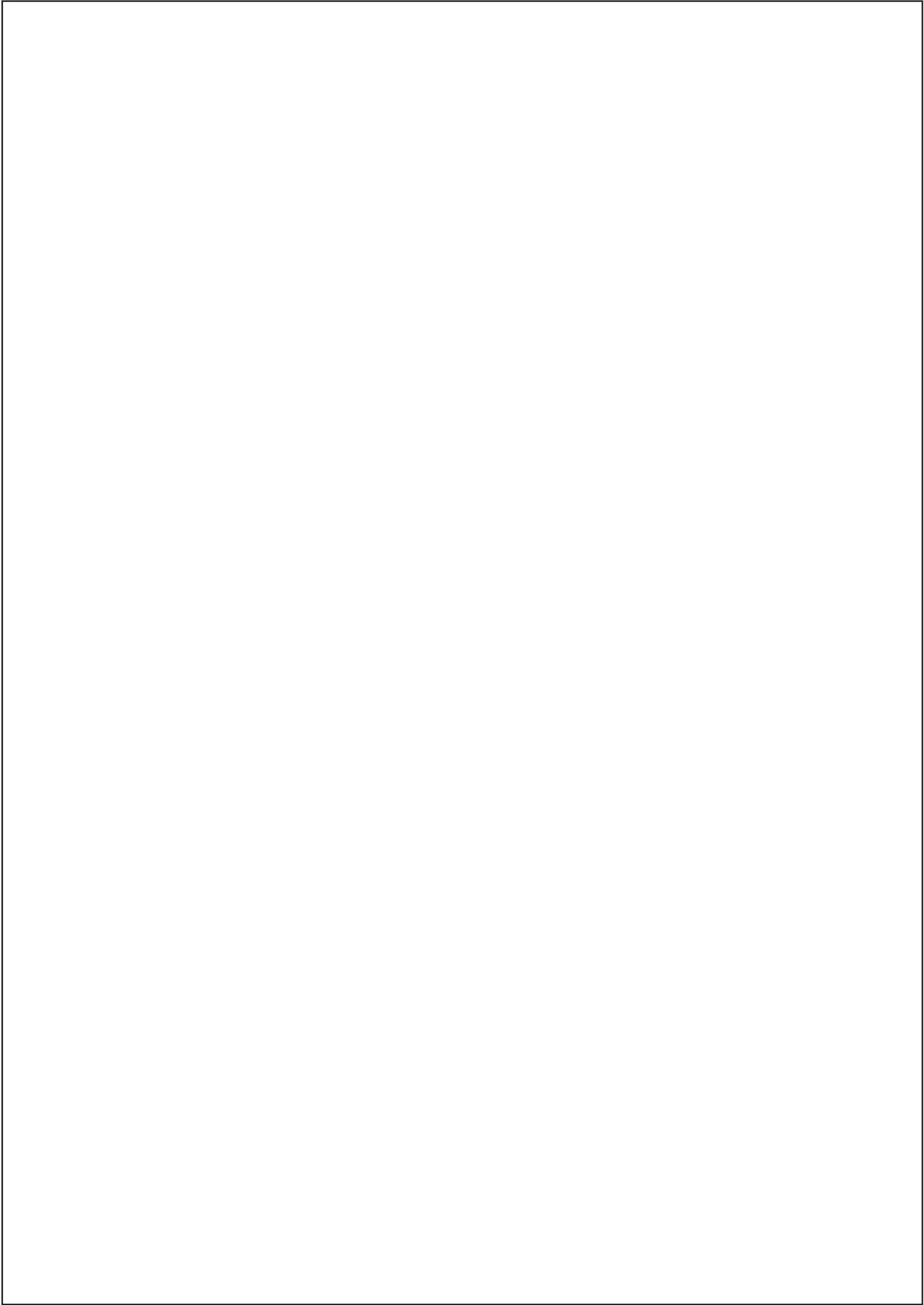




**Shield
for
Everyone**

**Annual Report
2020**





**The true test
of leadership
is how well you function
in a crisis.**

Brian Tracy





Shield for Employees

History

For 45 years, Shield has been a market leader in the consumer brand category. These decades have come with many challenges and obstacles, and like a true leader Shield has continued with resilience, vision and commitment to all its stakeholders: customers, employees and shareholders. With its legacy of leadership, Shield has stood tall and dealt with the unique challenges of the Pandemic of 2020. With the evolving needs of a new world, Shield introduced a new Product Line in the Hygiene Category. Breaking all the barriers, we are making history...

Mission

To be the best consumer products company by focusing on quality, consumer needs and marketing excellence, while maintaining an ethical code of conduct, showing care and compassion towards employees, being fair to all stakeholders, and symbolizing responsible corporate citizenship.



Shield for Consumers



Vision

To become the best personal and household care company and amongst the most trusted names in product categories we decide to be in.

Hygiene Range

In the wake of the COVID-19 Pandemic, hygiene and protection from disease have become the need of the hour for people across all strata. To meet the increasing demand for hygiene products that provide protection and convenience, Shield has launched its line of Hygiene products. Shield Hand Sanitizer, Shield Disinfectant Spray and Shield Multipurpose Disinfectant Wipes are leading products in the category.





ممتاکی زبان



Feeding Range

In line with the International Standards of safety, Shield introduced its BPA Free Range of Feeding Bottles and Accessories. Made from 100% Food Grade PP Material, Shield's new feeding range is completely safe for babies and growing children. Innovation and quality standards have won Shield the trust of mothers across Pakistan.



SHIELD CHAMPS



مٹھاس سے ڈرنا کیسا

Oralcare Range

Shield Diamond and Shield Elegant toothbrushes are the new star entries in our Family Care and Expert Care range. Shield Oral Care range covers the oral care needs of the entire family.



FAMILY CARE



ESSENTIAL CARE

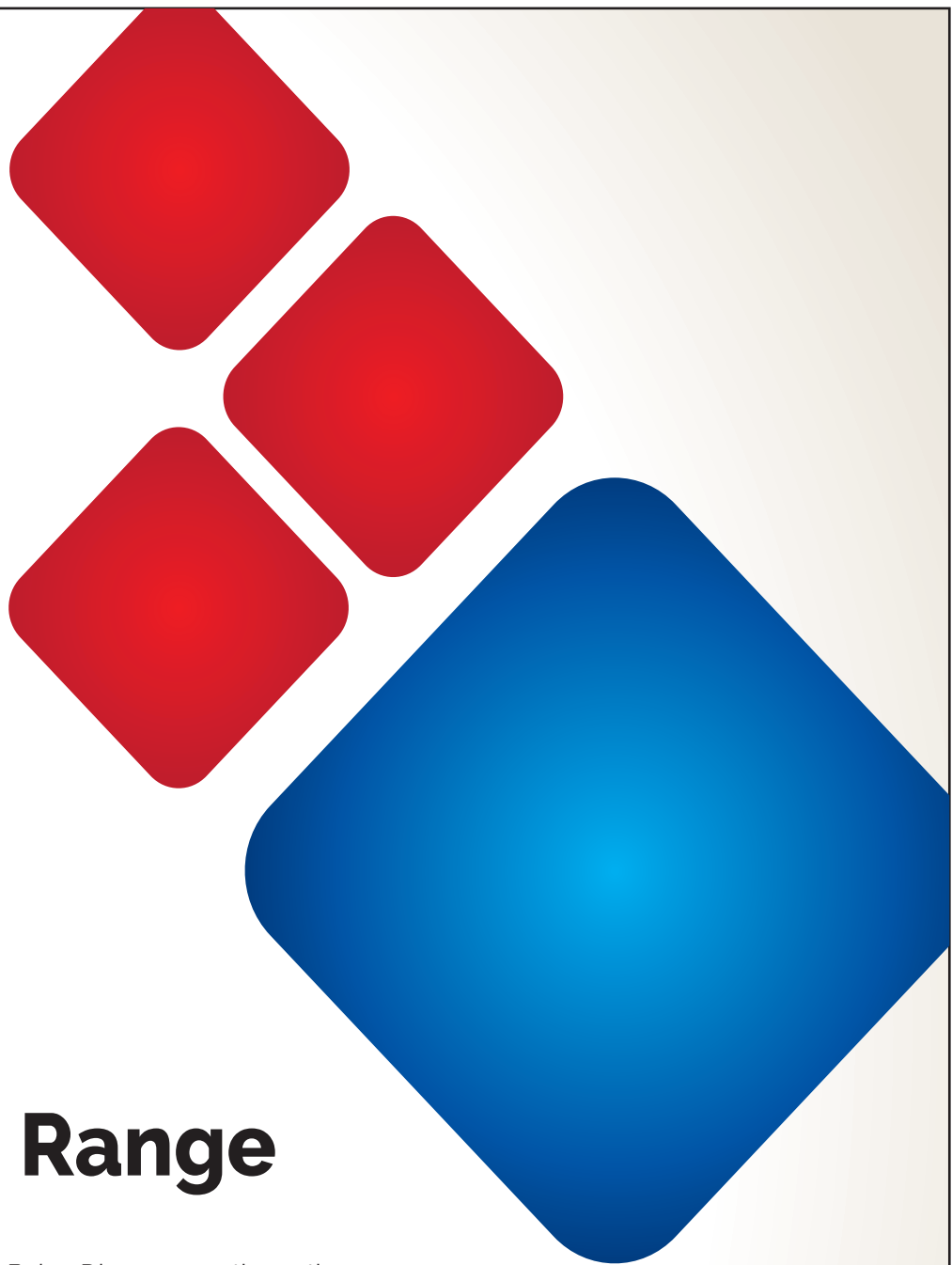


EXPERT CARE



پنسو... ذرا اور کھلے لاک





Babycare Range

The new and improved Shield Baby Diapers are three times more absorbent than before, keeping baby dry and comfortable longer and ensuring a good night's sleep. The improved Frontal Tape provides better stickiness and holds diaper in place. Shield Baby Diapers are trusted by Moms and loved by happy, healthy and comfortable babies!

CALENDAR OF EVENTS

Sep-19

- * E-commerce channel initiation
- * Shield Muskurahat Activity

Jul-19

Localized Commercial production of Shield Baby Diapers



Nov-19

Launch of BPA FREE Deluxe Plus Feeder



Aug-19

Launch of BPA FREE Soother



Oct-19

- * Launch of BPA FREE Evenflo Feeder
- * Shield Aitemad Activity



Dec-19

- * Launch of BPA FREE Wide Neck Feeder
- * Launch of BPA FREE Training Cup



Mar-20

Launch of BPA FREE
Opaque Feeder

Jan-20

- * Launch of BPA FREE Crystal Feeder
- * Launch of Cleaning Brush

May-20

Launch of BPA FREE
Glass Feeder



Feb-20

- * Launch of BPA FREE
Evenflo Plus Feeder
- * Launch of Mother and Baby Health
program



Apr-20

- * Launch of BPA FREE
Deluxe Special Edition Feeder
- * Launch of Evenflo
Anticolic Nipple
- * Launch of Hand Sanitizer



Jun-20

- * Launch of Multipurpose
Disinfectant Wipes
- * Launch of Diamond and
Elegant Toothbrush

Shield for Stakeholders

Company Information	17
Chairman's Review Report	18
Directors' Report to the Shareholders	19
Key Financial Data	29
Statement of Value Added	30
Vertical Analysis	31
Horizontal Analysis	32
Operating and Financial Highlights	33
Pattern of Shareholding	35
Statement of Compliance with the Code of Corporate Governance	37
Independent Auditors' Review Report	40
Independent Auditors' Report	41
Statement of Financial Position	47
Statement of Profit or Loss	48
Statement of Comprehensive Income	49
Cash Flow Statement	50
Statement of Changes in Equity	51
Notes to the Financial Statements	52
Notice of Annual General Meeting	83
Proxy Form	86
Proxy Form in Urdu	88
Directors' Report to the Shareholders in Urdu	100
Chairman's Review Report in Urdu	101



Company Introduction

Shield Corporation Limited established its operation in the year 1975. We manufacture Oral Care, Baby Care and Hygiene products. The range includes Diapers, Nipples Toothbrushes, Baby Feeders, Soothers, Teethers, Training Cups, Toothpastes, Cleaning Brushes & Hygiene related products..

Team Shield® is committed to providing best quality products to our consumers under the guidelines of ISO 9001 system requirements, moreover to the protection of the environment and for enforcement of strict code and regulations of ISO 9001 and ISO 14001 system.

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. Imran 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. Imran Chishti	Member

Human Resource & Remuneration Committee *

Mr. Imran 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

* The names of Board of Directors and the committees of Board represent personnel elected / appointed on July 20, 2020

CHAIRMAN'S REVIEW REPORT

I am pleased to present this review as required under section 192 of the Companies Act, 2017

Overall, the Board is working well given its organizational model and board structure, with Board members having the appropriate range of skills, knowledge and experience, as well as the degree of diversity, necessary to enable it to effectively govern the business.

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of your company has been carried out to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2020, overall performance and effectiveness of the Board, its members and its committees has been satisfactory. The assessment is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business and its committees. Improvement is an ongoing process leading to action plans.

The Board of Directors of your Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions. All of the directors are compliant with Director's Training Program (DTP) as required by Securities and Exchange Commission of Pakistan (SECP).

I would like to thank my fellow directors who had carried their responsibilities diligently and look forward to their contribution in future.



Ebrahim Qassim
Chairman

Dated: September 22, 2020

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Shield Corporation Limited present the annual report and the audited financial statements for the financial year ended 30 June 2020.

Financial Summary

Operating Results	2020	2019	Increase / (Decrease)
	(Rupees)	(Rupees)	
Net Sales	1,708,620,654	1,778,794,872	(3.95%)
Gross Profit	416,019,076	556,737,043	(25.28%)
Gross Profit %	24.35%	31.30%	(695 bps)
Selling and Distribution Expenses	277,342,742	338,493,789	(18.07%)
Administrative Expenses	67,786,821	65,532,759	3.44%
Finance Costs	100,882,938	41,594,682	142.54%
(Loss)/Profit Before Tax	(19,854,505)	85,618,758	(123.19%)
(Loss)/Profit After Tax	(18,453,408)	24,329,724	(175.85%)
(Loss)/Earnings per Share	(4.73)	6.24	(175.85%)

Financial Overview

Economic Outlook

The World is facing the real challenge in form of Covid-19 (Corona Virus) which is declared by WHO as pandemic in March 2020. The governments across the globe have taken various steps to stop the spread of this disease and advised its citizen to limit their social and economic activities. As a result, the economic activities have slowed down and, in some cases, a complete halt. This pandemic is unprecedented in the last 100 years of human history and as such all experts have failed to assess the economic damage to the global economy. Recovery has gradually started as businesses and communities are underway adapting to the new ways of living and conducting business.

The business environment in the financial year 2020 was on an overall basis unfavorable. The first half of the fiscal year was marred by inflationary pressure, depressed spending power due to higher policy rates and austerity measures on account of fiscal reforms, leading to suppressed economic activity. The large-scale manufacturing was down by 10.2% as compared to last year leading to significantly reduced business activity across all segments of the economy. In order to mitigate the Covid 19 crisis and to provide liquidity support to business, various steps have been taken like relief package by government, significant policy rate cut, salary refinance, etc.

Financial Highlights

1. The Company continued to invest heavily on the capital assets in line with its long term business strategy.
2. Net sales for the year 2019-20 recorded a decrease of 3.95% over the last year, from Rs. 1.778 billion to Rs. 1.708 billion.
3. Gross margin declined by 6.95% mainly on account of increased depreciation expense due to higher capital expenditure, higher fuel and power expenses, increased raw and packaging material cost due to Rupee devaluation and increase in local / imported raw material / packaging material prices. The decrease in gross margin is also attributable to change in product mix of the Company.

4. The Company has spent Rs. 1.80 million and Rs 59.35 million lesser as compared to the last year on Selling & distribution expenses and Advertisement expenses respectively.
5. Finance cost of the Company has increased by Rs. 59.29 million due to the increase in utilization of short term and long term financing facilities and high Bank rate during the year.
6. Due to the above mentioned reasons the Company recorded loss before tax of Rs. 19.85 million for the year 2019-20. The Company incurred Loss per share of Rs. 4.73 as compared to Earnings per share of Rs. 6.24 per share of last year. Post-tax loss for the year 2019-20 has been recorded as Rs. 18.45 million.

Our Business Diversity & Highlights

Shield Corporation Limited was established in 1975. Over the last 45 years Shield has strategically expanded its product portfolio in Baby Care and Oral Care along with the launch of Hygiene category this year.

Shield continues its legacy as a market leader in baby care category. Our success is built on our commitment to high quality, value for money and varied product range which is why mothers place their trust in Shield than in any other baby care brand in Pakistan. Shield has introduced a new range of BPA Free feeders with new vibrant packaging this year resulting in customers getting value added products. Shield has also added in baby care portfolio, premium range of feeders comprising Wide Neck, Crystal and Glass Feeders, have Anti colic feature which prevents air flow and reduces colic which has received a wonderful response from the market.

Shield has also introduced complete range of baby care accessories by launching BPA Free Soothers, Teethers, Training Cups, Nipples and Cleaning Brushes. Shield has always ensured safe products for the baby's early development by ensuring food grade material and compliance of halal standards.

Shield being a Baby Care Company also has in its portfolio Baby Diaper. Shield Baby Diaper is well accepted in the market and is trusted by Moms and loved by Babies.

Shield Toothbrush category is well known owing to its high product quality and a variety of product range. The portfolio has been divided into four categories namely Champs, Essential Care, Family Care and Expert Care thus giving it a special focus. An addition was made in adult Toothbrush range this year by introducing Diamond in Family Care and Elegant in Expert Care respectively.

Shield toothpastes are offered in two different categories which are Adult & Kids Range. Adult toothpastes are available in two unique flavors; Cinnamon and Peppermint. Toothpaste category has a substantial potential for growth. Shield Kids toothpastes are available in two flavors namely Strawberry and Bubble Gum. With increasing awareness and growing focus on oral health of children, we foresee that this segment will continue growing over time.

Shield Muskurahat activity was initiated in September 2019 with the view to spread happiness among all our stakeholders. This was followed by Shield School Activity which was started in December 2019. Shield branded calendar 2020 "Aao Likhain Kahani" was launched during this activity. Objective of this activity and calendar launch was to inculcate civic sense amongst kids. This activity was conducted in 250 schools in seven cities covering approximately 100,000 kids.

In the wake of Covid-19 pandemic, hygiene has become need of the hour. Shield launched its range of Hygiene products including Hand Sanitizer, Disinfectant Spray and Multipurpose Disinfectant Wipes.

Management Objectives / Strategies / Threats and Opportunities

Keeping in view increase in traffic on digital platforms, various initiatives were taken on this front. E-Commerce platform was launched in September 2019 which has received an overwhelming response from the customers. Mother and Baby Health program was launched in February 2020 with the objective to educate mothers on health-related issues for their babies as well as themselves. Live webinars with renowned Gynecologists, Pediatricians, Phycologists, Dentists and Nutritionist are conducted regularly.

Corporate Social responsibility

The management at Shield firmly believes in doing business with a purpose. Shield always seeks opportunities to add value to the lives of the people. The Company has been continuously supporting Family Education Services Foundation and Pak Rehabilitation Education Welfare Association with the aim to educate special children.

Contribution to the National Exchequer

Your Company made a total contribution of Rs. 459 million to the National Exchequer on account of different government levies, including custom duty, regulatory duty, sales tax and income tax during the year 2019-20.

Corporate Governance

The Company has fully complied with the requirements of the Code of Corporate Governance as contained in the Listing Regulations of the Pakistan Stock Exchange Limited. A statement to this effect is annexed with this report.

Composition of the Board

The board consists of 6 male and 1 female directors with following composition:

Independent directors	2
Other non-executive directors	3
Executive directors	2
Total number of directors	7

Board Meetings

During the year eight (8) meetings of the Board of Directors were held. Attendance of each director is as follows:

Name of Directors	Meetings	
	Held	Attended
Mr. Ebrahim Qassim	8	8
Mr. Mohammad Haroon Qassim	8	8
Mr. Vali Muhammad A. Habib	8	8
Mr. Pir Muhammad	8	7
Mrs. Saadia Butt Naveed	8	5
Mr. Imran Chishti	8	6
Mr. Mohammad Salman Qassim	8	8

The Board granted leave of absence to those Directors who could not attend the Board Meetings. No casual vacancy occurred during the year.

Remuneration Policy of Directors

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The Company does not pay remuneration to non-executive directors including the independent directors except fee for attending the meetings. For information on remuneration of Directors and CEO in 2019-20, please refer notes to the Financial Statements.

Pattern of Shareholding

The pattern of shareholdings as on 30 June 2020 and its disclosure, as required by the Code of Corporate Governance is annexed with this report.

The Board has reviewed the threshold for disclosure of interest by executives holding of Company's shares which include CEO, CFO, Head of Internal Audit and Company Secretary. The Directors, CEO, CFO, Head of Internal Audit and Company Secretary, their spouses and minor children did not carry out any trade in the shares of the Company.

Audit Committee

The Audit Committee comprises of three non-executive directors, of whom one is independent director. An independent director is the chairman of the Audit Committee. The Audit Committee meets at least four times a year. The Head of the Internal Audit acts as secretary to the Audit Committee. The brief terms of reference of the Audit Committee are as follows:

- Determination of appropriate measures to safeguard the Company's assets;
- Review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors.
- Review of preliminary announcements of results prior to external communication and publication;
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- Review of management letter issued by external auditors and management's response thereto;
- Ensuring coordination between the internal and external auditors of the Company;
- Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- Review of the Company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports;

- Instituting special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;
- Determination of compliance with relevant statutory requirements;
- Monitoring compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 and identification of significant violations thereof;
- Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- Recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.
- Consideration of any other issue or matter as may be assigned by the board of directors.

Audit Committee Meetings

During the year six (6) meetings of the Audit Committee were held. Attendance of each member is as follows:

Name of Directors	Category	Meetings	
		Held	Attended
Mr. Imran Chishti	Chairman	6	5
Mr. Vali Muhammad A. Habib	Member	6	6
Mrs. Saadia Butt Naveed	Member	6	4

The Audit Committee granted leave of absence to those members who could not attend the Audit Committee Meetings.

Human Resource & Remuneration Committee

The board has formed a Human Resource and Remuneration Committee. It comprises of three members whom one is chief executive, one is non-executive director and one is independent director who is also chairman of the Committee. Human Resource & Remuneration Committee meets at least once a year. The terms of reference of the Human Resource & Remuneration Committee are as follows:

- Recommending to the board for consideration and approval of a policy framework that determines remuneration of directors (both executive and non-executive) and members of senior management which include, Chief Financial Officer, Company Secretary and Head of Internal Audit;
- Undertaking annually a formal process of evaluation of performance of the board as a whole and its committees;
- Recommending human resource management policies to the board;
- Recommending to the board the selection, evaluation, development, compensation (including retirement benefits) of Chief Financial Officer, Company Secretary and Head of Internal Audit;

- Where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company.

Human Resource & Remuneration Committee Meetings

During the year, two (2) meetings of the Human Resource & Remuneration Committee were held to discuss and approve the matters falling under the terms of reference of the Committee. Attendance of each member is as follows:

Name	Category	Meetings	
		Held	Attended
Mr. Imran Chishti	Chairman	2	1
Mr. M. Haroon Qassim	Member	2	2
Mr. Vali Muhammad A. Habib	Member	2	2

The Human Resource & Remuneration Committee granted leave of absence to those members who could not attend the meetings.

Risk Management Committee

The Board of Directors of the Company has established a Risk Management Committee comprising of three members as recommended by Listed Companies (Code of Corporate Governance) Regulations, 2019. The Committee includes one Executive Director, one Non-Executive Director and one Independent Director. The terms of reference of the Risk Management Committee are as follows:

- Monitoring and review of all material controls (financial, operational, compliance);
- Ensuring that risk mitigation measures are robust and integrity of financial information is ensured; and
- Appropriate extent of disclosure of company's risk framework and internal control system in Directors report.

Risk Management Committee Meetings

During the year, one (1) meeting of the Risk Management Committee was held to discuss and approve the matters falling under the terms of reference of the Committee. Attendance of each member is as follows:

Name	Category	Meetings	
		Held	Attended
Mr. M. Haroon Qassim	Chairman	1	1
Mr. Pir Muhammad	Member	1	1
Mr. Vali Muhammad A. Habib	Member	1	1

Risk Management

The Company's activities expose it to a variety of risks. The Company's overall risk management program focuses on minimizing potential adverse effects on the Company's performance. The overall

risk management of the Company is carried out by the Company's Senior Management Team and the results are shared with the Risk Management Committee and the Board of Directors. This entails identifying, evaluating and addressing strategic, financial, commercial, operational and compliance-related risks of the Company as are mentioned below:

1.Strategic Risks

Risk	Mitigating Strategy
The Company may lose its market share of Baby Care products due to change in customer preferences.	The Company is investing in new technology to produce products which compliments customer preferences.
IT security risk.	IT controls and firewalls are in place to prevent unauthorized access to confidential / proprietary information. Regular system updates, IT audits and trainings are conducted to monitor and minimize the risk of breaches, errors or other irregularities.

2.Financial Risks

Risk	Mitigating Strategy
Fluctuations in foreign currency rates.	The Company is trying to increase its exports to mitigate currency fluctuation risk.
Customers will default in payments to the company.	Most of our sales are either against cash or advance. For credit sales, credit limits have been assigned to customers.
Insufficient cash available to pay liabilities resulting in a liquidity problem.	The Company has a proactive cash management system. Committed credit lines from banks are also available to bridge a liquidity gap, if any.

3.Commercial Risks

Risk	Mitigating Strategy
Increasing production and distribution costs result in decrease in profits of the Company.	Increase in levies, duties, regulatory duties and other costs are beyond the control of the Company. The Company, however, is committed to improve operational efficiencies and implement effective cost controls to mitigate this risk to the maximum possible extent. The Company considers increase in price as a last option.
Raw material cost component is a major part of the overall cost of production of the Company. Suppliers may increase the cost of products supplied in view of international economic conditions.	The Company examines raw material prices offered by various suppliers on a regular basis to compare and control its purchasing cost. Moreover, it has strategic relationships with key international raw material suppliers which benefit the company in price negotiation and prompt material delivery.

4.Operational Risk

Risk	Mitigating Strategy
Increase in employee turnover at critical positions.	The Company has a culture of employee training and development, promoting and rotating employees within the departments. Formal work procedures and work instructions are also in place, which provide guidance on any process undertaken by a new employee.
Risk of major accidents impacting employees, records and property.	Implementation of standardized operating procedures, employee trainings and operational discipline.

The Company may not be able to operate at an optimal capacity due to the unavailability of electricity.	The Company has standby generators to be used in case of electricity failure.
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5. Compliance Risk

Risk	Mitigating Strategy
Modifications in the legal framework by regulatory bodies.	Rigorous checks on latest updates in regulatory framework are carried out to prevent any breach of law. Trainings are conducted to keep employees abreast of all latest developments in laws and regulations.

Subsequent Events

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statement relates and the date of the report.

External Auditors

M/s. BDO Ebrahim & Co. Chartered Accountants, the auditors of the Company has retired. The Board of Directors based on recommendation of the Audit Committee considered and approved appointment of M/s. BDO Ebrahim & Co. Chartered Accountants, as auditors of the Company for the year ending 30 June 2021 on such terms and conditions and remuneration as to be decided.

Internal Auditors

The Internal Audit Function is outsourced to M/s. Deloitte Yousuf Adil Chartered Accountants and reports to Head of Internal Audit and the Boards' Audit Committee. It reviews the system of internal controls and conduct the internal audit process.

Impact of Company Business on Environment

The Company is committed to reducing its impact on the environment through its compliance & surveillance of EMS ISO 14001. Each department has developed an environmental evaluation chart which covers following environmental aspects.

- Preventing pollution and reducing consumption of resources through waste management strategies that promote waste minimization re-use, recovery and recycling, as appropriate.
- Use of natural resources is monitored like electricity, natural gas, oil, diesel and water. We continue to invest in technologies that keep on replacing our existing machines with more energy efficient versions.
- Emergency readiness is practiced through monthly fire drills. Train all of our staff on our environmental program and empower them to contribute and participate.

Hence, our commitment to the environment extends to our customers, our staff, and the community in which we operate.

Related Party Transactions

In order to comply with the requirements of listing regulations, the company presented related party transactions before the audit committee and Board for their review and approval. These transactions were approved by the Audit Committee and Board of Directors in their respective meetings. The details of related party transactions have been provided in the notes annexed to the financial statement.

Statement on Corporate and Financial Reporting Framework

Statement of Directors' Responsibilities

- a. The Board regularly reviews the company's strategic direction. Annual plans and performance targets for business are set by the Chief Executive and are reviewed by the Board in the light of Company's overall objectives. The Board is committed to maintain the high standards of good corporate governance. The Company has been in compliance with the provisions set out by the Securities & Exchange Commission of Pakistan and amended listing rules of Pakistan Stock Exchange.
- b. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- c. The financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, comprehensive income, cash flows and changes in equity.
- d. Proper books of account of the Company are maintained.
- e. Appropriate accounting policies have consistently been applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- f. The financials are prepared in accordance with International Financial Reporting Standards, as applicable in Pakistan and any deviation has been adequately disclosed and explained.
- g. 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. This has been formalized by the Board's Audit Committee and is updated as and when needed.
- h. There are no significant doubts upon the company's ability to continue as a going concern.
- i. There is no default in payment of any debt during the year 2019-20.
- j. Outstanding duties, statutory charges and taxes, if any, have been duly disclosed in the financial statements.
- k. The value of investment of Provident Fund based on its audited accounts amounted to Rs. 41.57 million.
- l. The key operating and financial data for the last six years in summarized form is annexed.
- m. All directors of the company are compliant with the requirement of the Code of Corporate Governance related to Directors Training Program.

Future Outlook

The overall economic outlook, global and domestic, remains uncertain considering the fear of pandemic's second wave. It requires a well thought out and decisive policy response to ensure stability in the tough phase ahead. It remains of paramount importance for the Government to assess the possible economic scenarios with limited fiscal space and exogenous pressures, while concurrently undertaking measures to promptly respond to the unfolding developments.

We at **Shield** believe in constant growth and success. Therefore, we are actively on a quest to identify new product categories. These new categories will be supplementary to the existing categories and will help in leveraging Shield's brand power.

There seems no respite from economic vows in short term. The Company plans to overcome the challenges with competitive pricing strategy, building on our distribution led competitive edge. Also, the Company believes that it will reap the benefits of capital expenditure undertaken, in the future.

Acknowledgement

We would like to place on record appreciations and thanks to:

- Our colleagues on the board for their valuable guidance and support.
- Our valued customers and consumers who have shown trust in our products and continued to provide sustained support in ensuring the progress of the Company.
- Our employees for their tireless efforts, commitment and dedication.
- Our esteemed suppliers, bankers and all stakeholders who are helping and contributing towards the continued growth of our Company.

On behalf of Board of Directors



Mohammad Haroon Qassim
Chief Executive



Vali Muhammad A. Habib
Director

Karachi: 22 September 2020

KEY FINANCIAL DATA

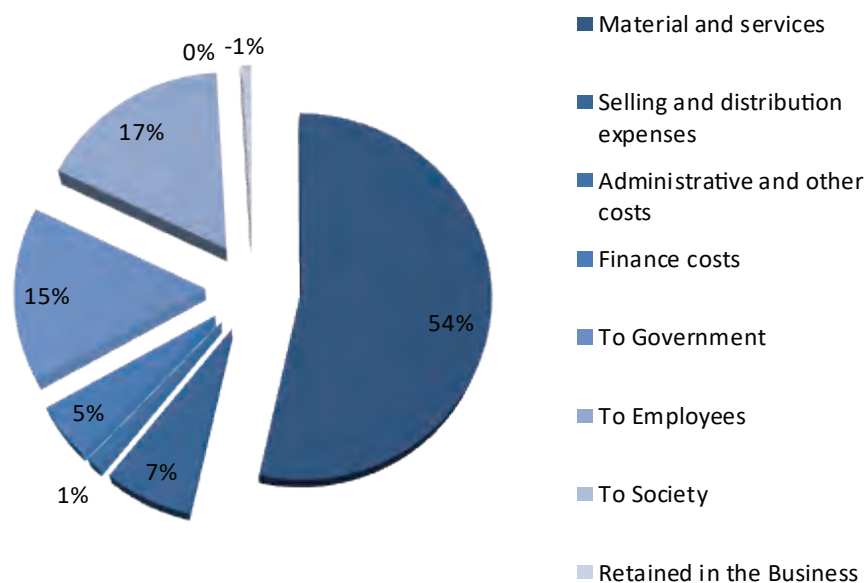
SIX YEARS AT A GLANCE

	2020	2019	2018	2017	2016	2015
	Rupees					
Balance Sheet						
Paid up capital	39,000,000	39,000,000	39,000,000	39,000,000	39,000,000	39,000,000
Reserves & un-appropriated profit	454,892,995	389,921,403	362,213,796	313,810,363	287,151,550	262,771,340
Shareholders equity	493,892,995	428,921,403	401,213,796	352,810,363	326,151,550	301,771,340
Non-current liabilities	348,881,674	143,837,534	87,783,652	158,763,249	81,256,965	133,645,829
Current liabilities	601,326,535	567,890,669	361,847,395	280,605,898	304,303,856	248,174,014
Total equity and liabilities	<u>1,444,101,204</u>	<u>1,140,649,606</u>	<u>850,844,843</u>	<u>792,179,510</u>	<u>711,712,371</u>	<u>683,591,183</u>
Non-current assets	794,211,788	616,677,147	445,980,397	448,958,966	362,438,408	359,184,840
Current assets	649,889,416	523,972,459	404,864,446	343,220,544	349,273,963	324,406,343
Total assets	<u>1,444,101,204</u>	<u>1,140,649,606</u>	<u>850,844,843</u>	<u>792,179,510</u>	<u>711,712,371</u>	<u>683,591,183</u>
Profit and Loss Account						
Sales - net	1,708,620,654	1,778,794,872	1,678,897,969	1,662,086,046	1,548,321,733	1,248,961,378
Cost of sales	<u>1,292,601,578</u>	<u>1,222,057,829</u>	<u>1,067,416,649</u>	<u>1,088,656,983</u>	<u>1,041,712,545</u>	<u>870,750,560</u>
Gross profit	416,019,076	556,737,043	611,481,320	573,429,063	506,609,188	378,210,818
Selling and distribution expenses	277,342,742	338,493,789	418,214,780	427,702,275	388,299,071	257,653,951
Administrative and general expenses	67,786,821	65,532,759	60,753,032	65,149,589	39,901,493	37,485,364
Impairment loss on trade receivables	-	1,544,424	284,573	-	-	-
Other operating expenses	588,264	26,001,455	17,302,986	6,455,334	5,081,446	5,244,569
Other operating income	<u>11,231,525</u>	<u>2,048,824</u>	<u>1,913,664</u>	<u>22,972,424</u>	<u>2,119,332</u>	<u>1,751,491</u>
Operating profit before finance costs	81,532,774	127,213,440	116,839,613	97,094,289	75,446,510	79,578,425
Share of loss on equity accounted associate	504,341	-	-	-	-	-
Finance costs	<u>100,882,938</u>	<u>41,594,682</u>	<u>18,714,378</u>	<u>11,167,225</u>	<u>7,754,789</u>	<u>15,747,185</u>
Profit before taxation	(19,854,505)	85,618,758	98,125,235	85,927,064	67,691,721	63,831,240
Taxation	<u>(1,401,097)</u>	<u>61,289,034</u>	<u>30,221,802</u>	<u>37,314,087</u>	<u>20,848,660</u>	<u>16,181,426</u>
Profit for the year	<u>(18,453,408)</u>	<u>24,329,724</u>	<u>67,903,433</u>	<u>48,612,977</u>	<u>46,843,061</u>	<u>47,649,814</u>

STATEMENT OF VALUE ADDED

The statement below shows the amount of the revenue generated by the Company during the year and the way this revenue has been distributed:

	2020		2019	
	Rupees	%	Rupees	%
Revenue Generated				
Total revenue	2,042,578,073	100.00	2,120,457,132	100.00
Revenue Distributed				
Material and services	1,112,743,349	54.48	1,072,804,319	50.59
Selling and distribution expenses	150,769,962	7.38	214,117,570	10.10
Administrative and other costs	23,919,803	1.17	44,252,207	2.09
Finance costs	100,882,938	4.94	41,594,682	1.96
Income tax	-	-	61,289,034	2.89
Worker's welfare fund	-	-	1,657,618	0.08
Sales tax	321,324,797	15.73	339,613,436	16.01
To Government	321,324,797	15.73	402,560,088	18.98
Salaries, wages and other benefits	350,990,632	17.18	320,303,574	15.11
To Employees	350,990,632	17.18	320,303,574	15.11
Donations	400,000	0.02	440,000	0.02
To Society	400,000	0.02	440,000	0.02
Cash dividend *	-	-	4,875,000	0.23
To Shareholders	-	-	4,875,000	0.23
(Loss) / retained in the Business	(18,453,408)	(0.90)	19,509,692	0.92
	2,042,578,073	100.00	2,120,457,132	100.00



VERTICAL ANALYSIS

	2020	2019	2018	2017	2016	2015
Balance Sheet Analysis (%)						
Non-current assets	55.00	54.06	52.42	56.67	50.92	52.54
Current assets	45.00	45.94	47.58	43.33	49.08	47.46
Total assets	100.00	100.00	100.00	100.00	100.00	100.00
Share capital and reserves	34.20	37.60	47.15	44.54	45.83	44.15
Non-current liabilities	24.16	12.61	10.32	20.04	11.42	19.55
Current liabilities	41.64	49.79	42.53	35.42	42.75	36.30
Total equity and liabilities	100.00	100.00	100.00	100.00	100.00	100.00

Profit and Loss Account Analysis (%)

Net sales	100.00	100.00	100.00	100.00	100.00	100.00
Cost of sales	75.65	68.70	63.58	65.50	67.28	69.72
Gross profit	24.35	31.30	36.42	34.50	32.72	30.28
Selling and distribution expenses	16.23	19.03	24.91	25.73	25.08	20.63
Administrative and general expenses	3.97	3.68	3.62	3.92	2.58	3.00
Impairment loss on trade receivables	-	0.09	0.02	-	-	-
Other operating expenses	0.03	1.46	1.03	0.39	0.33	0.42
Other operating income	0.66	0.12	0.11	1.38	0.14	0.14
Operating profit	4.77	7.15	6.96	5.84	4.87	6.37
Finance costs	5.90	2.34	1.11	0.67	0.50	1.26
Profit before taxation	(1.16)	4.81	5.84	5.17	4.37	5.11
Taxation	(0.08)	3.45	1.80	2.25	1.35	1.30
Profit after taxation	(1.08)	1.37	4.04	2.92	3.03	3.82

HORIZONTAL ANALYSIS

	Change from preceeding year					
	2020	2019	2018	2017	2016	2015
Balance Sheet Analysis (%)						
Non-current assets	28.79	38.27	(0.66)	23.87	0.91	(2.63)
Current assets	24.03	29.42	17.96	(1.73)	7.67	(10.97)
Total assets	26.60	34.06	7.41	11.31	4.11	(6.77)
Share capital and reserves	15.15	6.91	13.72	8.17	8.08	15.67
Non-current liabilities	142.55	63.85	(44.71)	95.38	(39.20)	(22.93)
Current liabilities	5.89	56.94	28.95	(7.79)	22.62	(16.98)
Total equity and liabilities	26.60	34.06	7.41	11.31	4.11	(6.77)

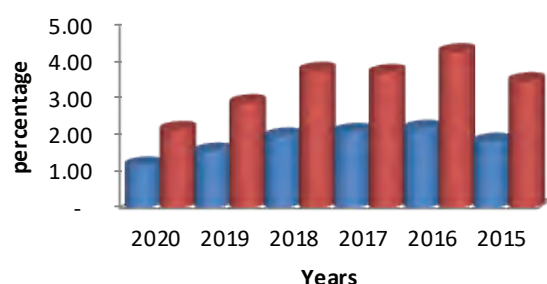
Profit and Loss Account Analysis (%)

Net sales	(3.95)	5.95	1.01	7.35	23.97	6.31
Cost of sales	5.77	14.49	(1.95)	4.51	19.63	7.62
Gross profit	(25.28)	(8.95)	6.64	13.19	33.95	3.41
Selling and distribution expenses	(18.07)	(19.06)	(2.22)	10.15	50.71	(5.92)
Administrative and general expenses	3.44	7.87	(6.75)	63.28	6.45	31.57
Impairment loss on trade receivables	-	442.72	100.00	-	-	-
Other operating expenses	(97.74)	50.27	168.04	27.04	(3.11)	64.56
Other operating income	448.19	7.06	(91.67)	983.95	21.00	0.51
Operating profit	(35.91)	8.88	20.34	28.69	(5.19)	28.46
Finance costs	142.54	122.26	67.58	44.00	(50.75)	(34.30)
Profit before taxation	(123.19)	(12.75)	14.20	26.94	6.05	68.07
Taxation	(102.29)	102.80	(19.01)	78.98	28.84	9.22
Profit after taxation	(175.85)	(64.17)	39.68	3.78	(1.69)	105.72

OPERATING & FINANCIAL HIGHLIGHTS

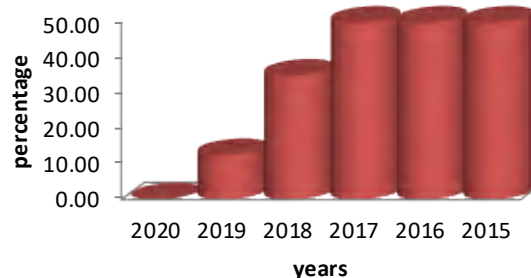
	2020	2019	2018	2017	2016	2015
Profitability Ratios						
Gross profit (%)	24.35	31.30	36.42	34.50	32.72	30.28
Net profit (%)	(1.08)	1.37	4.04	2.92	3.03	3.82
Profit before tax (%)	(1.16)	4.81	5.84	5.17	4.37	5.11
EBITDA margin to sales (%)	8.74	9.25	8.89	8.48	7.31	9.44
Operating leverage ratio (Times)	9.10	1.49	20.11	3.91	(0.22)	4.51
Return on capital employed (%)	10.23	24.32	25.61	22.59	23.02	25.02
Liquidity Ratios						
Current ratio	1.08	0.92	1.12	1.22	1.15	1.31
Acid-test ratio	0.28	0.19	0.38	0.20	0.20	0.28
Cash to current liabilities	0.24	0.27	0.35	0.39	0.34	0.30
Cash flow from operations to sales	(0.03)	(0.04)	0.00	0.03	0.03	0.12
Activity / Turnover Ratios						
Asset turnover ratio	1.18	1.56	1.97	2.10	2.18	1.83
Fixed assets turnover ratio	2.15	2.88	3.76	3.70	4.27	3.48
Receivables turnover (Days)	7.13	7.40	7.08	2.93	1.74	0.85
Inventory turnover (Days)	119.26	96.10	89.09	91.33	91.73	111.72
Creditors turnover (Days)	19.83	19.08	27.02	36.43	39.81	60.22
Operating cycle (Days)	106.56	84.42	69.15	57.83	53.66	52.35
Receivables turnover (Times)	51.23	49.30	51.53	124.61	210.40	443.80
Inventory turnover (Times)	3.06	3.80	4.10	4.00	3.99	3.27
Creditors turnover (Times)	18.41	19.13	13.51	10.02	9.19	6.06
Investment / Market Ratios						
Earning per share (Rs.)	(4.73)	6.24	17.41	12.46	12.01	12.22
Price earnings ratio	(48.84)	30.97	14.36	50.94	49.87	20.09
Price to book ratio	0.62	1.76	2.43	7.02	7.16	3.17
Dividend yield ratio	0.00	0.65	1.40	0.79	0.83	2.04
Dividend payout ratio	0.00	0.20	0.20	0.40	0.42	0.41
Dividend cover ratio	0.00	4.99	4.97	2.49	2.40	2.44
Dividend per share (%)	0.00	12.50	35.00	50.00	50.00	50.00
Book value per share - excluding loan from director & chief executive (Rs.)	98.43	104.42	102.88	90.46	83.63	77.38
Market value per share - year end - (Rs.)	231	193.25	250.00	635.00	599.00	245.50
Capital Structure Ratios						
Debt/Equity ratio (%)	70.64	33.53	21.88	45.00	24.91	44.29
Financial leverage ratio	1.57	1.32	0.74	0.70	0.50	0.38
Interest cover ratio	0.81	3.06	6.24	8.69	9.73	5.05
Return on shareholders' equity (%)	(3.74)	5.67	16.92	13.78	14.36	15.79

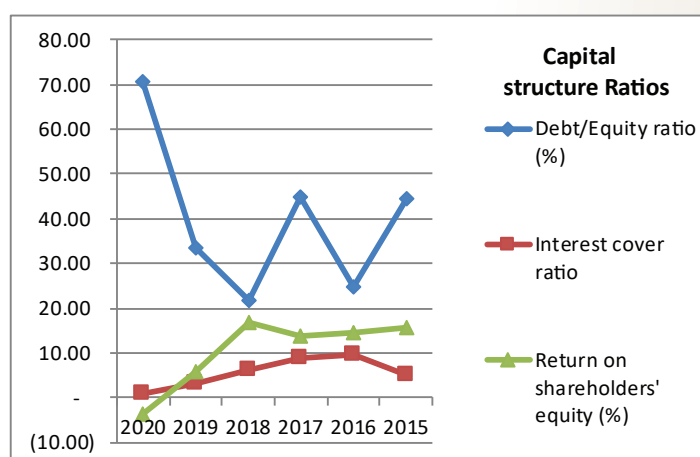
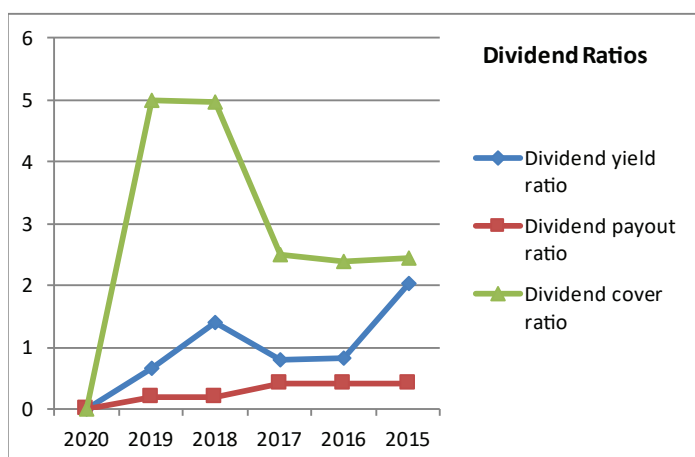
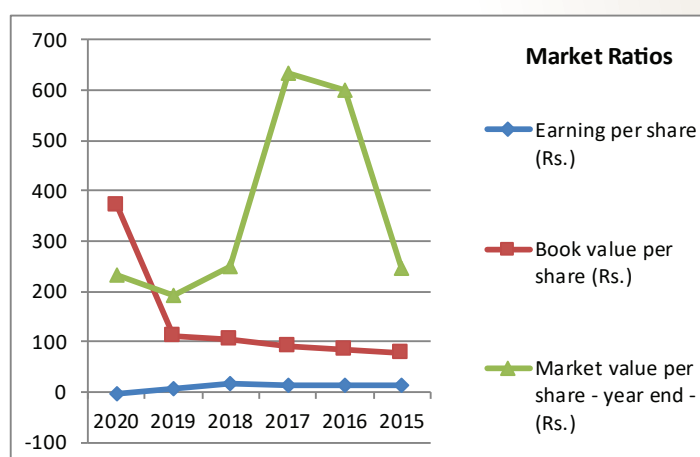
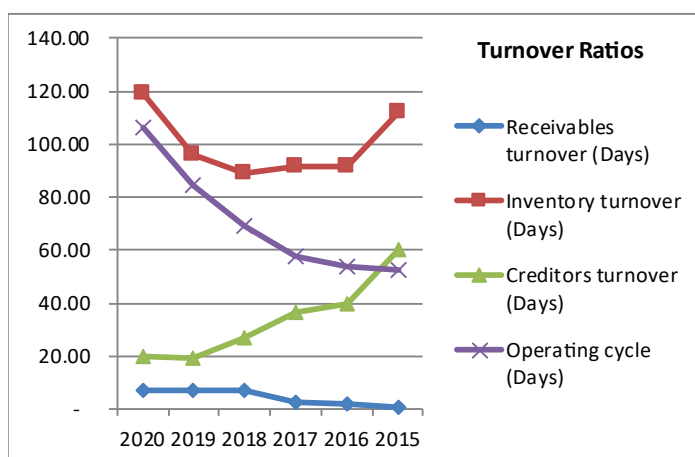
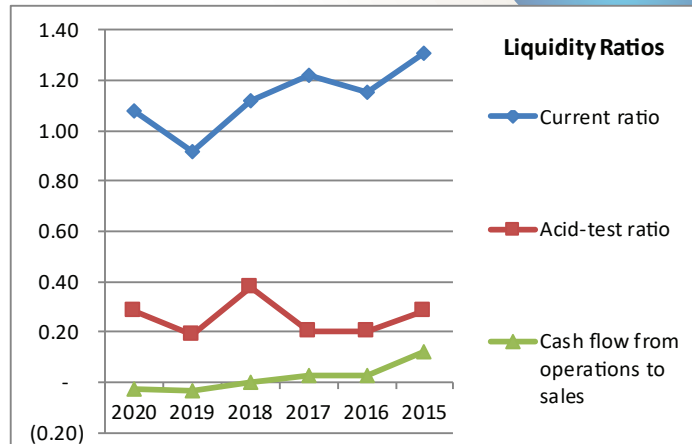
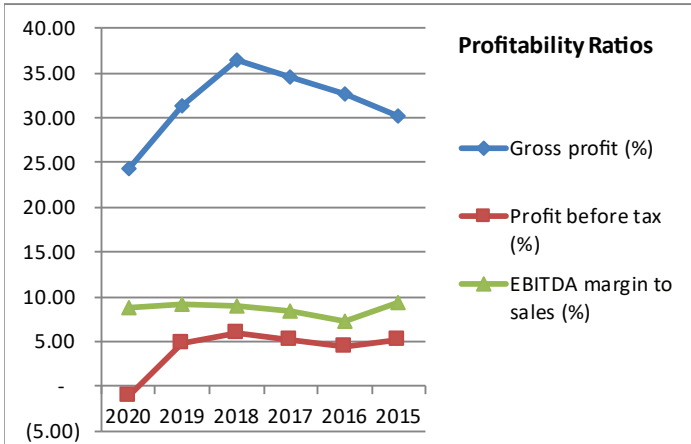
Asset turnover ratio



Dividend per share (%)

Percentage





PATTERN OF SHAREHOLDING

Held by the shareholders as on June 30, 2020

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
204	1	100	6,808
108	101	500	32,989
22	501	1,000	16,884
25	1,001	5,000	50,977
8	5,001	85,000	213,380
3	300,001	350,000	972,648
3	410,001	470,000	1,291,649
2	550,001	760,000	1,314,665
375			3,900,000

Categories of Shareholders	No of Shares Held	%
Directors, Chief Executive Officer, and their Spouses and Minor Children	2,903,864	74.46
Associated Companies, undertakings and related parties	-	-
Executives	-	-
Public Sector Companies and Corporations	-	-
Banks, development finance institutions, non-banking finance companies	-	-
Insurance companies, takaful, modarabas and pension funds	-	-
Mutual Funds	-	-
Shareholders holding 10% & more	2,606,314	66.83
General Public		
a. Local	993,925	25.49
b. Foreign	-	-
Others	2,211	0.06

NOTE: Some of the shareholders are reflected in more than one category

DETAILS OF PATTERN OF SHAREHOLDING

Shareholder's Category	No. of shares held	%
I) DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSES		
Mr. Ebrahim Qassim	556,050	14.26
Mr. Mohammad Haroon Qassim	462,509	11.86
Mr. Vali Muhammad A. Habib	55,250	1.42
Mr. Pir Muhammad	500	0.01
Mrs. Saadia Butt Naveed	650	0.02
Mr. Imran Chishti	500	0.01
Mr. Mohammad Salman Qassim	417,430	10.70
Mrs. Kulsum Bano	758,615	19.45
Mrs. Zohra Bano	346,840	8.89
Mrs. Wazira Parveen	305,520	7.83
	2,903,864	74.46
II) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	-	-
III) EXECUTIVES	-	-
IV) PUBLIC SECTOR COMPANIES AND CORPORATIONS	-	-
V) BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES	-	-
VI) INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS	-	-
VII) MUTUAL FUNDS	-	-
VIII) SHAREHOLDERS HOLDING 5% OR MORE		
Mr. Ebrahim Qassim	556,050	14.26
Mr. Mohammad Haroon Qassim	462,509	11.86
Mr. Mohammad Salman Qassim	417,430	10.70
Mr. Muhammad Jamil Qassim	411,710	10.56
Mrs. Kulsum Bano	758,615	19.45
Mrs. Zohra Bano	346,840	8.89
Mrs. Wazira Parveen	305,520	7.83
Mrs. Saba Qassim	320,288	8.21
	3,578,962	91.77
IX) OTHERS AND GENERAL PUBLIC	996,136	25.54

Financial Calender

The Company follows the period of July 01 to June 30 as the financial year

For the financial year 2020-21, financial results will be announced as per the following tentative schedule.

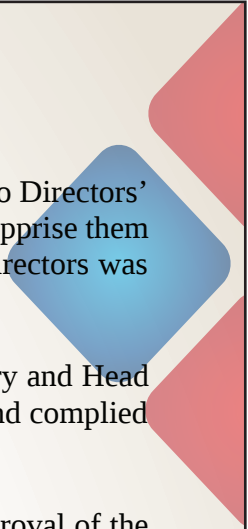
Un-Audited Financial Results for First Quarter	Last week of October, 2020
Reviewed Half yearly Financial Results	Third week of February, 2021
Un-Audited Financial Results for Third Quarter	Third week of April, 2021
Audited Annual Results for the year ended 30 June 2021	Second week of September, 2021

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

FOR THE YEAR ENDED JUNE 30, 2020

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

1. The total number of directors are seven as per the following:
 - a) Male: 6
 - b) Female: 1
2. The composition of the Board is as follows:
 - i. **Independent Directors:**
Mr. Pir Muhammad
Mr. Imran Chishti
 - ii. **Non-executive Directors:**
Mr. Ebrahim Qassim
Mr. Vali Muhammad A. Habib
Mrs. Saadia Butt Naveed
 - iii. **Executive Directors**
Mr. Mohammad Haroon Qassim
Mr. Mohammad Salman Qassim
 - iv. **Female Directors**
Mrs. Saadia Butt Naveed
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with the date of approval or updating is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

- 
9. All directors of the Company are compliant with the requirement of the Regulation related to Directors' Training Program. The Board ensures arrangement of orientation course for its directors to apprise them of their duties and responsibilities at the beginning of their term. No training session for directors was held during the year.
 10. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remunerations and terms and conditions of employment and complied with relevant requirements of the Regulations.
 11. CFO and Chief Executive Officer (CEO) duly endorsed the financial statements before approval of the Board.
 12. The Board has formed committees comprising of members given below:

Audit Committee:

Mr. Imran Chishti – Chairman
Mr. Vali Muhammad A. Habib
Mrs. Saadia Butt Naveed

HR and Remuneration Committee:

Mr. Imran Chishti – Chairman
Mr. M. Haroon Qassim
Mr. Vali Muhammad A. Habib

Risk Management Committee:

Mr. Mohammad Haroon Qassim – Chairman
Mr. Vali Muhammad A. Habib
Mr. Pir Muhammad

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. During the financial year ended 30 June 2020, the frequency of meetings of the committees were as per following:

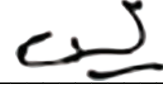
Audit Committee	Six meetings
HR and Remuneration Committee	Two meetings
Risk Management Committee	One meeting

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

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.



Mohammad Haroon Qassim
Chief Executive



Vali Muhammad A. Habib
Director

Karachi: September 22, 2020

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SHIELD CORPORATION LIMITED 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 Shield Corporation Limited for the year ended June 30, 2020 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, 2020.

KARACHI

DATED: SEPTEMBER 22, 2020



CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHIELD CORPORATION LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **SHIELD CORPORATION LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2020, and statement of profit or loss, statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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, 2020 and of the loss and other comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1.	Capitalization of Property, Plant and Equipment Refer notes 5.1 and 6.5 to the financial statements. The Company has made significant capital expenditure amounting to Rs. 232.917 million during the year. We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria with related implications on result for the year.	Our audit procedures in respect of capitalizations of property, plant and equipment, amongst others, included the following: • understanding the design and implementation of management controls over capitalization and performing tests of control over authorization of capital expenditure and accuracy of its recording in the system; • testing, on sample basis, the costs of capital expenditure with supporting documentation and contracts; • assessing the nature of costs incurred for the capital expenditure through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the accounting policy and applicable accounting standards; and • inspecting supporting documents for the date of capitalization when project was ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased from that date and assessing the useful life assigned by management including testing the calculation of related depreciation.

S. No	Key audit matters	How the matter was addressed in our audit
2.	Valuation of stock in trade	
	Stock in trade has been valued following an accounting policy as stated in note 5.4. As at the reporting date value of stock in trade as disclosed in note 10 to the financial statements amounted to Rs 452.377 million. Stock in trade forms material part of the Company's assets representing 31.33% of total assets. The cost included in the valuation of stock in trade has different components, which involves judgment in relation to the allocation of overheads costs and in determining the net realizable value (estimated selling price in ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale) of stock-in-trade items in line with accounting policy. Due to above factor, we have considered the valuation of stock in trade as key audit matter.	Our audit procedures in respect of valuation of stock in trade, amongst others, included the following: • understanding of internal controls over purchases and valuation of stock in trade and testing, on a sample basis, their design, implementation and operating effectiveness; • testing, on sample basis, the purchases with supporting documentation and contracts if any; • compared calculations of the allocation of directly attributable costs with the underlying supporting documents; • verified on test basis, the weighted average calculations of raw material stock as per accounting policy; • tested the calculations of the actual overhead costs and checked allocation of labor and overhead costs to the finished goods and work in process; • obtained an understanding of management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work-in process and costs necessary to make the sale and their basis; and; • compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value inventory in accordance with applicable accounting and reporting standards.



Other Matter

The financial statements of Shield Corporation Limited (The Company) for the year ended June 30, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on October 4, 2019.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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 Zulfikar Causer.

KARACHI

DATED: **22 SEP 2020**

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	6	784,876,532	607,865,757
Intangible asset	7	466,667	-
Long term deposits		5,372,930	4,811,390
Investment in equity accounted associate	8	3,495,659	4,000,000
		794,211,788	616,677,147
CURRENT ASSETS			
Stores and spares	9	31,299,080	23,141,602
Stock-in-trade	10	452,376,885	392,317,143
Trade debts	11	43,734,368	22,974,273
Loans and advances	12	12,331,436	2,796,152
Trade deposits, prepayments and other receivable	13	1,595,440	14,482,717
Taxation - net	14	107,091,713	66,716,590
Cash and bank balances	15	1,460,494	1,543,982
		649,889,416	523,972,459
TOTAL ASSETS		1,444,101,204	1,140,649,606
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
15,000,000 (June 30, 2019 : 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	16	39,000,000	39,000,000
Loan from Chief Executive and Director	17	110,000,000	21,700,000
Capital reserve	18	10,000,000	10,000,000
Revenue reserves		334,892,995	358,221,403
		493,892,995	428,921,403
NON - CURRENT LIABILITIES			
Deferred taxation	19	42,565,400	49,575,079
Long term financing - secured	20	303,453,486	94,262,455
Deferred government grant	21	2,862,788	-
		348,881,674	143,837,534
CURRENT LIABILITIES			
Trade and other payable	22	113,502,722	81,356,129
Accrued Profit	23	18,767,466	13,112,552
Current portion of long term financing - secured	20	23,179,838	91,497,270
Current portion of deferred government grant	21	2,884,006	-
Short term borrowings - secured	24	441,954,267	380,917,201
Unpaid dividend		351,946	321,227
Unclaimed dividend		686,290	686,290
		601,326,535	567,890,669
TOTAL EQUITY AND LIABILITIES		1,444,101,204	1,140,649,606
CONTINGENCIES AND COMMITMENTS			
	25		

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


Mohammad Haroon Qassim
Chief Executive


Vali Muhammad A. Habib
Director


Yasir Yousuf Chhabra
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

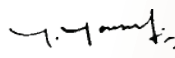
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Sales - net	26	1,708,620,654	1,778,794,872
Cost of sales	27	(1,292,601,578)	(1,222,057,829)
Gross profit		416,019,076	556,737,043
Selling and distribution expenses	28	(277,342,742)	(338,493,789)
Administrative and general expenses	29	(67,786,821)	(65,532,759)
Other operating expenses	30	(588,264)	(27,545,879)
Other operating income	31	11,231,525	2,048,824
Operating profit before finance costs		81,532,774	127,213,440
Share of loss on equity accounted associate	8	(504,341)	-
Finance costs	32	(100,882,938)	(41,594,682)
(Loss) / profit before taxation		(19,854,505)	85,618,758
Taxation	33	1,401,097	(61,289,034)
(Loss) / profit for the year		(18,453,408)	24,329,724
(Loss) / earnings per share - basic and diluted	34	(4.73)	6.24

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


Mohammad Haroon Qassim
Chief Executive


Vali Muhammad A. Habib
Director


Yasir Yousuf Chhabra
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	Rupees	Rupees
Net (loss) / profit for the year	(18,453,408)	24,329,724
Other comprehensive income	-	-
Total comprehensive (loss) / income for the year	(18,453,408)	24,329,724

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


 Mohammad Haroon Qassim
 Chief Executive

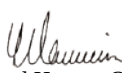

 Vali Muhammad A. Habib
 Director


 Yasir Yousuf Chhabra
 Chief Financial Officer

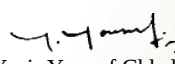
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Cash flows from operating activities			
Cash flow generated from operations	35	95,947,701	57,414,071
Payment for gratuity		-	(10,669,400)
Loan to employees -net		-	(26,217)
Finance costs paid		(95,228,024)	(31,786,310)
Income tax paid		(45,983,709)	(78,012,920)
Net cash used in operating activities		(45,264,032)	(63,080,776)
Cash flows from investing activities			
Fixed capital expenditure including capital work in progress		(245,228,283)	(209,400,060)
Addition in intangible assets	7.1	(560,000)	-
Investment in equity accounted investee	8	-	(4,000,000)
Sales proceeds from disposal of property, plant and equipment		264,834	415,329
Net cash used in investing activities		(245,523,449)	(212,984,731)
Cash flows from financing activities			
Long term financing - net		146,620,393	108,759,725
Loan obtained from Chief Executive and Director	17	88,300,000	21,700,000
Short term murabaha finance and istisna finance - net		65,043,391	60,866,536
Dividend paid		(4,844,277)	(13,533,702)
Net cash generated from financing activities		295,119,507	177,792,559
Net increase / (decrease) in cash and cash equivalents		4,332,026	(98,272,948)
Cash and cash equivalents at the beginning of the year	36	(185,460,400)	(87,404,691)
Effect of movements in exchange rates on cash held		(409,189)	217,239
Cash and cash equivalents at end of the year	36	(181,537,563)	(185,460,400)

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


Mohammad Haroon Qassim
Chief Executive


Vali Muhammad A. Habib
Director


Yasir Yousuf Chhabra
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020

Issued, subscribed and paid-up capital	Loan from director	Reserve				Total
		Capital reserve	Revenue reserves		Sub total	
		Share Premium	General	Unappropriated profit		

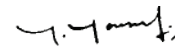
(Rupees)

Balance as at June 30, 2018	39,000,000	-	10,000,000	55,000,000	297,213,796	362,213,796	401,213,796
Adjustment on initial application of IFRS 9, net of tax					(4,672,117)	(4,672,117)	(4,672,117)
Adjusted balance as at July 1, 2018	39,000,000	-	10,000,000	55,000,000	292,541,679	357,541,679	396,541,679
Total comprehensive income for the year ended June 30, 2019							
Profit for the year	-	-	-	-	24,329,724	24,329,724	24,329,724
Other comprehensive income for the year	-	-	-	-	-	-	-
	-	-	-	-	24,329,724	24,329,724	24,329,724
Transactions with owners							
Dividend for the year June 30, 2018 - Final '-' @ Rs. 3.50 per share	-	-	-	-	(13,650,000)	(13,650,000)	(13,650,000)
Loan received during the year	-	21,700,000	-	-	-	-	21,700,000
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
Balance as at July 1, 2019	39,000,000	21,700,000	10,000,000	55,000,000	303,221,403	368,221,403	428,921,403
Total comprehensive loss for the year ended June 30, 2020							
Loss for the year	-	-	-	-	(18,453,408)	(18,453,408)	(18,453,408)
Other comprehensive income for the year	-	-	-	-	-	-	-
	-	-	-	-	(18,453,408)	(18,453,408)	(18,453,408)
Transactions with owners							
Dividend for the year June 30, 2019 - Final '-' @ Rs. 1.25 per share	-	-	-	-	(4,875,000)	(4,875,000)	(4,875,000)
Loan received during the year	-	88,300,000	-	-	-	-	88,300,000
	-	88,300,000	-	-	(4,875,000)	(4,875,000)	83,425,000
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

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


 Mohammad Haroon Qassim
 Chief Executive


 Vali Muhammad A. Habib
 Director


 Yasir Yousuf Chhabra
 Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

1 STATUS AND NATURE OF BUSINESS

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 Limited. 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 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

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.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as 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; and
- 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 IFRS Standards or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed otherwise.

3.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Company's functional and presentation currency.

3.4 Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements to the carrying amount of the assets and liabilities and assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment in the subsequent year are set forth below:

- Property, plant and equipment (refer note 5.1)
- Stores and spares and stock-in-trade (refer note 5.3 and 5.4)
- Investments in associate (refer note 5.11)
- Taxation (refer note 5.13)
- Impairment (refer note 5.7.1)
- Provisions (refer note 5.16)

4 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED STANDARDS

4.1 Standards / amendments that are effective in current year and relevant to the Company

The Company has adopted the standards / amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments - amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures	January 01, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual improvements to IFRSs (2015 – 2017) Cycle:

IFRS 3	Business Combinations	January 01, 2019
IFRS 11	Joint Arrangements	January 01, 2019
IAS 12	Income Taxes	January 01, 2019
IAS 23	Borrowing Costs	January 01, 2019
IFRS 16	Leases - Original issue	January 01, 2019

4.2 Amendments that are effective in current year and not relevant to the Company

Following are the amendments to the approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard which are not relevant to the Company:

IAS 19	Employee benefits - Amendments regarding plan amendments, curtailments or settlements	January 01, 2019
IFRS 8	Operating Segments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 14	Regulatory Deferral Accounts - Original issue	July 01, 2019

4.3 Amendments not yet effective

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

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.		January 01, 2020
		January 01, 2020
IFRS 3	Business Combinations - amendments to clarify the definition of a business	January 01, 2020
IFRS 3	Business Combinations - amendments updating a reference to the Conceptual Framework	January 01, 2022
IFRS 4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2023
IFRS 7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020
IFRS 9	Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020
IFRS 9	Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2023

IFRS 16	Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	January 01, 2020
IFRS 17	Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published	January 01, 2023
IAS 1	Presentation of Financial Statements - amendments regarding the definition of materiality	January 01, 2020
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities	January 01, 2022
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of materiality	January 01, 2020
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	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022
IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020

The annual improvements to IFRSs that are effective from the dates mentioned below against respective standards:

Annual improvements to IFRSs (2018 – 2020) Cycle:

IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2022
IFRS 9	Financial Instruments	January 01, 2022
IFRS 41	Agriculture	January 01, 2020

4.4 Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

The Company is assessing the impact of other amendments and interpretations of the standards.

4.5 IFRS 16: Leases

IFRS 16 'Leases' was issued on January 01, 2016. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after January 1, 2019. IFRS 16 replaced IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease' The Company applied IFRS 16 with a date of initial application of July 01, 2019.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. However, this standard does not have any impact on these financial statements.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are as follows:

5.1 Property, plant and equipment

a) Operating fixed assets

Initial recognition

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably.

Recognition of the cost in the carrying amount of an item of property, plant and equipment ceases when the items are in the location and condition necessary for it to be capable of operating in the manner intended by the management.

Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment includes:

- a) its purchase price including import duties, non refundable purchase taxes after deducting trade discounts and rebates;
- b) any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management; and
- c) borrowing costs, if any.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Company and its cost can be measured reliably. The carrying amount of the part so replaced is derecognized. The costs relating to day-to-day servicing of property, plant and equipment are recognized in statement of profit or loss as incurred.

Depreciation

Depreciation is charged to income on a diminishing balance method at the rates mentioned in the note 6.1 except for lease hold land which is depreciated on a straight line basis. Depreciation is charged from the date the asset is put into operation and discontinued from the date the asset is retired.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if appropriate.

b) Capital work in progress

Capital work in progress is stated at cost less impairment, if any and consists of expenditure incurred and advances made in respect of tangible and intangible assets during the course of their construction and installation. Transfers are made to relevant assets category as and when assets are available for intended use.

Disposal

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in the statement of profit or loss.

5.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any.

Subsequent expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditures are expensed out as incurred.

Amortization

Amortization is charged to statement of profit or loss on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the date of use and discontinued from the date the asset is retired.

5.3 Stores and spares

Stores, spares and loose tools are valued at lower of weighted average cost and net realizable value, less provision for impairment, if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon less impairment, if any.

Provision for obsolete and slow moving stores, spares and loose tools is determined based on management's estimate regarding their future usability.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to be incurred to make the sale.

5.4 Stock in trade

Stock in trade is valued at the lower of cost and net realizable value less provision for impairment, if any. Except for stock in transit, cost incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw and packing material are recorded at purchase cost on weighted average basis.
- Finished goods and work in process are valued at average production cost which includes cost of direct material, direct expenses and overheads.

Cost for stock in transit comprises invoice value plus other charges incurred thereon upto the reporting date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost necessary to be incurred to make the sale.

5.5 Impairment of non-financial assets

The carrying amounts of the Company's non financial assets, other than deferred tax assets and inventories are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

5.6 Deferred government grant

The deferred government grant is measured upon initial recognition as the difference between fair value of the loan and loan proceeds. The fair value of the loan is the present value of the loan cash flows, discounted using the prevailing market rates of interest for a similar instrument. Subsequently, the grant is recognized in statement of profit or loss, in line with the recognition of interest expenses the grant is compensating.

5.7 Financial instruments

5.7.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortized cost.

Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

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

Impairment

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

5.7.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

5.7.3 Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

5.7.4 Derecognition

The financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

5.8 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

5.9 Derivative financial instruments

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in statement of profit or loss as incurred. Subsequent to initial recognition, when a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting or when the derivative does not qualify for hedge accounting are measured at fair value and all changes in its fair value are recognised immediately in statement of profit or loss.

The fair value of forward exchange contracts is estimated using appropriate valuation techniques. These are carried as assets when the fair value is positive and liabilities when the fair value is negative.

5.10 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

5.11 Investments in associates

Entities in which the Company has significant influence directly or indirectly but not control and which are neither subsidiaries nor joint venture of the Company are associates and are accounted for under the equity method of accounting (equity accounted investees).

These investments are initially recognized at cost. The financial statements include the associates' share of profit or loss and movements in other comprehensive income, after adjustments, if any, to align the accounting policies with those of the Company, from the date that significant influence commences until the date it ceases. Share of post acquisition profit/loss of associates is recognized in the statement of profit or loss. Distributions received from associates reduce the carrying amount of investment. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that investment (including any long-term interests that, in substance, form part of the Company's net investment in the associate) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

The carrying amount of investments in associates is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to statement of profit or loss. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of carrying amount that would have been determined if no impairment loss had been recognized. A reversal of impairment loss is recognized in the statement of profit or loss.

5.12 Employee Benefits

5.12.1 Post retirement benefits

5.12.1.1 Defined contribution plan - Provident fund

The Company operates a provident fund scheme for its permanent employees. Obligation for contributions to the fund are recognized as an expense in statement of profit or loss when they are due. A trust has been established and its approval has been obtained from the Commissioner of Income tax. Monthly contributions are made by the Company and its employees to the fund as per Company policy.

5.13 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any.

Deferred

Deferred tax is recognized using the statement of financial position liability method, providing for all the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that are enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits or taxable temporary difference will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

5.14 Foreign currencies translations

Transactions in foreign currencies are translated into Pakistani Rupees at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into Pakistani Rupees at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into Pakistani Rupees at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the statement of profit or loss and presented with in other income / operating expenses.

5.15 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the goods are provided, and thereby the performance obligations are satisfied. Revenue consists of baby care, oral care and hygiene which generally include single performance obligation. The Company's contract performance obligations are fulfilled at the point in time when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at that point in time, as the control has been transferred to the customers. Revenue is measured at fair value of the consideration received or receivable, excluding amount of sales tax. The Company assesses its revenue arrangements against specific criteria that must be met before revenue is recognised.

5.16 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made. Provision are reviewed at each reporting date and adjusted to reflect the current best estimates.

5.17 Dividend and appropriation

Dividend distribution to the Company's shareholders and appropriation to / from reserves is recognized in the period in which these are approved.

5.18 Earnings per share

The Company presents earnings per share (EPS) for its ordinary shares. EPS is calculated by dividing profit or loss for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

	Note	2020 Rupees	2019 Rupees
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	762,126,973	597,427,238
Capital work in progress	6.5	22,749,559	10,438,519
		<u>784,876,532</u>	<u>607,865,757</u>

6.1 Operating fixed assets

The following is the statement of operating fixed assets:

Description	Leasehold land Note 6.4	Building on leasehold land Note 6.4	Plant and machinery Note 6.4	Office equipments	Furniture and fittings	Computers	Motor vehicles	Total
Net carrying value basis year ended June 30, 2020								
Opening net book value	115,959,403	80,412,492	386,472,900	4,746,782	7,387,251	1,947,710	500,700	597,427,238
Addition (at cost)	-	3,730,960	221,752,040	1,892,728	5,541,515	-	-	232,917,243
Disposal (at NBV)	-	-	(191,232)	(136,520)	-	(116,157)	-	(443,909)
Depreciation charged	(1,199,278)	(8,261,338)	(55,703,988)	(803,850)	(1,151,454)	(553,551)	(100,140)	(67,773,599)
Closing net book value	114,760,125	75,882,114	552,329,720	5,699,140	11,777,312	1,278,002	400,560	762,126,973
Gross carrying value basis year ended June 30, 2020								
Cost	119,927,844	186,583,990	852,949,983	9,301,468	16,251,834	5,806,622	5,927,404	1,196,749,145
Accumulated depreciation	(5,167,719)	(110,701,876)	(300,620,263)	(3,602,328)	(4,474,522)	(4,528,620)	(5,526,844)	(434,622,172)
Closing net book value	114,760,125	75,882,114	552,329,720	5,699,140	11,777,312	1,278,002	400,560	762,126,973
Net carrying value basis year ended June 30, 2019								
Opening net book value	117,158,681	66,233,079	241,744,751	5,337,928	4,722,841	2,877,128	625,875	438,700,283
Addition (at cost)	-	21,126,859	176,445,337	356,071	3,394,278	61,499	-	201,384,044
Disposal (at NBV)	-	-	(5,018,421)	(169,652)	(8,575)	(139,352)	-	(5,336,000)
Depreciation charged	(1,199,278)	(6,947,446)	(26,698,767)	(777,565)	(721,293)	(851,565)	(125,175)	(37,321,089)
Closing net book value	115,959,403	80,412,492	386,472,900	4,746,782	7,387,251	1,947,710	500,700	597,427,238
Gross carrying value basis year ended June 30, 2019								
Cost	119,927,844	182,853,030	634,026,605	7,672,730	10,710,319	6,160,122	5,927,404	967,278,054
Accumulated depreciation	(3,968,441)	(102,440,538)	(247,553,705)	(2,925,948)	(3,323,068)	(4,212,412)	(5,426,704)	(369,850,816)
Net book value	115,959,403	80,412,492	386,472,900	4,746,782	7,387,251	1,947,710	500,700	597,427,238
Depreciation rate (% per annum)	1%	10%	10%	10% & 30%	10%	30%	20%	

6.2 Depreciation has been allocated as follows:

	Note	2020 Rupees	2019 Rupees
Cost of sales	27	62,422,792	33,409,052
Selling and distribution expenses	28	2,829,343	1,907,577
Administrative and general expenses	29	2,521,464	2,004,460
		67,773,599	37,321,089

6.3 Particulars of Company's immovable property (i.e. lands and buildings) are as follows:

Particulars	Location	Area
Building		
Office premises	PECHS, Karachi	13,165.24 Sq. fts.
Office premises	Business Avenue, PECHS, Karachi	1,945.00 Sq. fts.
Factory	Landhi Industrial Area, Karachi	95,309.00 Sq. fts.
Land		
Leasehold land	Landhi Industrial Area, Karachi	12,279.00 Sq. yards
Leasehold land	PECHS, Karachi	2,041.10 Sq. yards
Leasehold land	Kot Lakhpat, Lahore	15 Marla 50 Sq. fts.

		2020 Rupees	2019 Rupees
6.4	Details of property, plant and equipment - Acquired under Diminishing Musharakah arrangements		
	Leasehold Land	110,911,933	112,061,981
	Building on leasehold Land	7,111,868	7,902,077
	Plant and machinery	311,864,271	159,818,808
		<u>429,888,072</u>	<u>279,782,866</u>
6.5	Capital work in progress		
	Civil works	-	887,615
	Plant and machinery	10,511,453	5,891,654
	Advances to suppliers	12,238,106	2,076,750
	Others	-	1,582,500
		<u>22,749,559</u>	<u>10,438,519</u>
6.5.1	Movement of carrying amount is as follows:		
	Opening balance	10,438,519	2,422,503
	Additions (at cost) during the year	215,007,933	12,234,640
		225,446,452	14,657,143
	Transfer to operating fixed assets during year	(202,696,893)	(4,218,624)
	Closing balance	<u>22,749,559</u>	<u>10,438,519</u>
7	INTANGIBLE ASSETS		
	Computer software	7.1 466,667	-
7.1	Net carrying value basis		
	Opening net book value	-	33,334
	Additions (at cost)	560,000	-
	Amortization charge	(93,333)	(33,334)
	Closing net book value	<u>466,667</u>	<u>-</u>
	Gross carrying value basis		
	Cost	4,787,334	4,227,334
	Accumulated amortization	(4,320,667)	(4,227,334)
	Net book value	<u>466,667</u>	<u>-</u>
	Amortization rate % per annum	33.33%	33.33%
7.2	Amortisation has been allocated as follows:		
	Cost of sales	27 86,667	11,111
	Selling and distribution expenses	28 -	11,111
	Administrative and general expenses	29 6,666	11,112
		<u>93,333</u>	<u>33,334</u>

- 7.3 Intangible assets as at June 30, 2020 include items having an aggregate cost of Rs. 4.227 million (2019: Rs. 4.227 million) that have been fully amortized and are still in use of the Company.

	Note	2020 Rupees	2019 Rupees
8 INVESTMENT IN EQUITY ACCOUNTED ASSOCIATE			
Carrying value		4,000,000	4,000,000
Less: Share of loss on equity accounted associate		(504,341)	-
	8.1	<u>3,495,659</u>	<u>4,000,000</u>

- 8.1 This represents investment made in ordinary shares of Rs. 10 each of Saaf Sehatmand Services (Private) Limited that represents 10% (i.e 400,000 shares) of the total holding of the Company. Further, the Company has significant influence over investee based on shareholders' agreement, accordingly, the investment has been accounted for as equity accounted associate.

9 STORES AND SPARES

Stores and spares		34,235,092	27,297,142
Provision against slow moving stores and spares	9.1	(2,936,012)	(4,155,540)
		<u>31,299,080</u>	<u>23,141,602</u>
9.1 Provision for slow moving stores and spares			
Balance at the beginning of the year		4,155,540	1,079,504
Provision (reversed) / recognized during the year		(1,219,528)	3,076,036
Balance at the end of the year		<u>2,936,012</u>	<u>4,155,540</u>

10 STOCK-IN-TRADE

Manufacturing:			
Raw and packing materials			
in hand		368,201,325	266,400,674
in transit		2,812,801	28,560,663
		<u>371,014,126</u>	<u>294,961,337</u>
Work-in-process		17,609,185	19,439,910
Finished goods	10.1	49,062,083	54,395,435
Trading:			
in hand	10.1	14,691,491	23,520,461
		<u>452,376,885</u>	<u>392,317,143</u>

- 10.1 This includes finished goods with cost of Rs. 18.940 million (2019: 9.240 million) which are being carried at their net realizable value of Rs. 17.479 million (2019: 8.075 million).

		Note	2020 Rupees	2019 Rupees
11	TRADE DEBTS			
	(Unsecured - considered good)			
	Due from associated undertakings	11.1	12,633,008	13,837,698
	Others		31,101,360	9,136,575
			43,734,368	22,974,273
	(Unsecured - considered doubtful)			
	Others		4,807,189	7,915,401
	Allowance for expected credit losses	11.4	(4,807,189)	(7,915,401)
			43,734,368	22,974,273
11.1	This comprises of amounts receivable from:			
	Premier Agencies		12,425,861	11,828,604
	Pharmevo (Private) Limited		13,500	899,964
	Scitech Health (Private) Limited		139,500	1,002,154
	Memon Medical Institute		37,767	106,976
	Zamam Textile Mills (Private) Limited		16,380	-
		11.2	12,633,008	13,837,698
11.2	The aging of related party balances at the statement of financial position date is as follows:			
	Not past due		12,544,450	11,932,641
	Past due from 1-30 days		84,551	902,903
	Past due from 31 days onward		4,007	1,002,154
			12,633,008	13,837,698
11.3	The maximum amount due from related parties at the end of any month during the year was Rs. 13.00 million (2019: Rs. 123.97 million).			
11.4	Allowance for expected credit losses			
	Balance at the beginning of the year		7,915,401	6,370,977
	Provision (reversed) / allowance for expected credit losses		(3,108,212)	1,544,424
	Balance at the end of the year		4,807,189	7,915,401
12	LOANS AND ADVANCES			
	Loan to employees		100,000	193,772
	Advances			
	to suppliers	12.1	11,413,162	796,441
	to others		818,274	1,805,939
			12,231,436	2,602,380
			12,331,436	2,796,152
12.1	This represents advances to suppliers in the normal course of business and does not carry any interest or mark-up.			

	Note	2020 Rupees	2019 Rupees
13 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
LC margin		-	5,154,800
Security deposits	13.1	493,996	1,543,997
Prepayments		55,864	192,368
Sales tax receivable		1,045,580	7,591,552
		<u>1,595,440</u>	<u>14,482,717</u>

13.1 This represents short term deposits in the normal course of business and does not carry any interest or mark-up.

14 TAXATION - NET			
Advance taxation		62,263,860	77,598,633
Income tax refundable		58,456,084	25,969,324
Provision for taxation	33	(13,628,231)	(36,851,367)
		<u>107,091,713</u>	<u>66,716,590</u>

14.1 During the years ended June 30, 2018 and June 30, 2019, the Federal Board of Revenue (FBR) has issued the notices to the Company under section 161(A) read with section 205 of the Income Tax Ordinance, 2001 relating to the monitoring of withholding of income taxes for the tax year 2017 and 2018. The Company has submitted the required details, however, till now no further correspondence / notice has been received from FBR.

15 CASH AND BANK BALANCES			
Cash in hand			
Local currency		160,502	139,065
Foreign currency		533,740	578,555
		<u>694,242</u>	<u>717,620</u>
Cash at bank			
Current account	15.1	766,252	826,362
		<u>1,460,494</u>	<u>1,543,982</u>

15.1 This includes balances amounting to Rs. 0.559 million (2019: Rs. 0.105 million) with Shariah compliant banks.

16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Number of ordinary shares of Rs. 10/- each			
2020	2019		
3,000,000	3,000,000	Fully paid in cash	30,000,000
900,000	900,000	Issued as fully paid bonus shares	9,000,000
<u>3,900,000</u>	<u>3,900,000</u>		<u>39,000,000</u>

16.1 Percentage of shares held by Directors, Chief Executive Officer and their spouses as at June 30, 2020 is 74.46% (2019: 74.46%).

16.2 The Company has one class of ordinary shares which carry no rights to fixed income. The holders of shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meeting of the Company. All shares rank equally with regard to the Company's residual assets.

17 LOAN FROM CHIEF EXECUTIVE AND DIRECTOR

The Company has obtained a long term interest free loan from the Chief Executive and the Director for an amount of Rs. 92.7 million (2019: 21.70 million) and Rs. 17.30 million (2019: nil) respectively. This loan is unsecured with no maturity period and repayable at the discretion of the Company. The loan has been classified as per the requirements of Technical Release - TR 32 'Accounting Directors' Loan' issued by the Institute of Chartered Accountants of Pakistan.

18 CAPITAL RESERVES

Capital reserve includes share premium reserve as per section 81 of the Companies Act, 2017 this can be used for the following purposes:

- to write off preliminary expenses of the Company;
- to write off expenses of, or the commission paid or discount allowed on, any issue of shares of the Company; and
- in providing for the premium payable on the redemption of any redeemable preference shares of the Company.

The Company may also use the share premium account to issue bonus shares to its members.

19 DEFERRED TAXATION

Deferred tax credits / (debits) arising in respect of :

Taxable temporary differences:

Property, plant and equipment

Deductible temporary differences

Intangible asset

Trade and other receivables, including advances

Inventories

Tax loss

Note	2020 Rupees	2019 Rupees
	69,389,551	54,800,406
	(161,904)	-
	(1,300,586)	(2,296,430)
	(1,805,918)	(2,928,897)
	(23,555,743)	-
	<u>42,565,400</u>	<u>49,575,079</u>

20 LONG TERM FINANCING - SECURED

	Installment payable	Repayment period	Profit rate	Note	2020 Rupees	2019 Rupees
Shariah Arrangements						
Bank Al-Habib Limited - Islamic banking	Quarterly	2017-22	0.50% above 6 months KIBOR	20.1 & 20.2	38,500,000	55,000,000
Bank Al-Habib Limited - Islamic banking	Quarterly	2019-25	0.75% above 6 months KIBOR	20.1 & 20.2	41,011,167	-
Bank Al-Habib Limited - Islamic banking	Quarterly	2019-25	1% above 6 months KIBOR	20.1 & 20.2	76,558,376	-
Meezan Bank Limited	Quarterly	2019-21	1% above 3 months KIBOR	20.1 & 20.3	2,470,490	12,352,457
Meezan Bank Limited	Quarterly	2019-22	1% above 3 months KIBOR	20.1 & 20.3	4,377,510	7,660,642
Meezan Bank Limited	Quarterly	2019-25	1% above 3 months KIBOR	20.1 & 20.3	7,077,570	8,404,614
Meezan Bank Limited	Quarterly	2019-25	1% above 3 months KIBOR	20.1 & 20.3	15,468,421	-
Meezan Bank Limited	Quarterly	2019-25	1% above 3 months KIBOR	20.1 & 20.3	5,191,301	-
Meezan Bank Limited	Quarterly	2019-25	1% above 3 months KIBOR	20.1 & 20.3	4,729,660	-
Meezan Bank Limited	Quarterly	2019-25	1.2% above 3 months KIBOR	20.1 & 20.4	86,990,710	102,342,012
					282,375,205	185,759,725
Non shariah Arrangements						
Habib Metropolitan Bank	Quarterly	2021-22	2% above SBP Rate	20.5	44,258,119	-
					326,633,324	185,759,725
Less: Current portion shown under current liabilities						
Shariah Arrangements						
Bank Al-Habib Limited - Islamic banking				20.2	(9,753,243)	(55,000,000)
Meezan Bank Limited				20.3 & 20.4	(7,175,981)	(36,497,270)
					(16,929,224)	(91,497,270)
Non shariah Arrangements						
Habib Metropolitan Bank				20.5	(6,250,614)	-
					303,453,486	94,262,455

20.1 As per State Bank of Pakistan relief package, all of the principal payments under diminishing musharakah arrangements were deferred by one year. Consequently, the term for all of arrangements is increased by a year.

20.2 The Company has a long term loan arrangement with Bank Al-Habib Limited - Islamic banking for an amount of Rs. 236.64 million (2019: Rs. 110 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. 25.57 million (2019: Rs. 22 million) on which, profit was 13.57% to 15.08% (2019: 7.43% to 13.55%) 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 head office property, first exclusive charge of particular machinery of the Company and personal guarantee of Chairman of the Board of Directors.

20.3 The Company has a long term loan arrangement with Meezan Bank Limited for an amount of Rs. 61.66 million (2019: Rs. 34.45 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. 16.31 million (2019: Rs. 6.03 million) on which, profit was 12.15% to 14.91% (2019: 9.90% to 11.67%) 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.

- 20.4 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. 15.35 million on which, profit was 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.
- 20.5 The Company has entered a long term loan arrangement with Habib Metropolitan Bank Limited of an amount of 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	2020 Rupees	2019 Rupees
21 DEFERRED GOVERNMENT GRANT			
Government grant	21.1	5,746,794	-
Less: Current portion shown under current liabilities		(2,884,006)	-
		<u>2,862,788</u>	<u>-</u>

- 21.1 During the year, the Company received long term finance facility from Habib Metropolitan Bank Limited under Refinancing Scheme of the State Bank of Pakistan amounting to Rs. 50.00 million specifically for paying salaries and wages to Company's employees. The tenor of the financing is two and half years including six months grace period and are repayable in 8 equal quarterly installments commencing from January 2021. Subsequent to year end, Institute of Chartered Accountants of Pakistan (ICAP) issued the guidance for accounting of said financing through circular No. 11/2020, and based on this, the Company recognized the Deferred Government Grant in accordance with the requirements of 'IAS 20-Accounting for Government Grants and Disclosure of Government Assistance'.

22 TRADE AND OTHER PAYABLES

Creditors		62,461,909	48,078,999
Accrued liabilities	22.1	8,957,302	8,748,767
Retention money		24,382	24,382
Sales tax payable		24,287,632	-
Workers' welfare fund		-	1,712,586
Workers' profit participation fund	22.2	-	4,596,699
Advances from customers - unsecured		17,771,497	18,194,696
		<u>113,502,722</u>	<u>81,356,129</u>

22.1 Accrued liabilities

Salaries, wages and other benefits	650,073	157,184
Accrued expenses	7,712,224	7,942,335
Auditors' remuneration payable	595,005	649,248
	<u>8,957,302</u>	<u>8,748,767</u>

	Note	2020 Rupees	2019 Rupees
22.2 Workers' profit participation fund			
Opening Balance		4,596,699	5,240,671
Provision made during the year		-	4,596,699
		4,596,699	9,837,370
Interest on funds utilised in the Company's business		34,503	155,898
		4,631,202	9,993,268
Amounts paid		(4,631,202)	(5,396,569)
		-	4,596,699

22.3 The investments by the provident fund in collective investment schemes, listed equity and debts securities have been made in accordance with the conditions specified in section 218 of the Companies Act, 2017 and rules specified thereunder.

23 ACCRUED PROFIT

Long-term financing from Banks			
Shariah Arrangement:			
Diminishing musharakah		5,253,518	3,173,229
Non shariah Arrangement:			
Salary refinancing		90,562	-
Short-term borrowings from Banks			
Murabaha financing		5,753,187	4,219,542
Musharakah financing		6,041,584	5,719,781
Istisna financing		1,628,615	-
		13,423,386	9,939,323
		18,767,466	13,112,552

24 SHORT TERM BORROWINGS - SECURED

From banking companies - secured			
Islamic mode			
Murabaha finance		144,005,933	193,912,819
Running musharakah		182,998,057	187,004,382
Istisna financing		114,950,277	-
	24.1	441,954,267	380,917,201

24.1 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 (2019: Rs. 550 million) out of which Rs. 225 million (2019: Rs 200 million) is interchangeable with running musharakah & Rs. 223.13 million (2019: Nil) with istisna. In addition, the Company has running musharakah facility of Rs. 50 million (2019 Rs. 50 million). During the period, profit rate on such arrangements ranged between KIBOR + 0.30% to KIBOR + 0.75% (2019: KIBOR + 0.30% to KIBOR + 0.75%) per annum.

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

- 25.1.1 During the year 1999, Beecham Group Plc filed a suit in Honorable High Court of Sindh against the Company for permanent injunction, restraining infringement, passing off the trademark "Flex". Beecham Group Plc also filed a JM in Honorable High Court of Sindh in 1999, for rectification of the Company's registered trademark "Shield Flex". The Company, in relation to defending the above mentioned cases and the trademark for Rs. 42 million (2019: Rs. 42 million), submitted a bank guarantee of Rs. 5 million (2019: Rs. 5 million) as per order of Honorable High Court of Sindh passed on August 13, 1999. Based on the Company's legal counsel advice, the management is of the opinion that both cases will be decided in Company's favour and hence no provision has been made in these financial statements.
- 25.1.2 In addition to the aforesaid guarantee, contingent liability in respect of other guarantees as at June 30, 2020 was Rs. 7.10 million (2019: Rs. 5.85 million). Out of this, Rs. 5.2 million (2019: Rs. 4 million) and Rs. 1.76 million (2019: Rs. 1.76 million) represents the bank guarantee issued to Pakistan State Oil against commercial and fleet cards for fuel & diesel and to K-Electric Limited as security deposits respectively.
- 25.1.3 The Company has filed a suit for infringement and passing off its Trade Mark Shield on May 8, 2014 against Dalda Foods (Private) Limited and vide order dated September 16, 2014 temporary injunction till disposal of the suit was confirmed by the Court. Later on Dalda Foods (Private) Limited preferred an appeal against the confirmation of stay order which was allowed by Division Bench of Honorable High Court of Sindh on March 19, 2016. Shield Corporation Limited appealed before the Honorable Supreme Court of Pakistan.
- The Honorable Supreme Court of Pakistan referred the case to the Honorable High Court with direction to decide the case on merits. Based on the Company's counsel advice, the management is of the opinion that the case is likely to be decided in the Company's favour.
- 25.1.4 The Company has filed a constitutional petition in Honourable High Court of Sindh on March 6, 2017 against impugned recovery notice dated January 20, 2017 for Rs. 2.5 million of Karachi Municipal Corporation (KMC) on account of Municipal Utility Charges Tax (MUCT) arrears in which stay was granted by the Honorable High Court of Sindh on March 7, 2017. Based on the Company's legal counsel advice, the management is hopeful for the favorable outcome of the court case and hence no provision has been made in these financial statements.
- 25.1.5 The Company has filed a constitutional petition in Honourable High Court of Sindh on December 26, 2019 against Federation of Pakistan, Federal Board of Revenue and Commissioner of Inland Revenue challenging the changes made through Finance Act, 2019 in relation to curtailment of tax credit under section 65B from the period June 30, 2021 to June 30, 2019 and additionally reducing tax credit under section 65B from 10% to 5%, for the tax year 2019. The Honourable High Court of Sindh has granted a stay order and consequently the Company has claimed tax credit. In case the decision comes against the Company, the expense of the Company will be Rs. 26.284 million. Based on the Company's legal counsel advice, the management is of the opinion that the matter will be decided in favour of the Company, therefore no provision has been made in these financial statements.
- 25.1.6 The Company has filed a constitutional petition in Honourable High Court of Sindh on April 28, 2020 against Federation of Pakistan, National Electric Power Regulatory Authority and K-Electric Limited challenging the retrospective ISPA levy amounting to Rs. 5,166,379/- that is related to the period from July 2019 to December 2019. The Honourable High Court of Sindh has granted a stay order against the said levy. The Company, has submitted a cheque of the aforesaid amount in favour of the Nazir of the Sindh High Court. Based on the Company's legal counsel advice, the management is of the opinion that the case will be decided in Company's favour and hence no provision has been made in these financial statements.

25.2 Commitments

25.2.1 The Company has letter of credit commitments for purchases amounting to Rs. 18.509 million (2019: Rs. 62.258 million).

25.2.2 The Company has letter of credit and other commitments for capital expenditures amounting to Rs. 42.291 million (2019: Rs. 163.670 million).

		Note	2020 Rupees	2019 Rupees
26	SALES - NET			
	Gross sales			
	Local sales			
	Baby care		1,850,308,670	1,573,560,264
	Oral care		297,548,936	749,165,707
	Hygiene		42,943,448	-
			2,190,801,054	2,322,725,971
	Export sales			
	Baby care		245,766	2,846,997
	Oral care		424,630	2,458,698
		26.1	670,396	5,305,695
	Sales tax		(321,324,797)	(339,613,436)
			1,870,146,653	1,988,418,230
	Discounts		(161,525,999)	(209,623,358)
			1,708,620,654	1,778,794,872
26.1	Information by geographical area			
	Mozambique		670,396	-
	Afghanistan		-	3,454,389
	Qatar		-	1,851,306
			670,396	5,305,695

26.2 Out of the total sales, sales to premier agencies a related party comprise of 89.22% (2019: 90.62%)

COST OF SALES

	Note	2020 Rupees	2019 Rupees
Raw and packaging materials consumed	27.1	842,534,428	602,140,923
Salaries, wages and other benefits	27.2	179,858,229	149,253,510
Fuel and power		54,210,024	48,823,839
Stores and spares consumed		32,653,673	26,138,830
Depreciation	6.2	62,422,792	33,409,052
Amortization	7.2	86,667	11,111
Repairs and maintenance		16,355,521	13,619,219
Traveling and conveyance		1,615,668	6,078,660
Rents, rates and taxes		4,158,763	191,050
Insurance		3,293,663	2,329,442
Freight		1,749,910	163,177
Printing and stationery		662,010	555,518
Postage, telegram and telephone		1,336,510	1,403,019
Others		2,664,833	3,731,751
		1,203,602,691	887,849,101
Opening inventory of work in process		19,439,910	12,282,326
Closing inventory of work in process		(17,609,185)	(19,439,910)
		1,830,725	(7,157,584)
		1,205,433,416	880,691,517
Opening inventory of finished goods (including trading goods)		77,915,896	88,627,473
Purchase of trading goods		73,005,840	330,654,735
Closing inventory of finished goods (including trading goods)		(63,753,574)	(77,915,896)
		87,168,162	341,366,312
		1,292,601,578	1,222,057,829
27.1 Raw & packaging material consumed			
Opening stock		266,400,674	147,487,967
Purchases		944,335,079	721,053,630
		1,210,735,753	868,541,597
Closing stock		(368,201,325)	(266,400,674)
		842,534,428	602,140,923
27.2 Detail of salaries, wages and other benefits			
Salaries, wages and other benefits		176,286,140	146,499,633
Provident fund contributions		3,572,089	2,753,877
		179,858,229	149,253,510

		2020	2019
	Note	Rupees	Rupees
28 SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages and other benefits	28.1	126,572,780	124,376,219
Traveling and conveyance		40,126,891	39,672,992
Depreciation	6.2	2,829,343	1,907,577
Amortization	7.2	-	11,111
Advertisement and sales promotion		57,409,241	116,755,409
Postage, telegram and telephone		546,629	876,229
Vehicle repairs and maintenance		1,768,971	2,249,109
Printing & stationery		62,912	89,575
Insurance		134,460	416,502
Freight		43,871,254	41,516,899
Legal and professional		2,057,800	3,738,450
Others		1,962,461	6,883,717
		<u>277,342,742</u>	<u>338,493,789</u>
28.1 Detail of salaries, wages and other benefits			
Salaries, wages and other benefits		125,524,170	122,372,470
Provident fund contributions		1,048,610	2,003,749
		<u>126,572,780</u>	<u>124,376,219</u>
29 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries, wages and other benefits	29.1	44,559,623	42,077,146
Repairs and maintenance		4,639,433	5,043,110
Depreciation	6.2	2,521,464	2,004,460
Amortization	7.2	6,666	11,112
Traveling and conveyance		280,889	428,446
Postage, telegram and telephone		1,128,489	1,366,379
Rent, rates and taxes		295,270	228,850
Insurance		208,016	222,396
Electricity and water charges		1,208,960	2,261,983
Printing and stationery		1,108,563	1,234,212
Legal and professional		9,119,830	7,574,071
Security charges		325,585	547,815
Fees and subscription		838,849	799,233
Director meeting fees		440,000	380,000
Charity and donations	29.2	400,000	440,000
Auditors' remuneration	29.4	684,105	684,105
Others		21,079	229,441
		<u>67,786,821</u>	<u>65,532,759</u>

	Note	2020 Rupees	2019 Rupees
29.1 Detail of salaries, wages and other benefits			
Salaries, wages and other benefits		42,517,426	40,101,940
Provident fund contributions		2,042,197	1,975,206
		<u>44,559,623</u>	<u>42,077,146</u>
29.2 Break down of donation is as follows:			
Family Educational Services Foundation		240,000	240,000
Pak Rehabilitation Education Welfare Association		160,000	200,000
		<u>400,000</u>	<u>440,000</u>
29.3	The directors or their spouses have no interest in the donation made during the year.		
29.4 Auditors' remuneration			
Annual audit fee		550,000	550,000
Half yearly review fee		31,931	31,931
Compliance with corporate governance review fee		27,500	27,500
Out of pocket		24,000	24,000
Sales Tax		50,674	50,674
		<u>684,105</u>	<u>684,105</u>
30 OTHER OPERATING EXPENSES			
Provision for:			
Workers' Profit Participation Fund		-	4,596,699
Workers' Welfare Fund		-	1,712,586
Workers' Welfare Fund - prior		-	(54,968)
Slow moving stores and spares		-	3,076,036
Provision against doubtful advances		-	492,375
Loss on foreign exchange		409,189	11,258,056
Allowance for expected credit losses	11.4	-	1,544,424
Loss on disposal of fixed assets		179,075	4,920,671
		<u>588,264</u>	<u>27,545,879</u>
31 OTHER OPERATING INCOME			
Scrap sales		5,588,991	2,048,824
Reversal of impairment loss on trade receivables	11.4	3,108,212	-
Grant income		253,316	-
Reversal of provision:			
Workers' Welfare Fund - prior		1,061,478	-
Slow moving stores and spares		1,219,528	-
		<u>11,231,525</u>	<u>2,048,824</u>

	Note	2020 Rupees	2019 Rupees
32 FINANCE COSTS			
Shariah Arrangement			
Profit on short term borrowings		59,208,758	30,090,483
Rent on diminishing musharakah		40,783,562	10,535,949
Guarantee commission		14,208	67,540
Bank charges		408,682	693,498
		100,415,210	41,387,470
Non-Shariah Arrangement			
Interest on WPPF		34,503	155,898
Interest on salary refinancing		343,878	-
Guarantee commission		23,296	46,444
Bank charges		66,051	4,870
		100,882,938	41,594,682
33 TAXATION			
Current			
for the year		13,628,231	36,851,367
prior year		(8,019,649)	6,231,953
		5,608,582	43,083,320
Deferred		(7,009,679)	18,205,714
	33.1	(1,401,097)	61,289,034
33.1 Relationship between taxation expense and accounting profit			
(Loss) / profit before taxation		(19,854,505)	85,618,758
Tax at the applicable income tax rate of 29% (2019:29%)		(5,757,806)	24,829,440
Tax effect of inadmissible expenses / losses			
Impact of turnover tax		26,161,419	-
Tax effect of income assessed under final tax regime		3,554,904	38,988,892
Tax credit allowed		(17,462,624)	(8,822,267)
Prior year tax		(8,019,649)	6,231,953
Others		122,660	61,016
		(1,401,097)	61,289,034
34 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED			
(Loss) / profit for the year		(18,453,408)	24,329,724
		(Number of shares)	
		2020	2019
Weighted average number of ordinary shares in issue during the year		3,900,000	3,900,000
(Loss) / earnings per share basic and diluted		(4.73)	6.24

		2020	2019
	Note	Rupees	Rupees
35 CASH FLOW FROM OPERATIONS			
(Loss) / profit before taxation		(19,854,505)	85,618,758
Adjustments for:			
Depreciation	6.2	67,773,599	37,321,089
Amortization	7.2	93,333	33,334
Share of loss	8	504,341	-
(Reversal) / allowance for expected credit losses	11.4	(3,108,212)	1,544,424
(Reversal) / provision against slow moving stores and spares	9.1	(1,219,528)	3,076,036
Provision against doubtful advances		-	492,375
Exchange Loss		409,189	11,258,056
Loss on disposal of property, plant and equipment		179,075	4,920,671
Finance costs	32	100,882,938	41,594,682
Changes in:			
Stores and spares		(6,937,950)	(10,087,145)
Stock-in-trade		(60,059,742)	(141,160,865)
Trade receivables		(17,651,883)	19,996,814
Loans and advances		(9,535,284)	7,323,786
Long term deposits		(561,540)	-
Trade deposits and short term prepayments		12,887,277	28,875,666
Trade and other payables		32,146,593	(33,393,610)
Cash flows generated from operations		95,947,701	57,414,071

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

	Note	Long term financing 20	Loan from a Director 17	Short term borrowings 24	Dividend payable	Total
Opening balance as at 1 July 2019		185,759,725	21,700,000	193,912,819	1,007,517	402,380,061
Dividend declared					4,875,000	4,875,000
Proceeds from long term loans		203,861,737	-	-	-	203,861,737
Loan proceeds from a director		-	-	-	-	-
Proceeds from short term borrowings		-	-	637,042,754	-	637,042,754
Repayment of long term loans		(57,241,344)	-	-	-	(57,241,344)
Repayment of short term borrowings		-	-	(571,999,363)	-	(571,999,363)
Dividend paid		-	-	-	(4,844,277)	(4,844,277)
		146,620,393	-	65,043,391	(4,844,277)	206,819,507
Closing balance as at 30 June 2020		332,380,118	21,700,000	258,956,210	1,038,240	614,074,568

	Note	2020 Rupees	2019 Rupees
36 CASH AND CASH EQUIVALENTS			
Running musharakah - secured	24	(182,998,057)	(187,004,382)
Cash and bank balances	15	1,460,494	1,543,982
		<u>(181,537,563)</u>	<u>(185,460,400)</u>

37 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reports issued to the chief operating decision maker, the chief executive officer has been identified as the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments.

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

38.1 Risk management policies

The Company's objective in managing risks is the creation and protection of shareholders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Audit Committee 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. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

38.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

Exposure to credit risk

Credit risk of the Company arises principally from the trade debts, deposits, loan and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2020 Rupees	2019 Rupees
Deposits	5,866,926	6,355,387
Loans	100,000	193,772
Trade receivables	43,734,368	22,974,273
Bank balances	766,252	826,362
	<u>50,467,546</u>	<u>30,349,794</u>

All the trade debtors at the reporting date represent domestic parties.

The maximum exposure to credit risk before any credit enhancements for trade debts at the reporting date by type of customer was as follows:

	2020 Rupees	2019 Rupees
Distributor	12,425,861	9,886,953
Institutions / others	31,308,506	13,087,320
	<u>43,734,367</u>	<u>22,974,273</u>

Based on the past experience, consideration of financial position, past track records and recoveries, the management does not expect non-performance on its credit exposure. Accordingly, the credit risk is minimal.

The aging of trade receivable at the reporting date is:

Not past due	37,154,775	18,637,319
Past due 1-30 days	958,478	2,546,378
Past due 31-180 days	7,968,097	1,882,336
Past due 181 - 360 days	663,403	4,118,671
Above 360 days	1,796,804	3,704,970
	<u>48,541,557</u>	<u>30,889,674</u>
Allowance for expected credit losses	<u>(4,807,189)</u>	<u>(7,915,401)</u>
	<u>43,734,368</u>	<u>22,974,273</u>

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis. The ratings of banks ranges from A to AAA.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

38.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations 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 stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments, if any:

Non derivative financing liability

	Carrying amount	On Demand	Contractual Cash Flows	Less than one year	Two to five years
(Rupees in thousands)					
2020					
Long-term financing	326,633,324	-	326,633,324	23,179,838	303,453,486
Trade and other payables	71,443,593	-	71,443,593	71,443,593	-
Accrued profit	18,767,466	-	18,767,466	18,767,466	-
Short-term borrowings	441,954,267	-	441,954,267	441,954,267	-
	858,798,650	-	858,798,650	555,345,164	303,453,486
2019					
Long-term financing	185,759,725	55,000,000	130,759,725	91,497,270	94,262,455
Trade and other payables	56,852,148	-	56,852,148	56,852,148	-
Accrued profit	13,112,552	-	13,112,552	13,112,552	-
Short-term borrowings	380,917,201	-	380,917,201	380,917,201	-
	636,641,626	55,000,000	581,641,626	542,379,171	94,262,455

38.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The Company is not exposed to price risk.

a) Currency risk

Foreign currency risk is the risk that the future cash flow of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company's exposure to foreign currency risk is as follows:

	Euro		USD		JPY	
	2020	2019	2020	2019	2020	2019
Foreign creditors	-	-	-	70,875	-	-
Outstanding letter of Credit	20,767	-	236,240	686,411	11,010,000	112,603,530
Net exposure	20,767	-	236,240	757,286	11,010,000	112,603,530

The following significant exchange rates have been applied.

	Average rate		Reporting date rate	
	2020	2019	2020	2019
	Rupees			
USD to PKR	158.23	170.20	168.05	160.05
Euro to PKR	175.00	198.99	188.61	182.32
JPY to PKR	1.46	1.62	1.56	1.49

Sensitivity analysis

At the reporting date, if the PKR had strengthened by 10% against the USD, Euro and JPY with all other variables held constant, profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign creditors.

Effect on profit	2020	2019
USD	3,970,013	12,120,522
Euro	391,686	-
JPY	1,717,560	16,743,019
	<u>6,079,259</u>	<u>28,863,541</u>

The weakening of the PKR against USD, Euro and JPY would have had an equal but opposite impact on the profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short term borrowings. At the Statement of Financial Position date the interest rate profile of the Company's interest -bearing financial instruments is as follows:

2020	2019	2020	2019
Effective rate		Carrying amount	
(In percent)		(Rupees in thousands)	

Financial liabilities

Variable rate instruments

Long term loans	12.15 - 15.08	7.44 - 13.53	282,375,206	185,759,725
Short term borrowings	8.19 - 14.58	6.94 - 13.55	182,998,057	187,004,382
			<u>465,373,263</u>	<u>372,764,107</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increase / (decrease) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the prior year.

	Profit and loss	
	100 bps increase	100 bps decrease
	(Rupees in thousands)	
As at June 30, 2020		
Cash flow sensitivity - Variable rate financial liabilities	<u>4,653,733</u>	<u>(4,653,733)</u>
As at June 30, 2019		
Cash flow sensitivity - Variable rate financial liabilities	<u>3,727,641</u>	<u>(3,727,641)</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

	Note	2020 Rupees	2019 Rupees
38.5 Financial instruments by category			
Financial assets at amortized cost			
Deposits		5,866,926	6,355,387
Loan to employees		100,000	193,772
Trade debts	11	43,734,368	22,974,273
Cash and bank balances	15	1,460,494	1,543,982
		<u>51,161,788</u>	<u>31,067,414</u>
Financial liabilities at amortized cost			
Long term financing - secured	20	326,633,324	185,759,725
Trade and other payables	22	71,443,593	56,852,148
Accrued profit	23	18,767,466	13,112,552
Short term borrowings - secured	24	441,954,267	380,917,201
		<u>858,798,650</u>	<u>636,641,626</u>

39 FAIR VALUE MEASUREMENT OF 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 between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset either directly that is, derived from prices.
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

As of the reporting date, none of the financial instruments of the company are carried at fair value.

The carrying values of all other financial assets and liabilities reflected in these financial statements approximate their fair values.

The Company has not disclosed the fair values for all other financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

40 TRANSACTIONS AND BALANCES 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:

Name	Nature of relationship	Basis of relationship	Nature of transaction	2020 Rupees	2019 Rupees
Premier Agencies	Associated undertaking	Common Director	Sale of goods - net off discount of Rs. 147.97 million (2019: Rs. 190.63 million)	1,524,362,581	1,611,892,242
			Reimbursement of selling and distribution expenses	167,087,160	114,525,934
Scitech Health (Private) Limited	Associated undertaking	Common Director	Sale of goods - net off discount of Rs. 0.07 million (2019: Rs. 0.68 million)	53,081	(1,065,358)
Memon Medical Institute	Associated undertaking	Common Director	Sale of goods	260,290	442,990
PharmEvo (Private) Limited	Associated undertaking	Common Director	Sale of goods	221,572	769,200
			Purchase of fixed asset	-	1,730,684
Zaman Textile Mills (Private) Limited	Associated undertaking	Common Director	Sale of goods	14,000	-
Employees provident fund	Retirement benefit fund	Employees benefit fund	Contribution made	6,662,896	6,732,832
Mr. Muhammad Haroon Qassim	Related parties	Chief Executive	Loan received	71,000,000	21,700,000
Mr. Muhammad Salman Qassim	Related parties	Director	Loan received	17,300,000	-
Key management personnel	Related parties	Executives	Remuneration and benefits	26,608,520	36,595,071

40.1 Year end balances

Receivable from related parties	12,633,008	13,837,698
Payable to related parties	-	477,112
Long-term financing from associated undertaking / Director	110,000,000	21,700,000

40.2 The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executive (note 41)". There are no transactions with key management personnel other than under their terms of employment.

41 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

a) The aggregate amount charged in the financial statements for remuneration, including all benefits to Chief Executive, Directors and Executives of the Company is as follows:

	2020				2019			
	Chief Executive	Director	Executives	Total	Chief Executive	Director	Executives	Total
	(Rupees)							
Managerial remuneration	-	-	34,149,387	34,149,387	-	-	43,830,904	43,830,904
Gratuity	-	-	-	-	-	-	-	-
Provident fund	-	-	3,152,067	3,152,067	-	-	2,604,275	2,604,275
Meeting fees	-	440,000	-	440,000	-	380,000	-	380,000
Other benefits	-	-	30,424,467	30,424,467	-	-	27,358,520	27,358,520
Total	-	440,000	67,725,921	68,165,921	-	380,000	73,793,699	74,173,699
Number of persons	1	4	15	20	1	4	16	21

- b) The Chief Executive and Executive Director have not drawn any remuneration.
- c) The Chief Executive is provided with free use of company maintained cars in accordance with his entitlements.
- d) The Chief Executive, Executives and their families are also covered under group life and hospitalization insurance. A director is also covered under group hospitalization scheme.
- e) Chairman of the Board, Chief Executive and Executive Director have not drawn any board and its committees attendance fees from the company.

42 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

The Company's objectives when managing capital are:

- (i) to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders.
- (ii) to maintain an optimal capital structure to reduce the cost of capital.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

	2020 Rupees	2019 Rupees
The proportion of debt to equity at the year end was:		
Total Borrowings (notes 20 & 24)	768,587,591	566,676,926
Less: Cash and bank balances (note 15)	(1,460,494)	(1,543,982)
Net debt	767,127,097	565,132,944
Total equity	493,892,995	428,921,403
Total capital	1,261,020,092	994,054,347
Gearing ratio	60.83%	56.9%

43 CAPACITY AND PRODUCTION

The production capacity of the plant can not be determined as this depends upon relative proportion of various products and components.

44 IMPACT OF COVID - 19 ON THE FINANCIAL STATEMENTS

As in the rest of the world, COVID-19 adversely affected lifestyles and business operations in Pakistan. In March 2020, the Government announced a temporary lock down as a measure to reduce the spread of the COVID-19 including lockdown of businesses, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown and disruptions to various businesses. Company's sales and production activities were affected during lockdown. Factory operations remained suspended for a couple of weeks in compliance with lockdown directives by government. Later, under strict adherence to Standard operating procedures (SOPs), major factory sections were partially opened in April, and gradually by end of Quarter 2 complete factory operations were resumed.

The Government of Pakistan and State Bank of Pakistan also announced several monetary and fiscal policy measures to mitigate the adverse economic impacts of the COVID-19, including but not limited to reduction in the policy rate, introduction of various financing options, etc.

In order to mitigate the effects of COVID-19, the management has adopted several measures comprising of improving production efficiencies, cost reductions, utilization of State Bank of Pakistan Payroll Refinancing Scheme and deferment of principal payment of long term loans for a period of one year.

The management has also assessed the accounting implications of these developments on these financial statements, and there is no significant accounting impact of the effects of COVID-19 in these financial statements, except as disclosed in note 20.5 and 21.1, that require special disclosure in the notes to the financial statements.

45 NUMBER OF EMPLOYEES

The number of employees as at period ended June 30, 2020 were 94 (2019: 99) and average number of employees during the year were 95 (2019: 102).

46 DATE OF AUTHORIZATION FOR ISSUE

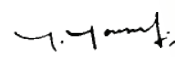
These financial statements were authorized for issue on September 22, 2020 by the Board of Directors of the Company.

47 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the period.


Mohammad Haroon Qassim
Chief Executive


Vali Muhammad A. Habib
Director


Yasir Yousuf Chhabra
Chief Financial Officer

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 49th Annual General Meeting (AGM) of the shareholders of the Company will be held on Tuesday, October 27, 2020 at 9:30 a.m. at 109, Business Avenue, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi to transact the following business:

Ordinary Business

1. To confirm the minutes of the last Extra Ordinary General Meeting held on July 20, 2020.
2. To receive, consider and adopt the audited Financial Statements for the year ended June 30, 2020 along with Auditors' and Directors' reports thereon.
3. To appoint auditors of the Company for the year ending June 30, 2021 and fix their remuneration. The Members are hereby notified that the Audit Committee and the Board of Directors have recommended the name of retiring auditors M/s. BDO Ebrahim & Co., Chartered Accountants for re-appointment as Auditors of the Company.

By order of the Board

Hafiz Muhammad Hasan
Company Secretary

Karachi: September 22, 2020

Notes:

1. The Share Transfer Book of the Company will remain closed from October 20, 2020 to October 27, 2020 (both days inclusive).
2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend, speak and vote on his / her behalf. Forms of proxy must be deposited at the registered office of the Company not less than 48 hours before the time of the meeting.
3. Shareholders (non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi. All the Shareholders holding their shares in book entry form are requested to please update their addresses and Zakat status with their respective Participants.
4. Under the provisions of Section 242 of the Companies Act, 2017 and the Companies (Distribution of Dividends) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. Shareholders who have not yet submitted their International Bank Account Number (IBAN) are requested to fill in Electronic Credit Mandate Form available on the Company's website; www.shield.com.pk and send it duly signed along with a copy of CNIC to the Registrar of the Company in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services.
5. As per provisions of Section 244 of the Companies Act, 2017, any dividend and / or share certificate which are remained unclaimed or unpaid for a period of three years from the date these have become due and

payable, the Company shall be liable to deposit those unclaimed / unpaid amounts with the Federal Government as per the directives to be issued by SECP from time to time.

6. In accordance with SRO 470(I)/2016 dated May 31, 2016, SECP has allowed the companies to circulate the annual audited financial statements to its members through CD / DVD / USB instead of transmitting the hard copies at their registered addresses. The Company has obtained shareholders' approval in its 46th Annual General Meeting held on October 27, 2017. Accordingly, the Annual Report of the Company for the year ended June 30, 2020 is being dispatched to the shareholders through DVD. Shareholders may request the Company Secretary or share registrar of the Company for transmitting the hard copy of annual audited accounts by filing a 'Standard Request Form' available on Company's website and the same will be provided at his / her registered address, free of cost, within one week of receipt of request.
7. As per section 72 of the Companies Act, 2017 every existing Company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Securities and Exchange Commission of Pakistan, within a period not exceeding four years from the commencement of the Companies Act, 2017. The shareholders having physical shareholding may please open CDC sub-account with any of the brokers or investors account directly with CDC to place their physical shares into script-less form.
8. Shareholders can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

I/We _____ of _____ being a member of Shield Corporation Limited, holding _____ ordinary shares as per Registered Folio / CDC Account No. _____ hereby opt for video conference facility at _____.

Name and signature

Date

The Company will intimate members regarding venue of video conference facility at least 7 days before the date of General Meeting along with complete information necessary to enable them to access such facility.

9. Company has designated an email address general.meetings@shield.com.pk through which members can provide comments/suggestions for the proposed agenda items of the meeting.
10. Shareholders can exercise their right to poll subject to meeting of requirement of Section 143 to 145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.
11. CDC Account Holders will further have to follow the under mentioned guideline as laid down in circular 1 dated January 26, 2000 issued by SECP.

A. For Attending the Meeting

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

- i. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies

- i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
 - ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned in the form.
 - iii. Attested copies of CNIC or passport of beneficial owner and the proxy shall be furnished with the proxy form.
 - iv. The proxy shall produce his / her original CNIC or passport at the time of the meeting. In case of corporate entity, the Board of Directors' resolution / power of attorney with the specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
12. Pursuant to Para 3(a) of SRO 634(I)/2014 dated July 10, 2014 issued by the SECP the financial statements and reports have been placed on website of the Company.

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Company Secretary

Shield Corporation Limited

Office No 1007, 10th Floor, Business Avenue,
Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-74500, Pakistan
Tel: [92-21] 34385003-4 Fax: [92-21] 34556344

کمپنی سیکریٹری

آفس 1007، بزنس ایونیو، بلاک 6

پی، ای، سی، ایچ، ایس، شاہراہ فیصل

کراچی: 74500، پاکستان

میں/ہم..... بحیثیت رکن شیلڈ کارپوریشن لمیٹڈ اور حامل

(نام و پتہ)

..عام حصص..

(نام و پتہ)

..کویا ان کی غیر حاضری کی صورت میں ..

(نام و پتہ)

کو جو کہ خود بھی شیلڈ کارپوریشن لمیٹڈ کے رکن ہیں، ۲۷ اکتوبر ۲۰۲۰ء کو ہونے والے سالانہ اجلاس عام میں شرکت کرنے اور میرے/ہمارے ایمپلائز کے لئے یہ کسی بھی التوا کی صورت میں اپنا/ہمارا پر کسی (مقرر) مقرر کرتا ہوں۔

آج بروز بتاریخ میرے / ہمارے دستخط ان کی موجودگی میں کیے گئے:

محصول نمک

چسپاں کریں

پہلے گواہ کے دستخط

دوسرے گواہ کے دستخط

نام:

北

[illegible]

				-							-	CNIC نمبر
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شیمٹر ہولڈر کے دستخط

七

..... فو لیو نمبر یا سی ڈی سی اکاؤنٹ نمبر:

نوٹس

1- رکن سے درخواست ہے کہ

(۱) محصول نمک اور پر مخصوص جگہ پر لگائیں

(ب) بالکل ویسی دستخط کریں جیسے کہ کمپنی کے رجسٹر میں کیے گئے ہیں

(ج) اپنا فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر لکھیں

2۔ درج بالا پراسسی کی تقرری کے منظر ہونے کے لیے ضروری ہے کہ یہ فارم کینی کوئیننگ شروع ہونے سے 48 گھنٹے قبل کینی کے رجسٹرڈ آفس 1007 ایرنس ایونیو، بلاک 6، پی، ای، سی، ایچ، ایس، ہسٹا ہراو فیصل کراچی پر موصول ہو جائے۔

3- اس مختار نامہ (پراکسی فارم) میں کسی بھی قسم کی تبدیلی و ترمیم کا مجاز وہی فروہے جس نے اس پر دستخط کیے ہیں۔

4۔ جوائنٹ ہولڈرز ہونے کی صورت میں سینئر رکن اپنا ووٹ کا خواہ خود اندراج کرے یا مختار کار کے ذریعے، یہ تسلیم کر لیا جائے گا کہ دوسرے جوائنٹ ہولڈرز کے ووٹ خارج ہو گئے ہیں۔ اس حوالے سے سینئر ہونے کا تعین رجسٹر میں درج ناموں کی ترتیب کے حساب سے کیا جائے گا۔

5۔ مختار کار کا کمپنی کارکن ہونا ضروری ہے۔

سی ڈی سی اکاؤنٹ ہولڈرز/کارپوریٹ ادارے کے لیے

درج بالا کے علاوہ ذیل کی شرائط و ضوابط پر بھی پورا اترنا ضروری ہے:

1۔ مختار نامہ (پراسکی فارم) پر گواہ کے طور پر دوا فراہم کرنے کے دستخط ہونے چاہئیں، اور ان کے نام، پتے اور قومی شناختی کارڈ نمبر فارم میں درج ہوں۔

2- مختار نامہ (براہی فارم) کے ساتھ بینفشیہ (مستفید ہونے والے فرد) اور مختار کار کے شناختی کارڈ یا پاسپورٹ کی نقول موجود ہوں

3۔ مختار کار کو میٹنگ کے وقت اپنا اصل شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔

4۔ کارپوریٹ ادارہ ہونے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/ماوراء اٹارنی کے دستخط، اگر سیکرٹری عام نے گئے ہوں، مختار نامہ (براہی کی فارم) کے ہمراہ کمپنی میں جمع کرانا ہوں گے۔

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Company Secretary

Shield Corporation Limited

Office No 1007, 10th Floor, Business Avenue,

Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-74500, Pakistan

Tel: [92-21] 34385003-4 Fax: [92-21] 34556344

اظہار تشکر

ہم باقاعدہ تعریف اور اظہار تشکر کرنا چاہتے ہیں:

- اپنے بورڈ کے رفقاء کی قابل قدر ہمنائی اور حمایت پر مشکور ہیں
- اپنے قابل قدر کسٹمرز اور کنزیومرز کا جنھوں نے ہماری پروڈکٹس پر بھرپور اعتماد کیا اور کمپنی کی پائیدار ترقی میں اپنی حمایت اور تعاون کو یقینی بنایا۔
- اپنے ملازمین کا، جو اپنی پر عزم کوششوں، وفاداری اور لگن کا مظاہرہ کر رہے ہیں۔
- اپنے قابل احترام سپلائرز، مینکریز، اور تمام اسٹیک ہولڈرز کا جو ہماری کمپنی کی مسلسل ترقی میں اپنی مدد اور حصہ ملا رہے ہیں۔

بورڈ آف ڈائریکٹرز کی طرف سے

ولی محمد اے حبیب
ڈائریکٹر

محمد ہارون قاسم
چیف ایگزیکٹو

کراچی: ۲۲ ستمبر ۲۰۲۰ء

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک پر بیان

ڈائریکٹرز کی ذمہ داریوں کا بیان

- a- بورڈ کمپنی کی حکمت عملی کی سمت کا مسلسل جائزہ لیتا رہتا ہے۔ چیف ایگزیکٹو کی جانب سے بزنس کے فروغ کے لیے طے کیے گئے سالانہ منصوبوں اور کارکردگی کے اہداف پر کمپنی کے مجموعی مقاصد کی روشنی میں بورڈ نظر ثانی کرتا ہے۔ بورڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات کو برقرار رکھنے کے لیے پرعزم ہے۔ کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کی ترمیم شدہ لسٹنگ رولز کی دفعات سے ہم آہنگ ہے اور مکمل تعمیل کرتی ہے۔
- b- کارپوریٹ گورننس کے لیے بہترین طریقوں پر عمل کے سلسلے میں لسٹنگ ریگولیشنز میں درج تفصیلات سے کسی بھی مرحلے پر روگردانی نہیں کی گئی ہے۔
- c- کمپنی کی مینجمنٹ کی جانب سے تیار کیے گئے فنانشل اسٹیٹمنٹس میں معاملات کی اصل حالت، آپریشنز کے نتائج، جامع اور مکمل آمدنی، یکیش کی روانی اور ایکویٹی میں ہونے والی تبدیلیاں واضح طور پر عیاں کی گئی ہیں۔
- d- کمپنی کے اکاؤنٹ کی باقاعدہ بکس مرتب کی گئی ہیں۔
- e- فنانشل اسٹیٹمنٹس کی تیاری کیلئے اکاؤنٹنگ کی معقول پالیسیز کا اطلاق کیا جاتا ہے اور اکاؤنٹنگ تخمینے انتہائی مناسب اور محتاط فیصلوں کی بنیاد پر مبنی ہیں۔
- f- فنانشل انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کے مطابق تیار کیے جاتے ہیں، جو کہ پاکستان میں قابل اطلاق ہیں اور ان سے کسی بھی نوعیت کے انحراف کو مناسب انداز میں ظاہر اور واضح کیا گیا ہے۔
- g- کمپنی نے بہت جامع اور مکمل انٹرنل کنٹرول سسٹم برقرار رکھا ہوا ہے، جس سے فنانشل اسٹیٹمنٹ میں کسی بھی غیر ارادی یا ارادتا غلط بیانی یا نقصان کے خلاف معقول یقین دہانی حاصل ہو جاتی ہے۔ انٹرنل کنٹرول سسٹم کا مسلسل جائزہ لیا جاتا رہتا ہے۔ اسے بورڈ کی آڈٹ کمیٹی باضابطہ دیکھتی ہے اور ضرورت کے مطابق اپ ڈیٹ کیا جاتا ہے۔
- h- کمپنی کی قابلیت اور صلاحیت سے متعلق کسی بھی معاملے میں کسی شک و شبہ کی گنجائش نہیں ہے۔
- i- سال ۲۰۱۹-۲۰ کے دوران کسی بھی واجب الادا قرض کی ادائیگی کے حوالے سے کسی نا دہندگی کا سامنا نہیں ہوا۔
- j- کسی بھی قسم کے بقایا جات، قانونی الزامات ٹیکسز اگر کوئی ہوں، انہیں فنانشل اسٹیٹمنٹس میں واضح کر دیا گیا ہے۔
- k- پروویڈنٹ فنڈ کی سرمایہ کاری کی رقم اس کے آڈٹ شدہ اکاؤنٹس کے مطابق 41.57 ملین روپے ہے۔
- l- گذشتہ 6 سال کے لیے اہم آپرینٹنگ اور فنانشل ڈیٹا کا خلاصہ ساتھ منسلک ہے۔
- m- کمپنی کے تمام ڈائریکٹرز، ڈائریکٹرز ٹریننگ پروگرام سے متعلق کوڈ آف کارپوریٹ گورننس کی شرائط اور ضروریات کے ساتھ مطابقت رکھتے ہیں۔

مستقبل کا منظر نامہ

عالمی اور مقامی معاشی نقطہ نظر، عالمی وباء کی دوسری لہر کے خوف کو دیکھتے ہوئے غیر یقینی ہے۔ اس کے لئے آگے کے سخت مرحلے میں استحکام کو یقینی بنانے کے لئے سوچے سمجھے اور فیصلہ کن پالیسی رعمل کی ضرورت ہے۔ محدود مالی وسائل اور خارجی دباؤ کے ساتھ ممکنہ معاشی منظر ناموں کا جائزہ لینا حکومت کیلئے خصوصی اہمیت کا حامل ہے جبکہ اس کے نتیجے میں فوری طور پر انکشافی پیش رفتوں کا جواب دینے کیلئے اقدامات کئے جا رہے ہیں۔

ہم شیلڈ میں مستقل ترقی اور کامیابی پر یقین رکھتے ہیں۔ اسی لیے ہم نئی پروڈکٹ کیٹیگریز کی شناخت اور نشانہ بندی کے لیے سرگرم رہتے ہیں۔ یہ موجودہ کیٹیگریز کے لیے ضمنی اضافہ ثابت ہوں گی اور شیلڈ کی برانڈ پاور کو فائدہ پہنچانے کا سبب بنیں گی۔

مستقبل قریب میں ملک کی معیشت میں بہتری کے آثار نظر نہیں آرہے ہیں۔ کمپنی اپنی ڈسٹریبیوشن کی مسابقتی برتری کے ذریعے مسابقتی قیمت کاری کی حکمت عملی کے ساتھ ان آزمائشوں پر قابو پانے کا ارادہ رکھتی ہے۔ کمپنی کو یہ بھی یقین ہے کہ وہ آج کئے گئے مصارفِ اصلی کے بھی مستقبل میں ثمرات حاصل کرے گی۔

5۔ کمپلائنس کے خطرات

خطرات

ریگولیٹری باڈیز کے ذریعے قانونی فریم ورک میں ترامیم

اثرات کو کم کرنے کی حکمت عملی

کسی بھی قانون شکنی سے محفوظ رہنے کے لیے ریگولیٹری فریم ورک میں کی گئی تازہ ترین اپ ڈیٹس پر نگاہ رکھی جاتی ہے۔ ملازمین کو قوانین اور قواعد و ضوابط میں کی جانے والی حالیہ تبدیلیوں سے ہر لمحہ آگاہ رکھنے کے لیے ٹریننگز کرائی جاتی ہیں۔

بعد کے واقعات

کمپنی کے مالیاتی سال کے اختتام سے اس رپورٹ کے درمیان کوئی اہم تبدیلی نہیں ہوئی جس کا اثر اس سال کے مالیاتی نتائج پر اثر انداز ہو۔

بیرونی آڈیٹرز

میسرز بی ڈی اوبرائیم اینڈ کو چارٹرڈ اکاؤنٹنٹس، کمپنی کے آڈیٹرز کی حیثیت سے ریٹائر ہوئے ہیں۔ بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی کی تجویز پر میسرز بی ڈی اوبرائیم اینڈ کو چارٹرڈ اکاؤنٹنٹس کی ۳۰ جون ۲۰۲۱ کو ختم ہونے والے سال کے لیے باہمی رضامندی سے طے کی گئی فیس پر تقرری کی سفارش کرتا ہے۔

اندرونی آڈیٹرز

انٹرنل آڈٹ کی خدمات میسرز ڈیلوٹ یوسف عادل چارٹرڈ اکاؤنٹنٹس سے لی جاتی ہیں اور انٹرنل آڈٹ کے سربراہ اور بورڈ کی آڈٹ کمیٹی کو رپورٹ پیش کی جاتی ہے۔ یوں انٹرنل کنٹرولز کے نظام اور انٹرنل آڈٹ کے طریقہ کار کا جائزہ لیا جاتا ہے۔

کمپنی برنس کے ماحول پر اثرات

کمپنی EMS ISO 14001 کی کمپلائنس اور سرویلنس کے ذریعے ماحول پر پڑنے والے اثرات کو کم سے کم کرنے کے لیے پرعزم ہے۔

ہر شعبے میں ماحولیاتی تشخیص کے لیے چارٹ کی نشاندہی کی گئی ہے جس میں درج ذیل ماحولیاتی امور کا احاطہ کیا گیا ہے:

- ویسٹ مینجمنٹ کی حکمت عملیوں کے ذریعے آلودگی سے بچاؤ اور وسائل کی کھپت کو کم کیا جاتا ہے، ان طریقوں سے مناسب حد تک نکلنے والے کچرے اور فضلے وغیرہ کے اخراج کے دوبارہ استعمال کو کم سے کم کرنے، ریکوری اور ری سائیکلنگ کو فروغ ملتا ہے۔
- قدرتی وسائل جیسے بجلی، قدرتی گیس، تیل، ڈیزل اور پانی کے استعمال کی باقاعدہ نگرانی اور جانچ کی جاتی ہے۔ ہم ایسی ٹیکنالوجیز کے حصول کے لیے سرمایہ کاری جاری رکھے ہوئے ہیں، جو توانائی کے استعمال کے حوالے سے زیادہ کارگر ہوں اور جنہیں ہم اپنی موجودہ مشینوں سے بدل سکیں۔
- ماہانہ فائر ڈرلز کے ساتھ ایمرجنسی میں تیار رہنے کی مشق کی جاتی ہے۔ تمام اسٹاف کو اپنے ماحولیاتی پروگرام کی تربیت دی جاتی ہے اور انہیں اس میں شریک ہونے اور حصہ لینے کے قابل بنایا جاتا ہے۔

غرض کہ، ماحول کی بہتری سے وابستہ ہمارا عزم دائرہ عمل یعنی ہمارے صارفین، اسٹاف اور کمیونٹی تک وسعت اختیار کرتا ہے۔

متعلقہ پارٹی ٹرانزیکشنز

لسٹنگ ریگولیشنز کی ضروریات کی تعمیل کی غرض سے کمپنی تمام متعلقہ پارٹی ٹرانزیکشنز آڈٹ کمیٹی اور بورڈ کے روبرو ان کے جائزے اور منظوری کے لیے پیش کی گئیں۔ یہ ٹرانزیکشنز آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کی اس مقصد کے لیے کی جانے والی میٹنگز میں منظوری کی گئیں۔ تمام متعلقہ پارٹی ٹرانزیکشنز کی تفصیلات مالیاتی گوشواروں کے منسلک نوٹس میں فراہم کردی گئی ہیں۔

2۔ مالی خطرات

خطرات

غیر ملکی کرنسی کی شرح میں اتار چڑھاؤ۔

اثرات کو کم کرنے کی حکمت عملی

کمپنی غیر ملکی کرنسی کی شرح میں اتار چڑھاؤ کے خطرات کم کرنے کے لیے اپنی برآمدات میں اضافہ کرنے کی کوشش کر رہی ہے۔

ہماری زیادہ تر سیلکیش یا ایڈوائس کی صورت میں ہوتی ہیں۔ کریڈٹ سیلز کے لیے گاہکوں کے لیے کریڈٹ لمٹس مقرر کی گئی ہیں۔

کمپنی کا ایک فعال کیش مینجمنٹ سسٹم ہے۔ اگر کوئی لیکویڈٹی فرق ہو تو اسے پورا کرنے کے لیے بینک کی طرف کمیڈ کریڈٹ لائنز دستیاب ہوتی ہیں۔

صارفین کمپنی کو ادائیگی کے لیے نادر ہندہ ہو جائیں۔

واجبات کی ادائیگی کے لیے مناسب کیش کی عدم دستیابی کی وجہ سے لیکویڈٹی کے مسائل کا سامنا

3۔ کرنشل خطرات

خطرات

پروڈکشن اور ڈسٹری بیوٹن کے اخراجات میں اضافے کے نتیجے میں کمپنی کے منافع میں کمی۔

اثرات کو کم کرنے کی حکمت عملی

محصولات، ڈیویژ، ریگولیٹری ڈیویژ اور دیگر اخراجات کمپنی کے کنٹرول سے باہر ہوتے ہیں۔ البتہ کمپنی ممکنہ حد تک اس خطرے کو کم سے کم کرنے کے لیے آپریشنل امور سے متعلق صلاحیتوں میں بہتری اور اخراجات پر موثر انداز میں قابو پانے کے لیے اقدامات پر عزم ہے۔ کمپنی قیمتوں میں اضافے کو آخری آپشن تصور کرتی ہے۔

کمپنی کی قیمت خرید کا موازنہ اور قابو کرنے کے لیے مختلف سپلائرز کی جانب سے دی گئی خام مال کی قیمتوں کا تجزیہ مستقل بنیادوں پر کرتی ہے۔ مزید برآں یہ بین الاقوامی خام مال سپلائرز کے ساتھ حکمت عملی پر مبنی باہمی تعلق ہے جس سے کمپنی کو قیمتوں میں مذاکرات اور میٹرل کی فوری ڈیلیوری کے فائدے مل جاتے ہیں۔

خام مال کا لاگتی جزو کمپنی کی مجموعی پیداواری لاگت کا اہم حصہ ہے۔ بین الاقوامی اقتصادی حالات کی وجہ سے سپلائرز، فراہم کردہ مصنوعات کی قیمتوں میں اضافہ۔

4۔ آپریشنل خطرات

خطرات

اہم پوزیشنز پر ملازمین کے ٹرن اوور میں اضافہ ہو جاتا ہے۔

اثرات کو کم کرنے کی حکمت عملی

کمپنی میں ملازمین کی تربیت اور ترقی دینے کا کلچر موجود ہے، ملازمین کو مختلف شعبوں میں ترقی دینے اور شعبے تبدیل کرنے کا عمل تسلسل کے ساتھ جاری رہتا ہے۔ کام کرنے کے باقاعدہ طریقہ کار اور ہدایات موجود ہیں، جس سے کسی بھی نئے ملازم کو کوئی طریقہ عمل اختیار کرنے سے پہلے رہنمائی حاصل ہوتی ہے۔ آپریٹنگ کے معیاری طریقہ کار، ملازمین کی تربیت اور آپریشنز سے متعلق نظم و نسق کو نافذ کیا جاتا ہے۔

بڑے حادثات کے خطرات کے ملازمین، ریکارڈز اور پراپرٹی پر اثرات۔

بجلی جانے کی صورت میں کمپنی کے پاس استعمال کے لیے اسٹینڈ بائے جنریٹرز موجود ہیں۔

کمپنی بجلی کی عدم دستیابی کی وجہ سے زیادہ سے زیادہ گنجائش کو آپریٹ کرنے کے قابل نہ رہے۔

رسک مینجمنٹ کمیٹی

- کمپنی کے بورڈ آف ڈائریکٹرز نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز ۲۰۱۹ کے اصولوں کے مطابق تین ممبران پر مشتمل ایک رسک مینجمنٹ کمیٹی تشکیل دی ہے۔ اس کمیٹی میں ایک ایگزیکٹو ڈائریکٹر، ایک نان ایگزیکٹو ڈائریکٹر اور ایک آزاد ڈائریکٹر شامل ہیں۔ رسک مینجمنٹ کمیٹی کی ٹرمز آف ریفرنس درج ذیل ہیں:
- تمام میٹریلز کنٹرولز کی نگرانی اور جائزہ (فنانسل، آپریشنل، کمپلائنس)
 - اس بات کو یقینی بنانا کہ خطرات کو کم سے کم کرنے کے لیے ٹھوس اقدامات اور مالیاتی معلومات کی سالمیت یقینی بنائی جاتی ہے اور
 - ڈائریکٹر رپورٹ میں کمپنی کے رسک فریم ورک اور انٹرنل کنٹرول سسٹم کو مناسب حد تک ظاہر کرنا

رسک مینجمنٹ کمیٹی کی میٹنگز

رواں سال کے دوران رسک مینجمنٹ کمیٹی کی ایک (1) میٹنگ منعقد ہوئی، جس میں کمیٹی کے ٹرمز آف ریفرنس کے تحت آنے والے معاملات پر بحث کے بعد ان کی منظوری دی گئی۔ ہر ڈائریکٹر کی حاضری ذیل کے مطابق رہی:

نام	کمیٹری	میٹنگز	منعقدہ	شرکت کردہ
جناب محمد ہارون قاسم	چیئر مین	1	1	1
جناب پیر محمد	رکن	1	1	1
جناب ولی محمد اے حبیب	رکن	1	1	1

رسک مینجمنٹ

کمپنی کی ایکٹیویٹیز سے مختلف نوعیت کے خطرات واضح ہو کر سامنے آئے ہیں۔ مجموعی طور پر کمپنی کے رسک مینجمنٹ پروگرام کی بنیادی توجہ اسی نکتے پر مرکوز ہے کہ کمپنی کی کارکردگی پر اثر انداز ہونے والے ممکنہ منفی عوامل کو کم سے کم کیا جائے۔ کمپنی کی تمام رسک مینجمنٹ، کمپنی کی سینئر مینجمنٹ ٹیم کے ذریعے کی جاتی ہے اور اس کے نتائج رسک مینجمنٹ کمیٹی اور بورڈ آف ڈائریکٹرز کے ساتھ شیئر کیے جاتے ہیں۔ یہ کمپنی کی املاک کی شناخت، جائزے اور حکمت عملی، فنانسل، کمرشل، آپریشنل اور کمپلائنس رسک کو کم سے کم کرنے کے لیے جو اقدامات کرتی ہے وہ ذیل میں بیان کیے گئے ہیں:

1۔ حکمت عملی سے متعلق خطرات

خطرات

- صارفین کی ترجیح میں تبدیلی کی صورت میں کمپنی بے بی کیئر مصنوعات میں اپنا مارکیٹ صارفین کی ضرورت اور پسند کے مطابق مصنوعات فراہم کرنے کے مقصد کے تحت نئی ٹیکنالوجی کو استعمال کرنے کے لیے سرمایہ کاری کر رہی ہے۔
- خفیہ/ماکانہ معلومات کو غیر متعلقہ اور غیر مجاز رسائی سے محفوظ رکھنے کے لیے آئی ٹی کنٹرولز اور فائر والز کے ذریعے موثر بنایا جاتا ہے۔ خلاف ورزیوں، غلطیوں اور بے قاعدگیوں کے خطرات کی نگرانی اور ان کی کم سے کم کرنے کے لیے مستقل بنیادوں پر سسٹم اپ ڈیٹس، آئی ٹی آڈٹس اور ٹریننگز کرائی جاتی ہیں۔

آڈٹ کمیٹی کی میٹنگز

رواں سال کے دوران آڈٹ کمیٹی کی چھ (6) میٹنگز ہوئیں۔ ہر رکن کی حاضری ذیل کے مطابق ہے:

نام	کمیٹری	میٹنگز	منعقدہ	شرکت کردہ
جناب عمران چشتی	چیئر مین	6	5	
جناب ولی محمد اے حبیب	رکن	6	6	
مسز سعدیہ بٹ نوید	رکن	6	4	

آڈٹ کمیٹی نے ان تمام ارکان کو غیر حاضری پر رخصت دی جو آڈٹ کمیٹی کی میٹنگز میں شریک ہونے سے قاصر رہے۔

ہیومن ریسورس اور مشاہرہ کمیٹی

بورڈ نے ایک ہیومن ریسورس اور مشاہرہ کمیٹی تشکیل دی ہے۔ تین ارکان پر مشتمل اس کمیٹی میں ایک چیف ایگزیکٹو، ایک نان ایگزیکٹو ڈائریکٹر اور ایک آزاد ڈائریکٹر ہیں، جو کہ کمیٹی کے چیئر مین بھی ہیں۔ ہیومن ریسورس اینڈ مشاہرہ کمیٹی سال میں کم از کم ایک بار ملتی ہے۔ ہیومن ریسورس اینڈ مشاہرہ کمیٹی کی ٹرمز آف ریفرنس درج ذیل ہیں:

- ڈائریکٹرز (ایگزیکٹو اور نان ایگزیکٹو دونوں ڈائریکٹرز) اور سینئر مینجمنٹ کے ممبرز جن میں چیف فنانشل آفیسر، کمپنی سیکریٹری اور انٹرنل آڈٹ کے سربراہ شامل ہیں، کے مشاہروں کا تعین کرنے کی غرض سے جائزے اور منظوری کے لیے ایک پالیسی فریم ورک بورڈ کے سامنے پیش کرنا۔
- بورڈ کی بحیثیت مجموعی اور اس کی کمیٹیوں کی کارکردگی کا سالانہ جائزہ۔
- ہیومن ریسورس مینجمنٹ کی پالیسیز کی بورڈ کو تجویز دینا۔
- بورڈ کو چیف فنانشل آفیسر، کمپنی سیکریٹری اور انٹرنل آڈٹ کے سربراہ کے انتخاب، جائزہ و تعین، ڈیولپمنٹ، معاوضے (بشمول ریٹائرمنٹ کے فوائد) کی تجاویز دینا۔

- جہاں ہیومن ریسورس اور مشاہرہ کے مشیروں کی تقرری عمل میں آتی ہے، کمیٹی بھی ان کے کوائف اور اسناد سے آگاہ ہو جائے گی اور ان کی جانب ایک اقرار بھی کیا جائے گا آیا کہ ان کا کمپنی کے ساتھ کوئی اور تعلق تو نہیں۔

ہیومن ریسورس اور مشاہرہ کمیٹی کی میٹنگز

رواں سال کے دوران ہیومن ریسورس اور مشاہرہ کمیٹی کی دو (2) میٹنگز منعقد ہوئیں، جس میں کمیٹی کے ٹرمز آف ریفرنس کے تحت آنے والے معاملات پر بحث کے بعد ان کی منظوری دی گئی۔ ہر رکن کی حاضری ذیل کے مطابق رہی:

نام	کمیٹری	میٹنگز	منعقدہ	شرکت کردہ
جناب عمران چشتی	چیئر مین	2	1	
جناب محمد ہارون قاسم	رکن	2	2	
جناب ولی محمد اے حبیب	رکن	2	2	

ہیومن ریسورس اور مشاہرہ کمیٹی نے ان تمام ارکان کو غیر حاضری پر رخصت دی جو کہ میٹنگز میں شریک ہونے سے قاصر رہے۔

آڈٹ کمیٹی

آڈٹ کمیٹی 3 نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے جن میں سے ایک خود مختار ڈائریکٹر آڈٹ کمیٹی کے چیئر مین ہیں۔ آڈٹ کمیٹی سال میں کم از کم 4 بار اجلاس کرتی ہے۔ انٹرئل آڈٹ کا سربراہ آڈٹ کمیٹی کے سیکریٹری کے فرائض سرانجام دیتا ہے۔ آڈٹ کمیٹی کی ٹرمز آف ریفرنس کی تفصیل درج ذیل ہے:

- کمپنی کے اثاثہ جات کی حفاظت کے لیے مناسب اقدامات کرنے کا عزم۔
- بورڈ آف ڈائریکٹرز کی منظوری سے قبل، کمپنی کے سالانہ اور عبوری مالیاتی گوشواروں کا جائزہ۔
- بیرونی اشاعت سے قبل نتائج کے ابتدائی اعلانات کا جائزہ۔
- بیرونی آڈٹ میں سہولت فراہم کرنا اور آڈیٹرز کے ساتھ عبوری اور حتمی آڈٹ میں سامنے آنے والے اہم مشاہدات اور کوئی ایسا معاملہ جسے آڈیٹر نمایاں کرنا چاہیں، پر گفتگو کرنا (مینجمنٹ کی غیر حاضری میں، جہاں ضروری ہو)۔
- بیرونی آڈیٹرز کی جانب سے جاری کیے گئے انتظامیہ خط اور اس پر انتظامیہ کے رد عمل کا جائزہ۔
- کمپنی کے اندرونی اور بیرونی آڈیٹرز کے درمیان ہم آہنگی کو یقینی بنانا۔
- انٹرئل آڈٹ، آڈٹ پلان، رپورٹنگ فریم ورک اور طریقہ کار اور حد کا جائزہ اور یہ یقینی بنانا کہ انٹرئل آڈٹ فنکشن مناسب وسائل کا حامل ہے اور کمپنی میں انتہائی موثر انداز سے موجود ہے۔
- اندرونی تحقیقات میں سامنے آنے والی جعل سازی، بدعنوانی اور اختیارات کے غلط استعمال جیسی سرگرمیوں کے حوالے سے نمایاں معاملات اور اس پر مینجمنٹ کے رد عمل پر غور و خوص۔
- انٹرئل کنٹرول سسٹمز بشمول مالی اور آپریشنل کنٹرولز کو یقینی بنانا، ساتھ ہی بروقت اور مناسب انداز سے خرید و فروخت، رسیدیں اور ادائیگیاں، اثاثہ جات اور ذمہ داریاں اور رپورٹنگ کا طریقہ کار انتہائی مناسب اور موثر ہے۔
- بورڈ آف ڈائریکٹرز کی تصدیق اور اندرونی آڈٹ رپورٹس سے قبل، انٹرئل کنٹرول سسٹمز پر کمپنی کے بیان کا جائزہ۔
- چیف ایگزیکٹو آفیسر کی مشاورت سے خاص پروجیکٹس کے قیام، روپے کے حوالے سے مطالعہ یا بورڈ کی جانب سے نشاندہی کیے گئے کسی بھی معاملے کی تحقیقات کرنا اور ایکسٹرنل آڈیٹرز یا کسی اور ایکسٹرنل باڈی سے متعلق ریمینٹس کے کسی بھی معاملے پر غور و خوص۔
- متعلقہ قانونی ضروریات کی مطابقت کا تعین۔
- لیکینیئر (کوڈ آف کارپوریٹ گورننس) ریگولیشنز ۲۰۱۹ کے اصول و ضوابط اور اس حوالے سے نمایاں خلاف ورزیوں کی نشاندہی کے ساتھ مطابقت کا جائزہ۔
- عملے اور انتظامیہ کے لیے انتظامات کا جائزہ لینا تاکہ آڈٹ کمیٹی کو اعتماد کے ساتھ رپورٹ جس کے تحت اگر کوئی مالیاتی یا کسی اور معاملے سے متعلق اصل یا متوقع غلطیوں اور اس کے ازالے اور کمی کے لیے اقدامات کرنا۔
- بورڈ آف ڈائریکٹرز کو ایکسٹرنل آڈیٹرز کی تقرری، ان کے اخراج، آڈٹ فیس، ایکسٹرنل آڈیٹرز کی جانب سے ان کے مالیاتی گوشواروں کے ساتھ ساتھ کمپنی کو فراہم کی گئی اور خدمت کا جائزہ لینے کی سفارش کرنا۔ بورڈ آف ڈائریکٹرز آڈٹ کمیٹی کی تجاویز پر مناسب طریقے سے غور کرے گا اور جہاں ضروری ہو اس پر عمل بھی کیا جائے گا بصورت دیگر یہ وجوہات کو ریکارڈ کرے گا۔
- کسی اور مسئلے یا معاملے پر غور و خوص، جو بورڈ آف ڈائریکٹرز کی جانب سے متعین کیا جاسکتا ہے۔

2	خود مختار ڈائریکٹرز
3	دیگر نان ایگزیکٹو ڈائریکٹرز
2	ایگزیکٹو ڈائریکٹرز

بورڈ میٹنگز

اس سال کے دوران بورڈ آف ڈائریکٹرز کی آٹھ (8) میٹنگز کی گئیں۔ ہر ڈائریکٹر کی حاضری تفصیل ذیل کے مطابق ہے:

ڈائریکٹرز کے نام	میٹنگز	
	منعقدہ	شرکت کردہ
جناب ابراہیم قاسم	8	8
جناب محمد ہارون قاسم	8	8
جناب ولی محمد اے حبیب	8	8
جناب پیر محمد	8	7
مسز سعدیہ بٹ نوید	8	5
جناب عمران چشتی	8	6
جناب محمد سلمان قاسم	8	8

بورڈ نے ان تمام ڈائریکٹرز کو غیر حاضری پر رخصت دی جو بورڈ میٹنگز میں شریک ہونے سے قاصر رہے۔ پورے سال کے دوران کوئی بھی اتفاقی یا عارضی جگہ خالی نہیں ہوئی۔

ڈائریکٹرز کے لیے مشاہرے کی پالیسی

بورڈ ممبران کے مشاہرے کی منظوری بورڈ خود کرتا ہے۔ تاہم کوڈ آف کارپوریٹ گورننس کے مطابق اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے مشاہرے کے فیصلے میں حصہ نہ لے۔ کمپنی نان ایگزیکٹو ڈائریکٹرز بشمول خود مختار ڈائریکٹرز کو مشاہرہ ادا نہیں کرتی سوائے اجلاسوں میں شرکت کی فیس کے۔ ۲۰-۲۰۱۹ میں ڈائریکٹرز اور سی ای او کے مشاہرے سے متعلق معلومات کے لیے، براہ مہربانی مالیاتی گوشواروں کے نوٹس کو دیکھیں۔

شیئر ہولڈنگ کا طریقہ کار

کوڈ آف کارپوریٹ گورننس کو ملحوظ خاطر رکھتے ہوئے ۳۰ جون ۲۰۲۰ کے مطابق شیئر ہولڈنگ کے طریقہ کار اور اس کی تشہیر اس رپورٹ کے ساتھ منسلک ہے۔ بورڈ نے منافع کی تشہیر کے لیے کمپنی کے شیئر رکھنے والے ایگزیکٹوز کی جانب سے حد کا جائزہ لیا، جس میں چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، انٹرنل آڈٹ کے ہیڈ اور کمپنی سیکریٹری شامل ہیں۔ ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، انٹرنل آڈٹ کے ہیڈ اور کمپنی سیکریٹری، ان کے/کی شریک حیات اور چھوٹے بچوں نے کمپنی کے شیئرز کی کوئی تجارت یا خرید و فروخت نہیں کی۔

شیلڈ ٹوٹھ پیسٹ بڑوں اور بچوں کی دو مختلف کنیکٹرز ایڈلٹ ریج اور کڈز ریج میں موجود ہیں۔ بڑوں کے ٹوٹھ پیسٹ دار چینی اور پودینہ کے دو منفرد ذائقوں میں دستیاب ہیں۔ ٹوٹھ پیسٹ کنیکٹرز میں مزید آگے بڑھنے اور ترقی کی کافی گنجائش اور مواقع موجود ہیں۔ شیلڈ کڈز ٹوٹھ پیسٹ اسٹرابری اور بلغم کے دو منفرد فلیوورز میں دستیاب ہیں۔ بچوں کے دانتوں کی صحت کی جانب بڑھتی ہوئی توجہ اور آگاہی سے ہمارا یہ اندازہ ہے کہ یہ سیکمنٹ وقت کے ساتھ ترقی کرتا رہے گا۔

ہمارے تمام شراکت داروں کے مابین خوشی پھیلانے کے مقصد سے ستمبر ۲۰۱۹ میں شیلڈ مسکراہٹ سرگرمی کا آغاز کیا گیا۔ اس کے بعد دسمبر ۲۰۱۹ میں شیلڈ اسکول سرگرمی شروع کی گئی۔ اس سرگرمی کے دوران شیلڈ برانڈیڈ کلیئر ۲۰۲۰ "آؤ لکھیں کہانی" شروع کیا گیا۔ اس سرگرمی اور کلیئر شروع کرنے کا مقصد بچوں میں شہری احساس پیدا کرنا تھا۔ یہ سرگرمی سات شہروں کے ۱۲۵۰ اسکولوں میں منعقد کی گئی جس میں تقریباً ۱۰۰,۰۰۰ بچے شامل تھے۔

COVID-19 وبائی بیماری کے تناظر میں حفظانِ صحت وقت کی ضرورت بن گئی ہے۔ شیلڈ نے اپنی ہائجین مصنوعات کی ریج متعارف کروائی ہے جس میں ہینڈ سینیٹائزر، ڈس انفیکٹنٹ سپرے اور ملٹی پریز ڈس انفیکٹنٹ واپس شامل ہیں۔

بینجمنٹ کے مقاصد/حکمتِ عملیاں/خطرات اور مواقع

ڈیجیٹل پلٹ فارمز پریٹریک میں اضافے کو مد نظر رکھتے ہوئے، اس محاذ پر مختلف اقدامات اٹھائے گئے ہیں۔ ستمبر ۲۰۱۹ میں ای کامرس پلٹ فارم شروع کیا گیا جسے صارفین کی جانب سے زبردست پزیرائی ملی۔ فروری ۲۰۲۰ میں ماں اور بچے کی صحت پر پروگرام شروع کیا گیا جس کا مقصد ماؤں کو ان کے بچوں کی اور ان کی اپنی صحت سے متعلق امور سے آگاہ کرنا تھا۔ معروف ماہر امراض نسوان، ماہر امراض اطفال، ماہر امراض نفسیات، دانتوں کے ڈاکٹروں اور ماہر غذائیت کے ساتھ براہ راست ویبنار باقاعدگی کے ساتھ منعقد کئے جاتے ہیں۔

کارپوریٹ سماجی ذمہ داری

شیلڈ کی انتظامیہ اس بات پر پختہ یقین رکھتی ہے کہ کاروبار کو ایک واضح مقصد کے ساتھ کیا جائے۔ شیلڈ ہمیشہ ہی ایسے مواقع تلاش کرتا ہے جس سے لوگوں کی زندگی کے معیار میں اضافہ ہو۔ کمپنی خصوصی بچوں کو تعلیم دینے کے مقصد کے تحت فیملی ایجوکیشن سروسز فاؤنڈیشن اور پاک ریسپانسیبلٹی ویلفیئر ایسوسی ایشن کی مسلسل معاونت کر رہا ہے۔

قومی خزانے میں حصہ

آپ کی کمپنی نے مختلف حکومتی ٹیکسز بشمول کسٹم ڈیوٹی، ریکیو لیٹری ڈیوٹی، سیلز ٹیکس اور انکم ٹیکس کی مدد میں سال ۲۰۱۹-۲۰ کے دوران قومی خزانے میں ۲۵۹ ملین روپے کی مجموعی رقم جمع کرائی ہے۔

کارپوریٹ گورننس

کمپنی لسٹنگ ریگولیشن آف پاکستان اسٹاک ایکسچینج لمیٹڈ میں درج کوڈ آف کارپوریٹ گورننس کے قوانین کی مکمل تعمیل کرتی ہے۔ اس سے متعلق رپورٹ کے ساتھ ایک اسٹیٹمنٹ منسلک ہے۔

بورڈ کی تشکیل

بورڈ درج ذیل کے ساتھ ۶ حضرات اور ۱ خاتون پر مشتمل ہے۔

مالیاتی کارکردگی کی جھلکیاں

- 1- کمپنی نے اپنی طویل المیعاد کاروباری حکمت عملی کے مطابق مصارف اصلی پر بھاری سرمایہ کاری جاری رکھی۔
- 2- سال ۲۰۱۹-۲۰ میں خالص سیلز میں 3.95% کمی واقع ہوئی جو کہ گزشتہ سال کی 1.778 بلین روپے سے گھٹ کر 1.708 بلین روپے ہو گئی۔
- 3- مجموعی منافع میں 6.95% کمی واقع ہوئی جسکی بنیادی وجہ مصارف اصلی میں زیادتی کے سبب مصارف فرسودگی میں اضافہ، ایندھن اور توانائی کے مصارف کے خرچے میں زیادتی، روپے کی قدر میں کمی اور مقامی / درآمد شدہ پیکیجنگ / خام مال کی قیمتوں میں اضافے کی وجہ سے پیکیجنگ اور خام مال کی لاگت میں اضافہ ہیں۔ کمپنی کے پروڈکٹ مکس میں تبدیلی بھی مجموعی منافع میں کمی کا سبب ہے۔
- 4- کمپنی نے سیلنگ اینڈ ڈسٹری بیوشن اور اشتہارات کے اخراجات کی مد میں گزشتہ سال کے مقابلے میں بالترتیب 1.80 بلین روپے اور 59.35 بلین روپے کم خرچ کیے۔
- 5- سرمایہ کاری کی قلیل المیعاد اور طویل المیعاد کی سہولتوں کے استعمال میں اضافے اور بینک کی اعلیٰ شرح کی وجہ سے کمپنی کے مالیاتی اخراجات میں 59.29 بلین روپے کا اضافہ ہوا۔
- 6- مذکورہ بالا وجوہات کے سبب کمپنی نے سال ۲۰۱۹-۲۰ میں 19.85 بلین روپے کا قبل از ٹیکس نقصان ریکارڈ کیا۔ کمپنی نے گزشتہ سال کی 6.24 روپے فی شیئر آمدنی کے مقابلے میں 4.73 روپے فی شیئر نقصان ریکارڈ کیا۔ سال ۲۰۱۹-۲۰ کیلئے 18.45 بلین روپے کا بعد از ٹیکس نقصان ریکارڈ کیا گیا۔

ہمارے کاروبار کی وسعت اور جھلکیاں

شیلڈ کارپوریشن لمیٹڈ 1975 میں قائم ہوئی۔ گزشتہ 45 سال سے زائد عرصے میں شیلڈ نے ایک مربوط حکمت عملی کے تحت رواں سال ہائین کیئر کیلنگری کے اجراء کے ساتھ ساتھ بے بی کیئر اور اول کیئر کیلنگریز کی مصنوعات کے پورٹ فولیو کو نمایاں وسعت دی ہے۔

شیلڈ نے بے بی کیئر کیلنگری میں ایک مارکیٹ لیڈر کی حیثیت سے اپنی شناخت کو بدستور برقرار رکھا ہے۔ ہماری کامیابی کی بنیاد اعلیٰ معیار، مناسب قیمت اور مصنوعات کی مختلف اور وسیع رینج ہے، یہی وجہ ہے کہ مائیں پاکستان میں کسی بھی دوسرے بے بی کیئر برانڈ کے مقابلے میں شیلڈ پر بھروسہ کرتی ہیں۔ شیلڈ نے اس سال نئی متحرک پیکیجنگ کے ساتھ بی پی اے فری فیڈرز کی ایک نئی رینج متعارف کروائی ہے جس کے نتیجے میں صارفین کو ویلیو ایڈڈ مصنوعات مل رہی ہیں۔ شیلڈ نے بے بی کیئر پورٹ فولیو میں وائڈ نیک، کرسٹل اور گلاس فیڈرز پر مشتمل پریئم رینج کی فیڈرز بھی شامل کی ہیں جو اینٹی کولک خصوصیت رکھتی ہے جو ہوا کے دباؤ کو روکتی ہے اور پیٹ کی مروڑ کو کم کرتی ہے جسے مارکیٹ سے حیرت انگیز مثبت رسپانس ملا ہے۔

شیلڈ نے بی پی اے فری سوڈرز، ٹیٹھرز، ٹریڈنگ کپس، پمپلس اور کلڈنگ برش پر مشتمل بے بی کیئر اضافی اشیاء کی مکمل رینج بھی متعارف کروائی ہے۔ بچے کی ابتدائی نشوونما کو پیش نظر رکھتے ہوئے شیلڈ نے فوڈ گریڈ مواد اور حلال معیارات کے ذریعہ ہمیشہ سے محفوظ مصنوعات کو یقینی بنایا ہے۔

بے بی کیئر کمپنی ہونے کے ناطے بے بی ڈائپرز بھی شیلڈ کے پورٹ فولیو میں شامل ہے۔ شیلڈ ڈبے بی ڈائپرز کو مارکیٹ میں اچھی پزیرائی ملی ہے اور اس پر مائیں بھروسہ کرتی ہیں اور بچے پسند کرتے ہیں۔

شیلڈ ٹوٹھ برش کیلنگری مصنوعات کے اعلیٰ معیار اور مختلف مصنوعات کی رینج کی وجہ سے مشہور ہے۔ پورٹ فولیو کو خاص اہمیت دیتے ہوئے چار کیلنگریز میں تقسیم کیا گیا ہے جن کے نام چمپس، ایسنٹل کیئر، فیملی کیئر اور ایکسپریٹ کیئر ہیں۔ اس سال بڑوں کے ٹوٹھ برش کی رینج میں بالترتیب فیملی کیئر میں ڈائمنڈ اور ایکسپریٹ کیئر میں ایلکینڈ متعارف کروا کر ایک اضافہ کیا گیا ہے۔

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

شیڈ کارپوریشن لمیٹڈ کے ڈائریکٹرز ۳۰ جون ۲۰۲۰ کو ختم ہونے والے مالی سال کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے پیش کر رہے ہیں۔

سرمائے کا خلاصہ

عملداری نتائج	2020 (روپے)	2019 (روپے)	اضافہ/(کمی)
خالص سیلز	1,708,620,654	1,778,794,872	(3.95%)
مجموعی منافع	416,019,076	556,737,043	(25.28%)
مجموعی فیصدی منافع	25.35%	31.30%	(695 bps)
فروخت اور تقسیم کاری کے اخراجات	277,342,742	338,493,789	(18.07%)
انتظامی اخراجات	67,786,821	65,532,759	3.44%
مالیاتی لاگت	100,882,938	41,594,682	142.54%
قبل از ٹیکس منافع/(نقصان)	(19,854,505)	85,618,758	(123.19%)
بعد از ٹیکس منافع/(نقصان)	(18,453,408)	24,329,724	(175.85%)
فی شیئر آمدنی/(نقصان)	(4.73)	6.24	(175.85%)

مالی جائزہ

معاشی نقطہ نظر

دنیا کو اس وقت کرونا وائرس کی صورت میں ایک حقیقی چیلنج کا سامنا ہے جسے WHO نے مارچ ۲۰۲۰ میں عالمی وبا قرار دیا۔ دنیا بھر کی حکومتوں نے اس بیماری کو روکنے کیلئے مختلف اقدامات کئے ہیں اور اپنے شہریوں کو انکی سماجی اور معاشی سرگرمیوں کو محدود کرنے کا مشورہ دیا ہے۔ اس کے نتیجے میں معاشی سرگرمیاں سست ہو گئی ہیں اور کچھ معاملات میں مکمل طور پر رک گئی ہیں۔ اس وبائی بیماری کی انسانی تاریخ کے پچھلے ۱۰۰ سالوں میں کوئی نظیر نہیں ملتی جس کی وجہ سے تمام ماہرین عالمی معیشت کو ہونے والے نقصان کا اندازہ لگانے سے قاصر ہیں۔ اندمال آہستہ آہستہ شروع ہو چکا ہے کیونکہ سماج اور کاروبار، زندگی گزارنے اور کاروبار کرنے کے نئے طریقوں کو اختیار کرنے کے راستے پر گامزن ہیں۔

مالی سال ۲۰۲۰ میں کاروباری ماحول مجموعی طور پر ناموافق رہا۔ مالی سال کی پہلی ششماہی میں افراط زر کے دباؤ، زیادہ پالیسی شرح کے سبب قوت خرید میں کمی اور مالیاتی اصلاحات کے سلسلے میں سادگی کے اقدامات کے باعث معاشی سرگرمیوں میں رکاوٹ نے نقصان پہنچایا۔ بڑے پیمانے کی مینوفیکچرنگ میں گزشتہ سال کے مقابلے میں 10.2% کمی ہوئی جس کے نتیجے میں معیشت کے تمام شعبہ جات میں کاروباری سرگرمیاں سست کر رہ گئیں۔ COVID-19 بحران کو کم کرنے اور کاروبار کو سیالیتی مدد فراہم کرنے کیلئے حکومت کی طرف سے امدادی مراعات، پالیسی کی شرح میں نمایاں کمی، تنخواہوں کیلئے ریفرنڈم وغیرہ جیسے اقدامات کیے گئے ہیں۔

چیرمین کی جائزہ رپورٹ

میرے لیے کمپنیز ایکٹ ۲۰۱۷ کی شق ۱۹۲ کے تحت چیرمین کی جائزہ رپورٹ پیش کرنا باعث مسرت ہے۔

مجموعی طور پر بورڈ اپنے تنظیمی ڈھانچے اور اسٹرکچر کی بنا پر اچھے طریقے سے کام کر رہا ہے۔ بورڈ اراکین مناسب صلاحیت، علم اور تجربے کے حامل ہیں جو کہ کاروبار کو مؤثر طریقے سے چلانے کیلئے انتہائی ضروری ہے۔ کوڈ آف کارپوریٹ گورننس کے تقاضے کے تحت آپ کی کمپنی کے ڈائریکٹرز کا سالانہ جائزہ لیا جاتا ہے جس کا مقصد اس بات کو یقینی بنانا ہے کہ کمپنی کے لیے تعین کئے گئے اہداف و مقاصد سے وابستہ توقعات کے حوالے سے بورڈ کی مجموعی کارکردگی اور اثرات کو مقررہ معیار کے مطابق پرکھا جائے۔

۳۰ جون ۲۰۲۰ کو ختم ہونے والے مالی سال کے لئے بورڈ، اس کے ارکان اور اس کی کمیٹیوں کی مجموعی کارکردگی اور کام پر اثرات تسلی بخش رہے ہیں۔ مجموعی جائزہ جن بنیادوں پر قابل اطمینان رہا ان لازمی اجزاء میں سوچ، مقصد اور حکمت عملی کے حوالے سے منصوبہ بندی میں مصروفیت، پالیسیز کی تشکیل، آرگنائزیشن کی کاروباری سرگرمیوں کی نگرانی، مالی وسائل کے انتظام کی نگرانی، مؤثر مالیاتی نگرانی، تمام ملازمین کے ساتھ برابری کا سلوک اور بورڈ کے امور اور اس کی کمیٹیوں کی مؤثر کارکردگی شامل ہیں۔ بہتری ایک مسلسل جاری رہنے والا عمل ہے جو منصوبوں کی عملی تشکیل کی صورت میں ہی سامنے آتا ہے۔

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کو ایجنڈے اور ضروری تحریری مواد بشمول فلو اپ میٹریل بورڈ اور اس کی کمیٹی اجلاس شروع ہونے سے مناسب وقت پہلے موصول ہو جاتا ہے۔ بورڈ اپنی ذمہ داریوں سے مناسب انداز سے عہدہ برآ ہونے کے لیے گاہے بگاہے اجلاس منعقد کرتا ہے۔ اہم فیصلوں میں نان ایگزیکٹو اور آزاد ڈائریکٹرز بھی برابری کی بنیاد پر شامل ہوتے ہیں۔ تمام ڈائریکٹرز، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے ڈائریکٹر ٹریننگ پروگرام (DTP) کے تقاضے کو مکمل کر چکے ہیں۔

میں اپنے ساتھی ڈائریکٹرز کا شکریہ ادا کرتا ہوں جنہوں نے اپنی ذمہ داریاں محنت اور جانفشانی سے سرانجام دی ہیں اور مستقبل میں بھی ان کی معاونت کی توقع رکھتا ہوں۔


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