(8,260)	19,834	-	-	(39,059)	(679)	-	55,052
Acquisition of subsidiary	8,243	(561,572)	114,439	(1,033)	97,579	-	-	(22,826)	-	-	-	(365,170)
Credit / (charge) to profit or loss	38,650	76,971	-	(3,638)	118,701	(8,835)	5,634	12,960	478	-	-	240,921
Charge to other comprehensive income	-	-	128,371	-	-	-	-	-	-	-	-	128,371
June 30, 2021	<b>218,731</b>	<b>(707,420)</b>	<b>379,951</b>	<b>(7,615)</b>	<b>208,020</b>	<b>10,999</b>	<b>5,634</b>	<b>(9,866)</b>	<b>(38,581)</b>	<b>(679)</b>	<b>-</b>	<b>59,174</b>
July 01, 2019	4,909	-	93,240	-	-	-	-	-	-	-	(1,568)	96,581
(Charge) / credit to profit or loss	166,929	(222,819)	-	(2,944)	(8,260)	19,834	-	-	(39,059)	(679)	1,568	(85,430)
Charge to other comprehensive income	-	-	43,901	-	-	-	-	-	-	-	-	43,901
June 30, 2020	171,838	(222,819)	137,141	(2,944)	(8,260)	19,834	-	-	(39,059)	(679)	-	55,052

**23.2** Deferred tax liability of the Parent Company is restricted to 88.50% (2020: 88.57%) of the total deferred tax liability based on the assumptions that export sales will continue to fall under Final Tax Regime and historical trend of export and local sales ratio will continue to be the same in foreseeable future.

**23.3** Deferred tax asset of OBS is restricted to 95.03% (2020: nil) of the total deferred tax asset based on the assumptions that export sales will continue to fall under Final Tax Regime and historical trend of export and local sales ratio will continue to be the same in foreseeable future.

**23.4** As NPPL is only engaged in local sales, due to which deferred tax asset is not restricted.

**23.5** The total deferred tax of OBS asset on June 30, 2021 for unused tax losses will expire on June 30, 2025, minimum tax will expire on June 30, 2025 and alternate corporate tax on June 30, 2031.

**23.6** The total deferred tax asset of the Parent Company on minimum tax for tax year 2018 and 2019 will expire on June 30, 2023 and June 30, 2024 respectively.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

- 23.7** Under the Finance Act, 2020, corporate rate of tax has been fixed at 29% for tax year 2021 and onwards. Therefore, deferred tax assets and liabilities have been recognised accordingly using the expected applicable rate of 29%.

### 24. EMPLOYEE BENEFIT OBLIGATIONS

	2021	2020
	-----Rupees '000-----	
Staff retirement gratuity - unfunded - note 24.1	53,484	54,994
Staff retirement gratuity - funded - note 24.2	23,185	-
	<u>76,669</u>	<u>54,994</u>

#### 24.1 Gratuity scheme - unfunded

##### 24.1.1 General description

As stated in note 2.19, the Parent Company operates unfunded gratuity scheme for eligible employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to minimum service under the scheme. The latest actuarial valuation was carried out as at June 30, 2021 using the Project Unit Credit method.

##### 24.1.2 Risk associated with scheme

The Parent Company faces the following risks on account of gratuity scheme:

**Final salary risk** - The risk that the final salary at the time of cessation of service is greater than what the Parent Company's management has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

**Discount rate fluctuation** - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

##### 24.1.3 Consolidated statement of financial position reconciliation

	2021	2020
	-----Rupees '000-----	
Present value of defined benefit obligation	<u>53,484</u>	<u>54,994</u>

##### 24.1.4 Movement in the present value of defined benefit obligation

	2021	2020
Obligation as at July 01	54,994	55,820
Current service cost	2,258	2,396
Interest cost	4,334	6,262
Benefits paid	(8,005)	(7,269)
Remeasurement on obligation	(97)	(2,215)
Obligation as at June 30	<u>53,484</u>	<u>54,994</u>

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	-----Rupees '000-----	
<b>24.1.5 Expense recognised in the consolidated statement of profit or loss</b>		
Current service cost	(2,258)	(2,396)
Interest expense	(4,334)	(6,262)
	<u>(6,592)</u>	<u>(8,658)</u>
<b>24.1.6 Remeasurement recognised in consolidated statement of comprehensive income</b>		
Experience gains	<u>97</u>	<u>2,215</u>
<b>24.1.7 Net recognised liability</b>		
Balance as at July 01	54,994	55,820
Expense for the year	6,592	8,658
Benefits paid	(8,005)	(7,269)
Remeasurement loss recognised in consolidated statement of profit and loss and other comprehensive income	(97)	(2,215)
Balance as at June 30	<u>53,484</u>	<u>54,994</u>
	2021	2020
<b>24.1.8 Actuarial assumptions</b>		
Discount rate used for year end obligation	10.00%	8.50%
Expected rate of increase in salaries	10.00%	8.50%
Retirement age (years)	60 years	60 years

Mortality was assumed to be SLIC (2001-05) for males and females, as the case may be, but rated down by one year.

**24.1.9** The sensitivity of the defined benefit obligation to changes in the weighted average principal assumption is:

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
- Discount rate at June 30	1%	(4,102)	4,628
- Future salary increase	1%	5,109	(4,584)

**24.1.10** If longevity increases by 1 year, the resultant increase in obligation is insignificant.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

**24.1.11** The above sensitivity analysis are based on a change in an assumption while Parent all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the gratuity liability recognised within the consolidated statement of financial position.

**24.1.12** As per actuarial advice, the Parent Company is expected to recognise a service cost of Rs. 7.59 million in 2022.

**24.1.13** The weighted average service duration of employees is 7.4 years.

At June 30, 2021	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Between 5 - 10 years	Over 10 years
	-----Rupees '000-----				
<b>Gratuity Funds</b>	476	6,154	6,157	25,386	36,860

### 24.2 Gratuity scheme - funded

#### 24.2.1 General description

As stated in note 2.19, the OBS operates funded gratuity scheme for eligible employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to minimum service under the scheme. The latest actuarial valuation was carried out as at June 30, 2021 using the Project Unit Credit method.

#### 24.2.2 Movement in the present value of defined benefit obligation

	2021	2020
	-----Rupees '000-----	
Balance as at July 01	-	-
Acquisition of subsidiary - note 4.5	45,097	-
Charge for the year	3,109	-
Re-measurement loss chargeable to consolidated statement of comprehensive income	3,524	-
Curtailment gain - note 24.2.8	(21,615)	-
Benefits paid during the year	(6,930)	-
Balance as at June 30	<u>23,185</u>	<u>-</u>

#### 24.2.3 Amount recognised in the consolidated statement of financial position

	2021	2020
	-----Rupees '000-----	
Present value of defined benefit obligations	29,725	-
Fair value of plan assets	(6,540)	-
Deficit recorded as a liability	<u>23,185</u>	<u>-</u>

#### 24.2.4 Amount recognised in the consolidated statement of profit or loss

	2021	2020
Current service cost	1,051	-
Interest cost	2,058	-
	<u>3,109</u>	<u>-</u>



## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

<b>24.2.5 Movement in the present value of defined benefit obligation:</b>	<b>2021</b>	<b>2020</b>
	-----Rupees '000-----	
Balance as at July 01	-	-
Acquisition of subsidiary - note 4.5	<b>59,013</b>	-
Current service cost	<b>1,051</b>	-
Interest cost	<b>2,927</b>	-
Actuarial loss / (gain) on obligations	<b>4,328</b>	-
Curtailment gain	<b>(21,615)</b>	-
Benefits paid	<b>(15,979)</b>	-
Balance as at June 30	<b>29,725</b>	-

### 24.2.6 Movement in the fair value of plan assets:

Balance as at July 01	-	-
Acquisition of subsidiary - note 4.5	<b>13,916</b>	-
Interest Income on plan assets	<b>869</b>	-
Benefits paid	<b>(9,049)</b>	-
Actuarial gain on assets	<b>804</b>	-
Balance as at June 30	<b>6,540</b>	-

<b>24.2.7 Key actuarial assumptions used are as follows:</b>	<b>2021</b>	<b>2020</b>
	% per annum	
Salary increment rate	<b>10.00</b>	-
Discount rate	<b>10.00</b>	-

**24.2.8** During the year, the OBS decided to exclude management employees from the funded gratuity scheme which resulted in the settlement of the defined benefit obligation amounting to Rs. 21.62 million against a payable to the excluded employees of Rs 9.2 million.

### 24.2.9 Sensitivity analysis for actuarial assumptions

	<b>Change in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>
Discount rate at June 30	<b>1%</b>	<b>(2,856)</b>	<b>3,398</b>
Future salary increases	<b>1%</b>	<b>3,666</b>	<b>(3,125)</b>

**24.2.10** If longevity increases by 1 year, the resultant increase in obligation is insignificant.

**24.2.11** The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the gratuity liability recognised within the consolidated statement of financial position.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

**24.2.12** As per actuarial advice, the OBS is expected to recognise a service cost of Rs. 3.43 million in 2022.

**24.2.13** The weighted average service duration of employees is 6 years.

	2021	2020
	-----Rupees '000-----	
<b>25. DEFERRED INCOME - GOVERNMENT GRANT</b>		
Balance as at July 01,	77,141	-
Acquisition of subsidiary - note 4.5	5,411	-
Recognised during the year - note 25.2	6,090	85,712
Deferred income recognised during the year - note 36	(39,397)	(8,571)
Less: current portion of deferred income - note 27	(39,999)	(34,285)
Balance as at June 30,	<u>9,246</u>	<u>42,856</u>

**25.1** This represents the value of benefit of below-market interest rate which has been accounted for as government grant under IAS 20 - Government grants.

**25.2** This represents deferred grant recognised in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance' in respect of SBP's Refinance Scheme for Payment of Wages and Salaries and the Islamic Temporary Economic Refinance Facility obtained at concessionary rates. The Group has fulfilled the criteria of the said loans and have accordingly recognised the grant income in the consolidated statement of profit or loss account.

	2021	2020
	-----Rupees '000-----	
<b>26. LEASE LIABILITY</b>		
Lease liabilities under IFRS 16 - notes 26.1 & 26.2	<u>97,508</u>	132,965
Non Current portion	<u>93,092</u>	121,545
Current portion	<u>4,416</u>	11,420

### 26.1 Maturity analysis of lease liabilities

Upto 1 year	4,416	11,420
1 - 5 years	32,961	63,952
More than 5 years	60,131	57,593
	<u>97,508</u>	<u>132,965</u>

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

**26.2** Following is the carrying amount of lease liabilities and the movement during the year:

	2021	2020
	-----Rupees '000-----	
Balance as at July 01	<b>132,965</b>	-
Initial Recognition	-	141,421
Derecognition of lease liability - note 26.4	<b>(29,496)</b>	-
Interest on lease liabilities	<b>16,917</b>	20,412
Payments	<b>(22,878)</b>	(28,868)
Balance as at June 30	<b>97,508</b>	132,965

**26.3** The lease liability was measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 15.48%.

**26.4** During the year, the Parent Company has paid an advance amounting to Rs 145 million out of Rs. 230 million for the purchase of building, plant and machinery situated at Port Qasim, as per the agreement dated December 24, 2020. Previously, the Parent Company has recognized the lease liability on such assets as per the rental agreement. However, as per the new purchase agreement, the Parent Company will continue to pay rentals till December 2021. Therefore, the Parent Company has derecognised lease liability amounting to Rs. 29.50 million. For remaining period, the Parent Company has opted for exception provided in IFRS 16 for short term leases and has recorded the plant as an operating lease. Rental expense relating to such plant and machinery is recognized in "cost of sales".

	2021	2020
	-----Rupees '000-----	
<b>27. TRADE AND OTHER PAYABLES</b>		
Creditors - note 27.1	<b>880,526</b>	901,336
Payable under group relief	<b>27,121</b>	1,618
Salaries and benefits payable	<b>5,555</b>	4,738
Bills payable in foreign currency	<b>393,192</b>	481,130
Royalty payable - note 27.4	<b>35,638</b>	21,935
Accrued liabilities	<b>2,462,761</b>	1,301,159
Payable to provident fund - notes 27.2, 27.3 & 27.5	<b>34,203</b>	15,215
Current portion of deferred income - government grant - note 25	<b>39,999</b>	34,285
Advance from customers - unsecured	<b>201,505</b>	38,634
Payable for compensated absences	<b>11,495</b>	-
Provision for gas infrastructure	<b>9,485</b>	-
Deferred payable to UVPL - related party - note 27.9	<b>260,712</b>	-
Accrued mark-up - note 27.6	<b>255,782</b>	208,096
Taxes deducted at source and payable to statutory authorities	<b>71,648</b>	75,959
Workers' Profit Participation Fund - note 27.7	<b>228,765</b>	178,920
Workers' Welfare Fund - note 27.8	<b>100,137</b>	82,218
Other liabilities - note 27.10	<b>69,667</b>	40,375
	<b>5,088,191</b>	3,385,618

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

**27.1** The breakup of payables to related parties are as follows:

	2021	2020
	-----Rupees '000-----	
United Retail (SMC - Private) Limited	72	-
IBL Frontier Markets (Private) Limited	2,815	-
International Brands Limited	7,121	94,921
IBL Operations (Private) Limited	-	63,973
IBL Logistics (Private) Limited	1,730	-
	<b>11,738</b>	<b>158,894</b>

**27.2** The investment in listed equity securities out of the provident fund of the Parent Company, SBS and OBS is in excess of the limit prescribed under the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder. However, the fund are in the process of ensuring compliance with the prescribed limits.

**27.3** The investments in collective investment schemes, listed equity and listed debt securities out of the provident fund of IBLHC and NPPL have been made in accordance with the provision of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

**27.4** This includes royalty payable to M/s Sanofi Winthrop Industrie as per agreement by Parent Company which is situated in France respectively. The Parent Company only has a relation of licensor and licensee with the entity. The amount also includes royalty payable relating to the Brand "Canderal".

**27.5** This includes markup on loan obtained from employees provident fund of the Parent Company - related party, carrying markup at the rate of 15% per annum amounting to Rs. 13.9 million.

	2021	2020
	-----Rupees '000-----	
<b>27.6 Accrued mark-up</b>		
Accrued mark-up on:		
- long-term Borrowing	22,978	2,678
- short-term borrowing note - 27.6.1	232,804	205,418
	<b>255,782</b>	<b>208,096</b>

**27.6.1** This includes markup on loan obtained from employees provident fund of OBS Pakistan (Private) Limited - related party, carrying markup at the rate of 15% per annum amounting to Rs. 1.56 million.

	2021	2020
	-----Rupees '000-----	
<b>27.7 Workers' Profit Participation Fund</b>		
Balance as at July 01	178,920	149,417
Charge for the year - note 35	223,497	178,470
	<b>402,417</b>	<b>327,887</b>
Interest on funds utilised in the Parent Company's business - note 37	13,505	15,357
Payments made during the year	(187,157)	(164,324)
Balance as at June 30	<b>228,765</b>	<b>178,920</b>

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	-----Rupees '000-----	
<b>27.8 Workers' Welfare Fund</b>		
Balance as at July 01	82,218	26,000
Charge for the year - note 35	68,709	56,218
	<b>150,927</b>	82,218
Payments made during the year	(50,790)	-
Balance as at June 30	<b>100,137</b>	82,218
<b>27.9 Deferred payable to Universal Ventures Private Limited</b>		
Deferred payable on account of purchase of subsidiary - refer note 4.10	5,350,000	-
Payments during the year	(5,089,288)	-
Closing as at June 30,	<b>260,712</b>	-

**27.10** This includes interest free deposits from customers and are repayable on demand and these have been kept in a separate bank account in accordance with the requirements of section of 217 of the Companies Act, 2017.

	2021	2020
	-----Rupees '000-----	
<b>28. SHORT TERM BORROWINGS</b>		
<b>Secured borrowings</b>		
<b>Conventional:</b>		
Running finance under mark-up arrangements - notes 28.1 & 28.3	2,587,074	874,828
Demand finance facility - note 28.6	113,333	-
<b>Islamic</b>		
Running musharaka - notes 28.1, 28.3, 28.4 & 28.5	4,798,539	3,765,625
Current portion of long term borrowings	295,098	133,875
	<b>5,093,637</b>	3,899,500
<b>Unsecured borrowings</b>		
Employees provident fund - Parent Company	-	161,000
Employees provident fund - OBS Pakistan (Private) Limited - related party	-	18,000
	<b>7,794,044</b>	4,953,328

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

- 28.1** The Parent Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 6,725 million (2020: Rs. 4,925 million) which include financing facilities obtained under Islamic mode amounting to Rs. 5,175 million (2020: Rs. 4,075 million). The arrangements are secured jointly by registered mortgage of Rs. 1,681.25 million (2020: Rs. 1,126.94 million) of immovable property together with joint pari passu charge on all current assets of the Parent Company to the extent of Rs. 9,990.42 million (2020: Rs. 6,889.23 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).
- 28.2** The amount utilised by the Parent Company under the Islamic mode of financing amounted to Rs. 4,222.79 million (2020: Rs. 3,977.03 million).
- 28.3** The Parent Company rates of mark-up / profit ranged between 0.75% to 14.74% (2020: 2.75% to 15.60%) per annum.
- 28.4** The IBLHC has obtained running musharaka facilities from banks amounting to Rs. 300 million (2020: Rs. 200 million) out of which the amount unavailed at the year end was Rs. 100.08 million (2020: Rs. 21.30 million). Rates of profit range from three month KIBOR plus 1.5% (2020: three month KIBOR plus 1.5%) to one month KIBOR plus 0.75% (2020: one month KIBOR plus 0.75%) per annum. These facilities have been secured by way of hypothecation of first pari passu charge over present and future current assets amounting to Rs. 400 million.
- 28.5** The OBS has obtained running musharaka facility from Dubai Islamic Bank amounting to Rs. 679 million carrying markup rate at Kibor plus 1.5% per annum, repayable within one year. The facility is secured by way of joint pari passu hypothecation charge over fixed asset comprising of investments of the OBS amounting to Rs. 2 billion including 25% margin.
- 28.6** The Parent Company has obtained a demand finance facility for a period of six months having a markup of one month KIBOR plus 2%.

### 29. UNPAID DIVIDEND

This consists of unpaid dividend on account of:

- Bonus shares withheld - note 29.1
- Unavailability of bank details
- Others

**Amount  
Rupees '000**

**130,728**

**32,608**

**7,840**

**171,176**

- 29.1** This includes dividend on bonus shares withheld pertaining to 125 shareholders on which stay from the Honorable High Court of Sindh has been obtained - note 30.1.5

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

### 30. CONTINGENCIES AND COMMITMENTS

#### 30.1 Contingencies

	<b>Name of the court, agency or authority</b>	<b>Description of the factual basis of the proceeding and relief sought</b>	<b>Principal parties</b>	<b>Date instituted</b>
<b>30.1.1</b>	High Court of Sindh	During the year ended June 30, 2014, Sindh Revenue Board (SRB) had imposed sales tax on toll manufacturing at the rate of 16% of sales value. The cumulative such sales tax amounts to Rs. 354.97 million. The matter has been contested in the High Court of Sindh.	The Parent Company and The Federation of Pakistan	05-Mar-14
<b>30.1.2</b>	High Court of Sindh	<p>Section 5A of Income Tax Ordinance, 2001 inserted through Section 5(3) of the Finance Act, 2015 requires the Parent Company and IBLHC to charge income tax at the rate of 10% on the reserves of the companies where they exceed an amount equivalent to the paid up capital. The Parent Company and IBLHC has filed a suit for declaration and permanent injunction before the Court challenging the vires of the above said section.</p> <p>The Court passed ad interim orders restraining the defendants from taking any coercive action as prayed. The case is at the stage of hearing of applications. The charge for the tax year 2016 amounts to Rs. 283.08 million.</p>	The Parent Company, IBLHC and The Federation of Pakistan	15-Sep-15
<b>30.1.3</b>	High Court of Sindh	<p>The Parent Company has challenged the levy of Sindh Sales Tax on services of renting of immovable property which has been categorised as renting services by the SRB.</p> <p>The companies have challenged the levy on constitutional grounds taking the stance that renting of immovable property is not a "service" and therefore does not fall within the competence of SRB to tax through the Sindh Sales Tax on Services Act, 2011.</p> <p>Further, the companies have also taken the stance that the collection mechanism is ultra vires to the Act and therefore no coercive measures can be adopted against the companies for the collection of the impugned levy.</p>	The Parent Company and Province of Sindh	15-Jan-16

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted	
30.1.4	High Court of Sindh	<p>The High Court of Sindh, on the basis of the representations made, has been pleased to grant an ad interim order to the companies restraining the defendants from taking any coercive action against the companies. The matter is presently pending on hearing of the case. The cumulative amount of such sales tax is Rs. 42.90 million.</p>	The Parent Company and The Federation of Pakistan	2014
30.1.5	High Court of Sindh	<p>The Court issued interim orders restraining the defendants from collecting sales tax on raw material imported by the Parent Company. It has been further asserted that the term "manufacture", as stated in Sub-section 16 of Section 2 of the Sales Tax Act, 1990, adequately covers the present activity and exempts the Parent Company from payment of Sales Tax on the Packaging utilised in the manufacture of drugs/ pharmaceuticals. The case is at the stage of hearing of applications. The cumulative impact of this levy amounts to Rs. 31.6 million.</p>	The Parent Company and The Federation of Pakistan	2015
		<p>Section 236 M of the Income Tax Ordinance, 2001 (the 'Ordinance'), inserted through Finance Act, 2014, specifies that every company, quoted on stock exchange, while issuing bonus shares shall withhold five percent of the bonus shares to be issued. Bonus shares withheld shall only be issued to a shareholder, if the Parent Company collects tax equal to five percent of the value of the bonus shares issued including bonus share withheld, determined on the basis of day-end price on the first day of closure of books. The tax is to be collected within fifteen days of the first day of closure of books, after which company is required to deposit shares withheld to Central Depository Company, in favour of the Federal Government.</p>		



## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted	
	<p>Based on the requirement mentioned above, the Parent Company is exposed to tax liability of approximately Rs. 71.8 million (2020: Rs. 71.8 million), on account of bonus shares received from IBLHC from 2015 onwards. The Parent Company has filed a petition in respect of tax on bonus shares in Honourable High Court of Sindh, and expects a favourable outcome, based on a legal advice. Further, pending decision of the Honourable High Court of Sindh, IBLHC has withheld 1,117,379 shares (2020: 1,117,379 shares) with Central Depository Company of Pakistan Limited.</p>			
<b>30.1.6</b>	High Court of Sindh	<p>Exemption provided to the companies falling under Group Relief (section 59B of Income Tax Ordinance, 2001), from tax on intercorporate dividend as mentioned under Clause 103A of Part I of the Second Schedule of the Income Tax Ordinance, 2001, is not applicable now on account of deletion of Section 59B from the said clause, through the Finance Act, 2016.</p> <p>The Parent Company has filed petition against with Parent tax on dividend received from the subsidiary companies in the High Court of Sindh and has obtained a stay order against the same. The total cumulative amount of with Parent tax is Rs. 1,171.16 million.</p>	The Parent Company and The Federation of Pakistan	2017 to 2020
<b>30.1.7</b>	Appellate Tribunal Inland Revenue (ATIR)	<p>SPPL's declared version of return of income, for tax years 2015 and 2016, have been rejected by the respective Tax Officers and the amounts deemed to be assessed under the Final Tax Regime (FTR) of the provisions of section 169 read with section 153(1)(c) of the Income Tax Ordinance, 2001 (the Ordinance) have been subjected to tax under the normal provisions of the law.</p>	SPPL, Commissioner Inland Revenue, CIRA and ATIR	05/10/2016, 06/30/2016 & 02/03/2017

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
	<p>Consequently, net profit as per SPPL's audited financial statements have been considered as taxable income for the respective years and tax liability at normal rate determined along with super tax and Workers' Welfare Fund aggregating to Rs. 783.34 million. Appeal against the above orders for the tax year 2014 and 2015 were filed before the ATIR which has been decided against the Company vide order dated September 18, 2017 against which an appeal before Honourable High Court of Sindh has been filed whereas, appeal for the tax year 2016 is pending before the ATIR.</p> <p>SPPL's management has obtained a stay order from the High Court against the recovery of demand and expects a positive outcome.</p>		
<p><b>30.1.8</b> Commissioner Inland Revenue (Appeals)</p>	<p>SPPL's declared version for return of income for tax year 2017 has been rejected by the Additional Commissioner Inland Revenue (ACIR) and the amounts deemed to be assessed under FTR of provision of section 169 read with section 153(1)(c) of the Ordinance has been subjected to tax under the normal provision of the law.</p>	<p>SPPL, ACIR and CIRA</p>	<p>16-Feb-2018</p>
	<p>Consequently, net profit as per SPPL's audited financial statements has been considered as taxable income and tax liability at normal rate was determined along with super tax aggregating to Rs. 542.41 million. An appeal against the order of ACIR was filed with Commissioner Inland Revenue (Appeals). The SPPL's management has obtained a stay order from the Honourable High Court against the recovery of demand and expects a positive outcome.</p>		
<p><b>30.1.9</b> Appellate Tribunal Inland Revenue (ATIR)</p>	<p>The deemed assessed version of the return of income of SLPL for tax year 2014 was amended by the Additional Commissioner Inland Revenue (ACIR) vide the order dated January 13, 2016 under section 122(5A) of the Income Tax Ordinance, 2001 (the 'Ordinance'). The main issue involved in the case was due to the addition made under the section 111 of the Ordinance and consequential effect thereof raising the demand of Rs. 9.15 million.</p>	<p>SLPL, ACIR, Commissioner (Appeals) and ATIR</p>	<p>13-Jan-16</p>

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
	<p>SLPL filed an appeal before the Commissioner (Appeals) against the said order whereby main issue along with consequential effect thereof has been decided in favour of SLPL vide appellate order dated May 27, 2016.</p> <p>The department has filed an appeal before the ATIR against the said appellate order of the CIR(A) which has not been fixed for hearing as yet.</p>		
<b>30.1.10</b> Commissioner Inland Revenue (CIR)	<p>Monitoring proceedings were initiated through notice uploaded on IRIS web-portal for the tax year 2015, dated February 12, 2018, issued under section 161(1A), read with sections 162 and 205 of the Income Tax Ordinance, 2001 (the 'Ordinance').</p> <p>The SLPL filed an appeal before the Commissioner (Appeals) against the said order which has not been fixed for hearing as yet.</p>	SLPL and ACIR	25-May-21
<b>30.1.11</b> Commissioner Inland Revenue (CIR)	<p>Monitoring proceedings were initiated through notice uploaded on IRIS web-portal for the tax year 2015, dated February 12, 2018, issued under section 161(1A), read with sections 162 and 205 of the Income Tax Ordinance, 2001 (the 'Ordinance').</p> <p>Subsequent to the year end, an order dated August 31, 2021 was issued against the SLPL raising a demand of Rs. 28,749,918 due to non-withholding of tax at source on the receipts of the SLPL under section 153(1) of the Ordinance. Further, a demand of default surcharge of Rs. 24,149,930 was also raised under section 205 of the Ordinance due to the above non-withholding.</p>	SLPL and CIR	12-Feb-18
<b>30.1.12</b> High Court of Sindh	<p>IBLHC has filed a suit before the High Court of Sindh challenging the refusal of the Customs Authorities to allow exemption on the dietary food for medical purposes being imported by the Company from Nestle Health Sciences GmbH, Deutschland (Germany). The exposure of the IBLHC in this case is Rs. 77.09 million.</p>	IBLHC and Custom Authorities	10-Nov-20
<b>30.1.13</b> High Court of Sindh	<p>IBLHC filed a suit before the High Court of Sindh challenging the refusal of the Customs Authorities to allow exemption on the dietary food for medical purposes being imported by IBLHC from Mead Johnson Nutrition (Thailand). The exposure of the IBLHC in this case is Rs. 13.08 million.</p>	IBLHC and Custom Authorities	23-Nov-20

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

**30.1.14** The Parent Company is in the process of filing an appeal in Supreme Court of Pakistan against imposition of super tax for tax years 2015 to 2019 and expects a favourable outcome. For further details, (refer note 38.4) of these consolidated financial statements.

**30.1.15** As at June 30, 2021, there are several pending cases of OBS filed by / against the OBS. The majority of these cases pertain to sales tax, employees' union, awarding of tender, costing and pricing cases with DRAP and other litigations with various courts. All these cases are still pending adjudication for decision. The management of the OBS based on the written advice of legal counsel expects that the outcome of these cases will be in favour of the OBS.

**30.1.16** The Group management, based on legal / tax advices, is confident that the ultimate decisions in the above cases (notes 30.1.1 to 30.1.15) will be in favour of the Group, hence, no provision has been made in respect of the aforementioned litigations.

### 30.2 Commitments

**30.2.1** The facility for opening letters of credit and guarantees for the Parent Company as at June 30, 2021 amounted to Rs. 2,755 million (2020: Rs. 2,105 million) of which the amount remaining unutilised as at year end amounted to Rs. 1,489.63 million (2020: Rs. 1,494 million).

**30.2.2** The facility for opening letter of credit for IBLHC as at June 30, 2021 amounted to Rs. 590 million (2020: Rs. 483 million) of which the amount remaining unutilised at the end of year was Rs. 226.02 million (2020: Rs. 105.8 million).

**30.2.3** The facility for opening letters of credit and guarantees for OBS as at June 30, 2021 amounted to Rs. 1,440 million (2020: Rs. nil) of which the amount remaining unutilised as at year end amounted to Rs. 778 million (2020: Rs. nil).

**30.2.4** Post-dated cheques issued by Parent Company in favour of Collector of Customs for import of inventory at June 30, 2021 amounted to Rs. 25 million (2020: Rs. nil).

**30.2.5** Commitments in respect of capital expenditures includes:

- Property, plant and equipment
- Investment property

**Rupees in  
'000'**

155,620
5,000
160,620

<b>31. REVENUE FROM CONTRACTS WITH CUSTOMERS</b>	<b>2021</b>	<b>2020</b>
	-----Rupees '000-----	
Gross sales		
Local sale of goods	<b>26,843,415</b>	20,870,166
Export sales	<b>2,646,666</b>	2,299,165
	<b>29,490,081</b>	23,169,331
Toll manufacturing	<b>276,841</b>	285,000
	<b>29,766,922</b>	23,454,331
Sales tax	<b>(190,774)</b>	(234,648)
	<b>29,576,148</b>	23,219,683
Less:		
Discounts, rebates and allowances	<b>1,983,652</b>	1,864,432
Sales returns	<b>1,372,840</b>	880,409
	<b>3,356,492</b>	2,744,841
	<b>26,219,656</b>	20,474,842

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

31.1 Geographical Markets	2021	2020
	-----Rupees '000-----	
Pakistan	<b>24,060,838</b>	18,580,868
Afghanistan	<b>1,156,772</b>	869,770
Srilanka	<b>539,137</b>	327,246
Cambodia	<b>208,046</b>	194,358
Myanmar	<b>105,933</b>	257,998
Vietnam	<b>63,140</b>	143,453
Oman	<b>28,658</b>	39,517
Laos	<b>25,144</b>	15,002
Others	<b>31,988</b>	46,630
	<b><u>26,219,656</u></b>	<u>20,474,842</u>

**31.2** Revenue from IBL Operations (Private) Limited - related party represents approximately Rs. 23.10 billion (2020: Rs. 16.99 billion) and United Brands Limited - related party represent Rs. 163.15 million (2020: Rs. 4.04 million) of the total revenues.

**31.3** Consequent to Order 4480/2018 dated August 3, 2018 issued by the Honourable Supreme Court of Pakistan, the Drug Regulatory Authority of Pakistan (DRAP) fixed maximum retail price of drugs vide notification S.R.O 1610/2018 dated December 31, 2018. Further, DRAP vide Notification S.R.O 34(1)/2019 dated January 10, 2019 increased the maximum retail prices of drugs by nine percent over and above the maximum retail prices as determined under hardship category during the year 2018 and fifteen percent over and above existing maximum retail prices determined under Drug Pricing Policy, 2018 for drugs other than those specified under hardship category.

The Honorable High Court of Sindh vide Order dated January 22, 2019 has disposed off all the legal cases of the Parent Company against DRAP. As mandated under the orders dated August 3, 2018 and November 14, 2018 passed by the Honourable Supreme Court of Pakistan in Human Rights Case No. 2858 of 2006, the Parent Company may file an appeal before the Appellate Board of DRAP as provided under Section 9 of the Drugs Act, 1976, if the Parent Company is dissatisfied by the prices fixed by DRAP.

Consequent to the above, the Parent Company challenged the prices for four of its products namely, Peditral, Gravinite, Methodine and Hydrylline set by DRAP in its Appellate Board and the Appellate Board under its orders dated 18 June, 20 June and 25 June 2019 rejected the said application of the Parent Company. The Parent Company has challenged the said orders in the Honourable High Court of Sindh and an interim order has been passed restricting DRAP from taking any coercive action against the Parent Company.

During the year, the Parent Company has received a notice from DRAP which directed the Company having generic brand name, named Co- Extor, to lower their prices by 15% than that of corresponding originator brands vide its letter dated May 05, 2021 regarding the sale of its product "Co-Extor" for selling at the prices higher than the approved prices of DRAP. The Parent Company has challenged the said order and obtained a stay order dated May 20, 2021 from Honourable High Court of Sindh, restricting DRAP from taking any coercive action against the Parent Company.

During the year, the Parent Company has received an annual price adjustment on all of its products at a rate of 7% on essential products and 10% on other products based on CPI 2020.

Exposure of the Parent Company due to abovementioned litigation amounts to Rs. 1.76 billion (2020: Rs. 1.27 billion).

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

32. COST OF SALES	2021	2020
	-----Rupees '000-----	
Raw and packing material consumed	6,166,452	5,609,203
Processing charges	591,561	485,192
Salaries, wages and benefits	746,194	738,681
Provision for staff gratuity	6,617	4,779
Provident fund contribution	25,162	17,355
Inventory written off - note 32.1	158,223	20,511
Provision for slow-moving inventory	-	4,904
Carriage and duties	58,397	50,764
Fuel, water and power	352,448	218,153
Rent, rate and taxes	113,455	85,418
Canteen expenses	35,657	33,711
Cost of samples and promotions	-	742
Stationery and supplies	59,515	53,032
Travelling	29,744	37,173
Repairs and maintenance	281,242	200,251
Security expenses	12,481	12,976
Impairment of plant and machinery	-	3,101
Vehicle expenses	13,516	8,286
Insurance	13,173	5,925
Legal and professional charges	23,285	19,808
Depreciation	344,229	206,263
Medical expenses	8,043	8,087
Research cost	70,386	76,990
Stores and spares consumed	1,923	-
Raw material sold	22,541	-
Others	19,693	12,500
	<b>9,153,937</b>	7,913,805
Add: Opening work-in-process	133,452	99,369
Less: Closing work-in-process	(201,227)	(133,452)
	<b>(67,775)</b>	(34,083)
<b>Cost of goods manufactured</b>	<b>9,086,162</b>	7,879,722
Add: Opening inventory of finished goods	1,052,241	1,194,074
Add: Finished goods purchased	6,412,872	2,841,893
Add: Free of cost goods	(12,983)	26,578
Less: Closing inventory of finished goods	(2,295,557)	(1,052,241)
	<b>14,242,735</b>	10,890,026
Less: Cost of samples	(214,247)	(120,937)
Cost of sales	<b>14,028,488</b>	10,769,089

**32.1** This amount represents expired and damaged inventory written off.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	-----Rupees '000-----	
<b>33. DISTRIBUTION COSTS</b>		
Salaries, wages and benefits	<b>1,772,344</b>	1,537,165
Advertising and promotion	<b>893,317</b>	738,191
Travelling and related	<b>561,393</b>	505,725
Carriage and duties	<b>417,492</b>	326,177
Samples	<b>488,175</b>	254,158
Bonus to salesmen	<b>327,049</b>	263,272
Service charges - note 33.1	<b>35,882</b>	97,696
Personal training and selection	<b>96,129</b>	94,330
Vehicle running	<b>119,361</b>	89,191
Stationery and printed materials	<b>90,098</b>	88,470
Rent, rate and taxes	<b>75,475</b>	72,945
Fees and subscription	<b>62,279</b>	53,756
Legal and professional	<b>57,729</b>	53,428
Provident fund contribution	<b>53,241</b>	36,010
Loss on asset classified as 'held for sale'	-	29,355
Medical expenses	<b>27,297</b>	19,248
Replacement products	<b>108,455</b>	18,379
Royalty	-	18,334
Depreciation	<b>40,962</b>	27,266
Fuel, water and power	<b>18,688</b>	21,615
Inventory written off	<b>19,350</b>	-
Communication	<b>30,462</b>	23,964
Insurance	<b>20,023</b>	14,762
Receivable no longer recoverable written off - net - note 33.2	<b>11,615</b>	-
Repairs and maintenance	<b>3,813</b>	12,213
Security	<b>4,250</b>	1,796
Canteen expenses	<b>4,271</b>	2,444
Amortisation	<b>1,833</b>	2,259
Provision for claims	-	8,752
Others	<b>7,153</b>	6,389
	<b>5,348,136</b>	4,417,290

**33.1** These service charges mainly comprise of payments made to distributors for sale to institutions as per the agreement.

**33.2** During the year, the Parent Company has recovered Rs. 1 million and has written off the receivable and payable balance from a same party - Heinz amounting to Rs. 86.13 million and Rs. 73.51 million, respectively.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	-----Rupees '000-----	
<b>34. ADMINISTRATIVE EXPENSES</b>		
Salaries, wages and benefits	<b>397,437</b>	313,312
Corporate services charged by ultimate parent company	<b>261,000</b>	261,000
Donation - notes 34.3, 34.4 & 34.5	<b>187,106</b>	144,892
Depreciation	<b>95,041</b>	84,441
Legal and professional charges	<b>63,402</b>	69,814
Repairs and maintenance	<b>67,955</b>	63,569
Amortisation	<b>48,345</b>	45,646
Insurance	<b>40,750</b>	38,025
Rent, rate and taxes	<b>20,528</b>	29,320
Travelling	<b>22,950</b>	23,087
Auditors' remuneration - note 34.2	<b>34,460</b>	21,860
Stationery and supplies	<b>22,050</b>	14,433
Vehicle expenses	<b>11,042</b>	12,621
Fees and subscription	<b>40,455</b>	11,891
Provident fund contribution	<b>13,237</b>	10,270
Communication	<b>22,138</b>	9,555
Security expenses	<b>1,529</b>	3,897
Provision for staff gratuity	<b>3,084</b>	3,879
Fuel, water and power - note 34.1	-	2,896
Allowance for impairment provision on trade receivable	<b>4,541</b>	2,285
Canteen expenses	<b>1,912</b>	2,150
Personal training and selection	<b>322</b>	675
Others	<b>23,587</b>	19,248
	<b>1,382,871</b>	1,188,766

**34.1** This amount is stated net of fixed charges recovered from tenants in respect of provision of amenities.

	2021	2020
	-----Rupees '000-----	
<b>34.2 Auditors' remuneration</b>		
Audit fee	<b>10,500</b>	7,725
Fee for review of interim financial information and Statement of Compliance with Code of Corporate Governance	<b>1,650</b>	1,350
Taxation services	<b>11,635</b>	9,752
Other assurance services	<b>5,000</b>	-
Other certifications, attestations and other services	<b>3,320</b>	1,670
Out-of-pocket expenses	<b>2,355</b>	1,363
	<b>34,460</b>	21,860



## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

**34.3** Donations to a single party exceeding 10% of total donations i.e. Rs. 18.71 million are as follows:

	2021	2020
	-----Rupees '000-----	
Arts Council	<b>25,312</b>	21,625
Sabaq Learning Foundation - related party	<b>30,000</b>	15,000

**34.4** During the year, the Group Company also donated Rs. 33.99 million to its other related parties:

	2021	2020
	-----Rupees '000-----	
The Citizen Foundation - note 34.4.1	<b>1,671</b>	-
Indus Hospital	<b>5,000</b>	10,000
AKAR Hospital	<b>17,323</b>	8,374
The Hunar Foundation	<b>10,000</b>	11,500
	<b>33,994</b>	29,874

**34.4.1** This represents in-kind (IBLHC products) donations.

**34.5** Following directors' interest in the above related parties is limited to the extent of their involvement as directors:

Name of Related Party	Association
- The Citizen Foundation	Mr. Adnan Asdar Ali - Director
- Indus Hospital	Mr. Adnan Asdar Ali - member of General Body
- The Hunar Foundation	Mr. Adnan Asdar Ali - Director
- Sabaq Learning Foundation	Mr. Adnan Asdar Ali - Trustee

Moreover, the AKAR Hospital is being managed by the management of the Parent Company.

**34.5.1** The Directors or their spouse has no interest in any other donee entity.

	2021	2020
	-----Rupees '000-----	

### 35. OTHER EXPENSES

Workers' Profit Participation Fund - note 27.7	<b>223,497</b>	178,470
Workers' Welfare Fund - note 27.8	<b>68,709</b>	56,218
Central Research Fund - note 35.1	<b>34,261</b>	27,153
	<b>326,467</b>	261,841

**35.1** This includes prior year charge amounting to Rs. 2.3 million made by the Parent Company.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

36. OTHER INCOME	2021	2020
	-----Rupees '000-----	
<b>Income from financial assets</b>		
Return on PLS accounts	288	29
Exchange gain - net - note 36.1	293,653	19,709
Interest income on loan given to International Brands Limited - Ultimate Parent Company	10,471	30,571
Interest Income from Term Finance Certificates	9,122	14,543
Interest Income from Term Deposit Receipts	688	-
	<b>314,222</b>	64,852
<b>Income from non-financial assets</b>		
Facility management fee	-	252,000
Gain on sale of short term investment	1,270	-
Gain on curtailment of gratuity obligation	21,615	-
Gain on disposal of property, plant and equipment - net	17,304	1,173
Income from provision of amenities in respect of investment properties Rental income from investment properties - note 36.3	18,127	-
	107,862	109,574
Deferred income - government grant - note 25	39,397	8,571
Gain on derecognition on lease liability	6,463	-
Gain on disposal of subsidiary - note 3.5	797,832	-
Gain on asset classified as 'Held for Sale'	-	-
Liabilities no longer payable written back	16,900	47,616
Other rental income	-	3,492
Scrap sales	10,569	18,584
	<b>1,037,339</b>	441,010
<b>Others</b>		
Insurance claim recovery	1,280	3
Others	351	92
	<b>1,631</b>	95
	<b>1,353,192</b>	505,957

**36.1** This includes arrangement with supplier of finished goods by OBS for sharing the exchange rate fluctuation which resulted in net exchange gain amounting Rs 249.99 million (2020: Rs. nil).

**36.2** The Parent Company has recorded dividend income amounting to Rs. 32 million from wholly owned subsidiary IBL Identity (Private) Limited \*, in the financial statements up to the period ended March 31, 2021. However, the said dividend has not been received by the Parent Company and such dividend income has been reversed.

\* with effect from June 28, 2021 IBL Identity (Private) Limited ceased to be subsidiary of the Group.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	-----Rupees '000-----	
<b>36.3</b> This includes rental income from related parties, which are as follows:		
- United Retail (SMC- Private) Limited	40,753	32,055
- International Brands Limited	13,919	13,048
- International Franchises (Private) Limited *	12,186	12,651
- IBL Operations (Private) Limited	13,416	13,612
- IBL Logistics (Private) Limited	995	697
- IBL Unisys (Private) Limited	1,853	695
- United Distributors Pakistan Limited *	349	408
- OBS Pakistan (Private) Limited	-	2,814
	<b>83,471</b>	<b>75,980</b>

\* with effect from June 18, 2021 International Franchises (Private) Limited and United Distributors Pakistan Limited ceased to be the related party of the Group.

	2021	2020
	-----Rupees '000-----	
<b>37. FINANCE COST</b>		
Mark-up on:		
- Musharaka facility - note 37.1	755,728	-
- Short-term borrowing - note 37.1	564,058	568,792
- Salary refinancing - note 22.5 & 37.1	16,248	2,678
Interest on:		
Employees provident fund - Parent Company	13,887	9,196
Employees provident fund - OBS Pakistan (Private) Limited - related party	1,561	1,036
Unwinding of discount on long-term borrowing	30,208	87
Bank charges	39,476	67,395
Interest on lease liabilities	16,917	20,412
Interest on Workers' Profit Participation Fund - note 27.7	13,505	15,357
	<b>1,451,588</b>	<b>684,953</b>

**37.1** This includes amount of mark-up expense by Parent Company, IBLHC and OBS under Islamic mode of financing amounted to Rs. 1,274.79 million (2020: Rs. 527.02 million).

	2021	2020
	-----Rupees '000-----	
<b>38. INCOME TAX EXPENSE</b>		
Current tax for the year	1,139,425	1,114,318
Prior year (reversal) / charge - note 38.2	(91,897)	81,925
	<b>1,047,528</b>	<b>1,196,243</b>
Deferred tax expense / (income) - note 23	240,922	(85,430)
	<b>1,288,450</b>	<b>1,110,813</b>

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

	2021		2020	
	Effective tax rate %	Rupees '000	Effective tax rate %	Rupees '000
<b>38.1 Relationship between tax expense and accounting profit</b>				
Profit before income tax		5,035,298		3,658,860
Tax at applicable rate of 29% (2020: 29%)	29%	1,460,236	29%	1,061,069
Effect of:				
- final tax regime	-4%	(201,712)	-5%	(175,541)
- minimum tax	3%	130,347	7%	253,765
- tax credit	0%	(22,122)	-1%	(25,054)
- consolidation adjustment	0%	-	0%	1,568
- prior year (reversal) / charge	-2%	(91,897)	2%	81,925
- permanent difference	0%	2,879	0%	-
- others	0%	10,719	-2%	(86,919)
	<b>26%</b>	<b>1,288,450</b>	<b>30%</b>	<b>1,110,813</b>

**38.2** In the prior year, the Parent Company has charged tax provision, availing the benefits of group relief under section 59 of Income Tax Ordinance 2001 from group companies, on the basis of estimated losses. However, the amount of losses were changed after the audit of financial statements of the respective companies.

### 38.3 Current status of tax assessments

#### Tax Years 2009 to 2013 and 2015 to 2017 (Parent Company)

Deemed order under Section 120 of the Income tax Ordinance, 2001 for the above tax years were amended, where certain expenses / benefits were disallowed which mainly includes disallowance due to non-deduction of tax on Distributors margin, eligibility of claim made for Group Relief, finance cost on long-term loan as not being related to business income, advertisement expenses, salesman bonuses, discount given to group company, deemed interest income on interest-free loan given to group company and other expenses meeting the criteria of Section 21(c) of the Income Tax Ordinance, 2001 with reference to deduction of tax.

Out of the above, the majority of the issues have been decided in favour of the Parent Company either by Commissioner Appeals or by ATIR in its decision for tax year 2008. Considering this position and in consultation with its tax advisors, the management is of the view that above issues will also be decided in favour of the Parent Company. The impact of the above mentioned orders pending resolution amounts to approximately Rs. 624.95 million, except for the tax years 2009 to 2013 and 2017 for which the appeal effect orders are awaited.

The Parent Company has obtained stay orders from Honorable High Court of Sindh for the tax years 2014, 2015 and 2017 and for tax year 2016, the Parent Company has obtained a stay order from Appellate Tribunal Inland Revenue (ATIR). Further, appeals against the above orders are pending before (ATIR) except for tax years 2008 which is decided.

**38.4** During the year, the petition filed by the Parent Company against the imposition of super tax for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001 for the tax years 2015 to 2019, in the High Court of Sindh was rejected vide order dated July 21, 2020. Consequently, the Parent Company received various notices from tax authorities for recoverability of super tax for the tax years 2015 to 2019 amounting to Rs. 485.19 million.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

However, the Parent Company has not made provision of full amount on the basis of the following contention:

- Applicability of super tax on Final Tax Regime (FTR) income.
- Taxability of dividend income in light of stay obtained from High Court of Sindh refer - note 30.1.6.
- Erroneous additions in the notices received.

However, during the year, with respect to super tax, the Parent Company has received notices for the tax year 2015 and 2016 amounting to Rs. 138 million and Rs. 76.61 million, respectively was closed by the Assistant Commissioner Inland Revenue, based on the order dated June 16, 2021.

Further, the Parent Company in consultation with its legal and tax advisors is in the process of filing an appeal against the above decision of Honorable High Court of Sindh, in the Supreme Court of Pakistan. The Parent Company expects a favourable outcome based on a legal advice.

**38.5** During the previous year, the Deputy Commissioner Inland Revenue (DCIR) had issued amended assessment orders to OBS u/s 122(5A) dated October 16, 2019 for tax year 2018 wherein the DCIR had disallowed certain expenses amounting to Rs. 1,093.65 million which had resulted in the DCIR raising a demand of Rs. 413.56 million in aggregate, for the above tax year. The OBS has filed an appeal before the Commissioner Inland Revenue Appeals (CIRA), whereby certain issues were decided in favour of the OBS. Being aggrieved, the OBS filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) which are still pending adjudication in the ATIR. The OBS expects a positive outcome in respect of the above assessment, hence no provision is being made in these consolidated financial statements.

**38.6** During the year, Assistant Commissioner Inland Revenue (ACIR) issued amended assessment order to OBS u/s 122(5A) dated February 15, 2021 for tax year 2019 wherein the ACIR has made certain add backs to taxable income amounting to Rs. 2.75 billion which resulted in the ACIR raising a demand of Rs. 512.62 million in aggregate. The OBS has filed an appeal before CIRA which was rejected and the OBS afterwards, obtained stay against recovery of tax from the Honourable High Court of Sindh for the above demand. Subsequent to the year end, the order was annulled on July 16, 2021 by the tax department on the basis that the OBS had filed request for the revision of income tax return for the tax year 2019.

**38.7** Further, ACIR in relation to monitoring of withholding taxes u/s 161(1A) for the tax year 2019, had also issued demand of Rs 69.77 million including a penalty to OBS on April 20, 2021. The OBS had filed an appeal before CIRA which was rejected and the OBS afterwards, obtained stay against recovery of tax from the Honourable High Court of Sindh for the above demand.

	2021	(Restated) 2020
<b>39. BASIC AND DILUTED EARNINGS PER SHARE</b>		
Profit for the year (Rupees '000)	<b>3,678,918</b>	2,499,697
Weighted average number of outstanding shares at the end of year (in thousands) - note 39.1	<b>232,907</b>	218,160
Basic and diluted earnings per share (Rupees)	<b>15.80</b>	11.46

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
<b>39.1 Weighted average number of ordinary shares</b>		
Issued ordinary shares as at July 01	212,425	212,425
Effect of number of shares issued	20,482	5,735
Weighted average number of ordinary shares as at June 30	<u>232,907</u>	<u>218,160</u>
<b>39.2</b>	Diluted earnings per share has not been presented as the Group did not have any convertible instruments in issue as at June 30, 2021 and 2020 which would have any effect on the earnings per share if the option to convert is exercised.	
<b>40. CASH GENERATED FROM OPERATIONS</b>	<b>2021</b>	<b>2020</b>
	-----Rupees '000-----	
Profit before income tax	5,035,298	3,658,860
Add / (less): Adjustments for non-cash charges and other items		
Depreciation of property, plant and equipment	404,381	241,084
Depreciation of right-of-use assets	14,783	19,906
Depreciation of investment property	61,068	56,981
Gain on disposal of property, plant and equipment - net	(17,304)	(1,173)
Gain on disposal of subsidiary	(797,832)	-
Amortisation	50,178	47,905
Inventory written off	177,573	20,511
Receivable no longer recoverable written off - net	11,615	-
Gain on curtailment of gratuity obligation	(21,615)	-
Liabilities no longer payable written back	(16,900)	(47,616)
Allowance for impairment of trade receivables	9,494	1,891
Interest on lease liabilities	16,917	20,412
Gain on derecognition of lease liability	(6,463)	-
Provision for retirement benefits obligation	9,701	8,658
Government Grant recognised in other income	(39,397)	(8,571)
Amortisation of transaction cost	14,381	-
Unwinding of discount on long term borrowing	30,208	87
Impairment on plant and machinery	-	3,101
Loss on asset classified as 'held for sale'	-	29,355
Workers' Welfare Fund and Workers' Profit Participation Fund	292,206	234,688
Interest on WPPF	13,505	15,357
Interest income	(10,759)	(30,600)
Finance cost	1,390,958	664,541
Unrealised exchange loss / (gain)	907	(4,009)
	<u>1,587,605</u>	<u>1,272,508</u>
Profit before working capital changes	<u>6,622,903</u>	<u>4,931,368</u>

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

### Effect on cash flow due to working capital changes

(Increase) / decrease in current assets:

	2021	2020
	-----Rupees '000-----	
Inventories	(436,779)	(495,128)
Trade receivables	(1,661,328)	(2,421,901)
Loans and advances	(115,086)	(6,220)
Trade deposits and short-term prepayments	(26,828)	(22,107)
Other receivables	1,255,297	(399,877)
Accrued markup	1,106	-
Refunds due from Government - Sales tax	27,842	35,770
	<b>(955,776)</b>	(3,309,463)
Increase in current liabilities:		
Trade and other payables	(561,086)	(320,982)
Cash generated from operations	<b>5,106,041</b>	1,300,923

### 41. CASH AND CASH EQUIVALENTS

Cash and bank balances - note 17	222,996	335,189
Short-term borrowing - note 28		
Running finance under markup arrangement	(2,587,074)	(874,828)
Running Musharaka	(4,798,539)	(3,765,625)
Loan obtained from employees provident fund of the Parent Company.	-	(161,000)
Loan obtained from employees provident fund of the OBS Pakistan (Private) Limited - related party	-	(18,000)
	<b>(7,162,617)</b>	(4,484,264)

### 42. SEGMENT INFORMATION

Based on Group Company's internal management reporting structure for the year, no reportable segments were identified that were of continuing significance for decision making.

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

The aggregate amounts in respect of remuneration, including all benefits, to the Chief Executive and Executive Director of the Parent Company and Executives of the Group are as follows:

	Chief Executive		Executive Director		Executives	
	2021	2020	2021	2020	2021	2020
	-----Rupees '000-----					
Managerial remuneration	28,098	25,543	14,462	13,147	315,090	251,069
Housing allowance	12,644	11,495	6,508	5,916	143,163	112,266
Utility allowance	2,810	2,554	1,446	1,315	27,544	25,098
Other allowances	1,366	1,366	358	358	51,302	45,788
Benefits	42,000	21,500	12,100	11,856	87,955	50,053
Bonus	9,366	8,514	4,821	4,382	121,119	80,454
Retirement benefits	2,810	2,554	1,446	1,315	30,765	24,678
Others	219	121	170	121	13,065	7,678
	<b>99,313</b>	73,647	<b>41,311</b>	38,410	<b>790,003</b>	597,084
Number of persons	<b>1</b>	1	<b>1</b>	1	<b>115</b>	91

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

- 43.1** In addition to the above, the chief executive officer and some of the executives have been provided with free use of the Group maintained cars. Further, medical expenses are reimbursed in accordance with the Group's policies. During the year, IBLHC has paid fee to six non-executive directors for attending Board of Directors meetings during the year amounted to Rs. 0.77 million (2020: Rs. 0.39 million).
- 43.2** During the year, the Parent Company has paid to four non-executive directors (2020: four) an aggregate amount of Rs. 45 thousand (2020: Rs. 57 thousand) as fee for attending board meetings.
- 43.3** All employees of the Group above certain grade are entitled for a medical facility to the extent of reimbursement of actual expenditure up to one basic salary per year in accordance with their terms of employment.

### 44. TRANSACTIONS WITH RELATED PARTIES

- 44.1** Related parties comprise the ultimate parent company, associated companies or undertakings, directors of the Group, key management personnel and staff retirement funds.

The Group continues to have a policy whereby transactions with related parties are entered into at mutually agreed terms and conditions. Remuneration of key management personnel are in accordance with their terms of engagements.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Group considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

Nature of relationship	Nature of transactions	2021	2020
		-----Rupees '000-----	
<b>Ultimate Parent Company:</b>			
International Brands Limited	- Corporate service charges	<b>261,000</b>	261,000
	- Interest income	<b>10,471</b>	30,571
	- Rent income	<b>13,919</b>	13,048
	- Income from provision of amenities	<b>18,169</b>	9,216
	- Dividend paid	<b>347</b>	173
	- Payment for Group tax relief	<b>-</b>	137,089
	- Expense	<b>2,473</b>	2,643
	- SAP maintenance fee	<b>112</b>	344
	- Right shares subscribed - note 19.3	<b>2,543,229</b>	-
	- Payments made on behalf of company	<b>562</b>	-
	- Others	<b>-</b>	135
<b>Associated Companies:</b>			
IBL Identity (Private) Limited *	- Purchases	<b>126,164</b>	-
	- Sales Return	<b>320,233</b>	-

\* with effect from June 28, 2021 IBL Identity (Private) Limited ceased to be a subsidiary of the Group.



## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

Nature of relationship	Nature of transactions	2021	2020
		-----Rupees '000-----	
IBL Operations (Private) Limited	- Revenue	<b>21,151,302</b>	14,883,881
	- Salaries and wages	<b>5,222</b>	4,436
	- Sales Promotion activities	<b>413</b>	718
	- Discounts claimed	<b>358,877</b>	531,804
	- Rental income	<b>13,416</b>	13,612
	- Income from provision of amenities	<b>21,565</b>	-
	- Purchase of property, plant and equipment	<b>8,040</b>	-
	- Rent expense	<b>32,701</b>	16,803
	- Stock claims	<b>638,964</b>	406,399
	- Bonus claims	<b>1,524</b>	-
	- Internet services	<b>745</b>	414
	- Carriage and duties	<b>36,241</b>	74,017
	- Carriage and freight charges	<b>9,562</b>	-
	- Repair and maintenance	-	807
	- SAP maintenance fee	-	745
	- Dividend paid	<b>2,368</b>	1,184
	- Shared cost	<b>7,620</b>	7,200
	- Incentives to field force staff	<b>22,923</b>	19,035
	- Merchandise expense	<b>40,588</b>	35,032
	- Rent for warehouse	<b>9,799</b>	-
	- Rent paid	-	2,150
	- Sale of property, plant and equipment	-	994
	- Others	<b>808</b>	8,935
United Brands Limited	- Sales Promotion activities	<b>312</b>	21,685
	- Revenue	<b>163,150</b>	4,040
	- Inventory Claims	-	313
	- Purchase of assets	-	6,276
	- Group tax relief	-	14,325
	- Others	<b>6,427</b>	-
IBL Frontier Markets (Private) Limited	- Sales Promotion activities	<b>1,196</b>	-
	- Purchases of property, plant and equipment	<b>19,712</b>	25,304
	- Purchase of personal protective equipments	-	11,934
	- Income from provision of amenities	<b>24,225</b>	-

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

Nature of relationship	Nature of transactions	2021	2020
		-----Rupees '000-----	
IBL Unisys (Private) Limited	- Rent Income	<b>1,853</b>	695
	- Income from provision of amenities	<b>1,297</b>	338
	- Purchases	<b>37</b>	-
IBL Logistics (Private) Limited	- Revenue	<b>8</b>	9,301
	- Rent Income	<b>995</b>	697
	- Carriage and duties	<b>157,144</b>	-
	- Repair and maintenance	<b>459</b>	-
	- Purchases	<b>2,625</b>	7,835
	- Expenses incurred on behalf of associated company	<b>1,729</b>	-
	- Transportation charges	<b>5,373</b>	-
International Franchises (Private) Limited *	- Rent Income	<b>12,186</b>	12,651
	- Income from provision of amenities	<b>3,228</b>	5,342
	- Renovation	<b>6,300</b>	13,749
	- Others	<b>1,774</b>	-
United Distributors Pakistan Limited *	- Rent Income	<b>349</b>	408
	- Income from provision of amenities	<b>141</b>	165
	- Rent Expense	<b>600</b>	250
United Retail (SMC-Private) Limited	- Rent Income	<b>40,753</b>	32,055
	- Income from provision of amenities	<b>37,386</b>	32,521
	- Salaries and wages	<b>513</b>	-
	- Donations	<b>253</b>	-
	- Purchases of property, plant and equipment	<b>137</b>	-
	- Purchases	<b>1,276</b>	-

\* *with effect from June 18, 2021, International Franchises (Private) Limited and United Distributors Pakistan Limited have ceased to be a related party.*

International Knitwear Limited	- Revenue	<b>22,826</b>	-
The IBL Company (Private) Limited	- Others	-	2,440
AKAR Hospital	- Donations	<b>17,323</b>	8,374
Multinet (Private) Limited	- Internet Services	<b>7,661</b>	2,865
The Hunar Foundation	- Donations	<b>10,000</b>	11,500

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

Nature of relationship	Nature of transactions	2021	2020
		-----Rupees '000-----	
Sabaq Learning Foundation	- Donations	30,000	15,000
The Citizen Foundation	- Donation in kind	1,671	-
Universal Ventures (Private) Limited	- Disposal of subsidiary - note 3	3,526,875	-
	- Acquisition of subsidiary - note 4	15,800,000	-
The Indus Hospital	- Donations	5,000	10,000
Arshad Shahid Abdulla (Private) Limited	- Architect fee	-	7,604
Staff Retirement Benefit	- Contributions to Provident Fund	108,231	71,984
	- Loan received	-	179,000
	- Loan repaid	179,000	-
	- Benefits paid	239,313	163,005
Key management employees compensation: *	- Salaries and other employee benefits	399,394	290,745
	- Contributions to Provident Fund	10,308	8,788
	- Director's fee and conveyance	2,050	978
	- Sale of goods	-	804

\* Key management personnel includes Chief Executive Officer, Executive Director, Chief Financial Officer and Head of Departments.

### Directors:

Mr. Adnan Asdar Ali	- Right shares subscribed	73	-
Mr. Rashid Abdulla *	- Right shares subscribed	1,049	-
Mr. Syed Nadeem Ahmed	- Right shares subscribed	84	-
Mr. Zubair Razzaq Palwala	- Right shares subscribed	32,388	-
Mr. Ayaz Abdulla	- Right shares subscribed	439	-
Mr. Atta Ur Rahman	- Right shares subscribed	5,111	-
Mrs. Shaista Khaliq Rehman	- Right shares subscribed	20,071	-
Mr. Mufti Zia ul Islam	- Right shares subscribed	1,870	-

\* The amount has been deposited by Mr. Munis Abdulla -son of Mr. Rashid Abdulla (Late).

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

**44.2** The status of outstanding balances with related parties as at June 30, 2021 is included in the respective notes to the consolidated financial statements. These are settled in the ordinary course of business.

**44.3** None of the key management personnel had any arrangements with the Group other than the employment contract.

**44.4** Following are the related parties with whom the Group had entered into transactions or have arrangement(s) / agreement(s) in place:

S. No.	Company Name	Basis of Association	Aggregate % of Shareholding
1.	International Brands Limited	Ultimate Parent Company	56.32%
2.	United Distributors Pakistan Limited *	Associated Company	N/A
3.	International Franchises (Private) Limited *	Associated Company	N/A
4.	IBL Operations (Private) Limited	Associated Company	N/A
5.	IBL Unisys (Private) Limited	Associated Company	N/A
6.	IBL Identity (Private) Limited **	Associated Company	N/A
7.	Multinet (Private) Limited	Common Directorship	N/A
8.	United Brands Limited	Associated Company	N/A
9.	IBL Frontier Markets (Private) Limited	Associated Company	N/A
10.	IBL Pakistan (Private) Limited	Associated Company	N/A
11.	IBL Logistics (Private) Limited	Associated company	N/A
12.	International Knitwear Limited	Associated company	N/A
13.	Arshad Shahid Abdulla (Private) Limited	Close relative of Director	N/A
14.	United Retail (SMC-Private) Limited	Close relative of Director	N/A
15.	Indus Hospital	Close relative of Director	N/A
16.	AKAR Hospital	Managing Company	N/A
17.	The Citizen Foundation	Common Directorship	N/A
18.	The Hunar Foundation	Common Directorship	N/A
19.	Universal Ventures (Private) Limited	Common Directorship	N/A
20.	The IBL Company (Private) Limited	Common Directorship	N/A
21.	Sabaq Learning Foundation	Common Directorship	N/A
22.	The Searle Company Limited Provident Fund	Retirement Fund	N/A
23.	OBS Pakistan (Private) Limited Provident Fund	Retirement Fund	N/A
24.	Nextar Pharma (Private) Limited Provident Fund	Retirement Fund	N/A
25.	Searle Biosciences (Private) Limited Provident Fund	Retirement Fund	N/A
26.	IBL Healthcare Limited Provident Fund	Retirement Fund	N/A

\* With effect from June 18, 2021, United Distributors Pakistan Limited and International Franchises (Private) Limited ceased to be a related party of the Group.

\*\* with effect from June 28, 2021, IBL Identity (Private) Limited ceased to be a subsidiary of the Group.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

### 45. PRODUCTION CAPACITY

#### Plant capacities and actual production

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

### 46. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

#### 46.1 Financial risk factors

The Group's activities expose it to variety of financial risks namely market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on having cost effective funding as well as managing financial risk to minimise earnings volatility and provide maximum return to shareholders.

#### 46.2 Financial assets and liabilities

	2021			2020		
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total
-----Rupees '000-----						
<b>Financial assets</b>						
<b>Loans and receivables</b>						
Loans, advances and deposits	436,017	24,462	460,479	2,277,341	11,182	2,288,523
Trade receivables	10,038,858	-	10,038,858	8,633,836	-	8,633,836
Accrued markup	1,106	-	1,106	-	-	-
Other receivables	4,016,938	-	4,016,938	1,187,736	-	1,187,736
Short-term investment	116,721	-	116,721	100,000	-	100,000
Bank balances	179,483	-	179,483	128,522	-	128,522
Cash in hand	43,513	-	43,513	206,667	-	206,667
	<b>14,832,636</b>	<b>24,462</b>	<b>14,857,098</b>	12,534,102	11,182	12,545,284
<b>Financial liabilities</b>						
Long-term borrowing	-	9,693,174	9,693,174	-	320,664	320,664
Trade and other payables	3,806,146	-	3,806,146	2,724,000	-	2,724,000
Lease liability	4,416	93,092	97,508	11,420	121,545	132,965
Unpaid dividend	171,176	-	171,176	139,707	-	139,707
Unclaimed dividend	49,367	-	49,367	54,885	-	54,885
Short-term borrowings	7,794,044	-	7,794,044	4,953,328	-	4,953,328
	<b>11,825,149</b>	<b>9,786,266</b>	<b>21,611,415</b>	7,883,340	442,209	8,325,549
<b>On reporting date gap</b>	<b>3,007,487</b>	<b>(9,761,804)</b>	<b>(6,754,317)</b>	4,650,762	(431,027)	4,219,735
<b>Net financial (liabilities) / assets</b>						
Interest bearing	(8,050,278)	(9,693,174)	(17,743,452)	(4,953,227)	(320,664)	(5,273,891)
Non-interest bearing	11,057,765	(68,630)	10,989,135	9,603,989	(110,363)	9,493,626

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

### (a) Market risk

#### (i) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. Financial assets and liabilities obtained at variable rates expose the Group to cash flow interest rate risk.

At June 30, 2021, the Group has variable interest bearing financial liabilities of Rs. 17.49 billion (2020: Rs. 5.27 billion), and had the interest rate varied by 200 basis points with all the other variables held constant, profit before tax for the year would have been approximately Rs. 349.80 million (2020: Rs. 105.40 million) higher / lower, mainly as a result of lower / higher interest expense on floating rate borrowings respectively.

#### (ii) Foreign currency risk

Foreign currency risk arises mainly where payables and receivables exist due to transactions in foreign currencies. The Group's exposure to exchange risk comprise mainly due to receivable, payable and bank balance in foreign currency. At June 30, 2021, trade and other payables of Rs. 786.65 million (2020: Rs. 488.67 million), trade receivables of Rs. 573.38 million (2020: Rs. 448.33 million) and bank balance of Rs. 4.18 million (2020: Rs. 0.13 million) are exposed to foreign currency risk.

As at June 30, 2021, if the Pakistan Rupee had weakened / strengthened by 2% against US Dollar with all other variables held constant, profit before income tax for the year would have been lower / higher by Rs. 4.18 million (2020: Rs. 0.80 million), mainly as a result of foreign exchange gains / losses on translation of US Dollar denominated trade and other payables, bills payable, trade receivables and cash and bank.

The sensitivity of foreign exchange rates looks at the outstanding foreign exchange balances of the Group only as at the reporting date and assumes this is the position for a full twelve-month period. The volatility percentages for movement in foreign exchange rates have been used due to the fact that historically (five years) rates have moved on average basis by the mentioned percentages per annum.

#### (iii) Price risk

Price risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the fund or its management company.

The Group limits price risk by maintaining a diversified portfolio and by continuous monitoring of developments in open ended income funds. In addition, the Group actively monitors the key factors that affect the open ended income funds. The maximum exposure to price risk as at June 30, 2021 amounts to nil (2020: Nil).

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

### (b) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparts failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs.14,857 million (2020: Rs. 12,545 million) the financial assets exposed to the credit risk amount to Rs. 14,812 million (2020: Rs. 12,339 million). The carrying values of financial assets are as under:

	2021	2020
	-----Rupees '000-----	
Loans and advances - notes 9 &13	<b>313,154</b>	2,185,767
Trade deposits - notes 10 & 14	<b>147,325</b>	102,756
Trade receivables - note 12	<b>10,038,858</b>	8,633,836
Other receivables - note 15	<b>4,016,938</b>	1,187,736
Short term investment - note 16	<b>116,721</b>	100,000
Bank balances	<b>179,483</b>	128,522
	<b><u>14,812,479</u></b>	<u>12,338,617</u>

Trade receivables of the Group are not exposed to significant credit risk as the major amount is due from IBL Operations (Private) Limited - an associated company. However, the Group has established policies and procedures for timely recovery of trade receivables. With respect to parties other than affiliates, the Group mitigates its exposure and credit risk by applying credit limits to its customers. Loans and advances include Rs. nil (2020: Rs. 229.01 million) due from International Brands Limited - Ultimate Parent Company.

The fair value through profit and loss investments represent investments in open end mutual funds. The Group manages its credit and price risk by investing in income based diversified mutual funds.

Bank balance represent low credit risk as major balances are placed with banks having credit ratings of A or above as assigned by PACRA or JCR-VIS.

### (c) Liquidity risk

Liquidity risk reflects the Group's inability in raising funds to meet commitments. The management closely monitors the Group's liquidity and cash flow position. The Group's approach to manage liquidity risk is to maintain sufficient level of liquidity based on expected cash flow by Parent highly liquid assets, creditor concentration and maintaining sufficient reserve borrowing facilities.

### (d) Fair values of the financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

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

The Group assessed that the fair values of loans, advances, deposits, cash and cash equivalents, other receivable, trade deposits, trade receivables, long term borrowings, lease liability, short term borrowings, trade and other payables, accrued mark-up, unpaid dividend and unclaimed dividends approximate their carrying amounts largely due to short-term maturities of these instruments. For long term deposit and long term financing, Group consider that their carrying values approximate fair value owing to credit standing of counterparties and interest payable on borrowings are market rates.

### 47. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can provide adequate returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

The debt to capital ratio is as follows:

	2021	2020
	-----Rupees '000-----	
Total borrowings	<b>17,487,218</b>	5,273,992
Cash and bank - note 17	<b>(222,996)</b>	(335,189)
Net debt	<b>17,264,222</b>	4,938,803
Equity	<b>26,086,192</b>	15,962,533
Total capital	<b>43,350,414</b>	20,901,336
Debt to capital ratio	<b>40%</b>	24%

### 48. NUMBER OF EMPLOYEES

	2021	2020
48.1 Number of employees including contractual employees at year end	<b>3,262</b>	2,763
Average number of employees including contractual employees at year end	<b>3,179</b>	2,688



## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

### 49. LISTING OF SUBSIDIARY COMPANIES

Name of Subsidiary	Financial year end
- IBL HealthCare Limited	June 30
- OBS Pakistan (Private) Limited	June 30
- Searle Pharmaceuticals (Private) Limited	June 30
- Searle Laboratories (Private) Limited	June 30
- Searle Biosciences (Private) Limited	June 30
- IBL Identity (Private) Limited *	June 30
- Nextar Pharma (Private) Limited	June 30
- IBL Future Technologies (Private) Limited	June 30

\* with effect from June 28, 2021 IBL Identity (Private) Limited ceased to be a subsidiary of the Group.

**49.1** Set out below is summarised financial information for each subsidiary that has Non-Controlling Interests (NCI).

Name Of Subsidiaries	IBLHC	NPPL
Percentage Parent	25.81%	12.80%
Total Assets	2,446,691	986,457
Total Liabilities	832,396	267,344
Total Comprehensive Income / (loss)	300,488	(75,203)
Allocated to NCI	77,556	(9,626)
Accumulated NCI	416,650	96,531
Cash and Cash Equivalents	91,561	751
<b>Cash generated from / (utilised in)</b>		
- operating activities	69,974	7,012
- investing activities	39,219	(6,679)
- financing activities	32,170	-
Dividend paid to NCI	30,157	-

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

### 50. BUSINESS UNITS - GEOGRAPHICAL LOCATION AND ADDRESSES

Business units	Addresses
<b>Factories</b>	<ul style="list-style-type: none"><li>- F-319, S.I.T.E Area, Karachi</li><li>- 32 km Multan Road, Lahore.</li><li>- Survey 391/1 and 392/2, Sector 3, Korangi Industrial Area, Karachi.</li><li>- C-14, Manghopir road S.I.T.E Karachi</li><li>- Plot # E-58, North Western Industrial Zone, Port Qasim, Karachi.</li></ul>
<b>Warehouses and storage facilities</b>	<ul style="list-style-type: none"><li>- Sana Logistics, Survey Number 53-55, Deh Gandpas, Tapo Gabopat, Kemari Town, Taluka &amp; District, Karachi West</li><li>- Plot No. 21-C, Sector 15/16, Gulshan-e-Mazdoor, Hub River Road, Karachi.</li><li>- Kotlakpat, Plot No. 131/3, Quaid-e-Azam Industrial Estate, Gate 4, Near Fine Chowk, Kotlakhpot, Lahore</li><li>- Raiwind Road, Manga Mandi, Lahore.</li><li>- 137, Shahrah-e-Maulana, Jalaluddin Roomi, Lahore.</li><li>- Shabab Studio Chung, 19-KM, Multan Road, Lahore.</li><li>- F-2/Q, PTC Compound, S.I.T.E., Karachi.</li></ul>

### 51. CORRESPONDING FIGURES

Comparative information has been reclassified, re-arranged or additionally incorporated in these financial statements, wherever necessary, to facilitate comparison and to confirm with presentation in the current period, having insignificant impact.

### 52. SUBSEQUENT EVENTS

52.1 The Board of Directors of the Parent Company in the meeting held on October 4, 2021 has approved the following appropriation:

	2021	2020
	-----Rupees '000-----	
- Issue of 30 bonus shares for every 100 shares (June 30, 2020: nil) held	<u>720,122</u>	-
- Cash dividend of Rs. 2 (June 30, 2020: Rs. 2.5) per share	<u>480,081</u>	<u>531,064</u>

This would be recognised in the Parent Company's financial statements in the year in which such dividend and distribution are paid.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2021

- 52.2** Subsequent to the year end, OBS Pakistan (Private) Limited (OBS) - wholly owned subsidiary has changed its name to Searle Pakistan (Private) Limited, effective July 12, 2021 after getting necessary approvals from Securities and Exchange Commission of Pakistan (SECP). Further, OBS has applied for change in status from private limited company to public limited company, SECP has approved the said conversion into public limited company with effect from August 27, 2021.
- 52.3** Subsequent to year end, OBS has filed an application on July 28, 2021 in Securities and Exchange Commission of Pakistan (SECP) for the increase of Authorised Share Capital by 571,999,000 shares, which was approved by SECP.
- 52.4** Subsequent to the year end, on August 30, 2021, the Board of Directors of the Parent Company has enter into an arrangement with Universal Ventures (Private) Limited - related party (UVPL) to settle and release the Parent Company with respect to its obligations under the existing call option arrangement (refer note - 4.13), and have UVPL release its rights and entitlements with respect thereto, for a consideration of Rs. 600 million.
- 52.5** Subsequent to the year end, on September 15, 2021, the Board of Directors of the Parent Company resolved that the shares of OBS Pakistan (Private) Limited - wholly owned subsidiary, may be listed on the Pakistan Stock Exchange Limited (PSX) upto the maximum extent of 349,010,000 ordinary shares, as and by way of an initial public offering.
- 52.6** On October 4, 2021, the Board of Directors of the Parent Company has considered to increase the authorised share capital of the Parent Company from Rs. 3 billion divided into 300 million ordinary shares of Rs. 10 each to Rs 4 billion divided into 400 million ordinary shares of Rs. 10 each, by the creation of 100 million additional ordinary shares at nominal value of Rs. 10 each to rank pari passu in every respect with the existing ordinary share of the Parent Company. The said resolution would be presented to members of the Parent Company in the forthcoming annual general meeting.

### 53. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved by the Board of Directors of the Parent Company and authorised for issue on October 04, 2021.



Chief Executive



Director



Chief Financial Officer

## Pattern of Shareholding

As at June 30, 2021

Form 34

Number of Shareholders	Shareholdings' Slab			Total Shares Held
2,914	1	to	100	97,897
2,662	101	to	500	766,630
1,524	501	to	1,000	1,144,683
2,555	1,001	to	5,000	6,298,139
584	5,001	to	10,000	4,021,798
216	10,001	to	15,000	2,678,739
106	15,001	to	20,000	1,826,120
75	20,001	to	25,000	1,697,946
56	25,001	to	30,000	1,532,020
46	30,001	to	35,000	1,474,442
22	35,001	to	40,000	836,337
24	40,001	to	45,000	1,015,196
23	45,001	to	50,000	1,100,410
22	50,001	to	55,000	1,150,753
10	55,001	to	60,000	574,746
11	60,001	to	65,000	689,572
9	65,001	to	70,000	604,750
8	70,001	to	75,000	582,290
5	75,001	to	80,000	391,105
6	80,001	to	85,000	499,141
6	85,001	to	90,000	527,178
5	90,001	to	95,000	458,621
14	95,001	to	100,000	1,372,702
6	100,001	to	105,000	610,524
1	105,001	to	110,000	108,034
4	110,001	to	115,000	450,823
5	115,001	to	120,000	588,257
3	120,001	to	125,000	368,394
5	125,001	to	130,000	632,647
2	130,001	to	135,000	266,942
3	135,001	to	140,000	415,662
5	140,001	to	145,000	709,929
5	145,001	to	150,000	747,910
6	150,001	to	155,000	914,597
2	155,001	to	160,000	313,157
5	165,001	to	170,000	838,380
3	175,001	to	180,000	533,090
1	180,001	to	185,000	183,231
2	185,001	to	190,000	377,098
4	190,001	to	195,000	777,266
1	200,001	to	205,000	202,400
2	205,001	to	210,000	417,378
1	210,001	to	215,000	211,572
1	215,001	to	220,000	215,622
1	220,001	to	225,000	223,459
2	225,001	to	230,000	455,429
1	230,001	to	235,000	232,586
1	235,001	to	240,000	235,258
2	240,001	to	245,000	485,611
2	270,001	to	275,000	546,651
1	275,001	to	280,000	275,274

## Pattern of Shareholding

As at June 30, 2021

Number of Shareholders	Shareholdings' Slab		Total Shares Held
1	280,001	to 285,000	284,714
2	295,001	to 300,000	594,353
1	310,001	to 315,000	314,946
1	325,001	to 330,000	327,370
1	330,001	to 335,000	334,130
1	340,001	to 345,000	343,468
3	345,001	to 350,000	1,045,066
1	360,001	to 365,000	362,211
3	390,001	to 395,000	1,175,665
1	400,001	to 405,000	401,112
2	405,001	to 410,000	813,386
1	425,001	to 430,000	425,219
1	440,001	to 445,000	442,379
1	455,001	to 460,000	458,000
1	460,001	to 465,000	461,067
1	490,001	to 495,000	491,728
1	495,001	to 500,000	495,465
1	505,001	to 510,000	505,226
2	570,001	to 575,000	1,147,598
2	585,001	to 590,000	1,179,780
1	615,001	to 620,000	616,938
1	620,001	to 625,000	621,521
1	625,001	to 630,000	626,073
1	635,001	to 640,000	638,016
1	665,001	to 670,000	667,774
1	685,001	to 690,000	685,944
1	715,001	to 720,000	719,698
1	800,001	to 805,000	804,509
1	805,001	to 810,000	809,651
1	835,001	to 840,000	838,816
1	905,001	to 910,000	909,942
1	945,001	to 950,000	947,110
1	1,035,001	to 1,040,000	1,038,190
1	1,040,001	to 1,045,000	1,042,114
1	1,070,001	to 1,075,000	1,074,112
1	1,105,001	to 1,110,000	1,105,734
1	1,165,001	to 1,170,000	1,169,076
1	1,265,001	to 1,270,000	1,269,509
1	1,285,001	to 1,290,000	1,287,095
1	1,295,001	to 1,300,000	1,299,062
1	1,410,001	to 1,415,000	1,411,699
1	1,730,001	to 1,735,000	1,731,638
1	1,915,001	to 1,920,000	1,916,381
1	1,930,001	to 1,935,000	1,934,646
1	2,840,001	to 2,845,000	2,843,060
1	2,955,001	to 2,960,000	2,957,004
1	3,415,001	to 3,420,000	3,418,639
1	4,245,001	to 4,250,000	4,245,788
1	4,345,001	to 4,350,000	4,347,908
1	4,705,001	to 4,710,000	4,706,547
1	7,060,001	to 7,065,000	7,064,802
1	130,010,001	to 130,015,000	130,010,251
<b>11,040</b>			<b>240,040,526</b>

# Pattern of Shareholding

As at June 30, 2021

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
<b>Directors, Chief Executive Officer, their Spouse(s) and Minor Children</b>			
MR. ADNAN ASDAR ALI	1	3,738	0.00
SYED NADEEM AHMED	1	4,290	0.00
MR. ZUBAIR RAZZAK PALWALA	1	194,481	0.08
MR. MUNIS ABDULLAH	2	63,829	0.03
DR. ATTA UR RAHMAN	2	30,565	0.01
MRS. SHAISTA KHALIQ REHMAN	2	118,565	0.05
MUFTI ZIA UL ISLAM	1	8,856	0.00
MRS. MAHBOOB KHAN	1	590,000	0.25
	<b>11</b>	<b>1,014,324</b>	<b>0.42</b>
<b>Associated Companies, undertakings and related parties</b>			
INTERNATIONAL BRANDS LIMITED	3	130,038,417	54.17
IBL OPS (PVT) LIMITED	1	66,640	0.03
TRUSTEE SEARLE PAKISTAN LIMITED PROVIDENT FUND	1	1,105,734	0.46
UNITED BRANDS LIMITED STAFF PROVIDENT FUND	1	3,638	0.00
IBL OPERATIONS (PRIVATE) LIMITED STAFF PROVIDENT FUND	1	35,554	0.01
ATHAR IQBAL	1	29,500	0.01
TAHIR AHMED	1	14,000	0.01
MOUJOOD UL HASSAN	3	13,786	0.01
M. SAJID HUSSAIN	1	25	0.00
	<b>13</b>	<b>131,307,294</b>	<b>54.70</b>
<b>National Investment Trust &amp; Industrial Corporation of Pakistan</b>			
	-	-	-
<b>Banks Development Financial Institutions, Non-Banking Financial Institutions</b>			
	18	4,238,329	1.77
<b>Insurance Companies</b>			
	18	8,166,570	3.40
<b>Modarabas and Mutual Funds</b>			
	87	18,642,157	7.77
<b>General Public</b>			
a. Local	10,411	36,194,856	15.08
b. Foreign	112	4,708,492	1.96
<b>Foreign Companies</b>			
	83	17,501,209	7.29
<b>Others</b>			
Trust and Funds	129	3,169,378	1.32
Joint Stock Companies	158	15,097,917	6.29
<b>Totals</b>	<b>11,040</b>	<b>240,040,526</b>	<b>100.00</b>

Shareholders holding 10% or more shares	Shares Held	Percentage
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*INTERNATIONAL BRANDS LIMITED	135,199,811	56.32
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\* This includes 5,161,394 shares which are freezed in lieu of 5% withholding tax under section 236M of the Income Tax Ordinance, 2001. The Shareholder has filed a petition against such provision and the case is pending before the Hon'ble High Court.

# SEARLE

## Proxy Form

The Secretary  
The Searle Company Limited  
2nd Floor, One IBL Centre, Plot # 1, Block 7 & 8, D.M.C.H.S, Tipu Sultan Road,  
Off Shahra-e-Faisal, Karachi-75350

I/We, \_\_\_\_\_ of \_\_\_\_\_, shareholder of  
The Searle Company Limited, holding \_\_\_\_\_ ordinary share(s) as per Register Folio No.  
/ CDC Account No. \_\_\_\_\_ hereby appoint \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ holding CNIC/Passport No. \_\_\_\_\_, or  
failing him/her hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
holding CNIC/Passport No. \_\_\_\_\_, as my/our proxy, to attend and vote for  
me/us and on my/our behalf at the 56th Annual General Meeting of the Company, to be held on  
Thursday, October 28, 2021 at 04:00 p.m. and/or any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2021

### Witness 1:

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
CNIC #: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

[Signature should agree  
with the specimen signature  
registered with the Company]

Sign across Rs.5/-  
Revenue Stamp

Signature of Member(s)

### Witness 2:

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
CNIC #: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Shareholder's Folio No.: \_\_\_\_\_  
and/or CDC Participant I.D. No.: \_\_\_\_\_  
and Sub-Account No.: \_\_\_\_\_  
Shareholder's CNIC #: \_\_\_\_\_

### Note:

- The member is requested:
  - To affix revenue stamp of Rs.5/- at the place indicated above.
  - To sign across the revenue stamp in the same style of signature as is registered with the Company.
  - To write down his/her/their folio number.
  - Attach an attested photocopy of their valid Computerized National Identity Card/Passport/Board Resolution and the copy of CNIC of the proxy, with this proxy form before submission.
- In order to be valid, this proxy must be received at the registered office of the Company at least 48 hours before the time fixed for the meeting, duly completed in all respects.
- CDS Shareholders or their proxies should bring their original computerized national identity card or passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detailed procedure is given in the notes to the notice of AGM.



**SEARLE**

AFFIX  
CORRECT  
POSTAGE

The Company Secretary  
**The Searle Company Limited**  
2nd Floor, One IBL Centre, Plot # 1, Block 7 & 8,  
D.M.C.H.S, Tipu Sultan Road,  
Off Shakra-e-Faisal, Karachi-75350



## مختار نامہ (پراکسی فارم)

دی سیکریٹری

دی سرل کمپنی لمیٹڈ

دوسری منزل، ون آئی بی ایل سینٹر، پلاٹ نمبر 1،

بلاک 7 اور 8، ٹیپو سلطان روڈ، آف شاہراہ فیصل، کراچی۔

میں/ہم \_\_\_\_\_ ساکن \_\_\_\_\_ بطور حصص یافتگان برائے دی سرل کمپنی لمیٹڈ، حامل

عام حصص رکھتے ہوئے برطابق رجسٹر فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_ بذریعہ ہذا

کو، جن کا میری/ہماری پروکسی کے مطابق CNIC/پاسپورٹ نمبر \_\_\_\_\_

ہے یا ان کی غیر حاضری میں \_\_\_\_\_ کا تقرر کرتا ہوں/کرتے ہیں، جن کا میری/ہماری پروکسی کے مطابق CNIC/

پاسپورٹ نمبر \_\_\_\_\_ ہے تاکہ وہ میرے/ہماری طرف سے کمپنی کے 56 ویں سالانہ عام اجلاس میں شرکت کریں اور

اپنی رائے دی/ووٹ کا استعمال کریں جو کہ جمعرات، 28، اکتوبر 2021 یا کسی زیر التوا تاریخ پر ہونے والے اجلاس میں میری/ہماری جانب سے شرکت

کریں گے۔

دستخط شدہ بتاریخ \_\_\_\_\_ دن \_\_\_\_\_ ۲۰۲۱ء

### گواہ نمبر 1:

(دستخط کمپنی کے پاس رجسٹرڈ نمونہ دستخط کے مطابق ہونے چاہئیں)

5/- روپے مالیت کے ریونیو اسٹیپ پر دستخط کریں

ممبر (ممبرز) کے دستخط

دستخط:

نام:

سی این آئی سی نمبر:

پتہ:

### گواہ نمبر 2:

دستخط:

نام:

سی این آئی سی نمبر:

پتہ:

### نوٹ:

۱۔ ممبر سے درخواست ہے کہ:

(i) مذکورہ بالا نشان زدہ جگہ پر 5 روپے مالیت کا ریونیو اسٹیپ چسپاں کریں۔

(ii) ریونیو اسٹیپ پر اسی انداز میں دستخط کریں جیسا کہ کمپنی کے پاس رجسٹرڈ ہیں۔

(iii) اپنا فولیو نمبر نیچے درج کریں۔

(iv) اپنے کارآمد کپیوٹرائزڈ قومی شناختی کارڈ/پاسپورٹ/بلورڈگی قرار داد پر کسی کے سی این آئی سی کی کاپی پر کسی فارم کے ساتھ منسلک کر کے جمع کرائیں۔

۲۔ کارآمد ہونے کے لئے یہ ضروری ہے کہ یہ پراکسی کمپنی کے رجسٹرڈ آفس میں اجلاس کے لئے مقررہ وقت سے کم از کم ۴۸ گھنٹے قبل ہر طرح سے مکمل صورت میں جمع کرائیے جائیں۔

۳۔ سی ڈی سی شیئر ہولڈرز یا ان کے پراکسی اپنے اصل کپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ مع پارٹنیشنٹ کا آئی ڈی نمبر ان کے اکاؤنٹ نمبر اپنی شناخت میں سہولت کے لئے ہمراہ لائیں مفصل طریقہ کار سالانہ اجلاس عام کے نوٹ میں درج ہے۔

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












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