

# vaccination for a covid free world

**SEARLE**

Research in the service of mankind



QUARTERLY REPORT  
SEPTEMBER 2021





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# 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 Shahra-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 Shahrah-e-Faisal  
Karachi - 74400

# Directors' Review Report

The Directors take pleasure in presenting the unconsolidated interim financial information of the company for the period ended September 30, 2021. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – 'Interim Financial Reporting'. The directors report is prepared in accordance with section 227 of the Companies Act, 2017 and Chapter XII of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

## 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 243 million cases of COVID-19 and over 4.9 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.

There are 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

	<b>September 30,</b>	
	<b>2021</b>	<b>2020</b>
	(Rupees in thousand)	
Revenue	<b>4,662,307</b>	4,068,860
Cost of sales	<b>(2,307,896)</b>	(2,057,411)
Gross Profit	<b>2,354,411</b>	2,011,449
Operating expenses	<b>(1,377,381)</b>	(1,104,799)
Other operating expenses	<b>(51,238)</b>	(61,145)
Other income	<b>86,781</b>	183,567
Profit from operations	<b>1,012,573</b>	1,029,072
Finance cost	<b>(378,314)</b>	(252,389)
Profit before tax	<b>634,259</b>	776,683
Income tax expense	<b>(167,190)</b>	(184,623)
Profit after taxation	<b>467,069</b>	592,060

Searle is a Company that has always focused on improving the lives of patients by offering quality healthcare solutions. We have built a firm growing position by putting the benefit of patients and stakeholders, our fundamental priority and are proud of the impact of our efforts. The Company was able to maintain its prominence in many therapeutic areas through its quality products and the dedication of its exceptional people.

During the period ended September 30, 2021, the Company's financial performance was affected by the exchange rate fluctuations. However, despite the challenging economic environment and unprecedented crisis of COVID-19, Searle managed to maintain its financial performance.

Financial highlights are summarized below:

- Net sales of the Company increased by PKR 592 mn i.e. growth of 14.6%.
- Gross profit margin increased to 50% from 49%.
- Profit after tax amounted to PKR 467 mn as against PKR 592 mn last year. The decrease is due to increase in finance cost after acquisition of OBS.

### EARNINGS PER SHARE

Basic earnings per share after taxation for the period was Rs. 1.95 (2020: Rs. 2.47). There is no dilution effect on the basic earnings per share of the Company, as the Company has no convertible dilutive potential ordinary shares outstanding as of September 30, 2021.

### FUTURE OUTLOOK

Searle is poised to grow and increase its market share among its competitors and maintain its organic and in-organic growth, in a relatively turbulent regulatory environment. While also focusing on its product demand in international market, coupled with increased healthcare spending trend after COVID-19, which will translate into greater revenues for the industry.

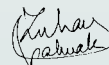
Moving forward, we are focusing on enhancing the share of specialty generic branded portfolio and targeting differentiated products. It is also pertinent to mention that Searle has an organic pipeline of over 200 products in different stages of the regulatory approval process and has a diversified drug 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.

At Searle, we all are highly motivated and willing to contribute enthusiastically on continuous basis. 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.

For and on behalf of the Board



**Syed Nadeem Ahmed**  
Chief Executive Officer



**Zubair Razzak Palwala**  
Director

Karachi: October 29, 2021

## فی شیئر آمدنی

اس مدت کے لیے بنیادی آمدنی فی شیئر بعد از ٹیکس 1.95 روپی (2020:2.47 روپی)۔ کمپنی کی بنیادی آمدنی فی شیئر پر کی کے کوئی اثرات نہیں ہوئے، چونکہ 30 ستمبر، 2021 تک کمپنی کے تبدیل پذیر غیر متوقع ممکنہ حصص بقایا نہیں تھے۔

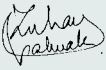
## مستقبل پر ایک نظر

سرل اپنے حریف اداروں کے درمیان اپنے مارکیٹ شیئرز کو بڑھانے اور زیادہ کرنے کے لیے تیار ہے اور نسبتاً پریشان کن ریگولیٹری ماحول میں اپنے نامیاتی اور غیر نامیاتی نشوونما کو برقرار رکھے ہوئے ہے۔ تاہم، بین الاقوامی منڈی میں اپنی پروڈکٹ ڈیمانڈ پر توجہ مرکوز کرنے کے ساتھ، COVID-19 کے بعد بڑھتی ہوئی ہیلتھ کیئر اور بڑھتے ہوئے رجحان کی بدولت جس سے توقع ہے کہ انڈسٹری کی آمدنی میں بڑے پیمانے پر اضافہ ہوگا۔


آگے بڑھتے ہوئے، ہم خصوصاً جزک برانڈ ڈیپورٹ فولیو کا حصہ بڑھانے اور مختلف مصنوعات پر توجہ مرکوز کئے ہوئے ہیں۔ یہ بھی قابل توجہ 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 گزشتہ برسوں میں امراض قلب، نزلہ اور کھانسی، ذیابیطس، نوزائیدہ فارمولہ، حیاتیاتی اور اینٹی بائیوٹک کے علاج معالجے میں مستحکم جگہ بنالی ہے۔

سرل میں ہم سب انتہائی دلچسپی سے اور مستقل بنیادوں پر جوش و خروش سے اپنے حصہ ڈالنے کے لئے تیار ہیں۔ اسی طرح ہمارے شرکاء، دار، سپلائرز اور صارفین بھی سی 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 رزا قیصر  
ڈائریکٹر

  
سید ندیم احمد  
چیف ایگزیکٹو آفیسر

کراچی: 29 اکتوبر 2021ء

30 ستمبر

2020 2021

(پاکستانی روپے ہزاروں میں)

4,068,860	<b>4,662,307</b>	آمدنی
(2,057,411)	<b>(2,307,896)</b>	فروخت کے اخراجات
2,011,449	<b>2,354,411</b>	مجموعی آمدنی
(1,104,799)	<b>(1,377,381)</b>	آپریٹنگ اخراجات
(61,145)	<b>(51,238)</b>	دیگر آپریٹنگ اخراجات
183,567	<b>86,781</b>	دیگر آمدنی
1,029,072	<b>1,012,573</b>	آپریٹنگ سے آمدنی
(252,389)	<b>(378,314)</b>	مالیاتی اخراجات
776,683	<b>634,259</b>	منافع قبل از ٹیکس
(184,623)	<b>(167,190)</b>	انکم ٹیکس اخراجات
592,060	<b>467,069</b>	منافع بعد از ٹیکس

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۔ کمپنی اپنی معیاری مصنوعات اور اپنے لوگوں کی غیر معمولی لگن کے ذریعے علاج کے مختلف شعبوں میں اپنی اہمیت برقرار رکھنے میں کامیاب رہی۔

30 ستمبر، 2021 کو ختم ہونے والی مدت کے دوران، کمپنی کی مالیاتی کارکردگی شرح مبادلہ کے اتار چڑھاؤ سے متاثر ہوئی۔ تاہم، مشکل معاشی ماحول اور COVID-19 کے غیر معمولی بحران کے باوجود، سرل اپنی مالیاتی کارکردگی کو برقرار رکھنے میں کامیاب رہا۔

مالیاتی جھلکیاں مختصر اذیل میں بیان کی گئیں ہیں:

- کمپنی کی خالص سیلز میں 592 ملین پاکستانی روپے کا اضافہ ہوا یعنی 14.6% کی ترقی۔
- مجموعی منافع کی شرح 49 فیصد سے بڑھ کر 50 فیصد ہو گئی۔
- بعد از ٹیکس منافع گزشتہ سال 592 پاکستانی روپے ملین کے مقابلے میں 467 پاکستانی روپے ملین ہے۔ یہ کمی OBS کے حصول کے بعد مالیاتی لاگت میں اضافے کی وجہ سے ہوئی ہے۔



## ڈائریکٹرز کی جائزہ رپورٹ

ڈائریکٹرز 30 ستمبر 2021 کو ختم ہونے والی سہ ماہی مدت کے لئے کمپنی کے غیر اشتهالی عبوری مالیاتی معلومات پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔ یہ مالیاتی بیانات بین الاقوامی اکاؤنٹنگ اسٹینڈرڈ (IAS) 34- عبوری فنانشل رپورٹنگ کی ضروریات کے مطابق تیار کیے گئے 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۔

### جائزہ

کرونا وائرس کی وباء اس صدی میں شدید کساد بازاری کا باعث بنی ہے جس کی وجہ سے معاشی سرگرمیاں درہم برہم ہو گئیں، صحت عامہ کی خطرات لاحق ہو گئے، لوگوں کے چین و آرام کو تکلیف پہنچی اور انہیں اپنی ملازمتوں سے ہاتھ دھونے پڑے۔ کرونا وائرس کے 243 ملین کیسز اور اس کی وجہ سے دنیا بھر میں 4.9 ملین سے زائد اموات کی اطلاعات موصول ہوئی ہیں۔ لہذا زندگی کو اس کے معمول پر لانا بے دینا کے لئے ایک چیلنج کی صورت اختیار کر گیا ہے۔ جبکہ ترقی یافتہ معیشتوں کو کرونا وائرس کے وباء کے پھوٹ پڑنے سے بہت زیادہ چیلنج کا سامنا ہے۔ کیونکہ اس کی وجہ سٹ 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 ویرینٹ 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۔

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 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۔ سٹ 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 ڈاؤن کے اقدامات شامل ہیں۔ اسٹیک ہولڈرز تبدیلی کے تاریخی اور موجودہ اسباب کی مد نظر رکھ سکتے ہیں۔ جبکہ وہ 2022 اور اس سے آگے کے لیے اپنی حکمت عملی ترتیب دے رہے ہیں۔

اس شعبے میں 620 سے زائد کمپنیاں کام کر رہی ہیں، جس میں نئے مالکیوں 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 کیئر 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 کا فرامیوں۔

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 ریوریج اور ڈیولپمنٹ کے ضمن میں دے رہی ہے، لیکن تحقیقاتی محاذ پر مزید بہت کچھ حاصل کیا جاسکتا ہے۔

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2021

ASSETS	Note	(Un-audited) September 30, 2021	(Audited) June 30, 2021
(Rupees in '000)			
<b>Non-current assets</b>			
Property, plant and equipment	5	5,601,695	5,577,984
Right-of-use asset		76,995	79,410
Investment properties - at cost		2,541,471	2,490,049
Intangible assets		84,075	94,214
Long-term investments - subsidiaries	6	18,036,311	17,436,311
Long-term loans		226	325
Long-term deposits		7,396	7,396
		<b>26,348,169</b>	<b>25,685,689</b>
<b>Current assets</b>			
Inventories		1,572,386	2,206,898
Trade receivables	7	9,756,268	8,754,968
Loans and advances	8	1,257,098	1,335,832
Trade deposits and short-term prepayments		132,761	105,351
Other receivables	9	4,861,962	4,762,598
Short-term investment		100,000	100,000
Taxation - payments less provision		838,323	870,507
Cash and bank balances		66,687	103,680
		<b>18,585,485</b>	<b>18,239,834</b>
<b>Total assets</b>		<b>44,933,654</b>	<b>43,925,523</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		2,400,405	2,400,405
Share premium		6,049,419	6,049,419
General reserve		280,251	280,251
Unappropriated profit		13,485,119	13,006,363
Revaluation surplus on property, plant and equipment		2,739,529	2,751,216
		<b>24,954,723</b>	<b>24,487,654</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		215,275	215,275
Employee benefit obligations		52,609	53,484
Long-term borrowings	10	9,601,653	9,650,485
Deferred income - Government grant		8,571	8,571
Lease liability		93,092	93,092
		<b>9,971,200</b>	<b>10,020,907</b>
<b>Current liabilities</b>			
Trade and other payables	11	3,572,214	3,213,872
Short-term borrowings	12	6,224,589	5,988,610
Unpaid dividend		162,983	163,596
Unclaimed dividend		41,798	42,269
Current portion of lease liability		2,442	4,416
Sales tax payable		3,705	4,199
		<b>10,007,731</b>	<b>9,416,962</b>
<b>Total liabilities</b>		<b>19,978,931</b>	<b>19,437,869</b>
<b>Contingencies and commitments</b>			
<b>Total equity and liabilities</b>	13	<b>44,933,654</b>	<b>43,925,523</b>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Chief Financial Officer

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended September 30, 2021 - Unaudited

	Note	Quarter ended	
		September 30, 2021	September 30, 2020
Revenue from contracts with customers	14	4,662,307	4,068,860
Cost of sales		(2,307,896)	(2,057,411)
Gross profit		2,354,411	2,011,449
Distribution costs		(1,106,033)	(815,656)
Administrative expenses		(271,348)	(289,143)
Other operating expenses		(51,238)	(61,145)
Other income	15	86,781	183,567
Profit from operations		1,012,573	1,029,072
Finance cost		(378,314)	(252,389)
Profit before income tax		634,259	776,683
Income tax expense		(167,190)	(184,623)
Profit after tax		467,069	592,060
Other comprehensive income		-	-
Total comprehensive income		467,069	592,060
			(Re-stated)
Basic and diluted earnings per share (Rupees)	16	1.95	2.47

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended September 30, 2021 - Unaudited

	Share capital	Capital reserve		Revenue reserves		Total reserves	Total
		Share premium	Revaluation surplus on Property, plant & equipment	General reserve	Unappropriated profits		
Rupees '000 -----							
Balance as at July 01, 2020	2,124,253	1,630,974	1,446,517	280,251	11,388,823	14,746,565	16,870,818
Transfer of incremental depreciation for the period (net of deferred tax)	-	-	(12,844)	-	12,844	-	-
Total comprehensive income for the period	-	-	-	-	592,060	592,060	592,060
Balance as at September 30, 2020	<u>2,124,253</u>	<u>1,630,974</u>	<u>1,433,673</u>	<u>280,251</u>	<u>11,993,727</u>	<u>15,338,825</u>	<u>17,462,878</u>
<b>Balance as at July 01, 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>
Transfer of incremental depreciation for the period (net of deferred tax)	-	-	(11,687)	-	11,687	-	-
Total comprehensive income for the period	-	-	-	-	467,069	467,069	467,069
<b>Balance as at September 30, 2021</b>	<b><u>2,400,405</u></b>	<b><u>6,049,419</u></b>	<b><u>2,739,529</u></b>	<b><u>280,251</u></b>	<b><u>13,485,119</u></b>	<b><u>22,554,318</u></b>	<b><u>24,954,723</u></b>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the period ended September 30, 2021 - Unaudited

	September 30, 2021	September 30, 2020	
Note	(Rupees in '000)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	17	607,881	2,054,472
Retirement benefit obligations paid		(2,225)	-
Finance cost paid		(354,062)	(123,516)
Income taxes paid		(135,006)	(67,927)
Decrease/(increase) in long-term loans		99	60
Net cash generated from operating activities		<b>116,687</b>	1,863,089
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(93,439)	(69,189)
Proceeds from disposal of property, plant and equipment		111	-
Purchase of investment properties		(68,846)	(10,991)
Long term investment in subsidiary		(153,277)	(15,800,000)
Net cash used in investing activities		<b>(315,451)</b>	(15,880,180)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(1,084)	(2)
Proceeds from (Repayment of) export finance		-	216,500
Musharaka facility obtained		-	10,441,500
Repayment of salary refinancing		(66,938)	-
Repayment of demand finance		(90,667)	-
Increase in deferred consideration for acquisition of subsidiary		-	3,988,000
Payment against lease liabilities		(6,186)	(7,294)
Net cash from financing activities		<b>(164,875)</b>	14,638,704
<b>Net increase in cash and cash equivalents</b>		<b>(363,639)</b>	621,613
Cash and cash equivalents at the beginning of the period		<b>(5,346,410)</b>	(4,341,147)
<b>Cash and cash equivalents at the end of the period</b>	18	<b>(5,710,049)</b>	<b>(3,719,534)</b>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the period ended September 30, 2021 - Unaudited

## 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. Its shares are quoted on the Pakistan Stock Exchange. The Company is principally engaged in the manufacture of pharmaceutical and other consumer products. The registered office of the Company is situated at One IBL Centre 2nd Floor, Plot No. 1, Block 7 & 8 D.M.C.H.S, Tipu Sultan Road Off Shahrah-e-Faisal, Karachi.

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

Following are the subsidiary companies:

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

The Company effectively holds 87.20% (June 30, 2020: 87.20%) shareholding in Nextar Pharma (Private) Limited through Searle Biosciences (Private) Limited.

## 2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017,

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These unconsolidated condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2021.

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2021 - Unaudited

### 3. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2021.

### 4. ACCOUNTING ESTIMATES AND JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these unconsolidated condensed interim financial statements in conformity with approved accounting and reporting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended June 30, 2021.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2021.

<b>(Unaudited)</b>	(Audited)
<b>September 30,</b>	June 30,
<b>2021</b>	2021
	(Rupees in '000)

### 5. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 5.1	<b>5,266,486</b>	5,325,199
Capital work-in-progress - at cost	<b>335,209</b>	252,785
	<b>5,601,695</b>	5,577,984

#### 5.1 Details of additions in operating assets including transfers from capital work-in-progress during the period are as follows:

	<b>Additions (at cost)</b>		<b>Disposals (at net book value)</b>	
	<b>Sept' 30, 2021</b>	Sept' 30, 2020	<b>Sept' 30, 2021</b>	Sept' 30, 2020
				(Rupees in '000)
Building on leasehold land	<b>1,015</b>	423	-	-
Plant and machinery	<b>2,436</b>	5,356	-	-
Furniture & fittings	-	2,094	-	-
Vehicles	-	847	-	-
Office equipment	<b>7,564</b>	12,100	<b>(58)</b>	-
	<b>11,015</b>	20,820	<b>(58)</b>	-

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2021 - Unaudited

	<b>(Unaudited) September 30, 2021</b>	(Audited) June 30, 2021		
	(Rupees in '000)			
<b>6. LONG-TERM INVESTMENTS</b>				
Subsidiary companies (at cost)	<b>18,036,311</b>	17,436,311		
	<b>(Unaudited) September 30, 2021</b>	(Audited) June 30, 2021		
	<b>Equity % held</b>	Equity % held	<b>Investment at cost (Rupees '000)</b>	Investment at cost (Rupees '000)
<b>Listed security</b>				
<i>IBL HealthCare Limited</i>				
40,126,241 (June 30, 2021: 40,126,241)				
Ordinary shares of Rs. 10 each	<b>74.19%</b>	74.19%	<b>1,300,911</b>	1,300,911
Market price as at September 30, 2021: Rs.90.29 (June 30, 2021: Rs. 111.13) per share			<b>1,300,911</b>	1,300,911
<b>Unlisted securities</b>				
<i>Searle Pharmaceuticals (Private) Limited</i>				
40,000 (June 30, 2021: 40,000)				
Ordinary shares of Rs. 10 each	<b>100%</b>	100%	<b>400</b>	400
Break up value as at September 30, 2021: nil (June 30, 2021: nil)				
<i>Searle Laboratories (Private) Limited</i>				
12,500,000 (June 30, 2021: 12,500,000)				
Ordinary shares of Rs. 10 each	<b>100%</b>	100%	<b>125,000</b>	125,000
Break up value as at September 30, 2021: Rs. 0.39 (June 30, 2021: Rs. 0.60) per share				
<i>Searle Biosciences (Private) Limited</i>				
1,000,000 (June 30, 2020: 1,000,000)				
Ordinary shares of Rs. 10 each	<b>100%</b>	100%	<b>10,000</b>	10,000
Break up value as at September 30, 2021: Rs. 163.74 (June 30, 2021: Rs. 62.82) per share				
<i>Searle Pakistan Limited (formerly OBS Pakistan (Private) Limited)</i>				
1,047,030,000 (June 30, 2021: 349,009,998)				
Ordinary shares of Rs. 10 each	<b>100%</b>	100%	<b>16,400,000</b>	15,800,000
Break up value as at September 30, 2021: Rs.9.91 (June 30, 2021: Rs. 28.16) per share				
<i>IBL Future Technologies (Private) Limited</i>				
20,000,000 (June 30, 2020: 20,000,000)				
Ordinary shares of Rs. 10 each	<b>100%</b>	100%	<b>200,000</b>	200,000
Break up value as at September 30, 2021: Rs. 9.96 (June 30, 2021: Rs. 9.96) per share				
	<b>18,036,311</b>	17,436,311		



## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2021 - Unaudited

(Unaudited) (Audited)  
September 30, June 30,  
2021 2021  
(Rupees in '000)

### 7. TRADE RECEIVABLES

Considered good

- Export receivables - secured	<b>724,194</b>	426,619
- Due from related parties, unsecured - note 7.1	<b>8,697,150</b>	8,094,356
- others - unsecured	<b>334,924</b>	233,993
	<b>9,756,268</b>	8,754,968

Considered doubtful

Less: Provision for doubtful debts

	<b>150,323</b>	150,323
	<b>(150,323)</b>	(150,323)
	-	-
	<b>9,756,268</b>	8,754,968

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

IBL Operations (Private) Limited	<b>271,461</b>	219,079
United Brands Limited	<b>8,274</b>	8,369
IBL Logistics (Private) Limited	<b>12,711</b>	39,533
	<b>292,446</b>	266,981

### 8. LOANS AND ADVANCES

8.1 This represents advance to Searle Biosciences (Private) Limited and Searle Laboratories (Private) Limited - wholly owned subsidiaries amounting to Rs. 779.18 million (2021: Rs. 779.18 million) and Rs. 1.03 million (2021: Rs 1.25 million) respectively.

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2021 - Unaudited

	(Unaudited) September 30, 2021	(Audited) June 30, 2021
<b>9. OTHER RECEIVABLES</b>		
		(Rupees in '000)
<b>Receivables from related parties</b>		
Due from subsidiary companies:		
IBL Healthcare Limited against:		
Expenses	1,322	554
Rental income	565	-
Royalty	6,457	24,776
Searle Pakistan Limited. {Formerly OBS Pakistan (Private) Limited} against:		
Management fee	123,000	123,000
Dividend income	500,000	500,000
Expenses	13,157	12,961
Financial assistance	116,000	116,000
Rental income	12,969	10,614
Searle Biosciences (Private) Limited against:		
Expenses	22,899	-
Dividend income	122,000	64,916
IBL Future Technologies (Private) Limited against:		
Financial assistance	1,949	1,949
Searle Pharmaceuticals (Private) Limited against expenses	911	911
Nextar Pharma (Private) Limited against expenses	7,695	2,279
<b>Balance carry forward</b>	<b>928,924</b>	<b>857,960</b>

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2021 - Unaudited

	(Unaudited) September 30, 2021 (Rupees in '000)	(Audited) June 30, 2021
<b>Balance brought forward</b>	<b>928,924</b>	857,960
Due from parent company & associated companies		
IBL Operations (Private) Limited against:		
Expenses	25,664	20,867
Rental income	2,083	3,516
IBL Frontier Markets (Private) Limited against expenses	31,385	24,225
International Brands (Private) Limited against:		
Expenses	13,721	9,804
Rental income	8,680	8,526
Group relief	117,089	117,089
IBL Unisys (Private) Limited against:		
Rental income	163	163
Expenses	440	632
IBL Logistics (Private) Limited against rental income	1,692	1,692
Universal Ventures (Private) Limited against:		
Sale of subsidiary	3,326,859	3,326,859
United Retail (SMC-Private) Limited against:		
Rental income	50,474	34,276
Expenses	1,071	1,071
	<b>3,579,321</b>	3,548,720
Surplus arising under retirement benefit fund	5,250	5,250
<b>Receivables from other than related parties</b>		
International Franchises (Private) Limited *against		
Expenses	20,059	21,297
Rental income	2,662	3,438
United Distributors Pakistan Limited * against:		
Rental income	757	922
Expenses	306	141
Others, considered good	324,683	324,870
	<b>4,861,962</b>	4,762,598

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

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2021 - Unaudited

	(Unaudited) September 30, 2021 (Rupees in '000)	(Audited) June 30, 2021
<b>10. LONG-TERM BORROWINGS</b>		
Musharaka Facility	9,542,104	9,537,892
Salary refinancing	59,549	112,593
	<b>9,601,653</b>	<b>9,650,485</b>

**10.1** The Company has obtained a running mushakra facility from Habib Bank Limited 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 5 yearly installments, starting from August 2022. This facility carries a mark-up of three months KIBOR plus 1.35% which is secured against certain land and buildings of the Company which is situated at Deh Digh Malir, Korangi Industrial Area, S.I.T.E, Tipu Sultan Road, and North Western Zone Port Qasim, Karachi.

Further, land and building including plant and machinery of OBS - subsidiary and land and building of Nextar Pharma (Private) Limited - subsidiary are also secured against the long-term borrowings.

	(Unaudited) September 30, 2021 (Rupees in '000)	(Audited) June 30, 2021
<b>11. TRADE AND OTHER PAYABLES</b>		
Creditors	173,988	291,865
Bills payable in foreign currency	769,006	393,192
Payable to related parties	788	96,116
Royalty payable	17,318	35,638
Accrued liabilities	1,537,324	1,543,889
Payable to provident fund	12,789	25,377
Deferred income	25,714	34,285
Deferred payable to UVPL - related party	446,723	260,712
Advance from customers - unsecured	61,711	50,293
Accrued mark-up	191,289	185,143
Taxes deducted at source and payable to statutory authorities	51,349	64,326
Workers' Profit Participation Fund	181,827	147,552
Workers' Welfare Fund	70,876	59,738
Other liabilities	31,512	25,746
	<b>3,572,214</b>	<b>3,213,872</b>

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2021 - Unaudited

	(Unaudited) September 30, 2021	(Audited) June 30, 2021
<b>12. SHORT-TERM BORROWINGS</b>		
<b>Secured borrowings</b>		
<b>Conventional</b>		
Running finance facility - note 12.1	2,183,755	1,548,476
Demand Finance	22,666	113,333
	<b>2,206,421</b>	1,661,809
<b>Islamic</b>		
Running Musharaka	3,592,981	3,901,614
Current portion of long-term borrowings	225,187	225,187
	<b>3,818,168</b>	4,126,801
	<b>6,024,589</b>	5,788,610
<b>Unsecured</b>		
Borrowing from IBL Future Technologies (Private) Limited - note 12.2	200,000	200,000
	<b>6,224,589</b>	5,988,610

**12.1** The Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 6,885 million (June 30, 2021: Rs. 6,725 million) which include financing facilities obtained under Islamic mode amounting to Rs. 5,350 million (June 30, 2021: Rs. 5,175 million). The arrangements are secured jointly by registered mortgage of Rs. 1,681.25 million (June 30, 2021: Rs. 1,681.25 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 (June 30, 2021: Rs. 9,990.42 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).

**12.1.1** The rates of mark-up ranged between 3% to 9.45% (June 30, 2021: 0.75% to 14.74%) per annum.

**12.2** This represents interest free loan obtained from IBL Future Technologies (Private) Limited - wholly owned subsidiary and is repayable on demand.

## 13. CONTINGENCIES AND COMMITMENTS

### 13.1 Contingencies

There has been no significant change in the status of contingencies as reported in the note 29 of annual audited financial statements of the Company for the year ended June 30, 2021.

### 13.2 Commitments

Post-dated cheques issued in favour of Collector of Customs for import of inventory at September 30, 2021 amounted to Rs. 25 million (2021: Rs. 25 million).

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2021 - Unaudited

The facility for opening letters of credit and guarantees as at September 30, 2021 amounted to Rs. 2,755 million (June 30, 2021: Rs. 2,755 million) of which the amount remaining unutilised as at period end amounted to Rs. 1,720 million (June 30, 2021: Rs. 1,489.63 million).

**September 30,**    September 30,  
**2021**                      2020  
(Rupees in '000)

### 14. REVENUE FROM CONTRACTS WITH CUSTOMERS

Gross sales		
Local sale of goods	<b>4,167,521</b>	3,542,259
Export sales	<b>954,581</b>	811,098
	<b>5,122,102</b>	4,353,357
Toll manufacturing	<b>69,294</b>	65,782
	<b>5,191,396</b>	4,419,139
Sales tax	<b>(14,303)</b>	(15,995)
	<b>5,177,093</b>	4,403,144
Less:		
Trade discount	<b>(122,761)</b>	(136,281)
Sales return	<b>(392,025)</b>	(198,003)
	<b>(514,786)</b>	(334,284)
	<b>4,662,307</b>	4,068,860

### 15. OTHER INCOME

#### Income from financial assets - related parties

##### Dividend income - subsidiary companies:

- Searle Biosciences (Private) Limited	<b>57,000</b>	35,000
- Searle Pakistan Limited (formerly OBS Pakistan (Private) Limited)	-	90,000
- IBL Identity (Private) Limited	-	24,000
	<b>57,000</b>	149,000

#### Income from non - financial assets

Rental income from investment property	<b>18,342</b>	25,996
Government grant	<b>8,571</b>	8,571
Gain on disposal of property, plant and equipment	<b>84</b>	-
Others	<b>2,784</b>	-
	<b>29,781</b>	34,567
	<b>86,781</b>	183,567

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2021 - Unaudited

	September 30, 2021	September 30, 2020
	(Rupees in '000)	
<b>16. EARNINGS PER SHARE - BASIC AND DILUTED</b>		
Profit for the period (Rupees in thousands)	<b>467,069</b>	592,060
Weighted average number of ordinary shares in issue during the period (in thousand) - Restated	<b>240,041</b>	240,041
Earnings per share - Basic and diluted (Rupees)	<b>1.95</b>	(Re-stated) 2.47
<b>17. CASH GENERATED FROM OPERATIONS</b>		
Profit before income tax	<b>634,259</b>	776,683
<b>Add adjustments for non-cash charges and other items</b>		
Depreciation	<b>89,509</b>	91,849
Gain on disposal of property, plant and equipment	<b>(53)</b>	-
Amortisation	<b>10,139</b>	11,126
Provision for retirement benefits obligation	<b>1,350</b>	1,350
Government grant recognised in income	<b>(8,571)</b>	(8,571)
Unwinding of discount on long term borrowing	<b>13,894</b>	5,445
Interest on lease liability	<b>4,212</b>	4,906
Amortisation of transaction cost	<b>4,212</b>	-
Finance cost	<b>360,208</b>	242,037
Profit before working capital changes	<b>1,109,159</b>	1,124,825
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets		
Inventories	<b>634,512</b>	72,604
Trade receivables	<b>(1,001,300)</b>	776,013
Loans and advances	<b>78,734</b>	(274,209)
Trade deposits and short-term prepayments	<b>(27,410)</b>	(27,675)
Other receivables	<b>(99,364)</b>	(187,933)
Refund due from Government - sales tax	<b>-</b>	7,832
	<b>(414,828)</b>	366,632
Increase / ( decrease ) in current liabilities		
Trade and other payables	<b>(85,956)</b>	561,293
Sales tax payable	<b>(494)</b>	1,722
	<b>(86,450)</b>	563,015
Cash flows generated from operations	<b>607,881</b>	2,054,472

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2021 - Unaudited

	<b>September 30, 2021</b>	September 30, 2020
<b>18. CASH AND CASH EQUIVALENTS</b>	(Rupees in '000)	
Cash and bank balances	<b>66,687</b>	265,189
Short term running finance - note 12.1	<b>(5,776,736)</b>	(3,984,723)
	<b><u>(5,710,049)</u></b>	<b><u>(3,719,534)</u></b>

## 19. SEGMENT INFORMATION

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

## 20. TRANSACTIONS WITH RELATED PARTIES

The following transactions were carried out with related parties during the period :

<b>Nature of relationship</b>	<b>Nature of transactions</b>	<b>September 30, 2021</b>	September 30, 2020
		(Rupees in '000)	
Holding company	- Corporate service charges	<b>60,000</b>	60,000
	- Rent income	<b>3,670</b>	3,338
	- Income from provision of amenities	<b>3,566</b>	1,905
Subsidiaries	- Revenue	<b>171,510</b>	249,839
	- Purchase of consumables	<b>2,829</b>	-
	- Dividend income	<b>57,000</b>	149,000
	- Short term loan given	<b>-</b>	17,500
	- Advances recovered	<b>-</b>	400
	- Advance against financial assistance	<b>28,507</b>	24,891
	- Rent income	<b>2,959</b>	770
	- Income from Provision of Amenities	<b>1,532</b>	-
	- Others	<b>109</b>	-
Associated companies	- Revenue	<b>3,809,635</b>	3,144,188
	- Salaries and wages	<b>858</b>	-
	- Purchases	<b>1,888</b>	-
	- Carriage and duties	<b>16,956</b>	14,102
	- Discounts claimed	<b>31,294</b>	25,618
	- Rent expense	<b>39,560</b>	2,425
	- Rent income	<b>5,800</b>	18,897
	- Income from Provision of Amenities	<b>14,911</b>	6,338
	- Stock claims	<b>118,393</b>	60,380
	- Internet services	<b>1,139</b>	2,961
	- Donations	<b>6,634</b>	9,009
	- Incentives to field force staff	<b>1,284</b>	3,166
	- Repair & maintenance	<b>337</b>	38
	- Merchandise expense	<b>5,466</b>	-
- Others	<b>1,803</b>	2,605	



## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2021 - Unaudited

Nature of relationship	Nature of transactions	September 30,	September 30,
		2021	2020
(Rupees in '000)			
Staff retirement benefits	- Contributions to Provident Fund	<b>37,414</b>	34,565
	- Benefits paid	<b>20,710</b>	22,300
Key management employees compensation	- Salaries and other employee benefits	<b>58,402</b>	49,127
	- Contributions to Provident Fund	<b>5,212</b>	4,310

**20.1** The status of outstanding balances with related parties as at September 30, 2021 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.

### 21. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on October 29, 2021.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



# Consolidated Condensed Interim Financial Statements

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# Directors' Review Report

The Directors take pleasure in presenting the consolidated interim financial information of the holding company for the period ended September 30, 2021. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – 'Interim Financial Reporting'. The directors report is prepared in accordance with section 227 of the Companies Act, 2017 and Chapter XII of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

## 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 243 million cases of COVID-19 and over 4.9 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.

There are 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

	<b>September 30,</b>	
	<b>2021</b>	<b>2020</b>
	(Rupees in thousand)	
Revenue	<b>7,677,861</b>	5,562,484
Cost of sales	<b>(4,272,631)</b>	(3,002,386)
Gross Profit	<b>3,405,230</b>	2,560,098
Operating expenses	<b>(1,654,605)</b>	(1,330,893)
Other operating expenses	<b>(92,536)</b>	(72,497)
Other income	<b>40,829</b>	42,886
Profit from operations	<b>1,689,918</b>	1,199,594
Finance cost	<b>(422,603)</b>	(272,479)
Profit before tax	<b>1,276,315</b>	927,115
Income tax expense	<b>(371,846)</b>	(278,779)
Profit after taxation	<b>904,469</b>	648,336

The holding company has always focused on improving the lives of patients by offering quality healthcare solutions. We have built a firm growing position by putting the benefit of patients and stakeholders, our fundamental priority and are proud of the impact of our efforts. The holding company was able to maintain its prominence in many therapeutic areas through its quality products and the dedication of its exceptional people.

During the period ended September 30, 2020, the holding company's financial performance was affected by the exchange rate fluctuations. However, despite the challenging economic environment and unprecedented crisis of COVID-19, Searle managed to achieve phenomenal growth in its financial performance.

Financial highlights of consolidated financial statements are summarized below:

- Net sales of the company increased by PKR 2.12 bn i.e. growth of 38%.
- Operating profit of the company increased by 499 mn i.e. growth of 42%.
- Profit after tax increased by PKR 256 mn i.e. growth of 40%.

### EARNINGS PER SHARE

Basic earnings per share after taxation for the period was Rs. 3.69 (2020: Rs. 2.65). There is no dilution effect on the basic earnings per share of the holding company, as the holding company has no convertible dilutive potential ordinary shares outstanding as of September 30, 2021.

### FUTURE OUTLOOK

Searle is poised to grow and increase its market share among its competitors and maintain its organic and in-organic growth, in a relatively turbulent regulatory environment. While also focusing on its product demand in international market, coupled with increased healthcare spending trend after COVID-19, which will translate into greater revenues for the industry.

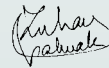
Moving forward, we are focusing on enhancing the share of specialty generic branded portfolio and targeting differentiated products. It is also pertinent to mention that Searle has an organic pipeline of over 200 products in different stages of the regulatory approval process and has a diversified drug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

At Searle, we all are highly motivated and willing to contribute enthusiastically on continuous basis. 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.

For and on behalf of the Board



**Syed Nadeem Ahmed**  
Chief Executive Officer



**Zubair Razzak Palwala**  
Director

Karachi: October 29, 2021

## فی شیئر آمدنی

اس مدت کے لیے بنیادی آمدنی فی شیئر بعد از ٹیکس 3.69 رہی (2020:2.65 روپے)۔ ہولڈنگ کمپنی کی بنیادی آمدنی فی شیئر پر کی کے کوئی اثرات نہیں ہوئے، چونکہ 30 ستمبر، 2021 تک ہولڈنگ کمپنی کے تبدیل پذیر غیر متوقع ممکنہ حصص بقایا نہیں تھے۔


## مستقبل پر ایک نظر

سرل اپنے حریف اداروں کے درمیان اپنے مارکیٹ شیئرز کو بڑھانے اور زیادہ کرنے کے لیے تیار ہے اور نسبتاً پریشان کن ریگولیٹری ماحول میں اپنے نامیاتی اور غیر نامیاتی نشوونما کو برقرار رکھے ہوئے ہے۔ تاہم، بین الاقوامی منڈی میں اپنی پروڈکٹ ڈیمانڈ پر توجہ مرکوز کرنے کے ساتھ، COVID-19 کے بعد بڑھتی ہوئی ہیلتھ کیئر اور بڑھتے ہوئے رجحان کی بدولت 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 ہولڈنگ کمپنی نے گزشتہ برسوں میں امراض قلب، نزلہ اور کھانسی، ذیابیطس، نوزائیدہ فارمولہ، حیاتیاتی اور اینٹی بائیوٹک کے علاج معالجے میں مستحکم جگہ بنالی ہے۔


سرل میں ہم سب انتہائی دلچسپی سے اور مستقل بنیادوں پر جوش و خروش سے اپنے حصہ ڈالنے کے لئے تیار ہیں۔ اسی طرح ہمارے شرکاء، 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 پورڈ کی جانب سے



زہیر رزاق پال والا

ڈائریکٹر

  
سید ندیم احمد  
چیف ایگزیکٹو آفیسر

کراچی: 29 اکتوبر 2021ء

30 ستمبر

2020 2021

(پاکستانی روپے ہزاروں میں)

5,562,484	<b>7,677,861</b>	آمدنی
(3,002,386)	<b>(4,272,631)</b>	فروخت کے اخراجات
2,560,098	<b>3,405,230</b>	مجموعی آمدنی
(1,330,893)	<b>(1,654,605)</b>	آپریٹنگ اخراجات
(72,497)	<b>(92,536)</b>	دیگر آپریٹنگ اخراجات
42,886	<b>40,829</b>	دیگر آمدنی
1,199,594	<b>1,689,918</b>	آپریٹنگ سے آمدنی
(272,479)	<b>(422,603)</b>	مالیاتی اخراجات
927,115	<b>1,276,315</b>	منافع قبل از ٹیکس
(278,779)	<b>(371,846)</b>	انکم ٹیکس اخراجات
648,336	<b>904,469</b>	منافع بعد از ٹیکس

ہولڈنگ کمپنی 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 شرکاءت داروں کے فوائد کو ہمیشہ ترجیح دی ہے اور ہمیں اپنی کاوشوں کے ثمرات پر فخر ہے۔ ہولڈنگ کمپنی اپنی معیاری مصنوعات اور اپنے لوگوں کی غیر معمولی لگن کے ذریعے علاج کے مختلف شعبوں میں اپنی اہمیت برقرار رکھنے میں کامیاب رہی۔

30 ستمبر، 2021 کو ختم ہونے والی مدت کے دوران، ہولڈنگ کمپنی کی مالیاتی کارکردگی شرح مبادلہ کے اتار چڑھاؤ سے متاثر ہوئی۔ تاہم، مشکل معاشی ماحول اور COVID-19 کے غیر معمولی بحران کے باوجود، سرل اپنی مالیاتی کارکردگی میں غیر معمولی ترقی حاصل کرنے میں کامیاب رہا۔

مالیاتی جھلکیاں مختصر آڈیل میں بیان کی گئیں ہیں:

- کمپنی کی خالص سیلز میں 2.12 بلین پاکستانی روپے کا اضافہ ہو یعنی 38 فیصد کی ترقی۔
- کمپنی کے آپریٹنگ منافع میں 499 بلین کا اضافہ ہو یعنی 42 فیصد کی ترقی۔
- بعد از ٹیکس منافع میں 256 بلین پاکستانی روپے یعنی 40 فیصد کا اضافہ ہوا۔

## ڈائریکٹرز کی جائزہ رپورٹ

ڈائریکٹرز 30 ستمبر 2021 کو ختم ہونے والی سہ ماہی مدت کے لئے ہولڈنگ کمپنی کے ایشیائی عبوری مالیاتی معلومات پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔ یہ مالیاتی بیانات بین الاقوامی اکاؤنٹنگ اسٹینڈرڈ (IAS) 34- عبوری فنانشل رپورٹنگ کی ضروریات کے مطابق تیار کیے گئے 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۔

### جائزہ

کرونا وائرس کی وباء اس صدی میں شدید کساد بازاری کا باعث بنی ہے جس کی وجہ سے معاشی سرگرمیاں درہم برہم ہو گئیں، صحت عامہ کی خطرات لاحق ہو گئے، لوگوں کے چین و آرام کو تکلیف پہنچی اور انہیں اپنی ملازمتوں سے ہاتھ دھونے پڑے۔ کرونا وائرس کے 243 ملین کیسز اور اس کی وجہ سے دنیا بھر میں 4.9 ملین سے زائد اموات کی اطلاعات موصول ہوئی ہیں۔ لہذا زندگی کو اس کے معمول پر لانا بے دینا کے لئے ایک چیلنج کی صورت اختیار کر گیا ہے۔ جبکہ ترقی یافتہ معیشتوں کو کرونا وائرس کے وباء کے پھوٹ پڑنے سے بہت زیادہ چیلنج کا سامنا ہے۔ کیونکہ اس کی وجہ سٹ 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 وریئنٹ 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۔

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 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۔ سٹ 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 ڈاؤن کے اقدامات شامل ہیں۔ اسٹیک ہولڈرز تبدیلی کے تاریخی اور موجودہ اسباب کی مد نظر رکھ سکتے ہیں۔ جبکہ وہ 2022 اور اس سے آگے کے لیے اپنی حکمت عملی ترتیب دے رہے ہیں۔

اس شعبے میں 620 سے زائد کمپنیاں کام کر رہی ہیں، جس میں نئے مالکیوں 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 کیئر 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 کا فرامیوں۔

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 کی 11 فیصد حصہ حکومت کو ریوریج اور ڈیولپمنٹ کے ضمن میں دے رہی ہے، لیکن تحقیقاتی محاذ پر مزید بہت کچھ حاصل کیا جاسکتا ہے۔

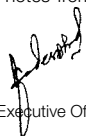


# CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2021

		(Un-audited) September 30 2021	(Audited) June 30, 2021
	Note	(Rupees in '000)	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	8,768,223	8,741,499
Right-of-use asset		76,995	79,410
Investment properties - at cost		3,114,331	2,970,279
Intangible assets	6	16,209,436	15,622,504
Long-term loans and advances		226	325
Long-term deposits		25,709	24,137
		<b>28,194,920</b>	<b>27,438,154</b>
<b>Current assets</b>			
Inventories		4,543,150	4,886,018
Trade receivables	7	11,466,198	10,038,858
Loans and advances	8	1,257,011	1,035,531
Trade deposits and short-term prepayments		182,501	145,493
Accrued markup		-	1,106
Other receivables	9	4,044,566	4,016,938
Short-term investment		115,471	116,721
Taxation - payments less provision		1,122,874	1,243,726
Cash and bank balances		288,785	222,996
		<b>23,020,556</b>	<b>21,707,387</b>
		<b>51,215,476</b>	<b>49,145,541</b>
<b>Total assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital		2,400,405	2,400,405
Share premium		6,049,419	6,049,419
Unappropriated profit		13,691,240	12,776,023
General reserve		280,251	280,251
Revaluation surplus on property, plant and equipment		4,037,691	4,066,913
Attributable to owners of			
The Searle Company Limited - Holding Company		26,459,006	25,573,011
Non-controlling interests		531,655	513,181
		<b>26,990,661</b>	<b>26,086,192</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term borrowings		9,671,690	9,693,174
Deferred tax liabilities		66,041	59,174
Employee benefit obligations		76,886	76,669
Deferred income - Government grant		9,058	9,246
Lease liability		93,092	93,092
		<b>9,916,767</b>	<b>9,931,355</b>
<b>Current liabilities</b>			
Trade and other payables	10	6,635,559	5,088,191
Short term borrowings	11	7,445,517	7,794,044
Unpaid dividend		171,930	171,176
Unclaimed dividend		48,895	49,367
Sales tax payable		3,705	20,800
Current portion of lease liability		2,442	4,416
		<b>14,308,048</b>	<b>13,127,994</b>
		<b>24,224,815</b>	<b>23,059,349</b>
<b>Total liabilities</b>			
<b>Contingencies and commitments</b>			
	12	<b>51,215,476</b>	<b>49,145,541</b>
<b>Total equity and liabilities</b>			

The annexed notes from 1 to 19 form an integral part of these consolidated condensed interim financial statements.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended September 30, 2021 - Unaudited

	Note	Quarter ended	
		September 30, 2021	September 30, 2020
		(Rupees in '000)	
Revenue from contracts with customers	13	7,677,861	5,562,484
Cost of sales		(4,272,631)	(3,002,386)
Gross profit		3,405,230	2,560,098
Distribution cost		(1,310,738)	(1,015,026)
Administrative expenses		(343,867)	(315,867)
Other operating expenses		(92,536)	(72,497)
Other income	14	40,829	42,886
Profit from operations		1,698,918	1,199,594
Finance cost		(422,603)	(272,479)
Profit before income tax		1,276,315	927,115
Income tax expense		(371,846)	(278,779)
Profit for the period		904,469	648,336
Other comprehensive income		-	-
Total comprehensive income		904,469	648,336
<b>Total comprehensive income is attributable to:</b>			
Owners of the The Searle Company Limited - Holding Company		885,995	635,599
Non-controlling interests		18,474	12,737
		904,469	648,336
Basic and diluted earnings per share (Rupees)	15	3.69	2.65

The annexed notes from 1 to 19 form an integral part of these consolidated condensed interim financial statements.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended September 30, 2021 - Unaudited

	Attributable to the owners of the Holding Company							Total
	Capital reserves			Revenue reserves		Sub-Total reserves	Non-Controlling interest	
	Share capital	Share premium	Revaluation surplus on property, plant and equipment	General reserve	Unappropriated profits			
	----- (Rupees in '000) -----							
Balance as at July 01, 2020	2,124,253	1,630,974	1,846,153	280,251	9,605,494	13,362,872	475,408	15,962,533
Transferred from surplus on revaluation of fixed assets - net of deferred taxation: - incremental depreciation for the period	-	-	(12,844)	-	12,844	-	-	-
Total comprehensive income for the period	-	-	-	-	635,599	635,599	12,737	648,336
Balance as at September 30, 2020	<u>2,124,253</u>	<u>1,630,974</u>	<u>1,833,309</u>	<u>280,251</u>	<u>10,253,937</u>	<u>13,998,471</u>	<u>488,145</u>	<u>16,610,869</u>
<b>Balance as at July 01, 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>
Total comprehensive income for the period	-	-	-	-	885,995	885,995	18,474	904,469
Transferred from surplus on revaluation of fixed assets - net of deferred taxation: - incremental depreciation for the period	-	-	(29,222)	-	29,222	-	-	-
<b>Balance as at September 30, 2021</b>	<b><u>2,400,405</u></b>	<b><u>6,049,419</u></b>	<b><u>4,037,691</u></b>	<b><u>280,251</u></b>	<b><u>13,691,240</u></b>	<b><u>24,058,601</u></b>	<b><u>531,655</u></b>	<b><u>26,990,661</u></b>

The annexed notes from 1 to 19 form an integral part of these consolidated condensed interim financial statements.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the period ended September 30, 2021 - Unaudited

	Note	September 30, 2021	September 30, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	16	1,575,196	2,291,728
Employee benefit obligations paid		(2,225)	(232,677)
Finance cost paid		(549,436)	(153,958)
Income tax paid		(244,127)	(133,990)
Interest income received		1,106	-
(Increase) / decrease in long-term deposits		(1,572)	5,825
Lease rentals paid		(6,186)	(2,388)
Decrease / (increase) in long-term loans and advances		99	(78)
Net cash generated from operating activities		<u>772,855</u>	<u>1,774,462</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(124,029)	(446,281)
Consideration for acquisition of wholly owned subsidiary - net		-	(3,087,566)
Sale proceeds on disposal of property, plant and equipment		159	802
Payments for investment properties		(68,846)	(146,491)
Long term investment in subsidiary		(153,277)	-
Purchase of intangible assets		-	(1,027)
Net cash used in investing activities		<u>(345,993)</u>	<u>(3,680,564)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(282)	27,393
Repayment of long-term borrowings		(53,266)	(7,921,608)
Repayment of demand finance facility		(90,667)	-
Proceeds from long-term loan		-	10,374,562
Deferred consideration paid		-	(1,362,000)
(Repayment of) / proceed from export refinance		-	216,500
Net cash generated (used in) / from financing activities		<u>(144,215)</u>	<u>1,334,847</u>
<b>Net increase in cash and cash equivalents</b>		<b>282,647</b>	<b>(571,255)</b>
Cash and cash equivalents at beginning of the period		<u>(7,162,617)</u>	<u>(4,484,264)</u>
<b>Cash and cash equivalents at end of the period</b>	17	<u><u>(6,879,970)</u></u>	<u><u>(5,055,519)</u></u>

The annexed notes from 1 to 19 form an integral part of these consolidated condensed interim financial statements.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the period ended September 30, 2021 - Unaudited

## 1. LEGAL STATUS AND 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. Its shares are quoted on the Pakistan Stock Exchange. The Company is principally engaged in the manufacture of pharmaceutical and other consumer products. The registered office of the Company is situated at One IBL Centre, 2nd Floor, Plot No. 1, Block 7 & 8, D.M.C.H.S, Tipu Sultan Road, Off Shahrah-e-Faisal, Karachi.

International Brands (Private) Limited is the holding company, which holds 56.32% shareholding in the Company.

Following are the subsidiary companies:

	Principal place of business	Effective %age of holding	
		September 30, 2021	June 30, 2021
<b>Listed Company</b>	Pakistan		
- IBL HealthCare Limited		74.19%	74.19%
<b>Unlisted Companies</b>			
- Searle Pakistan Limited {formerly OBS Pakistan (Private) Limited}		100%	100%
- Searle Pharmaceuticals (Private) Limited		100%	100%
- Searle Laboratories (Private) Limited		100%	100%
- Searle Biosciences (Private) Limited		100%	100%
- IBL Future Technologies (Private) Limited		100%	100%
- Nextar Pharma (Private) Limited		87.20%	87.20%

## 2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed

## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2021 - Unaudited

This consolidated condensed interim financial information does not include all information and disclosures required in the financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2021.

### 3. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies and method of computations adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2021, except as otherwise disclosed.

### 4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this consolidated condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of this consolidated condensed interim financial information are the same as those that were applied to financial statements as at and for the year ended June 30, 2021.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2021.

	<b>(Unaudited)</b> <b>September 30,</b> <b>2021</b>	(Audited) June 30, 2021
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>	(Rupees in '000)	
Operating assets - note 5.1	<b>8,134,922</b>	8,256,752
Capital work-in-progress - at cost	<b>633,301</b>	484,747
	<b>8,768,223</b>	8,741,499

**5.1** Details of additions in operating assets including transfers from capital work-in-progress during the period are as follows:

	<b>Additions</b> <b>(at cost)</b>		<b>Disposals</b> <b>(at net book value)</b>	
	<b>September</b> <b>30, 2021</b>	September 30, 2020	<b>September</b> <b>30, 2021</b>	September 30, 2020
	(Rupees in '000)			
Building on leasehold land	<b>39,242</b>	4,686	-	-
Plant and machinery	<b>4,652</b>	6,109	-	-
Furniture & fittings	<b>597</b>	2,094	-	-
Vehicles	-	847	-	(802)
Office equipment	<b>8,088</b>	12,852	<b>(58)</b>	-
	<b>52,579</b>	26,588	<b>(58)</b>	(802)

## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2021 - Unaudited

	(Unaudited) September 30, 2021	(Audited) June 30, 2021
(Rupees in '000)		
<b>6. INTANGIBLES ASSETS</b>		
Operating intangible assets	122,265	135,333
Market authorisation rights	2,200,000	2,200,000
Trademarks / brands	2,500,000	2,500,000
Goodwill pertaining to Nextar Pharma (Private) Limited and Searle Pakistan Limited (formerly OBS Pakistan (Private) Limited)	11,387,171	10,787,171
	<b>16,209,436</b>	<b>15,622,504</b>

## 7. TRADE RECEIVABLES

Considered good

- Export receivables, secured	953,935	514,752
- Due from related parties, unsecured - note 7.1	9,633,575	8,784,916
- Others, unsecured	878,688	739,190
	<b>11,466,198</b>	10,038,858
Considered doubtful - others	163,593	163,593
Less: Provision for doubtful debts	(163,593)	(163,593)
	<b>11,466,198</b>	10,038,858

- 7.1** These are stated net of amount payable to IBL Operations (Private) Limited, United Brands Limited and IBL Logistics (Private) Limited - associated companies amounting to Rs. 0.852 million (June 30, 2021: Rs. 8.527 million), Rs. 0.008 million (June 30, 2021: Rs. 0.040 million) and Rs. 0.013 million (June 30, 2021: Rs. 0.058 million) respectively.

	(Unaudited) September 30, 2021	(Audited) June 30, 2021
(Rupees in '000)		
<b>8. LOANS AND ADVANCES</b>		
- Considered good		
Advances to:		
- employees for operating activities	1,216	98,039
- employees against salaries	213,671	32,620
- advance to associated companies	1,400	1,400
- suppliers	946,211	722,702
- against imports	85,062	157,480
- against LC margin	-	16,585
Other advances	9,169	6,475
	<b>1,256,729</b>	1,035,301
Loans to Related parties:		
- Current portion of long term loan	282	-
Current portion long-term loans to employee	-	230
	<b>1,257,011</b>	1,035,531

## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2021 - Unaudited

	(Unaudited) September 30, 2021	(Audited) June 30, 2021
<b>9. OTHER RECEIVABLES</b>		
(Rupees in '000)		
<b>Receivables from related parties</b>		
Due from group companies:		
- IBL Operations (Private) Limited against Expenses	25,664	20,867
Rental income	2,083	3,516
- IBL Logistics (Private) Limited against Rental Income	1,692	1,692
- IBL Unisys (Private) Limited against Rental Income	163	163
Expenses	440	632
- International Brands (Private) Limited against Expenses	13,721	9,804
Rental income	8,680	28,526
Group Relief	117,089	117,089
- IBL Frontier Market (Private) Limited Expenses	31,385	24,859
Sale of Furniture	635	-
- Universal Ventures (Private) Limited Sale of subsidiary	3,326,859	3,326,859
	<b>3,528,411</b>	<b>3,534,007</b>
<i>Due from other related parties:</i>		
- United Retail (SMC-Private) Limited Rental income	50,474	34,276
Expenses	1,071	1,071
- AKAR Hospital against: Sale of Furniture	147	-
- IBL Identity (Private) Limited Expenses	-	3,111
Receivable from provident fund	-	2,267
	<b>51,692</b>	<b>40,725</b>
Surplus arising under retirement benefit fund	<b>5,250</b>	<b>5,250</b>
	<b>3,585,353</b>	<b>3,579,982</b>
<b>Receivables from other than related parties</b>		
- United Distributors Pakistan Limited against: Rental Income	757	922
Expenses	306	141
- International Franchises (Private) Limited against Expenses	20,059	21,297
Rental income	2,662	3,438
Others, considered good	<b>435,429</b>	<b>411,158</b>
	<b>4,044,566</b>	<b>4,016,938</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.



## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2021 - Unaudited

(Unaudited) (Audited)  
September 30, June 30,  
2021 2021  
(Rupees in '000)

### 10. TRADE AND OTHER PAYABLES

Creditors	<b>1,030,575</b>	687,221
Payable under group relief	-	27,121
Salaries and benefits payable	-	5,555
Bills payable in foreign currency	<b>1,498,575</b>	586,497
Royalty payable	<b>17,318</b>	35,638
Accrued liabilities	<b>2,572,711</b>	2,462,761
Payable to provident fund	<b>16,893</b>	34,203
Advance from customers - unsecured	<b>124,457</b>	201,505
Accrued mark-up	<b>328,949</b>	255,782
Payable for compensated absences	<b>11,495</b>	11,495
Provision for gas infrastructure	<b>9,485</b>	9,485
Deferred payable to UVPL - related party	<b>446,723</b>	260,712
Current portion of deferred income - government grant	<b>25,714</b>	39,999
Taxes deducted at source and payable to statutory authorities	<b>54,213</b>	71,648
Workers' Profit Participation Fund	<b>289,408</b>	228,765
Workers' Welfare Fund	<b>111,636</b>	100,137
Other liabilities	<b>97,407</b>	69,667
	<b><u>6,635,559</u></b>	<u>5,088,191</u>

### 11. SHORT TERM BORROWINGS

#### Secured borrowings:

- Running finance under mark-up arrangements	<b>7,168,755</b>	7,385,613
- Demand finance facility	<b>22,666</b>	113,333
- Current portion of long term borrowing	<b>254,096</b>	295,098
	<b><u>7,445,517</u></b>	<u>7,794,044</u>

**11.1** The holding Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 6,885 million (June 30, 2021: Rs. 6,725 million) which include financing facilities obtained under Islamic mode amounting to Rs. 5,350 million (June 30, 2021: Rs. 5,175 million). The arrangements are secured jointly by registered mortgage of Rs. 1,681.25 million (June 30, 2021 : Rs. 1,681.25 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 (June 30, 2021: Rs. 9,990.42 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).

**11.2** The rates of mark-up ranged between 3% to 9.45% (June 30, 2021: 0.75% to 14.74%) per annum.

## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2021 - Unaudited

### 12. CONTINGENCIES AND COMMITMENTS

#### 12.1 Contingencies

**12.1.1** There has been no significant change in the status of contingencies as reported in the note 30 of annual audited consolidated financial statements of the Company for the year ended June 30, 2021.

#### 12.2 Commitments

**12.2.1** The facility for opening letters of credit and guarantees for the Holding Company as at September 30, 2021 amounted to Rs. 2,755 million (June 30, 2021: Rs. 2,755 million) of which the amount remaining unutilized as at year end amounted to Rs. 1,720 million (June 30, 2021: Rs. 1,489.63 million).

**12.2.2** The facility for opening Letters of Credit (LCs) and running musharaka for IBLHC as at September 30, 2021 amounted to Rs. 590 million (June 30, 2021: Rs. 590 million) of which the amount remained unutilized as at balance sheet date was Rs. 217.76 million (June 2021: Rs. 226.02 million).

**12.2.3** The facility for opening Letters of Credit (LCs) and running musharaka for SPL as at September 30, 2021 amounted to Rs. 1,440 million (June 30, 2021: Rs. 1,440 million) of which the amount remained unutilized as at balance sheet date was Rs. 18 million (June 30, 2021: Rs. 778 million).

**(Unaudited)**                      (Unaudited)  
**September 30,**                      September 30,  
**2021**    2020  
(Rupees in '000)

### 13. REVENUE FROM CONTRACTS WITH CUSTOMERS

Gross sales		
Local sales	<b>7,364,069</b>	5,152,952
Export sales	<b>1,000,687</b>	840,049
	<b>8,364,756</b>	5,993,001
Toll manufacturing	<b>69,294</b>	65,782
	<b>8,434,050</b>	6,058,783
Sales tax	<b>(62,853)</b>	(54,855)
	<b>8,371,197</b>	6,003,928
Less:		
Discounts, rebates and allowances	<b>(263,554)</b>	(220,299)
Sales returns	<b>(429,782)</b>	(221,145)
	<b>(693,336)</b>	(441,444)
	<b>7,677,861</b>	5,562,484

## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2021 - Unaudited

	<b>September 30, 2021</b>	September 30, 2020
	(Rupees in '000)	
<b>14. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Interest on loan to International Brands (Private) Limited	-	2,480
<b>Income from non - financial assets</b>		
Gain on disposal of property, plant and equipment	<b>101</b>	-
Exchange gain	<b>12,038</b>	1,275
Government grant	<b>8,571</b>	8,571
Rental income from investment properties	<b>16,092</b>	30,167
Others	<b>4,027</b>	393
	<b>40,829</b>	40,406
	<b>40,829</b>	42,886
<b>15. BASIC AND DILUTED EARNINGS PER SHARE</b>		
Profit for the year (Rupees '000)	<b>814,011</b>	635,599
Weighted average number of outstanding shares at the end of the period (in thousand)	<b>240,041</b>	240,041
Basic and diluted earnings per share (Rupees)	<b>3.39</b>	2.65
	<b>September 30, 2021</b>	September 30, 2020
	(Rupees in '000)	
<b>16. CASH GENERATED FROM OPERATIONS</b>		
Profit before income tax	<b>1,276,315</b>	927,115
Add / (less): Adjustments for non-cash charges and other items		
Depreciation on property, plant and equipment	<b>113,684</b>	82,135
Depreciation on investment properties	<b>17,424</b>	15,987
Gain on disposal of property, plant and equipment - net	<b>(101)</b>	-
Deferred grant income	<b>(8,571)</b>	(8,571)
Amortisation	<b>13,068</b>	13,145
Provision for retirement benefits obligation	<b>2,442</b>	(792)
Interest income - net	<b>-</b>	(2,480)
Finance cost	<b>122,603</b>	(272,479)
Profit before working capital changes	<b>1,536,864</b>	754,060

## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2021 - Unaudited

**September 30,** September 30,  
**2021**                      2020  
(Rupees in '000)

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

(Increase) / decrease in current assets

Inventories	<b>342,868</b>	(325,954)
Trade receivables	<b>(1,427,340)</b>	542,858
Loans and advances	<b>(221,480)</b>	(164,099)
Trade deposits and short-term prepayments	<b>(35,902)</b>	(40,540)
Tax refunds due from government - Sales tax	<b>-</b>	9,682
Other receivables	<b>(26,378)</b>	867,910
	<b>(1,368,232)</b>	889,857

Increase in current liabilities

Trade and other payables	<b>1,423,659</b>	633,463
Contract liability	<b>-</b>	14,348
Sales tax payable	<b>(17,095)</b>	-
	<b>1,406,564</b>	647,811

Cash generated from operations

**1,575,196**                      **2,291,728**

### 17. CASH AND CASH EQUIVALENTS

Cash and bank balances	<b>288,785</b>	540,328
Short term running finances - note 11	<b>(7,168,755)</b>	(5,595,847)
	<b>(6,879,970)</b>	(5,055,519)

### 18. TRANSACTIONS WITH RELATED PARTIES

The following transactions were carried out with related parties during the period :

Nature of relationship	Nature of transactions	September 30, 2021	September 30, 2020
		(Rupees in '000)	
Holding company	- Corporate service charges	<b>60,000</b>	60,000
	- Rent income	<b>3,670</b>	3,338
	- Income from provision of amenities	<b>3,566</b>	1,905

## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2021 - Unaudited

Nature of relationship	Nature of transactions	September 30, 2021	September 30, 2020
		(Rupees in '000)	
Associated companies	- Revenue	<b>3,809,635</b>	3,144,188
	- Salaries and wages	<b>858</b>	-
	- Purchases	<b>1,888</b>	-
	- Carriage and duties	<b>16,956</b>	14,102
	- Discounts claimed	<b>31,294</b>	25,618
	- Rent expense	<b>39,560</b>	2,425
	- Rent income	<b>5,800</b>	18,897
	- Stock claims	<b>118,393</b>	60,380
	- Internet services	<b>1,139</b>	2,961
	- Income from Provision of Amenities	<b>14,911</b>	6,338
	- Donations	<b>6,634</b>	9,009
	- Incentives to field force staff	<b>1,284</b>	3,166
	- Repair & maintenance	<b>337</b>	38
	- Merchandising Services	<b>5,466</b>	-
- Others	<b>1,803</b>	2,605	
Staff retirement	- Fund	<b>37,414</b>	34,565
	- Benefits paid	<b>20,710</b>	22,300
Key management employees compensation	- Salaries and other employee benefits	<b>58,402</b>	49,127
	- Contributions to Provident Fund	<b>5,212</b>	4,310

**18.1** The status of outstanding balances with related parties as at September 30, 2021 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.

### 19. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was approved and authorised for issue by the Board of Directors of the Company on October 29, 2021.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



**SEARLE**

THE SEARLE COMPANY LIMITED

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