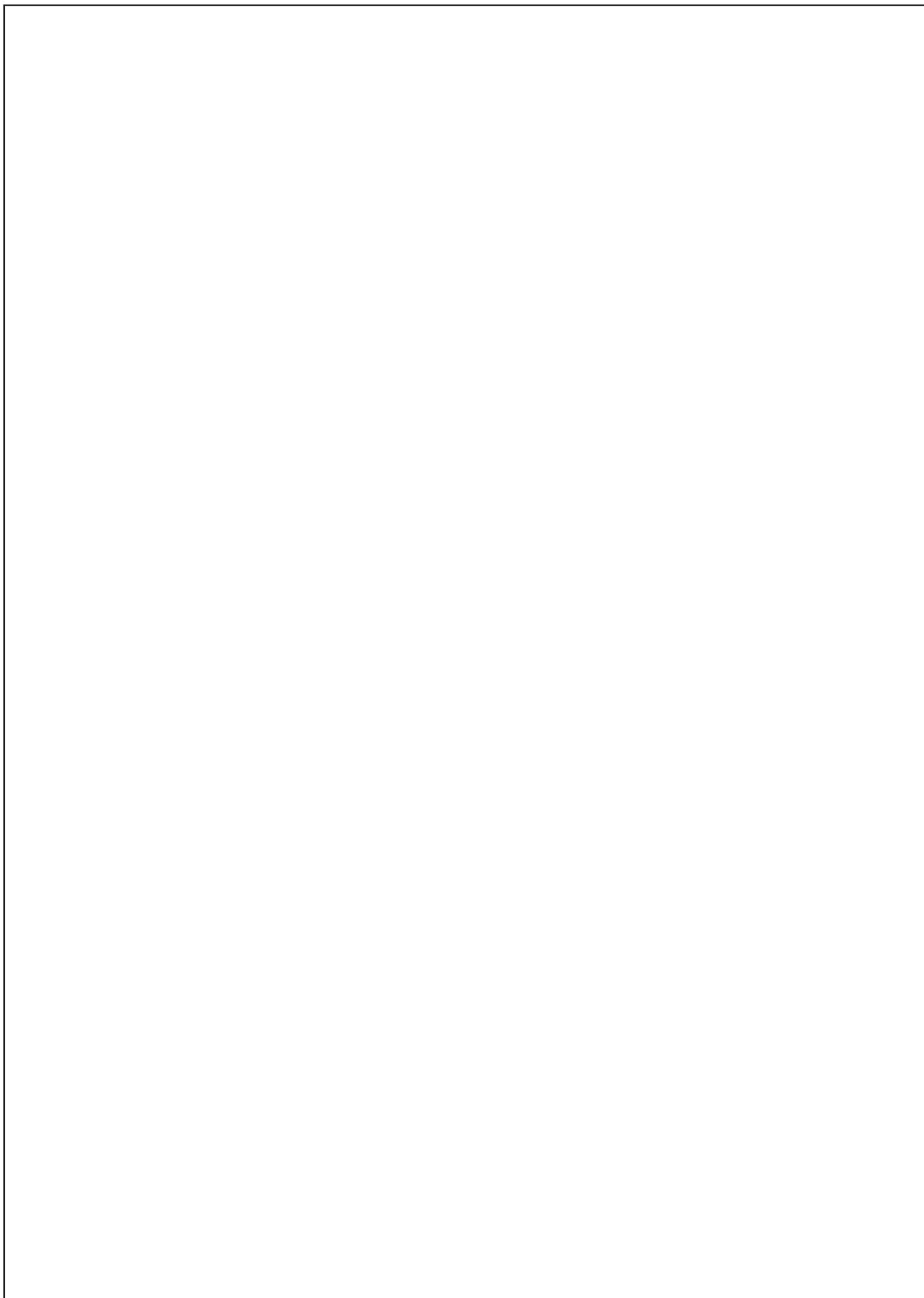




**Shield
for
Everyone**

**First
Quarter Report
2020-21**





Shield for Stakeholders

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COMPANY INFORMATION

Board of Directors

Mr. Ebrahim Qassim	Chairman
Mr. Mohammad Haroon Qassim	Chief Executive
Mr. Vali Muhammad A. Habib	Director
Mr. Abdul Ghaffar Umer Kapadia	Director
Mr. Inran Chishti	Director
Mrs. Saadia Butt Naveed	Director
Mr. Mohammad Salman Qassim	Director

Audit Committee

Mr. Abdul Ghaffar Umer Kapadia	Chairman
Mr. Vali Muhammad A. Habib	Member
Mr. Inran Chishti	Member

Human Resource & Remuneration Committee

Mr. Inran Chishti	Chairman
Mr. Mohammad Haroon Qassim	Member
Mr. Vali Muhammad A. Habib	Member

Risk Management Committee

Mr. Mohammad Haroon Qassim	Chairman
Mr. Vali Muhammad A. Habib	Member
Mr. Abdul Ghaffar Umer Kapadia	Member

Chief Financial Officer

Mr. Yasir Yousuf Chhabra

Company Secretary

Mr. Hafiz Muhammad Hasan

Head of Internal Audit

Mr. Tariq Shahzad

Legal Advisors

Mr. Shafqat Zaman

External Auditors

BDO Ebrahim & Co.
Chartered Accountants

Internal Auditors

Deloitte Yousuf Adil
Chartered Accountants

Bankers

Meezan Bank Limited
Bank Al-Habib Limited - Islamic Banking
Habib Metropolitan Bank Limited - Islamic Banking
Habib Metropolitan Bank Limited

Registrar & Share Registration Office

CDC Share Registrar Services Limited
CDC House, 99-B, S.M.C.H.S.,
Main Shahrah-e-Faisal,
Karachi

Registered Office

Office 1007, Business Avenue,
Block 6, P.E.C.H.S., Shahrah-e-Faisal,
Karachi

Factory

Plot No. 368/4 & 5
Landhi Industrial Area
Baldia Road
Karachi

Email & URL

mail@shield.com.pk
www.shield.com.pk

DIRECTORS' REVIEW

On behalf of the Board of Directors, it is our pleasure to present the un-audited condensed interim financial information for the period ended September 30, 2020.

Financial summary

Operating Results	September, 2020	September, 2019	Increase / (Decrease)
	(Rupees)	(Rupees)	
Net Sales	537,182,332	446,582,717	20.29%
Gross Profit	163,399,708	140,338,297	16.43%
Gross Profit %	30.42%	31.42%	(100 bps)
Selling and Distribution Expenses	77,675,889	61,014,325	27.31%
Administrative Expenses	11,390,180	16,753,233	(32.01%)
Finance Costs	17,042,090	21,409,741	(20.40%)
Profit Before Tax	37,088,320	40,057,827	(7.41%)
Profit After Tax	21,708,341	21,451,539	1.20%
Earnings per Share	5.57	5.50	1.20%

Monetary and fiscal measures by Government have provided some support in lessening the detrimental impact due to Covid-19. SBP has extended salary financing till September 30, 2020 and has also maintained policy rate at 7%. However, uncertainty due to the second wave of Covid-19 is still prevailing on economic front. Despite the challenges, the Company's performance has improved. Net sales for the three months recorded an increase of 20.29% over the same period last year. Gross profit in value increased by 16.43% as compared to same period last year.

The selling and distribution expenses increased by Rs. 16.66 million. The Finance cost of the Company decreased by Rs. 4.37 million. The Company recorded profit before tax of Rs. 37.09 million for the three months period. The Earnings per share increased to Rs. 5.57 per share from Rs. 5.50 per share over the same period last year.

The overall economic outlook still remains uncertain due to the Covid-19 and rising inflation which has also put more pressure on the purchasing power of consumers. Your management is doing its best to achieve sustainable growth in sales by execution of focused promotion plans and profitable sales mix in the next quarters of current financial year.

The Board of Directors would like to express their gratitude to all employees for their committed efforts, loyalty and dedications.



Mohammad Haroon Qassim
Chief Executive



Vali Muhammad A. Habib
Director

Karachi: October 27, 2020

ڈائریکٹرز کا جائزہ

ہم بورڈ آف ڈائریکٹرز کی جانب سے ۳۰ ستمبر ۲۰۲۰ کو ختم ہونے والی مدت کے لیے غیر آڈٹ شدہ مختصر عبوری مالیاتی معلومات پیش کرنے میں خوشی محسوس کر رہے ہیں۔

سرماے کا خلاصہ

اضافہ/ (کمی)	ستمبر ۲۰۱۹ (روپے)	ستمبر ۲۰۲۰ (روپے)	عملداری نتائج
20.29%	446,582,717	537,182,332	خالص سیلز
16.43%	140,338,297	163,399,708	مجموعی منافع
(100 bps)	31.42%	30.42%	مجموعی فیصدی منافع
27.31%	61,014,325	77,675,889	فروخت اور تقسیم کاری کے اخراجات
(32.01%)	16,753,233	11,390,180	انتظامی اخراجات
(20.40%)	21,409,741	17,042,090	مالیاتی لاگت
(7.41%)	40,057,827	37,088,320	قبل از ٹیکس منافع
1.20%	21,451,539	21,708,341	بعد از ٹیکس منافع
1.20%	5.50	5.57	فی شیئر آمدنی

حکومت کے مالیاتی اور مالی اقدامات نے کووڈ-19 کے باعث ہونے والے نقصان دہ اثر کو کم کرنے میں کچھ مدد فراہم کی ہے۔ اسٹیٹ بینک آف پاکستان نے تنخواہ کی مد میں مالی اعانت میں ۳۰ ستمبر ۲۰۲۰ تک توسیع کردی ہے اور پالیسی شرح کو بھی 7% پر برقرار رکھا ہے۔ تاہم کووڈ-19 کی دوسری لہر کی وجہ سے غیر یقینی کی صورت حال معاشی محاذ پر اب بھی غالب ہے۔ ان تمام تر آزمائشوں کے باوجود کمپنی کی کارکردگی میں بہتری آئی ہے۔ گزشتہ سال کی پہلی سہ ماہی کے مقابلے میں موجودہ سال کی پہلی سہ ماہی کی خالص سیلز میں 20.29% کا اضافہ ریکارڈ کیا گیا۔ گزشتہ سال کی اسی مدت کے مقابلے میں اس سال مجموعی منافع میں 16.43% اضافہ ہوا۔

فروخت اور تقسیم کے اخراجات میں 16.66 ملین روپے کا اضافہ ہوا۔ کمپنی کی مالیاتی لاگت میں 4.37 ملین روپے کمی ہوئی۔ تین ماہ کی مدت میں کمپنی نے 37.09 ملین روپے کا قتل از ٹیکس منافع ریکارڈ کیا۔ فی شیئر آمدنی گزشتہ سال کی 5.50 روپے سے بڑھ کر 5.57 روپے ہو گئی۔

کووڈ-19 اور بڑھتی ہوئی مہنگائی کی وجہ سے مجموعی طور پر معاشی تناظر تا حال غیر یقینی کی صورت حال سے دوچار ہے جس نے صارفین کی قوت خرید پر بھی مزید باؤ ڈالا ہے۔ آپ کی انتظامیہ سیلز میں پائیدار ترقی کے حصول کیلئے اپنی بہترین کوششیں کر رہی ہے جس کے لیے رواں مالی سال کی اگلی سہ ماہیوں میں منافع بخش فروخت کے انحطاط اور پروموشنز کے منظم منصوبوں پر عمل درآمد کیا جائے گا۔

بورڈ آف ڈائریکٹرز تمام ملازمین کا ان کی پر عزم کوششوں، وفاداری اور لگن پر شکرگزار کی خاطر اظہار کرتا ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے

لی
ولی محمد اے حبیب
ڈائریکٹر

محمد ہارون قاسم
چیف ایگزیکٹو

کراچی: ۱۲ اکتوبر ۲۰۲۰

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

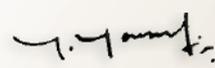
AS AT SEPTEMBER 30, 2020

	Note	(Unaudited) September 30, 2020	(Audited) June 30, 2020
(Rupees)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	775,845,272	784,876,532
Intangible assets		420,000	466,667
Long term deposits		5,372,930	5,372,930
Investment in equity accounted associate		3,276,727	3,495,659
		<u>784,914,929</u>	<u>794,211,788</u>
Current assets			
Stores and spares		31,919,008	31,299,080
Stock-in-trade	6	429,416,958	452,376,885
Trade debts	7	43,338,938	43,734,368
Loans and advances		7,894,658	12,331,436
Trade deposits, prepayments and other receivables	8	11,471,042	1,595,440
Taxation - net		103,055,519	107,091,713
Cash and bank balances	9	1,561,104	1,460,494
		<u>628,657,227</u>	<u>649,889,416</u>
Total assets		<u>1,413,572,156</u>	<u>1,444,101,204</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised Capital			
15,000,000 (June 30, 2020 : 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paid-up capital			
3,900,000 ordinary shares of Rs. 10/- each		39,000,000	39,000,000
Loan from Chief Executive and Director		110,000,000	110,000,000
Capital reserve		10,000,000	10,000,000
Revenue reserves		356,601,336	334,892,995
		<u>515,601,336</u>	<u>493,892,995</u>
Non-current liabilities			
Deferred taxation		49,223,379	42,565,400
Long term financing - secured	10	325,043,964	303,453,486
Deferred government grant		2,449,481	2,862,788
		<u>376,716,824</u>	<u>348,881,674</u>
Current liabilities			
Trade and other payables	11	143,417,111	113,502,722
Accrued profit		8,929,527	18,767,466
Current portion of long term financing - secured	10	72,136,899	23,179,838
Current portion of deferred government grant		5,091,991	2,884,006
Short term borrowings - secured	12	290,640,232	441,954,267
Unpaid dividend		351,946	351,946
Unclaimed dividend		686,290	686,290
		<u>521,253,996</u>	<u>601,326,535</u>
		<u>897,970,820</u>	<u>950,208,209</u>
Contingencies and Commitments	13		
Total equity and liabilities		<u>1,413,572,156</u>	<u>1,444,101,204</u>

The annexed notes from 1 to 23 form an integral part of these condensed interim financial information.


Mohammad Haroon Qassim
Chief Executive


Vali Muhammad A. Habib
Director


Yasir Yousuf Chhabra
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited) FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Note	Three months period ended	
		September 30, 2020	September 30, 2019
(Rupees)			
Sales - net	14	537,182,332	446,582,717
Cost of sales		(373,782,624)	(306,244,420)
Gross profit		163,399,708	140,338,297
Selling and distribution expenses		(77,675,889)	(61,014,325)
Administrative and general expenses		(11,390,180)	(16,753,233)
Other operating expenses	15	(25,196,679)	(3,147,915)
Other operating income		5,212,382	2,044,744
Operating profit before finance costs		54,349,342	61,467,568
Share of loss on equity accounted associate		(218,932)	-
Finance costs	16	(17,042,090)	(21,409,741)
Profit before taxation		37,088,320	40,057,827
Taxation		(15,379,979)	(18,606,288)
Profit for the period		21,708,341	21,451,539
Other comprehensive income		-	-
Total comprehensive income for the period		21,708,341	21,451,539
Earnings per share - basic and diluted		5.57	5.50

The annexed notes from 1 to 23 form an integral part of these condensed interim financial information.



Mohammad Haroon Qassim
Chief Executive



Vali Muhammad A. Habib
Director



Yasir Yousuf Chhabra
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Unaudited) FOR THE PERIOD ENDED SEPTEMBER 30, 2020

Note	Three months period ended	
	September 30, 2020	September 30, 2019
(Rupees)		
Cash flows from operating activities		
	18	
Cash flow generated from operations	139,876,611	76,754,997
Finance costs paid	(26,880,029)	(17,593,942)
Income tax paid	(4,685,806)	(19,905,422)
Net cash generated from operating activities	108,310,776	39,255,633
Cash flows from investing activities		
Fixed capital expenditure including capital work in progress	(29,238,348)	(186,427,859)
Sales proceeds from disposal of property, plant and equipment	-	264,833
Net cash (used in) investing activities	(29,238,348)	(186,163,026)
Cash flows from financing activities		
Long term financing - net	72,342,217	129,311,546
Loan obtained from Chief Executive and Director	-	37,300,000
Short term murabaha finance and istisna finance- net	(107,337,128)	(43,817,136)
Dividend paid	-	(1,403)
Net cash (used in) / generated from financing activities	(34,994,911)	122,793,007
Net increase / (decrease) in cash and cash equivalents	44,077,517	(24,114,386)
Cash and cash equivalents at the beginning of the period	(181,537,563)	(185,460,400)
Cash and cash equivalents at end of the period	19 (137,460,046)	(209,574,786)

The annexed notes from 1 to 23 form an integral part of these condensed interim financial information.



Mohammad Haroon Qassim
Chief Executive



Vali Muhammad A. Habib
Director



Yasir Yousuf Chhabra
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)

FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Issued, subscribed and paid-up capital	Loan from Chief Executive and Director	Revenue			Sub total	Total
			Capital reserve	Revenue reserves			
			Share Premium	General	Unappropriated profit		
(Rupees)							
Balance as at June 30, 2019	39,000,000	21,700,000	10,000,000	55,000,000	303,221,403	368,221,403	428,921,403
Total comprehensive income for the period ended September 30, 2019							
Profit for the period	-	-	-	-	21,451,539	21,451,539	21,451,539
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	21,451,539	21,451,539	21,451,539
Loan received during the period	-	37,300,000	-	-	-	-	37,300,000
Balance as at September 30, 2019	39,000,000	59,000,000	10,000,000	55,000,000	324,672,942	389,672,942	487,672,942
Balance as at June 30, 2020	39,000,000	110,000,000	10,000,000	55,000,000	279,892,995	344,892,995	493,892,995
Total comprehensive income for the period ended September 30, 2020							
Profit for the period	-	-	-	-	21,708,341	21,708,341	21,708,341
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	21,708,341	21,708,341	21,708,341
Loan received during the period	-	-	-	-	-	-	-
Balance as at September 30, 2020	39,000,000	110,000,000	10,000,000	55,000,000	301,601,336	366,601,336	515,601,336

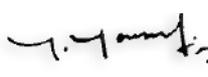
The annexed notes from 1 to 23 form an integral part of these condensed interim financial information.



Mohammad Haroon Qassim
Chief Executive



Vali Muhammad A. Habib
Director



Yasir Yousuf Chhabra
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED SEPTEMBER 30, 2020 (Unaudited)

1 THE COMPANY AND ITS OPERATIONS

Shield Corporation Limited (the Company) was incorporated on January 10, 1975 as a public limited company in Pakistan under the Companies Act, 1913 (now Companies Act, 2017) and is quoted on Pakistan Stock Exchange. The registered office of the Company is situated at office No. 1007, 10th Floor, Business Avenue, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi.

The manufacturing facility of the Company is located at Landhi Industrial Area, Karachi. The Company started its commercial production on November 26, 1975 and is mainly engaged in the manufacturing, trading and sales of oral care, baby care and hygiene products.

2 BASIS OF PREPARATION

- 2.1 This condensed interim financial information of the Company for the three months period ended September 30, 2020 has been prepared in accordance with the requirements of the International Accounting Standards 34 "Interim Financial Reporting" and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountant of Pakistan and provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions of and directives of the Companies Act, 2017, have been followed.
- 2.2 This condensed interim financial information of the Company does not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.
- 2.3 This condensed interim financial information comprises of the condensed interim statement of financial position as at September 30, 2020 and the condensed interim statement of profit or loss and other comprehensive income, the condensed interim statement of changes in equity, the condensed interim statement of cash flows and notes thereto for the three months period then ended.
- 2.4 The comparative condensed interim statement of financial position as at June 30, 2020, presented in this condensed interim financial information, has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2020, whereas, the comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes thereto for the period ended September 30, 2019 have been extracted from the condensed interim financial statements of the Company for the three months period then ended.
- 2.5 This condensed interim financial information is presented in Pakistan Rupees, which is the Company's functional currency.
- 2.6 This condensed interim financial information is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Company as at and for the year ended June 30, 2020 except as disclosed otherwise.
- 3.2 **New standards, amendments to approved accounting standards and interpretations that are effective**

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below:

- IAS 1 Presentation of Financial Statements - Amendment regarding the definition of materiality.
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of materiality.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 1, 2020:

- IAS 1 Presentation of Financial Statements - Amendments regarding the classification of liabilities.
- IAS 16 Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous.

4 USE OF ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and judgements made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the annual financial statements of the Company as at and for the year ended June 30, 2020.

	Note	Unaudited September 30, 2020	Audited June 30, 2020
(Rupees)			
5 PROPERTY, PLANT & EQUIPMENT			
Operating fixed assets	5.1	766,236,166	762,126,973
Capital work in progress	5.2	9,609,106	22,749,559
		<u>775,845,272</u>	<u>784,876,532</u>

5.1 Following are the cost of operating fixed assets added and disposed off during the period ended:

	Unaudited September 30, 2020		Audited June 30, 2020	
	Additions (at cost)	Disposals (at net book value)	Additions (at cost)	Disposals (at net book value)
(Rupees)				
Building on leasehold land	-	-	3,730,960	-
Plant and machinery	40,475,629	-	221,752,040	191,232
Furniture & fixtures	1,151,972	-	5,541,515	-
Office equipments	253,000	-	1,892,728	136,520
Computer equipments	498,199	-	-	116,157
	<u>42,378,800</u>	<u>-</u>	<u>232,917,243</u>	<u>443,909</u>

5.2 Capital work in progress

Additions in capital work-in-progress during the period amounted to Rs. 26.53 million (June 30, 2020: Rs. 215.00 million).

		Unaudited September 30, 2020	Audited June 30, 2020
		(Rupees)	
6	STOCK-IN-TRADE		
	Manufacturing:		
	Raw and packing materials		
	- in hand	298,984,369	368,201,325
	- in transit	46,488,731	2,812,801
		<u>345,473,100</u>	<u>371,014,126</u>
	Work-in-process	20,127,536	17,609,185
	Finished goods	43,115,624	49,062,083
		6.1	
	Trading:		
	- in hand	7,519,838	14,691,491
	- in transit	13,180,860	-
		<u>429,416,958</u>	<u>452,376,885</u>

6.1 This includes finished goods with cost of Rs. 12.659 million (June 30, 2020: Rs. 18.940 million) which are being carried at their net realizable value of Rs. 11.547 million (June 30, 2020: Rs. 17.479 million).

		Unaudited September 30, 2020	Audited June 30, 2020
		(Rupees)	
	Note		
7	TRADE DEBTS		
	(Unsecured - considered good)		
	Due from associated undertaking	6,919,520	12,633,008
	Others	36,419,418	31,101,360
		<u>43,338,938</u>	<u>43,734,368</u>
	(Unsecured - considered doubtful)		
	Others	3,046,955	4,807,189
	Allowance for expected credit losses	(3,046,955)	(4,807,189)
		<u>43,338,938</u>	<u>43,734,368</u>
7.1	This comprises of amounts receivable from:		
	Premier Agencies	356,802	12,425,861
	Premier Sales (Private) Limited	6,450,814	-
	Pharmevo (Private) Limited	-	13,500
	Scitech Health (Private) Limited	-	139,500
	Memon Medical Institute	87,334	37,767
	Zamam Textile Mills (Private) Limited	24,570	16,380
		<u>6,919,520</u>	<u>12,633,008</u>
8	TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
	LC margin	8,000,513	-
	Security deposits	1,923,996	493,996
	Prepayments	500,953	55,864
	Sales tax receivable	1,045,580	1,045,580
		<u>11,471,042</u>	<u>1,595,440</u>
9	CASH AND BANK BALANCES		
	Cash in hand		
	Local currency	248,445	160,502
	Foreign currency	512,790	533,740
		<u>761,235</u>	<u>694,242</u>
	Cash at bank		
	Current account	799,870	766,252
		<u>1,561,104</u>	<u>1,460,494</u>

				Note	Unaudited September 30, 2020	Audited June 30, 2020
					(Rupees)	
10	LONG TERM FINANCING - SECURED					
	Installment payable	Repayment period	Profit rate			
Shariah Arrangements						
Bank Al-Habib Limited - Islamic banking	Quarterly	2017-22	0.50% above 6 months KIBOR	10.1 & 10.2	38,500,000	38,500,000
Bank Al-Habib Limited - Islamic banking	Quarterly	2019-25	0.75% above 6 months KIBOR	10.1 & 10.2	41,011,167	41,011,167
Bank Al-Habib Limited - Islamic banking	Quarterly	2019-25	1% above 6 months KIBOR	10.1 & 10.2	76,558,376	76,558,376
Bank Al-Habib Limited - Islamic banking	Quarterly	2020-25	0.75% above 6 months KIBOR	10.2	3,346,000	-
Meezan Bank Limited	Quarterly	2019-21	1% above 3 months KIBOR	10.1 & 10.3	2,470,490	2,470,490
Meezan Bank Limited	Quarterly	2019-22	1% above 3 months KIBOR	10.1 & 10.3	4,377,510	4,377,510
Meezan Bank Limited	Quarterly	2019-25	1% above 3 months KIBOR	10.1 & 10.3	7,077,570	7,077,570
Meezan Bank Limited	Quarterly	2019-25	1% above 3 months KIBOR	10.1 & 10.3	15,468,421	15,468,421
Meezan Bank Limited	Quarterly	2019-25	1% above 3 months KIBOR	10.1 & 10.3	5,191,301	5,191,301
Meezan Bank Limited	Quarterly	2019-25	1% above 3 months KIBOR	10.1 & 10.3	4,729,660	4,729,660
Meezan Bank Limited	Quarterly	2020-23	1% above 3 months KIBOR	10.3	4,567,680	-
Meezan Bank Limited	Quarterly	2020-23	1% above 3 months KIBOR	10.3	7,266,240	-
Meezan Bank Limited	Quarterly	2020-23	1% above 3 months KIBOR	10.3	2,588,598	-
Meezan Bank Limited	Quarterly	2020-23	1% above 3 months KIBOR	10.3	3,759,553	-
Meezan Bank Limited	Quarterly	2019-25	1.2% above 3 months KIBOR	10.1 & 10.4	86,990,710	86,990,710
					303,903,276	282,375,205
Non shariah Arrangements						
Habib Metropolitan Bank	Quarterly	2021-22	2%	10.5	93,277,586	44,258,119
					397,180,862	326,633,324
Less: Current portion shown under current liabilities						
Shariah Arrangements						
Bank Al-Habib Limited - Islamic banking				10.2	(22,588,109)	(9,753,243)
Meezan Bank Limited				10.3 & 10.4	(24,344,025)	(7,175,981)
					(46,932,134)	(16,929,224)
Non shariah Arrangements						
Habib Metropolitan Bank				10.5	(25,204,765)	(6,250,614)
					325,043,964	303,453,486

- 10.1** As per State Bank of Pakistan relief package, the principal payments under diminishing musharakah arrangements were deferred by one year. Consequently, the term for the arrangements is increased by a year.
- 10.2** The Company has a long term loan arrangement with Bank Al-Habib Limited - Islamic banking for an amount of Rs. 239.99 million (June 30, 2020: Rs. 236.64 million). The term of the loan was 5 years from the date of disbursement, repayable in 20 equal quarterly installments. During the year, the Company had made repayment of Rs. Nil (30 June, 2020: Rs. 25.57 million) on which, profit was 8.47% to 14.45% (June 30, 2020: 13.57% to 15.08%) per annum. The Company has total facility of Rs. 416.47 million. Islamic finance under this diminishing musharakah is secured by a equitable mortgage of property, first exclusive charge of particular machinery of the Company and personal guarantee of Chairman of the Board of Directors.
- 10.3** The Company has a long term loan arrangement with Meezan Bank Limited for an amount of Rs. 79.84 million (June 30, 2020: Rs. 61.66 million). The term of the loan was from 2 to 5 years from the date of disbursement, repayable in 8 to 20 equal quarterly installments. During the year, the Company had made repayment of Rs. Nil (June 30, 2020: Rs. 16.31 million) on which, profit was 8.93% to 11.94% (June 30, 2020: 12.15% to 14.91%) per annum. The Company has total facility of Rs. 95 million. Islamic finance under this diminishing musharakah is secured by a first exclusive charge over particular machinery of the Company.
- 10.4** The Company has a long term loan arrangement with Meezan Bank Limited of an amount of Rs. 102.34 million. The term of the loan was 5 years from the date of disbursement, repayable in 20 equal quarterly installments started from August 2019. During the year, the Company had made repayment of Rs. Nil. (June 30, 2020: Rs. 15.35 million) on which, profit was 9.37 % (June 30, 2020: 12.29% to 15.11%) per annum. The Company has total facility of Rs. 125 million. Islamic finance under this diminishing musharakah is secured by a first exclusive charge of Baby Care machine and personal guarantee of Chairman of the Board of Directors and Chief Executive Officer.
- 10.5** The Company has entered a long term loan arrangement with Habib Metropolitan Bank Limited of an amount of Rs. 100.81 million (June 30, 2020: Rs. 50.00 million). The term of the loan was 2 years from the date of disbursement, repayable in 8 equal quarterly installments started from April 2021. The Company has total facility of Rs. 107 million. SBP-Refinance Scheme is secured by Pari Passu charge over Movables & Receivables (Stock & Receivables) of the Company with 25% margin for Rs. 142.667 million.

	Note	Unaudited September 30, 2020	Audited June 30, 2020
(Rupees)			
11	TRADE AND OTHER PAYABLES		
	Creditors	93,329,874	62,461,909
	Accrued liabilities	21,456,097	8,957,302
	Retention Money	24,382	24,382
	Sales tax payable	7,676,895	24,287,632
	Workers' welfare fund	761,373	-
	Workers' profit participation fund	1,899,445	-
	Auditors' remuneration payable	595,005	-
	Advances from customers - unsecured	17,674,040	17,771,497
		<u>143,417,111</u>	<u>113,502,722</u>
12	SHORT TERM BORROWINGS - SECURED		
	From banking companies - secured		
	Murabaha finance	151,619,082	144,005,933
	Running Musharakah	139,021,150	182,998,057
	Istisna financing	-	114,950,277
		<u>290,640,232</u>	<u>441,954,267</u>
	12.1		
12.1	This represent short term financing i.e. murabaha, istisna and running musharakah obtained under profit arrangements and are secured against hypothecation of moveable fixed assets and hypothecation of current assets of the Company. The Company has murabaha financing facility of Rs. 600 million (30 June, 2020: Rs. 600 million) out of which Rs. 225 million (30 June, 2020: Rs 225 million) is interchangeable with running musharakah & Rs. 175 million (30 June 2020: Rs. 223.13 million) with istisna. In addition, the Company has running musharakah facility of Rs. 50 million (30 June, 2020 Rs. 50 million). During the period, profit rate on such arrangements ranged between KIBOR + 0.50% to KIBOR + 0.85% (30 June, 2020: KIBOR + 0.30% to KIBOR + 0.75%) per annum.		

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 Except for as stated below, there is no significant change in the status of contingencies as set out in the Company's annual financial statements for the year ended June 30, 2020:

- (a) During the period the High Court of Sindh disposed off the suit filed by Beecham Group Plc against the Company. The suit was for permanent injunction, restraining infringement, passing off the trademark "Flex". Consequently, subsequent to the period the Company has received back the bank guarantee of Rs. 5 million submitted as per the order of the High Court of Sindh.
- (b) During the period the High Court of Sindh decided in favour of the Company the constitutional petition filed by the Company against Federation of Pakistan, National Electric Power Regulatory Authority and K-Electric Limited. The petition challenged the retrospective ISPA levy amounting to Rs. 5,166,379/- that was related to the period from July 2019 to December 2019.

13.2 Commitments

13.2.1 The Company has letter of credit commitments for purchases amounting to Rs. 66.945 million (June 30, 2020: Rs. 18.509 million).

13.2.2 The Company has letter of credit and other commitments for capital expenditures amounting to Rs. 18.663 million (June 30, 2020: Rs. 42.291 million).

		Unaudited	
		Three months period ended	
		September 30,	September 30,
		2020	2019
		Rupees	
14 SALES - NET			
Sales - local		686,178,233	560,535,861
Sales tax		(100,649,504)	(82,303,093)
		<u>585,528,729</u>	<u>478,232,768</u>
Discounts		(50,679,115)	(31,650,051)
		<u>534,849,614</u>	<u>446,582,717</u>
Sales - export	14.1	2,332,718	-
		<u><u>537,182,332</u></u>	<u><u>446,582,717</u></u>

14.1 Summary of export sales during the period:

Country	Geographical location		
Mozambique	Africa	2,332,718	-

15 OTHER OPERATING EXPENSES

During the period, the management conducted an activity in respect of property, plant and equipment, which resulted in identification of certain obsolete assets. Consequently an impairment charge is recorded amounting to Rs. 20.85 million. Other operating expense include this impairment charge of Rs. 20.85 million.

16 FINANCE COSTS

Shariah Arrangement

Profit on short term borrowings	8,277,314	11,963,026
Rent on diminishing musharakah	7,310,546	9,327,129
Guarantee commission	6,536	-
Bank charges	123,232	61,665
	<u>15,717,628</u>	<u>21,351,820</u>

Non-Shariah Arrangement

Interest on WPPF	-	56,046
Guarantee commission	40,000	-
Interest on salary refinancing	1,284,042	-
Bank charges	420	1,875
	<u>17,042,090</u>	<u>21,409,741</u>

		Unaudited Three months period ended	
		September 30, 2020	September 30, 2019
		(Rupees)	
17	EARNING PER SHARE - BASIC AND DILUTED		
	Profit for the period	21,708,341	21,451,539
	Weighted average number of ordinary shares in issue during the period	3,900,000	3,900,000
		(Rupees)	
	Earning per share - basic and diluted	5.57	5.50
18	CASH FLOW GENERATED FROM OPERATIONS		
	Profit before taxation	37,088,320	40,057,827
	Adjustments for:		
	Depreciation	17,415,668	11,345,122
	Impairment	20,853,940	-
	Amortization	46,667	-
	Share of loss on equity accounted associate	218,932	-
	(Reversal) for expected credit losses	(1,760,234)	-
	Loss on disposal of property, plant and equipment	-	179,075
	Provision against slow moving stores and spares	1,681,920	-
	Finance costs	17,042,090	21,409,741
	Changes in:		
	-Stores and spares	(2,301,848)	(2,122,750)
	-Stock-in-trade	22,959,927	27,920,875
	-Trade receivables	2,155,664	(23,035,412)
	-Loans and advances	4,436,778	(23,283,860)
	-Trade deposits and short term prepayments	(9,875,602)	(18,408,525)
	-Trade and other payables	29,914,389	42,692,904
	Cash flows from operations	139,876,611	76,754,997
19	CASH AND CASH EQUIVALENTS		
	Running musharakah - secured	(139,021,150)	(210,822,930)
	Cash and bank balances	1,561,104	1,248,144
		(137,460,046)	(209,574,786)
20	FINANCIAL RISK MANAGEMENT		
	The Company's financial risk management objectives and policies are consistent with those disclosed in annual financial statement of the Company as at and the year ended June 30, 2020.		
		Unaudited	Audited
		September 30,	June 30,
		2020	2020
		(Rupees)	
20.1	Financial instruments by category		
	Financial assets at amortized cost		
	Deposits	7,296,926	5,866,926
	Loan to employees	-	100,000
	Trade debt	43,338,938	43,734,368
	Cash and bank balances	1,561,104	1,460,494
		52,196,968	51,161,788
	Financial liabilities at amortized cost		
	Long term financing - secured	397,180,863	326,633,324
	Trade and other payables	114,810,353	71,443,593
	Accrued profit	8,929,527	18,767,466
	Short term bank finances	290,640,232	441,954,267
		811,560,974	858,798,650

21 ENTITY-WIDE INFORMATION

The Company constitutes of a single reportable segment, the principal classes of products of which are oral care, baby care and hygiene products.

The Company's principal classes of products accounted for the following percentages of sales :

	Three months period ended	
	September 30, 2020	September 30, 2019
	(Rupees)	
Baby care	85.33%	86.39%
Oral Care	13.84%	13.61%
Hygiene	0.83%	-
	100%	100%

22 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of other associated companies, key management personnel, directors and post employment benefit plan. Transactions with related parties and associated undertakings are as under:

22.1 Transactions during the period:

Name	Nature of relationship	Basis of relationship	Nature of transaction		
Premier Agencies	Associated undertaking	Common directorship	Sale of goods - net off discount of Rs. Nil (30-Sep-19: Rs. 28.10 million)	(10,318,927)	400,396,809
			Reimbursement of selling and distribution expenses	157,220	35,130,987
Premier Sales (Private) Limited	Associated undertaking	Common directorship	Sale of goods - net off discount of Rs. 45.51 million (30-Sep-19: Rs. Nil)	538,754,202	-
			Reimbursement of selling and distribution expenses	51,308,575	-
Memon Medical Institute	Associated undertaking	Common directorship	Sale of goods	49,567	65,566
PharmEvo (Private) Limited	Associated undertaking	Common directorship	Sale of goods	26,923	-
Zaman Textile Mills (Private) Limited	Associated undertaking	Common directorship	Sale of goods	7,000	-
Employees Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	1,502,812	1,598,225
Mr. Muhammad Haroon Qassim	Related parties	Chief Executive	Loan received	-	20,000,000
Mr. Muhammad Salman Qassim	Related parties	Director	Loan received	-	17,300,000
Key Management Personnel	Related parties	Executives	Remuneration and benefits	8,596,117	7,012,430

Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors of the Company. There were no transactions with the key management personnel during the period other than their terms of employment / entitlements.

23 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue in the Board of Directors meeting held on October 27, 2020.



Mohammad Haroon Qassim
Chief Executive



Vali Muhammad A. Habib
Director



Yasir Yousuf Chhabra
Chief Financial Officer



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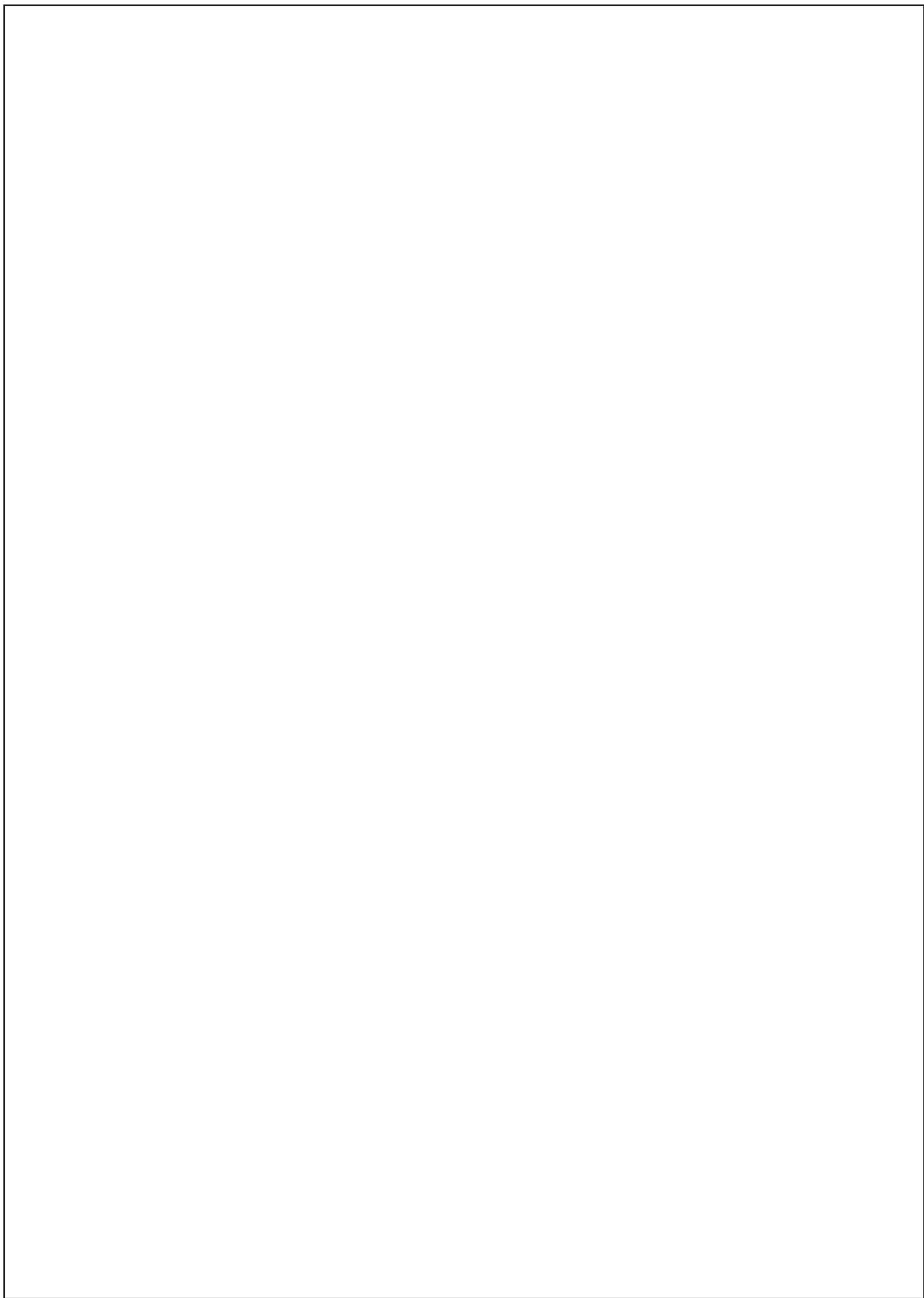


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