

SEARLE

Research in the service of mankind

Think
Sustainably
make a change

ANNUAL REPORT
2022



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SEARLE

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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.

Promotes 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.

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.







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

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
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



Sustainable Living – Your Choices Impact Our Planet

The world is facing some daunting challenges in the form of climate change, water scarcity, inequality and hunger. These issues are having a negative impact on social progress, environmental balance and economic growth. In order to address these problems, it is essential that we adopt a sustainable lifestyle.

Sustainable living involves making choices that help to protect the environment and reduce our reliance on natural resources. It also means taking action to improve social condition and promote economic development. By making sustainable choices, we can help to make the world a better place for future generations.

For ensuring global well-being the United Nations approved the 2030 Agenda which contains 17 Sustainable Development Goals (SDGs) that require active involvement at individual, organizational and global level.



Contribution towards sustainable growth

Searle is committed to align with the United Nations Sustainable Development Goals (SDGs). We recognize that the SDGs provide a roadmap for building a better future for all and are dedicated to doing our part to help achieve them.

We are committed to serving and contributing to establish a culture of trust, empowerment, and growth. We believe that inclusive economic opportunities are essential for achieving the SDGs and ensuring that our people and businesses remain robust and significant for whatever the future holds.

Searle's Environment Policy shows commitment toward sustainability of natural resources

ENVIRONMENT POLICY

The Searle Company limited is committed to the protection of the environment by reducing the environment impact of our actives, preventing pollution and promoting the sustainability of the natural resources upon which we depend, while providing quality products that meet the needs of our consumers. Establish measurable and defined objectives to ensure consistence environmental compliance.

We are also committed to:

- Assess and seek to minimize the impact of business of business activities on environment.
- Continual improvement of our environmental performance.
- Meet or exceed the requirements of all applicable environmental laws and regulations.

The Searle Company limited expects all employees to carry out their job responsibilities in accordance with this policy and report any environmental concern they have, to the management

A handwritten signature in black ink, appearing to read "A. Searle".

Chief Executive Officer
The Searle Company Limited

During the year the following initiatives have been successfully undertaken in order to comply with the 17 SDGs:

Successful commissioning of Effluent Treatment Plant – F319

Water is a finite resource and to achieve efficient re-use of wastewater and alignment with Sindh Environmental Protection Agency, Searle responded to the challenge and achieved successful commissioning of wastewater treatment plant.

It is based on chemical and biological system which is known as “Moving Bed Bio film Reactor” (MBBR) technology. It can handle up to 170-meter cube/day of wastewater. The Effluent Treatment Plant is designed to cater for two streams of wastewater. One is the process wastewater and other one is domestic wastewater from the site. This project involves a refurbishment exercise of the existing Septic tanks and construction of underground wastewater tanks and package type effluent treatment plant, catering for both the process i.e., wastewater and the sewage.

Effluent Treatment plant helped us to achieve:

- Implementation of SEARLE sustainability agenda.
- Full compliance with local legal requirement.
- ZERO effluent discharge site.
- Re-use discharge treated wastewater for gardening purpose.
- Plantation of new 150 plants through re-use wastewater.
- 50% of non-covered area is Green and Target of GO GREEN is 100%.
- Cost of 180 water bowser tanker saved from using re-use wastewater per annum.
- Carbon footprint reduction up to 2.6-ton CO2 per annum.
- Road safety - 2,160 less vehicle trips per annum.

Waste Mapping:

Following is the breakup of Waste 2021-22

- 1- Recycle waste..... 67%
- 2- Landfill 12%
- 3- Compose fertilizer 08%
- 4- Incineration 13%

Landfill to Recycling

1- Composite Fertilizer (Avg 2 ton/month):

Canteen Food waste is sent to SEPA approved vendor who utilises waste for converting canteen food waste into fertilizer that is required for making site greener.

Environment Monitoring Compliance:

In order to reduce our carbon footprint, we ensure responsible consumption and reduction in atmospheric pollutants. A treatment plant has been installed at our factory along with consistent monitoring of resource consumption the statistical results of which have been defined below:

Effluent Treatment Plant:

S. No	Parameter	UOM	Last Test Results	SEQS Limit
1	Temperature	C	22	40
2	PH	-	7	6-9
3	COD	mg/l	140	150
4	TSS	mg/l	98	200
5	TDS	Mg/l	866	3500

Particulate Matter Monitoring:

S. No	Parameter	UOM	Last Test Results	SEQS Limit
1	Particulate Matter	$\mu\text{g}/\text{m}^3$	50	-
2	PM10	$\mu\text{g}/\text{m}^3$	37	-
3	PM2.5	$\mu\text{g}/\text{m}^3$	22	-

Stack Monitoring Test: Boiler 1 (Gas Fired)

S. No	Parameter	UOM	Last Test Results	SEQS Limit
1	Oxides of nitrogen (NO_x)	mg/Nm^3	21	400
2	Carbon Monoxide (CO)	mg/Nm^3	56	800
3	Noise	dB	75	85

Stack Monitoring Test: Boiler 2 (Diesel Fired)

S. No	Parameter	UOM	Last Test Results	SEQS Limit
1	Oxides of nitrogen (NO_x)	mg/Nm^3	10	400
2	Carbon Monoxide (CO)	mg/Nm^3	18	800
3	Noise	dB	75	85

Stack Monitoring Test: Generator (Diesel)

S. No	Parameter	UOM	Last Test Results	SEQS Limit
1	Particulate Matter	mg/Nm ³	95	300
2	Sulphur Oxide (So _x)	mg/Nm ³	27	1700
3	Oxides of Nitrogen (NO _x)	mg/Nm ³	94	600
4	Carbon Monoxide (CO)	mg/Nm ³	241	800

Stack Monitoring Test: Absorption Chiller (Gas Fired)

S. No	Parameter	UOM	Last Test Results	SEQS Limit
1	Oxides of nitrogen (NO _x)	mg/Nm ³	42	400
2	Carbon Monoxide (CO)	mg/Nm ³	15	800

Vehicle Monitoring Test: Ambulance (Petrol)

S. No	Parameter	UOM	Last Test Results	SEQS Limit
1	Smoke	Ringlemann	1	2
2	Carbon Monoxide (CO)	%	0.05	6
3	Noise	dB(A)	65	85

Good health and wellbeing

- Celebrated HSE week and engaged employees in different wellbeing programs like drawing competitions, surprise quiz on health and well being that is appreciated by gift prize.
- Annual cricket tournament arranged for employees.
- Medical health checkup arranged on annual basis.
- Audiometry tests arranged for employees for those who work in noisy areas.
- Pulmonary functional test arranged for employees who are exposed to products.
- Long service award given to employees who work for more than 5 years.
- Canteen kitchen staff medical test are performed biannually.

Moreover, we have undertaken two main sustainable projects recycling around renewable energy and water recycling:

- 1– Simplifying process and improve change over time to improve energy conservation.
- 2– Utilisation of treated wastewater into boiler feed water and chiller.

We at Searle believe that our people are just as precious a resource for which reason we constantly strive to ensure their mental health-being, skill based trainings, creation of internal growth opportunities and reduction in gender inequalities. To ensure the same following initiatives have been rolled out by our Human resource department:

Job Crafting:

This opportunity was launched specially for the employees with a growth mindset, who felt the need to redesign their work role consistent with their strengths, motives, and interest – thus empowering them to their full potential.

For this activity, we conducted 2 awareness sessions and received 47 Job Crafting request forms. We were glad to see the response we received as it shows that people here are interested in self-advancement. Currently, we are in the process of conducting one-on-one sessions with employees who had submitted forms. For a better overview and knowledge, below are some benefits:

- Enhanced personal and organisational performance
- Greater engagement and enjoyment in what you do at work
- Adding more challenges, promotes mastery, personal development by improving skills
- It helps us achieve our 'ideal' career status
- It makes us happier – Helps our employees approach their work with more energy/enthusiasm

Employee Satisfaction Survey:

In our ongoing efforts to improve the employee experience, Group HR rolled out an Employee Satisfaction Survey to record the voice of our people. A detailed survey with a 5-point rating scale and 9 focal areas for employee opinions were sent to a population of around 4,489 employees across all operating companies. We were glad to see the interest of employees in this activity as we received a whopping 75% response rate just within 3 weeks.

After collecting survey results, we evaluated different scores and indexes and found that the Net Promoter Score (a metric that measures how employees feel about their company) is 50%, and the Employee Engagement Score (a metric that measures employees' engagement with their jobs or day-to-day work) is 4.18. These scores allowed us to evaluate where the organization currently stands in practices and determine what it has to accomplish for optimal performance. We thank all our employees who participated for their input and the time taken to submit responses.

Employee Trainings:

The Searle Company Limited	No. of Participants	Sessions	Training Hours
All Staff except Field Force	786	52	1,442
Field Force	2,558	140	46,764
Session Name			
Excel in Selling (3 Days)	1,765		
3SP	673		
Coaching Conversations	100		
TTT(03)-Coaching for HP	20		

Notice of 57th Annual General Meeting

Notice is hereby given that the 57th Annual General Meeting (AGM) of the members of The Searle Company Limited (the “Company”) will be held on Friday, October 28, 2022 at 04:30 p.m. through video link facility to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of annual general meeting held on October 28, 2021.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2022 together with the Directors’ and Independent Auditors’ reports thereon.
3. To appoint external auditors of the Company for the ensuing year, and to fix their remuneration. The present auditors M/s. A. F. Ferguson & Co., Chartered Accountants, have retired and being eligible have offered themselves for re-appointment.

SPECIAL BUSINESS

4. To approve the issue of bonus shares in the ratio of 25 shares for every 100 shares held i.e 25% 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 780,131,700/- out of the un-appropriated profits of the Company be capitalized and applied towards the issue of 78,013,170 ordinary shares of PKR 10/- each and 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, 2022, in the proportion of 25 shares for every hundred ordinary shares held and that such new shares shall rank pari-passu with the existing ordinary shares.

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.”

5. To consider the increase of authorized share capital of the Company from PKR 4.0 billion to PKR 6.0 billion divided into 600,000,000 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 4,000,000,000/- divided into 400,000,000 ordinary shares of PKR10/- each to PKR 6,000,000,000/- divided into 600,000,000 ordinary shares of PKR10/- each, by the creation of 200,000,000 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 6,000,000,000/- divided into 600,000,000 ordinary shares of PKR10/- each.”

Article 3 of Articles of Association “The authorized capital of the Company is PKR 6,000,000,000/- divided into 600,000,000 ordinary shares of PKR10/- each.”

Notice of 57th Annual General Meeting

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 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 155 million approximately which includes allowances and other benefits as per terms of their employment for the year ending June 30, 2023 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.”

7. To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2022 by passing the following special resolution with or without modification:

“**RESOLVED** that the transactions carried out with Related Parties as disclosed in the note 42 of the unconsolidated financial statements for the year ended June 30, 2022 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.”

8. To authorize the Board of Directors of the Company to approve transactions with Related Parties for the financial year ending June 30, 2023 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 period up to the conclusion of next AGM.

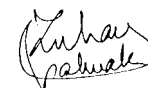
FURTHER RESOLVED that these transactions by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval.”

OTHER BUSINESS

9. To transact any other business with the permission of the Chair.

“Statement under Section 134(3) of the Companies Act, 2017 in respect of special business contained in Agenda Item Numbers 4, 5, 6, 7 and 8 is annexed to the notice being sent to the members.”

By order of the Board



Zubair Razzak Palwala
Director & Company Secretary

Karachi: October 7, 2022



Notice of 57th Annual General Meeting

NOTES:

A. Participation in the AGM through Video Link Facility

The Company intends to convene the Annual General Meeting (AGM) through video link facility managed from the 3rd Floor, One IBL Center, Plot No. 1, Block 7 & 8, Tipu Sultan Road, Off Shahrah-e-Faisal, Karachi for the safety and well-being of all its stakeholders. Meeting through video link facility is being held in line with Company's austerity cum safety measures in the wake of the current macroeconomic situation and devastating floods in the country and the outbreak of Dengue fever in Karachi. For the foregoing reasons, the Company plans to convene the AGM electronically which, without compromising the safety and well-being of its stakeholders, shall allow accommodation of a large number of members across the country. Needless to mention that Corona SOPs are largely irrelevant in the given circumstances and their observance cannot alleviate the above concerns of the Company.

Shareholders interested in attending the AGM through video link facility are hereby advised to get themselves registered with the Company by providing the following information through email muhammad.suleman@searlecompany.com earliest but not later than 48 hours before the time of the AGM i.e. before 4:30 p.m. on October 26, 2022.

Name of Shareholder	CNIC No.	Folio No./ CDC Account No.	No. of shares	Cell No.	Email address

Online meeting link and login credentials will be shared with only those members who provide their intent to attend the meeting containing all the required particulars as mentioned above on or before October 26, 2022 by 4:30 p.m.

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 Shahrah-e-Faisal, Karachi-75530 not less than 48 hours before the 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. In case of corporate entity, the Board of Directors' Resolution and/or Power of Attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

B. Book closure

The share transfer books will remain closed from October 22, 2022 to October 28, 2022 (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 Shakra-e-Faisal, Karachi-74400 at the close of business on October 21, 2022 shall be considered in time for the purpose of attending the Annual General Meeting and entitlement of bonus shares.

C. Dividend Mandate (Mandatory)

In accordance with the provisions of Section 242 of the Companies Act 2017, and Regulation 4 of the Companies (Distribution of Dividends) Regulations 2017, a listed company is required to pay cash dividend to the shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders instead of issuing physical dividend warrants.

In compliance with the above law, in order to receive dividends directly in your bank account, you are requested to provide the information mentioned in the Form placed at the Company's website www.searlecompany.com otherwise the Company would be constrained to withhold payment dividend (if any)

Notice of 57th Annual General Meeting

in terms of Regulation 6 of the Companies (Distribution of Dividends) Regulations 2017. Shareholders shall submit the information directly to their brokers/ Central Depository Company Ltd. If the shares are held in the electronic form or to the Company's Share Registrar if the shares are held in physical form.

D. Deposit of Physical Shares in CDC account

As per section 72 of the Companies Act, 2017 every listed company is required to replace its physical shares with book-entry form. Therefore, the shareholders having physical shares are requested to convert the shares into book entry.

E. Withholding tax on Dividend

Currently, the deduction of withholding tax on the amount of dividend paid by the companies under section 150 read with division I of Part III of the First Schedule of the Income Tax Ordinance, 2001, are as under:

- i. for persons appearing in Active Tax Payer List (ATL): 15%
- ii. for persons not appearing in Active Tax Payer List (ATL): 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%.

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.

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)

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.

Notice of 57th Annual General Meeting

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.

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 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 4 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 twenty-five 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 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 2.0 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 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.

Notice of 57th Annual General Meeting

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

- Item 7 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.

All transactions with related parties to be ratified have been disclosed in the note 42 to the unconsolidated financial statements for the year ended June 30, 2022. Party-wise details of such related party transactions are given below:

Nature of relationship	Nature of transactions	PKR '000
Parent Company		
International Brands (Private) Limited	Corporate service charges	240,000
	Rent income	15,306
	Income from provision of amenities	19,977
	Expenses	18,760
	Dividend Paid	260,077
The Company has issued Bonus shares to the Parent Company and its nominee shareholders in the ratio of 30 shares for every 100 shares held.		
Subsidiary Companies:		
IBL Healthcare Limited	Revenue	327,258
	Dividend income	39,009
	Rent income	3,529
	Income from provision of amenities	2,501
	Others	2,062
	Bank guarantee	350
	Reimbursement of expenses	34,062
IBL Healthcare Limited has issued bonus shares to the Company - note 8.1.1.2		
The Company has created a pledge on ordinary shares of IBL Healthcare Limited in favour of UVPL - note 8.1.2.1		
The Company has obtained a musharaka facility against the properties of IBL Healthcare Limited - note 22.3		



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Searle Biosciences (Private) Limited	Revenue	125,798
	Dividend income	444,000
	Reimbursement of expenses	98,928
	Advances provided	390,819
	Right shares subscribed - note 8.1.3	780,000
Searle Laboratories (Private) Limited	Advances refunded	2,001
Searle Pharmaceuticals (Private) Limited	Advances provided	275
Searle Pakistan Limited	Revenue	209,088
	Rent income	8,645
	Income from provision of amenities	5,167
	Dividend income	1,149,406
	Sales Promotion Expenses	14,177
	Material loan given	4,367
	Material loan obtained	1,235
	Purchases	174,054
	Material Price Differential	21,025
Searle Pakistan Limited has issued bonus shares to the Company - note 8.1.2.4		
The Company has obtained a musharaka facility against the property, plant and equipment of Searle Pakistan Limited - note 22.3		
Nextar Pharma (Private) Limited	Reimbursement of expenses	27,268
	Purchases	7,751

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Associated Companies:		
IBL Operations (Private) Limited	Revenue	14,931,324
	Rent income	6,874
	Income from provision of amenities	8,897
	Carriage and duties	41,402
	Discounts claimed	341,471
	Rent expense	7,647
	Merchandise expense	34,509
	Internet services	621
	Incentive to field force staff	16,457
	Salaries and wages	5,856
	Inventory claims	873,206
	Rent for warehouse	121,668
	Purchases	138
	Others	354
	Dividend Paid	113
Reimbursement of expenses	1,969	
Advance Stock claims Paid	905,855	
Universal Ventures (Private) Limited	Acquisition of subsidiary - note 8.1.2	600,000
	Deferred payment	260,712
United Brands Limited	Purchases	552
	Others	21
IBL Frontier Markets (Private) Limited	Purchase of fixed assets	6,942
	Reimbursement of expenses	788
	Income from provision of amenities	27,018
IBL Unisys (Private) Limited	Rent income	2,038
	Income from provision of amenities	2,245
	IT services	10,189
Prime Health (Private) Limited	Product sample expense	7,018

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IBL Logistics (Private) Limited	Carriage and duties	130,818
	Repair and maintenance	514
	Discounts claimed	12,500
	Purchases	1,920
	Transportation charges	41,946
	Expenses paid by the Company	3,346
United Retail (Private) Limited	Rent income	14,167
	Income from provision of amenities	2,955
Universal Retail (Private) Limited	Rent income	8,316
	Income from provision of amenities	60,699
	Salaries and wages	1,542
	Donations	2,821
	Purchases of Property, Plant and Equipment	2,293
	Purchases	302
	Expenses paid by the Company	1,462
	Others	215
Mycart (Private) Limited	Purchases	129
AKAR Hospital	Donations	9,312
	Medical charges paid	61
Multinet Private Limited	Internet services	5,148
The Hunar Foundation	Donations	20,000
Sabaq Learning Foundation	Donations	15,000
The Indus Hospital	Donations	5,500
Pakistan Stock Exchange	Listing fees	4,611
Searle Pakistan Limited Provident Fund	Interest repayment	13,887
Staff retirement benefits	Contributions to Provident Fund	150,975
	Benefits paid	275,643
Key management employees compensation	benefits	334,448
	Contributions to Provident Fund	23,359

Notice of 57th Annual General Meeting

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 42 to the unconsolidated financial statements for the year ended June 30, 2022. The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

- **Item 8 of the notice - authorize the Board of Directors to approve the related party transactions during the year ending June 30, 2023**

The Company shall be conducting transactions with its related parties during the year ending June 30, 2023 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 period up to the conclusion of next AGM which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions are 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.



Chairman's Review

For the year ended June 30, 2022

To my fellow shareholders,

It gives me great pleasure to present a review report under the requirement of Section 192 of the Companies Act, 2017.

The financial year 2021-22 was heavily dominated by challenges arising from the ongoing economical and political instability in Pakistan, significant depreciation of Pakistani Rupee against US Dollar ongoing increase in policy rate, rising international fuel prices that had a direct impact on the country's fuel prices and supply chain disruptions due to the accelerating climate change crisis.

While the factors resulted in cost escalation, the company strived to deliver sustainable financial performance whereby the company recorded a turnover of PKR 17.74 billion which reflects a growth of 7% meanwhile the company posted a profit of PKR 2.09 billion. As the pharmaceutical industry is dampened by high reliance of imported active pharmaceutical ingredients (APIs), the high volatility in exchange rates negatively impacted profit margin of company in addition to the factors such as high inflation, increased policy rates and energy costs as entailed above.

OVERVIEW

The pharmaceutical and healthcare industry in Pakistan has faced a number of challenges in recent year, including significant devaluation of the Pakistani rupee and unprecedented inflationary pressures. These challenges have put pressure on the industry, with companies struggling to keep up with rising costs. The devaluation of the PKR has made imported raw materials and finished products more expensive, while inflation has increased the cost of doing business.

Despite these challenges, the pharmaceutical and healthcare industry in Pakistan continues to grow. The country's large population and growing middle class provide a huge potential market for companies operating in the sector.

The industry grew by 15% in last 12 months (as per IMS) and is estimated to be around \$3.2 billion (PKR 656 billion). The vast majority of this market is dominated by local companies, which account for approximately 69% of the total market share.

Multinational companies make up the remaining 31% of the market. Of these top companies, the top 25 constitute approximately 73% of the total market, while the top 50 companies account for around 90%. The Pakistani pharmaceutical market is highly competitive, with a large number of local and generic companies vying for market share. 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.

Searle was able to persevere through such challenging times resulting in a growth in its turnover. The company stood tall to its commitment to work today for a better and secure tomorrow by ensuring availability of products to patients, unwavering efforts of the management to partially offset the cost pressures, strategic allocation of resources, increasing field engagement and obtaining price increase.

We have an established legacy of creating tremendous value for all our stakeholders by striving to maintain our prominence in therapeutic areas through quality products. With the dedication of our exceptional people we continue to accelerate our efforts to make a lasting and meaningful impact to lead in improving the quality of human life.

BUILDING OUR LEGACY TO INNOVATE AND GROW

Continuing our legacy of innovation and growth, Searle intends on initiating proceedings for initial public offering of its newly acquired subsidiary, Searle Pakistan Limited (SPL) [formerly known as OBS Pakistan (Private) Limited] to raise funds from equity. The capital raised will be used for further expansion of SPL's business.

Our seasoned and experienced management team has a track record of navigating a relatively turbulent regulatory environment and has delivered a 6-year sales CAGR of 11%. 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, 2022 has continued to grow its revenue.

The year ended June 30, 2022 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 increased by PKR 1.17 billion i.e. 7%.
- The profit from operations grew by PKR 200 million i.e. 5%.
- The profit after tax of the Company amounted to PKR 2 billion.

KEY INITIATIVES

Searle is committed to continue advancing its market share in the domestic and international pharmaceutical market. The company will focus on expanding its specialty generic branded portfolios and targeting differentiated products, especially in the segments of Cardiovascular, Cold & Cough, Diabetes, Infant formula, Probiotics and Antibiotics. These initiatives will help Searle maintain its position as a leading player in the pharmaceutical sector.

At Searle, we are committed to providing products of the highest quality. To that end, our key priority is to ensure continuous CGMP & Regulatory compliance while increasing our product volumes and portfolio. We have been investing in new manufacturing equipment and frequent facility upgrades, and we are continuing to improve our processes and human capabilities to meet global regulatory standards

at all manufacturing facilities. Our ultimate goal is to ensure that patients have access to safe and effective medicines.

Searle's commitment to continuous improvement extends to our adoption of best-in-class enterprise resource planning (ERP) systems. Our implementation of SAP is designed to give us greater control over inventory, more agile financial decision-making, and improved performance management.

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 seven meetings of the Board of Directors held in year ended June 30, 2022. 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 2022.

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.

On behalf of Searle's board of directors and leadership team, I want to thank you for your continued support. I also want to express my appreciation to our more than 2,300 employees for their dedication to ethics and our mission. It is our shared privilege to work at the leading edge of progress for a company that makes such a positive difference in so many people's lives every day.

I am proud of what we have accomplished together over the past year and am confident that we will continue to make progress in the year ahead. As always, we remain committed to acting with integrity, transparency, and respect in everything we do.

I would like to acknowledge the leadership of our CEO, Mr. Nadeem Ahmed, and his executive team in steering the Company into a new era of growth and profitability. Their commitment to excellence is evident in every aspect of our operations, and I am proud to be associated with such a talented and dedicated group of individuals.

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



Adnan Asdar Ali
Chairman

Karachi: October 03, 2022

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 2022 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 اسٹریکچر 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 صورتحال 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۔

میں آپ کا سرل بورڈ آف ڈائریکٹرز اور قیادت ٹیم کی جانب سے مستقل معاونت کرنے پر شکریہ ادا کرتا ہوں۔ میں 2300 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۔

مجھے یہ کہتے ہوئے فخر ہے کہ ہم نے گزشتہ سال کے دوران جو کچھ مل کر حاصل کیا ہے اور مجھے یقین ہے کہ ہم آنے والے سال میں بھی مزید ترقی کریں گے۔ لہذا ہمیشہ کی طرح، ہم اپنے کام میں دیانتداری، شفافیت اور ایک دوسرے کے ساتھ احترام کے ساتھ کام کرنے کے لیے پُر عزم رہیں گے۔

میں کمپنی کو ترقی اور منافع کے ایک نئے دور کی طرف لے جانے میں اپنے سی ای او جناب ندیم احمد اور ان کی ایگزیکٹو ٹیم کی قیادت کا اعتراف کرنا چاہوں گا۔ ان کی فضیلت سے وابستگی ہمارے آپریشنز کے ہر پہلو سے عیاں ہے اور مجھے ایسے باصلاحیت اور سرشار افراد کے گروپ سے وابستہ ہونے پر فخر ہے۔

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

چیئرمین

کراچی: 03 اکتوبر 2022

جدت اور ترقی کی روایت کا تسلسل

جدت اور ترقی کی ہماری وراثت جاری رکھتے ہوئے، سرل، ایکویٹی سے فنڈز اکٹھا کرنے کے لیے، اپنی نئی حاصل کردہ ذیلی کمپنی، سرل پاکستان لمیٹڈ (سابقہ او۔بی۔ایس پاکستان پرائیویٹ لمیٹڈ) کے I.P.O کے لیے اپنی کارروائی شروع کرنے کا ارادہ رکھتا ہے۔ اس طرح جمع ہونے والے سرمائے کو سرل پاکستان لمیٹڈ کے کاروبار کی مزید توسیع کے لیے استعمال کیا جائے گا۔

ہماری تجربہ کار اور تجربہ کار انتظامی ٹیم کے پاس نسبتاً ہنگامہ خیز ریگولیٹری ماحول کو نیوگیٹ کرنے کا ٹریک ریکارڈ ہے اور اس نے 11% کی 6 سالہ سیلز CAGR فراہم کی ہے۔ یہ ترقی بڑی حد تک نامیاتی (نئی دواؤں کا تعارف) رہی ہے، جسے درج ذیل اقدامات کی صورت میں اس کے پائیدار مسابقتی فوائد سے سہولت فراہم کی گئی ہے:-

- (i) جارحانہ 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 دیکھ بھال پر بڑھتے ہوئے اخراجات کا رجحان شامل ہے۔

مالیاتی کارکردگی

سرل کی مالی کارکردگی گزشتہ کئی سالوں سے شاندار رہی ہے اور 30 جون 2022 کو ختم ہونے والے سال کے دوران کمپنی کی کارکردگی نے اس کی آمدنی میں مسلسل اضافہ کیا ہے۔

30 جون 2022 کو ختم ہونے والا سال، گزشتہ سالوں کی مالیاتی کارکردگی کو مد نظر رکھتے ہوئے، سرل کے لیے ایک چیلنجنگ سال ثابت ہوا ہے۔ لہذا مجھے درج ذیل اور نمایاں مالیاتی خصوصیات بتاتے ہوئے خوشی محسوس ہو رہی ہے:

- کمپنی کی فروخت میں 1.17 بلین یعنی 7% کا اضافہ ہوا۔
- آپریشنز سے حاصل ہونے والے منافع میں 200 بلین روپے کا اضافہ ہوا جو 5 فیصد کے لگ بھگ ہے۔
- کمپنی کا بعد از ٹیکس حاصل ہونے والا منافع 2 ارب روپے ریکارڈ کیا گیا۔

کلیدی اقدامات

سرل ملکی اور بین الاقوامی فارماسیوٹیکل مارکیٹ میں اپنے مارکیٹ شیئر کو آگے بڑھانے کے لیے پُر عزم ہے۔ کمپنی اپنی بالخصوص عام برانڈڈ پورٹ فولیو کو وسعت دینے اور خاص طور پر قلبی، نزلہ اور کھانسی، ذیابیطس، بچوں کے فارمولے، پروبائیوٹکس اور اینٹی بائیوٹکس کے شعبوں میں مختلف مصنوعات کو ہدف بنانے پر توجہ دے گی۔ ان اقدامات سے سرل کو فارماسیوٹیکل کے شعبے میں ایک سرکردہ کھلاڑی کے طور پر اپنی پوزیشن برقرار رکھنے میں بڑی مدد ملے گی۔

سرل میں ہم اعلیٰ ترین معیار کی مصنوعات فراہم کرنے کے لیے پُر عزم ہیں۔ اس مقصد کے لیے ہماری اہم ترجیح یہ ہے کہ ہم اپنی مصنوعات کے حجم اور پورٹ فولیو میں اضافہ کرتے ہوئے مسلسل CGMP اور ریگولیٹری تعمیل کو یقینی بنائیں۔ ہم مینوفیکچرنگ کے نئے آلات اور اکثر سہولت کے اپ گریڈ میں سرمایہ کاری کر رہے ہیں اور ہم تمام مینوفیکچرنگ کی سہولیات پر عالمی ریگولیٹری معیارات پر پورا اترنے کے لیے، اپنے عمل اور انسانی صلاحیتوں کو بہتر بنا رہے ہیں۔ لہذا ہمارا حتمی مقصد یہ امر یقینی بنانا ہے کہ مریضوں کو محفوظ اور موثر ادویات تک رسائی حاصل ہو۔

مسلسل بہتری کے لیے سرل کا عزم، ہمارے بہترین درجے کے انٹریپرائز ریسورس پلاننگ (ERP) سسٹمز کو اپنانے تک پھیلا ہوا ہے۔ SAP پر ہمارا نفاذ، ہمیں انوبنٹری پر زیادہ کنٹرول، زیادہ چُست مالی فیصلہ سازی اور بہتر کارکردگی کا انتظام فراہم کرنے کے لیے، ڈیزائن کیا گیا ہے۔

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 2022 کے دوران بورڈ آف ڈائریکٹرز کے سات اجلاس منعقد ہوئے۔ اس کے علاوہ بورڈ کی آڈٹ کمیٹی کے پانچ اور ہیومن ریسورسز اور ریگولیشنز کمیٹی کا ایک اجلاس منعقد ہوا۔

چیسر مین کا جائزہ برائے اختتامی سال 30 جون، 2022

میرے عزیز حصص یافتگان،

مجھے کمپنیز ایکٹ 2017 کے سیکشن 192 کے تحت، ایک جائزہ رپورٹ پیش کرتے ہوئے بہت خوشی محسوس ہو رہی ہے۔

مالی سال 2021-22 پاکستان میں جاری معاشی اور سیاسی عدم استحکام سے پیدا ہونے والے چیلنجز کا بہت زیادہ غلبہ تھا۔ امریکی ڈالر کے مقابلے پاکستانی روپے کی قدر میں غیر معمولی کمی، پالیسی ریٹ میں جاری اضافے، بین الاقوامی طور پر لہندہ صحن کی قیمتوں میں اضافہ اور اس کے ساتھ تیز رفتار موسمیاتی تبدیلی کے بحران کی وجہ سے سپلائی چین میں رکاوٹیں پیدا ہوئی۔

ان عوامل کے نتیجے میں کاروباری لاگت میں اضافہ ہوا، کمپنی نے پائیدار مالی کارکردگی پیش کرنے کی کوشش کی، جس کے تحت کمپنی نے PKR 17.74 بلین کا کاروبار ریکارڈ کیا، جو کہ 7% کی نمو کو ظاہر کرتا ہے جبکہ کمپنی نے PKR 2.09 بلین کا منافع کمایا۔ چونکہ فارماسیوٹیکل انڈسٹری درآمد شدہ ایکٹو فارماسیوٹیکل اجزاء (APIs) پر منحصر ہے، لہذا شرح مبادلہ میں زیادہ اتار چڑھاؤ نے کمپنی کے منافع کے مارجن کو منفی طور پر متاثر کیا ہے۔ اس کے علاوہ بڑے پیمانے پر افراط زر، پالیسی کی شرح میں اضافہ اور توانائی کے اخراجات میں اضافہ ہوا ہے۔

جائزہ

پاکستان میں فارماسیوٹیکل اور صحت کی دیکھ بھال کی صنعت کو حالیہ برسوں میں متعدد چیلنجز کا سامنا کرنا پڑا ہے جس میں پاکستانی روپے کی قدر میں نمایاں کمی اور مہنگائی کا غیر معمولی دباؤ شامل ہے۔ ان چیلنجز نے صنعت پر دباؤ ڈالا ہے۔ یہی وجہ ہے کہ کمپنیاں اپنے بڑھتے ہوئے اخراجات کو برقرار رکھنے کے لیے جدوجہد کر رہی ہیں۔ اسی طرح PKR کی قدر میں کمی نے درآمد شدہ خام مال اور تیار مصنوعات کو مزید مہنگا کر دیا ہے جبکہ افراط زر نے کاروبار کرنے کی لاگت کو بڑھا دیا ہے۔

ان چیلنجز کے باوجود، پاکستان میں فارماسیوٹیکل اور صحت کی دیکھ بھال کی صنعت مسلسل ترقی کر رہی ہیں۔ ملک کی بڑی آبادی اور بڑھتا ہوا متوسط طبقہ، اس شعبے میں کام کرنے والی کمپنیوں کے لیے ایک بڑی ممکنہ مارکیٹ فراہم کرتا ہے۔

گزشتہ 12 مہینوں میں (آئی ایم ایس کے مطابق) انڈسٹری میں 15 فیصد اضافہ ہوا اور اس کا تخمینہ تقریباً 3.2 بلین ڈالر (656 بلین روپے) ہے۔ اس مارکیٹ کی اکثریت پر مقامی کمپنیوں کا غلبہ ہے، جو کل مارکیٹ شیئر کا تقریباً 69% ہے۔ جبکہ ملٹی نیشنل کمپنیاں مارکیٹ کا بقیہ 31 فیصد حصہ بناتی ہیں۔ ان سرفہرست کمپنیوں میں سے، ٹاپ 25 کل مارکیٹ کا تقریباً 73% ہیں جبکہ ٹاپ 50 کمپنیوں کا حصہ تقریباً 90% ہے۔

پاکستانی فارماسیوٹیکل مارکیٹ انتہائی مسابقتی ہے، جس میں بڑی تعداد میں مقامی اور عام کمپنیاں مارکیٹ شیئر کے لیے کوشاں رہتی ہیں۔ قومی کمپنیوں کی فروخت میں نمو، ملٹی نیشنل کمپنیوں کے مقابلے زیادہ رہی ہے، کیونکہ یہ مارکیٹ بنیادی طور پر کم قیمت والی جزک مارکیٹ ہے جس میں بڑی تعداد میں نئی جزک ادویات زیادہ یونٹ کی قیمت پر لانچ کی جاتی ہیں۔ اس طرح پاکستانی فارماسیوٹیکل مارکیٹ میں تقریباً 620 کمپنیاں کام کر رہی ہیں جن میں سے 31 سے کم ملٹی نیشنل کمپنیاں ہیں۔ چنانچہ دواسازی کی صنعت پاکستان کے جی ڈی پی میں سالانہ تقریباً 1 فیصد کا حصہ ڈالتی ہے۔

سرل اس طرح کے مشکل وقتوں میں ثابت قدم رہنے کے قابل تھی جس کے نتیجے میں اس کے کاروبار میں اضافہ ہوا ہے کمپنی مریضوں کو پروڈکٹس کی دستیابی کو یقینی بنا کر، لاگت کے دباؤ کو جزوی طور پر دور کرنے کے لیے انتظامیہ کی اہل کوششوں، وسائل کی تزویراتی تقسیم، فیلڈ کی مصروفیت میں اضافہ اور قیمتوں میں اضافہ کے ذریعے اور آج کے بہتر اور محفوظ کل کے لیے کام کرنے کے اپنے عزم پر قائم ہے۔

ہمارے پاس معیاری مصنوعات کے ذریعے اور علاج کے شعبوں میں اپنی اہمیت کو برقرار رکھنے کی کوشش کرتے ہوئے، اپنے تمام اسٹیک ہولڈرز کے لیے زبردست قدر پیدا کرنے کی ایک قائم شدہ میراث موجود ہے۔ اپنے غیر معمولی لوگوں کی گلن کے ساتھ، ہم انسانی زندگی کے معیار کو بہتر بنانے کے لیے اپنا دیا پر اور با معنی اثر ڈالنے کے لیے اپنی کوششوں کو تیز کرتے رہتے ہیں۔





Floods in Pakistan

Since mid-June 2022 extreme monsoon weather in Pakistan led to the country's worst flooding since 2010. The country was reported to receive rainfall equivalent to nearly five times the national 30-year average. The calamity triggered a humanitarian crisis as the National Disaster Management Authority reported approximately 33 million people were affected by the heavy rains, floods and landslides, including at least 7.9 million people who were displaced, of whom some 598,000 are living in relief camps. Further, the devastating floods caused over 1,600 deaths and more than 12,850 injuries. In August 2022, Pakistan declared a state of emergency because of the devastating flooding situation. The government of Pakistan estimated losses worth USD 40 billion from the flooding.

Directors' Report to the Members

The Directors take pleasure in presenting the annual report together with the audited financial statements of your company for the year ended June 30, 2022.

This information is submitted 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 57th Annual General Meeting of the Company to be held on October 28, 2022

impressive CAGR of 11% in its revenue. This growth in revenue was driven by 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 challenging and unprecedented 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, 2022. The company reported revenue of Rs. 17.74 billion. Profit after tax of the Company amounted to PKR 2.09 billion.

OVERVIEW

The pharmaceutical industry in Pakistan faced unprecedented challenges during the year ended June 30, 2022. The devaluation of rupee against US dollar by 29% had a devastating effect on the cost of production as 90% of the pharmaceutical API's are imported. To combat the inflationary pressure, State Bank of Pakistan increased the policy rate from 7% in July 2021 to 15% in June 2022 which resulted in increase in finance cost of the companies. In addition to this, fuel and electricity prices were increased significantly due to removal of subsidies as part of the requirements of IMF program. The increase in fuel and electricity cost also resulted in increasing cost of production of the industry. Further, a new sales tax regime was introduced under which pharmaceutical inputs were made taxable resulting in huge sales tax refunds and working capital being stuck up in the form of sales tax refunds. Despite these challenges, the pharmaceutical industry was able to sustain its growth due to increasing awareness about health care after COVID 19 pandemic, increase in volumes, introduction of new products etc.

OPERATING RESULTS

Searle is a company which has a firm commitment and vision for enhancing the quality of life of its customers by offering them high 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.

Over last six years Searle has recorded an

	June 30,	
	2022	2021
	(Rupees in thousand)	
Revenue	17,737,282	16,569,596
Cost of sales	(9,089,252)	(8,020,891)
Gross Profit	8,648,030	8,548,705
Operating expenses	(6,109,872)	(5,290,138)
Other operating expenses	(149,077)	(206,816)
Other income	1,865,180	1,005,284
Profit from operations	4,254,261	4,057,035
Finance cost	(1,924,800)	(1,322,366)
Profit before tax	2,329,461	2,734,669
Income tax expense	(238,744)	(611,745)
Profit after taxation	2,090,717	2,122,924

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.

EARNINGS PER SHARE

Basic earnings per share after taxation for the period was Rs. 6.70 (2021-Restated: Rs. 7.01). 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, 2022.

DIVIDEND

The Board of Directors has recommended stock dividend of 25% for the year ended June 30, 2022. During the previous year ended June 30, 2021, the Company declared cash dividend of 20% and stock dividend of 30% 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

SUBSIDIARIES OF THE COMPANY

Following are the subsidiary companies:

	Principal place of business	Percentage of effective holding	
		June 30, 2022	June 30, 2021
Listed Company			
- IBL HealthCare Limited		74.19%	74.19%
Unlisted Companies			
- Searle Pakistan Limited	Pakistan	100.00%	100.00%
- Searle Pharmaceuticals (Private) Limited		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%
- Nextar Pharma (Private) Limited *		87.20%	87.20%

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

PATTERN OF SHAREHOLDING

The pattern of shareholding along with categories of shareholders as at June 30, 2022 as required under section 227 of the Companies Act, 2017 and Listing Regulations is presented on pages 247 to 249 of the annual report 2022.

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

the Auditors of the Company for the financial year ending June 30, 2023, at a mutually agreed fee.

HOLDING COMPANY

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

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, 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 2022, 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 42 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 Directors & executives:

Name	Shares Purchased	Shares Disposed
Mr. Moujood UI Hassan	1,100	-
Mrs. Mahboob Khan	-	120,000

DIRECTORS' TRAINING PROGRAM

During the year one director attended the DTP. Currently, five directors have attained DTP certification. The company has planned to arrange DTP Certification for the remaining of the directors over the next one year

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:

	2022	2021	2020	2019	2018	2017 (Re-stated)	2016
ASSETS EMPLOYED							
Property, plant and equipment	6,660,249	5,577,984	3,707,635	2,879,439	1,714,141	1,235,640	808,692
Right of use assets	69,750	79,410	121,515	-	-	-	-
Intangible assets	58,965	94,214	131,438	164,913	189,068	207,732	69,885
Investment properties-at cost	2,753,904	2,490,049	2,203,890	2,458,041	2,456,565	2,460,614	2,483,919
Long-term investments- subsidiaries	18,816,311	17,436,311	1,686,186	1,686,186	1,686,186	1,486,186	2,636,202
Long-term loans and deposits	7,396	7,721	7,754	7,666	7,548	1,791	1,949
Deferred assets		-	-	-	-	443	-
Non-current assets classified as held for sale		-	-	-	-	600,278	-
Net current assets	8,153,595	8,822,872	9,597,938	7,470,720	6,337,546	4,636,991	2,984,954
Total assets employed	36,520,411	34,508,561	17,456,356	14,666,965	12,391,054	10,629,675	8,985,601
FINANCED BY							
Issued, subscribed and paid-up capital	3,120,527	2,400,405	2,124,253	2,124,253	1,847,177	1,539,314	1,227,523
Reserves and unappropriated profit	20,324,319	19,336,033	13,300,048	11,342,852	9,893,014	8,385,533	6,952,694
Shareholder's equity	23,444,845	21,736,438	15,424,301	13,467,105	11,740,191	9,924,847	8,180,217
Surplus on revaluation of fixed assets	3,592,613	2,751,216	1,446,517	1,050,800	574,331	443,511	296,961
Long-term and deferred liabilities	9,482,953	10,020,907	585,538	149,060	76,532	261,317	508,423
Total capital employed	36,520,411	34,508,561	17,456,356	14,666,965	12,391,054	10,629,675	8,985,601
Turnover	17,737,282	16,569,596	16,567,219	14,537,198	12,675,110	10,753,751	9,561,490
Profit before tax	2,329,461	2,734,669	3,304,478	2,830,180	3,233,223	2,874,933	2,520,295
Profit after tax	2,090,717	2,122,924	2,455,077	2,641,946	3,049,164	2,638,745	2,089,388
Profit after tax as % of turnover	11.79	12.81	14.82	18.17	24.06	24.54	21.85
Profit after tax as % of capital employed	5.72	6.15	14.06	18.01	24.61	24.82	23.25
Dividends							
Cash (%)	NIL	20	25	25	50	100	50
Stock (%)	25	30	NIL	NIL	15	30	24

COMPOSITION OF THE BOARD OF DIRECTORS

There have been seven directors on the Board. The composition of the board as at June 30, 2022 is as follows:

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

No person other than those mentioned above, have at any time during the year ended June 30, 2022 served as the director of the company.

MEETINGS OF THE BOARD OF DIRECTORS

During the year, seven 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	5
Mrs. Shaista Khaliq Rehman	7
Mr. Syed Nadeem Ahmed	7
Mr. Zubair Palwala	7
Dr. Atta Ur Rehman	5
Mr. Munis Abdullah	4
Mr. Mufti Zia Ul Islam	7

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	4
Dr. Atta Ur Rehman	5

HUMAN RESOURCE AND REMUNERATION COMMITTEE

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 Rehman	1

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

Subsequent to the year end, on July 14, 2022, the Board of Directors have authorized the Company to enter into a transaction with its related party i.e. Universal Ventures (Private) Limited for the sale of the property located at plot # B - 168, S.I.T.E, Nooriabad, District Jamshoro, Sindh measuring approximately 25 acres for a total sale consideration of Rs. 510 million.

The Board of Directors of the Company in the meeting held on October 03, 2022, resolved to acquire the 100% shareholding of Steller Ventures (Private) Limited (SVPL) from Universal Ventures (Private) Limited (UVPL) - a related party of the Company, at a valuation to be determined and negotiated by the management of the Company with UVPL on arms length basis, to be adjusted against Company's receivable balance as disclosed in note 15.13, subject to due diligence and approval of the shareholders under the provisions of Section 199 of the Companies Act, 2017. In case the valuation of the SVPL comes less than the receivable balance, the balance will be settled in cash by UVPL.



On October 03, 2022, the Board of Directors of the Company has approved to increase the authorized share capital of the Company from Rs. 4 billion divided into 400 million ordinary shares of Rs. 10 each to Rs. 6 billion divided into 600 million ordinary shares of Rs. 10 each, by the creation of 200 million additional ordinary shares at nominal value of Rs. 10 each to rank pari passu in every respect with the existing ordinary shares of the Company. The said resolution would be presented to members in the forthcoming annual general meeting.

VALUE OF INVESTMENTS

The value of investment of provident fund based on their un-audited / audited accounts as on June 30, 2022 and June 30, 2021 respectively was as follows:

	2022	2021
	Rs '000	
Provident Fund	711,953	896,504

FUTURE OUTLOOK

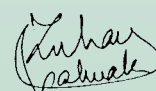
Searle is strongly committed to growing and increasing its market share among its competitors and maintaining its organic and in-organic growth despite the current socio-economic, political and environmental challenges. Ongoing volatility in exchange rates, inflation, increase in global commodity prices, increased fuel/logistics cost and interest rate nevertheless pose a risk to the company's future profitability.

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. In the longer run, Searle is focusing on emerging portfolios including bio-similars, medical devices, nutraceuticals and

For and on behalf of the Board



Syed Nadeem Ahmed
Chief Executive Officer



Zubair Palwala
Director

genome sciences. As part of this strategy, the new manufacturing facility acquired at Port Qasim will be used to facilitate in further strengthening our nutraceutical portfolio.

The overly regulated drug pricing mechanism and non-conducive regulatory framework poses another challenge as delays in new product approvals adversely affects the patients well being and treatment. Further, until the current mechanism for approval of hardship cases is reassessed, delays in price increase negatively impact the gross profit of the company during such hyperinflationary period. In addition, the ongoing increase in interest rates the company is incurring higher finance cost which is affecting our cash cycle.

Torrential monsoon rains triggered the most severe flooding in Pakistan's recent history, washing away villages and leaving millions of people homeless. As floodwaters now slowly recede, the scale of damage is being assessed. Hundreds of thousands of homes have been damaged or destroyed, while many public health facilities, water systems and schools have been destroyed or damaged. People in flood hit areas are living out in the open with their families, with no drinking water, no food, and no livelihood, exposed to a wide range of new flood-related risks and hazards, including from damaged buildings and drowning in floodwaters. In these testing times, Searle following its legacy of its commitment towards society is working in collaboration with humanitarian organizations in relief activities being carried on in the form of medical camps, free medicines and providing other necessities of life.

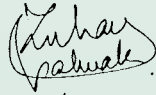
At Searle, we are all highly motivated and willing to contribute enthusiastically for the progress of the Company. Same is the case with our partners, suppliers and customers, for which we are thankful and expect the same zeal and zest for future contribution. We assure Searle will continue to work hard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


Karachi: October 03, 2022

پاکستان کی حالیہ تاریخ میں مومن سون کی طوفانی بارشوں نے سب سے زیادہ شدید سیلاب کو جنم دیا جس سے نہ صرف سینکڑوں دیہات بہہ گئے بلکہ لاکھوں لوگ بھی بے گھر ہوئے۔ چونکہ اب سیلاب کا پانی آہستہ آہستہ کم ہو رہا ہے لہذا نقصان کے پیمانے کا اندازہ لگایا جا رہا ہے۔ اب تک لاکھوں گھر تباہ و برباد ہو چکے ہیں۔ جب کہ صحت عامہ کی بہت سی سہولیات، پانی کے نظام اور اسکول وغیرہ بھی بربادی کا شکار ہو چکے ہیں۔ سیلاب زدہ علاقوں میں لوگ اپنے خاندانوں کے ساتھ کھلے عام رہ رہے ہیں، جن میں پیسے کا پانی نہیں ہے، خوراک نہیں ہے اور نہ ہی کوئی اور ذریعہ معاش ہے۔ لوگ سیلاب سے متعلق نئے خطرات کے ایک وسیع سلسلے سے دوچار ہیں، جن میں تباہ شدہ عمارتوں اور سیلاب کے پانی میں ڈوبنے کے واقعات بھی شامل ہیں۔ آزمائش کے اس وقت میں، سرل معاشرے کے ساتھ اپنی وابستگی کی وراثت پر عمل کرتے ہوئے، طبی کیمپوں، مفت ادویات اور زندگی کی دیگر ضروریات کی فراہمی کی صورت میں جاری امدادی سرگرمیوں میں انسانی ہمدردی کی تنظیموں کے ساتھ مل کر کام کر رہی ہے۔

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 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 پال والا
 ڈائریکٹر


 سید ندیم احمد
 چیف ایگزیکٹو آفیسر

کراچی: 03 اکتوبر 2022

کمپنی کے بورڈ آف ڈائریکٹرز نے 03 اکتوبر 2022 کو ہونے والے اجلاس میں اسٹیبلر وینچرز (پرائیویٹ) لمیٹڈ (SVPL) کی یونیورسل وینچرز (پرائیویٹ) لمیٹڈ (UVPL) جو کہ ایک متعلقہ پارٹی ہے اس کی 100 فیصد شیئر ہولڈنگ حاصل کرنے کا فیصلہ کیا ہے Valuation کا تعین Arm's Length پہ کیا جائے گا۔ اور اس کے مطابق قابل وصول بیلنس جو کہ نوٹ نمبر 15.13 میں موجود ہے اس کو Adjust کر دیا جائے گا۔ اگر Valuation کم ہوئی Receivable Balance سے تو Settlement نقد رقم میں کی جائے گی۔ اس معاملے کو کمپنیز ایکٹ 2017 کی دفعہ 199 کے تحت انجام دیا جائے گا۔

کمپنی کے بورڈ آف ڈائریکٹرز نے 30 اکتوبر کو ہونے والے اجلاس میں کمپنی کے سرمائے ۴ بلین جو کہ ۴۰۰ ملین شیئرز پر مشتمل ہے سے ۶ بلین کو کہ ۶۰۰ ملین شیئرز پر مشتمل ہے کرنے کی منظوری دی ہے یہ قرارداد کمپنی کے سالانہ اجلاس میں حصص یافتگان کے سامنے پیش کی جائے گی۔

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، 2022 اور 30 جون، 2021 کو بالترتیب درج ذیل تھی:

2021	2022	پروویڈنٹ فنڈ
896,504	711,953	
Rs '000		

مستقبل پر ایک نظر

سرل موجودہ سماجی، اقتصادی، سیاسی اور ماحولیاتی چیلنجوں کے باوجود اپنے حریفوں کے درمیان اپنے مارکیٹ شیئر کو بڑھانے اور اپنی نامیاتی اور غیر نامیاتی ترقی کو برقرار رکھنے کے لیے پرعزم ہے۔ شرح مبادلہ میں جاری اتار چڑھاؤ، افراط زر، عالمی اجناس کی قیمتوں میں اضافہ، ایندھن / لاجسٹکس لاگت میں اضافہ اور شرح سود اس کے باوجود کمپنی کے مستقبل کے منافع کے لیے خطرہ ہے۔

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 اینٹی بائیوٹک کے علاج معالجے میں مستحکم جگہ بنالی ہے۔

اس طویل عرصے میں سرل ابھرتے ہوئے پورٹ فولیوز پر توجہ مرکوز کر رہا ہے، جس میں بائیوسمیملر، میڈیکل ڈیوائسز، نیوٹراسیوٹیکلز اور جینوم سائنسز شامل ہیں۔ اس حکمت عملی کے تحت، پورٹ قاسم پر حاصل کی گئی نئی مینوفیکچرنگ کی سہولت کو ہمارے نیوٹراسیوٹیکل پورٹ فولیو کو مزید مضبوط بنانے کے لیے استعمال کیا جائے گا۔

حد سے زیادہ ریگولیٹڈ ادویات کی قیمتوں کا تعین کرنے کا طریقہ کار اور غیر سازگار ریگولیٹری فریم ورک، ایک اور چیلنج ہے۔ کیونکہ نئی مصنوعات کی منظوری میں تاخیر، مریضوں کی صحت اور علاج پر منفی اثر ڈالتی ہے۔ مزید یہ کہ، جب تک مشکل معاملات کی منظوری کے موجودہ طریقہ کار کا از سر نو جائزہ نہیں لیا جاتا، قیمتوں کے اضافے میں تاخیر، اس طرح کے افراط زر کی مدت کے دوران کمپنی کے مجموعی منافع پر منفی اثر ڈالتی ہے۔ اس کے علاوہ، شرح سود میں مسلسل اضافے سے کمپنی کو مالیاتی لاگت زیادہ ہو رہی ہے، جس سے ہمارے کیش سائیکل پر اثر پڑ رہا 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	4
ڈاکٹر عطاء الرحمان	5

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۔

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

سال کے اختتام کے بعد، 14 جولائی 2022 کو، بورڈ آف ڈائریکٹرز نے کمپنی کو اپنی متعلقہ پارٹی یعنی یونیورسل وینچرز (پرائیویٹ) لمیٹڈ کے ساتھ پلاٹ #168-B پر واقع پراپرٹی کی فروخت کے لیے لین دین کرنے کا اختیار دیا ہے۔ S.I.T.E، نوری آباد، ضلع جامشورو، سندھ جس کی پیمائش تقریباً 25 ایکڑ ہے جس کی کل فروخت پر غور کیا جا رہا ہے۔ 510 ملین تمام دعویوں، لیزز، بوجھ، تنازعات، واجبات، بوجھ، مطالبات اور واجبات سے پاک ہے۔

بورڈ آف ڈائریکٹرز کی تشکیل

بورڈ میں سات ڈائریکٹر موجود ہیں۔ بورڈ کی تشکیل 30 جون 2022 کے مطابق مندرجہ ذیل ہے:

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

مذکورہ بالا افراد کے علاوہ کسی بھی فرد نے 30 جون 2022 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 7 اجلاس منعقد ہوئے۔ بورڈ ممبران کی میٹنگوں میں شرکت کا خلاصہ درج ذیل ہے:

ڈائریکٹر کے نام	اجلاسوں میں شرکت
جناب عدنان اصدر علی	5
محترمہ شائستہ خالق رحمن	7
جناب سید ندیم احمد	7
جناب زبیر پال والا	7
ڈاکٹر عطاء الرحمن	5
جناب مونس عبداللہ	4
جناب مفتی ضیاء الاسلام	7

6 سالوں کے لئے اہم آپریٹنگ اور مالیاتی تفصیل درج ذیل ہے۔

2016	2017 (Re-stated)	2018	2019	2020	2021	2022	
							لاگو کردہ اثاثہ جات
808,692	1,235,640	1,714,141	2,879,439	3,707,635	5,577,984	6,660,249	املاک، پلائٹس اور ایکویٹی
-	-	-	-	121,515	79,410	69,750	استعمال اثاثہ جات کا حق
69,885	207,732	189,068	164,913	131,438	94,214	58,965	غیر معمولی اثاثہ جات
2,483,919	2,460,614	2,456,565	2,458,041	2,203,890	2,490,049	2,753,904	مالیت پر جائیدادوں میں سرمایہ کاری
2,636,202	1,486,186	1,686,186	1,686,186	1,686,186	17,436,311	18,816,311	طویل مدتی سرمایہ کاری۔ ذیلی اداروں
1,949	1,791	7,548	7,666	7,754	7,721	7,396	طویل مدتی قرضے اور ڈپازٹس
-	443	-	-	-	-	-	ڈیفرڈ اثاثہ جات
-	600,278	-	-	-	-	-	نان کرنٹ اثاثہ جات کا سیٹلائز فروخت کے لئے دستیاب
2,984,954	4,636,991	6,337,546	7,470,720	9,597,938	8,822,872	8,153,595	خالص کرنٹ اثاثہ جات
8,985,601	10,629,675	12,391,054	14,666,965	17,456,356	34,508,561	36,520,411	مجموعی زیر عمل اثاثہ جات
							سرمایہ کاری کا ذریعہ
1,227,523	1,539,314	1,847,177	2,124,253	2,124,253	2,400,405	3,120,527	جاری کردہ، سبسکرائبڈ اور ادا شدہ سرمایہ
6,952,694	8,385,533	9,893,014	11,342,852	13,300,048	19,336,033	20,324,319	ریزرو اور غیر منتقل شدہ منافع جات
8,180,217	9,924,847	11,740,191	13,467,105	15,424,301	21,736,438	23,444,845	حصص یافتگان کی ایکویٹی
296,961	443,511	574,331	1,050,800	1,446,517	2,751,216	3,592,613	فکسڈ اثاثہ جات کی دوبارہ قدر و قیمت پر اضافہ
508,423	261,317	76,532	149,060	585,538	10,020,907	9,482,953	کنٹرول نہ کئے جانے والا مفاد
8,985,601	10,629,675	12,391,054	14,666,965	17,456,356	34,508,561	36,520,411	طویل مدتی غیر معمولی شدہ مالیاتی ذمے داریاں
9,561,490	10,753,751	12,675,110	14,537,198	16,567,219	16,569,596	17,737,282	ٹرن اور
2,520,295	2,874,933	3,233,223	2,830,180	3,304,478	2,734,669	2,329,461	منافع قبل از ٹیکس
2,089,388	2,638,745	3,049,164	2,641,946	2,455,077	2,122,924	2,090,717	منافع بعد از ٹیکس
21.85	24.54	24.06	18.17	14.82	12.81	11.79	منافع بعد از ٹیکس بمطابق ٹرن اور کا فیصد
23.25	24.82	24.61	18.01	14.06	6.15	5.72	منافع بعد از ٹیکس بمطابق زیر عمل سرمائے کا فیصد
50	100	50	25	25	20	NIL	منافع مستقر
24	30	15	NIL	NIL	30	NIL	نقد (فیصد)
24	30	15	NIL	NIL	30	25	اسٹاک (فیصد)

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 انجم 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 لیویٹی 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۔
- 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 نرخوں کے بہترین طریقہ کار سے روگردانی نہیں کی جاتی ہے۔

ویب سائٹ

ہمارے تمام شراکت داروں اور عوام الناس دی سرل کمپنی لمیٹڈ کی ویب سائٹ 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 2022 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 42 ملاحظہ کریں۔

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	1,100	-
مسز محبوب خان	-	120,000
		ڈائریکٹر کی شریک حیات

ڈائریکٹرز کا تربیتی پروگرام

سال کے دوران ایک ڈائریکٹر نے ڈی ٹی پی میں شرکت کی ہے۔ فی الحال پانچ ڈائریکٹرز نے ڈی ٹی پی سرٹیفیکیشن حاصل کر لیا ہے۔ کمپنی نے اگلے ایک سال کے دوران بقیہ ڈائریکٹرز کے لیے ڈی ٹی پی سرٹیفیکیشن کا انتظام کرنے کا منصوبہ بھی بنایا ہے۔

کو سمجھنے اور اسے پورا کرنے کی کوشش میں جڑے رہتے ہیں، جبکہ کاروباری کاموں کے تمام شعبوں میں مستقل بہتری کی تلاش میں سرگرداں 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۔

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 البینا 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، (SAP) کو کامیابی کے ساتھ تعینات کیا ہے۔

ہولڈنگ کمپنی

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

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، 2022
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%

پاکستان

لسٹڈ کمپنی

- آئی بی ایل ہیلتھ کیئر لمیٹڈ

غیر لسٹڈ کمپنیاں

- سرل پاکستان لمیٹڈ
- سرل فارماسیوٹیکلز (پرائیویٹ) لمیٹڈ
- سرل لیباریٹریز (پرائیویٹ) لمیٹڈ
- سرل بائیوسائنسز (پرائیویٹ) لمیٹڈ
- آئی بی ایل فیوچر ٹیکنالوجیز (پرائیویٹ) لمیٹڈ
- نیکسٹ فارما (پرائیویٹ) لمیٹڈ

شیئر ہولڈنگ کا طریقہ کار

30 جون 2022 کے مطابق شیئر ہولڈنگ کا طریقہ کار بشمول حصص یافتگان کی کمیٹیگریز جیسا کہ کمپنیز ایکٹ 2017 کے سیکشن 227 اور لسٹنگ ریگولیشنز کے تحت ضروری ہے، سالانہ رپورٹ 2022 کے صفحہ نمبر 247 تا 249 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 گروپ کو اس نوعیت کا گروپ بنائے رکھیں کہ ہم سب کو اس کا حصہ ہونے پر فخر ہو۔ ہم اپنے صارفین کی ضروریات

June 30,
2021 2022
(پاکستانی روپے ہزاروں میں)

16,569,596	17,737,282	آمدنی
(8,020,891)	(9,089,252)	فروخت کے اخراجات
8,548,705	8,648,030	مجموعی آمدنی
(5,290,138)	(6,109,872)	آپریٹنگ اخراجات
(206,816)	(149,077)	دیگر آپریٹنگ اخراجات
1,005,284	1,865,180	دیگر آمدنی
4,057,035	4,254,261	آپریٹنگ سے آمدنی
(1,322,366)	(1,924,800)	مالیاتی اخراجات
2,734,669	2,329,461	منافع قبل از ٹیکس
(611,745)	(238,744)	انکم ٹیکس اخراجات
2,122,924	2,090,717	منافع بعد از ٹیکس

کمپنی ڈاکٹر کورنچ، پروڈکٹ پورٹ فولیو کی پھیگی، نئے برانڈز کے تعارف، ریچر پروڈکٹ مکس اور برانڈنگ کی کوششوں کی وجہ سے اپنی مالیاتی کارکردگی کو برقرار رکھنے میں کامیاب رہی ہے۔

فی شیئر آمدنی

بنیادی آمدنی فی شیئر بعد از ٹیکس 6.70 روپے رہی (7.01 روپے: 2021)۔ کمپنی کی بنیادی آمدنی فی حصص پر ڈائیلوشن کا کوئی اثر نہیں پڑا، کیونکہ کمپنی کے 30 جون، 2022 کا کوئی کنورٹبل ڈائیلوشن پوٹینشل آڈریزی شیئرز باقی نہیں تھے۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 30 جون 2022 کو ختم ہونے والے سال کیلئے 25 فیصد اسٹاک کے بونس شیئرز کی سفارش کی ہے۔

30 جون 2021 کو ختم ہونے والے گزشتہ سال کے دوران، گروپ نے 20 فیصد نقد منافع اور 30 فیصد اسٹاک کے بونس شیئر 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 2023 کو ختم ہونے والے مالی سال کے لئے باہمی طے شدہ معاوضے پر کمپنی کے آڈیٹر کی حیثیت سے ان کی دوبارہ تقرری کی توثیق کرتے ہیں۔

ڈائریکٹرز رپورٹ برائے حصص یافتگان

ڈائریکٹرز سالانہ رپورٹ مع سال مختتمہ 30 جون 2022 کے لئے کمپنی کے آڈٹ شدہ مالیاتی حسابات پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔ یہ معلومات کمپنیز ایکٹ 2017 کی دفعہ 227 اور لسٹڈ کمپنیوں کے (کارپوریٹ گورننس کے ضابطے) کی ریگولیشنز 2019 کے باب XII کے مطابق تیار کی گئی ہے۔

یہ رپورٹ کمپنی کی 28 اکتوبر 2022 کو منعقد ہونے والے 57 ویں سالانہ اجلاس عام میں ممبران کو پیش کی جائے گی۔

جائزہ

پاکستان میں دواسازی کی صنعت کو 30 جون 2022 کو ختم ہونے والے سال کے دوران غیر معمولی چیلنجز کا سامنا کرنا پڑا ہے۔ امریکی ڈالر کے مقابلے میں روپے کی قدر میں 29 فیصد کمی کا پیداواری لاگت پر تباہ کن اثر پڑا کیونکہ 90 فیصد فارماسیوٹیکل API درآمد کیے جاتے ہیں۔ مہنگائی کے دباؤ سے نمٹنے کے لیے اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ کو 7 فیصد سے بڑھا کر جون 2022 تک 15 فیصد کر دیا جس کے نتیجے میں کمپنیوں کی مالیاتی لاگت میں اضافہ ہوا۔ اس کے علاوہ آئی ایم ایف پروگرام کی ضروریات کے تحت سبسڈی ختم کرنے کی وجہ سے ایندھن اور بجلی کی قیمتوں میں نمایاں اضافہ ہوا۔ ایندھن اور بجلی کی قیمت میں اضافے سے صنعت کی پیداواری لاگت بھی بڑھ گئی۔ مزید یہ کہ سیلز ٹیکس کا ایک نیا نظام متعارف کرایا گیا جس کے تحت فارماسیوٹیکل ان پٹس کو قابل ٹیکس بنایا گیا جس کے نتیجے میں سیلز ٹیکس ریفرنڈز اور کمپنی کا ورکنگ کیپیٹل سیلز ٹیکس ریفرنڈز کی صورت میں پھنس گئے ہیں۔ ان چیلنجز کے باوجود، دواسازی کی صنعت کو 19 ویں سال کے بعد صحت کی دیکھ بھال کے بارے میں بڑھتی ہوئی آگاہی، حجم میں اضافہ، نئی مصنوعات متعارف کرانے وغیرہ کی وجہ سے اپنی ترقی کو برقرار رکھنے میں کامیاب رہی۔

آپریٹنگ نتائج

سرل ایک ایسی کمپنی ہے جس نے ہمیشہ اعلیٰ معیار کی ہیلتھ کیئر خدمات کے ذریعے مریضوں کی زندگی کو بہتر بنانے کی کوشش کی ہے۔ مریضوں اور شیمز ہولڈرز کے مفادات کو اپنی بنیادی ترجیح بناتے ہوئے ہم نے ایک مستحکم اور مستند پوزیشن حاصل کر لی ہے۔ اور ہم اپنی کوششوں سے حاصل ہونے والے اثرات پر فخر کرتے ہیں۔

پچھلے چھ سالوں میں سرل نے اپنی آمدنی میں 11 فیصد کا متاثر کن CAGR ریکارڈ کیا ہے۔ محصولات میں یہ اضافہ حجم میں مسلسل اضافے اور DRAP قیمتوں کی پالیسی کے مثبت اثرات کے ساتھ مصنوعات کی متنوع ترخ سے ہوا، جو کہ اب سالانہ (CPI) 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 اپنے 30 سال، جون 2022 کے دوران ایک متاثر کن کارکردگی حاصل کرنے میں کامیاب ہوا۔ اس طرح کمپنی نے 17.74 بلین کی آمدنی کی رپورٹ دی ہے جبکہ کمپنی کا بعد از ٹیکس منافع PKR 2.09 بلین تھا۔

Flood Relief Camps

Torrential monsoon rains triggered the most severe flooding in Pakistan's recent history, washing away villages and leaving millions of people homeless. People in flood affected areas are exposed to a wide range of new flood-related risks and hazards. In these testing times, Searle following its legacy of its commitment towards society is working in collaboration with humanitarian organisations in relief activities being carried on in the form of medical camps, free medicines and providing other necessities of life.

Fully functional mobile medical units and medical camps were set up in Degree, Umerkot, Nabisar and Jhaddu which provided emergency aid to approximately 3,300 victims of the calamity. Along with essential medicines, primary healthcare, and an array of medical services, the camps provided continuous counseling to the displaced population who are suffering from a barrage of illnesses, including mental health issues, malaria, diarrhea, skin infections, urinary tract Infections, acute respiratory infections, and gastroenteritis.



قوری سیدیکل کمپنی
SEARLE

قوری سیدیکل کمپنی
FLOOD RELIEF MEDICAL CAMP
International
Clinic

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 for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The 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, 2022.



A. F. Ferguson & Co
Chartered Accountants
Karachi

Dated: October 07, 2022
UDIN: CR202210073GP2w9JWNL

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Statement of Compliance

with Listed Companies (Code Of Corporate Governance) Regulations, 2019
for the year ended June 30, 2022

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

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

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

2. The composition of the Board is as follows:

	Category	Number	Names
i)	Independent directors*		
	Male	01	Dr. Atta Ur Rehman
	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.*

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Following Directors attended Directors' Training Program till June 30, 2022.

Names of Directors:
Syed Nadeem Ahmed
Zubair Razzak Palwala
Munis Abdullah
Shaista Khaliq Rehman
Mufti Zia Ul Islam



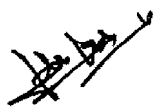
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

	Audit Committee		HR and Remuneration Committee
	Mrs. Shaista Khaliq Rehman - Chairperson		Mrs. Shaista Khaliq Rehman - Chairperson
	Dr. Atta Ur Rehman		Dr. Atta Ur Rehman
	Mr. Adnan Asdar Ali		Mr. Adnan Asdar Ali

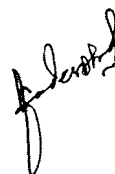
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings of the committee were as per following:
 - a) Audit Committee: Quarterly (five meetings during the financial year ended June 30, 2022)
 - b) HR and Remuneration Committee: Yearly (one meeting during the financial year ended June 30, 2022)
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 requirements of the regulations 3, 6, 7, 8, 27, 32, 33, and 36 of Regulations have been complied with;
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	All the Directors have obtained DTP certification by June 30, 2022.	19	Currently, 5 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.
5	All directors of a company shall attend its general meeting(s), (ordinary and extraordinary unless precluded from doing so due to any reasonable cause.	10 (6)	Three (3) directors attended the 56th AGM of the company. Mr. Adnan Asdar Ali, Munis Abdullah, Dr. Atta Ur Rehman and Mrs. Shaista Kahliq Rehman Could not attend due to personal reasons.

On behalf of the Board



Adnan Asdar Ali
Chairman/ Director



Syed Nadeem Ahmed
Chief Executive Officer

Dated: October 3, 2022



Product Portfolio

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



Neubrol
For Fever & Pain



Neubrol 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 Choclaty 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
Bharpuur Zindagi



BYCARD
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



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



Aldomet
The Most Trusted PIH Brand



Sinemet
Pakistan's # 1 anti-Parkinson's drug



Noroxin
Still Sensitive antibiotic in acute UTI



Ferinject
FDA approved High Dose IV Iron for ID/IDA, requiring No Test Dose



Renitec
24 hours blood pressure control



Janumet
Be confident in a treatment Choice that helps your patients achieve their HbA1c Goals



Andrex
Unlocking Wellness, Fulfilling Life



Maltofer
The Iron with a Difference



Established Finger Like Biosimilarity



SEARLE

WE ARE WINNERS FOR
PAKISTAN



The Searle Company Limited is proud to accept the Asia Corporate Excellence & Sustainability (ACES) Award 2021, the most prestigious leadership & sustainability award of Asia.

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, 2022, 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, 2022 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>Revenue from contracts with customers</p> <p><i>(Refer note 2.14 & 29 to the unconsolidated financial statements)</i></p> <p>The Company's revenue is generated from sales of pharmaceutical and other consumer products. The Company recognized revenue of Rs. 17.74 billion from the sale of goods to domestic as well as export customers during the year ended June 30, 2022. Sales to related parties represent 82.41% of total sales.</p> <p>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. Taking into account that revenue recognition is a high risk area, we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - 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 recognized in the appropriate accounting period; - 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 recognized in the appropriate period.

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S. No.	Key audit matters	How the matter was addressed in our audit
(ii)	<p>Litigation relation to product pricing matters</p> <p><i>(Refer Note 29.3 to the unconsolidated financial statements)</i></p> <p>The Company has litigation cases in respect of product pricing which are pending at various forums including Honourable High Court of Sindh and DRAP.</p> <p>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.</p> <p>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 a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - obtained and reviewed details of the pending litigations 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 counsels for their views on open legal cases; and - reviewed disclosures made in respect of litigations in the unconsolidated financial statements.

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S. No. Key audit matters How the matter was addressed in our audit

(iii) Tax Contingencies

(Refer Note 28.1 to the unconsolidated financial statements)

The Company has recognized contingent liabilities in respect of income tax and sales tax matters, which are pending at various forums including Honorable High Court of Sindh, Commissioner Inland Revenue (Appeals) (CIR(A)) and Appellate Tribunal Inland Revenue (ATIR).

Such matters 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 contingent liabilities.

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 tax contingencies 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 tax advisor 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
- reviewed disclosures made in respect of tax contingencies in the unconsolidated financial statements.

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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.

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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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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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 Syed Muhammad Hasnain.



A. F. Ferguson & Co
Chartered Accountants
Karachi

Date: October 07, 2022
UDIN: AR202210073N3SDTlpxA

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■ KARACHI ■ LAHORE ■ ISLAMABAD

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	Note	2022	2021
		-----Rupees '000-----	
ASSETS			
Non-current assets			
Property, plant and equipment	3	6,660,249	5,577,984
Right-of-use assets	4	69,750	79,410
Investment properties - at cost	5	2,753,904	2,490,049
Intangible assets	6	58,965	94,214
Long-term investments - subsidiaries	8	18,816,311	17,436,311
Long-term loans	9	241	325
Long-term deposits	10	7,396	7,396
		28,366,816	25,685,689
Current assets			
Inventories	11	2,086,581	2,206,898
Trade receivables	12	9,318,228	8,754,968
Loans and advances	13	860,099	1,335,832
Trade deposits and short-term prepayments	14	116,414	105,351
Other receivables	15	5,334,392	4,762,598
Short-term investment - at amortised cost	16	100,000	100,000
Taxation - payments less provision		1,344,943	870,507
Tax refunds due from Government - Sales Tax		220,669	-
Cash and bank balances	17	82,875	103,680
		19,464,201	18,239,834
		47,831,017	43,925,523
Total assets			
EQUITY AND LIABILITIES			
EQUITY			
Share Capital			
Issued, subscribed and paid-up capital	18	3,120,527	2,400,405
Capital Reserves			
Share premium		6,049,419	6,049,419
Revaluation surplus on property, plant and equipment	19	3,592,613	2,751,216
Revenue reserves			
General reserve	20	280,251	280,251
Unappropriated profit		13,994,648	13,006,363
		27,037,458	24,487,654
Total equity			
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	7	288,902	215,275
Employee benefit obligations	21	57,513	53,484
Long-term borrowings	22	9,049,521	9,650,485
Deferred income - Government grant	23	-	8,571
Lease liability	24	87,017	93,092
		9,482,953	10,020,907
Current liabilities			
Trade and other payables	25	2,594,156	3,213,872
Short-term borrowings	26	8,488,095	5,988,610
Unpaid dividend	27	185,078	163,596
Unclaimed dividend		38,134	42,269
Current portion of lease liability	24	5,143	4,416
Sales tax payable		-	4,199
		11,310,606	9,416,962
		20,793,559	19,437,869
Total liabilities			
Contingencies and commitments			
	28		
		47,831,017	43,925,523
Total equity and liabilities			

The annexed notes from 1 to 48 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, 2022

	Note	2022	2021
		-----Rupees '000-----	
Revenue from contracts with customers	29	17,737,282	16,569,596
Cost of sales	30	(9,089,252)	(8,020,891)
Gross profit		8,648,030	8,548,705
Distribution costs	31	(4,888,538)	(4,106,608)
Administrative expenses	32	(1,221,334)	(1,183,530)
Other expenses	33	(149,077)	(206,816)
Other income	34	1,865,180	1,005,284
Profit from operations		4,254,261	4,057,035
Finance cost	35	(1,924,800)	(1,322,366)
Profit before income tax		2,329,461	2,734,669
Income tax expense	36	(238,744)	(611,745)
Profit for the year		2,090,717	2,122,924
Other comprehensive (loss) / income:			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations	21	(7,638)	97
Surplus on revaluation of property, plant and equipment - net of deferred tax	19	946,806	1,355,342
		939,168	1,355,439
Total comprehensive income for the year		3,029,885	3,478,363
			(Restated)
Basic and diluted earnings per share (Rupees)	37	6.70	7.01

The annexed notes from 1 to 48 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, 2022

	Issued, sub- scribed and paid- up capital	Capital reserves		Revenue reserves		Total reserves	Total
		Share premium	Revaluation surplus on Property, plant & equipment	General reserve	Unappropri- ated profit		
-----Rupees '000-----							
Balance as at July 1, 2020	2,124,253	1,630,974	1,446,517	280,251	11,388,823	14,746,565	16,870,818
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
Transactions with owners							
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)
Balance as at June 30, 2021	2,400,405	6,049,419	2,751,216	280,251	13,006,363	22,087,249	24,487,654
Total comprehensive income for the year ended June 30, 2022							
Profit for the year ended June 30, 2022	-	-	-	-	2,090,717	2,090,717	2,090,717
Other comprehensive income / (loss) for the year ended June 30, 2022	-	-	946,806	-	(7,638)	939,168	939,168
Transfer of incremental depreciation - net of deferred tax	-	-	(105,409)	-	105,409	-	-
	-	-	841,397	-	2,188,488	3,029,885	3,029,885
Transactions with owners							
Bonus shares issued during the year in the ratio of 30 shares for every 100 shares held	720,122	-	-	-	(720,122)	(720,122)	-
Final dividend for the year ended June 30, 2021 @ Rs. 2 per share	-	-	-	-	(480,081)	(480,081)	(480,081)
Balance as at June 30, 2022	3,120,527	6,049,419	3,592,613	280,251	13,994,648	23,916,931	27,037,458

The annexed notes from 1 to 48 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, 2022

	Note	2022	2021
		----- Rupees '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	3,714,438	3,795,234
Employee benefit obligations paid		(10,687)	(8,005)
Finance cost paid		(1,746,634)	(1,222,645)
Payments to workers' welfare fund and workers' profit participation fund		(195,443)	(244,475)
Income tax paid		(783,903)	(630,521)
Increase in long-term loans		84	33
Net cash generated from operating activities		977,855	1,689,621
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(358,667)	(652,411)
Proceeds from disposal of property, plant and equipment		2,477	19,302
Purchase of investment properties		(335,941)	(356,759)
Purchase of intangible assets		-	(5,278)
Acquisition of subsidiary		-	(8,339,288)
Further equity injection in subsidiary		(1,380,000)	(7,200,000)
Deferred payment to UVPL - related party		(260,712)	-
Proceeds from disposal of subsidiary		-	200,000
Net cash used in investing activities		(2,332,843)	(16,334,434)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(462,734)	(509,845)
Repayment of salary refinancing		(267,750)	(133,875)
Demand finance facility (repayment) / obtained		(113,333)	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		(20,017)	(22,878)
Net cash (used in) / generated from financing activities		(863,834)	13,639,783
Net decrease in cash and cash equivalents		(2,218,822)	(1,005,030)
Cash and cash equivalents at beginning of the year		(5,346,410)	(4,341,147)
Unrealised exchange loss on cash and cash equivalents		(894)	(233)
Cash and cash equivalents at end of the year	39	(7,566,126)	(5,346,410)

The annexed notes from 1 to 48 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, 2022

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 (Private) Limited is the Parent Company, which holds 56.32% (2021: 56.32%) shareholding in the Company.

Following are the subsidiary companies:

	Principal place of business	Percentage of effective holding	
		June 30, 2022	June 30, 2021
Listed Company			
- IBL HealthCare Limited		74.19%	74.19%
Unlisted Companies			
- Searle Pakistan Limited	Pakistan	100.00%	100.00%
- Searle Pharmaceuticals (Private) Limited		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%
- Nextar Pharma (Private) Limited *		87.20%	87.20%

* *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;
- 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; and
- Shabab Studio Chung, 19-KM, Multan Road, Lahore.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

- 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. The consolidated financial statements of the Company and its subsidiaries have been presented separately. 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 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 2.14
- d) Impairment of long term investments - subsidiaries - note 2.10

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.

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.



Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

2.1.3 Changes in accounting standards, interpretations and pronouncements

a) Amendments to accounting and reporting 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, 2021. However, these do not have any significant impact on the Company's financial reporting.

b) Standard and amendments to accounting and reporting standards that are not yet effective

There is a 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, 2022. 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, 2022 using the projected unit credit method.

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.

2.3.2.3 Compensated absences

The liability for accumulated compensated absences of employees is recognised in the period in which employees render service that increases their entitlement to future compensated absences.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

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 on 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 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs are directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

2.6 Property, plant and equipment

2.6.1 Operating Assets

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 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 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 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.



Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

2.6.2 Capital work-in-progress

These are stated at cost less accumulated impairment, if any and consist of expenditures incurred and advances made in respect assets during the construction period. These are transferred to specific assets as and when assets become available for use.

Advance paid to suppliers for acquisition of property, plant and equipment including land and building is also classified under capital work-in-progress.

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.

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.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

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.

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 2.22 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 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 Unconsolidated Financial Statements

For the year ended June 30, 2022

- 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.

2.15 Borrowing 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.

2.16 Earnings per share

The Company 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.

2.17 Foreign currencies

The unconsolidated 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 statement of profit or loss and other comprehensive income.

2.18 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.

2.19 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, weather or not billed to the Company.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

2.20 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.

2.21 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.

2.22 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.



Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

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.

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 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 recognized 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.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

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.

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.

2.23 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.

2.24 Dividend distribution

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

2.25 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.

2.26 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.



Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

2022
-----Rupees '000----- 2021

3. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 3.1	6,509,268	5,325,199
Capital work-in-progress - at cost - note 3.13	150,981	252,785
	6,660,249	5,577,984

3.1 Operating assets:

Owned assets							
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 equip- ment	Furniture and fixtures - note 3.8	Vehicles - notes 3.2, 3.3, 3.4 & 3.5	Air - condi- tioning sys- tems - notes 3.2, 3.3, 3.4 & 3.5	Total
-----Rupees '000-----							

Net carrying value basis

Year ended June 30, 2022

Opening net book value	2,948,230	564,659	1,477,534	51,366	50,300	47,775	185,335	5,325,199
Additions	154,275	74,434	181,539	14,183	8,707	-	27,333	460,471
Transfers from investment property - note 3.6	-	-	8,351	-	-	-	-	8,351
Revaluation - note 3.2	628,851	80,063	313,033	-	-	29,832	39,377	1,091,156
Disposal - note 3.12	-	-	-	(58)	-	-	-	(58)
Depreciation charge - note 3.9	-	(41,849)	(237,174)	(25,747)	(7,897)	(28,957)	(34,227)	(375,851)
Closing net book value	3,731,356	677,307	1,743,283	39,744	51,110	48,650	217,818	6,509,268

Gross carrying value basis

As at June 30, 2022

Cost or revaluation	3,731,356	677,307	1,743,283	198,320	93,743	48,650	217,818	6,710,477
Accumulated Depreciation	-	-	-	(158,576)	(42,633)	-	-	(201,209)
Closing net book value	3,731,356	677,307	1,743,283	39,744	51,110	48,650	217,818	6,509,268

Net carrying value basis

Year ended June 30, 2021

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	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	-	-	(2,141)	(56)	-	-	-	(2,197)
Depreciation charge	-	(40,927)	(150,065)	(26,786)	(7,418)	(18,422)	(24,158)	(267,776)
Closing net book value	2,948,230	564,659	1,477,534	51,366	50,300	47,775	185,335	5,325,199

Gross carrying value basis

As at June 30, 2021

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)
Net book value	2,948,230	564,659	1,477,534	51,366	50,300	47,775	185,335	5,325,199

Depreciation rate

-	5% & 20%	10%, 20% & 33%	10%, 20% & 33%	10%, 20% & 33%	20%	10% & 20%
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Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

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. 628.85 million (2021: Rs. 998.99 million), Rs. 80.06 million (2021: Rs. 9.23 million), Rs. 313.03 million (2021: Rs. 425.96 million), Rs. 29.83 million (2021: Rs. 21.60 million) and Rs. 39.38 million (2021: Rs. 22.61 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:

Assets	Location	Area square yards
Valuer: Pee Dee & Associates (Private) Limited		
Leasehold land	Plot # 5-B, Block 7& 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi	505
Leasehold land	E-58A, North Western Industrial Zone, Port Qasim Authority, Karachi	7,366
Leasehold land	Plot # B-168, S.I.T.E, Nooriabad, District Jamshoro, Sindh	121,000
Leasehold land	E-44 & E-45, North Western Industrial Zone, Port Qasim Authority, Karachi	7,366
Building on leasehold land, air-conditioning system, plant and machinery	E-44 & E-45, North Western Industrial Zone, Port Qasim Authority, Karachi	N/A
Vehicles	N/A	N/A
Valuer: Asrem (Private) Limited		
Leasehold land	Plot # F- 319, S.I.T.E, Karachi	25,362
Building on leasehold land, air-conditioning system, plant and machinery	Plot # F- 319, S.I.T.E, Karachi	N/A

3.4 Forced sale value of the revalued assets as at June 30, 2022 are as follows:

	2022	2021
	-----Rupees '000-----	
- Leasehold land	2,365,755	1,935,773
- Building on leasehold land	533,975	449,565
- Plant and machinery	1,172,395	1,108,978
- Vehicles	36,488	139,417
- Air-conditioning systems	148,328	35,810

3.5 The previous valuation was carried out by an independent valuer Pee Dee & Associates (Private) Limited and Iqbal A. Nanjee & Co. (Private) Limited on June 30, 2021.



Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

3.6 This represents owner occupied portion of investment property (One IBL 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 (2021: 20,184 square fts), in terms of percentage 13.91% (2021: 13.91%). The net book value of the owner occupied portion is Rs. 387.58 million (2021: Rs. 344.10 million), having a fair value of Rs. 1,226.45 million (2021: Rs. 1,184.60 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 related party IBL Frontier Market (Private) Limited amounting to Rs. Nil (2021: Rs. 5.02 million).

2022 2021
-----Rupees '000-----

3.9 Depreciation for the year has been allocated as follows:

Cost of sales - note 30	163,858	140,541
Distributions cost - note 31	38,471	40,262
Administrative expenses - note 32	173,522	86,973
	375,851	267,776

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-----					
Cost	987,100	730,909	1,672,623	254,671	46,272	3,691,575
Accumulated depreciation	-	(235,291)	(854,366)	(98,320)	(46,272)	(1,234,249)
NBV as at June 30, 2022	987,100	495,618	818,257	156,351	-	2,457,326
NBV as at June 30, 2021	832,825	456,974	739,799	158,566	1,574	2,189,738

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 3.11.2	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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

3.11.1 During the year, the Company has purchased a manufacturing facility comprising leasehold land, plant and machinery and building on leasehold land (E-44 & E-45 North Western Industrial Zone, Port Qasim Authority, Karachi) amounting to Rs. 250 million. The fair value determined by an independent valuer i.e. Pee Dee & Associates as at June 30, 2022 of the manufacturing facility is Rs. 354.92 million. The Company is in the process of lease transfer or registration of the conveyance deed in favour of the Company.

3.11.2 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. 8,100 million obtained from various commercial banks. This charge existed at June 30, 2022. The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

3.12 No item of property, plant and equipment having net book value in excess of Rs. 500,000 each was disposed off during the year.

3.13 Capital work-in-progress - at cost

	Balance as at July 1, 2021	Additions during the year	Transfers to operating assets	Balance as at June 30, 2022	Balance as at July 1, 2020	Additions during the year	Transfers to operating assets	Balance as at June 30, 2021
-----Rupees '000-----								
Civil works	8,312	89,014	(19,587)	77,739	37,145	2,805	(31,638)	8,312
Plant and machinery - note 3.13.1	81,282	130,331	(159,105)	52,508	36,813	365,003	(320,534)	81,282
	89,594	219,345	(178,692)	130,247	73,958	367,808	(352,172)	89,594
Advances against purchase of building, plant and machinery - note 24.4	145,000	105,000	(250,000)	-	-	145,000	-	145,000
Advances to suppliers	18,191	5,179	(2,636)	20,734	17,163	85,412	(84,384)	18,191
	252,785	329,524	(431,328)	150,981	91,121	598,220	(436,556)	252,785

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

3.13.2 This includes furniture and fixtures purchased from related parties - United Retail (Private) Limited and IBL Frontier Market (Private) Limited amounting to Rs. 2.26 million and Rs. 4.63 million respectively.

2022 2021
-----Rupees '000-----

4. RIGHT-OF-USE ASSETS

Plant and Machinery

Balance as at July 01	79,410	121,515
Derecognition of right of use asset - note 24.4	-	(27,322)
Depreciation for the year - note 4.1	(9,660)	(14,783)
Closing as at June 30 - note 4.2	69,750	79,410

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

- 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.

5. INVESTMENT PROPERTIES - at cost

Operating assets - notes 5.1 & 5.2
Investment property under work-in-progress - at cost
- note 5.8

	2022	2021
	-----Rupees '000-----	
	2,482,475	2,370,576
	271,429	119,473
	<u>2,753,904</u>	<u>2,490,049</u>

5.1 Operating assets

	Owned assets								
	Leasehold Land - note 5.3	Building on Leasehold Land	Office Equipment	Electrical Equipment	Lifts & Elevators	Generators	Furniture & Fixtures	Air - con- ditioning system	Total
	-----Rupees '000-----								
Gross carrying value basis									
Year ended June 30, 2022									
Opening net book value	1,887,132	296,940	11,487	54,987	12,341	10,734	46,078	50,877	2,370,576
Additions	22,876	84,296	6,718	1,274	24,351	35,695	3,298	5,477	183,985
Transfers to property, plant and equipment - note 3.6	-	-	-	-	(3,184)	(5,167)	-	-	(8,351)
Depreciation charge	-	(21,924)	(5,478)	(9,908)	(4,087)	(3,035)	(7,967)	(11,336)	(63,735)
Closing net book value	<u>1,910,008</u>	<u>359,312</u>	<u>12,727</u>	<u>46,353</u>	<u>29,421</u>	<u>38,227</u>	<u>41,409</u>	<u>45,018</u>	<u>2,482,475</u>
Net carrying value basis									
As at June 30, 2022									
Cost	1,910,008	492,791	41,357	98,664	56,636	55,384	80,979	115,398	2,851,217
Accumulated depreciation	-	(133,479)	(28,630)	(52,311)	(27,215)	(17,157)	(39,570)	(70,380)	(368,742)
Net book value	<u>1,910,008</u>	<u>359,312</u>	<u>12,727</u>	<u>46,353</u>	<u>29,421</u>	<u>38,227</u>	<u>41,409</u>	<u>45,018</u>	<u>2,482,475</u>
Gross carrying value basis									
Year ended June 30, 2021									
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	(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)
Closing net book value	<u>1,887,132</u>	<u>296,940</u>	<u>11,487</u>	<u>54,987</u>	<u>12,341</u>	<u>10,734</u>	<u>46,078</u>	<u>50,877</u>	<u>2,370,576</u>
Net carrying value basis									
As at June 30, 2021									
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)
Net book value	<u>1,887,132</u>	<u>296,940</u>	<u>11,487</u>	<u>54,987</u>	<u>12,341</u>	<u>10,734</u>	<u>46,078</u>	<u>50,877</u>	<u>2,370,576</u>
Depreciation rate	<u>-</u>	<u>5%</u>	<u>20%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

- 5.2** 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) on One IBL Centre classified under investment property and property, plant and equipment has been valued under the market value basis by an independent valuer, Iqbal A. Nanjee & Co. (Private) Limited. Market value of One IBL Centre based on the valuation as of June 30, 2022 was Rs. 8.92 billion (2021: Rs. 8.61 billion). The said property has been provided as security for Musharaka facility - refer note 22.1 and 22.3.
- 5.3** Leasehold land and building on Plot # 24-/5 - A , Block 7 and 8 Delhi Mercantile Muslim Co-operative Housing Society amounting to Rs. 252.19 million which was purchased last year. The fair value determined by an independent valuer i.e. Pee Dee & Associates as at June 30, 2022 for leasehold land and building on leasehold land is Rs. 250 million (2021: Rs. 225 million) and Rs. 5.9 million (2021: Rs. 5.4 million) respectively. The Company is in the process of lease transfer or registration of the conveyance deed in favour of the Company.
- 5.4** This includes furniture and fixtures purchased from related parties - United Retail (Private) Limited and IBL Frontier Market (Private) Limited amounting to Rs. Nil (2021: Rs. 0.14 million) and Rs. Nil (2021: Rs. 1.19 million) respectively.
- 5.5** Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Locations	Total Area (acres) Square yards
One IBL Center, Block 7 and 8 Delhi Mercantile Muslim Co-operative Housing Society	5,291
Plot # 24-/5 - A , Block 7 and 8 Delhi Mercantile Muslim Co-operative Housing Society	500

- 5.6** The rental income in respect of One IBL Centre property amounting to Rs. 83.33 million (2021: Rs. 105.31 million) has been recognized in statement of profit or loss and other comprehensive income and included in 'other income' - refer note 34.

The direct operating expenses pertaining to One IBL Centre property comprising maintenance and utility costs amounting to Rs. 37.74 million (2021: Rs. 28.33 million) which is netted with income from provision of amenities which is specified in 'other income' - refer note 34.

- 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:

	2022	2021
	-----Rupees '000-----	-----Rupees '000-----
Upto 1 year	114,029	118,387
1 - 5 years	296,452	305,170
	410,481	423,557

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	-----Rupees '000-----	
5.8 Movement in investment property under work in progress at One IBL Center - at cost		
Balance as at July 01	119,473	58,746
Additions during the year - note 5.8.1	313,052	122,671
Transfers to operating assets - investment property	(161,096)	(61,944)
Balance as at June 30	<u>271,429</u>	<u>119,473</u>

5.8.1 This includes furniture and fixtures purchased from related parties - United Retail (Private) Limited, IBL Logistics (Private) Limited and IBL Frontier Market (Private) Limited amounting to Rs. 0.03 million (2021: Nil), Rs. 3.27 million (2021: Nil) and Rs. 2.39 million (2021: Rs. 7.93 million) respectively.

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. 2.13 billion are subject to first charge against musharaka loan from Habib Bank Limited (Musharaka agent). This charge existed as at June 30, 2022 refer note - 22.1 to 22.4.

	2022	2021
	-----Rupees '000-----	
6. INTANGIBLE ASSETS		
Operating intangible assets - note 6.1	<u>58,965</u>	<u>94,214</u>

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-----				
Net carrying value basis					
Year ended June 30, 2022					
Opening net book value	-	-	55,813	38,401	94,214
Additions	-	-	-	-	-
Amortisation charge - note 6.2	-	-	(11,163)	(24,086)	(35,249)
Closing net book value	<u>-</u>	<u>-</u>	<u>44,650</u>	<u>14,315</u>	<u>58,965</u>
Gross carrying value basis					
As at June 30, 2022					
Cost	76,275	74,703	111,623	166,160	428,761
Accumulated amortisation	(76,275)	(74,703)	(66,973)	(151,845)	(369,796)
Net book value	<u>-</u>	<u>-</u>	<u>44,650</u>	<u>14,315</u>	<u>58,965</u>
Year ended June 30, 2021					
Opening net book value	-	2,916	66,977	61,545	131,438
Additions	-	-	-	5,278	5,278
Amortisation charge	-	(2,916)	(11,164)	(28,422)	(42,502)
Closing net book value	<u>-</u>	<u>-</u>	<u>55,813</u>	<u>38,401</u>	<u>94,214</u>
Net carrying value basis					
As at June 30, 2021					
Cost	76,275	74,703	111,623	166,160	428,761
Accumulated amortisation	(76,275)	(74,703)	(55,810)	(127,759)	(334,547)
Net book value	<u>-</u>	<u>-</u>	<u>55,813</u>	<u>38,401</u>	<u>94,214</u>
Amortisation rate	<u>-</u>	<u>10%</u>	<u>10%</u>	<u>20% & 33.33%</u>	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

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:

	2022	2021
	-----Rupees '000-----	
Deferred tax asset	(288,574)	(277,893)
Deferred tax liability	577,476	493,168
	288,902	215,275

7.1 Analysis of change in deferred tax

	Accelerated tax depreciation	Minimum tax - note 7.3	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, 2021	216,357	(222,819)	260,178	(4,645)	(11,170)	10,999	5,634	(38,580)	(679)	215,275
(Charge) / credit to profit or loss	(63,061)	-	-	(1,436)	(6,996)	(8,671)	11,690	(2,210)	(39)	(70,723)
Charge to other comprehensive income	-	-	144,350	-	-	-	-	-	-	144,350
June 30, 2022	153,296	(222,819)	404,528	(6,081)	(18,166)	2,328	17,324	(40,790)	(718)	288,902
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	216,357	(222,819)	260,178	(4,645)	(11,170)	10,999	5,634	(38,580)	(679)	215,275

7.2 Deferred tax liability is restricted to 93.57% (2021: 88.50%) 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, 2019, corporate rate of tax has been fixed at 29% for tax year 2020 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, 2022

	2022	2021
	-----Rupees '000-----	
8. LONG-TERM INVESTMENTS - SUBSIDIARIES		
Subsidiary companies (at cost) - note 8.1	18,816,311	17,436,311

8.1 Subsidiary companies

	2022		2021	
	Equity % held	Investment at cost	Equity % held	Investment at cost
	-----Rupees '000-----		-----Rupees '000-----	
Quoted security				
<i>IBL HealthCare Limited - note 8.1.1</i>				
48,151,489 (2021: 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, 2022: Rs. 51.99 (2021: Rs. 111.13) per share				
		<u>1,300,911</u>		<u>1,300,911</u>
Unquoted securities				
<i>Searle Pakistan Limited - note 8.1.2</i>				
1,047,029,979 (2021: 349,009,998)				
Ordinary shares of Rs. 10 each	100%	16,400,000	100%	15,800,000
Break up value as at June 30, 2022: Rs. 11.22 (2021: Rs. 28.16) per share				
<i>Searle Biosciences (Private) Limited</i>				
11,000,000 (2021: 1,000,000)				
Ordinary shares of Rs. 10 each	100%	790,000	100%	10,000
Break up value as at June 30, 2022: Rs. 93.36 (2021: Rs. 132.21) per share				
<i>IBL Future Technologies (Private) Limited - note 8.2</i>				
20,000,000 (2021: 20,000,000)				
Ordinary shares of Rs. 10 each	100%	200,000	100%	200,000
Break up value as at June 30, 2022: Rs. 10.03 (2021: Rs. 9.96) per share				
<i>Searle Laboratories (Private) Limited - note 8.2</i>				
12,500,000 (2021: 12,500,000)				
Ordinary shares of Rs. 10 each	100%	125,000	100%	125,000
Break up value as at June 30, 2022: Rs. 0.29 (2021: Rs. 0.41) per share				
<i>Searle Pharmaceuticals (Private) Limited - note 8.2</i>				
40,000 (2021: 40,000)				
Ordinary shares of Rs. 10 each	100%	400	100%	400
Break up value as at June 30, 2022: nil (2021: Rs. nil) per share				
		<u>17,515,400</u>		<u>16,135,400</u>
		<u>18,816,311</u>		<u>17,436,311</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

8.1.1 IBL Healthcare Limited

8.1.1.1 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 (2021: 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 Honourable High Court of Sindh, IBL HealthCare Limited has withheld 1,117,379 shares (2021: 1,117,379 shares) with Central Depository Company of Pakistan Limited.

8.1.1.2 During the year, the IBL Healthcare Limited has issued bonus shares in the ratio of 20 shares for every 100 ordinary shares held equivalent to 20% for the year ended June 30, 2021.

8.1.2 Searle Pakistan Limited

8.1.2.1 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.

8.1.2.2 During the Year, On August 30, 2021, the Company entered into an agreement with UVPL to settle and release the Company under the Option Agreement including the obligation to sell and transfer the call shares. The Company pays an additional premium of Rs. 600 million to maintain its 100% shareholding in SPL.

8.1.2.3 During the year, OBS Pakistan (Private) Limited - wholly owned subsidiary has changed its name to Searle Pakistan (Private) Limited (SPL), effective from July 12, 2021 after getting necessary approvals from Securities and Exchange Commission of Pakistan (SECP). Further, SPL 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.

On September 15, 2021, the Board of Directors of the Company resolved that the shares of SPL - 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.

8.1.2.4 During the year, SPL has issued bonus shares in the ratio of 200 shares for every 100 ordinary shares held equivalent to 200% for the year ended June 30, 2021.

8.1.2.5 During the year, SPL made a right issue (1 share for every 3 shares held) which was declined by the Company. Out of total right issue of 349,010,000 shares, 181,485,200 shares are acquired by third parties. The remaining unsubscribed shares will be offered to the public in coming months.

8.1.3 During the year, on February 24, 2022, Board of Directors of Searle Biosciences (Private) Limited made a right issue of 780 million which was accepted by the Company on March 2, 2022.

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, 2022.



Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	-----Rupees '000-----	
9. LONG-TERM LOANS		
Secured - considered good - note 9.1	578	555
Less: Current portion - shown under loans and advances - note 13	(337)	(230)
	241	325

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.

	2022	2021
	-----Rupees '000-----	
11. INVENTORIES		
Raw materials	1,126,745	1,339,632
Packing materials	509,185	490,475
Stores and spares	112,001	122,433
Work-in-process	204,445	118,624
Finished goods	134,205	135,734
	2,086,581	2,206,898

11.1 Inventories include inventory in transit amounting to Rs. 425.19 million (2021: Rs. 645.84 million).

11.2 Inventories include inventory held by third parties amounting to Rs. 482.43 million (2021: Rs. 456.81 million).

	2022	2021
	-----Rupees '000-----	
12. TRADE RECEIVABLES		
Considered good		
- Export receivables, secured - note 12.5	479,290	426,619
- Due from related parties, unsecured - note 12.1	8,330,534	7,935,497
- Others, unsecured	508,404	392,852
	9,318,228	8,754,968
Considered doubtful - others	150,323	150,323
Less: Allowance for impairment of trade receivables - note 12.7	(150,323)	(150,323)
	-	-
	9,318,228	8,754,968

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	-----Rupees '000-----	
12.1 Due from related parties, unsecured		
Subsidiary companies - notes 12.2, 12.3 & 12.4		
- Searle Biosciences (Private) Limited	336,821	286,531
- IBL HealthCare Limited	100,464	62,606
Associated companies - notes 12.2, 12.3 & 12.4		
- IBL Operations (Private) Limited	7,881,889	7,524,202
- IBL Logistics (Private) Limited	11,360	58,409
- United Brands Limited	-	3,749
	8,330,534	7,935,497
12.2 The maximum aggregate amount of receivable outstanding at any time during the year are as follows:		
Subsidiary companies		
- Searle Biosciences (Private) Limited	399,994	443,105
- IBL HealthCare Limited	199,422	193,527
- Searle Pakistan Limited	178,697	-
Associated companies		
IBL Operations (Private) Limited	8,816,842	7,743,281
IBL Logistics (Private) Limited	99,931	105,725
United Brands Limited	12,118	12,118
IBL Frontier Markets (Private) Limited	-	181
12.3 These are stated net of amount payable from the following parties:		
IBL Operations (Private) Limited	-	219,079
United Brands Limited	-	8,369
IBL Logistics (Private) Limited	75,271	39,533
	75,271	266,981
12.4 As at June 30, 2022, the age analysis of these related party receivables is as follows:		
Not yet due	3,045,195	2,726,065
Past due but not yet impaired		
- 1 to 30 days	1,196,820	1,346,241
- 30 to 90 days	2,836,449	2,386,912
- 90 to 180 days	976,443	1,156,161
- 180 to 365 days	81,911	322,582
- older than 365 days	193,716	156,415
	8,330,534	8,094,376



Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

12.5 Breakup of export receivables are as follows:

Country	Export Sales	Receivables	Confirmed Letter of Credit	Others
-----Rupees '000-----				
Srilanka	491,564	167,135	167,135	-
Cambodia	327,236	185,178	185,178	-
Myanmar	323,327	45,932	45,932	-
Vietnam	133,849	45,237	45,237	-
Afghanistan	81,373	7,256	-	7,256
Iraq	31,546	-	-	-
Oman	27,883	2,924	-	2,924
Kenya	23,031	10,110	-	10,110
Laos	21,725	3,763	3,763	-
Phillipines	14,328	-	-	-
Uganda	13,879	8,809	8,809	-
Tajikistan	5,324	-	-	-
Rwanda	3,940	-	-	-
Venezuela	2,516	2,946	2,946	-
Maldives	504	-	-	-
	1,502,025	479,290	459,000	20,290

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 Honourable 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.

	2022	2021
-----Rupees '000-----		
12.7 Balance at beginning of the year	150,323	151,915
Reversal during the year - net	-	(1,592)
Balance at end of the year	150,323	150,323
13. LOANS AND ADVANCES – considered good		
Advances to:		
Secured		
- employees for business operations		
- notes 13.1 & 13.2	65,069	96,536
- employees against salary - notes 13.1 & 13.2	22,388	25,835
Unsecured		
- suppliers - note 13.3	402,577	379,655
- against imports	56,021	53,145
- related parties - note 13.4	313,707	780,431
	859,762	1,335,602
Current portion of long-term loans to employees - note 9	337	230
	860,099	1,335,832

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

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. 226.78 million (2021: Rs. 170.17 million).

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

Employee	Amount Rupees '000
Mohammad Hayat Khan	2,614
Rajesh Kumar	2,561
Imran Sohail	1,836
Naeem ur Rehman Malik	1,576
Ghazala Tarannum	1,497
Salman Patel	1,388
Qamar Javed Butt	1,264
Maqbool Ahmed	1,253
Ikran Ishaq	1,124
Mudassar Mukhtar	1,033

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

	2022	2021
	-----Rupees '000-----	
13.4 Due from related parties, unsecured		
Subsidiary companies - notes 13.5, 13.6		
- Searle Biosciences (Private) Limited	313,707	779,181
- Searle Laboratories (Private) Limited	-	1,250
	<u>313,707</u>	<u>780,431</u>

13.5 The maximum aggregate amount of advance to related parties outstanding at any time during the year are as follows:

	2022	2021
	-----Rupees '000-----	
Subsidiary companies		
- Searle Biosciences (Private) Limited	779,181	779,181
- Searle Laboratories (Private) Limited	1,250	17,920
- Searle Pharmaceuticals (Private) Limited	1,186	-

13.6 As at June 30, 2022, the age analysis of these related party loans and advances is as follows:

	2022	2021
	-----Rupees '000-----	
Not yet due	-	-
Past due but not yet impaired		
- 1 to 30 days	-	450
- 30 to 90 days	-	-
- 90 to 180 days	313,707	800
- 180 to 365 days	-	-
- older than 365 days	-	779,181
	<u>313,707</u>	<u>780,431</u>



Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	-----Rupees '000-----	-----Rupees '000-----
14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Deposits		
Trade deposits - note 14.1	96,128	88,307
Less: Provision for doubtful deposits	(2,640)	(2,640)
	93,488	85,667
Prepayments	22,926	19,684
	116,414	105,351

14.1 This includes deposits made to institutions for tender deposit amounting to Rs. 65.3 million (2021: Rs. 59.3 million)

	2022	2021
	-----Rupees '000-----	-----Rupees '000-----
15. OTHER RECEIVABLES		
Receivables from related parties		
<i>Due from subsidiary companies - note 15.1</i>		
- IBL Healthcare Limited against:		
Expenses - note 15.4	560	554
Royalty - note 15.5	23,628	24,776
Rental Income - note 34.1	565	-
- Searle Pakistan Limited against:		
Management fee - note 15.6	-	123,000
Dividend income - note 15.7	649,406	500,000
Expenses - note 15.4	18,952	12,961
Financial assistance	-	116,000
Rental Income - note 34.1	2,904	10,614
- Searle Biosciences (Private) Limited against:		
Dividend income - note 15.7	138,000	64,916
Expenses - note 15.4	37,567	-
- IBL Future Technologies (Private) Limited against:		
Financial assistance	-	1,949
- Searle Pharmaceuticals (Private) Limited against		
Expenses - note 15.4	-	911
- Nextar Pharma (Private) Limited against:		
Expenses - note 15.8	9,785	2,279
<i>Balance carried forward</i>	881,367	857,960

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	-----Rupees '000-----	
<i>Balance brought forward</i>	881,367	857,960
<i>Due from parent company & associated companies note - 15.2</i>		
- International Brands (Private) Limited against:		
Expenses - note 15.4	29,427	9,804
Rental income - note 34.1	21,462	8,526
Group relief - note 15.10	116,648	117,089
- IBL Operations (Private) Limited against		
Claims - note 15.9	545,022	-
Expenses - note 15.4	27,411	20,867
Rental Income - note 34.1	17	3,516
- IBL Frontier Markets (Private) Limited against:		
Expenses - note 15.12	41,942	24,225
- IBL Unisys (Private) Limited against:		
Rental income - note 34.1	-	163
Expenses - note 15.4	493	632
- IBL Logistics (Private) Limited against:		
Rental income - note 34.1	1,692	1,692
- Universal Ventures (Private) Limited against:		
sale of subsidiary - note 15.13	3,326,859	3,326,859
	4,110,973	3,513,373
<i>Due from other related parties note - 15.2</i>		
- United Retail (Private) Limited against:		
Rental income - note 34.1	-	34,276
Expenses	2,168	1,071
- Universal Retail (Private) Limited against:		
Rental income - note 33.1	31,230	-
Expenses	66,922	-
Surplus arising under retirement benefit fund - note 15.11	5,250	5,250
Others, considered good - note 15.14	236,482	350,668
	5,334,392	4,762,598



Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

- 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:

	2022	2021
	-----Rupees '000-----	
IBL Healthcare Limited	25,822	79,193
Searle Pakistan Limited	1,271,166	880,478
Searle Biosciences (Private) Limited	423,352	190,379
IBL Future Technologies (Private) Limited	1,949	1,949
Searle Pharmaceuticals (Private) Limited	1,186	911
Nextar Pharma (Private) Limited	20,634	16,494

- 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:

	2022	2021
	-----Rupees '000-----	
IBL Operations (Private) Limited	928,283	31,319
International Brands (Private) Limited	167,537	288,515
IBL Unisys (Private) Limited	2,090	1,478
IBL Logistics (Private) Limited	1,692	1,692
United Retail (Private) Limited	35,347	326,889
Universal Retail (Private) Limited	95,287	-
Universal Ventures (Private) Limited	3,326,859	3,326,859
IBL Frontier Markets (Private) Limited	44,477	24,225

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

	2022	2021
	-----Rupees '000-----	
Not yet due	15,476	3,430,615
Past due but not yet impaired		
- 1 to 30 days	788,635	22,975
- 30 to 90 days	204,209	136,299
- 90 to 180 days	249,311	315,073
- 180 to 365 days	3,479,440	177,762
- older than 365 days	120,362	137,063
	4,857,433	4,219,787

- 15.4** These are expenses paid by the Company on behalf of the related parties.

- 15.5** This relates to royalty paid by the Company on behalf of IBL Healthcare Limited.

- 15.6** This relates to fees charged to SPL in relation to finance, administration, human resources and other services provided by the Company in the prior year, in accordance with the agreement.

- 15.7** This represents interim dividend declared by the Board of Directors of Searle Biosciences (Private) Limited in the meeting held on September 30, 2021, December 31, 2021, March 31, 2022 and June 30, 2022 and Searle Pakistan Limited in their meeting held on December 31, 2021, April 07, 2022, June 03, 2022 and June 30, 2022.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

- 15.8** This relates to the payment of salaries made by the Company for the employees of Nextar Pharma (Private) Limited.
- 15.9** This represents advance given to IBL Operations (Private) Limited against stock claims. The said advance was approved by the Board of Directors in their meeting held on April 28, 2022 as per the authority given by the shareholders through special resolution passed at Annual General Meeting of the Company held on October 28, 2021.
- 15.10** 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.
- 15.11** This represents surplus on funded gratuity scheme discontinued by the Company with effect from December 31, 2012.
- 15.12** 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.
- 15.13** During previous year, the Company sold the 100% share holding in subsidiary - IBL Identity (Private) Limited, to Universal Ventures (Private) Limited - related party (UVPL) for a total consideration at a price equal to Rs. 3.53 billion which is equivalent to the cost of investment of the Company.

Out of the total consideration of Rs. 3.53 billion, Rs. 200 million were received during the previous year by the Company being the initial consideration. The balance consideration was 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. However, on September 21, 2021, the Company received a request for deferment, for a total sum of Rs 3.33 billion, from UVPL for a further period of 8 months from the date of the letter. On October 4, 2021, the said deferment was approved by the Board of Directors of the Company, refer note - 47.3

- 15.14** This includes Rs. 148.91 million (2021: Rs. 235.02 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 year 2020, 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. 86.11 million (2021: Rs. 44.1 million) were settled during the year.

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: 3 months KIBOR + 1.6% per annum).



Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

17. CASH AND BANK BALANCES	2022	2021
	-----Rupees '000-----	
Cash in hand:		
- local currency	150	150
- foreign currency	2,214	2,921
	<u>2,364</u>	<u>3,071</u>
Cheques in hand	-	19,753
With banks in:		
Islamic		
- current account - local currency	3,330	19,752
Conventional		
- current account - local currency	75,566	60,755
- current account - foreign currency	1,615	349
	<u>77,181</u>	<u>61,104</u>
	<u>82,875</u>	<u>103,680</u>

18. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Authorised share capital

2022	2021		2022	2021
(Number of shares)			-----Rupees '000-----	
<u>400,000,000</u>	<u>300,000,000</u>	Ordinary shares of Rs. 10 each - note 18.3	<u>4,000,000</u>	<u>3,000,000</u>

Issued, subscribed and paid up capital

2022	2021		2022	2021
(Number of shares)			-----Rupees '000-----	
40,168,355	40,168,355	Shares allotted for consideration paid in cash	401,683	401,683
24,000	24,000	Shares allotted for consideration other than cash	240	240
271,860,330	199,848,171	Shares allotted as bonus shares	2,718,604	1,998,482
<u>312,052,685</u>	<u>240,040,526</u>		<u>3,120,527</u>	<u>2,400,405</u>

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

	2022	2021
	Number of shares	
Ordinary Shares		
Number of shares outstanding at the beginning of the year	240,040,526	212,425,245
Bonus shares issued - note 18.4	72,012,157	-
Right shares issued - note 18.5	-	27,615,281
Number of shares outstanding at the end of the year	<u>312,052,683</u>	<u>240,040,526</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

- 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** The Company in its annual general meeting held on October 28, 2021 increased its authorised share capital for ordinary shares from Rs. 3 billion divided into 300 million ordinary shares to Rs. 4 billion divided into 400 million ordinary shares of Rs 10 each.
- 18.4** The Board of Directors in its meeting held on October 4, 2021, approved the issue of 30 bonus shares for every 100 shares held for the year ended June 30, 2021. The said bonus was approved by members in its Annual General Meeting held on October 28, 2021. The total size of issue is Rs. 720.12 million divided into ordinary 72.01 million shares of Rs. 10 each.
- 18.5** The Board of Directors in its meeting held on October 27, 2020 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 (Private) 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.

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.

	2022	2021
	-----Rupees '000-----	
Revaluation surplus at beginning of the year	2,751,216	1,446,517
Surplus arising on revaluation :		
- Leasehold land	628,851	998,986
- Building on Leasehold land	80,063	9,229
- Plant and machinery	313,033	425,958
- Vehicle	29,832	21,600
- Air - conditioning and systems	39,377	22,606
Deferred tax liability on revaluation surplus	(144,350)	(123,037)
	946,806	1,355,342
Net amount transferred to unappropriated profit on account of		
- Incremental depreciation	(148,464)	(71,328)
- Deferred tax on incremental depreciation	43,055	20,685
	(105,409)	(50,643)
	3,592,613	2,751,216

- 19.1** The revaluation surplus on property, plant and equipment is a capital reserve and is not available for distribution to the Company in accordance with section 241 of the Companies Act, 2017.

20. GENERAL RESERVE

General reserves is maintained for fulfilling various business needs including meeting contingencies, offsetting future losses and enhancing the working capital.



Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	-----Rupees '000-----	-----Rupees '000-----
21. EMPLOYEE BENEFIT OBLIGATIONS		
Staff retirement gratuity - unfunded - note 21.1	57,513	53,484
21.1 Gratuity scheme - unfunded		
21.1.1 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, 2022 using the Projected Unit Credit method.		
21.1.2 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 Company 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.		
	2022	2021
	-----Rupees '000-----	-----Rupees '000-----
21.1.3 Statement of financial position reconciliation		
Present value of defined benefit obligation	57,513	53,484
21.1.4 Movement in the present value of defined benefit obligation		
Obligation as at July 1	53,484	54,994
Current service cost	2,264	2,258
Interest cost	4,814	4,334
Benefits paid	(10,687)	(8,005)
Remeasurements on obligation	7,638	(97)
Obligation as at June 30	57,513	53,484
21.1.5 Expense recognised in unconsolidated statement of profit or loss and other comprehensive income		
Current service cost	(2,264)	(2,258)
Interest cost	(4,814)	(4,334)
	(7,078)	(6,592)

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	-----Rupees '000-----	
21.1.6 Remeasurement recognised in other comprehensive income		
Experience (loss) / gain	(7,638)	97
21.1.7 Net recognised liability		
Balance as at July 1	53,484	54,994
Expense for the year	7,078	6,592
Benefits paid	(10,687)	(8,005)
Remeasurement loss / (gain) recognised in other comprehensive income	7,638	(97)
Balance as at June 30	57,513	53,484

	2022	2021
21.1.8 Actuarial assumptions		
Discount rate used for year end obligation	13.25%	10.00%
Expected rate of increase in salaries	13.25%	10.00%
Retirement age (years)	60	60

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

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate at 30 June	1%	(4,412)	4,976
Future salary increases	1%	5,493	(4,930)

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

21.1.11 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.

21.1.12 As per actuarial advice, the Company is expected to recognise a service cost of Rs. 10.21 million in 2023.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

21.1.13 The weighted average service duration of employees is 7.9 years.

At June 30, 2022	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Between 5 - 10 years	Over 10 years
	------(Rupees '000)-----				
Gratuity Funds	503	3,356	7,703	31,238	40,919
				2022	2021
				-----Rupees '000-----	

22. LONG-TERM BORROWINGS

Islamic

Musharaka Facility - notes 22.1, 22.2, 22.3 & 22.4

Salary refinancing - note 22.5

9,049,521	9,537,892
-	112,593
9,049,521	9,650,485

22.1 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%.

22.2 Musharaka participants are Habib Bank Limited 52.29%, Pakistan Kuwait Investment Company (Private) Limited 10.37%, Bank of Khyber 10.37%, Pakistan China Investment Company (Private) Limited 10.37% and Bank Alfalah Limited 16.60%.

22.3 This borrowing facility is secured against the following properties:

Particulars	Address	Land Area square yards
The Company:		
One IBL 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
Subsidiaries:		
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
Searle Pakistan Limited	Land, Building and Plant and Machinery on plot # C- 14, S.I.T.E, Karachi	14,375
Third Party property		
Mr. Asad Abdulla	Plot # 30/1 and 353 at Deh Digh Malir, Karachi	8,804

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	-----Rupees '000-----	
22.4 Loan movement		
Balance as at July 01	9,537,892	-
Loan obtained during the year	-	10,441,500
Transaction cost	-	(117,989)
Amortisation of transaction cost	16,848	14,381
Classified in short term borrowings - note 26	(505,219)	-
Repayment	-	(800,000)
Closing as at June 30	<u>9,049,521</u>	<u>9,537,892</u>

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 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.

	2022	2021
	-----Rupees '000-----	
Balance as at July 01	337,780	449,875
Unwinding of discount on salary refinancing	63,845	21,780
Payments during the year	(267,750)	(133,875)
	<u>133,875</u>	<u>337,780</u>
Classified in short term borrowings - note 26	(133,875)	(225,187)
Closing as at June 30	<u>-</u>	<u>112,593</u>

22.5.1 The facility is a sublimit of running musharaka obtained from Dubai Islamic Bank Pakistan Limited.

	2022	2021
	-----Rupees '000-----	
23. DEFERRED INCOME - GOVERNMENT GRANT		
Balance as at July 01	42,856	77,141
Deferred income recognized during the year - note 34	(34,285)	(34,285)
Less: current portion of deferred income - note 25	(8,571)	(34,285)
Balance as at June 30	<u>-</u>	<u>8,571</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

23.1 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 and other comprehensive income.

2022 2021
-----Rupees '000-----

24. LEASE LIABILITY

Lease liabilities under IFRS 16 - notes 24.1 & 24.2	92,160	97,508
Non Current portion	87,017	93,092
Current portion	5,143	4,416

24.1 Maturity analysis of lease liabilities

Upto 1 year	5,143	4,416
1 - 5 years	60,670	32,961
More than 5 years	26,347	60,131
	92,160	97,508

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

2022 2021
-----Rupees '000-----

Balance as at July 01	97,508	132,965
Derecognition of lease liability - note 24.4	-	(29,496)
Interest expense	14,669	16,917
Payments	(20,017)	(22,878)
Balance as at June 30	92,160	97,508

24.3 Finance cost on lease liabilities for the year ended June 30, 2022 was Rs. 14.67 million (2021: Rs. 16.92 million). Total cash outflow for leases was Rs. 20.02 million (2021 : Rs. 22.88 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%.

24.4 During the previous year, the 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 recognized the lease liability on such assets as per the rental agreement. However, as per the new purchase agreement, the Company has paid 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 recognized in "cost of sales".

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	-----Rupees '000-----	
25. TRADE AND OTHER PAYABLES		
Creditors	301,008	291,865
Bills payable in foreign currency	190,212	393,192
Payable to related parties - note 25.1	118,438	44,742
Royalty payable - note 25.2	14,171	35,638
Accrued liabilities	1,339,747	1,595,263
Payable to provident fund - notes 25.3 and 25.4	12,944	25,377
Deferred income - note 23	8,571	34,285
Deferred payable to UVPL - related party - note 25.8	-	260,712
Advance from customers - unsecured - note 25.1.2	27,394	50,293
Accrued mark-up - note 25.5	265,811	185,143
Taxes deducted at source and payable to statutory authorities	88,354	64,326
Workers' Profits Participation Fund - note 25.6	123,438	147,552
Workers' Welfare Fund - note 25.7	35,597	59,738
Other liabilities	68,471	25,746
	2,594,156	3,213,872

25.1 This represent payable to related parties which are as follows:

	2022	2021
	-----Rupees '000-----	
Parent Company:		
International Brands (Private) Limited	20,876	7,116
Subsidiary Companies:		
Searle Laboratories (Private) Limited	1,489	4,740
IBL HealthCare Limited - note 25.1.1 and 25.1.3	4,635	29,667
Nextar Pharma (Private) Limited - note 25.1.4	7,751	-
Searle Pakistan Limited - note 25.1.5	75,268	3,034
	89,143	37,441
Associated Companies:		
United Brands Limited	568	-
Prime Health (Private) Limited - note 25.1.6	7,018	-
IBL Frontier Markets (Private) Limited	618	113
	8,204	113
Other related parties:		
United Retail (Private) Limited	215	72
	118,438	44,742



Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

- 25.1.1** This includes payable to IBL HealthCare Limited - subsidiary on account of discounts offered by the Company against Diazic Syrup.
- 25.1.2** This includes advance from customers of IBL HealthCare Limited - subsidiary amounting to Rs. 6.65 million (2021: Rs. 18.93 million).
- 25.1.3** This includes amount of Rs. Nil (2021: Rs. 7.63 million) received from IBL HealthCare Limited - subsidiary on account of bank guarantee.
- 25.1.4** This represent payable to Nextar Pharma (Private) Limited - subsidiary on account of purchase of inventory.
- 25.1.5** This includes payable to Searle Pakistan Limited - subsidiary amounting to Rs.167.76 million (2021: Rs. 2.02 million) on account of purchase of raw material and promotional expenses incurred on behalf of the Company net of against receivable balance of Rs. 92.50 million.
- 25.1.6** This represent payable to Prime Health (Private) Limited on account of services received for product testing.
- 25.2** This includes royalty payable to M/s Sanofi Winthrop Industry as per agreement.
- 25.3** 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.
- 25.4** 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. Nil (2021: Rs.13.9 million).

	2022	2021
	-----Rupees '000-----	
25.5 Accrued mark-up		
Accrued mark-up on:		
- long-term borrowing	39,697	17,135
- short-term borrowing	226,114	168,008
	265,811	185,143
25.6 Workers' Profit Participation Fund		
Balance as at July 01	147,552	178,920
Charge for the year - note 33	123,438	147,102
	270,990	326,022
Interest on funds utilised in Company's business - note 35	9,492	13,505
Payments made during the year	(157,044)	(191,975)
Closing as at June 30	123,438	147,552
25.7 Workers' Welfare Fund		
Balance as at July 01	59,738	72,560
Charge for the year - note 33	14,258	39,678
	73,996	112,238
Payment made during the year	(38,399)	(52,500)
Closing as at June 30	35,597	59,738

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	-----Rupees '000-----	
25.8 Deferred payable to Universal Ventures (Private) Limited (UVPL) - related party		
Opening as at July 01,	260,712	-
Deferred payment on account of purchase of SPL - subsidiary company	-	5,350,000
Payments during the year	(260,712)	(5,089,288)
Closing as at June 30,	<u>-</u>	<u>260,712</u>

26. SHORT-TERM BORROWINGS

Secured borrowings

Conventional

Running finance facility - note 26.1

1,796,582 1,548,476

Demand Finance - note 26.2

- 113,333

1,796,582 1,661,809

Islamic

Running Musharaka - note 26.1 and 26.3

5,852,419 3,901,614

Current portion of long-term borrowings
- note 22.4 and 22.5

639,094 225,187

6,491,513 4,126,801

8,288,095 5,788,610

Unsecured borrowing

IBL Future Technologies (Private)
Limited - subsidiary Company - note 26.5

200,000 200,000

8,488,095 5,988,610

- 26.1** The Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 8,100 million (2021: Rs. 6,725 million) which include financing facilities obtained under Islamic mode amounting to Rs. 6,350 million (2021: Rs. 5,175 million). The arrangements are secured jointly by registered mortgage of Rs. 2,025 million (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. 11,940 million (2021: Rs. 9,990.42 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).
- 26.2** The Company has obtained a demand finance facility for a period of six months having a markup of one month KIBOR plus 2%.
- 26.3** The amount utilised under the Islamic mode of financing amounted to Rs. 5,986.29 million (2021: Rs. 4,222.79 million).
- 26.4** The rates of mark-up / profit ranged between 1% to 16.89% (2021: 0.75% to 14.74%) per annum.
- 26.5** 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, 2022

27. UNPAID DIVIDEND

This consists of unpaid dividend on account of:

- Bonus shares withheld - note 27.1
- Unavailability of bank details
- Others

Rupees
'000

146,038
38,760
280
185,078

27.1 This includes dividend on bonus shares withheld pertaining to 115 shareholders on which stay from the Honourable High Court of Sindh has been obtained - refer note 8.1.1.

28. CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
28.1.1 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 Honourable High Court of Sindh.	The Company and The Federation of Pakistan	05-Mar-14
28.1.2 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 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.	The Company and The Federation of Pakistan	15-Sep-15
28.1.3 High Court of Sindh	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. 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. 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.	The Company and Province of Sindh	15-Jan-16

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
	The Honourable 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.		
28.1.4 High Court of Sindh	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.	The Company and The Federation of Pakistan	2014
	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.		
28.1.5 High Court of Sindh	The Company has filed a petition against tax on bonus shares in the Honourable 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
28.1.6 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 and The Federation of Pakistan	2017 to 2020
	The Company has filed petition against withholding tax on dividend received from the subsidiary companies in the Honourable 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.		
28.1.7	The Company has filed an appeal in Supreme Court of Pakistan against imposition of super tax and expects a favourable outcome. For further details, refer note 36.3.3 of these unconsolidated financial statements.		
28.1.8	The management, based on legal or tax advice, is confident that the ultimate decisions in the above cases (notes 28.1.1 to 28.1.7) will be in favour of the Company, hence no provision has been made in respect of the aforementioned litigations.		



Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

28.2 Commitments Rupees '000

28.2.1	Commitments in respect of capital expenditures	
	Property, plant and equipment	-
	Investment property	-
		-
		-
28.2.2	Post-dated cheques issued in favour of Collector of Customs for import of inventory at June 30, 2022 amounted to Rs. 193.07 million (2021: Rs. 25 million).	
28.2.3	The facility for opening letters of credit and guarantees as at June 30, 2022 amounted to Rs. 3,165 million (2021: Rs. 2,755 million) of which the amount remaining unutilised as at year end amounted to Rs. 2,024.68 million (2021: Rs. 1,489.63 million).	

29. REVENUE FROM CONTRACTS WITH CUSTOMERS 2022 -----Rupees '000----- 2021

Gross sales		
Local sale of goods - note 29.3	18,157,055	15,868,924
Export sales	1,707,830	2,374,288
	19,864,885	18,243,212
Toll manufacturing	286,301	276,841
	20,151,186	18,520,053
Sales tax	(81,776)	(55,560)
	20,069,410	18,464,493
Less:		
Trade discount	1,327,853	951,848
Sales returns	1,004,275	943,049
	2,332,128	1,894,897
	17,737,282	16,569,596
29.1 Geographical Markets		
Pakistan	16,372,115	14,663,584
Srilanka	491,564	286,330
Myanmar	323,327	105,933
Cambodia	208,550	208,046
Vietnam	126,579	63,140
Afghanistan	70,471	1,156,772
Oman	27,883	28,658
Laos	21,725	25,144
Iraq	31,546	-
Kenya	23,031	-
Others	40,491	31,989
	17,737,282	16,569,596

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

29.2 Revenue from IBL operations (Private) Limited - related party represents approximately Rs. 15.67 billion (2021: Rs. 14.74 billion) which constitute 78.89% (2021: 80.79%) of the Company's total gross revenue.

29.3 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 Honourable 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 previous 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 8.9% on essential products and 6.23% on other products based on CPI 2021.

Exposure of the Company due to abovementioned litigations amounted to Rs. 2.27 billion (2021: Rs. 1.91 billion).



Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

30. COST OF SALES	2022	2021
	-----Rupees '000-----	
Raw and packing material consumed	6,458,448	5,055,103
Processing charges	569,837	525,942
Salaries, wages and benefits	613,958	562,568
Provision for staff gratuity (unfunded)	4,219	2,809
Provident fund contribution	19,544	18,465
Inventory written off - note 30.1	41,764	93,833
Carriage and duties	55,096	59,740
Fuel, water and power	261,145	242,664
Rent, rate and taxes	108,107	108,942
Canteen expenses	31,837	35,657
Stationery and supplies	26,614	52,311
Travelling	33,730	29,399
Repairs and maintenance	215,732	259,674
Security expenses	13,135	10,659
Vehicle expenses	13,637	8,834
Insurance	8,087	6,848
Legal and professional charges	21,487	21,698
Depreciation	237,253	216,392
Medical expenses	16,694	8,043
Research cost	46,369	70,386
Others	13,562	10,476
	8,810,255	7,400,443
Add: Opening work-in-process	118,624	133,341
Less: Closing work-in-process	(204,445)	(118,624)
Cost of goods manufactured	8,724,434	7,415,160
Add: Opening inventory of finished goods	135,734	291,170
Add: Finished goods purchased	520,086	647,289
Less: Closing inventory of finished goods	(134,205)	(135,734)
	9,246,049	8,217,885
Less: Cost of samples	(156,797)	(196,994)
Cost of sales	9,089,252	8,020,891

30.1 This amount represents expired inventory written off.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	-----Rupees '000-----	
31. DISTRIBUTION COSTS		
Salaries, wages and benefits	1,443,311	1,262,062
Advertising and promotion	746,203	575,628
Travelling	663,868	470,000
Carriage and duties	471,712	362,307
Bonus to salesmen	417,204	299,549
Samples	347,322	382,079
Stationery and supplies	71,299	89,267
Vehicle running	47,584	94,095
Personal training and selection	64,995	96,129
Legal and professional	66,277	57,729
Service charges - note 31.1	36,218	35,882
Fees and subscription	47,519	54,456
Communication	30,107	29,004
Provident fund contribution	46,579	42,011
Insurance	15,102	15,065
Depreciation	38,471	40,262
Medical expenses	43,358	27,297
Replacement products	80,691	69,248
Rent, rate and taxes	139,249	62,834
Repairs and maintenance	3,134	2,533
Fuel, water and power	54,059	15,080
Receivable no longer recoverable written off - note 31.2	-	11,615
Canteen expenses	5,223	4,271
Security expenses	4,762	3,643
Others	4,291	4,562
	4,888,538	4,106,608

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

31.2 During previous 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, 2022

	2022	2021
	-----Rupees '000-----	
32. ADMINISTRATIVE EXPENSES		
Salaries, wages and benefits	289,073	313,692
Corporate services charged by Parent Company	240,000	240,000
Legal and professional charges	55,708	43,922
Donation - notes 32.1, 32.2 and 32.3	172,284	184,215
Depreciation	173,522	86,973
Reversal of impairment allowance for trade receivables	-	(1,592)
Receivable no longer recoverable written off - related party	3,135	-
Repairs and maintenance	86,794	62,392
Rent, rate and taxes	8,669	19,161
Stationery and supplies	5,885	16,002
Amortisation - note 6	35,249	42,502
Fuel, water and power - note 34.2	-	-
Insurance	33,857	39,527
Travelling	9,083	21,553
Auditors' remuneration - note 32.4	21,020	19,696
Fees and subscription	22,297	33,473
Vehicle expenses	11,915	8,831
Canteen expenses	3,137	1,912
Provident fund contribution	10,092	9,995
Communication	9,137	18,598
Security expenses	2,234	1,529
Medical expenses	3,913	3,609
Provision for staff gratuity (unfunded)	2,859	3,482
Personal training and selection	11,637	322
Others	9,834	13,736
	1,221,334	1,183,530

32.1 Donations to a single party exceeding 10% of total donations i.e. Rs. 17.23 million are as follows:

	2022	2021
	-----Rupees '000-----	
Arts Council of Pakistan	-	25,312
Sabaq Learning Foundation - related party	15,000	30,000
Hunar Foundation - related party	20,000	10,000
World Health Pharmaceutical Company Limited	21,060	-

32.2 During the year, the Company also donated Rs. 14.81 million to its other related parties:

	2022	2021
	-----Rupees '000-----	
Indus Hospital	5,500	5,000
AKAR Hospital	9,312	17,323
	14,812	22,323

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

32.3 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.

32.3.1 The Directors or their spouse has no interest in any other donee entity.

32.4 Auditors' remuneration	2022	2021
	-----Rupees '000-----	
Audit fee (including consolidation)	5,000	4,000
Fee for review of interim financial information and Statement of Compliance with Code of Corporate Governance	1,480	1,245
Taxation services	7,200	7,200
Other assurance services	-	5,000
Other certifications, attestations and other services	6,752	1,780
Out-of-pocket expenses	588	471
	21,020	19,696

33. OTHER EXPENSES

Workers' Profits Participation Fund - note 25.6	123,438	147,102
Workers' Welfare Fund - note 25.7	14,258	39,678
Central Research Fund - note 33.1	11,381	20,036
	149,077	206,816

33.1 This includes prior year charge amounting to Rs. 1.59 million.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	-----Rupees '000-----	
34. OTHER INCOME		
Income from financial assets - related parties		
Dividend income - subsidiary companies		
IBL HealthCare Limited	39,009	78,018
Searle Biosciences (Private) Limited	444,000	233,000
Searle Pakistan Limited	1,149,406	500,000
Income from financial assets - others		
Interest Income from Term Finance Certificates	10,987	9,122
	1,643,402	820,140
Income from non-financial assets		
Rental income from investment property - note 34.1	83,332	105,313
Government grant - note 23	34,285	34,285
Income from provision of amenities in respect of investment properties - note 34.2	55,096	18,127
Exchange gain - net	33,416	-
Gain on derecognition of lease liability - note 24.4	-	2,174
Gain on disposal of property, plant and equipment	2,419	17,105
Scrap sales	13,230	8,140
	221,778	185,144
	1,865,180	1,005,284

34.1 This includes rental income from related parties, which are as follows:

- United Retail (Private) Limited	14,167	39,989
- International Brands (Private) Limited	15,285	13,919
- Searle Pakistan Limited	8,646	7,800
- Universal Retail (Private) Limited	8,316	-
- IBL Operations (Private) Limited	6,874	13,416
- IBL Healthcare Limited	3,529	3,208
- IBL Unisys (Private) Limited	2,038	1,853
- IBL Logistics (Private) Limited	-	995
- United Distributors Pakistan Limited *	-	349
- International Franchises (Private) Limited *	-	12,186
	58,855	93,715

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

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	-----Rupees '000-----	
35. FINANCE COST		
Bank charges	27,844	34,863
Interest on Workers' Profits Participation Fund - note 25.6	9,492	13,505
Interest on:		
Employees provident fund - related party	-	13,887
Employees provident fund - OBS Pakistan (Private) Limited - related party	-	1,561
Exchange loss - net	-	41,519
Mark-up on:		
- Long-term Borrowings - note 35.1		
Musharaka facility	1,077,548	755,728
Salary refinancing	7,042	14,700
- Short-term borrowing - note 35.1	724,360	407,906
Unwinding of discount on salary refinancing - note 22.5	63,845	21,780
Interest on lease liabilities - note 24.2	14,669	16,917
	1,924,800	1,322,366

35.1 The amount of profit charged under Islamic mode of financing amounted to Rs. 1,659.58 million (2021: Rs. 1,118.64 million).

	2022	2021
	-----Rupees '000-----	
36. INCOME TAX EXPENSE		
Income tax		
For the year	309,467	661,572
Prior year reversal - note 36.2	-	(91,922)
Deferred tax (income) / expense - note 7	(70,723)	42,095
	238,744	611,745

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

	2022		2021	
	Effective tax rate %	Rupees '000	Effective tax rate %	Rupees '000
36.1 Relationship between tax expense and accounting profit				
Profit before income tax		2,329,461		2,734,669
Tax at applicable rate of 29% (2021: 29%)	29%	675,544	29%	793,054
Effect of:				
- final tax regime	-19%	(433,820)	-7%	(183,418)
- minimum tax	1%	14,201	4%	115,518
- tax credit	-1%	(17,181)	-1%	(21,487)
- Prior year (reversal) / charge	0%	-	-3%	(91,922)
	10%	238,744	22%	611,745

36.2 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.

36.3 Current status of tax assessments

Tax Years 2009 to 2017

36.3.1 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.

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 Honourable 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.

36.3.2 During the previous 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 Honourable 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.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

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 Honourable High Court of Sindh refer - note 28.1.6.
- Erroneous additions in the notices received.

However, during previous year, with respect to super tax, the Company after the Honourable Supreme Court of Pakistan Judgement to submit 50% of the amount and obtain stay till conclusion of the matter, has received notices from CIR(A) 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 has filled an appeal against the order received on the above grounds as the income after deducting intercorporate dividend does not fall under the super tax. The Company expects a favourable outcome based on a legal advice.

36.3.3 The Government has levied a special tax for Tax Year 2022 and onwards on high earning persons. As per section 4C of Income Tax Ordinance 2001, among others, where income exceeds Rs. 300 million, super tax will be charge at the rate of 4% of income calculated under section 4C of the Ordinance. Further, enhanced super tax on specified sectors has been introduced for Tax Year 2022 which includes, among others, pharmaceutical sector, whom are liable to super tax at the rate of 10% for a single tax year, if income exceeds Rs. 300 million. The Company has filed a Constitutional Petition against the imposition of such Super Tax on High Earning Persons including specified sectors in the Honourable High Court of Sindh. The Company in consultation with its legal and tax advisor expects a positive outcome hence no provision amounting to Rs. 202.14 million for the tax year 2022 has been made in these unconsolidated financial statements.

36.3.4 During the year, the Company has obtained stay against the payment of tax on dividend from its wholly owned subsidiary Searle Pakistan Limited. The Company in consultation with its legal and tax advisor expects a positive outcome, hence no provision amounting to Rs. 172.41 million is being made in these unconsolidated financial statements.

	2022	(Restated) 2021
	-----Rupees '000-----	
37. BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the year	2,090,717	2,122,924
Weighted average number of outstanding shares at the end of year (in thousands) - note 37.1	312,053	302,779
Basic and diluted earnings per share (Rupees)	6.70	7.01
	2022	(Restated) 2021
37.1 Weighted average number of ordinary shares		
Issued ordinary shares as at July 01	240,041	212,425
Effect of number of shares issued	72,012	90,354
Weighted average number of ordinary shares as at June 30	312,053	302,779



Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

37.2 Diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at June 30, 2022 and 2021 which would have any effect on the earnings per share if the option to convert is exercised.

38. CASH GENERATED FROM OPERATIONS	2022	2021
	-----Rupees '000-----	
Profit before income tax	2,329,461	2,734,669
Add / (less): Adjustments for non-cash charges and other items		
Depreciation of property, plant and equipment	375,851	267,776
Depreciation of right-of-use assets	9,660	14,783
Depreciation of investment properties	63,735	61,068
Gain on disposal of property, plant and equipment	(2,419)	(17,105)
Amortisation of intangible assets	35,249	42,502
Amortization of transaction cost	16,848	14,381
Provision for retirement benefits obligation	7,078	6,592
Gain on derecognition of lease liability	-	(2,174)
Government grant recognised in income	(34,285)	(34,285)
Unwinding of discount on long term borrowing	63,845	21,780
Interest on lease liabilities	14,669	16,917
Inventory written off	41,764	93,833
Receivable no longer recoverable written off - net	-	11,615
Reversal of provision for impairment on trade receivables	-	(1,592)
Workers Welfare Fund and Workers Profit Participation Fund	137,696	186,780
Finance cost	1,836,794	1,213,197
Unrealized exchange (gain) / loss	(45,594)	907
Profit before working capital changes	4,850,352	4,631,644
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Inventories	78,553	332,156
Trade receivables	(511,635)	(959,236)
Loans and advances	475,733	(100,780)
Trade deposits and short-term prepayments	(11,063)	(10,064)
Tax refunds due from Government - Sales Tax	(220,669)	7,832
Other receivables	(571,794)	(372,122)
	(760,875)	(1,102,214)
Increase / (decrease) in current liabilities		
Trade and other payables	(370,840)	261,605
Sales tax payable	(4,199)	4,199
	(375,039)	265,804
	(1,135,914)	(836,410)
Cash generated from operations	3,714,438	3,795,234
39. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 17	82,875	103,680
Short-term borrowing - note 26		
- Running finance under markup arrangement	(7,649,001)	(5,450,090)
	(7,566,126)	(5,346,410)

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

40. SEGMENT INFORMATION

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

41. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	-----Rupees '000 -----					
Managerial remuneration	30,912	28,098	15,913	14,462	242,097	219,138
Housing allowance	13,911	12,644	7,161	6,508	108,944	98,612
Utility allowance	3,091	2,810	1,591	1,446	24,210	21,914
Other allowance	1,358	1,366	351	358	45,081	37,961
Benefits	55,922	42,000	20,824	12,100	115,265	85,172
Bonus	5,152	9,366	2,652	4,821	38,042	74,781
Retirement benefits	3,091	2,810	1,591	1,446	23,132	22,300
Others	228	219	175	170	10,386	8,606
	113,665	99,313	50,258	41,311	607,157	568,484
Number of persons	1	1	6	6	84	83

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

41.2 During the year, the Company has paid fees to five non-executive directors (2021: five) an aggregate amount of Rs. 42 thousand (2021: Rs. 45 thousand) on account of meetings attended by them.

42. 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, 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, 2022

Nature of relationship	Nature of transactions	2022	2021
		-----Rupees '000-----	
Parent Company			
International Brands (Private) Limited	- Corporate service charges	240,000	240,000
	- Rent income	15,306	13,919
	- Income from provision of amenities	19,977	18,169
	- Expenses	18,760	2,473
	- Right shares subscribed	-	2,543,229
	- Dividend Paid	260,077	-
	- The Company has issued Bonus shares to the Parent Company and its nominee shareholders in the ratio of 30 shares for every 100 shares held.		
Subsidiary Companies:			
IBL Healthcare Limited	- Revenue	327,258	219,375
	- Dividend income	39,009	78,018
	- Rent income	3,529	3,208
	- Income from provision of amenities	2,501	2,110
	- Others	2,062	5,237
	- Bank guarantee	350	7,633
	- Reimbursement of expenses	34,062	29,812
	- IBL Healthcare Limited has issued bonus shares to the Company - note 8.1.1.2		
	- The Company has created a pledge on ordinary shares of IBL Healthcare Limited in favour of UVPL - note 8.1.2.1		
	- The Company has obtained a musharaka facility against the properties of IBL Healthcare Limited - note 22.3		
Searle Biosciences (Private) Limited	- Revenue	125,798	161,740
	- Dividend income	444,000	233,000
	- Loan recovered	-	198,443
	- Reimbursement of expenses	98,928	116,625
	- Advances provided	390,819	-
	- Right shares subscribed - note 8.1.3	780,000	-
Searle Laboratories (Private) Limited	- Advances refunded	2,001	3,310
Searle Pharmaceutical (Private) Limited	- Advances provided	275	2,730

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

Nature of relationship	Nature of transactions	2022	2021
		-----Rupees '000-----	-----Rupees '000-----
Subsidiary Companies:			
Searle Pakistan Limited	- Revenue	209,088	-
	- Rent income	8,645	7,800
	- Income from provision of amenities	5,167	1,071
	- Dividend income	1,149,406	500,000
	- Advance against financial assistance	-	116,000
	- Reimbursement of expenses	-	4,236
	- Sales Promotion Expenses	14,177	8,388
	- Material loan given	4,367	7,016
	- Material loan obtained	1,235	1,018
	- Purchases	174,054	-
	- Payment received against management fees	-	129,000
	- Material Price Differential	21,025	-
	- Searle Pakistan Limited has issued bonus shares to the Company - note 8.1.2.4		
	- The Company has obtained a musharaka facility against the property, plant and equipment of Searle Pakistan Limited - note 22.3		
IBL Identity (Private) Limited *	- Revenue	-	176,562
	- Discounts claimed	-	19,260
	- Rent expense	-	22,600
	- Purchases	-	2,831
	- Right shares subscribed	-	3,477,000
	- Short term loan	-	305,120
	- Others	-	292
Nextar Pharma (Private) Limited	- Advance against financial assistance	-	18,773
	- Reimbursement of expenses	27,268	-
	- Purchases	7,751	-
Associated Companies:			
IBL Operations (Private) Limited	- Revenue	14,931,324	14,151,632
	- Rent income	6,874	13,416
	- Income from provision of amenities	8,897	21,565
	- Carriage and duties	41,402	36,241
	- Discounts claimed	341,471	213,705
	- Rent expense	7,647	32,701
	- Merchandise expense	34,509	31,737
	- Internet services	621	745
	- Incentive to field force staff	16,457	22,923
	- Salaries and wages	5,856	5,222
	- Inventory claims	873,206	580,480
	- Purchase of assets	-	8,040
	- Rent for warehouse	121,668	9,799
	- Purchases	138	-
	- Dividend paid	113	-
	- Others	354	808
	- Reimbursement of expenses	1,969	-
	- Advance stock claims paid	905,855	-

* 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, 2022

Nature of relationship	Nature of transactions	2022	2021
		-----Rupees '000-----	
Associated Companies:			
Universal Ventures (Private) Limited	- Disposal of subsidiary	-	3,526,875
	- Acquisition of subsidiary - note 8.1.2	600,000	15,800,000
	- Deferred payment	260,712	-
United Brands Limited	- Purchases	552	312
	- Others	21	6,427
IBL Frontier Markets (Private) Limited	- Purchases	-	1,196
	- Purchase of fixed assets	6,942	17,010
	- Reimbursement of expenses	788	-
	- Income from provision of amenities	27,018	24,225
IBL Unisys (Private) Limited	- Rent income	2,038	1,853
	- Income from provision of amenities	2,245	1,297
	- IT services	10,189	-
	- Purchases	-	37
Prime Health (Private) Limited	- Product sample expense	7,018	-
IBL Logistics (Private) Limited	- Revenue	-	8
	- Rent income	-	995
	- Carriage and duties	130,818	157,144
	- Repair and maintenance	514	459
	- Discounts claimed	12,500	-
	- Purchases	1,920	2,625
	- Transportation charges	41,946	5,373
- Expenses paid by the Company	3,346	-	
International Franchises (Private) Limited *	- Rent income	-	12,186
	- Income from provision of amenities	-	3,228
	- Renovation	-	6,300
	- Others	-	1,774
United Distributors Pakistan Limited *	- Rent income	-	349
	- Income from provision of amenities	-	141
	- Rent expense	-	600
United Retail (Private) Limited	- Rent income	14,167	39,989
	- Income from provision of amenities	2,955	37,386
	- Salaries and wages	-	513
	- Donations	-	253
	- Purchases of Property, Plant and Equipment	-	137
	- Purchases	-	1,276

* 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, 2022

Nature of relationship	Nature of transactions	2022 -----Rupees '000-----	2021 -----Rupees '000-----
Universal Retail (Private) Limited	- Rent income	8,316	-
	- Income from provision of amenities	60,699	-
	- Salaries and wages	1,542	-
	- Donations	2,821	-
	- Purchases of Property, Plant and Equipment	2,293	-
	- Purchases	302	-
	- Expenses paid by the Company	1,462	-
	- Others	215	-
Mycart (Private) Limited	- Purchases	129	-
AKAR Hospital	- Donations	9,312	17,323
	- Medical charges paid	61	-
Multinet Private Limited	- Internet services	5,148	7,661
The Hunar Foundation	- Donations	20,000	10,000
Sabaq Learning Foundation	- Donations	15,000	30,000
The Indus Hospital	- Donations	5,500	5,000
Pakistan Stock Exchange Limited	- Listing fees	4,611	-
	- Interest repayment	13,887	-
Staff retirement benefits:	- Contributions to Provident Fund	150,975	140,942
	- Benefits paid	275,643	281,375
Key management employees compensation:	- Salaries and other employee benefits	334,448	322,926
	- Contributions to Provident Fund	23,359	18,946
Directors:			
Mr. Adnan Asdar Ali	- Right shares subscribed	-	73
*Mr. Rashid Abdulla	- Right shares subscribed	-	1,049
<i>* The amount has been deposited by Mr. Munis Abdullah - son of Mr. Rashid Abdulla (Late).</i>			
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 Rehman	- 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 Company has issued Bonus shares to the Parent Company and its nominee directors 30 shares for every 100 shares held.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

42.1 The status of outstanding balances with related parties as at June 30, 2022 is included in the respective notes to the unconsolidated financial statements. These are settled in the ordinary course of business.

42.2 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 (Private) 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 Future Technologies (Private) Limited	Subsidiary	100%
6.	Searle Pakistan Limited	Subsidiary	100%
7.	IBL Healthcare Limited	Subsidiary	74.19%
8.	Nextar Pharma (Private) Limited	Indirect Subsidiary	87.20%
9.	IBL Operations (Private) Limited	Associated Company	N/A
10.	IBL Unisys (Private) Limited	Associated Company	N/A
11.	MyCart (Private) Limited	Associated Company	N/A
12.	United Brands Limited	Associated Company	N/A
13.	IBL Frontier Markets (Private) Limited	Associated Company	N/A
14.	IBL Logistics (Private) Limited	Associated Company	N/A
15.	Prime Health (Private) Limited	Associated Company	N/A
16.	Sabaq Learning Foundation	Common Directorship	N/A
17.	The IBL Company (Private) Limited	Common Directorship	N/A
18.	Universal Ventures (Private) Limited	Common Directorship	N/A
19.	The Hunar Foundation	Common Directorship	N/A
20.	Indus Hospital	Common Directorship	N/A
21.	Multinet (Private) Limited	Common Directorship	N/A
22.	Arshad Shahid Abdulla (Private) Limited	Close relative of Director	N/A
23.	Universal Retail (Private) Limited	Close relative of Director	N/A
24.	United Retail (Private) Limited	Close relative of Director	N/A
25.	AKAR Hospital	Managing Company	N/A

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

43. 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.

44. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

44.1 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. The Company has exposure to following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.



Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

44.2 Financial assets and liabilities by category and their respective maturities

	2022			2021		
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total
-----Rupees '000-----						
Financial assets						
At amortised cost						
Loans, advances and deposits	407,532	7,637	415,169	866,328	7,721	874,049
Trade receivables	9,318,228	-	9,318,228	8,754,968	-	8,754,968
Other receivables	5,334,392	-	5,334,392	4,762,598	-	4,762,598
Bank balances	80,511	-	80,511	100,609	-	100,609
Cash in hand	2,364	-	2,364	3,071	-	3,071
Short-term investment	100,000	-	100,000	100,000	-	100,000
Long-term investments	-	18,816,311	18,816,311	-	17,436,311	17,436,311
	15,243,027	18,823,948	34,066,975	14,587,574	17,444,032	32,031,606
Financial liabilities						
Long-term borrowing	639,094	9,049,521	9,688,615	225,187	9,425,298	9,650,485
Trade and other payables	2,328,345	-	2,328,345	3,028,729	-	3,028,729
Lease Liability	5,143	87,017	92,160	4,416	93,092	97,508
Short term borrowings	8,488,095	-	8,488,095	5,988,610	-	5,988,610
Unpaid dividend	185,078	-	185,078	163,596	-	163,596
Unclaimed dividend	38,134	-	38,134	42,269	-	42,269
	11,683,889	9,136,538	20,820,427	9,452,807	9,518,390	18,971,197
On reporting date gap	3,559,138	9,687,410	13,246,548	5,134,767	7,925,642	13,060,409
Net financial (liabilities) / assets						
Interest bearing	(8,827,189)	(9,049,521)	(17,876,710)	(8,530,407)	(9,425,298)	(17,955,705)
Non-interest bearing	12,386,327	18,736,931	31,123,258	13,665,174	17,350,940	31,016,114

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

a) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company is exposed to currency risk and interest rate risk only.

(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, 2022, the Company has variable interest bearing financial liabilities of Rs. 17.34 billion (2021: Rs. 15.7 billion).

Cash flow sensitivity analysis for variable rate instruments

A change in 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. 346.8 million (2021: Rs. 314 million) higher / lower, mainly as a result of lower / higher interest expense on floating rate borrowings.

(ii) Currency risk

The Company's exposure to foreign currency risk is as follows:

	2022		2021	
	Rupees	US Dollars	Rupees	US Dollars
	----- (In 000) -----		----- (In 000) -----	
Financial assets:				
Bank Balances	3,829	19	3,270	21
Trade debts	479,290	2,327	426,619	2,704
Financial liabilities				
Trade and other payables	(190,212)	(923)	(393,192)	(2,492)
Net Exposure	<u>292,907</u>	<u>1,423</u>	<u>36,697</u>	<u>233</u>

The following significant exchange rates were applicable during the year:

	Reporting date rate	
	2022	2021
US Dollars (USD) to Pakistani Rupee	Buying / Selling <u>206 / 205.5</u>	Buying / Selling <u>157.8 / 158.3</u>

Sensitivity analysis

As at June 30, 2022, if the Pakistan Rupee had weakened / strengthened by 10% against USD with all other variables held constant, profit before income tax for the year would have been lower / higher by Rs. 29.29 million (2021: Rs. 3.67 million), as a result of foreign exchange gains / losses on translation of foreign currencies denominated trade and other payables, and trade receivables.



Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

(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, 2022 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. 34,067 million (2021: Rs. 32,032 million) the financial assets exposed to credit risk amounts to Rs. 15,248 million (2021: Rs. 14,592 million). The carrying amount of respective financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2022	2021
	-----Rupees '000-----	
Loans and advances - notes 9 & 13	314,285	780,986
Trade deposits - notes 10 & 14	100,884	93,063
Trade receivables - note 12	9,318,228	8,754,968
Other receivables - note 15	5,334,392	4,762,598
Bank balances	80,511	100,609
Short-term investment - note 16	100,000	100,000
	<u>15,248,300</u>	<u>14,592,224</u>

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. 321.45 million (2021: Rs. 885.78 million) and other receivables mainly pertains to related parties amounting to Rs. 4,987.66 million (2021: Rs. 4,432.48 million).

Bank balance and short term investment is held only with reputable banks with high quality external rating assessed by external rating agency. Following are the credit ratings of banks within which balances are held or credit lines available:

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

Bank Name	Rating Agency	Rating	
		Long Term	Short Term
Albaraka Bank Pakistan Limited	VIS	A+	A1
Askari Bank Limited	PACRA	AA+	A1+
Bank Al Falah Limited	PACRA	AA+	A1+
Bank Al Habib Limited	PACRA	AAA	A1+
Dubai Islamic Bank Limited	VIS	AA	A1+
Faysal Bank Limited	PACRA	AA	A1+
Habib Bank Limited	VIS	AAA	A1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
MCB Bank Limited	PACRA	AAA	A1+
Meezan Bank Limited	VIS	AAA	A1+
National Bank of Pakistan	PACRA	AAA	A1+
Soneri Bank Limited	PACRA	AA-	A1+
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	A1+
The Bank Of Punjab	PACRA	AA+	A1+

Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, management focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Management does not consider that it has any concentration of credit risk at reporting date.

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash to meet expected working capital requirements by having credit lines available.

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 these unconsolidated 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 considers 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, 2022

44.3 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:

	2022	2021
	-----Rupees '000-----	
Total borrowings	17,537,616	15,639,095
Cash and bank - note 17	(82,875)	(103,680)
Net debt	17,454,741	15,535,415
Equity	27,037,458	24,487,654
Total capital	44,492,199	40,023,069
Debt to capital ratio	39%	39%

44.4 Reconciliation of movements of liabilities to cash flows arising from financing activities

	2022			
	Short-term borrowings	Long-term financing	Unappropriated profit	Total
	------(Rupees in '000)-----			
Balance as at July 1, 2021	5,931,431	9,892,807	13,006,363	28,830,601
<i>Changes from financing cash flows</i>				
Repayment of long-term loan	-	(267,750)	-	(267,750)
Proceeds from long-term loan	-	-	-	-
Dividend paid	-	-	(480,081)	(480,081)
Total changes from financing activities	-	(267,750)	(480,081)	(747,831)
<i>Other changes</i>				
Interest expense	724,360	1,148,435	-	1,872,795
Interest paid	(666,254)	(1,125,873)	-	(1,792,127)
Unwinding of discount on salary refinancing	-	63,845	-	63,845
Amortization of Transaction Cost	-	16,848	-	16,848
Changes in short-term borrowings	2,085,578	-	-	2,085,578
Total loan related other changes	2,143,684	103,255	-	2,246,939
Equity related other changes	-	-	1,468,366	1,468,366
Balance as at June 30, 2022	8,075,115	9,728,312	13,994,648	31,798,075

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

	2021			Total
	Short-term borrowings	Long-term financing	Unappropriated profit	
	------(Rupees in '000)-----			
Balance as at July 1, 2020	5,046,189	452,553	11,388,823	16,887,565
<i>Changes from financing cash flows</i>				
Repayment of long-term loan	-	(933,875)	-	(933,875)
Proceeds from long-term loan	-	10,441,500	-	10,441,500
Transaction Cost Paid	-	(117,989)	-	(117,989)
Dividend paid	-	-	(531,064)	(531,064)
Total changes from financing activities	-	9,389,636	(531,064)	8,858,572
<i>Other changes</i>				
Interest expense	423,354	792,208	-	1,215,562
Interest paid	(460,764)	(777,751)	-	(1,238,515)
Unwinding of discount on salary refinancing	-	21,780	-	21,780
Amortization of Transaction Cost	-	14,381	-	14,381
Changes in short-term borrowings	922,652	-	-	922,652
Total loan related other changes	885,242	50,618	-	935,860
Equity related other changes	-	-	2,148,604	2,148,604
Balance as at June 30, 2021	<u>5,931,431</u>	<u>9,892,807</u>	<u>13,006,363</u>	<u>28,830,601</u>

45. MEASUREMENT OF FAIR VALUES

Management engages an independent external expert / valuer to carry out valuation of its non-financial assets (i.e. Leasehold Land, Building, Plant and Machinery, Vehicles and Air-conditioning System) with sufficient regularity and obtains rate from financial institution to value derivative financial instruments. Involvement of external valuers is decided upon by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).



Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

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

As at June 30, 2022, all financial assets and financial liabilities are carried at amortised cost which is approximate to their fair value. The Company measures the Leasehold Land, Building, Plant and Machinery, Vehicles and Air-conditioning System at fair value and all of the resulting fair value estimates in relation to Leasehold Land, Building, Plant and Machinery, Vehicles and Air-conditioning System of the Company are included in Level 2.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the unconsolidated financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

The following table provides the valuation approach, inputs used and inter-relationship between significant unobservable inputs and fair value measurement of the Company's Land and Buildings measured at fair value:

Assets measured at fair value	Date of valuation	Valuation approach and inputs used	Inter-relationship between significant observable inputs and fair value measurement
Revalued property, plant and equipment - Leasehold land, building, plant and machinery, vehicles and air-conditioning systems	June 30, 2022	The valuation model is based on price per square meter and current replacement cost method adjusted for depreciation factor for the existing assets in use. In determining the valuations for land and buildings, the valuer refers to current market conditions, structure, current replacement cost, sale prices of comparable land in similar location adjusted for differences in key attributes such as land size and inquires with numerous independent local estate agents / realtors in the vicinity to establish the present market value. The fair valuation of land and building is considered to represent a level 2 valuation based on significant observable inputs being the location and condition of the assets.	The fair values are subject to change owing to changes in input. However, management does not expect material sensitivity to the fair values arising from the change in observable inputs.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

Management assessed that the fair values of cash and cash equivalents, other receivable, trade deposits, trade debts, 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 approximates fair value owing to credit standing of counterparties and interest payable on borrowings are market rates.

46. NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2022	2021
Number of employees including contractual employees at year end	<u>2,716</u>	<u>2,526</u>
Average number of employees including contractual employees at year end	<u>2,681</u>	<u>2,447</u>
Number of employees working in the factory at year end	<u>375</u>	<u>345</u>
Average number of employees working in the factory at year end	<u>365</u>	<u>352</u>

47. SUBSEQUENT EVENTS

47.1 DIVIDEND

The Board of Directors of the Company in the meeting held on October 03, 2022, has approved the following appropriation:

	2022	2021
	-----Rupees '000-----	
-Issue of 25 bonus shares for every 100 shares (June 30, 2021: 30 for every 100 shares) held	<u>780,132</u>	<u>720,122</u>
-Cash dividend of Rs. Nil (June 30, 2021: Rs. 2) per share	<u>-</u>	<u>480,081</u>

This would be recognised in the Company's unconsolidated financial statements in the year in which such dividend is declared / approved.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2022

- 47.2** Subsequent to the year end, on July 14, 2022, the Board of Directors have authorized the Company to enter into a transaction with its related party i.e. Universal Ventures (Private) Limited for the sale of the property located at plot # B - 168, S.I.T.E, Nooriabad, District Jamshoro, Sindh measuring approximately 25 acres for a total sale consideration of Rs. 510 million.
- 47.3** The Board of Directors of the Company in the meeting held on October 03, 2022, resolved to acquire the 100% shareholding of Steller Ventures (Private) Limited (SVPL) from Universal Ventures (Private) Limited (UVPL) - a related party of the Company, at a valuation to be determined and negotiated by the management of the Company with UVPL on arms length basis, to be adjusted against Company's receivable balance as disclosed in note 15.13, subject to due diligence and approval of the shareholders under the provisions of Section 199 of the Companies Act, 2017. In case the valuation of the SVPL comes less than the receivable balance, the balance will be settled in cash by UVPL.
- 47.4** On October 03, 2022, the Board of Directors of the Company has approved to increase the authorized share capital of the Company from Rs. 4 billion divided into 400 million ordinary shares of Rs. 10 each to Rs. 6 billion divided into 600 million ordinary shares of Rs. 10 each, by the creation of 200 million additional ordinary shares at nominal value of Rs. 10 each to rank pari passu in every respect with the existing ordinary shares of the Company. The said resolution would be presented to members in the forthcoming annual general meeting.

48. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were approved and authorised for issue by the Board of Directors on October 03, 2022.


Chief Executive


Director


Chief Financial Officer

Consolidated Financial Statements



- 140** Consolidated Directors' Report
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- 158** Auditors' Review Report to the Members
- 164** Consolidated Statement of Financial Position
- 165** Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 167** Consolidated Statement of Changes in Equity
- 168** Consolidated Statement of Cash Flows
- 169** Notes to the Consolidated Financial Statements

Consolidated Directors' Report to the members

The Directors take pleasure in presenting the annual report together with the audited financial statements of your company for the year ended June 30, 2022.

This information is submitted 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 57th Annual General Meeting of the Company to be held on October 28, 2022

OVERVIEW

The pharmaceutical industry in Pakistan faced unprecedented challenges during the year ended June 30, 2022. The devaluation of rupee against US dollar by 29% had a devastating effect on the cost of production as 90% of the pharmaceutical API's are imported. To combat the inflationary pressure, State Bank of Pakistan increased the policy rate from 7% in July 2021 to 15% in June 2022 which resulted in increase in finance cost of the companies. In addition to this, fuel and electricity prices were increased significantly due to removal of subsidies as part of the requirements of IMF program. The increase in fuel and electricity cost also resulted in increasing cost of production of the industry. Further, a new sales tax regime was introduced under which pharmaceutical inputs were made taxable resulting in huge sales tax refunds and working capital being stuck up in the form of sales tax refunds. Despite these challenges, the pharmaceutical industry was able to sustain its growth due to increasing awareness about health care after COVID 19 pandemic, increase in volumes, introduction of new products etc.

OPERATING RESULTS

Searle is a company which has a firm commitment and vision for enhancing the quality of life of its customers by offering them high 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.

Over last six years Searle has recorded an impressive CAGR of 18% in its revenue. This growth in revenue was driven by 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 challenging and unprecedented 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, 2022. The company reported revenue of Rs. 29.91 billion. Profit after tax of the Company amounted to PKR 2.42 bn.

	June 30,	
	2022	2021
	(Rupees in thousand)	
Revenue	29,909,659	26,219,656
Cost of sales	(16,790,417)	(14,028,488)
Gross Profit	13,119,242	12,191,168
Operating expenses	(7,471,117)	(6,731,007)
Other operating expenses	(300,278)	(326,467)
Other income	429,862	1,353,192
Profit from operations	5,777,709	6,486,886
Finance cost	(2,116,362)	(1,451,588)
Profit before tax	3,661,347	5,035,298
Income tax expense	(1,245,493)	(1,288,450)
Profit after taxation	2,415,854	3,746,848

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.

EARNINGS PER SHARE

Basic earnings per share after taxation for the period was Rs. 7.54 (2021-Restated: Rs. 12.15). 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, 2022.

DIVIDEND

The Board of Directors has recommended stock dividend of 25% for the year ended June 30, 2022. During the previous year ended June 30, 2021, the Company declared cash dividend of 20% and stock dividend of 30% as well.

SUBSIDIARIES OF THE COMPANY

Following are the subsidiary companies:

Listed Company

- IBL HealthCare Limited

Unlisted Companies

- Searle Pakistan Limited
- Searle Pharmaceuticals (Private) Limited
- Searle Laboratories (Private) Limited
- Searle Biosciences (Private) Limited
- IBL Future Technologies (Private) Limited
- Nextar Pharma (Private) Limited *

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, 2023, at a mutually agreed fee.

HOLDING COMPANY

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

Principal place of business	Percentage of effective holding	
	June 30, 2022	June 30, 2021
Pakistan	74.19%	74.19%
	100.00%	100.00%
	100.00%	100.00%
	100.00%	100.00%
	100.00%	100.00%
	87.20%	87.20%

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

PATTERN OF SHAREHOLDING

The pattern of shareholding along with categories of shareholders as at June 30, 2022 as required under section 227 of the Companies Act, 2017 and Listing Regulations is presented on pages 247 to 249 of the annual report 2022.

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, 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 2022, 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 42 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 Directors & executives:

Name	Shares Purchased	Shares Disposed	
Mr. Moujood Ul Hassan	1,100	-	Executive
Mrs. Mahboob Khan	-	120,000	Spouse of Director

DIRECTORS' TRAINING PROGRAM

During the year one director attended the DTP. Currently, five directors have attained DTP certification. The company has planned to arrange DTP Certification for the remaining of the directors over the next one year

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:

	2022	2021	2020	2019	2018	2017 (Re-stated)	2016
ASSETS EMPLOYED							
Property, plant and equipment	10,026,144	8,741,499	4,415,663	3,786,177	2,692,524	2,254,788	1,528,607
Right of use assets	69,750	79,410	121,515	-	-	-	-
Intangible assets	16,179,879	15,622,504	328,533	365,268	384,661	397,709	254,473
Investment properties-at cost	3,237,634	2,970,279	2,571,674	2,724,116	2,871,818	2,584,202	2,607,507
Long-term investments- subsidiaries	-	-	-	-	-	-	-
Long-term loans and deposits	27,927	24,462	11,182	13,895	1,682,189	1,020,405	325,560
Deferred assets	-	-	-	-	-	1,894	-
Assets classified as held for sale	-	-	88,064	75,500	-	-	-
Net current assets	10,876,069	8,579,394	9,021,013	6,711,339	3,897,703	3,817,731	3,956,256
Total assets employed	40,417,403	36,017,547	16,557,644	13,676,294	11,528,895	10,076,729	8,672,403
FINANCED BY							
Issued, subscribed and paid-up capital	3,120,527	2,400,405	2,124,253	2,124,253	1,847,177	1,539,314	1,227,523
Reserves and unappropriated profit	20,369,885	19,105,693	11,516,719	9,514,903	8,477,432	7,335,404	6,185,481
Shareholder's equity	23,490,411	21,506,098	13,640,972	11,639,156	10,324,609	8,874,718	7,413,004
Surplus on revaluation of fixed assets	5,173,186	4,066,913	1,846,153	1,437,936	675,001	493,079	296,961
Non-controlling Interest	2,027,714	513,181	475,408	442,137	451,963	422,867	390,725
Long-term and deferred liabilities	9,726,092	9,931,355	595,111	157,065	77,322	286,065	571,713
Total capital employed	40,417,403	36,017,547	16,557,644	13,676,294	11,528,895	10,076,729	8,672,403
Turnover	29,909,659	26,219,656	20,474,842	18,062,107	16,148,468	13,309,651	11,328,239
Profit before tax	3,661,347	5,035,298	3,658,860	2,832,228	3,254,423	2,880,416	2,679,203
Profit after tax	2,415,854	3,746,848	2,548,047	2,265,296	2,716,600	2,393,075	2,058,373
Profit after tax as % of turnover	8.08	14.29	12.44	12.54	16.82	17.98	18.17
Profit after tax as % of capital employed	5.98	10.40	15.39	16.56	23.56	23.75	23.73
Dividends							
Cash (%)	NIL	20	25	25	50	100	50
Stock (%)	25	30	NIL	NIL	15	30	24

COMPOSITION OF THE BOARD OF DIRECTORS

There have been seven directors on the Board. The composition of the board as at June 30, 2022 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

No person other than those mentioned above, have at any time during the year ended June 30, 2022 served as the director of the company.

MEETINGS OF THE BOARD OF DIRECTORS

During the year, seven 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	5
Mrs. Shaista Khaliq Rehman	7
Mr. Syed Nadeem Ahmed	7
Mr. Zubair Palwala	7
Dr. Atta Ur Rehman	5
Mr. Munis Abdullah	4
Mr. Mufti Zia Ul Islam	7

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	4
Dr. Atta Ur Rahman	5

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

Subsequent to the year end, on July 14, 2022, the Board of Directors have authorized the Parent Company to enter into a transaction with its related party i.e. Universal Ventures (Private) Limited for the sale of the property located at plot # B - 168, S.I.T.E, Nooriabad, District Jamshoro, Sindh measuring approximately 25 acres for a total sale consideration of Rs. 510 million.

Subsequent to the year end, on July 30, 2022 and September 22, 2022, the SPL has announced interim cash dividends of Rs. 0.0382 per share amounting to Rs. 40 million and Rs. 0.0528 per share amounting to Rs. 61.07 million respectively.

Subsequent to the year end, on September 29, 2022, the IBLHC has announced cash dividends of Re. 1 per share amounting to Rs. 64.9 million and bonus issue in the ratio of 10 shares for every 100 shares held for the year ended June 30, 2022.

The Board of Directors of the Parent Company in the meeting held on October 03, 2022, resolved to acquire the 100% shareholding of Steller Ventures (Private) Limited (SVPL) from Universal Ventures (Private) Limited (UVPL) - a related party of the Parent Company, at a valuation to be determined and negotiated by the management of the Company with UVPL on arms length basis, to be adjusted against Parent Company's receivable balance as disclosed in note 13.10, subject to due diligence and approval of the shareholders under the provisions of Section 199 of the Companies Act, 2017. In case the valuation of the SVPL comes less than the receivable balance, the balance will be settled in cash by UVPL.

On October 03, 2022, the Board of Directors of the Parent Company has approved to increase the authorized share capital of the Parent Company from Rs. 4 billion divided into 400 million ordinary shares of Rs. 10 each to Rs. 6 billion divided into 600 million ordinary shares of Rs. 10 each, by the creation of 200 million additional ordinary shares at nominal value of Rs. 10 each to rank pari passu in every respect with the existing ordinary shares of the Parent Company. The said resolution would be presented to members of the Parent Company in the forthcoming annual general meeting.



VALUE OF INVESTMENTS

The value of investment of provident fund based on their un-audited / audited accounts as on June 30, 2022 and June 30, 2021 respectively was as follows:

	2022	2021
	Rs '000	
Provident Fund	711,953	896,504

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 the current socio-economic, political and environmental challenges. Ongoing volatility in exchange rates, inflation, increase in global commodity prices, increased fuel/logistics cost and interest rate nevertheless pose a risk to the company's future profitability.

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. In the longer run, Searle is focusing on emerging portfolios including bio-similars, medical devices, nutraceuticals and genome sciences. As part of this strategy, the new manufacturing facility acquired at Port Qasim will be used to facilitate in further strengthening our nutraceutical portfolio.

For and on behalf of the Board



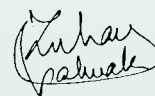
Syed Nadeem Ahmed
Chief Executive Officer

Karachi: October 03, 2022

The overly regulated drug pricing mechanism and non-conducive regulatory framework poses another challenge as delays in new product approvals adversely affects the patients well being and treatment. Further, until the current mechanism for approval of hardship cases is reassessed, delays in price increase negatively impact the gross profit of the company during such hyperinflationary period. In addition, the ongoing increase in interest rates the company is incurring higher finance cost which is affecting our cash cycle.

Torrential monsoon rains triggered the most severe flooding in Pakistan's recent history, washing away villages and leaving millions of people homeless. As floodwaters now slowly recede, the scale of damage is being assessed. Hundreds of thousands of homes have been damaged or destroyed, while many public health facilities, water systems and schools have been destroyed or damaged. People in flood hit areas are living out in the open with their families, with no drinking water, no food, and no livelihood, exposed to a wide range of new flood-related risks and hazards, including from damaged buildings and drowning in floodwaters. In these testing times, Searle following its legacy of its commitment towards society is working in collaboration with humanitarian organizations in relief activities being carried on in the form of medical camps, free medicines and providing other necessities of life.

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

اس طویل عرصے میں سیرل ابھرتے ہوئے پورٹ فولیو پر توجہ مرکوز کر رہا ہے، جس میں بائیو سیمیلر، میڈیکل ڈیوائسز، نیوٹراسیوٹیکلز اور جینوم سائنسز شامل ہیں۔ اس حکمت عملی کے تحت، پورٹ فاسم پر حاصل کی گئی نئی مینوفیکچرنگ کی سہولت کو ہمارے نیوٹراسیوٹیکل پورٹ فولیو کو مزید مضبوط بنانے کے لیے استعمال کیا جائے گا۔

حد سے زیادہ ریگولیٹڈ ادویات کی قیمتوں کا تعین کرنے کا طریقہ کار اور غیر سازگار ریگولیٹری فریم ورک، ایک اور چیلنج ہے۔ کیونکہ نئی مصنوعات کی منظوری میں تاخیر، مریضوں کی صحت اور علاج پر منفی اثر ڈالتی ہے۔ مزید یہ کہ، جب تک مشکل معاملات کی منظوری کے موجودہ طریقہ کار کا از سر نو جائزہ نہیں لیا جاتا، قیمتوں کے اضافے میں تاخیر، اس طرح کے افراط زر کی مدت کے دوران ہولڈنگ کمپنی کے مجموعی منافع پر منفی اثر ڈالتی ہے۔ اس کے علاوہ، شرح سود میں مسلسل اضافے سے گروپ کو مالیاتی لاگت زیادہ ہو رہی ہے، جس سے ہمارے کیش سائیکل پر اثر پڑ رہا ہے۔

پاکستان کی حالیہ تاریخ میں مومن سون کی طوفانی بارشوں نے سب سے زیادہ شدید سیلاب کو جنم دیا جس سے نہ صرف سینکڑوں دیہات بہہ گئے بلکہ لاکھوں لوگ بھی بے گھر ہوئے۔ چونکہ اب سیلاب کا پانی آہستہ آہستہ کم ہو رہا ہے لہذا نقصان کے پیمانے کا اندازہ لگایا جا رہا ہے۔ اب تک لاکھوں گھر تباہ و برباد ہو چکے ہیں۔ جب کہ صحت عامہ کی بہت سی سہولیات، پانی کے نظام اور اسکول وغیرہ بھی بربادی کا شکار ہو چکے ہیں۔ سیلاب زدہ علاقوں میں لوگ اپنے خاندانوں کے ساتھ کھلے عام رہ رہے ہیں، جن میں پینے کا پانی نہیں ہے، خوراک نہیں ہے اور نہ ہی کوئی اور ذریعہ معاش ہے۔ لوگ سیلاب سے متعلق نئے خطرات کے ایک وسیع سلسلے سے دوچار ہیں، جن میں تباہ شدہ عمارتوں اور سیلاب کے پانی میں ڈوبنے کے واقعات بھی شامل ہیں۔ آزمائش کے اس وقت میں، سرل گروپ معاشرے کے ساتھ اپنی وابستگی کی وراثت پر عمل کرتے ہوئے، طبی کیمپوں، مفت ادویات اور زندگی کی دیگر ضروریات کی فراہمی کی صورت میں جاری امدادی سرگرمیوں میں انسانی ہمدردی کی تنظیموں کے ساتھ مل کر کام کر رہی ہے۔

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 پال والا
ڈائریکٹر



سید ندیم احمد
چیف ایگزیکٹو آفیسر

کراچی: 03 اکتوبر 2022

ہولڈنگ کمپنی کے بورڈ آف ڈائریکٹرز نے 03 اکتوبر 2022 کو ہونے والے اجلاس میں اسٹیبلر وینچرز (پرائیویٹ) لمیٹڈ (SVPL) کی یونیورسل وینچرز (پرائیویٹ) لمیٹڈ (UVPL) جو کہ ایک متعلقہ پارٹی ہے اس کی 100 فیصد شیئر ہولڈنگ حاصل کرنے کا فیصلہ کیا ہے Valuation کا تعین Arm's Length پر کیا جائے گا۔ اور اس کے مطابق قابل وصول بیلنس جو کہ نوٹ نمبر 13.10 میں موجود ہے اس کو Adjust کر دیا جائے گا۔ اگر Valuation کم ہوئی Receivable Balance سے تو Settlement نقد رقم میں کی جائے گی۔ اس معاملے کو کمپنیز ایکٹ 2017 کی دفعہ 199 کے تحت انجام دیا جائے گا۔

کمپنی کے بورڈ آف ڈائریکٹرز نے ۳۰ اکتوبر کو ہونے والے اجلاس میں کمپنی کے سرمائے ۴ بلین جو کہ ۴۰۰ ملین شیئرز پر مشتمل ہے سے ۶ بلین کو ۶۰۰ ملین شیئرز پر مشتمل ہے کرنے کی منظوری دی ہے یہ قرارداد کمپنی کے سالانہ اجلاس میں حصص یافتگان کے سامنے پیش کی جائے گی۔

30 جولائی 2022 اور 22 ستمبر 2022 کو سرل پاکستان لمیٹڈ نے 0.0382 فی شیئر جو کہ 40 ملین روپے اور 0.0528 فی شیئر جو کہ 61.07 ملین روپے بنتا ہے۔ نقد عبوری منافع کا اعلان کیا ہے۔

29 ستمبر 2022 کو IBL Health Care Limited نے 30 جون 2022 کو ختم ہونے والے سال کے لئے ایک روپے فی شیئر جو کہ 64.9 ملین روپے بنتا ہے نقد منافع کا اعلان کیا گیا ہے اسکے ساتھ 10 فیصد بونس شیئر کا بھی اعلان کیا گیا ہے۔

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، 2022 اور 30 جون، 2021 کو بالترتیب درج ذیل تھی:

2021	2022
896,504	711,953
Rs '000	
پروویڈنٹ فنڈ	

مستقبل پر ایک نظر

سرل گروپ موجودہ سماجی، اقتصادی، سیاسی اور ماحولیاتی چیلنجوں کے باوجود اپنے حریفوں کے درمیان اپنے مارکیٹ شیئر کو بڑھانے اور اپنی نامیاتی اور غیر نامیاتی ترقی کو برقرار رکھنے کے لیے پرعزم ہے۔ شرح مبادلہ میں جاری اتار چڑھاؤ، افراط زر، عالمی اجناس کی قیمتوں میں اضافہ، ایندھن / لاجسٹکس لاگت میں اضافہ اور شرح سود اس کے باوجود سرل گروپ کے مستقبل کے منافع کے لیے خطرہ ہے۔

آگے بڑھتے ہوئے، ہم خصوصاً ہنرک 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 سرل گروپ نے گذشتہ برسوں میں امراض قلب، نزلہ اور کھانسی، ڈیپریسٹس، نوزائیدہ فارمولہ، حیاتیاتی اور اینٹی بائیوٹک کے علاج معالجے میں مستحکم جگہ بنالی 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	4
ڈاکٹر عطاء الرحمان	5

ہیومن ریسورس اور ریمونریشن کمیٹی

کمیٹی تین غیر ادا رتی ممبرز پر مشتمل ہے۔ کمیٹی کے چیئرمین سن 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۔

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

سال کے اختتام کے بعد، 14 جولائی 2022 کو، بورڈ آف ڈائریکٹرز نے ہولڈنگ کمپنی کو اپنی متعلقہ پارٹی یعنی یونیورسل وینچرز (پرائیویٹ) لمیٹڈ کے ساتھ پلاٹ #168-B پر واقع پراپرٹی کی فروخت کے لیے لین دین کرنے کا اختیار دیا ہے۔ S.I.T.E، نوری آباد، ضلع جامشورو، سندھ جس کی پیمائش تقریباً 25 ایکڑ ہے جس کی کل فروخت پر غور کیا جا رہا ہے۔ 510 ملین تمام دعووں، لیسز، بوجھ، تنازعات، واجبات، بوجھ، مطالبات اور واجبات سے پاک ہے۔

بورڈ آف ڈائریکٹرز کی تشکیل

بورڈ میں سات ڈائریکٹرز موجود ہیں۔ بورڈ کی تشکیل 30 جون 2022 کے مطابق مندرجہ ذیل ہے:

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

مذکورہ بالا افراد کے علاوہ کسی بھی فرد نے 30 جون 2022 کو ختم ہوئے سال کے دوران کسی بھی وقت ہولڈنگ کمپنی کے ڈائریکٹر کی حیثیت سے خدمات انجام نہیں دیں۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران، بورڈ آف ڈائریکٹرز کے 7 اجلاس منعقد ہوئے۔ بورڈ ممبران کی میٹنگوں میں شرکت کا خلاصہ درج ذیل ہے:

ڈائریکٹر کے نام	اجلاسوں میں شرکت
جناب عدنان اصدر علی	5
محترمہ شائستہ خالق رحمن	7
جناب سید ندیم احمد	7
جناب زبیر پال والا	7
ڈاکٹر عطاء الرحمان	5
جناب مونس عبداللہ	4
جناب مفتی ضیاء الاسلام	7

6 سالوں کے لئے اہم آپریٹنگ اور مالیاتی تفصیل درج ذیل ہے۔

2016	2017 (Re-stated)	2018	2019	2020	2021	2022	
							لاگو کردہ اثاثہ جات
1,528,607	2,254,788	2,692,524	3,786,177	4,415,663	8,741,499	10,026,144	املاک، پلائٹس اور ایکویٹی
-	-	-	-	121,515	79,410	69,750	استعمال اثاثہ جات کا حق
254,473	397,709	384,661	365,268	328,533	15,622,504	16,179,879	غیر معمولی اثاثہ جات
2,607,507	2,584,202	2,871,818	2,724,116	2,571,674	2,970,279	3,237,634	مالیت پر جائیدادوں میں سرمایہ کاری
-	-	-	-	-	-	-	طویل مدتی سرمایہ کاری۔ ذیلی اداروں
325,560	1,020,405	1,682,189	13,895	11,182	24,462	27,927	طویل مدتی قرضے اور ڈپازٹس
-	1,894	-	-	-	-	-	ڈیفرڈ اثاثہ جات
-	-	-	75,500	88,064	-	-	نان کرنٹ اثاثہ جات کلاسیفائیڈ فروخت کے لئے دستیاب
3,956,256	3,817,731	3,897,703	6,711,339	9,021,013	8,579,394	10,876,069	خالص کرنٹ اثاثہ جات
8,672,403	10,076,729	11,528,895	13,676,294	16,557,644	36,017,547	40,417,403	مجموعی زیر عمل اثاثہ جات
							سرمایہ کاری کا ذریعہ
1,227,523	1,539,314	1,847,177	2,124,253	2,124,253	2,400,405	3,120,527	جاری کردہ، سبسکرائبڈ اور ادا شدہ سرمایہ
6,185,481	7,335,404	8,477,432	9,514,903	11,516,719	19,105,693	20,369,885	ریزروز اور غیر منقولہ شدہ منافع جات
7,413,004	8,874,718	10,324,609	11,639,156	13,640,972	21,506,098	23,490,411	حصص یافتگان کی ایکویٹی
296,961	493,079	675,001	1,437,936	1,846,153	4,066,913	5,173,186	فکسڈ اثاثہ جات کی دوبارہ قدر و قیمت پر اضافہ
390,725	422,867	451,963	442,137	475,408	513,181	2,027,714	کنٹرول نہ کئے جانے والا مفاد
571,713	286,065	77,322	157,065	595,111	9,931,355	9,726,092	طویل مدتی غیر معمولی شدہ مالیاتی ذمے داریاں
8,672,403	10,076,729	11,528,895	13,676,294	16,557,644	36,017,547	40,417,403	مجموعی لاگو شدہ سرمایہ
11,328,239	13,309,651	16,148,468	18,062,107	20,474,842	26,219,656	29,909,659	ٹرن اور
2,679,203	2,880,416	3,254,423	2,832,228	3,658,860	5,035,298	3,661,347	منافع قبل از ٹیکس
2,058,373	2,393,075	2,716,600	2,265,296	2,548,047	3,746,848	2,415,854	منافع بعد از ٹیکس
18.17	17.98	16.82	12.54	12.44	14.29	8.08	منافع بعد از ٹیکس بمطابق ٹرن اور کا فیصد
23.73	23.75	23.56	16.56	15.39	10.4	5.98	منافع بعد از ٹیکس بمطابق زیر عمل سرمائے کا فیصد
							منافع منقسم
50	100	50	25	25	20	NIL	نقد (فیصد)
24	30	15	NIL	NIL	30	25	اسٹاک (فیصد)

داخلی مالی کنٹرول کی اہلیت

اس امر کو یقینی بنانے کے لئے ہولڈنگ کمپنی کی جانب سے سرل گروپ 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 ہولڈنگ کمپنی کی پالیسی اور طریقہ کار سے بھی بخوبی واقف ہیں۔

ضابطہ اخلاق

ہولڈنگ 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

سرل گروپ کی انتظامیہ کی جانب سے تیار کردہ مالیات حسابات، اس کے معاملات، کاروباری امور کے نتائج، نقد بہاؤ اور ایکویٹی میں بدلاؤ کو شفاف انداز میں پیش کرتے ہیں۔

- گروپ 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۔
- گروپ 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۔
- گروپ 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 نرخوں کے بہترین طریقہ کار سے روگردانی نہیں کی جاتی ہے۔

ویب سائٹ

ہمارے تمام شراکت داروں اور عوام الناس دی سرل کمپنی لمیٹڈ کی ویب سائٹ 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 2022 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۔ سرل گروپ ایس تمام ٹرانزیکشنز کا شرائط و ضوابط کے ساتھ مکمل ریکارڈ بھی رکھتا ہے۔ مزید تفصیلات کے لئے، براہ کرم مالیات حسابات کا حوالہ نوٹ 42 ملاحظہ کریں۔

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۔ سرل گروپ 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 ہولڈنگ 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	1,100	-
مسز محبوب خان	-	120,000
		ڈائریکٹر کی شریک حیات

ڈائریکٹرز کا تربیتی پروگرام

سال کے دوران ایک ڈائریکٹر نے ڈی ٹی پی میں شرکت کی ہے۔ فی الحال پانچ ڈائریکٹرز نے ڈی ٹی پی سرٹیفیکیشن حاصل کر لیا ہے۔ ہولڈنگ کمپنی نے اگلے ایک سال کے دوران بقیہ ڈائریکٹرز کے لیے ڈی ٹی پی سرٹیفیکیشن کا انتظام کرنے کا منصوبہ بھی بنایا ہے۔

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۔

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۔

ہولڈنگ کمپنی معاشرتی طور پر ذمہ دارانہ انداز میں سرگرم عمل ہے۔ اس کے مطابق سرل گروپ کا سماجی ذمہ داری کا پروگرام وسیع البینا 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 گروپ 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

ہولڈنگ 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، (SAP) کو کامیابی کے ساتھ تعینات کیا ہے۔

ہولڈنگ کمپنی

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

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، 2022
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%

پاکستان

لسٹڈ کمپنی

- آئی بی ایل ہیلتھ کیئر لمیٹڈ

غیر لسٹڈ کمپنیاں

- سرل پاکستان لمیٹڈ
- سرل فارماسیوٹیکلز (پرائیویٹ) لمیٹڈ
- سرل لیباریٹریز (پرائیویٹ) لمیٹڈ
- سرل بائیوسائنسز (پرائیویٹ) لمیٹڈ
- آئی بی ایل فیوچر ٹیکنالوجیز (پرائیویٹ) لمیٹڈ
- نیکسٹ فارما (پرائیویٹ) لمیٹڈ

شیئر ہولڈنگ کا طریقہ کار

30 جون 2022 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 2022 کے صفحہ نمبر 247 تا 249 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

June 30,
2021 **2022**
(پاکستانی روپے ہزاروں میں)

26,219,656	29,909,659	آمدنی
(14,028,488)	(16,790,417)	فروخت کے اخراجات
12,191,168	13,119,242	مجموعی آمدنی
(6,731,007)	(7,471,117)	آپریٹنگ اخراجات
(326,467)	(300,278)	دیگر آپریٹنگ اخراجات
1,353,192	429,862	دیگر آمدنی
6,486,886	5,777,709	آپریٹنگ سے آمدنی
(1,451,588)	(2,116,362)	مالیاتی اخراجات
5,035,298	3,661,347	منافع قبل از ٹیکس
(1,288,450)	(1,245,493)	انکم ٹیکس اخراجات
3,746,848	2,415,854	منافع بعد از ٹیکس

کمپنی ڈاکٹر کورج، پروڈکٹ پورٹ فولیو کی پختگی، نئے برانڈز کے تعارف، ریپر پروڈکٹ مکس اور برانڈنگ کی کوششوں کی وجہ سے اپنی مالیاتی کارکردگی کو برقرار رکھنے میں کامیاب رہی ہے۔

فی شیئر آمدنی

بنیادی آمدنی فی شیئر بعد از ٹیکس 7.54 روپے رہی (12.15 روپے: 2021)۔ کمپنی کی بنیادی آمدنی فی حصص پر ڈائیلوشن کا کوئی اثر نہیں پڑا، کیونکہ ہولڈنگ کمپنی کے 30 جون، 2022 کے کوئی کنورٹبل ڈائیلوشن پوٹینشل آڈریزی شیئرز باقی نہیں تھے۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 30 جون 2022 کو ختم ہونے والے سال کیلئے 25 فیصد اسٹاک کے بونس شیئرز کی سفارش کی ہے۔

30 جون 2021 کو ختم ہونے والے گزشتہ سال کے دوران، گروپ نے 20 فیصد نقد منافع اور 30 فیصد اسٹاک کے بونس شیئرز 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 2023 کو ختم ہونے والے مالی سال کے لئے باہمی طے شدہ معاوضے پر ہولڈنگ کمپنی کے آڈیٹرز کی حیثیت سے ان کی دوبارہ تقرری کی توثیق کرتے ہیں۔

اشتمالی ڈائریکٹرز رپورٹ برائے حصص یافتگان

ڈائریکٹرز سالانہ رپورٹ مع سال محتممہ 30 جون 2022 کے لئے ہولڈنگ کمپنی کے آڈٹ شدہ مالیاتی حسابات پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔ یہ معلومات کمپنیز ایکٹ 2017 کی دفعہ 227 اور لسٹڈ کمپنیوں کے (کارپوریٹ گورننس کے ضابطہ) کی ریگولیشنز 2019 کے باب XII کے مطابق تیار کی گئی ہے۔

یہ رپورٹ ہولڈنگ کمپنی کی 28 اکتوبر 2022 کو منعقد ہونے والے 57 ویں سالانہ اجلاس عام میں ممبران کو پیش کی جائے گی۔

جائزہ

پاکستان میں دواسازی کی صنعت کو 30 جون 2022 کو ختم ہونے والے سال کے دوران، غیر معمولی چیلنجز کا سامنا کرنا پڑا ہے۔ امریکی ڈالر کے مقابلے میں روپے کی قدر میں 29 فیصد کمی کا پیداواری لاگت پر تباہ کن اثر پڑا کیونکہ 90 فیصد فارماسیوٹیکل API درآمد کیے جاتے ہیں۔ مہنگائی کے دباؤ سے نمٹنے کے لیے اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ کو 7 فیصد سے بڑھا کر جون 2022 تک 15 فیصد کر دیا جس کے نتیجے میں کمپنیوں کی مالیاتی لاگت میں اضافہ ہوا۔ اس کے علاوہ آئی ایم ایف پروگرام کی ضروریات کے تحت سبسڈی ختم کرنے کی وجہ سے ایندھن اور بجلی کی قیمتوں میں نمایاں اضافہ کیا گیا۔ ایندھن اور بجلی کی قیمت میں اضافے سے صنعت کی پیداواری لاگت بھی بڑھ گئی۔ مزید یہ کہ سیلز ٹیکس کا ایک نیا نظام متعارف کرایا گیا جس کے تحت فارماسیوٹیکل ان پٹس کو قابل ٹیکس بنایا گیا جس کے نتیجے میں سیلز ٹیکس ریفرنڈز اور ورکنگ کیسٹبل سیلز ٹیکس ریفرنڈز کی صورت میں پھنس گئے ہیں۔ ان چیلنجز کے باوجود، دواسازی کی صنعت کو 19 کی وبا کے بعد صحت کی دیکھ بھال کے بارے میں بڑھتی ہوئی آگاہی، حجم میں اضافہ، نئی مصنوعات متعارف کرانے وغیرہ کی وجہ سے اپنی ترقی کو برقرار رکھنے میں کامیاب رہی۔

آپریٹنگ نتائج

سرل گروپ ایک ایسا گروپ ہے جس نے ہمیشہ اعلیٰ معیار کی ہیلتھ کیئر خدمات کے ذریعے مریضوں کی زندگی کو بہتر بنانے کی کوشش کی ہے۔ مریضوں اور شیئر ہولڈرز کے مفادات کو اپنی بنیادی ترجیح بناتے ہوئے ہم نے ایک مستحکم اور مستند پوزیشن حاصل کر لی ہے۔ اور ہم اپنی کوششوں سے حاصل ہونے والے اثرات پر فخر کرتے ہیں۔

پچھلے چھ سالوں میں سرل نے اپنی آمدنی میں 18 فیصد کا متاثر کن CAGR ریکارڈ کیا ہے۔ محصولات میں یہ اضافہ حجم میں مسلسل اضافے اور DRAP قیمتوں کی پالیسی کے مثبت اثرات کے ساتھ مصنوعات کی متنوع رینج سے ہوا، جو کہ اب سالانہ صارفی قیمت کے اشاریے (CPD) 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 سال 30، جون 2022 کے دوران ایک متاثر کن کارکردگی حاصل کرنے میں کامیاب ہوا۔ اس طرح ہولڈنگ کمپنی نے 29.91 بلین کی آمدنی کی رپورٹ دی ہے جبکہ کمپنی کا بعد از ٹیکس منافع PKR 2.42 بلین تھا۔



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 Holding Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2022, the consolidated statement of profit or loss and other 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, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

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Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
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(i)	Revenue from contracts with customers	
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(Refer note 2.20 and 29 to the consolidated financial statements)

The Group's revenue is generated from sales of pharmaceutical and other consumer products. The Group's recognized revenue of Rs. 29.91 billion from the sale of goods to domestic as well as export customers during the year ended June 30, 2022.

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. Taking into account that revenue recognition is a 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 recognized in the appropriate accounting period;
- 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
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(ii) Litigation relation to product pricing matters

(Refer Note 29.3 to the consolidated financial statement)

The Holding Company has litigation cases in respect of product pricing which are pending at various forums including Honourable High Court of Sindh 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 Holding 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 a key audit matter.

Our audit procedures included the following:

- obtained and reviewed details of the pending litigations and discussed the same with the Holding Company’s management;
- reviewed correspondence of the Holding 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 Holding Company’s external legal and tax counsels for their views on open tax assessments and legal cases; and
- reviewed disclosures made in respect of litigations in the consolidated financial statements.

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S. No. Key Audit Matters

How the matter was addressed in our audit

(iii) Tax Contingencies

(Refer Note 28.1 to the consolidated financial statements)

The Group has recognized contingent liabilities in respect of income tax and sales tax matters, which are pending at various forums including Honorable High Court of Sindh, Commissioner Inland Revenue (Appeals) (CIR(A)) and Appellate Tribunal Inland Revenue (ATIR).

Such matters 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 contingent liabilities.

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 tax contingencies 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 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 Group's external tax advisor 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
- reviewed disclosures made in respect of tax contingencies in the consolidated financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and unconsolidated 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.

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Responsibilities of Management and Board of Directors for the Consolidated Financial Statement

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

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

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

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

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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 Syed Muhammad Hasnain.



A. F. Ferguson & Co
Chartered Accountants
Karachi

Date: October 07, 2022
UDIN: AR202210073VvrkRQOCq

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	Note	2022	2021
		-----Rupees '000-----	
ASSETS			
Non-current assets			
Property, plant and equipment	3	10,026,144	8,741,499
Right-of-use assets	4	69,750	79,410
Investment properties - at cost	5	3,237,634	2,970,279
Intangible assets	6	16,179,879	15,622,504
Long-term loans and advances	7	241	325
Long-term deposits	8	27,686	24,137
		<u>29,541,334</u>	<u>27,438,154</u>
Current assets			
Inventories	9	5,773,882	4,886,018
Trade receivables	10	11,978,760	10,038,858
Loans and advances	11	1,043,740	1,035,531
Trade deposits and short-term prepayments	12	158,573	145,493
Accrued markup		1,431	1,106
Other receivables	13	4,887,151	4,016,938
Short-term investment at amortised cost	14	115,772	116,721
Taxation - payments less provision		1,715,123	1,243,726
Tax refunds due from Government - Sales tax		285,748	-
Cash and bank balances	15	230,212	222,996
		<u>26,190,392</u>	<u>21,707,387</u>
Total assets		<u>55,731,726</u>	<u>49,145,541</u>
EQUITY AND LIABILITIES			
EQUITY			
Share Capital			
Issued, subscribed and paid-up capital	16	3,120,527	2,400,405
Capital Reserves			
Share premium	17	6,049,419	6,049,419
Revaluation surplus on property, plant and equipment	18	5,173,186	4,066,913
Revenue Reserves			
General reserve	19	280,251	280,251
Unappropriated profit		14,040,214	12,776,023
Attributable to owners of The Searle Company Limited - Parent Company		28,663,597	25,573,011
Non-controlling interests	49	2,027,714	513,181
Total equity		<u>30,691,311</u>	<u>26,086,192</u>
LIABILITIES			
Non-current liabilities			
Long-term borrowings	20	9,049,521	9,693,174
Deferred tax liabilities	21	509,198	59,174
Employee benefit obligations	22	80,356	76,669
Deferred income - Government grant	23	-	9,246
Lease liability	24	87,017	93,092
		<u>9,726,092</u>	<u>9,931,355</u>
Current liabilities			
Trade and other payables	25	5,097,713	5,088,191
Short term borrowings	26	9,969,728	7,794,044
Unpaid dividend	27	196,496	171,176
Unclaimed dividend		45,243	49,367
Sales tax payable		-	20,800
Current portion of lease liability	24	5,143	4,416
		<u>15,314,323</u>	<u>13,127,994</u>
Total liabilities		<u>25,040,415</u>	<u>23,059,349</u>
Contingencies and commitments	28		
Total equity and liabilities		<u>55,731,726</u>	<u>49,145,541</u>

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.


Chief Executive


Director


Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2022

	Note	2022	2021
		-----Rupees '000-----	
Revenue from contracts with customers	29	29,909,659	26,219,656
Cost of sales	30	(16,790,417)	(14,028,488)
Gross profit		13,119,242	12,191,168
Distribution costs	31	(6,039,995)	(5,348,136)
Administrative expenses	32	(1,431,122)	(1,382,871)
Other expenses	33	(300,278)	(326,467)
Other income	34	429,862	1,353,192
Profit from operations		5,777,709	6,486,886
Finance cost	35	(2,116,362)	(1,451,588)
Profit before income tax		3,661,347	5,035,298
Income tax expense	36	(1,245,493)	(1,288,450)
Profit for the year		2,415,854	3,746,848
Profit from:			
Continuing Operations		2,415,854	3,690,065
Discontinued Operations		-	56,783
		2,415,854	3,746,848
Profit is attributable to:			
Owners of The Searle Company Limited - Parent Company		2,351,638	3,678,918
Non-controlling interests		64,216	67,930
		2,415,854	3,746,848
Basic and diluted earnings per share (Rupees)	37	7.54	(Restated) 12.15

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.


Chief Executive


Director


Chief Financial Officer



CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2022

	Note	2022	2021
		-----Rupees '000-----	
Profit for the year		2,415,854	3,746,848
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations		(2,163)	(3,427)
Surplus on revaluation of property, plant and equipment			
- net of deferred tax	18	1,221,192	2,271,922
		1,219,029	2,268,495
Total comprehensive income for the year		3,634,883	6,015,343
Total comprehensive income is attributable to:			
Owners of The Searle Company Limited - Parent Company		3,570,667	5,947,413
Non-controlling interests		64,216	67,930
		3,634,883	6,015,343

The annexed notes from 1 to 52 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, 2022

	Attributable to the owners of the Parent Company						Non-controlling interests	Total Equity
	Capital reserves			Revenue reserves				
	Issued, subscribed and paid-up capital	Share premium	Revaluation surplus on property, plant and equipment	General reserve	Unappropriated profits	Sub - Total reserves		
	-----Rupees '000 -----							
Balance as at July 1, 2020	2,124,253	1,630,974	1,846,153	280,251	9,605,494	13,362,872	475,408	15,962,533
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 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
Transaction with owners in their capacity as owners								
Right issue - note 16.5	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)
Balance as at June 30, 2021	2,400,405	6,049,419	4,066,913	280,251	12,776,023	23,172,606	513,181	26,086,192
Total comprehensive income for the year ended June 30, 2022								
Profit for the year ended June 30, 2022	-	-	-	-	2,351,638	2,351,638	64,216	2,415,854
Other comprehensive income / (loss) for the year ended June 30, 2022	-	-	1,221,192	-	(2,163)	1,219,029	-	1,219,029
Transfer of incremental depreciation net of deferred tax	-	-	(114,919)	-	114,919	-	-	-
	-	-	1,106,273	-	2,464,394	3,570,667	64,216	3,634,883
Transaction with owners in their capacity as owners								
Bonus shares issued during the year in the ratio of 30 shares for every 100 shares held	720,122	-	-	-	(720,122)	(720,122)	-	-
Final dividend for the year ended June 30, 2021 @ Rs. 2 per share	-	-	-	-	(480,081)	(480,081)	-	(480,081)
Dividend pertaining to non-controlling interests	-	-	-	-	-	-	(15,079)	(15,079)
	-	-	-	-	(480,081)	(480,081)	(15,079)	(495,160)
Advance against issue of share capital - refer note 48.1	-	-	-	-	-	-	1,465,396	1,465,396
Balance as at June 30, 2022	3,120,527	6,049,419	5,173,186	280,251	14,040,214	25,543,070	2,027,714	30,691,311

The annexed notes from 1 to 52 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, 2022

	Note	2022	2021
		----- Rupees '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	2,906,261	5,106,041
Employee benefit obligations paid		(19,444)	(17,054)
Finance cost paid		(1,951,214)	(1,755,300)
Income taxes paid		(1,384,175)	(1,208,701)
Payments to workers' welfare fund and workers' profit participation fund		(285,644)	(237,947)
Interest income received		(87)	9,653
(Increase) / decrease in long-term deposits		(3,549)	2,834
Decrease in long-term loans and advances		84	33
Net cash (used in) / generated from operating activities		(737,768)	1,899,559
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(484,967)	(879,825)
Proceeds from disposal of property, plant and equipment		9,366	20,396
Purchase of investment properties		(341,807)	(561,384)
Purchase of intangible assets		(762)	(7,499)
Acquisition of subsidiary - net		(600,000)	(17,004,956)
Proceeds from disposal of subsidiary - net		-	187,933
Deferred payable to UVPL - related party		(260,712)	-
Short-term investments - net		949	-
Net cash used in investing activities		(1,677,933)	(18,245,335)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(473,964)	(535,270)
Advance against issue of share capital		1,465,396	-
Proceeds from issue of shares		-	4,694,597
Issue cost relating to issuance of shares		-	(25,060)
Borrowings obtained - net		-	9,641,500
Transaction cost paid on musharaka facility obtained		-	(117,989)
Demand finance facility (repayment) / obtained		(113,333)	113,333
Repayment of salary refinancing - net		(342,920)	(80,810)
Payments against lease liabilities		(20,017)	(22,878)
Net cash generated from financing activities		515,162	13,667,423
Net decrease in cash and cash equivalents		(1,900,539)	(2,678,353)
Cash and cash equivalents at beginning of the year		(7,162,617)	(4,484,264)
Cash and cash equivalents at end of the year	39	(9,063,156)	(7,162,617)

The annexed notes from 1 to 52 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, 2022

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 (Private) Limited is the ultimate Parent company (the 'Ultimate Parent Company') as it holds 56.32% (2021: 56.32%) 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	Percentage of effective holding	
		2022	2021
Listed Company			
- IBL HealthCare Limited (note 1.2.1)		74.19%	74.19%
Unlisted Companies			
- Searle Pakistan Limited (note 1.2.2)	Pakistan	100.00%	100.00%
- Searle Pharmaceuticals (Private) Limited (note 1.2.3)		100.00%	100.00%
- Searle Laboratories (Private) Limited (note 1.2.4)		100.00%	100.00%
- Searle Biosciences (Private) Limited (note 1.2.5)		100.00%	100.00%
- Nextar Pharma (Private) Limited (note 1.2.6)		87.20%	87.20%
- IBL Future Technologies (Private) Limited (note 1.2.7)		100.00%	100.00%

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. 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, 2022

1.2.2 Searle Pakistan Limited

Searle Pakistan Limited [formerly OBS Pakistan (Private) Limited] (SPL), was incorporated on December 3, 2018, under the Companies Act, 2017. SPL 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.

During the year, On August 30, 2021, the Parent Company entered into an agreement with UVPL to settle and release the Parent Company under the Option Agreement including the obligation to sell and transfer the call shares. The Parent Company pays an additional premium of Rs. 600 million to maintain its 100% shareholding in SPL.

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. During the year 2022, SLPL has ceased its operations. However, it expects to commence sale of pharmaceutical products in the coming years. 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 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, 2022. 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 Shahra-e-faisal, Karachi.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

- 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 2.7
- c) Pricing of revenue from contracts with customers - note 2.20
- d) Impairment of goodwill - note 2.9

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.

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.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

2.3 Changes in accounting standards, interpretations and pronouncements

a) Amendments to accounting and reporting 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, 2021. However, these do not have any significant impact on the Group's financial reporting.

b) Standard and amendments to accounting and reporting standards that are not yet effective

There is a 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, 2022. 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.

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.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

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 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs are directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

2.7 Property, plant and equipment

i. Operating Assets

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 up to 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.

Gain or loss on disposal or retirement of property, plant and equipment is included in the consolidated statement of profit or loss.



Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

ii. Capital work-in-progress

These are stated at cost less accumulated impairment, if any and consist of expenditure incurred and advance made in respect assets during the construction period. These are transferred to specific assets as and when assets become available for use.

2.8 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.

Advance paid to suppliers for acquisition of property, plant and equipment including land and building is also classified under capital work-in-progress.

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, 2022

2.9 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.

2.10 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.

2.11 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'.

2.12 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, 2022

2.13 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.

2.14 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.

2.15 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.

2.16 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.

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.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

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:

- 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.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

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.

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.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

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.

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 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.



Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

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).

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.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

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. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 3.1
Capital work in progress - note 3.14

	2022	2021
	-----Rupees '000-----	
	9,904,947	8,256,752
	121,197	484,747
	<u>10,026,144</u>	<u>8,741,499</u>



Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

3.1 Operating assets

	OWNED ASSETS							Total
	Leasehold land - notes 3.3, 3.4, 3.5 3.6, 3.7 & 3.9	Building on leasehold land / rented office premises - notes 3.4, 3.5, 3.6 & 3.7	Plant and machinery 3.4, 3.5, 3.6 & 3.7	Office equipment	Furniture and fixtures - note 3.8	Vehicles - note 3.4, 3.5, 3.6 & 3.7	Air - conditioning systems - note 3.4, 3.5, 3.6 & 3.7	
	-----Rupees '000-----							
Net carrying value basis								
Year ended June 30, 2022								
Opening net book value	4,611,787	1,253,404	1,969,083	64,381	120,323	48,907	188,867	8,256,752
Additions	154,275	132,506	478,959	15,619	40,586	-	27,333	849,278
Transfer from / (to) investment property - note 3.2	-	-	10,717	-	-	-	-	10,717
Revaluation	824,349	93,451	351,492	-	-	29,832	39,377	1,338,501
Disposals - note 3.12	-	-	-	(2,502)	(2,863)	-	-	(5,365)
Depreciation charge - note 3.13	(257)	(84,087)	(341,652)	(28,826)	(25,724)	(29,401)	(34,227)	(544,174)
Transfer / Adjustment	-	(1,970)	9,881	-	(8,411)	(262)	-	(762)
Closing net book value	5,590,154	1,393,304	2,478,480	48,672	123,911	49,076	221,350	9,904,947
Gross carrying value basis								
At June 30, 2022								
Cost or revaluation	5,590,154	1,393,304	2,478,480	255,043	208,773	49,076	221,350	10,196,180
Accumulated depreciation	-	-	-	(206,371)	(84,862)	-	-	(291,233)
Net book value	5,590,154	1,393,304	2,478,480	48,672	123,911	49,076	221,350	9,904,947
Net carrying value basis								
Year ended June 30, 2021								
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	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	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	-	-	(2,234)	(56)	-	(802)	-	(3,092)
Depreciation charge	(250)	(77,519)	(229,970)	(29,806)	(23,814)	(18,864)	(24,158)	(404,381)
Closing net book value	4,611,787	1,253,404	1,969,083	64,381	120,323	48,907	188,867	8,256,752
Gross carrying value basis								
At June 30, 2021								
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)
Net book value	4,611,787	1,253,404	1,969,083	64,381	120,323	48,907	188,867	8,256,752
* Asset written off during the year having zero net book value								
Depreciation rate	-	5% & 20%	10%, 20% & 33%	10%, 20% & 33%	10%, 20% & 33%	20%	10% & 20%	

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

- 3.2** This represents owner occupied portion of investment property (One IBL 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 (2021: 25,895 square feet), in terms of percentage 17.85% (2021: 17.85%). The net book value of the owner occupied portion is Rs. 497.36 million (2021: Rs. 447.62 million), with fair value of Rs. 1,573.84 million (2021: Rs. 1,519.90 million).
- 3.3** This includes registration fee paid for plot number E-58A situated at Port Qasim amounting to Rs. 26 million.
- 3.4** 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. 824.35 million (2021: Rs. 1,879.50 million), Rs. 93.45 million (2021: Rs. 119.28 million), Rs. 351.49 million (2021: Rs. 359.10 million), Rs. 29.83 million (2021: Rs. 21.6 million) and Rs. 39.38 million (2021: Rs. 20.82 million) respectively.
- 3.5** 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:

Assets	Location	Area square yards
Valuer: Pee Dee & Associates (Private) Limited		
Leasehold land	Plot # 5-B, Block 7 & 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi	505
Leasehold land	E-58A, North Western Industrial Zone, Port Qasim Authority, Karachi	7,366
Leasehold land	Plot # B-168, S.I.T.E, Nooriabad, District Jamshoro, Sindh	121,000
Leasehold land	E-44 & E-45, North Western Industrial Zone, Port Qasim Authority, Karachi	7,366
Building on leasehold land, air-conditioning system, plant and machinery	E-44 & E-45, North Western Industrial Zone, Port Qasim Authority, Karachi	N/A
Vehicles	N/A	N/A
Leasehold land	Plot # E-58, North Western Industrial Zone, Port Qasim, Karachi.	7,260
Building on leasehold land and plant and machinery	Plot # E-58, North Western Industrial Zone, Port Qasim, Karachi.	N/A
Leasehold land	Plot # C -14, Manghir road, S.I.T.E, Karachi	14,375
Building on leasehold land and plant and machinery	Plot # C -14, Manghir road, S.I.T.E, Karachi	N/A
Valuer: Asrem (Private) Limited		
Leasehold land	Plot # F- 319, S.I.T.E, Karachi	25,362
Building on leasehold land, air-conditioning system, plant and machinery	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, 2022

3.6 Forced sale value of the revalued assets as at June 30, 2022 are as follows:

	2022	2021
	-----Rupees '000-----	
-Leasehold land	3,072,630	2,537,429
-Building on leasehold land	995,071	573,909
-Plant and machinery	1,820,474	1,569,458
-Vehicles	36,488	35,810
-Air-conditioning systems	148,328	139,966

3.7 The previous valuation was carried out by an independent valuer Pee Dee & Associates and Iqbal A. Nanjee & Co. (Private) Limited on June 30, 2021.

3.8 This includes purchase of furniture and fixtures from the related party IBL Frontier Market (Private) Limited amounting to Rs. Nil (2021: Rs. 5.02 million).

3.9 Leasehold land represents 1.5 acres of land owned by the NPPL at North Western Industrial Zone, Port Qasim, Karachi.

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	Buildings on leasehold land / rented office premises	Plant and machinery	Air conditioners	Vehicles	Total
	-----Rupees '000-----					
Cost	3,074,066	1,137,748	3,223,317	238,203	57,302	7,730,636
Accumulated depreciation / impairment	(663)	(347,190)	(1,161,549)	(102,849)	(57,302)	(1,669,553)
NBV as at June 30, 2022	3,073,403	790,558	2,061,768	135,354	-	6,061,083
NBV as at June 30, 2021	2,325,385	590,670	1,363,378	142,098	7,028	4,428,559

3.11 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 3.11.2	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

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

3.11.1 During the year, the Parent Company has purchased a manufacturing facility comprising leasehold land, plant and machinery and building on leasehold land (E-44 & E-45 North Western Industrial Zone, Port Qasim Authority, Karachi) amounting to Rs. 250 million. The fair value determined by an independent valuer i.e. Pee Dee & Associates as at June 30, 2022 of the manufacturing facility is Rs. 354.92 million. The Parent Company is in the process of lease transfer or registration of the conveyance deed in favour of the Parent Company.

3.11.2 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. 8,100 million obtained from various commercial banks. This charge existed at June 30, 2022. The Parent Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

3.12 No item of property, plant and equipment having net book value in excess of Rs. 500,000 each was disposed off during the year.

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

	2022	2021
	-----Rupees '000-----	
Cost of sales - note 30	323,250	268,378
Distribution costs - note 31	39,651	40,962
Administrative expenses - note 32	181,274	95,041
	<u>544,175</u>	<u>404,381</u>

3.14 Capital work-in-progress - at cost

Reclassification	Balance as at July 1, 2021	Additions during the year	Transfers to operating assets	Balance as at June 30, 2022	Balance as at July 1, 2020	Acquisition of subsidiary	Additions during the year	Transfers to operating assets	Balance as at June 30, 2021
	-----Rupees '000-----								
Civil works	11,014	89,280	(19,853)	80,441	37,145	-	5,827	(31,958)	11,014
Plant and machinery	267,900	183,783	(441,959)	9,723	164,147	683	496,282	(393,212)	267,900
Building - note 3.14.1	42,642	25,287	(57,806)	10,123	-	13,883	51,432	(22,673)	42,642
Furniture and fixtures	-	31,865	(31,689)	176	-	-	22,229	(22,229)	-
	<u>321,556</u>	<u>330,215</u>	<u>(551,307)</u>	<u>100,463</u>	201,292	14,566	575,770	(470,072)	321,556
Advance against purchase of building, plant and machinery - note 24.4	145,000	105,000	(250,000)	-	-	-	145,000	-	145,000
Advances to suppliers	18,191	5,179	(2,636)	20,734	17,163	-	85,412	(84,384)	18,191
	<u>484,747</u>	<u>440,394</u>	<u>(803,943)</u>	<u>121,197</u>	218,455	14,566	806,182	(554,456)	484,747

3.14.1 It includes on-going renovation works carried out at the manufacturing plant of the SPL.



Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

4. RIGHT-OF-USE ASSETS	2022	2021
	-----Rupees '000-----	
Balance as at July 01	79,410	121,515
Derecognition of right of use asset - note 24.4	-	(27,322)
Depreciation for the year - note 4.1	(9,660)	(14,783)
Closing as at June 30	<u>69,750</u>	<u>79,410</u>

4.1 Depreciation expense on right-of-use asset has been charged to cost of sales - refer note 30.

4.2 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.

5. INVESTMENT PROPERTIES - at cost	2022	2021
	-----Rupees '000-----	
Operating assets - note 5.1	2,966,205	2,850,806
Investment property under work in progress - at cost - note 5.12	271,429	119,473
	<u>3,237,634</u>	<u>2,970,279</u>

5.1 Operating assets

	Owned assets								Total
	Leasehold land - notes 5.2, 5.3, 5.4 & 5.10	Building on leasehold land	Office equipment	Electrical equipment	Lifts & elevators	Generators	Furniture & fittings - note 5.5	Air-conditioning	
	-----Rupees '000-----								
Year ended June 30, 2022									
Opening net book value	2,383,641	285,942	11,663	53,703	12,219	10,552	44,940	48,146	2,850,806
Additions	26,376	84,296	6,718	1,274	25,253	37,159	3,298	5,477	189,851
Transfer (to) / from property, plant and equipment - note 3.2	-	-	-	-	(4,086)	(6,631)	-	-	(10,717)
Depreciation charge	-	(21,924)	(5,478)	(9,908)	(4,087)	(3,035)	(7,967)	(11,336)	(63,735)
Closing net book value	<u>2,410,017</u>	<u>348,314</u>	<u>12,903</u>	<u>45,069</u>	<u>29,299</u>	<u>38,045</u>	<u>40,271</u>	<u>42,287</u>	<u>2,966,205</u>
As at June 30, 2022									
Cost	2,410,017	481,788	41,532	97,380	56,513	55,202	79,841	112,666	3,334,939
Accumulated depreciation	-	(133,474)	(28,629)	(52,311)	(27,214)	(17,157)	(39,570)	(70,379)	(368,734)
Net book value	<u>2,410,017</u>	<u>348,314</u>	<u>12,903</u>	<u>45,069</u>	<u>29,299</u>	<u>38,045</u>	<u>40,271</u>	<u>42,287</u>	<u>2,966,205</u>
Year ended June 30, 2021									
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	(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)
Closing net book value	<u>2,383,641</u>	<u>285,942</u>	<u>11,663</u>	<u>53,703</u>	<u>12,219</u>	<u>10,552</u>	<u>44,940</u>	<u>48,146</u>	<u>2,850,806</u>
As at June 30, 2021									
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)
Net book value	<u>2,383,641</u>	<u>285,942</u>	<u>11,663</u>	<u>53,703</u>	<u>12,219</u>	<u>10,552</u>	<u>44,940</u>	<u>48,146</u>	<u>2,850,806</u>
Depreciation rate	<u>-</u>	<u>5%</u>	<u>20%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

- 5.2** This includes investment in plots made by IBLHC which have been rented to United Retail (Private) Limited - associated company and another tenant in consideration for monthly rentals. The rental income in respect of this property amounting to Rs. 8.12 million (2021: Rs. 14.5 million) has been recognised in consolidated statement of profit or loss.
- 5.3** 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.
- 5.4** 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.
- 5.5** This includes furniture and fixtures purchased from related parties - United Retail (Private) Limited and IBL Frontier Market (Private) Limited amounting to Rs. Nil (2021: Rs. 0.14 million) and Rs. Nil (2021: Rs. 1.19 million) respectively.
- 5.6** 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) on One IBL Centre classified under investment property and property plant and equipment has been valued under the market value basis by an independent valuer, Iqbal A. Nanjee & Co. (Private) Limited. Market value of One IBL Centre based on the valuation as of June 30, 2022 was Rs. 8.92 billion (2021: Rs. 8.61 billion). The said property has been provided as security for Musharaka facility - refer note 20.1, 20.2 and 20.3.
- 5.7** 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, 2022. Market value of these investment properties as at June 30, 2022 is Rs. 1.60 billion (2021: Rs. 1.31 billion).

Forced sales value of IBLHC properties as at June 30, 2022 is Rs. 1.28 billion (2021: Rs. 1.22 billion).

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

Location	Total Area (acres) Square yards
One IBL Center, Block 7 and 8 Delhi Mercantile Muslim Co-operative Housing Society, Karachi - note 5.8.1	5,291
Plot no 24/3, Block 7 & 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi - note 5.8.1	754
Plot no 24/4A, Block 7 & 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi - note 5.8.1	1,004
Plot no 24/4, Block 7 & 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi (First plot) - note 5.8.1	502
Plot no 24/4, Block 7 & 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi (Second plot) - note 5.8.1	502

- 5.8.1** These properties are pledged for obtaining the Musharaka facility from Habib Bank Limited - refer note 20.3

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

5.9 The rental income in respect of One IBL Center amounting to Rs 79.26 million (2021: Rs. 107.86 million) has been recognized in consolidated statement of profit or loss and included in 'other income' - refer note 34.

The direct operating expenses pertaining to this property comprising maintenance and utility costs amounting to Rs. 37.74 million (2021: Rs. 28.32 million) is recognized in consolidated statement of profit or loss and included in 'administrative expenses' - refer note 32.

5.10 Leasehold land and building on Plot # 24-/5 - A , Block 7 and 8 Delhi Mercantile Muslim Co-operative Housing Society amounting to Rs. 252.19 million which was purchased in 2021. The fair value determined by an independent valuer i.e. Pee Dee & Associates as at June 30, 2022 for leasehold land and building on leasehold land is Rs. 250 million (2021: Rs. 225 million) and Rs. 5.9 million (2021: Rs. 5.4 million) respectively. The Company is in the process of lease transfer or registration of the conveyance deed in favour of the Parent Company.

5.11 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

	2022	2021
	-----Rupees '000-----	
Upto 1 year	114,029	118,387
1 - 5 years	296,452	305,170
	410,481	423,557

5.12 Movement in investment properties under work-in-progress - at cost - at One IBL Center

	2022	2021
	-----Rupees '000-----	
Balance at beginning of the year	119,473	58,746
Addition during the year - note 5.12.1	313,052	122,671
Transfer to operating assets - investment property	(161,096)	(61,944)
Balance at the end of the year	271,429	119,473

5.12.1 This includes furnitures and fixtures purchased from related parties - United Retail (Private) Limited, IBL Logistics (Private) Limited and IBL Frontier Market (Private) Limited amounting to Rs. 0.03 million (2021: Rs. Nil), Rs. 3.27 million (2021: Rs. Nil) and Rs. 2.39 million (2021: Rs. 7.93 million).

5.13 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, 2022 (refer note - 20.1, 20.2 and 20.3).

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

6. INTANGIBLE ASSETS	2022	2021
	-----Rupees '000-----	
Operating intangible assets - note 6.1	16,179,879	15,622,504

6.1 Operating intangibles assets

	Distribution rights	Trade marks / brands - notes 6.3 & 6.5	Market authorisation rights - notes 6.3 & 6.5	Brand name and logo - note 6.6	Product license - note 6.2	Software licenses - note 6.4	Goodwill - notes 6.5 & 6.7	Total
	-----Rupees '000-----							
Net carrying value basis								
Year ended June 30, 2022								
Opening net book value	4,950	2,500,000	2,200,000	-	55,813	74,570	10,787,171	15,622,504
Additions	-	-	-	-	-	762	-	762
Further investment - note 1.2.2	-	-	-	-	-	-	600,000	600,000
Amortisation charge	(1,800)	-	-	-	(11,163)	(30,424)	-	(43,387)
Closing net book value	3,150	2,500,000	2,200,000	-	44,650	44,908	11,387,171	16,179,879
Gross carrying value basis								
At June 30, 2022								
Cost	277,475	2,500,000	2,200,000	74,703	111,623	216,260	11,387,171	16,767,232
Accumulated amortisation	(274,325)	-	-	(74,703)	(66,973)	(171,352)	-	(587,353)
Net book value	3,150	2,500,000	2,200,000	-	44,650	44,908	11,387,171	16,179,879
Net carrying value basis								
Year ended June 30, 2021								
Opening net book value	6,750	-	-	2,916	66,977	76,274	175,616	328,533
Acquisition of subsidiary	-	2,500,000	2,200,000	-	-	26,752	-	4,726,752
Goodwill on acquisition of subsidiary	-	-	-	-	-	-	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	-	-	-	-	-	(1,657)	-	(1,657)
Closing net book value	4,950	2,500,000	2,200,000	-	55,813	74,570	10,787,171	15,622,504
Gross carrying value basis								
At June 30, 2021								
Cost	277,475	2,500,000	2,200,000	74,703	111,623	215,498	10,787,171	16,166,470
Accumulated impairment	(272,525)	-	-	(74,703)	(55,810)	(140,928)	-	(543,966)
Net book value	4,950	2,500,000	2,200,000	-	55,813	74,570	10,787,171	15,622,504
Amortisation rate	10%	-	-	10%	10%	33.33%	-	

6.2 This represents license obtained for the production of product "Tramal".

6.3 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.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

6.4 Software licenses include various licenses and enterprise resources planning software and cost of implementation and license of SAP.

6.5 Impairment testing of intangibles of the Group

The Group carried out its impairment review on June 30, 2022 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:

Valuation basis	Fair value less cost to disposal
Key assumptions	<ul style="list-style-type: none"> - Sales growth rates - Profit margins - Terminal growth rate - Discount rate
"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.

6.6 Brand name and logo include brands purchased by the Parent Company from Cirin Pharmaceuticals (Private) Limited which are fully amortised and still in use.

6.7 This includes goodwill recognised on the acquisition of the controlling interest in NPPL during the year ended June 30, 2016 and in SPL during the year ended June 30, 2021.

7. LONG-TERM LOANS AND ADVANCES

Loans - considered good
 Employees - note 7.1
 Less: current portion employee loan

2022 2021
 -----Rupees '000-----

578	555
(337)	(230)
241	325

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

- 7.1** 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.

	2022	2021
	-----Rupees '000-----	
8. LONG TERM DEPOSITS		
Deposit against utilities - notes 8.1 & 8.2	<u>27,686</u>	<u>24,137</u>

- 8.1** This includes security deposits given by Parent Company held with K-Electric Limited and do not carry any mark up arrangement.

- 8.2** This also includes amount deposited by NPPL for electricity and gas amounting to Rs. 0.75 million (2021: Rs. 0.75 million) and Rs. 2.68 million (2021: Rs. 2.68 million) respectively. It does not carry any mark up arrangement.

	2022	2021
	-----Rupees '000-----	
9. INVENTORIES		
Raw materials	<u>1,840,825</u>	1,750,676
Packing materials	<u>519,714</u>	495,258
Stores and spares	<u>145,732</u>	143,300
Work-in-process	<u>266,728</u>	201,227
Finished goods	<u>3,000,883</u>	2,295,557
	<u>5,773,882</u>	<u>4,886,018</u>

- 9.1** Inventories include material in transit amounting to Rs. 1,567.59 million (2021: Rs. 1,154.41 million).

- 9.2** This include inventories amounting to Rs. 1,011.46 million (2021: Rs. 957.85 million) held with third parties.

	2022	2021
	-----Rupees '000-----	
10. TRADE RECEIVABLES		
Considered good		
- Export receivables, secured - note 10.5	<u>530,536</u>	514,752
- Due from related parties, unsecured - note 10.1, 10.2, 10.3 & 10.4	<u>10,500,742</u>	8,626,037
- Others, unsecured	<u>947,482</u>	898,069
	<u>11,978,760</u>	<u>10,038,858</u>
Considered doubtful - others	<u>172,243</u>	163,593
Less: Allowance for impairment of trade receivables - note 10.7	<u>(172,243)</u>	(163,593)
	<u>-</u>	<u>-</u>
	<u>11,978,760</u>	<u>10,038,858</u>

10.1 Due from related parties, unsecured

Associated companies - note 10.2		
-IBL Operations (Private) Limited	<u>10,448,248</u>	8,527,428
-United Brands Limited	<u>41,134</u>	40,180
-IBL Logistics (Private) Limited	<u>11,360</u>	58,429
	<u>10,500,742</u>	<u>8,626,037</u>



Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

10.2 The maximum aggregate amount of receivable from related parties outstanding at any time during the year are as follows:

	2022	2021
	-----Rupees '000-----	
IBL Operations (Private) Limited	11,795,478	9,787,888
United Brands Limited	89,428	48,549
IBL Logistics (Private) Limited	99,931	105,745
IBL Frontier Markets (Private) Limited	-	181

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

	2022	2021
	-----Rupees '000-----	
IBL Operations (Private) Limited	5,320	307,859
United Brands Limited	-	8,369
IBL Logistics (Private) Limited	75,271	39,533
	<u>80,591</u>	<u>355,761</u>

10.4 As at June 30, 2022, the age analysis of these related party receivables is as follows:

	2022	2021
	-----Rupees '000-----	
Not yet due	4,819,553	3,562,149
Past due but not yet impaired		
- 1 to 30 days	1,444,904	1,478,338
- 30 to 90 days	3,250,191	2,372,553
- 90 to 180 days	972,077	1,051,173
- 180 to 365 days	3,850	250,794
- older than 365 days	10,167	69,909
	<u>10,500,742</u>	<u>8,784,916</u>

10.5 Breakup of export receivables are as follows:

Country	Export Sales	Receivables	Confirmed Letter of Credit	Others
	-----Rupees '000-----			
Srilanka	604,239	218,381	218,381	-
Cambodia	327,236	185,178	185,178	-
Myanmar	333,402	45,932	45,932	-
Vietnam	133,849	45,237	45,237	-
Afghanistan	81,373	7,256	-	7,256
Iraq	31,546	-	-	-
Oman	27,883	2,924	-	2,924
Kenya	23,031	10,110	-	10,110
Laos	21,725	3,763	3,763	-
Phillipines	14,328	-	-	-
Uganda	13,879	8,809	8,809	-
Tajikistan	5,324	-	-	-
Rwanda	3,940	-	-	-
Venezuela	2,516	2,946	2,946	-
Maldives	504	-	-	-
	<u>1,624,775</u>	<u>530,536</u>	<u>510,246</u>	<u>20,290</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

- 10.6** 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.

10.7 Allowance for impairment of trade receivables	2022	2021
	-----Rupees '000-----	-----Rupees '000-----
Balance as at July 01	163,593	154,099
Charge for the year - net	8,650	9,494
Balance as at June 30	172,243	163,593
	2022	2021
	-----Rupees '000-----	-----Rupees '000-----

11. LOANS AND ADVANCES – considered good

Advances to:

Secured

- employees for operating activities - notes 11.1 & 11.3
- employees against salaries - notes 11.1 & 11.3

Unsecured

- advance to Universal Ventures (Private) Limited - note 11.6
- suppliers - notes 11.2 & 11.5
- against imports
- against LC margin
- Other advances - note 11.4

Current portion long-term loans to employee - note 7.1

- employees for operating activities - notes 11.1 & 11.3	66,278	98,039
- employees against salaries - notes 11.1 & 11.3	33,208	32,620
- advance to Universal Ventures (Private) Limited - note 11.6	1,400	1,400
- suppliers - notes 11.2 & 11.5	777,876	722,702
- against imports	153,184	157,480
- against LC margin	5,013	16,585
Other advances - note 11.4	6,444	6,475
	1,043,403	1,035,301
Current portion long-term loans to employee - note 7.1	337	230
	1,043,740	1,035,531

- 11.1** 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. 239.16 million (2021: Rs. 178.26 million).

- 11.2** This includes advance given to Searle IV Solutions (Private) Limited amounting to Rs. 33.83 million (2021: Rs. 155.89 million) and Novamed Pharmaceuticals (Private) Limited amounting to Rs. 22.60 million (2021: Rs. Nil) against supply of pharmaceutical products.



Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

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

	Amount Rupees '000
Mohammad Hayat Khan	2,614
Rajesh Kumar	2,561
Imran Sohail	1,836
Naeem ur Rehman Malik	1,576
Ghazala Tarannum	1,497
Salman Patel	1,388
Qamar Javed Butt	1,264
Maqbool Ahmed	1,253
Ikran Ishaq	1,124
Mudassar Mukhtar	1,033

11.4 This includes interest free loans that has been provided to employees by NPPL to facilitate expenditures for domestic purposes, these advances are not secured.

11.5 This includes advance given by SPL to Prime Health (Private) Limited - related party amounting to Rs. 12.16 million (2021: Nil). The maximum aggregagte amount outstanding at any time during the year is Rs. 12.16 million (2021: Nil).

11.6 This includes advance receivable to SPL from Universal Ventures (Private) Limited - related party (UVPL) amounting to Rs. 1.4 million as at June 30, 2022 in relation to the auditor's remuneration and CDC fee with respect to share transfer.

12. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS	2022	2021
	-----Rupees '000-----	
Deposits		
Trade deposits - note 12.1	125,105	122,315
Others	1,248	873
	126,353	123,188
Considered doubtful:		
Trade deposits	2,640	2,640
Less: provision for doubtful deposits	(2,640)	(2,640)
	-	-
Prepayments	32,220	22,305
	158,573	145,493

12.1. This includes deposits made to institutions for tender deposit amounting to Rs. 65.30 million (2021: Rs. 59.30 million).

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

13. OTHER RECEIVABLES	2022	2021
	-----Rupees '000-----	
Receivables from related parties		
Due from ultimate parent company and associated companies - note 13.1 & 13.2		
- IBL Operations (Private) Limited against:		
Claims - notes 13.8 & 13.9	851,926	-
Expenses - note 13.4	27,411	20,867
Rental income - note 34.2	17	3,516
- International Brands (Private) Limited against:		
Expenses - note 13.4	29,427	9,804
Rental income - note 34.2	21,462	28,526
Group Relief - note 13.3	116,648	117,089
- IBL Frontier Market (Private) Limited against:		
Expenses - note 13.5	42,576	24,859
- IBL Logistics (Private) Limited against:		
Rental Income - note 34.2	1,692	1,692
- Universal Ventures (Private) Limited against:		
Sale of subsidiary - note 13.10	3,326,859	3,326,859
- IBL Unisys (Private) Limited against:		
Rental Income - note 34.2	-	163
Expenses - note 13.4	493	632
	4,418,511	3,534,007
Due from other related parties: - notes 13.1 & 13.2		
- United Retail (Private) Limited against:		
Rental income - note 34.2	434	34,276
Expenses	2,168	1,071
- Universal Retail (Private) Limited against:		
Rental income - note 34.2	31,230	-
Expenses	66,922	-
Receivable from provident fund	-	2,267
	100,754	37,614
Surplus arising under retirement benefit fund - note 13.6	5,250	5,250
Receivables from other than related parties		
Others, considered good - notes 13.7 & 13.11	362,636	440,067
	4,887,151	4,016,938

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

- 13.1** The maximum aggregate amount outstanding at any time during the year from the related parties are as follows:

	2022	2021
	-----Rupees '000-----	
IBL Operations (Private) Limited	928,283	31,319
International Brands (Private) Limited	167,537	288,515
IBL Frontier Market (Private) Limited	45,111	25,150
IBL Logistics (Private) Limited	1,692	1,692
IBL Unisys (Private) Limited	2,090	1,478
United Retail (Private) Limited	35,347	326,889
Universal Retail (Private) Limited	95,287	-
Universal Ventures (Private) Limited	3,326,859	3,326,859
Searle Pakistan Limited	2,267	-
OBS Pakistan (Private) Limited - provident fund	-	43,694
IBL Identity (Private) Limited	-	3,111

- 13.2** The aging of the receivables except expenses from related parties is as follows:

	2022	2021
	-----Rupees '000-----	
Not yet due	12,250	3,406,926
Past due but not yet impaired		
- 1 to 30 days	719,348	15,487
- 30 to 90 days	19,643	16,399
- 90 to 180 days	3,905	2,118
- 181 to 365 days	3,474,762	60,488
- older than 365 days	120,360	17,330
	4,350,268	3,518,748

- 13.3** 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.
- 13.4** These are expenses paid by the Group on behalf of the related parties.
- 13.5** 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.
- 13.6** This represents surplus on funded gratuity scheme discontinued by the Parent Company with effect from December 31, 2012.
- 13.7** It includes amount claimed from Nestle Health Sciences, Bausch & Lomb, Brand Plus and Reckitt Benckiser in respect of certain claimable expenses related to trade.
- 13.8** This includes advance given to IBL Operations (Private) Limited against stock claims by Parent Company. The said advance was approved by the Board of Directors in their meeting held on April 28, 2022 as per the authority given by the shareholders through special resolution passed at Annual General Meeting of the Parent Company held on October 28, 2021.
- 13.9** This includes advance given to IBL Operations (Private) Limited against stock claims by SBS. The said advance was approved by the Board of Directors in their meeting held on February 22, 2022 as per the authority given by the shareholders through special resolution passed at Annual General Meeting of the SBS held on October 27, 2021.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

- 13.10** During previous year, the Parent Company sold the 100% share holding in subsidiary - IBL Identity (Private) Limited, to Universal Ventures (Private) Limited - related party (UVPL) for a total consideration at a price equal to Rs. 3.53 billion which is equivalent to the cost of investment of the Parent Company

Out of the total consideration of Rs. 3.53 billion, Rs. 200 million were received during the previous year by the Parent Company being the initial consideration. The balance consideration was 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. However, on September 21, 2021, the Parent Company received a request for deferment, for a total sum of Rs 3.33 billion, from UVPL for a further period of 8 months from the date of the letter. On October 4, 2021, the said deferment was approved by the Board of Directors of the Parent Company - refer note 51.5.

- 13.11** This includes Rs. 148.91 million (2021: Rs. 235.02 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. 86.11 million (2021: Rs. 44.1 million) were settled during the year.

14. SHORT-TERM INVESTMENT - AT AMORTISED COST

- 14.1** 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 (2021: 3 months KIBOR + 1.6% per annum).
- 14.2** This also includes guarantee deposits placed by SPL with commercial banks in the form of term deposit receipts carrying markup at the rates ranging from 4.7% to 13.15% per annum (2021: 4.7% to 7%) per annum with maturity upto April 28, 2023.

15. 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 15.1

	2022	2021
	-----Rupees '000-----	
	315	441
	2,214	3,847
	2,529	4,288
	42,279	39,225
	17,201	19,752
	155,134	153,102
	13,011	3,257
	58	3,372
	168,203	159,731
	230,212	222,996



Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

- 15.1** At June 30, 2022 the rates of mark-up on saving accounts ranges from 3.5% to 5.32% (2021: 3.90% to 4.62%) per annum respectively.
- 15.2** These includes cheques issued by the Parent Company and IBL Operation (Private) Limited - Associated Company to IBLHC amounting to Rs. 35.51 million and 6.25 million respectively.

16. Issued, Subscribed and Paid-up capital

Authorised share capital

2022 (Number of shares)	2021		2022 -----Rupees '000-----	2021 -----Rupees '000-----
<u>400,000,000</u>	<u>300,000,000</u>	Ordinary shares of Rs. 10 each	<u>4,000,000</u>	<u>3,000,000</u>

Issued, subscribed and paid up capital

2022 (Number of shares)	2021		2022 -----Rupees '000-----	2021 -----Rupees '000-----
<u>40,168,355</u>	40,168,355	Shares allotted for consideration paid in cash	<u>401,683</u>	401,683
<u>24,000</u>	24,000	Shares allotted for consideration other than cash	<u>240</u>	240
<u>271,860,330</u>	199,848,171	Shares allotted as bonus shares	<u>2,718,604</u>	1,998,482
<u>312,052,685</u>	<u>240,040,526</u>		<u>3,120,527</u>	<u>2,400,405</u>

16.1 Movement in issued, subscribed and paid-up share capital

Ordinary Shares	2022 Number of shares	2021
Number of shares outstanding at the beginning of the year	<u>240,040,526</u>	212,425,245
Bonus shares issued - note 16.4	<u>72,012,157</u>	-
Right shares issued - note 16.5	<u>-</u>	27,615,281
Number of shares outstanding at the end of the year	<u>312,052,683</u>	<u>240,040,526</u>

- 16.2** 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.

- 16.3** The Parent Company in its annual general meeting held on October 28, 2021 increased its authorised share capital for ordinary shares from Rs. 3 billion divided into 300 million ordinary shares to Rs. 4 billion divided into 400 million ordinary shares of Rs 10 each.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

16.4 The Board of Directors in its meeting held on October 4, 2021, approved the issue of 30 bonus shares for every 100 shares held for the year ended June 30, 2021. The said bonus was approved by members in its Annual General Meeting held on October 28, 2021. The total size of issue is Rs. 720.12 million divided into ordinary 72.01 million shares of Rs. 10 each.

16.5 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.

17. SHARE PREMIUM

This reserve can be utilised by the Parent Company only in accordance with section 81 of the Companies Act, 2017.

18. 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.

	2022	2021
	-----Rupees '000-----	
Revaluation surplus at beginning of the year	4,066,913	1,846,153
Surplus arising on revaluation :		
-Leasehold land	824,349	1,879,504
-Building on Leasehold land	93,451	119,275
-Plant and machinery	351,492	359,095
-Vehicle	29,832	21,600
-Air - conditioning and systems	39,377	20,819
Deferred tax liability on revaluation surplus	(117,309)	(128,371)
	1,221,192	2,271,922
Net amount transferred to unappropriated profit on account of		
-Incremental depreciation	(161,858)	(72,059)
-Deferred tax on incremental depreciation	46,939	20,897
	(114,919)	(51,162)
	5,173,186	4,066,913

18.1 The revaluation surplus on property, plant and equipment is a capital reserve and is not available for distribution to the Company in accordance with section 241 of the Companies Act, 2017.

19. GENERAL RESERVE

General reserves is maintained for fulfilling various business needs including meeting contingencies, offsetting future losses and enhancing the working capital.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	-----Rupees '000-----	
20. LONG TERM BORROWINGS		
Islamic		
Musharaka Facility - notes 20.1, 20.2, 20.3 & 20.4	9,049,521	9,537,892
Salary refinancing - note 20.5	-	150,618
Other liabilities	-	4,664
	9,049,521	9,693,174

20.1 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%.

20.2 Musharaka participants are Habib Bank Limited 52.29%, Pakistan Kuwait Investment Company (Private) Limited 10.37%, Bank of Khyber 10.37%, Pakistan China Investment Company (Private) Limited 10.37% and Bank Alfalah Limited 16.60%.

20.3 This borrowing facility is secured against the following properties:

Particulars	Address	Land Area square yards
The Parent Company:		
One IBL Center (classified in Investment Property)	Block 7 & 8 Delhi Mercantile Co-operative Housing Society , Tipu Sultan Road Off Shahrah-e-Faisal, Karachi.	5,291
Group Companies:		
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
Searle Pakistan Limited	Land, Building and Plant and Machinery on plot # C- 14, S.I.T.E, Karachi	14,375
Third Party property		
Mr. Asad Abdulla	Plot # 30/1 and 353 at Deh Digh Malir, Karachi.	8,804

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	-----Rupees '000-----	
20.4 Loan movement		
Opening	9,537,892	-
Loan obtained during the year	-	10,441,500
Transaction cost	-	(117,989)
Amortisation of transaction cost	16,848	14,381
Classified in short term borrowings - note 26	(505,219)	-
Repayment	-	(800,000)
	<u>9,049,521</u>	<u>9,537,892</u>

20.5 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.

	2022	2021
	-----Rupees '000-----	
Balance at beginning of the year	445,716	449,875
Acquisition of subsidiary	-	52,533
Loan obtained during the year	-	91,258
Less: Deferred income - Government grant - note 23	-	(6,090)
Repayment	(342,920)	(172,068)
Unwinding of discount on salary refinancing - note 35	68,345	30,208
	<u>171,141</u>	<u>445,716</u>
Classified in short term borrowings - note 26	(171,141)	(295,098)
Balance at end of the year	<u>-</u>	<u>150,618</u>

20.5.1 The includes facility which is a sublimit of running musharaka obtained from Dubai Islamic Bank by Parent Company.

21. 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:

	2022	2021
	-----Rupees '000-----	
Deferred tax asset	(460,406)	(764,161)
Deferred tax liability	969,604	823,335
	<u>509,198</u>	<u>59,174</u>



Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

21.1 Analysis of change in deferred tax

	Accelerated tax depreciation	Minimum tax, alternate corporate tax and unused tax losses - note 21.4, 21.5 & 21.6	Surplus on revaluation	Right-of-use asset and Lease Liability	Decelerated tax amortisation	Deferred grant	Unwinding of discount on salary refinancing	Provisions	Provision for doubtful receivables	Provision for trade deposits	Total
-----Rupees '000-----											
July 1, 2021	218,731	(707,420)	379,951	(7,615)	208,020	10,999	5,634	(9,866)	(38,581)	(679)	59,174
Credit / (charge) to profit or loss	(75,697)	20,900	-	(2,452)	101,638	(8,671)	11,690	1,813	(2,210)	(39)	46,972
Charge to other comprehensive income	-	-	117,309	-	-	-	-	-	-	-	117,309
Adjustment of Alternate Corporate Tax & Minimum Tax	-	285,743	-	-	-	-	-	-	-	-	285,743
June 30, 2022	143,034	(400,777)	497,260	(10,067)	309,658	2,328	17,324	(8,053)	(40,791)	(718)	509,198
July 01, 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)
(Charge) / credit 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	218,731	(707,420)	379,951	(7,615)	208,020	10,999	5,634	(9,866)	(38,581)	(679)	59,174

21.2 Deferred tax liability of the Parent Company is restricted to 93.57% (2021: 88.50%) 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.

21.3 Deferred tax asset of SPL is restricted to 98.37% (2021: 95.03%) 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.

21.4 The total deferred tax of SPL asset on June 30, 2022 for unused tax losses will expire on June 30, 2025 and minimum tax will expire on June 30, 2025.

21.5 The SPL has recorded deferred tax asset on the brought forward losses for tax year 2019 before amalgamation of Luna Pakistan (Private) Limited, Lunar Pharma (Private) Limited and OBS Pakistan (Private) Limited. These losses are subject to revision of return for which the SPL has filed an appeal in the Honourable High Court of Sindh after dismissal of application for revision of return by Commissioner Inland Revenue.

21.6 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.

21.7 Under the Finance Act, 2019, corporate rate of tax has been fixed at 29% for tax year 2020 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 Consolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	-----Rupees '000-----	
22. EMPLOYEE BENEFIT OBLIGATIONS		
Staff retirement gratuity - unfunded - note 22.1	57,513	53,484
Staff retirement gratuity - funded - note 22.2	22,843	23,185
	<u>80,356</u>	<u>76,669</u>

22.1 Gratuity scheme - unfunded

22.1.1 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, 2022 using the Project Unit Credit method.

22.1.2 Risk on account of defined benefit plan

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.

	2022	2021
	-----Rupees '000-----	
22.1.3 Consolidated statement of financial position reconciliation		
Present value of defined benefit obligation	57,513	53,484

22.1.4 Movement in the present value of defined benefit obligation

Obligation as at July 01	53,484	54,994
Current service cost	2,264	2,258
Interest cost	4,814	4,334
Benefits paid	(10,687)	(8,005)
Remeasurement on obligation	7,638	(97)
Obligation as at June 30	<u>57,513</u>	<u>53,484</u>

	2022	2021
	-----Rupees '000-----	
22.1.5 Expense recognised in the consolidated statement of profit or loss		
Current service cost	(2,264)	(2,258)
Interest expense	(4,814)	(4,334)
	<u>(7,078)</u>	<u>(6,592)</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

22.1.6 Remeasurement recognised in consolidated statement of comprehensive income

Experience gains	(7,638)	97
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22.1.7 Net recognised liability

Balance as at July 01	53,484	54,994
Expense for the year	7,078	6,592
Benefits paid	(10,687)	(8,005)
Remeasurement loss recognised in consolidated statement of profit and loss and other comprehensive income	7,638	(97)
Balance as at June 30	57,513	53,484

22.1.8 Actuarial assumptions

	2022	2021
Discount rate used for year end obligation	13.25%	10.00%
Expected rate of increase in salaries	13.25%	10.00%
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.

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

	Change in assumption	Increase in assumption	Decrease in assumption
- Discount rate at June 30	1%	(4,412)	4,976
- Future salary increase	1%	5,493	(4,930)

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

22.1.11 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.

22.1.12 As per actuarial advice, the Parent Company is expected to recognise a service cost of Rs. 10.21 million in 2023.

22.1.13 The weighted average service duration of employees is 7.9 years.

At June 30, 2022	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Between 5 - 10 years	Over 10 years
----- (Rupees '000) -----					
Gratuity Funds	503	3,356	7,703	31,238	40,919

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

22.2 Gratuity scheme - funded

22.2.1 General description

As stated in note 2.19, the SPL 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, 2022 using the Project Unit Credit method.

	2022	2021
	-----Rupees '000-----	
22.2.2 Movement in the present value of defined benefit obligation		
Balance as at July 01	23,185	-
Acquisition of subsidiary	-	45,097
Charge for the year	2,940	3,109
Re-measurement loss chargeable to consolidated statement of comprehensive income	5,475	3,524
Curtailment gain	-	(21,615)
Benefits paid during the year	(8,757)	(6,930)
Balance as at June 30	<u>22,843</u>	<u>23,185</u>
22.2.3 Amount recognised in the consolidated statement of financial position		
Present value of defined benefit obligations	29,301	29,725
Fair value of plan assets	(6,458)	(6,540)
Deficit recorded as a liability	<u>22,843</u>	<u>23,185</u>
22.2.4 Amount recognised in the consolidated statement of profit or loss		
Current service cost	1,059	1,051
Interest cost	1,881	2,058
	<u>2,940</u>	<u>3,109</u>
22.2.5 Movement in the present value of defined benefit obligation:		
Balance as at July 01	29,725	-
Acquisition of subsidiary	-	59,013
Current service cost	1,059	1,051
Interest cost	2,535	2,927
Actuarial loss / (gain) on obligations	4,739	4,328
Curtailment gain	-	(21,615)
Benefits paid	(8,757)	(15,979)
Balance as at June 30	<u>29,301</u>	<u>29,725</u>



Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	-----Rupees '000-----	
22.2.6 Movement in the fair value of plan assets:		
Balance as at July 01	6,540	-
Acquisition of subsidiary	-	13,916
Interest Income on plan assets	654	869
Benefits paid	-	(9,049)
Actuarial gain on assets	(736)	804
Balance as at June 30	6,458	6,540

	2022	2021
	% per annum	
22.2.7 Key actuarial assumptions used are as follows:		
Salary increment rate	13.25	10.00
Discount rate	13.25	10.00

22.2.8 Sensitivity analysis for actuarial assumptions

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate at June 30	1%	(2,455)	3,350
Future salary increases	1%	3,614	(3,080)

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

22.2.10 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.

22.2.11 As per actuarial advice, the SPL is expected to recognise a service cost of Rs. 4.25 million in 2023.

22.2.12 The weighted average service duration of employees is 6 years.

At June 30, 2022	Less than a year	Between 1 - 2 years	Between 2 - 3 years	Between 3 - 4 years	Over 5 years
	-----Rupees '000-----				
Gratuity Funds	2,148	319	4,876	5,767	43,779

	2022	2021
	-----Rupees '000-----	

23. DEFERRED INCOME - GOVERNMENT GRANT

Balance as at July 01,	49,245	77,141
Acquisition of subsidiary	-	5,411
Recognised during the year - note 23.2	-	6,090
Deferred income recognised during the year - note 34	(39,454)	(39,397)
Less: current portion of deferred income - note 25	(9,791)	(39,999)
Balance as at June 30,	-	9,246

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

23.1 This represents the value of benefit of below-market interest rate which has been accounted for as government grant under IAS 20 - Government grants.

23.2 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.

	2022	2021
	-----Rupees '000-----	
24. LEASE LIABILITY		
Lease liabilities under IFRS 16 - notes 24.1 & 24.2	92,160	97,508
Non Current portion	87,017	93,092
Current portion	5,143	4,416
24.1 Maturity analysis of lease liabilities		
Upto 1 year	5,143	4,416
1 - 5 years	60,670	32,961
More than 5 years	26,347	60,131
	92,160	97,508

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

	2022	2021
	-----Rupees '000-----	
Balance as at July 01	97,508	132,965
Initial Recognition		-
Derecognition of lease liability - note 24.4	-	(29,496)
Interest on lease liabilities	14,669	16,917
Payments	(20,017)	(22,878)
Balance as at June 30	92,160	97,508

24.3 Finance cost on lease liabilities for the year ended June 30, 2022 was Rs. 20.62 million (2021: Rs. 16.92 million). Total cash outflow for leases was Rs. 20.02 million (2021 : Rs. 20.02 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%.

24.4 During the previous 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 Company has recognized the lease liability on such assets as per the rental agreement. However, as per the new purchase agreement, the Company has paid 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 recognized in "cost of sales".

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	-----Rupees '000-----	
25. TRADE AND OTHER PAYABLES		
Creditors - note 25.1	908,458	687,221
Payable under group relief to Ultimate Parent Company	20,912	27,121
Salaries and benefits payable	648	5,555
Bills payable in foreign currency	659,951	586,497
Royalty payable - note 25.4	14,171	35,638
Accrued liabilities	2,456,453	2,462,761
Payable to provident fund - notes 25.2, 25.3 & 25.5	22,808	34,203
Current portion of deferred income		
- Government grant - note 23	9,791	39,999
Advance from customers - unsecured	144,687	201,505
Payable for compensated absences	11,373	11,495
Provision for gas infrastructure	9,485	9,485
Deferred payable to UVPL - related party - note 25.10	-	260,712
Accrued mark-up - note 25.7	328,424	255,782
Taxes deducted at source and payable to statutory authorities - note 25.6	98,963	71,648
Workers' Profit Participation Fund - note 25.8	220,071	228,765
Workers' Welfare Fund - note 25.9	102,450	100,137
Other liabilities - note 25.11	89,068	69,667
	5,097,713	5,088,191

25.1 This includes payable to related parties which are as follows:

	2022	2021
	-----Rupees '000-----	
Parent Company		
International Brands (Private) Limited	5,010	7,121
Associated Companies		
United Retail (Private) Limited	215	72
IBL Frontier Markets (Private) Limited	618	2,815
United Brands Limited	568	-
Prime Health (Private) Limited - refer note 25.1.1	7,018	-
IBL Logistics (Private) Limited	4,520	1,730
	17,949	11,738

25.1.1 This represent payable to Prime Health (Private) Limited on account of services received for product testing by Parent Company.

25.2 The investment in listed equity securities out of the provident fund of the Parent Company and SPL 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.

25.3 The investments in collective investment schemes, listed equity and listed debt securities out of the provident fund of IBLHC, SBS and NPPL have been made in accordance with the provision of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

25.4 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 royally payable relating to the Brand "Canderal".

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

25.5 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. Nil (2021: Rs. 13.9 million).

25.6 ACIR in relation to monitoring of withholding taxes u/s 161(1A) for the tax year 2019, had issued demand of Rs. 69.77 million including a penalty on April 20, 2021. The SPL had filed an appeal before CIRA which is still pending and the SPL afterwards, obtained stay against recovery of tax from the Honourable High Court of Sindh for the above demand. As per the tax advise the SPL expects a positive outcome in respect of the above assessment, hence no provision is being made in these consolidated financial statements.

During the year, the SPL has disbursed dividend to The Searle Company Limited - Parent Company amounting to Rs 1,000 million. The Company is required to deduct withholding tax at the rate of 15% on the amount of dividend. The Parent Company has filed petition against withholding tax on dividend received from subsidiary companies in the Honourable High Court of Sindh and has obtained a stay against the same. Therefore no amount was withheld on the disbursement of dividend to the Parent Company. Further, SBS has also not deduct withholding tax on dividend on the basis of stay obtained by the Parent Company.

	2022	2021
	-----Rupees '000-----	
25.7 Accrued mark-up		
Accrued mark-up on:		
- long-term Borrowing	48,795	22,978
- short-term borrowing	279,629	232,804
	328,424	255,782
25.8 Workers' Profit Participation Fund		
Balance as at July 01	228,765	178,920
Charge for the year - note 33	220,079	223,497
	448,844	402,417
Interest on funds utilised in the Parent Company's business - note 35	9,492	13,505
Payments made during the year	(238,265)	(187,157)
Balance as at June 30	220,071	228,765
25.9 Workers' Welfare Fund		
Balance as at July 01	100,137	82,218
Charge for the year - note 33	49,692	68,709
	149,829	150,927
Payments made during the year	(47,379)	(50,790)
Balance as at June 30	102,450	100,137
25.10 Deferred payable to Universal Ventures Private Limited		
Opening as at July 01,	260,712	-
Deferred payable on account of purchase of subsidiary	-	5,350,000
Payments during the year	(260,712)	(5,089,288)
Closing as at June 30,	-	260,712



Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

- 25.11** 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 217 of the Companies Act, 2017.

	2022	2021
	-----Rupees '000-----	
26. SHORT TERM BORROWINGS		
Secured borrowings		
Conventional:		
Running finance under mark-up arrangements - notes 26.1, 26.3 & 26.6	2,498,053	2,587,074
Demand finance facility - note 26.7	-	113,333
Islamic		
Running musharaka - notes 26.1, 26.2, 26.3, 26.4 & 26.5	6,795,315	4,798,539
Current portion of long term borrowings	676,360	295,098
	7,471,675	5,093,637
	9,969,728	7,794,044

- 26.1** The Parent Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 8,100 million (2021: Rs. 6,725 million) which include financing facilities obtained under Islamic mode amounting to Rs. 6,350 million (2021: Rs. 5,175 million). The arrangements are secured jointly by registered mortgage of Rs. 2,025 million (2021: Rs. 1,681.25 million) of immovable property together with joint pari passu charge on all current assets of the Parent Company to the extent of Rs. 11,940 million (2021: Rs. 9,990.42 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).

- 26.2** The amount utilised by the Parent Company under the Islamic mode of financing amounted to Rs. 5,986.29 million (2021: Rs. 4,222.79 million).

- 26.3** The Parent Company rates of mark-up / profit ranged between 1% to 16.89% (2021: 0.75% to 14.74%) per annum.

- 26.4** The IBLHC has obtained running musharaka facilities from banks amounting to Rs. 300 million (2021: Rs. 300 million) out of which the amount unavailed at the year end was Rs. 52.86 million (2021: Rs. 82.08 million). Rates of profit range from three month KIBOR plus 1% (2021 three month KIBOR plus 0.75%) to one month KIBOR plus 1.5% (2021: one month KIBOR plus 1.5%) 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.

- 26.5** The SPL has obtained running musharaka facility from Dubai Islamic Bank amounting to Rs. 550 million carrying markup rate at Kibor plus 1.75% (2021: KIBOR plus 1.5%) repayable within one year. The facility is secured by way of joint pari passu hypothecation charge over stock and receivables of the SPL amounting to Rs. 733.30 million (at 25% margin) for funded exposure and for Rs. 50 million for non funded exposure (at nil margin).

The SPL has also obtained from Faysal Bank Limited (FBL) amounting to Rs. 145.75 million out of Rs. 300 million limit carrying markup rate at KIBOR plus 0.75% per annum repayable within one year. The facility is secured by way of joint pari passu hypothecation charge over stock and receivables of the Company amounting to Rs. 493.33 million and ranking charge of Rs. 200 million (at nil margin) for non funded exposure and for Rs. 133.33 million (at 25% margin) for funded exposure.

- 26.6** The running finance facilities obtained by SPL from commercial banks amounting to Rs. 0.95 billion, carry markup ranging from 15% to 16.5% (2021: 8.3% to 10%). The facilities are secured by way of joint pari passu hypothecation charge over current assets of the Company (at 25% margin).

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

- 26.7** The Parent Company has obtained a demand finance facility for a period of six months having a markup of one month KIBOR plus 2%.

27. UNPAID DIVIDEND

This consists of unpaid dividend on account of:

- Bonus shares withheld - note 27.1
- Unavailability of bank details
- Others

**Amount
Rupees '000**

	146,038
	38,760
	11,698
	196,496

- 27.1** This includes dividend on bonus shares withheld pertaining to 115 shareholders on which stay from the Honorable High Court of Sindh has been obtained - note 28.1.5.

28. CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
28.1.1	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
28.1.2	High Court of Sindh	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.	The Parent Company, IBLHC and The Federation of Pakistan	14-Sept-2015 & 15-Sept-2015
		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.		
28.1.3	High Court of Sindh	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.	The Parent Company and Province of Sindh	15-Jan-16
		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.		



Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
	<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> <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>		
28.1.4	<p>High Court of Sindh 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 in spite of such raw material being exempt in view of Entry No. 105 of the Sixth schedule of the Act.</p>	<p>The Parent Company and The Federation of Pakistan</p>	2014
	<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>		
28.1.5	<p>High Court of Sindh 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. This section was later deleted through Finance Act, 2018.</p>	<p>The Parent Company and The Federation of Pakistan</p>	2015

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

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 to 2018. 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>		
28.1.6	<p>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.</p>	<p>The Parent Company and The Federation of Pakistan</p>	<p>2017 to 2020</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>		
28.1.7	<p>Appellate Tribunal Inland Revenue (ATIR) 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>	<p>SPPL, Commissioner Inland Revenue, CIRA and ATIR</p>	<p>10-May-2016, 30-June-2016 & 03-Feb-2017</p>
	<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>		



Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
28.1.8	<p>Commissioner Inland Revenue (Appeals) 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>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>	SPPL, ACIR and CIRA	16-Feb-2018
28.1.9	<p>Commissioner Inland Revenue (Appeals) The deputy commissioner Inland Revenue (DCIR) passed order dated May 30, 2022 under section 161/205 of the Ordinance raising demand of Rs. 28.17 million on short deduction of tax on various payments which mainly included intercorporate dividend and purchases of raw material. An appeal has been filed before CIR(A) which is yet to be fixed for hearing. 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>	SPPL, ACIR and CIRA	30-May-22
28.1.10	<p>Appellate Tribunal Inland Revenue (ATIR) 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 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>	SLPL, ACIR, Commissioner (Appeals) and ATIR	13-Jan-16

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
28.1.11 Commissioner Inland Revenue (CIR)	<p>The deemed assessed version of the return of income for tax year 2015 was amended by the Additional Commissioner Inland Revenue (ACIR) vide the order dated May 25, 2021 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 section 111 and 154 of the Ordinance and consequential effect thereof raising the demand of Rs. 7,910,871.</p> <p>The SLPL has filed an appeal before the CIR against the said order which has been heard and reserved for order. However, during the period the company has sought for stay under section 140(1) of the Ordinance by making payments of 10% of the demand of Rs 791,087, intimation of which has been sent vide DT 999 dated September 10, 2021.</p>	SLPL and ACIR	25-May-21
28.1.12 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>During the period, an order dated August 31, 2021 was issued against the SLPL raising a demand of Rs. 28.75 million due to non-withholding of tax at source on payments by the SLPL under section 153(1) of the Ordinance. Further, a demand in respect of default surcharge of Rs. 24.15 million was also raised under section 205 of the Ordinance due to the above non-withholding of tax.</p> <p>The SLPL filed an appeal before CIR-A against the said order which has been heard and reserved for order.</p>	SLPL and CIR	12-Feb-18
28.1.13 Commissioner Inland Revenue - Appeals (CIR-A)	<p>The deemed assessed version of the return of income for tax year 2016 was amended by the Additional Commissioner Inland Revenue (ACIR) vide the order dated December 22, 2021 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 section 21(c) for non-deduction of tax under section 233 of the Ordinance on "Discounts to Customers" and consequential effect thereof raising the demand of Rs. 121.45 million.</p> <p>The SLPL filed an appeal before CIR-A against the said order which has been heard and reserved for order.</p>	SLPL and CIR	22-Dec-21



Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
28.1.14	Commissioner Inland Revenue - Appeals (CIR-A)	<p>Monitoring proceedings were initiated and subsequent issue show cause notices for the tax year 2016, dated November 23, 2020, issued under section 161 / 205 of the Revenue Income Tax Ordinance, 2001 (the 'Ordinance').</p> <p>The order dated January 29, 2021 was issued against the SLPL raising a demand of Rs. 29.511 million due to non-withholding of tax at source on payments by the Company under relevant sections of the Ordinance. Further, a demand in respect of default surcharge of Rs. 3.54 million was also raised under section 205 of the Ordinance due to the above non-withholding of tax.</p> <p>The SLPL filed an appeal before CIR-A against the said order which has been heard and reserved for order.</p>	SLPL, ACIR and CIR-A	29-Jan-21
28.1.15	Commissioner Inland Revenue - Appeals (CIR-A)	<p>After conclusion of audit u/s 72(b) of the Sales Tax Act 1990, the SLPL received assessment order no. 01 of 2022 - 23 dated July 05, 2022 under section 11(2) of the Sales Tax Act, 1990 (ACT) in which demand of Rs 171.65 million has been raised along with the levy of penalty for the Sales Tax Periods from July 2016 to June 2017.</p> <p>The SLPL Company filed an appeal before CIR-A against the order which has been fixed for hearing on October 18, 2022</p>	SLPL, ACIR and CIR-A	05-Jul-22
28.1.16	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 Court has restrained the custom authorities for disallowing exemption to the IBLHC till the hearing of injunction application. The exposure of the IBLHC on the account of is Rs. 150.16 million. The management believes that the likelihood of liability is remote and based on the advise of legal consultant, no provision is required.</p>	IBLHC and Custom Authorities	10-Nov-20
28.1.17	High Court of Sindh	<p>IBLHC filed a suit before the High Court of Sindh challenging the refusal by the Customs Authorities of exemption on the dietary food for medical purposes being imported by IBLHC from Mead Johnson Nutrition (Thailand). The Court has restrained the custom authorities for disallowing exemption to the IBLHC till the hearing of injunction application. The exposure of the IBLHC on account of Custome duties is Rs. 30.71 million. The management believes that the likelihood of liability is remote and based on the advise of legal consultant, no provision is required.</p>	IBLHC and Custom Authorities	23-Nov-20

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

28.1.18 As at June 30, 2022, there are several pending cases of SPL filed by / against the SPL. 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 SPL based on the written advice of legal counsel expects that the outcome of these cases will be in favour of the SPL. Accordingly no provision has been made in these consolidated financial statements

28.1.19 The Group management, based on legal / tax advices, is confident that the ultimate decisions in the above cases (notes 28.1.1 to 28.1.17) will be in favour of the Group, hence, no provision has been made in respect of the aforementioned litigations.

28.1.20 Tax contingencies are disclosed in respective notes of these consolidated financial statements.

28.2 Commitments

28.2.1 The facility for opening letters of credit and guarantees for the Parent Company as at June 30, 2022 amounted to Rs. 3,165 million (2021: Rs. 2,755 million) of which the amount remaining unutilised as at year end amounted to Rs. 2,024.68 million (2021: Rs. 1,489.63 million).

28.2.2 The facility for opening letter of credit for IBLHC as at June 30, 2022 amounted to Rs. 640 million (2021: Rs. 590 million) of which the amount remaining unutilised at the end of year was Rs. 149.47 million (2021: Rs. 226.02 million).

28.2.3 The facility for opening letters of credit and guarantees for SPL as at June 30, 2022 amounted to Rs. 2,190.50 million (2021: Rs. 1,440 million) of which the amount remaining unutilised as at year end amounted to Rs. 906.60 million (2021: Rs. 778 million).

28.2.4 Post-dated cheques issued by Parent Company in favour of Collector of Customs for import of inventory at June 30, 2022 amounted to Rs. 193.07 million (2021: Rs. 25 million).

28.2.5 Commitments in respect of capital expenditures includes:

- Property, plant and equipment
- Investment property

Rupees in '000'

149,280

-

149,280

29. REVENUE FROM CONTRACTS WITH CUSTOMERS

Gross sales

Local sale of goods

Export sales

2022 2021
-----Rupees '000-----

31,537,439

26,843,415

1,832,043

2,646,666

33,369,482

29,490,081

Toll manufacturing

286,301

276,841

33,655,783

29,766,922

Sales tax

(390,891)

(190,774)

33,264,892

29,576,148

Less:

Discounts, rebates and allowances

Sales returns

2,037,891

1,983,652

1,317,342

1,372,840

3,355,233

3,356,492

29,909,659

26,219,656

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

29.1 Geographical Markets	2022	2021
	-----Rupees '000-----	
Pakistan	29,066,344	24,060,838
Afghanistan	70,471	1,156,772
Srilanka	604,240	539,137
Cambodia	208,550	208,046
Myanmar	333,403	105,933
Vietnam	126,579	63,140
Oman	27,883	28,658
Laos	21,725	25,144
Iraq	31,546	-
Kenya	23,031	-
Others	40,490	31,988
	30,554,262	26,219,656

29.2 Revenue from IBL operations (Private) Limited - related party represents approximately Rs. 26.46 billion (2021: Rs. 23.90 billion) and United Brands Limited - related party represent Rs. 75.21 million (2021: Rs. 163.15 million) of the total revenues.

29.3 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 previous 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 8.9% on essential products and 6.23% on other products based on CPI 2021.

Exposure of the Parent Company due to abovementioned litigation amounts to Rs. 2.27 billion (2021: Rs. 1.91 billion).

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	-----Rupees '000-----	
30. COST OF SALES		
Raw and packing material consumed	7,846,129	6,166,452
Processing charges	602,689	591,561
Salaries, wages and benefits	896,090	746,194
Provision for staff gratuity	7,159	6,617
Provident fund contribution	27,217	25,162
Inventory written off - note 30.1	87,183	158,223
Carriage and duties	57,547	58,397
Fuel, water and power	450,356	352,448
Rent, rate and taxes	116,318	113,455
Canteen expenses	31,837	35,657
Quality control samples	11,057	-
Stationery and supplies	33,362	59,515
Travelling	33,965	29,744
Repairs and maintenance	260,030	281,242
Security expenses	14,919	12,481
Vehicle expenses	19,923	13,516
Insurance	15,178	13,173
Legal and professional charges	23,308	23,285
Depreciation	396,645	344,229
Medical expenses	16,694	8,043
Research cost	68,727	70,386
Stores and spares consumed	457	1,923
Raw material sold	-	22,541
Others	18,914	19,693
	11,035,704	9,153,937
Add: Opening work-in-process	201,227	133,452
Less: Closing work-in-process	(266,728)	(201,227)
	(65,501)	(67,775)
Cost of goods manufactured	10,970,203	9,086,162
Add: Opening inventory of finished goods	2,295,557	1,052,241
Add: Finished goods purchased	6,702,612	6,412,872
Add: Free of cost goods	-	(12,983)
Less: Closing inventory of finished goods	(3,000,883)	(2,295,557)
	16,967,489	14,242,735
Less: Cost of samples	(177,072)	(214,247)
Cost of sales	16,790,417	14,028,488

30.1 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, 2022

	2022	2021
	-----Rupees '000-----	
31. DISTRIBUTION COSTS		
Salaries, wages and benefits	1,949,389	1,772,344
Advertising and promotion	938,025	893,317
Travelling and related	752,587	561,393
Carriage and duties	559,184	417,492
Samples	480,666	488,175
Bonus to salesmen	444,167	327,049
Service charges - note 31.1	36,218	35,882
Personal training and selection	64,995	96,129
Vehicle running	80,043	119,361
Stationery and printed materials	74,403	90,098
Rent, rate and taxes	160,664	75,475
Fees and subscription	55,431	62,279
Legal and professional	66,277	57,729
Provident fund contribution	60,204	53,241
Medical expenses	43,358	27,297
Replacement products	90,106	108,455
Depreciation	39,651	40,962
Fuel, water and power	57,975	18,688
Inventory written off	4,145	19,350
Communication	31,469	30,462
Insurance	21,418	20,023
Receivable no longer recoverable written off - net - note 31.2	-	11,615
Repairs and maintenance	4,507	3,813
Security	5,015	4,250
Canteen expenses	5,223	4,271
Amortisation	1,833	1,833
Others	13,042	7,153
	6,039,995	5,348,136

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

31.2 During the previous 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, 2022

	2022	2021
	-----Rupees '000-----	
32. ADMINISTRATIVE EXPENSES		
Salaries, wages and benefits	354,226	397,437
Corporate services charged by ultimate parent company	264,279	261,000
Donation - notes 32.3, 32.4 & 32.5	172,835	187,106
Depreciation	181,274	95,041
Legal and professional charges	91,967	63,402
Repairs and maintenance	94,937	67,955
Amortisation	41,545	48,345
Insurance	34,935	40,750
Rent, rate and taxes	9,311	20,528
Travelling	10,590	22,950
Auditors' remuneration - note 32.2	38,737	34,460
Stationery and supplies	8,782	22,050
Vehicle expenses	14,445	11,042
Fees and subscription	41,305	40,455
Provident fund contribution	12,216	13,237
Communication	10,493	22,138
Security expenses	2,234	1,529
Provision for staff gratuity	2,859	3,084
Fuel, water and power - note 32.1	1,287	-
Allowance for impairment provision on trade receivable	8,650	4,541
Receivable no longer recoverable written off - related party	3,135	-
Canteen expenses	3,137	1,912
Personal training and selection	11,637	322
Others	16,306	23,587
	1,431,122	1,382,871

32.1 This amount is stated net of fixed charges recovered from tenants in respect of provision of amenities.

	2022	2021
	-----Rupees '000-----	
32.2 Auditors' remuneration		
Audit fee	11,475	10,500
Fee for review of interim financial information and Statement of Compliance with Code of Corporate Governance	2,030	1,650
Taxation services	14,008	11,635
Other assurance services	1,700	5,000
Other certifications, attestations and other services	7,052	3,320
Out-of-pocket expenses	2,472	2,355
	38,737	34,460

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

32.3 Donations to a single party exceeding 10% of total donations i.e. Rs. 17.28 million are as follows:

	2022	2021
	-----Rupees '000-----	
Arts Council	-	25,312
Sabaq Learning Foundation - related party	15,000	30,000
Hunar Foundation - related party	20,000	10,000
World Health Pharmaceutical Company Limited	21,060	-

32.4 During the year, the Group also donated Rs. 14.81 million to its other related parties:

	2022	2021
	-----Rupees '000-----	
Indus Hospital	5,500	5,000
AKAR Hospital	9,312	17,323
	14,812	22,323

32.5 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
- 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.

32.5.1 The Directors or their spouse has no interest in any other donee entity.

2022	2021
-----Rupees '000-----	

33. OTHER EXPENSES

Workers' Profit Participation Fund - note 25.8	220,079	223,497
Workers' Welfare Fund - note 25.9	49,692	68,709
Central Research Fund - note 33.1	30,507	34,261
	300,278	326,467

33.1 This includes prior year charge amounting to Rs. 1.59 million and Rs. 1.12 million made by the Parent Company and SPL respectively.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

34. OTHER INCOME

	2022	2021
	-----Rupees '000-----	
Income from financial assets		
Return on PLS accounts	238	288
Exchange gain - net - note 34.1	211,711	293,653
Interest income on loan given to International Brands (Private) Limited - Ultimate Parent Company	-	10,471
Interest Income from Term Finance Certificates	10,987	9,122
Interest Income from Term Deposit Receipts	1,057	688
	223,993	314,222
Income from non-financial assets		
Gain on sale of short term investment	1,969	1,270
Gain on curtailment of gratuity obligation	-	21,615
Gain on disposal of property, plant and equipment - net	4,001	17,304
Income from provision of amenities in respect of investment properties	47,428	18,127
Rental income from investment properties - note 34.2	79,256	107,862
Deferred income - government grant - note 23	39,454	39,397
Gain on derecognition on lease liability	-	6,463
Gain on disposal of subsidiary	-	797,832
Liabilities no longer payable written back	13,194	16,900
Scrap sales	18,160	10,569
	203,462	1,037,339
Others		
Insurance claim recovery	-	1,280
Others	2,407	351
	2,407	1,631
	429,862	1,353,192

34.1 This includes arrangement with supplier of finished goods by SPL for sharing the exchange rate fluctuation which resulted in net exchange gain amounting Rs 281.25 million (2021: Rs 249.99 million).

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	-----Rupees '000-----	
34.2		
This includes rental income from related parties, which are as follows:		
- United Retail (Private) Limited	22,323	40,753
- Universal Retail (Private) Limited	8,316	-
- International Brands (Private) Limited	15,285	13,919
- International Franchises (Private) Limited *	-	12,186
- IBL Operations (Private) Limited	6,874	13,416
- IBL Logistics (Private) Limited	-	995
- IBL Unisys (Private) Limited	2,038	1,853
- United Distributors Pakistan Limited *	-	349
	54,836	83,471

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

	2022	2021
	-----Rupees '000-----	
35. FINANCE COST		
Mark-up on:		
- Musharaka facility - note 35.1	1,077,548	755,728
- Short-term borrowing - note 35.1	904,562	564,058
- Salary refinancing - note 20.5 & 35.1	7,042	16,248
Interest on:		
Employees provident fund - Parent Company	-	13,887
Employees provident fund - OBS Pakistan (Private) Limited - related party	-	1,561
Unwinding of discount on long-term borrowing	68,345	30,208
Bank charges	34,708	39,476
Interest on lease liabilities	14,665	16,917
Interest on Workers' Profit Participation Fund - note 25.8	9,492	13,505
	2,116,362	1,451,588

35.1 The includes amount of mark-up expense by Parent Company, IBLHC and SPL under Islamic mode of financing amounted to Rs. 1,751.47 million (2021: Rs. 1,274.79 million).

	2022	2021
	-----Rupees '000-----	
36. INCOME TAX EXPENSE		
Income tax		
For the year	1,166,826	1,139,425
Prior year charge / (reversal) - note 36.2	31,695	(91,897)
	1,198,521	1,047,528
Deferred tax expense - note 21	46,972	240,922
	1,245,493	1,288,450

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

	2022		2021	
	Effective tax rate %	Rupees '000	Effective tax rate %	Rupees '000
35.1 Relationship between tax expense and accounting profit				
Profit before income tax		3,661,347		5,035,298
Tax at applicable rate of 29% (2021: 29%) Effect of:	29%	1,061,791	29%	1,460,236
-final tax regime	0%	(216)	-4%	(201,712)
-minimum tax	2%	80,676	3%	130,347
-tax credit	0%	(17,181)	0%	(22,122)
-Unused tax losses	1%	20,901	0%	-
-prior year (reversal) / charge	1%	31,695	-2%	(91,897)
-change in normal tax regime	1%	25,561	0%	-
- permanent difference	1%	23,766	0%	2,879
-others	1%	18,500	0%	10,719
	34%	1,245,493	26%	1,288,450

36.2 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 bases of estimated losses. However, the amount of losses were changed after the audit of financial statements of the respective companies.

36.3 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 Honourable 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.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

36.4 During the previous 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.

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 28.1.6.
- Erroneous additions in the notices received.

However, during previous year, with respect to super tax, the Parent Company after the Honourable Supreme Court of Pakistan Judgement to submit 50% of the amount and obtain stay till conclusion of the matter, has received notices from CIR(A) 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 Parent Company has filled an appeal against the order received on the above grounds as the income after deducting intercorporate dividend does not fall under the super tax. The Parent Company expects a favourable outcome based on a legal advice.

36.5 During the year 2020, the Deputy Commissioner Inland Revenue (DCIR) had issued amended assessment orders to SPL 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 SPL has filed an appeal before the Commissioner Inland Revenue Appeals (CIRA), whereby certain issues were decided in favour of the SPL. Being aggrieved, the SPL filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) which are still pending adjudication in the ATIR. The SPL expects a positive outcome in respect of the above assessment, hence no provision is being made in these consolidated financial statements.

36.6 During the year 2021, Assistant Commissioner Inland Revenue (ACIR) issued amended assessment order to SPL 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 SPL has filed an appeal before CIRA which was rejected and the SPL afterwards, obtained stay against recovery of tax from the Honourable High Court of Sindh for the above demand. During the year, the order was annulled on July 16, 2021 by the tax department on the basis that the SPL had filed request for the revision of income tax return for the tax year 2019.

36.7 During the year, Assistant Commissioner Inland Revenue (ACIR) issued amended assessment order to SPL u/s 122(5A) dated March 1, 2022, for tax year 2020 wherein the ACIR had disallowed certain expenses which had resulted in the ACIR raising a demand of Rs. 394.98 million in aggregate, for the afore mentioned tax year. The SPL has filed an appeal before the Commissioner Inland Revenue Appeals (CIRA) and also obtained stay against recovery of tax from the Honourable High Court of Sindh. As per the SPL's tax advisor the SPL expects a positive outcome in respect of the above assessment, hence no provision has been made in these consolidated financial statements.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

- 36.8** The Government has levied a special tax for Tax Year 2022 and onwards on high earning persons. As per section 4C of the Income Tax Ordinance 2001 (the ordinance), among others, where income exceeds Rs. 300 million, super tax will be charge at the rate of 4% of income calculated under section 4C of the Ordinance. Further, enhanced super tax on specified sectors has been introduced for Tax Year 2022 which includes, among others, pharmaceutical sector, who are liable to super tax at the rate of 10% for a single tax year, if income exceeds Rs. 300 million. The Parent Company and SPL has filed a constitutional petition against the imposition of such Super Tax on High Earning Persons including specified sectors in the Honourable High Court of Sindh. The Parent Company and SPL in consultation with its legal and tax advisor expects a positive outcome, hence, no provision amounting to Rs. 202.14 million and Rs. 165.71 million respectively for the tax year 2022 has been made in these consolidated financial statements.
- 36.9** The Government has levied a special tax for Tax Year 2022 and onwards on high earning persons. As per section 4C of the Income Tax Ordinance 2001 (the ordinance), among others, where income exceeds Rs. 300 million, super tax will be charge at the rate of 4% of income calculated under section 4C of the Ordinance. The SBPL has filed a constitutional petition against the imposition of such Super Tax on High Earning Persons including specified sectors in the Honourable High Court of Sindh. The SBPL in consultation with its legal and tax advisor expects a positive outcome hence no provision amounting to Rs. 31.55 million for the tax year 2022 has been made in these consolidated financial statements.
- 36.10** As per section 4C of the Income Tax Ordinance, 2001 introduced through Finance Act, 2022, companies operating in certain sectors, including pharmaceuticals, are liable to pay super tax upto 10% for tax year 2022 and upto 4% for subsequent years. The IBLHC has filed a constitutional petition on September 26, 2022 challenging the imposition of Super Tax on High Earning Persons in the High Court of Sindh. Based on the advice of its legal and tax advisors, the IBLHC expects a favourable outcome of the case. The IBLHC's remaining exposure in this regard is Rs. 29 million.

	2022	(Restated) 2021
	-----Rupees '000-----	
37. BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the year (Rupees '000)	2,351,638	3,678,918
Weighted average number of outstanding shares at the end of year (in thousands) - note 37.1	312,053	302,779
Basic and diluted earnings per share (Rupees)	7.54	12.15
	2022	2021
37.1 Weighted average number of ordinary shares		
Issued ordinary shares as at July 01	240,041	212,425
Effect of number of shares issued	72,012	90,354
Weighted average number of ordinary shares as at June 30	312,053	302,779

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

37.2 Diluted earnings per share has not been presented as the Group did not have any convertible instruments in issue as at June 30, 2022 and 2021 which would have any effect on the earnings per share if the option to convert is exercised.

	2022	2021
	-----Rupees '000-----	
38. CASH GENERATED FROM OPERATIONS		
Profit before income tax	3,661,347	5,035,298
Add / (less): Adjustments for non-cash charges and other items		
Depreciation of property, plant and equipment	544,175	404,381
Depreciation of right-of-use assets	9,660	14,783
Depreciation of investment properties	63,735	61,068
Gain on disposal of property, plant and equipment - net	(4,001)	(17,304)
Gain on disposal of subsidiary	-	(797,832)
Amortisation	43,378	50,178
Inventory written off	91,328	177,573
Receivable no longer recoverable written off - net	-	11,615
Gain on curtailment of gratuity obligation	-	(21,615)
Liabilities no longer payable written back	(13,194)	(16,900)
Allowance for impairment of trade receivables	8,650	9,494
Interest on lease liabilities	14,669	16,917
Gain on derecognition of lease liability	-	(6,463)
Provision for retirement benefits obligation	10,018	9,701
Government Grant recognised in other income	(39,454)	(39,397)
Amortisation of transaction cost	16,848	14,381
Unwinding of discount on long term borrowing	68,345	30,208
Workers Welfare Fund and Workers Profit Participation Fund	269,771	292,206
Interest on Workers Profit Participation Fund	9,492	13,505
Interest income	(238)	(10,759)
Finance cost	2,023,856	1,390,958
Unrealised exchange (gain) / loss	(45,594)	907
	3,071,444	1,587,605
Profit before working capital changes	6,732,791	6,622,903

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	-----Rupees '000-----	
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Inventories	(979,192)	(436,779)
Trade receivables	(1,902,958)	(1,661,328)
Loans and advances	(8,209)	(115,086)
Trade deposits and short-term prepayments	(13,080)	(26,828)
Other receivables	(870,213)	1,255,297
Accrued markup	325	1,106
Refunds due from Government - Sales tax	(306,548)	27,842
	(4,079,875)	(955,776)
(Decrease) / increase in current liabilities:		
Trade and other payables	253,345	(561,086)
Cash generated from operations	2,906,261	5,106,041
39. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 15	230,212	222,996
Short-term borrowing - note 26		
Running finance under markup arrangement	(2,498,053)	(2,587,074)
Running Musharaka	(6,795,315)	(4,798,539)
	(9,063,156)	(7,162,617)
40. SEGMENT INFORMATION		

Based on Group's 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 Consolidated Financial Statements

For the year ended June 30, 2022

41. 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		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	-----Rupees '000 -----					
Managerial remuneration	30,912	28,098	15,913	14,462	344,487	315,090
Housing allowance	13,911	12,644	7,161	6,508	158,158	143,163
Utility allowance	3,091	2,810	1,591	1,446	24,969	27,544
Other allowances	1,358	1,366	351	358	53,455	51,302
Benefits	55,922	42,000	20,824	12,100	118,007	87,955
Bonus	5,152	9,366	2,652	4,821	79,772	121,119
Retirement benefits	3,091	2,810	1,591	1,446	32,510	30,765
Others	228	219	175	170	16,006	13,065
	113,665	99,313	50,258	41,311	827,364	790,003
Number of persons	1	1	6	6	120	115

41.1 In addition to the above, the Chief Executive 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.

41.2 During the year, the Parent Company has paid to five non-executive directors (2021: five) an aggregate amount of Rs. 42 thousand (2021: Rs. 45 thousand) as fee for attending board meetings. During the year, IBLHC has also paid fee to six non-executive directors for attending Board of Directors meetings during the year amounted to Rs. 0.63 million (2021: Rs. 0.77 million).

41.3 Executives as mentioned above include Chief Executive Officers of subsidiary company.

42. TRANSACTIONS WITH RELATED PARTIES

42.1 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, 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 Consolidated Financial Statements

For the year ended June 30, 2022

Nature of relationship	Nature of transactions	2022	2021
		-----Rupees '000-----	
Ultimate Parent Company:			
International Brands (Private) Limited	- Corporate service charges	261,000	261,000
	- Interest income	-	10,471
	- Rent income	15,306	13,919
	- Income from provision of amenities	19,977	18,169
	- Dividend paid	260,250	347
	- Expense	18,760	2,473
	- SAP maintenance fee	1,798	112
	- Right shares subscribed - note 16.5	-	2,543,229
	- Payments made on behalf of company	5,123	562
	- Recovery of loan	-	249,630
	- Others	109	-
	The Parent Company has issued Bonus shares to the Holding Company and its nominee shareholders in the ratio of 30 shares for every 100 shares held.		
Associated Companies:			
IBL Identity (Private) Limited *	- Purchases	-	126,164
	- Sales Return	-	320,233
IBL Operations (Private) Limited	- Revenue	25,208,574	22,660,159
	- Salaries and wages	5,856	5,222
	- Sales Promotion activities	138	413
	- Discounts claimed	646,984	355,184
	- Rental income	6,874	13,416
	- Income from provision of amenities	8,897	21,565
	- Purchase of property, plant and equipment	-	8,040
	- Rent expense	7,647	32,701
	- Stock claims	941,548	638,964
	- Advance stock claims paid	1,279,855	-
	- Bonus claims	1,524	1,524
	- Internet services	621	745
	- Carriage and duties	41,402	36,241
	- Carriage and freight charges	-	9,562
	- Reimbursement of expenses	1,969	-
	- Dividend paid	113	2,368
	- Shared cost	2,640	7,620
	- Incentives to field force staff	16,457	22,923
	- Merchandise expense	47,784	40,588
	- Rent for warehouse	121,668	9,799
	- Sale of asset	6,515	-
	- Advance stock claims paid	905,855	-
	- Others	354	395

* 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, 2022

Nature of relationship	Nature of transactions	2022	2021
		-----Rupees '000-----	
United Brands Limited	- Revenue	64,153	75,412
	- Purchase of assets	16	-
	- Others	21	6,427
IBL Frontier Markets (Private) Limited	- Revenue	-	1,196
	- Purchases of property, plant and equipment	6,942	19,712
	- Reimbursement of expenses	788	-
	- Income from provision of amenities	27,018	24,225
IBL Unisys (Private) Limited	- Rent Income	2,038	1,853
	- Income from provision of amenities	2,245	1,297
	- IT Services	10,189	-
	- Purchases	-	37
IBL Logistics (Private) Limited	- Revenue	-	8
	- Rent Income	-	995
	- Carriage and duties	151,852	166,706
	- Repair and maintenance	514	459
	- Discounts claimed	12,500	-
	- Purchases	1,920	2,625
	- Expenses incurred on behalf of associated company	21,278	1,729
- Transportation charges	41,946	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 Pakistan Limited *	- Rent Income	-	349
	- Income from provision of amenities	-	141
	- Rent Expense	-	600
United Retail (Private) Limited	- Rent Income	14,571	40,048
	- Income from provision of amenities	2,955	37,386
	- Salaries and wages	266	513
	- Donations	-	253
	- Other income	1,405	351
	- Purchases of property, plant and equipment	-	137
	- Purchases	-	1,276

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

Nature of relationship	Nature of transactions	2022	2021
		-----Rupees '000-----	
Universal Retail (Private) Limited	- Rent Income	8,316	-
	- Income from provision of amenities	60,699	-
	- Salaries and wages	1,542	-
	- Donations	282	-
	- Purchases of property, plant and equipment	2,293	-
	- Purchases	302	-
	- Expenses Paid by Parent Company	1,462	-
	- Others	215	-
AKAR Hospital	- Donations	9,312	17,323
	- Medical charges paid	61	-
Mycart (Private) Limited	- Purchases	129	-
Multinet (Private) Limited	- Internet Services	5,148	7,661
The Hunar Foundation	- Donations	20,000	10,000
Sabaq Learning Foundation	- Donations	15,000	30,000
Pakistan Stock Exchange Limited	- Listing Fees	4,611	-
The Citizen Foundation	- Donation in kind	-	1,671
Universal Ventures (Private) Limited	- Disposal of subsidiary	-	3,526,875
	- Acquisition of subsidiary	600,000	15,800,000
	- Deferred payment	260,712	-
Prime Health (Private) Limited	- Product sample expense	8,285	-
	- Advance given	13,429	-
The Indus Hospital	- Donations	5,500	5,000
Searle Pakistan Limited Provident Fund	- Interest repayment	13,887	-
Staff Retirement Benefit	- Contributions to Provident Fund	190,203	178,702
	- Benefits paid	275,643	281,375

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

Nature of relationship	Nature of transactions	2022	2021
		-----Rupees '000-----	
Key management			
employees compensation:	- Salaries and other employee benefits	430,015	439,799
	- Contributions to Provident Fund	24,118	19,781
	- Director's fee and conveyance	2,005	2,050
	- Sale of goods	26	612
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 Rehman	- 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 Abdullah - son of Mr. Rashid Abdulla (Late).

42.2 The status of outstanding balances with related parties as at June 30, 2022 is included in the respective notes to the consolidated financial statements. These are settled in the ordinary course of business.

42.3 None of the key management personnel had any arrangements with the Group other than the employment contract.

42.4 Following are the related parties with whom the Group had entered into transactions or have arrangement(s) / agreement(s) in place:

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

S. No.	Company Name	Basis of Association	Aggregate % of Shareholding
1.	International Brands (Private) Limited	Ultimate Parent Company	56.32%
2.	IBL Operations (Private) Limited	Associated Company	N/A
3.	IBL Unisys (Private) Limited	Associated Company	N/A
4.	Multinet (Private) Limited	Common Directorship	N/A
5.	United Brands Limited	Associated Company	N/A
6.	IBL Frontier Markets (Private) Limited	Associated Company	N/A
7.	IBL Pakistan (Private) Limited	Associated Company	N/A
8.	IBL Logistics (Private) Limited	Associated company	N/A
9.	International Knitwear Limited	Associated company	N/A
10.	Arshad Shahid Abdulla (Private)Limited	Close relative of Director	N/A
11.	United Retail (Private) Limited	Close relative of Director	N/A
12.	Universal Retail (Private) Limited	Close relative of Director	N/A
13.	Indus Hospital	Close relative of Director	N/A
14.	AKAR Hospital	Managing Company	N/A
15.	The Hunar Foundation	Common Directorship	N/A
16.	Universal Ventures (Private) Limited	Common Directorship	N/A
17.	The IBL Company (Private) Limited	Common Directorship	N/A
18.	Sabaq Learning Foundation	Common Directorship	N/A
19.	The Searle Company Limited Provident Fund	Retirement Fund	N/A
20.	OBS Pakistan (Private) Limited Provident Fund	Retirement Fund	N/A
21.	Nextar Pharma (Private) Limited Provident Fund	Retirement Fund	N/A
22.	Searle Biosciences (Private) Limited Provident Fund	Retirement Fund	N/A
23.	IBL Healthcare Limited Provident Fund	Retirement Fund	N/A

43. 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.

44. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

44.1 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. The Company has exposure to following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk



Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

44.2 Financial assets and liabilities

	2022			2021		
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total
-----Rupees '000-----						
Financial assets						
At amortised cost						
Loans, advances and deposits	392,217	27,927	420,144	436,017	24,462	460,479
Trade receivables	11,978,760	-	11,978,760	10,038,858	-	10,038,858
Accrued markup	1,431	-	1,431	1,106	-	1,106
Other receivables	4,887,151	-	4,887,151	4,016,938	-	4,016,938
Short-term investment	115,772	-	115,772	116,721	-	116,721
Bank balances	185,404	-	185,404	179,483	-	179,483
Cash in hand	44,808	-	44,808	43,513	-	43,513
	17,605,543	27,927	17,633,470	14,832,636	24,462	14,857,098
Financial liabilities						
Long-term borrowing	-	9,049,521	9,049,521	-	9,693,174	9,693,174
Trade and other payables	4,113,930	-	4,113,930	3,806,146	-	3,806,146
Lease liability	5,143	87,017	92,160	4,416	93,092	97,508
Unpaid dividend	196,496	-	196,496	171,176	-	171,176
Unclaimed dividend	45,243	-	45,243	49,367	-	49,367
Short-term borrowings	9,969,728	-	9,969,728	7,794,044	-	7,794,044
	14,330,540	9,136,538	23,467,078	11,825,149	9,786,266	21,611,415
On reporting date gap	3,275,003	(9,108,611)	(5,833,608)	3,007,487	(9,761,804)	(6,754,317)
Net financial (liabilities) / assets						
Interest bearing	(9,968,239)	(9,049,521)	(19,017,760)	(8,050,278)	(9,693,174)	(17,743,452)
Non-interest bearing	13,243,242	(59,090)	13,184,152	11,057,765	(68,630)	10,989,135

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group is exposed to currency risk and interest rate risk only.

(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, Group's borrowings are on variable interest rate exposing the Group to interest rate risk.

At June 30, 2022, the Group has variable interest bearing financial liabilities of Rs. 19.02 billion (2021: Rs.17.49 billion).

Cash flow sensitivity analysis for variable rate instruments

A change in 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. 380.38 million (2021: Rs. 349.80 million) higher / lower, mainly as a result of lower / higher interest expense on floating rate borrowings.

(ii) Currency risk

The Group's exposure to foreign currency risk is as follows:

	2022		2021	
	Rupees	US Dollars	Rupees	US Dollars
	----- (In 000) -----		----- (In 000) -----	
Financial assets:				
Bank Balances	15,225	74	7,104	45
Trade debts	530,536	2,575	514,752	3,262
Financial liabilities				
Trade and other payables	(659,951)	(3,204)	(586,497)	(3,717)
Net Exposure	<u>(114,190)</u>	<u>(555)</u>	<u>(64,641)</u>	<u>(410)</u>

The following significant exchange rates were applicable during the year:

	Reporting date rate	
	2022	2021
US Dollars (USD) to Pakistani Rupee	<u>206 / 205.5</u>	<u>157.8 / 158.3</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

Sensitivity analysis

As at June 30, 2022, 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 higher / lower by Rs. 11.42 million (2021: Rs. -6.46 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.

(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 individual financial instrument company, its issuer or factors affecting all similar financial instrument traded in the market. The Group has no investment as at June 30, 2022 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 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.17,633 million (2021: Rs. 14,857 million) the financial assets exposed to the credit risk amount to Rs. 17,587 million (2021: Rs. 14,812 million). The carrying values of financial assets are as under:

	2022	2021
	-----Rupees '000-----	
Loans and advances - notes 7 & 11	266,105	313,154
Trade deposits - notes 8 & 12	154,039	147,325
Trade receivables - note 10	11,978,760	10,038,858
Other receivables - note 13	4,887,151	4,016,938
Short term investment - note 14	115,772	116,721
Bank balances	185,404	179,483
	17,587,231	14,812,479

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.

Deposits, loans, advances and other receivables are not exposed to any material credit risk as loans and advances mainly relate to supplier advances which will be settled in the ordinary course of business and other receivables mainly pertains to related parties.

Bank balance and short term investment is held only with reputable banks with high quality external rating assessed by external rating agency. Following are the credit ratings of banks within which balances are held or credit lines available:

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

Bank Name	Rating Agency	Rating	
		Long Term	Short Term
Albaraka Bank Pakistan Limited	VIS	A+	A1
Askari Bank Limited	PACRA	AA+	A1+
Bank Al Falah Limited	PACRA	AA+	A1+
Bank Al Habib Limited	PACRA	AAA	A1+
Dubai Islamic Bank Limited	VIS	AA	A1+
Faysal Bank Limited	PACRA	AA	A1+
Habib Bank Limited	VIS	AAA	A1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
MCB Bank Limited	PACRA	AAA	A1+
Meezan Bank Limited	VIS	AAA	A1+
National Bank of Pakistan	PACRA	AAA	A1+
Soneri Bank Limited	PACRA	AA-	A1+
“Standard Chartered Bank (Pakistan) Limited”	PACRA	AAA	A1+
The Bank Of Punjab	PACRA	AA+	A1+
Mobilink Microfinance Bank Limited	PACRA	A	A1
Summit Bank Limited	VIS	BBB-	A3
JS Bank Limited	PACRA	AA-	A1+
MCB Islamic Bank Limited	PACRA	A	A1
United Bank Limited	PACRA	AAA	A1+
Samba Bank Limited	VIS	A1	AA

Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, management focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Management does not consider that it has any concentration of credit risk at reporting date.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group ensures that it has sufficient cash to meet expected working capital requirements by having credit lines available.



Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

(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.

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

44.3 Reconciliation of movements of liabilities to cash flows arising from financing activities

	2022			
	Short-term borrowings	Long-term financing	Unappropriated profit	Total
	------(Rupees in '000)-----			
Balance as at July 1, 2021	7,731,750	10,006,586	12,776,023	30,514,359
<i>Changes from financing cash flows</i>				
Repayment of long-term loan	-	(342,920)	-	(342,920)
Proceeds from long-term loan	-	-	-	-
Dividend paid	-	-	(531,064)	(531,064)
Total changes from financing activities	-	(342,920)	(531,064)	(873,984)
<i>Other changes</i>				
Interest expense	904,562	1,152,935	-	2,057,497
Interest paid	(857,737)	(1,127,118)	-	(1,984,855)
Unwinding of discount on salary refinancing	-	68,345	-	68,345
Amortization of Transaction Cost	-	16,848	-	16,848
Changes in short-term borrowings	1,561,618	-	-	1,561,618
Total loan related other changes	1,608,443	111,010	-	1,719,453
Equity related other changes	-	-	1,749,689	1,749,689
Balance as at June 30, 2022	9,340,193	9,774,676	13,994,648	33,109,517

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

	2021			
	Short-term borrowings	Long-term financing	Unappropriated profit	Total
	------(Rupees in '000)-----			
Balance as at July 1, 2020	5,158,746	452,533	9,605,494	15,216,773
<i>Changes from financing cash flows</i>				
Repayment of long-term loan	-	(972,068)	-	(972,068)
Proceeds from long-term loan	-	10,532,758	-	10,532,758
Transaction Cost Paid	-	(117,989)	-	(117,989)
Dividend paid	-	-	(531,064)	(531,064)
Total changes from financing activities	-	9,442,701	(531,064)	8,911,637
<i>Other changes</i>				
Interest expense	579,506	802,184	-	1,381,690
Interest paid	(552,120)	(781,884)	-	(1,334,004)
Unwinding of discount on salary refinancing	-	24,118	-	24,118
Amortization of Transaction Cost	-	14,381	-	14,381
Acquisition of subsidiary	-	52,533	-	52,533
Changes in short-term borrowings	2,545,618	-	-	2,545,618
Total loan related other changes	2,573,004	111,332	-	2,684,336
Equity related other changes	-	-	3,701,593	3,701,593
Balance as at June 30, 2021	7,731,750	10,006,566	12,776,023	30,514,339

45. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group'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 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.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

The debt to capital ratio is as follows:

	2022	2021
	-----Rupees '000-----	
Total borrowings	19,019,249	17,487,218
Cash and bank - note 15	(230,212)	(222,996)
Net debt	18,789,037	17,264,222
Equity	30,691,311	26,086,192
Total capital	49,480,348	43,350,414
Debt to capital ratio	38%	40%

46. MEASUREMENT OF FAIR VALUES

Group engages an independent external valuers to carry out valuation of its non-financial assets (i.e. Leasehold Land, Building, Plant and Machinery, Vehicles and Air-conditioning System) with sufficient regularity and obtains rate from financial institution to value derivative financial instruments. Involvement of external valuers is decided upon by Group. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

When measuring the fair value of an asset or a liability, the Group uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included 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 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2022, all financial assets and financial liabilities are carried at amortised cost which is approximate to their fair value. The Group measures the Leasehold Land, Building, Plant and Machinery, Vehicles and Air-conditioning System at fair value and all of the resulting fair value estimates in relation to Leasehold Land, Building, Plant and Machinery, Vehicles and Air-conditioning System of the Company are included in Level 2.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

The following table provides the valuation approach, inputs used and inter-relationship between significant unobservable inputs and fair value measurement of the Company's Land and Buildings measured at fair value:

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

Assets measured at fair value	Date of valuation	Valuation approach and inputs used	Inter-relationship between significant observable inputs and fair value measurement
Revalued property, plant and equipment			
- Leasehold land, building, plant and machinery, vehicles and air-conditioning systems	June 30, 2022	The valuation model is based on price per square meter and current replacement cost method adjusted for depreciation factor for the existing assets in use. In determining the valuations for land and buildings, the valuer refers to current market conditions, structure, current replacement cost, sale prices of comparable land in similar location adjusted for differences in key attributes such as land size and inquires with numerous independent local estate agents / realtors in the vicinity to establish the present market value. The fair valuation of land and building is considered to represent a level 2 valuation based on significant observable inputs being the location and condition of the assets.	The fair values are subject to change owing to changes in input. However, management does not expect material sensitivity to the fair values arising from the change in observable inputs.

Management assessed that the fair values of cash and cash equivalents, other receivable, trade deposits, trade debts, 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 approximates fair value owing to credit standing of counterparties and interest payable on borrowings are market rates.

47. NUMBER OF EMPLOYEES	2022	2021
47.1 Number of employees including contractual employees at year end	3,508	3,262
Average number of employees including contractual employees at year end	3,409	3,179

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

48. LISTING OF SUBSIDIARY COMPANIES

Name of Subsidiary	Financial year end
- IBL HealthCare Limited	June 30
- Searle Pakistan Limited	June 30
- Searle Pharmaceuticals (Private) Limited	June 30
- Searle Laboratories (Private) Limited	June 30
- Searle Biosciences (Private) Limited	June 30
- Nextar Pharma (Private) Limited	June 30
- IBL Future Technologies (Private) Limited	June 30

49. NON-CONTROLLING INTERESTS

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	2,929,510	753,627
Total Liabilities	1,066,444	143,513
Total Comprehensive Income / (loss)	302,859	(108,999)
Allocated to NCI	78,168	(13,952)
Accumulated NCI	480,857	81,461
Cash and Cash Equivalents	104,122	196
Cash generated from / (utilised in)		
- operating activities	56,851	4,379
- investing activities	1,811	(4,934)
- financing activities	(16,653)	-
Dividend paid to NCI	15,079	-

49.1 SPL offered right shares to its existing shareholders (Parent Company) in the Board of Directors meeting held on October 13, 2021. The existing shareholders of the SPL have renounced their right to subscribe to the new shares pursuant to the rights issue and SPL has been approached by various parties who have offered to subscribe to shares of SPL allocated for the IPO process. This amount includes Rs. 900 million from PNO Capital Limited (PNO) to the extent of 66,666,666 ordinary shares of SPL and Rs. 565.40 million from SPARS (Private) Limited (SPARS) to the extent of 41,881,200 ordinary shares of SPL. Subsequent to the year end, on August 23, 2022, SPL has issued 66,666,666 and 41,881,200 ordinary shares of SPL to PNO and SPARS respectively. Accordingly shareholding of the Parent Company will be diluted.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

50. BUSINESS UNITS - GEOGRAPHICAL LOCATION AND ADDRESSES

Business units	Addresses
Factories	<ul style="list-style-type: none">- F-319, S.I.T.E Area, Karachi- 32 km Multan Road, Lahore.- E-44 - 45, North Western Industrial store, Port Qasim, Karachi.- C-14, Manghopir road S.I.T.E Karachi- Plot # E-58, North Western Industrial Zone, Port Qasim, Karachi.
Warehouses and storage facilities	<ul style="list-style-type: none">- 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.- 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- Raiwind Road, Manga Mandi, Lahore.- Shabab Studio Chung, 19-KM, Multan Road, Lahore.- F-2/Q, PTC Compound, S.I.T.E., Karachi.

51. SUBSEQUENT EVENTS

51.1 The Board of Directors of the Parent Company in the meeting held on October 3, 2022 has approved the following appropriation:

	2022	2021
	-----Rupees '000-----	
-Issue of bonus shares for every 100 shares (June 30, 2021: 30 for every 100 shares) held	<u>780,132</u>	<u>720,122</u>
-Cash dividend of Nil (June 30, 2021: Rs. 2) per share	<u>-</u>	<u>480,081</u>

This would be recognised in the Parent Company's financial statements in the year in which such dividend is declared / approved.

51.2 Subsequent to the year end, on July 14, 2022, the Board of Directors have authorized the Parent Company to enter into a transaction with its related party i.e. Universal Ventures (Private) Limited for the sale of the property located at plot # B - 168, S.I.T.E, Nooriabad, District Jamshoro, Sindh measuring approximately 25 acres for a total sale consideration of Rs. 510 million.

51.3 Subsequent to the year end, on July 30, 2022 and September 22, 2022, the SPL has announced interim cash dividends of Rs. 0.0382 per share amounting to Rs. 40 million and Rs. 0.0528 per share amounting to Rs. 61.07 million respectively.



Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2022

- 51.4** Subsequent to the year end, on September 29, 2022, the IBLHC has announced cash dividends of Re. 1 per share amounting to Rs. 64.9 million and bonus issue in the ratio of 10 shares for every 100 shares held for the year ended June 30, 2022.
- 51.5** The Board of Directors of the Parent Company in the meeting held on October 03, 2022, resolved to acquire the 100% shareholding of Steller Ventures (Private) Limited (SVPL) from Universal Ventures (Private) Limited (UVPL) - a related party of the Parent Company, at a valuation to be determined and negotiated by the management of the Company with UVPL on arms length basis, to be adjusted against Parent Company's receivable balance as disclosed in note 13.10, subject to due diligence and approval of the shareholders under the provisions of Section 199 of the Companies Act, 2017. In case the valuation of the SVPL comes less than the receivable balance, the balance will be settled in cash by UVPL.
- 51.6** On October 03, 2022, the Board of Directors of the Parent Company has approved to increase the authorized share capital of the Parent Company from Rs. 4 billion divided into 400 million ordinary shares of Rs. 10 each to Rs. 6 billion divided into 600 million ordinary shares of Rs. 10 each, by the creation of 200 million additional ordinary shares at nominal value of Rs. 10 each to rank pari passu in every respect with the existing ordinary shares of the Parent Company. The said resolution would be presented to members of the Parent Company in the forthcoming annual general meeting.

52. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were approved and authorised for issue by the Board of Directors of the Parent Company on October 03, 2022.



Chief Executive



Director



Chief Financial Officer

Pattern of Shareholding

As at June 30, 2022

Form 34

Number of Shareholders	Shareholdings' Slab		Total Shares Held
3,071	1	To 100	108,404
3,486	101	To 500	1,012,232
2,136	501	To 1,000	1,640,224
3,650	1,001	To 5,000	8,555,552
1,098	5,001	To 10,000	7,707,161
308	10,001	To 15,000	3,826,501
196	15,001	To 20,000	3,434,525
90	20,001	To 25,000	2,051,846
79	25,001	To 30,000	2,193,452
59	30,001	To 35,000	1,913,795
42	35,001	To 40,000	1,585,917
17	40,001	To 45,000	726,487
18	45,001	To 50,000	857,204
24	50,001	To 55,000	1,249,479
14	55,001	To 60,000	812,681
13	60,001	To 65,000	815,109
13	65,001	To 70,000	872,851
11	70,001	To 75,000	804,414
13	75,001	To 80,000	1,017,636
5	80,001	To 85,000	418,653
10	85,001	To 90,000	864,180
4	90,001	To 95,000	372,054
7	95,001	To 100,000	683,759
2	100,001	To 105,000	203,209
4	105,001	To 110,000	428,901
6	110,001	To 115,000	673,552
7	115,001	To 120,000	817,534
1	120,001	To 125,000	123,552
6	125,001	To 130,000	773,030
2	130,001	To 135,000	262,418
5	135,001	To 140,000	690,130
2	140,001	To 145,000	282,642
5	145,001	To 150,000	742,156
5	150,001	To 155,000	764,062
3	155,001	To 160,000	475,845
3	160,001	To 165,000	489,830
3	165,001	To 170,000	500,858
2	175,001	To 180,000	354,416
2	180,001	To 185,000	367,097
1	185,001	To 190,000	186,300
4	190,001	To 195,000	768,916
4	195,001	To 200,000	791,519
1	200,001	To 205,000	201,890
2	205,001	To 210,000	415,082
1	210,001	To 215,000	211,098
3	225,001	To 230,000	687,845
1	230,001	To 235,000	234,882
3	235,001	To 240,000	712,373
1	240,001	To 245,000	243,227
4	245,001	To 250,000	991,583
2	250,001	To 255,000	505,415
1	260,001	To 265,000	260,319
1	280,001	To 285,000	280,308
1	285,001	To 290,000	287,930
1	290,001	To 295,000	294,127
2	295,001	To 300,000	594,894

Pattern of Shareholding

As at June 30, 2022

Number of Shareholders	Shareholdings' Slab		Total Shares Held	
2	300,001	To	305,000	603,348
1	310,001	To	315,000	312,794
2	345,001	To	350,000	692,661
1	355,001	To	360,000	357,496
1	380,001	To	385,000	384,325
1	400,001	To	405,000	400,396
1	410,001	To	415,000	414,000
1	425,001	To	430,000	425,581
1	445,001	To	450,000	446,508
2	450,001	To	455,000	908,054
1	460,001	To	465,000	460,874
2	465,001	To	470,000	939,317
1	490,001	To	495,000	493,128
1	500,001	To	505,000	504,817
1	505,001	To	510,000	508,794
1	510,001	To	515,000	514,822
1	520,001	To	525,000	524,201
1	550,001	To	555,000	552,784
1	575,001	To	580,000	575,092
1	595,001	To	600,000	599,387
1	630,001	To	635,000	630,575
1	635,001	To	640,000	639,246
1	655,001	To	660,000	656,793
1	680,001	To	685,000	681,126
1	740,001	To	745,000	742,011
2	745,001	To	750,000	1,491,877
1	810,001	To	815,000	813,894
1	815,001	To	820,000	819,182
1	825,001	To	830,000	829,420
1	865,001	To	870,000	868,106
1	965,001	To	970,000	968,198
1	1,090,001	To	1,095,000	1,090,460
1	1,100,001	To	1,105,000	1,100,667
1	1,180,001	To	1,185,000	1,182,924
1	1,230,001	To	1,235,000	1,231,243
1	1,285,001	To	1,290,000	1,285,372
1	1,350,001	To	1,355,000	1,354,748
1	1,435,001	To	1,440,000	1,437,454
1	1,470,001	To	1,475,000	1,471,142
1	1,515,001	To	1,520,000	1,519,798
1	1,650,001	To	1,655,000	1,650,361
1	1,835,001	To	1,840,000	1,835,208
1	2,250,001	To	2,255,000	2,251,129
1	2,270,001	To	2,275,000	2,272,450
1	2,490,001	To	2,495,000	2,491,295
1	2,515,001	To	2,520,000	2,515,039
1	3,030,001	To	3,035,000	3,030,472
1	3,190,001	To	3,195,000	3,194,096
1	3,230,001	To	3,235,000	3,233,531
1	3,695,001	To	3,700,000	3,695,978
1	5,515,001	To	5,520,000	5,519,524
1	5,650,001	To	5,655,000	5,652,280
1	6,050,001	To	6,055,000	6,053,581
1	9,070,001	To	9,075,000	9,070,742
1	169,010,001	To	169,015,000	169,013,326
14,515				312,052,683

Pattern of Shareholding

As at June 30, 2022

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, their Spouse(s) and Minor Children			
MR. ADNAN ASDAR ALI	1	4,859	0.00
SYED NADEEM AHMED	1	5,577	0.00
MR. ZUBAIR RAZZAK PALWALA	1	252,825	0.08
MR. MUNIS ABDULLAH	2	103,310	0.03
DR. ATTA UR RAHMAN	2	39,734	0.01
MRS. SHAISTA KHALIQ REHMAN	2	154,134	0.05
MUFTI ZIA UL ISLAM	1	11,512	0.00
MRS. MAHBOOB KHAN	2	647,000	0.21
	12	1,218,951	0.39
Associated Companies, undertakings and related parties			
INTERNATIONAL BRANDS (PRIVATE) LIMITED	3	169,049,941	54.17
IBL OPERATIONS (PRIVATE) LIMITED	1	86,632	0.03
IMPERIAL BRANDS (PRIVATE) LIMITED	1	34,355	0.01
TRUSTEE SEARLE PAKISTAN LIMITED PROVIDENT FUND	1	1,437,454	0.46
UNITED BRANDS LIMITED STAFF PROVIDENT FUND	1	4,729	0.00
IBL OPERATIONS (PRIVATE) LIMITED STAFF PROVIDENT FUND	1	46,220	0.01
MR. ATHAR IQBAL	1	38,350	0.01
MR. TAHIR AHMED	1	18,200	0.01
MR. MOUJOOD UL HASSAN	3	19,351	0.01
MR. M. SAJID HUSSAIN	1	32	0.00
	14	170,735,264	54.71
National Investment Trust & Industrial Corporation of Pakistan			
	-	-	-
Banks Development Financial Institutions, Non-Banking Financial Institutions			
	17	10,022,206	3.21
Insurance Companies			
	18	12,789,217	4.10
Modarabas and Mutual Funds			
	64	13,852,158	4.44
General Public			
a. Local	13,655	55,799,730	17.88
b. Foreign	430	6,378,165	2.04
Foreign Companies			
	44	16,669,176	5.34
Others			
Trust and Funds	78	4,306,315	1.38
Joint Stock Companies	183	20,281,501	6.50
TOTAL	14,515	312,052,683	100.00

Shareholders holding 10% or more shares

*INTERNATIONAL BRANDS (PRIVATE) LIMITED

Shares Held **Percentage**
175,759,754 **56.32**

* This includes 6,709,813 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 57th Annual General Meeting of the Company, to be held on
Friday, October 28, 2022 at 04:30 p.m. and/or any adjournment thereof.

Signed this _____ day of _____ 2022

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 رجسٹرڈ فوئیو 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 57 ویں سالانہ عام اجلاس میں شرکت کریں اور

اپنی رائے دی/ووٹ کا استعمال کریں جو کہ جمعہ، 28 اکتوبر 2022 یا کسی زیر التوا تاریخ پر ہونے والے اجلاس میں میری/ہماری جانب سے شرکت

کریں گے۔

دستخط شدہ تاریخ _____ دن _____ 2022ء

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:

1- 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 فوئیو نمبر نیچے درج کریں۔

(iv) اپنے کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ/پاسپورٹ/بورڈ کی قرارداد پر کسی کے سی این آئی سی کی کاپی پر کسی فارم کے ساتھ منسلک کر کے جمع کریں۔

2- 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۔

3- سی ڈی سی شیئر ہولڈرز یا ان کے پراکسی اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ مع پارٹنیشنٹ کا آئی ڈی نمبر ان کے اکاؤنٹ نمبر اپنی شناخت میں سہولت کے لئے ہمراہ لائیں مفضل طریقہ کار سالانہ اجلاس عام کے نوٹ میں درج ہے۔

SEARLE

درست مالیت
کی ڈاک
چسپاں کریں

دی کمپنی 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۔ 75350

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SEARLE

THE SEARLE COMPANY LIMITED
2nd Floor, One IBL Centre, Plot# 1, Block 7 & 8,
Dehli Mercantile Muslim Cooperative Housing Society
(DMCHS)Tipu Sultan Road, Off. Shahrah-e-Faisal, Karachi
URL: www.searlecompany.com