

# TRANSENDING LIMITS



**Shield**<sup>®</sup> First Quarter Report  
2024

# ACHIEVEMENT UNLOCKED

**Shield**<sup>®</sup> First Quarter Report  
2024

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# COMPANY INFORMATION

## Board of Directors

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

## Audit Committee

Mr. Muhammad Rafique Umer Afinwala	Chairman
Mr. Vali Muhammad A. Habib	Member
Mr. Abdul Ghaffar Umer Kapadia	Member

## Human Resource & Remuneration Committee

Mr. Abdul Ghaffar Umer Kapadia	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. Muhammad Rafique Umer Afinwala	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

Yousuf Adil  
Chartered Accountants

## Bankers

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

## Registrar & Share Registration Office

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

## Registered Office

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

## Factory

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

## Email & URL

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

## Directors' Review

On behalf of the Board of Directors, it is our pleasure to present the unaudited condensed interim financial statements for the period ended September 30, 2023.

### Financial summary

Operating Results	September, 2023	September, 2022	Increase / (Decrease)
	(Rupees)	(Rupees)	
Net Sales	1,242,108,224	933,203,807	33.10%
Gross Profit	364,800,898	227,977,714	60.02%
Gross Profit %	29.37%	24.43%	494 bps
Selling and Distribution Expenses	230,001,235	156,690,845	46.79%
Administrative Expenses	16,037,131	14,322,747	11.97%
Finance Costs	76,852,860	40,838,523	88.19%
Profit Before Tax	38,873,459	17,584,737	121.06%
Profit After Tax	16,764,845	1,959,219	755.69%
Earnings per Share	4.30	0.50	755.69%

Net sales of the Company increased by 33.10%, gross profit in value terms increased due to increase in gross profit percentage and increased sales. Net profit after tax in value terms increased by Rs. 14.81 million. Finance cost increased by 88.19% due to higher borrowing rate and increased utilization of borrowings.

Economic team of Pakistan is taking steps for reinstating business confidence and the recent steps has resulted in appreciation of Pak Rupee value from its recent high levels and reduction in fuel costs from their highest levels. Also, policy rate level will play a key role in business decisions. Stability in local and global macroeconomic environment is imperative for economic recovery. A number of international and local factors, including Pak Rupee appreciation has created challenges for some of the businesses as in some cases market has reduced products' pricing. Moreover, market and traders are also having a cautious stance in their buying, as a result prices are to be adjusted to compete with the market. The Company is committed to the sustainability of its business. However, the economic situation may damage the sales volumes and profitability of the Company in the future periods.

The Board of Directors would like to express their gratitude to all customers, financial institutions, staff members, suppliers and shareholders who have been associated with the Company for their continued support and cooperation.

On behalf of the Board



Mohammad Haroon Qassim  
Chief Executive



Muhammad Rafique Umer Afinwala  
Director

Karachi: October 30, 2023

## ڈائریکٹرز کا جائزہ

ہم بورڈ آف ڈائریکٹرز کی جانب سے ۳۰ ستمبر ۲۰۲۳ کو ختم ہونے والی مدت کے لیے غیر آڈٹ شدہ مختصر عبوری مالیاتی گوشوارے پیش کرنے میں خوشی محسوس کر رہے ہیں۔

### سرمائے کا خلاصہ

عملداری نتائج	ستمبر ۲۰۲۳ (روپے)	ستمبر ۲۰۲۲ (روپے)	اضافہ/(کمی)
خالص فروخت	1,242,108,224	933,203,807	33.10%
مجموعی منافع	364,800,898	227,977,714	60.02%
مجموعی فیصدی منافع	29.37%	24.43%	494 bps
فروخت اور تقسیم کاری کے اخراجات	230,001,235	156,690,845	46.79%
انتظامی اخراجات	16,037,131	14,322,747	11.97%
مالیاتی لاگت	76,852,860	40,838,523	88.19%
قبل از ٹیکس منافع	38,873,459	17,584,737	121.06%
بعد از ٹیکس منافع	16,764,845	1,959,219	755.69%
فی شیئر آمدنی	4.30	0.50	755.69%

کمپنی کی خالص سیلز میں 33.10% کا اضافہ ہوا، مجموعی منافع میں مالیت کی مد میں اضافہ ہوا جس کی وجہ مجموعی فیصدی منافع اور خالص سیلز میں اضافہ ہے۔ مالیت کی مد میں بعد از ٹیکس منافع میں 14.81 ملین روپے کا اضافہ ہوا۔ مالیاتی لاگت میں 88.19% اضافہ ہوا جس کی وجہ قرض لینے کی بلند شرح اور قرضوں کے استعمال میں اضافہ ہے۔

پاکستان کی اقتصادی ٹیم کاروباری اعتماد کی بحالی کے لیے اقدامات کر رہی ہے اور حالیہ اقدامات کے نتیجے میں پاکستانی روپے کی قدر اس کی حالیہ بلند ترین سطحوں سے بہتر ہوئی ہے اور ایندھن کی قیمتوں میں ان کی بلند ترین سطح کے مقابلے میں کمی آئی ہے۔ نیز پالیسی ریٹ کی سطح کاروباری فیصلوں میں کلیدی کردار ادا کرے گی۔ معاشی بحالی کے لیے مقامی اور عالمی میکرو اکنامک ماحول میں استحکام ضروری ہے۔ متعدد بین الاقوامی اور مقامی عوامل بشمول پاکستانی روپے کی قدر میں اضافے نے کچھ کاروباروں کے لیے چیلنجز پیدا کیے ہیں کیونکہ کچھ معاملات میں مارکیٹ نے مصنوعات کی قیمتوں میں کمی کی ہے۔ مزید برآں، مارکیٹ اور تاجر بھی اپنی خریداری میں محتاط رویہ اپنا رہے ہیں، نتیجتاً قیمتوں کو مارکیٹ سے مسابقت کے لیے ایڈجسٹ کرنا ہے۔ کمپنی اپنے کاروبار کی پائیداری کے لیے پر عزم ہے۔ تاہم، معاشی صورتحال مستقبل کے ادوار میں کمپنی کی فروخت کے حجم اور منافع کو نقصان پہنچا سکتی ہے۔

بورڈ آف ڈائریکٹرز ان تمام صارفین، مالیاتی اداروں، عملے کے اراکین، سپلائرز اور شیئر ہولڈرز کا شکریہ ادا کرنا چاہیں گے جو کمپنی کے ساتھ مسلسل تعاون اور تائید کے لیے منسلک ہیں۔

بورڈ آف ڈائریکٹرز کی طرف سے



محمد رفیق عرفینوالا  
ڈائریکٹر



محمد ہارون قاسم  
چیف ایگزیکٹو

کراچی: ۳۰ اکتوبر ۲۰۲۳

## Condensed Interim Statement of Financial Position

As at September 30, 2023

		September 30, 2023 (Unaudited)	June 30, 2023 (Audited)
	Note	------(Rupees)-----	
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	6	1,379,496,565	1,375,007,609
Intangible asset		101,750	120,158
Investment property		112,596,382	113,026,519
Long term deposits		1,145,986	1,145,986
		<u>1,493,340,683</u>	<u>1,489,300,272</u>
<b>CURRENT ASSETS</b>			
Stores and spares		60,120,893	58,068,209
Stock-in-trade	7	1,191,703,790	961,081,359
Trade debts	8	240,200,948	257,017,305
Loans and advances		32,248,968	20,701,733
Investment in equity accounted associate		-	994,743
Trade deposits, prepayments and other receivable	9	8,033,843	10,061,161
Taxation - net		159,579,181	125,117,301
Cash and bank balances	10	4,937,623	4,495,616
		<u>1,696,825,246</u>	<u>1,437,537,427</u>
<b>TOTAL ASSETS</b>		<u>3,190,165,929</u>	<u>2,926,837,699</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
15,000,000 (June 30, 2023 : 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paid-up capital			
3,900,000 (June 30, 2023: 3,900,000) ordinary shares of Rs. 10/- each		39,000,000	39,000,000
Loan from Chief Executive		55,000,000	55,000,000
Capital reserve		10,000,000	10,000,000
Revenue reserves		661,688,733	644,923,888
		<u>765,688,733</u>	<u>748,923,888</u>
<b>NON - CURRENT LIABILITIES</b>			
Deferred taxation		76,357,344	71,445,185
Long term financing - secured	11	445,055,310	476,114,223
Security deposit		5,400,000	5,400,000
Deferred government grant	12	38,218,518	40,404,955
		<u>565,031,172</u>	<u>593,364,363</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payable	13	650,061,930	520,859,818
Accrued Profit	15	69,296,305	59,867,361
Current portion of long term financing - secured	11	117,080,151	110,909,907
Current portion of deferred government grant	12	8,571,646	8,396,884
Short term borrowings - secured	14	1,013,549,472	883,628,958
Unpaid dividend		293,394	293,394
Unclaimed dividend		593,126	593,126
		<u>1,859,446,024</u>	<u>1,584,549,448</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>3,190,165,929</u>	<u>2,926,837,699</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	16		

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

Mohammad Haroon Qassim  
Chief Executive

Muhammad Rafique Umer Afinwala  
Director

Yasir Yousuf Chhabra  
Chief Financial officer

## Condensed Interim Statement of Profit or Loss (Unaudited)

For the Period Ended September 30, 2023

	Note	Three months period ended	
		September 30, 2023	September 30, 2022
(Rupees)			
Sales - net	17	1,242,108,224	933,203,807
Cost of sales		(877,307,326)	(705,226,093)
Gross profit		364,800,898	227,977,714
Selling and distribution expenses		(230,001,235)	(156,690,845)
Administrative and general expenses		(16,037,131)	(14,322,747)
Provision for expected credit losses		(164,729)	(342,216)
Other operating expenses		(11,215,541)	(8,886,593)
		(257,418,636)	(180,242,401)
		107,382,262	47,735,313
Other operating income		8,344,057	10,904,009
Operating profit		115,726,319	58,639,322
Share of loss on equity accounted associate		-	(216,062)
Finance costs	18	(76,852,860)	(40,838,523)
Profit before taxation		38,873,459	17,584,737
Taxation		(22,108,614)	(15,625,518)
Profit for the period		16,764,845	1,959,219
Earnings per share - basic and diluted	19	4.30	0.50

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.



Mohammad Haroon Qassim  
Chief Executive



Muhammad Rafique Umer Afinwala  
Director



Yasir Yousuf Chhabra  
Chief Financial officer

**Condensed Interim Statement of Comprehensive Income (Unaudited)**

For the Period Ended September 30, 2023

	Three months period ended	
	September 30, 2023	September 30, 2022
Note	----- (Rupees) -----	
Profit for the period	16,764,845	1,959,219
Other comprehensive income	-	-
Total comprehensive income for the period	<u>16,764,845</u>	<u>1,959,219</u>

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.




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 Mohammad Haroon Qassim  
Chief Executive




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 Muhammad Rafique Umer Afinwala  
Director




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 Yasir Yousuf Chhabra  
Chief Financial officer

## Condensed Interim Statement of Cash Flows (Unaudited)

For the Period Ended September 30, 2023

	Note	Three months period ended	
		September 30, 2023	September 30, 2022
		------(Rupees)-----	
<b>Cash flows from operating activities</b>			
Cash generated from operations	20	47,789,236	92,103,487
Finance costs - net		(67,423,916)	(33,618,687)
Income tax - net		(51,658,335)	(43,674,398)
Net cash (used in) / flows from operating activities		(71,293,015)	14,810,402
<b>Cash flows from investing activities</b>			
Fixed capital expenditure including work in progress		(32,683,826)	(69,001,639)
Liquidation proceeds from investment in equity accounted associate		994,743	-
Sales proceeds from disposal of property, plant and equipment		403,935	12,170
Net cash used in investing activities		(31,285,148)	(68,989,469)
<b>Cash flows from financing activities</b>			
Long term financing - net		(26,900,344)	5,260,369
Short term murabaha finance and istisna finance - net		136,578,420	57,986,733
Dividend paid		-	(26,244)
Net cash flows from financing activities		109,678,076	63,220,858
Net increase in cash and cash equivalents		7,099,913	9,041,791
Cash and cash equivalents at the beginning of the period		(306,035,190)	(237,351,184)
Effect of movements in exchange rates on cash held		-	231,811
Cash and cash equivalents at the end of the period	21	(298,935,277)	(228,077,582)

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.



Muhammad Haroon Qassim  
Chief Executive



Muhammad Rafique Umer Afinwala  
Director



Yasir Yousuf Chhabra  
Chief Financial officer

**Condensed Interim Statement of Changes in Equity (Unaudited)**

For the Period Ended September 30, 2023

	Issued, subscribed and paid-up capital	Loan from Chief Executive	Reserve			Sub total	Total
			Capital reserve	Revenue reserves			
			Share Premium	General	Unappropriated profit		
----- (Rupees) -----							
<b>Balance as at July 1, 2022</b>	39,000,000	55,000,000	10,000,000	55,000,000	444,959,733	509,959,733	603,959,733
<b>Total comprehensive income for the period ended September 30, 2022</b>							
Profit for the period	-	-	-	-	1,959,219	1,959,219	1,959,219
Other comprehensive income for the period	-	-	-	-	-	-	-
	-	-	-	-	1,959,219	1,959,219	1,959,219
<b>Balance as at September 30, 2022</b>	<b>39,000,000</b>	<b>55,000,000</b>	<b>10,000,000</b>	<b>55,000,000</b>	<b>446,918,952</b>	<b>511,918,952</b>	<b>605,918,952</b>
<b>Balance as at July 1, 2023</b>	39,000,000	55,000,000	10,000,000	55,000,000	589,923,888	654,923,888	748,923,888
<b>Total comprehensive income for the period ended September 30, 2023</b>							
Profit for the period	-	-	-	-	16,764,845	16,764,845	16,764,845
Other comprehensive income for the period	-	-	-	-	-	-	-
	-	-	-	-	16,764,845	16,764,845	16,764,845
<b>Balance as at September 30, 2023</b>	<b>39,000,000</b>	<b>55,000,000</b>	<b>10,000,000</b>	<b>55,000,000</b>	<b>606,688,733</b>	<b>671,688,733</b>	<b>765,688,733</b>

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.



Muhammad Haroon Qassim  
Chief Executive



Muhammad Rafique Umer Afinwala  
Director



Yasir Yousuf Chhabra  
Chief Financial officer

# Notes to the Condensed Interim Financial Statements

For the Period Ended September 30, 2023

## 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 repealed 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 condensed interim financial statements of the Company for the period ended September 30, 2023 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

3.1.1 These condensed interim financial statements do not include all the information and disclosures required in an annual audited financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

3.1.2 The comparative statement of financial position presented in these condensed interim financial statements have been extracted from the annual audited financial statements of the Company for the year ended June 30, 2023, whereas the comparative condensed interim statement of profit or loss, condensed interim statement comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes thereto have been extracted from the condensed interim financial statements of the company for the period ended September 30, 2022.

### 3.2 Basis of measurement

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

### 3.3 Functional and presentation currency

These condensed interim financial information have been presented in Pakistan Rupee ("Rupees" or "Rs"), which is the functional and presentation currency of the Company.

#### 4 SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2023.

#### 5 ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2023.

6	PROPERTY, PLANT AND EQUIPMENT	Note	September 30, 2023 (Unaudited)	June 30, 2023 (Audited)
			------(Rupees)-----	
	Operating fixed assets	6.1	1,327,910,265	1,306,264,286
	Capital work in progress	6.2	51,586,300	68,743,323
			<u>1,379,496,565</u>	<u>1,375,007,609</u>

##### 6.1 Operating fixed assets

	Opening net book value		1,306,264,286	675,592,687
	Additions during the period / year at cost	6.1.1	49,840,849	732,833,694
			<u>1,356,105,135</u>	<u>1,408,426,381</u>
	Disposals during the period / year at net book value	6.1.1	170,551	1,322,999
	Depreciation charge for the period / year		28,024,319	100,839,096
			<u>(28,194,870)</u>	<u>(102,162,095)</u>
	Closing net book value		<u>1,327,910,265</u>	<u>1,306,264,286</u>

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

	September 30, 2023 (Unaudited)		June 30, 2023 (Audited)	
	Additions (at cost)	Disposals (at net book value)	Additions (at cost)	Disposals (at net book value)
	------(Rupees)-----			
Building	23,632,100	-	493,190,351	-
Plant and machinery	24,488,099	170,551	216,979,695	1,230,464
Office equipments	1,219,790	-	4,927,595	87,706
Furniture and fittings	-	-	12,581,694	-
Computers	500,860	-	2,131,350	4,829
Motor vehicles	-	-	3,023,009	-
	<u>49,840,849</u>	<u>170,551</u>	<u>732,833,694</u>	<u>1,322,999</u>

		September 30, 2023 (Unaudited)	June 30, 2023 (Audited)
	Note	------(Rupees)-----	
<b>6.2 Capital work in progress</b>			
Capital work in progress		51,586,300	68,743,323
Movement of carrying amount is as follows:			
Opening balance		68,743,323	578,147,397
Additions (at cost) during the period / year		56,129,537	198,374,721
		124,872,860	776,522,118
Transfer to operating fixed assets during the period / year		(73,286,560)	(707,778,795)
Closing balance		51,586,300	68,743,323

## 7 STOCK-IN-TRADE

### Manufacturing:

Raw and packing materials			
in hand		709,428,326	502,636,612
in transit		171,861,063	174,193,760
		881,289,389	676,830,372
Work-in-process		81,306,084	65,207,179
Finished goods	7.1	210,314,525	199,122,674
Trading:			
in hand		18,793,792	10,416,736
in transit	7.1	-	9,504,398
		1,191,703,790	961,081,359

7.1 This includes finished goods with cost of Rs. 109.119 million (2023: 78.689 million) which are being carried at their net realizable value of Rs. 93.667 million (2023: 66.947 million).

		September 30, 2023 (Unaudited)	June 30, 2023 (Audited)
	Note	------(Rupees)-----	
<b>8 TRADE DEBTS</b>			
(Unsecured - considered good)			
Due from associated undertakings	8.1	169,883,961	196,524,415
Others		70,316,987	60,492,890
		240,200,948	257,017,305
(Unsecured - considered doubtful)			
Considered doubtful		7,005,362	6,840,633
Allowance for expected credit losses		(7,005,362)	(6,840,633)
		240,200,948	257,017,305
8.1 This comprises of amounts receivable from:			
Premier Sales (Private) Limited		169,842,020	196,501,335
Memon Medical Institute		41,941	23,080
		169,883,961	196,524,415



						September 30, 2023 (Unaudited)	June 30, 2023 (Audited)
	Installment payable	Repayment period	Profit rate	Note		------(Rupees)-----	
Bank Al falah Limited	Quarterly	2023-32	4% above SBP Rate	11.5		5,555,558	5,578,325
Bank Al falah Limited	Quarterly	2023-31	4% above SBP Rate	11.5		2,779,726	2,763,213
Bank Al falah Limited	Quarterly	2024-32	4% above SBP Rate	11.5		13,010,292	12,855,378
Bank Al falah Limited	Quarterly	2024-32	4% above SBP Rate	11.5		111,787,460	110,001,245
Bank Al-Habib Limited - Islamic banking	Quarterly	2023-30	1% above 6 months KIBOR	11.6		308,137,186	318,838,345
						<u>562,135,461</u>	<u>587,024,130</u>
<b>Less: Current portion shown under current liabilities</b>							
Bank Al-Habib Limited - Islamic banking				11.2 & 11.6		(82,327,048)	(80,052,226)
Meezan Bank Limited				11.3 & 11.4		(27,966,047)	(29,618,962)
Bank Al falah Limited				11.5		(6,787,056)	(1,238,719)
						<u>(117,080,151)</u>	<u>(110,909,907)</u>
						<b>445,055,310</b>	<b>476,114,223</b>

- 11.1 As per State Bank of Pakistan circular letter number 13 of 2020 relief package, all of the principal payments under diminishing musharakah arrangements were deferred by one year. Consequently, the term for all of arrangements was increased till 2022.
- 11.2 This facility has been obtained from Bank Al-Habib Limited -Islamic banking under this diminishing musharakah aggregating to Rs. 329.667 million out of which Rs. 147.267 million (June 30, 2023: 147.267 million ) utilized as at the reporting date. The term of the loan was 5 years from the date of disbursement, repayable in 20 equal quarterly installments. During the period, the Company had made repayment of Rs. 7.478 million (June 30, 2023: Rs. 40.382 million). The facility is secured by first exclusive charge of particular machinery of the Company and personal guarantee of chairman of the Board of Directors. The facility carries profit rates ranging from 17.44% to 22.18% ( June 30, 2023: 11.74% to 21.06%) per annum.
- 11.3 This facility has been obtained from Meezan Bank Limited under this diminishing musharakah aggregating to Rs. 95 million out of which Rs. 35.614 million (June 30, 2023: 53.796 million ) utilized as at the reporting date. The term of the loan was 2 to 5 years from the date of disbursement, repayable in 8 to 20 equal quarterly installments. During the period, the Company had made repayment of Rs. 3.527 million (June 30, 2023: Rs. 14.109 million). The facility is secured by a first exclusive charge over particular machinery of the Company. The facility carries profit rates of 20.00% (June 30, 2023: 13.01% to 20.00%) per annum.
- 11.4 This facility has been obtained from Meezan Bank Limited under this diminishing musharakah aggregating to Rs. 125 million out of which Rs. 102.342 million (June 30, 2023: 102.342 million) utilized as at the reporting date. 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 period, the Company had made repayment of Rs. 5.117 million (June 30, 2023: Rs. 15.351 million). The facility 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. The facility carries profit rates of 20.00% (June 30, 2023: 15.85% to 19.09%) per annum.
- 11.5 This facility has been obtained from Bank Al Falah Limited under this diminishing musharakah aggregating to Rs. 180 million out of which Rs. 180 million (June 30, 2023: 180 million ) utilized as at the reporting date. The term of the loan was 10 years including 2 years grace period from the date of disbursement, repayable in 32 equal quarterly installments. During the period, the Company had made repayment of Rs. 0.0768 million (June 30, 2023: Rs. Nil). The SBP-ITERF Scheme is secured by first exclusive charge over specific plant & machinery imported through BAFL with 25% margin for Rs. 60 million secured by first pari passu charge over existing and future plant and machinery of the company and cross corporate guarantee of related party PharmEvo (Pvt) Ltd for Rs. 60 million, and personal guarantee of Chairman of the Board of Directors for Rs. 225 million.

11.6 This facility has been obtained from Bank Al Habib Limited - Islamic banking under this diminishing musharakah aggregating to Rs. 450 million out of which Rs. Rs. 361.643 million (June 30, 2023: Rs. 361.643) utilized as at the reporting date. The term of the loan was 8 years including 1 year grace period from the date of disbursement, repayable in 28 equal quarterly installments. During the period, the Company had made repayment of Rs. 10.701 million (June 30, 2023: Rs. 42.805 million). The facility is secured by a equitable mortgage of factory property and personal guarantee of Chairman of the Board of Directors. The facility carries profit rates ranging from 18.10% to 23.09% (June 30, 2023: 11.78% to 23.09%) per annum.

		<b>September 30, 2023</b>	<b>June 30, 2023</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>12 DEFERRED GOVERNMENT GRANT</b>	<b>Note</b>	<b>------(Rupees)-----</b>	
Government grant	12.1	46,790,164	48,801,839
Less: Current portion shown under current liabilities		(8,571,646)	(8,396,884)
		<u>38,218,518</u>	<u>40,404,955</u>

12.1 The Company had availed long term finance facility. The Institute of Chartered Accountants of Pakistan (ICAP) issued the guidance for accounting of said financing through circular No. 11/2020. Accordingly, the Company recognised the Deferred Government Grant in accordance with the requirements of 'IAS 20-Accounting for Government Grants and Disclosure of Government Assistance'.

		<b>September 30, 2023</b>	<b>June 30, 2023</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>13 TRADE AND OTHER PAYABLES</b>	<b>Note</b>	<b>------(Rupees)-----</b>	
Creditors		326,442,999	231,773,986
Bills payable to		122,693,940	158,525,247
Accrued liabilities		157,134,803	72,813,386
Sales tax payable		6,460,091	3,176,684
Workers' profit participation fund		13,296,453	11,352,780
Workers' Welfare fund		3,886,705	3,146,618
Advances from customers - unsecured		20,146,939	40,071,117
		<u>650,061,930</u>	<u>520,859,818</u>

**14 SHORT TERM BORROWINGS - SECURED**

From banking companies - secured

Islamic mode

Murabaha finance

Running musharakah

Istisna financing

		657,521,154	479,681,205
		303,872,900	310,530,806
		52,155,418	93,416,947
14.1		<u>1,013,549,472</u>	<u>883,628,958</u>

14.1 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. 925 million (June 30, 2023: Rs. 825 million) out of which Rs. 225 million (June 30, 2023: Rs. 225 million) is interchangeable with running musharakah & Rs. 575 million (June 30, 2023: Rs. 475 million) with istisna. In addition, the Company has running musharakah facility of Rs. 100 million (June 30, 2023: Rs. 100 million). During the period, profit rate on such arrangements ranged between KIBOR + 0.50% to KIBOR + 0.75% (June 30, 2023: KIBOR + 0.50% to KIBOR + 0.75%) per annum.

15	ACCRUED PROFIT	September 30, 2023	June 30, 2023
		(Unaudited)	(Audited)
		------(Rupees)-----	
	Long-term financing from Banks Diminishing musharakah	22,672,881	22,465,676
	Short-term borrowings from Banks		
	Murabaha financing	30,503,341	19,972,531
	Musharakah financing	14,178,912	11,561,458
	Istisna financing	1,941,171	5,867,696
		46,623,424	37,401,685
		<u>69,296,305</u>	<u>59,867,361</u>

## 16 CONTINGENCIES AND COMMITMENTS

### 16.1 Contingencies

16.1.1 Except for as stated below, there is no significant change in the status of contingencies as set out in the Company's annual financial statements for the year ended June 30, 2023:

16.1.1.1 Deputy Commissioner Inland Revenue has issued an amended assessment order dated August 10, 2023 for the tax year 2021 through which tax liability of Rs. 45.99 million on various issues of the Income Tax Ordinance, 2001, was created. The Company had filed an appeal to Commissioner Inland Revenue (Appeals) against the order that has been decided in favour of the Company resulting in deletion of the aforesaid tax demand.

### 16.2 Commitments

16.2.1 The Company has commitments under letter of credit for purchases amounting to Rs. 196.968 million (June 30, 2023: Rs. 291.834 million).

16.2.2 The Company has letter of credit and other commitments for capital expenditures amounting to Rs. 112.835 million (June 30, 2023: Rs. 78.073 million).

17	SALES - NET	Note	September 30, 2023	September 30, 2022
			(Unaudited)	(Unaudited)
			------(Rupees)-----	
	Gross sales			
	Local sales		1,520,685,386	1,156,387,377
	Sales tax		(236,466,239)	(169,914,800)
			1,284,219,147	986,472,577
	Discounts		(46,078,834)	(53,268,770)
			1,238,140,313	933,203,807
	Export sales	17.1	3,967,911	-
			<u>1,242,108,224</u>	<u>933,203,807</u>
17.1	Information by geographical area for export sales			
	Mozambique		3,500,396	-
	Uganda		467,515	-
			<u>3,967,911</u>	<u>-</u>

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
<b>18 FINANCE COSTS</b>	Note -----(Rupees)-----	
Shariah Arrangement		
Profit on short term borrowings	51,233,878	28,412,477
Rent on diminishing musharakah	25,297,497	11,537,010
Guarantee commission	76,872	13,667
Bank charges	217,326	39,748
	<u>76,825,573</u>	<u>40,002,902</u>
Non-Shariah Arrangement		
Interest on salary refinancing	-	688,811
Guarantee commission	3,000	1,424
Bank charges	24,287	145,386
	<u>76,852,860</u>	<u>40,838,523</u>
<b>19 EARNINGS PER SHARE - BASIC AND DILUTED</b>		
Profit for the period	<u>16,764,845</u>	<u>1,959,219</u>
	(Number of shares)	
Weighted average number of ordinary shares in issue during the period	<u>3,900,000</u>	<u>3,900,000</u>
Earnings per share - basic (Rupees per share)	<u>4.30</u>	<u>0.50</u>
<b>20 CASH GENERATED FROM OPERATIONS</b>	----- (Rupees) -----	
Profit before taxation	38,873,459	17,584,737
Adjustments for:		
Depreciation	28,454,456	20,956,548
Amortization	18,408	57,863
Share of loss on equity accounted associate	-	216,062
Provision of impairment of trade debts	164,729	342,216
Exchange gain	-	(231,811)
(Gain) / loss on disposal of property, plant and equipment	(233,384)	48,435
Finance costs	76,852,860	40,838,523
Changes in:		
Stores and spares	(2,052,684)	200,192
Stock-in-trade	(230,622,431)	(77,904,546)
Trade receivables	16,651,628	(49,850,702)
Loans and advances	(11,547,235)	3,921,728
Trade deposits and short term prepayments	2,027,318	26,245,040
Trade and other payables	129,202,112	109,679,202
Cash generated from operations	<u>47,789,236</u>	<u>92,103,487</u>

21	CASH AND CASH EQUIVALENTS	Note	September 30, 2023	September 30, 2022
			(Unaudited)	(Unaudited)
------(Rupees)-----				
	Running musharakah - secured	14	(303,872,900)	(236,555,238)
	Cash and bank balances	10	4,937,623	8,477,656
			<u>(298,935,277)</u>	<u>(228,077,582)</u>

## 22 ENTITY-WIDE INFORMATION

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

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

	September 30, 2023	September 30, 2022
	(Unaudited)	(Unaudited)
Baby care	90.95%	90.86%
Oral care	8.46%	8.27%
Hygiene	0.59%	0.87%
	<u>100.00%</u>	<u>100.00%</u>

## 23 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:

23.1	Transactions			September 30, 2023	September 30, 2022
				(Unaudited)	(Unaudited)
------(Rupees)-----					
Name	Nature of	Basis of	Nature of transaction		
Premier Sales (Private) Limited	Associated undertaking	Common Director	Sale of goods - net off discount of Rs. 0.061 million (2022: Rs. 12.24 million )	643,434,443	791,870,016
			Reimbursement of selling and distribution expenses	78,671,318	55,939,842
Memon Medical Institute	Associated undertaking	Common Director	Sale of goods	18,861	5,714
EHC (Private) Limited	Associated undertaking	Key management	Sale of goods	-	935,302
Scitech Health (Private) Limited	Associated undertaking	Common Director	Purchase of goods	-	15,795
Nagaria Textile Mills (Private) Limited	Associated undertaking	Common Director	Warehouse rent	-	1,928,160
Employees provident fund	Retirement benefit fund	Employees benefit fund	Contribution made	2,968,822	2,685,426
Key management personnel	Related parties	Executives	Remuneration and benefits	11,239,787	15,032,729

	September 30, 2023 (Unaudited)	June 30, 2023 (Audited)
	------(Rupees)-----	
<b>23.2 Year end balances</b>		
Receivable from related parties	169,883,961	196,524,415
Loan from Chief Executive	55,000,000	55,000,000

## 24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended June 30, 2023.

	September 30, 2023 (Unaudited)	June 30, 2023 (Audited)
	------(Rupees)-----	
<b>24.1 Financial instruments by category</b>		
<b>Financial assets at amortized cost</b>		
Deposits	2,516,982	2,169,982
Loan to employees	1,857,227	1,874,503
Trade debts	240,200,948	257,017,305
Cash and bank balances	4,937,623	4,495,616
	<u>249,512,780</u>	<u>265,557,406</u>
<b>Financial liabilities at amortized cost</b>		
Long term financing (including current portion)	562,135,461	587,024,130
Trade and other payables	606,271,742	463,112,619
Accrued profit	69,296,305	59,867,361
Short term bank finances	1,013,549,472	883,628,958
	<u>2,251,252,980</u>	<u>1,993,633,068</u>

## 25 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. At the reporting date, none of the financial instruments of the company are carried at fair value.

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 reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

**26 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorized for issue on October 30, 2023 by the Board of Directors of the Company.

**27 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.

**28 GENERAL**

Figures have been rounded off to the nearest Pakistan rupee unless otherwise stated.



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Mohammad Haroon Qassim  
Chief Executive



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Muhammad Rafique Umer Afinwala  
Director



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Yasir Yousuf Chhabra  
Chief Financial officer



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