



FEROZSONS
LABORATORIES LIMITED



**PEOPLE
TRUST
US**

35 YEARS
OF TRUST & DEVOTION

ANNUAL REPORT 2024



65 YEARS
OF TRUST & DEVOTION

The logo features the number '65' in a large, stylized font. The '6' is light blue with a green cross inside its lower loop. The '5' is orange. To the right of the '5' is the word 'YEARS' in a bold, dark grey sans-serif font, with a small graphic of three birds in flight above it. Below 'YEARS' is the phrase 'OF TRUST & DEVOTION' in a smaller, dark grey sans-serif font.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

| | | |
|---------------------------|------------------------|-------------------------|
| Mrs. Akhter Khalid Waheed | Non-Executive Director | Chairperson |
| Mr. Osman Khalid Waheed | Executive Director | Chief Executive Officer |
| Mrs. Amna Piracha Khan | Non-Executive Director | |
| Mrs. Munize Azhar Peracha | Non-Executive Director | |
| Mr. Shahid Anwar | Non-Executive Director | |
| Mr. Arshad Saeed Husain | Independent Director | |
| Mr. Suleman Ghani | Independent Director | |

AUDIT COMMITTEE

| | |
|-------------------------|----------|
| Mr. Arshad Saeed Husain | Chairman |
| Mrs. Amna Piracha Khan | Member |
| Mr. Shahid Anwar | Member |
| Mr. Suleman Ghani | Member |

INVESTMENT COMMITTEE

| | |
|-------------------------|----------|
| Mr. Suleman Ghani | Chairman |
| Mr. Osman Khalid Waheed | Member |
| Mr. Shahid Anwar | Member |

HR & REMUNERATION COMMITTEE

| | |
|---------------------------|----------|
| Mr. Arshad Saeed Husain | Chairman |
| Mr. Osman Khalid Waheed | Member |
| Mrs. Munize Azhar Peracha | Member |
| Mr. Shahid Anwar | Member |

COMPANY SECRETARY

Syed Ghausuddin Saif

LEGAL ADVISORS

Khan & Piracha

REGISTERED OFFICE

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Email: cs@ferozsons-labs.com

CHIEF FINANCIAL OFFICER

Mr. Muhammad Farhan Rafiq

SHARE REGISTRAR

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Telephone: +92-42-35170336-37
Fax: +92-42-35170338

HEAD OF INTERNAL AUDIT

Mr. Rizwan Hameed Butt

FACTORY

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Nowshera (KPK), Pakistan
Telephone: +92-923-614295, 610159
Fax: +92-923-611302

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Karachi, Pakistan
Telephone: +92-21-34386852
Fax: +92-21-34386754

EXTERNAL AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

INTERNAL AUDITORS

EY Ford Rhodes
Chartered Accountants

HEAD OFFICE

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Lahore, Pakistan
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Fax: +92-42-36026701

BANKERS

Habib Bank Limited
Bank Al-Habib Limited
Bank Alfalah Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
MCB Bank Limited
Allied Bank Limited
Bank of Punjab - Taqwa
First Habib Modaraba
BankIslami Pakistan Limited
Faysal Bank Limited

SALES OFFICE, LAHORE

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Fax: +92-42-37313680

vision

We will strive to attain market leadership by putting patients first and seeing every day as a new opportunity to earn trust and credibility

mission

We aim to improve the quality of life by providing innovative healthcare solutions and ensuring patient access to quality treatment and cure. In doing so, we will:

- Enhance shareholder value
- Lead in employee development
- Collaborate for excellence
- Be ethical & transparent

**PEOPLE
TRUST
US**



values

Putting Patients First

Our purpose for existence and ultimate measure of success is our impact on the improvement of human lives.

Trustworthiness

We work hard every day to earn the trust of patients, healthcare providers, employees, business partners and other stakeholders.

Collaboration

None of us is as smart as all of us. We come together, work together and win together.

Excellence

We are committed to a culture of excellence and raising the bar every time.

Code of Business Conduct

We conduct our business in an ethical manner, consistent with the vision, mission and excellence framework of the company. The Ferozsons Laboratories Limited Code of Business Conduct is meant to serve as a guide for our strategies, plans, actions and behaviors in our areas of operation. The complete code of business conduct can be found on the corporate website.

Principal Activities

Established in 1956, Ferozsons Laboratories Limited is one of Pakistan's first pharmaceutical companies. The company is in its seventh decade of serving patients with breakthrough pharmaceuticals and medical technologies.



how we began

In the ever-evolving landscape of healthcare, Ferozsons Laboratories Limited stands as one of Pakistan's fastest-growing companies, driven by a commitment to excellence and innovation. With over 130 brands spanning cardiology, diabetes, hepatology, gastroenterology, dermatology and beyond, we have established a strong presence within Pakistan and have extended our reach to over 30 low- and middle-income countries (LMICs), helping them overcome their unique healthcare challenges. Our growth is powered by a dedicated workforce of 1500+ employees and two state-of-the-art manufacturing facilities in Nowshera and Lahore (BF Biosciences).

The foundations of the Ferozsons business group were laid in 1894 by Maulvi Ferozuddin Khan, who established the Ferozsons publishing house. From the onset, the group's corporate vision involved playing a meaningful role in the education and health of the underprivileged population of the sub-continent. Ferozsons Laboratories Limited was established in 1956 as one of the first pharmaceutical manufacturing companies in Pakistan. In 1960, we became the first Pakistani pharmaceutical company to be listed on the Pakistan Stock Exchange limited, (formerly: Karachi Stock Exchange) Limited and have a consistent record of financial performance. The company is a multiple-time recipient of the PSX Top 25 Companies Award (formerly KSE Top 25 Companies Award).

committed to excellence and Innovation

1500+

DEDICATED EMPLOYEES
AND STATE-OF-THE-ART
MANUFACTURING
FACILITIES

30

LOW AND MIDDLE
INCOME COUNTRIES
(LMICS) SERVED

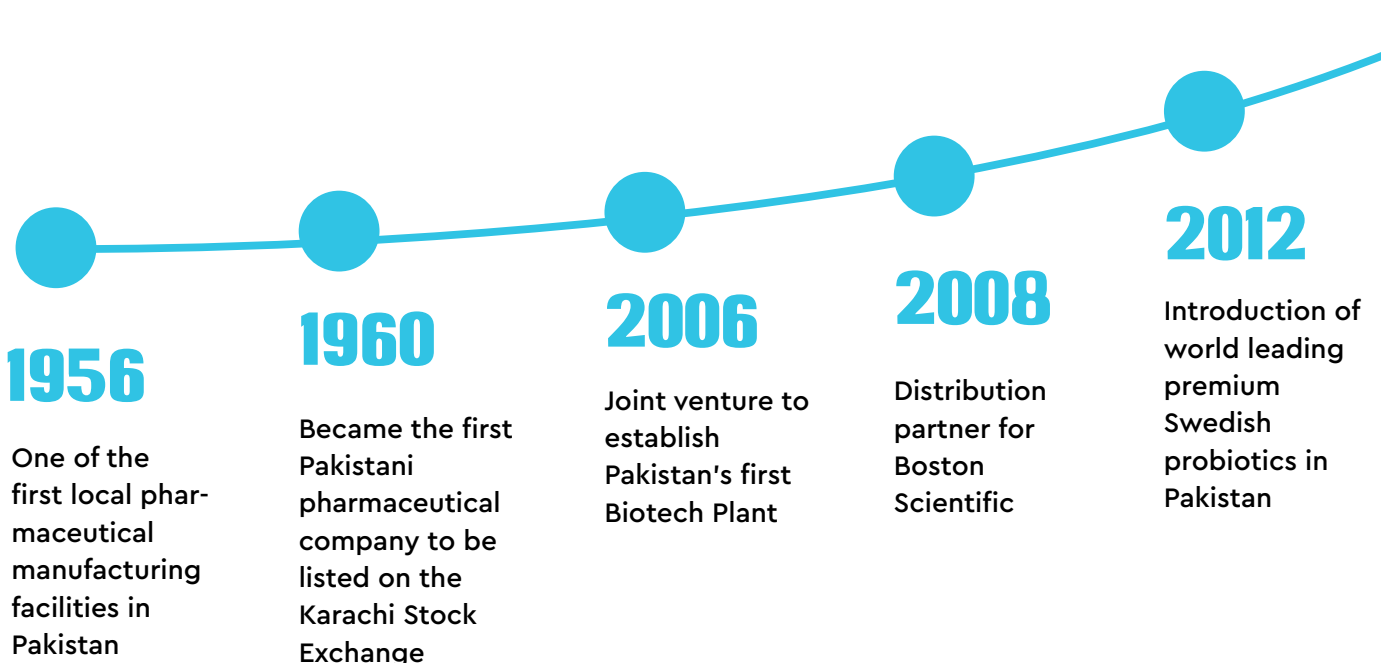
130 +

BRANDS SPANNING
CARDIOLOGY, DIABETES,
HEPATOLOGY, GASTROENTEROLOGY,
DERMATOLOGY & BEYOND

MULTIPLE-TIME RECIPIENT OF THE
PSX TOP 25 COMPANIES AWARD
(FORMERLY KSE TOP 25 COMPANIES AWARD)

areas of expertise

We have established a diverse portfolio powered by strategic international collaborations. Through our range of branded generics and in-licensed products, the company has established a leading presence in the areas of cardiology, gastroenterology, hepatology, dermatology and anti-infective treatments, and is expanding in other key therapeutic areas where unmet needs exist such as diabetes, metabolic health, pediatrics and women's health.



strategic partnerships

Ferozsons Laboratories Limited entered into a joint venture with the Bagó Group of Argentina to establish BF Biosciences Limited, Pakistan's first biopharmaceutical company.

In addition to representing Gilead Sciences Inc., one of the world's most innovative biotech companies in the viral hepatitis and HIV space, Ferozsons Laboratories Limited is the marketing and distribution partner in Pakistan for the Boston Scientific Corporation, USA for its range of interventional devices, Nihon Kohden of Middle East and BioGaia of Sweden.

2014

Introduction of first oral Hep C treatment in Pakistan

Start of Voluntary Licensing Partnership with Gilead sciences.

Official distributors of Biofreeze brand, USA's number 1 clinically recommended topical pain reliever

2020

Introduction of Remdesivir to treat hospitalised patients with severe COVID-19 disease

2021

Introduction of Butterfly's USFDA approved portable ultrasound solutions in Pakistan

2022

Entered into partnership with Nihon Kohden for distribution of medical electronics



BioGaia®



PUTTING PATIENTS FIRST

At the heart of Ferozsons Laboratories Limited is a steadfast commitment to putting patients first. This guiding principle helps us focus on improving patient outcomes by addressing unmet needs with medications and technologies that meet the highest standards of safety and efficacy. We take immense pride in the lives we have helped save along the way, whether through our groundbreaking hepatitis C treatments, our critical role in combating COVID-19 or supporting better diabetes care through the latest treatments.





our manufacturing facilities



Nowshera Plant

Ferozsons Laboratories Limited has a fully current Good Manufacturing Practices (cGMP) compliant production facility in Nowshera, which is ISO 9001 certified and fully equipped with state-of-the-art manufacturing and testing equipment. Our production capabilities include the manufacturing of tablets, capsules, syrups, suspensions, creams and ointments.

Our joint venture state of the art facility, BF Biosciences Limited in Lahore, is the 1st Biopharmaceutical plant of Pakistan. It produces specialized injectables in vials and pre-filled syringes and has currently completed its major capacity expansion.





BF Biosciences



representing Pakistan internationally

We have a fast growing presence in various markets across the globe.



| | | | |
|--------------------|---|--------------|---|
| Afghanistan |  | Myanmar |  |
| Angola |  | Nepal |  |
| Aruba |  | Nigeria |  |
| Belarus |  | Philippines |  |
| Cambodia |  | Sri Lanka |  |
| Dominican Republic |  | Sint Maarten |  |
| Ghana |  | Sudan |  |
| Honduras |  | Tajikistan |  |
| Indonesia |  | Tanzania |  |
| Kenya |  | Timor-Leste |  |
| Kyrgyzstan |  | Uganda |  |
| Mauritius |  | Ukraine |  |
| Mongolia |  | Uzbekistan |  |
| Mozambique |  | Vietnam |  |





new brands in our portfolio

In line with our unwavering commitment to ensure access to the latest treatment and cure to a large number of patients in Pakistan, we have continued to expand our product portfolio. We have launched a number of high-quality generics in the market. These include Xirconi (oxiconazole), Acylex cream (acyclovir) and Prulevity (prucalopride).

XIRCONI



In line with commitment to fulfilling patient unmet needs, we launched Xirconi as 1st Oxiconazole which is recommended as the 1st line treatment for Dermatophyte infections.

ACYLEX CREAM



Adding to our range of Acylex tablets, suspension and ointment, we are proud to launch Acylex Cream, the 1st and only FDA approved topical treatment in Pakistan for Orolabial Herpes, commonly known as cold sores.

PRULEVITY



We are proud to introduce the Prucalopride brand, Prulevity, the 1st FDA approved prokinetic treatment option for Chronic Idiopathic Constipation (CIC).

At the start of FY 2024-25, the group has launched further 5 brands in cardiology, diabetology and rheumatology.

NEBINORM



To address the rising prevalence of hypertension and heart diseases, Ferozsons introduced the 3rd Molecule in the class of beta blockers, Nebivolol brand, Nebinorm, aimed at the advanced treatment of hypertension and heart failure through dual mode of action.

DAPXIGA MXR



To improve diabetes management and compliance for patients with its once-daily dosing, Ferozsons launched Dapxiga MXR. (Dapagliflozin and Metformin HCl extended release)

FERULIN



To address shortage, we introduced Human Insulin (rDNA) under brand name of, Ferulin in three strengths i.e. 70/30, NPH and Regular. As Pakistan has the highest prevalence of Diabetes in the world, with introduction of locally produced insulin, we hope to play a vital role in diabetes management and address unmet needs of patients.

SEMATIDE



We are proud to launch Pakistan's first locally manufactured GLP 1 receptor Agonist, Sematide (Semaglutide) in prefilled syringes. Designed for once weekly and accurate dosing, Sematide offers a convenient solution for diabetes management.

APEZLA



Ferozs Laboratories launched Apremilast brand, Apezla, to provide affordable solution for patients suffering from Psoriasis, an autoimmune disease characterized by patches of abnormal skin not only causing pain but emotional turmoil and stress.

health impact report 2023 - 2024



anti fungal

3,101,975

Patients Treated



anti viral

1,164,075

Patients Treated



antibiotics

2,609,212

Patients Treated



cardiometabolic

1,225,009

Patients Treated



cough

1,811,130

Patients Treated



dermatology

2,100,897

Patients Treated



diabetes

153,183

Patients Treated



gi and liver

3,776,041

Patients Treated



oncology

34,083

Patients Treated



orthopedic

116,927

Patients Treated



urology and nephrology

80,633

Patients Treated

venturing into new arenas and future strategy

We continue to innovate for addressing unmet patient needs in Pakistan. The recent launch of Pakistan's first locally manufactured human insulin, Ferulin, and Sematide, Pakistan's first locally produced GLP 1 Agonist, both produced at our subsidiary BF Biosciences Limited, represent our focus on improving metabolic health. Our legacy of trust and excellence remains the cornerstone of our efforts as a trusted partner in the pursuit of a healthier future for all.

**IN OUR PURSUIT OF
GROWTH, WE ARE GUIDED
BY SEVERAL KEY PILLARS**



transparency

TO BUILD AND MAINTAIN STAKEHOLDER TRUST



research and medical education

**TO STAY AT THE FOREFRONT OF SCIENTIFIC
ADVANCEMENTS**



strategic alliances and collaborations

TO EXPAND INTO NEW AREAS AND MARKETS



efficiency

**THROUGH THE INTEGRATION OF
ADVANCED MANAGEMENT SYSTEMS**

community care initiatives

**empowering community with
education and health**





F I R E - Ferozsons Initiative for Research Excellence

Service, Education, and Research are the three pillars of academic medicine. Despite generating a wealth of patient data at institutions across Pakistan, medical research remains an undeserved pillar. The lack of research capacity prevents us from contributing adequately to global knowledge in Medicine, and also from generating evidence-based treatment guidelines based on our own population, critical to taking informed policy decisions in public health.

To address the research gap in healthcare, we established the Ferozsons Initiative for Research Excellence (FIRE) in 2023. FIRE is a three-way collaboration between Ferozsons Laboratories Limited, LUMS (Lahore University of Management Sciences), and iHart (Innovations in Healthcare Advocacy, Research and Training).

FIRE aims to act as a knowledge hub for building HCP capacity and supporting clinicians across Pakistan to conduct meaningful clinical studies and population research. Under this partnership, LUMS is offering courses and providing research facilitation to clinicians and institutions across the country to help address Pakistan's most pressing healthcare challenges.

The inaugural Clinical Research Design Course was launched and successfully completed in May 2024. 32 participants from the healthcare community were selected and taught the fundamentals of clinical research with a commitment to support research proposals by globally renowned faculty from LUMS, iHART and NORPART (Norway)



Women in Leadership League- Medicine

Women continue to be underrepresented in leadership positions in medicine. To bridge this gap, Ferozsons Laboratories Limited launched the Women in Leadership League in Medicine (Will-Med) on International Women's Day.

The goal of Will-Med is to inspire female workforce and female medical students to not only enter the healthcare workforce but to reach their full potential. This forum will offer mentorship, training, and support to emerging women leaders in medicine and surgery, while also hosting webinars, symposia, and workshops to foster leadership development and networking.

Pakistan is fortunate to have many exceptionally talented women in the health sector. However, despite the presence of outstanding role models, women still face underrepresentation in leadership roles. The launch of the Will-Med forum reinforces our commitment to closing this gap, believing that improving women's leadership in healthcare will significantly enhance patient care across the country.

sponsoring the craft of creative writing

Ferozsons is proud to annually sponsor the LUMS Young Writers Workshop, now in its 12th year.

national outreach programme

Ferozsons annually supports the National Outreach Programme (NOP) of the Lahore University of Management Sciences (LUMS). Our scholarship endowment fund supports need-based scholarships for NOP students.

TCF sponsorships

Ferozsons regularly supports events organized by TCF for fundraising. In addition to this, we continue to support the TCF Khalid Waheed Campus in Muzaffargarh since 2006. Over 360 students are currently enrolled in the campus.

partnership with Rizq and others

Ferozsons Laboratories Limited has collaborated with Rizq, under its Omega initiative to combat hunger. We have taken this step to provide nutrition to the underprivileged families and help reduce the number of malnourished people in Pakistan. This year Ferozsons also donated essential medicine for the people of Palestine, consisting of essential medicines aimed at supporting those facing the worst humanitarian crisis. This donation included 25,000 life-saving medicines.



Ferozsons Laboratories Limited is dedicated to prioritizing patients and building trust within the community. "Act Today; Impact Tomorrow," our sustainability initiative tackles Pakistan's climate vulnerability and its unequal effect on heart health. Our comprehensive strategy involves substituting single-use items with reusable options via the 3R approach (Reduce, Reuse, Recycle), planting trees nationwide for better temperature control & energy efficiency and introducing innovative seed-embedded drop cards to cut down paper waste and landfill emissions. By merging environmental preservation and heart wellness, our goal is to create a meaningful and enduring influence that resonates with people's trust.





According to the International Diabetes Federation (IDF) survey, Pakistan has the highest prevalence (30.8%) of Diabetes in the world with over 33 million patients countrywide. What's even more alarming is that 8.9 million individuals living with diabetes remain undiagnosed and half of those who do know are struggling to manage it effectively. With a staggering 29% mortality rate, the need for effective treatment options has never been more urgent. Ferozsons Laboratories launched the "Stop Diabetes Campaign" across Pakistan with the aim of controlling the spread of the disease. In addition to our portfolio, we strongly aim to raise awareness among the masses about a healthy lifestyle.



hepatitis free Pakistan – hepatitis free ferozsons

Pakistan is home to the world's largest population suffering from viral Hepatitis. This poses an existential threat to the country and its overburdened health system. We are privileged to partner with dedicated healthcare professionals to advocate best practices for combating viral hepatitis. With our key initiative "Hepatitis Free Pakistan," we aim at tackling the disease through awareness, prevention, elimination and capacity building. As an extension to our corporate initiative, we have initiated Hepatitis Free Ferozsons – a company-wide Hepatitis screening and treatment as a micro-elimination activity for the wellbeing and health of our employees.



In terms of obesity, Pakistan ranks tenth out of 188 countries, with 50% of the population being overweight or obese. According to the World Obesity Federation, 5.4 million Pakistani school-aged children will be obese by 2030. Thus, Pakistan is grappling with the twin problems of over-nutrition and poor nutrition. However, obesity is not just a cosmetic concern, it's a medical problem that increases the risk of many other diseases and health problems. These can include heart disease, diabetes, high blood pressure, high cholesterol, liver disease, sleep apnea and certain cancers. In light of this, Ferozsons Laboratories has launched a campaign "Or Less Again" focused on raising awareness and capacity building about lifestyle and health.



legislative and political environment

Our Legal & Regulatory Affairs department works closely with our HR, Finance, Production, and Internal Audit teams to ensure that the company is in compliance with all rules and regulations defined by the concerned authorities in letter and in spirit.

Exchange rate devaluation and inconsistent healthcare policy regimes have adversely affected the pharmaceutical industry. We work with industry associations and constantly liaise with government bodies to reduce these adverse impacts and quickly adapt to the changing policy framework.

occupational health, safety and environment policy

In line with our Code of Business Conduct and Excellence Framework, we are committed to the protection of the environment and maintaining a safe and healthy workplace for all our employees. Our complete Occupational Health, Safety, and Environment Policy can be found on our corporate website.



diversity and inclusion reporting

Ferozsons Laboratories Limited is committed to providing a workplace that includes people from diverse backgrounds, regardless of any gender, disability, race, ethnicity, origin, religion, or economic status. This is also evident by the fact that the Company has three female directors represented on its 7-member Board. Women employed at C - 1 and C - 2 levels currently constitute 25% and 10% of their cadres respectively. C - 1 level refers to the HoDs reporting directly to the CEO, whereas C - 2 level refers to the employees directly reporting to the HoDs. The Company has also employed differently-abled people who are currently engaged in managing stores/warehousing operations.

statement on gender pay-gap

We are an equal opportunity employer and are committed to ensuring fairness and equality in all aspects of our employment practices. We are proud to confirm that there are no differences in pay scales between male and female employees performing equivalent roles. Our compensation structure is based solely on qualifications, experience and performance in order to ensure all employees are rewarded equitably, regardless of gender. We continuously review our policies to maintain a work environment that supports equality, diversity, and inclusivity so that every employee has an equal opportunity to thrive.

Sustainable Development Goals



zero hunger

Under its Omega Initiative to combat hunger, the Company collaborated with Rizq, an innovative food bank, to distribute meals to vulnerable populations. The Initiative aims to provide nutrition to underprivileged families and help reduce the number of malnourished people in Pakistan.

good health and well-being

Despite exemptions available to pharmaceutical companies during the COVID-19 lockdowns, the Company went the extra mile to ensure its employees' safety by implementing a 'Work from Home' policy wherever possible. The Company also provided free treatments to employees and their family members infected with COVID-19. Furthermore, the Company also conducts periodic screening for Hepatitis and Diabetes of employees. It encourages them to take care of their health by attending awareness seminars.

quality education

The Company annually supports the Lahore University of Management Sciences (LUMS) in its academic initiatives, as well as in the National Outreach Program (NOP). The NOP program fully funds exceptional students at the base of the economic pyramid from remote parts of Pakistan. The Company also regularly supports the Citizens Foundation in the area of primary and secondary education.

The Company also has a policy to provide added education allowances to employees within eligible cadres to support their children's educational expenses.

gender equality

We are an equal opportunity employer and encourage female aspirants at all levels in the Company. We are proud to have a significant representation of females on the Board of Directors and management teams.

affordable and clean energy / climate action

In order to promote green energy, the Company has invested in solar power plants. Our one-megawatt solar plant is operational and another one-megawatt solar plant is under installation phase. This shows our commitment to green energy.

clean water and sanitation

The Company operates a specialized water treatment plant for the treatment of effluent water. Effluents are disposed of strictly in line with environmental guidelines. Regular inspections and maintenance activities are performed to avoid blockages, leakages, or contaminations.

decent work and economic growth

We provide market-based compensation packages and an open, fair and friendly work environment for all employees. As a leading employer of skilled labour and through import-substitution and value-added exports, the Company supports Pakistan's growth and export-diversification agenda.

industry innovation and infrastructure

We have transformed our production facility through a major technology upgradation program, with an investment of over Rs. 2 billion. Our subsidiary Company BF Biosciences Limited, which was declared a State-of-the-Art facility at its inception, has also completed its major expansion to manufacture broad range of injectables.

reduced inequalities

The Company fully adheres to all Government's compensation policies in its salaries and wages. We are an equal opportunity employer and are committed to hiring the best talent irrespective of gender, disability, race, ethnicity, origin, religion, or economic status.

partnerships for the goals

We have collaborated with different partners across the globe to ensure patient access to quality treatment and cure. Under a partnership with Gilead Sciences Inc., we manufactured and supply Remdesivir, the first treatment for Covid-19 authorized by the US FDA, to patients in Pakistan and developing countries in 3 continents under Gilead's Global Patient Support (GPS) Program. We have also introduced the world's first Hepatitis E vaccine in Pakistan. Hepatitis E is hyperendemic in Pakistan and has high morbidity and mortality in pregnant women and patients of Chronic Liver Disease. The Company also partners with Non-Profit Organizations, including LUMS, Umang, Cancer Research & Treatment Foundation, Parsa Trust, Rizq, and others to support various Sustainable Development Goals.

KEY OPERATING AND FINANCIAL DATA FOR THE LAST SIX YEARS

| Description | FY 2024 | FY 2023 | FY 2022 | FY 2021 | FY 2020 | FY 2019 |
|-------------|---------|---------|---------|---------|---------|---------|
|-------------|---------|---------|---------|---------|---------|---------|

UNCONSOLIDATED

Operating Results

| | Rs. Million | | | | | |
|------------------------|-------------|-------|-------|-------|-------|-------|
| Revenue - net | 12,712 | 9,893 | 7,806 | 7,034 | 5,402 | 5,197 |
| Gross profit | 4,942 | 3,822 | 3,518 | 2,887 | 2,226 | 2,062 |
| Profit before taxation | 610 | 275 | 935 | 981 | 561 | 419 |
| Profit after taxation | 400 | 189 | 514 | 725 | 396 | 251 |

Financial Position

| | Rs. Million | | | | | |
|-------------------------|-------------|-------|-------|-------|-------|-------|
| Share capital | 435 | 435 | 362 | 362 | 302 | 302 |
| Accumulated profit | 5,320 | 4,881 | 4,909 | 4,768 | 4,182 | 3,880 |
| Non current assets | 7,083 | 3,912 | 3,904 | 3,605 | 3,654 | 3,043 |
| Non current liabilities | 1,413 | 333 | 258 | 343 | 377 | 179 |
| Current assets | 7,933 | 6,783 | 5,323 | 5,007 | 3,871 | 3,160 |
| Current liabilities | 4,635 | 4,078 | 2,664 | 2,044 | 1,528 | 1,086 |

Summary of Cashflow Statement

| | Rs. Million | | | | | |
|---|-------------|-------|-------|-------|-------|-------|
| Net cashflows from operating activities | (1,187) | (202) | 81 | 1,259 | 116 | 447 |
| Net cashflows from investing activities | (262) | 112 | (101) | (899) | (229) | (216) |
| Net cashflows from financing activities | (172) | (267) | (543) | (9) | (22) | (147) |

Key Financial Ratios

Profitability Ratios

| | % | | | | | |
|-------------------------------|------|------|------|------|------|------|
| Gross profit ratio | 38.9 | 38.6 | 45.1 | 41.1 | 41.2 | 39.7 |
| Net profit after tax to sales | 3.1 | 1.9 | 6.5 | 10.3 | 7.3 | 4.8 |
| Return on equity | 4.5 | 3.0 | 8.2 | 11.7 | 7.0 | 5.1 |
| Return on capital employed | 12.3 | 6.8 | 15.4 | 15.9 | 10.3 | 9.0 |

Liquidity Ratios

| | Times | | | | | |
|-----------------------------|-------|-----|-----|-----|-----|-----|
| Current ratio | 1.7 | 1.7 | 2.0 | 2.4 | 2.5 | 2.9 |
| Quick ratio/acid test ratio | 0.8 | 0.6 | 0.9 | 1.6 | 1.3 | 1.8 |

Turnover Ratios

| | (D=Days) | (T=Times) | (%=Percentage) | | | |
|--|----------|-----------|----------------|------|-----|-----|
| Debtor turnover period (D) | 63 | 37 | 50 | 68 | 69 | 62 |
| Inventory turnover period (D) | 187 | 257 | 236 | 149 | 211 | 136 |
| Creditors turnover period (D) | 42 | 178 | 126 | 143 | 108 | 113 |
| Working capital cycle (D) | 208 | 116 | 160 | 74 | 172 | 85 |
| Non current asset turnover ratio (T) | 1.8 | 2.5 | 2.0 | 2.0 | 1.5 | 1.7 |
| Operating cash flow to sales ratio (%) | (9.3) | (2.0) | 1.0 | 17.9 | 2.1 | 8.6 |

Payout Ratios

| | (Rs.=Rupees) | (T=Times) | (%=Percentage) | | | |
|---|--------------|-----------|----------------|------|-----|-----|
| Earnings per share (Re-stated) (Rs.) | 9.2 | 4.4 | 11.8 | 16.7 | 9.1 | 5.8 |
| Cash dividend per share (Re-stated) (Rs.) | 3.0 | - | 4.2 | 8.3 | 2.8 | 4.2 |
| Bonus share issued (%) | - | - | 20 | - | 20 | - |

KEY OPERATING AND FINANCIAL DATA FOR THE LAST SIX YEARS

| Description | FY 2024 | FY2023 | FY 2022 | FY 2021 | FY 2020 | FY2019 |
|-------------|---------|--------|---------|---------|---------|--------|
|-------------|---------|--------|---------|---------|---------|--------|

Capital Structure Ratios

| | Times | | | | | |
|----------------|-------|-----|------|------|------|------|
| Interest cover | 2.2 | 2.7 | 26.0 | 46.1 | 21.7 | 18.9 |

CONSOLIDATED

Operating Results

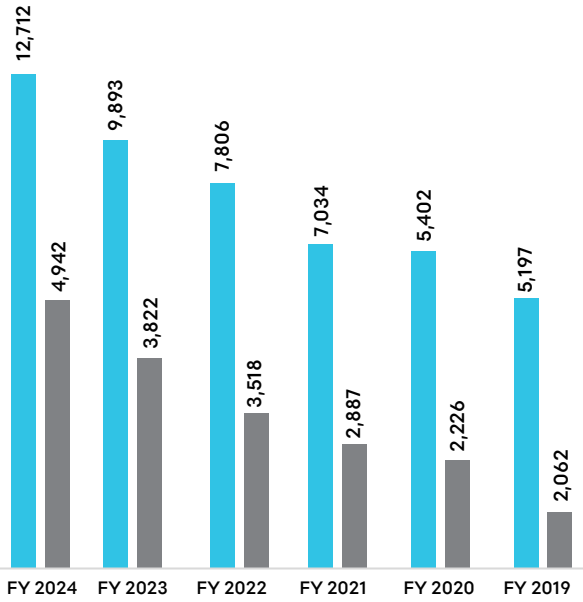
| | Rs. Million | | | | | |
|------------------------|-------------|--------|-------|-------|-------|-------|
| Revenue - net | 15,855 | 11,457 | 9,330 | 8,879 | 6,212 | 5,833 |
| Gross profit | 6,463 | 4,261 | 3,983 | 3,665 | 2,339 | 2,072 |
| Profit before taxation | 1,140 | 415 | 1,237 | 1,566 | 592 | 338 |
| Profit after taxation | 755 | 296 | 790 | 1,289 | 423 | 188 |

Financial Position

| | Rs. Million | | | | | |
|-------------------------|-------------|-------|-------|-------|-------|-------|
| Share capital | 435 | 435 | 362 | 362 | 302 | 302 |
| Accumulated profit | 3,753 | 6,290 | 6,100 | 5,713 | 4,645 | 4,305 |
| Non current assets | 11,966 | 8,071 | 6,208 | 4,887 | 4,090 | 3,117 |
| Non current liabilities | 3,845 | 2,749 | 2,277 | 1,547 | 526 | 217 |
| Current assets | 9,783 | 8,533 | 7,754 | 7,072 | 4,877 | 3,987 |
| Current liabilities | 6,085 | 5,491 | 3,387 | 2,520 | 1,793 | 1,249 |

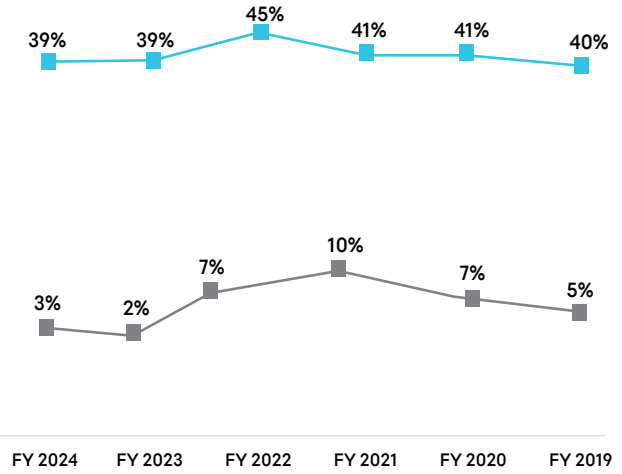
Revenue & Gross Profit (Rs. Million)

■ Revenue - net Rs. (Millions)
 ■ Gross profit Rs. (Millions)



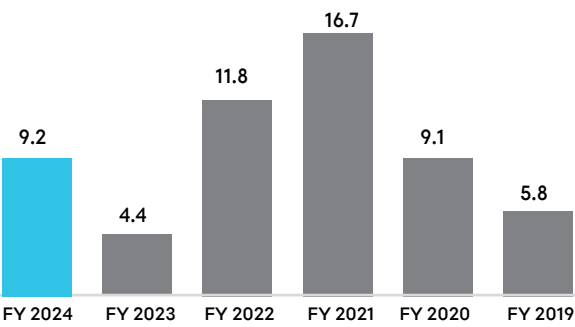
Profitability Ratios (%)

—■— Gross profit ratio
 —■— Net profit ratio



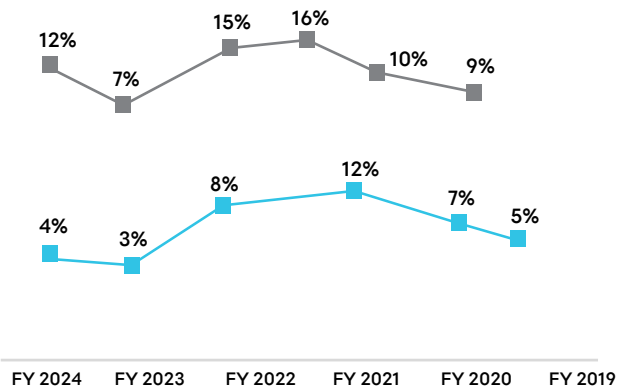
Investors' Ratios

■ Earning per share Rs. (Re-stated)



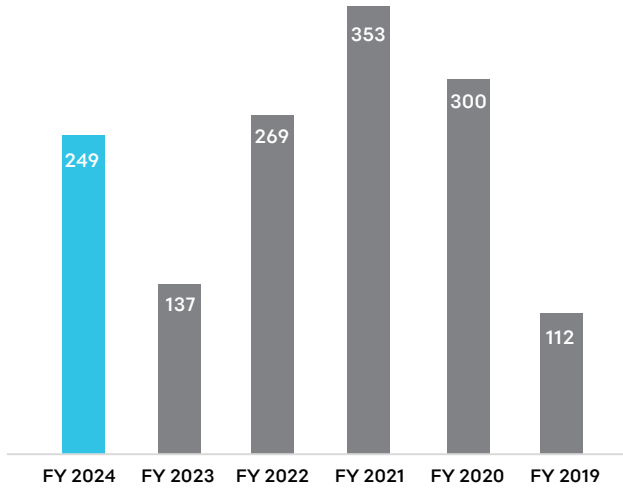
Capital Return Ratios

—■— Return on equity %
 —■— Return on capital employed %



Market Ratios

■ Market price per share (Rs./share)

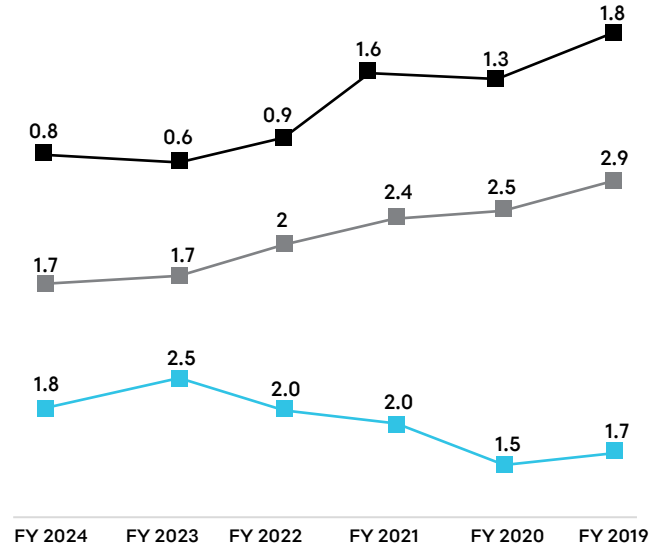


Liquidity & Asset Turnover Ratios

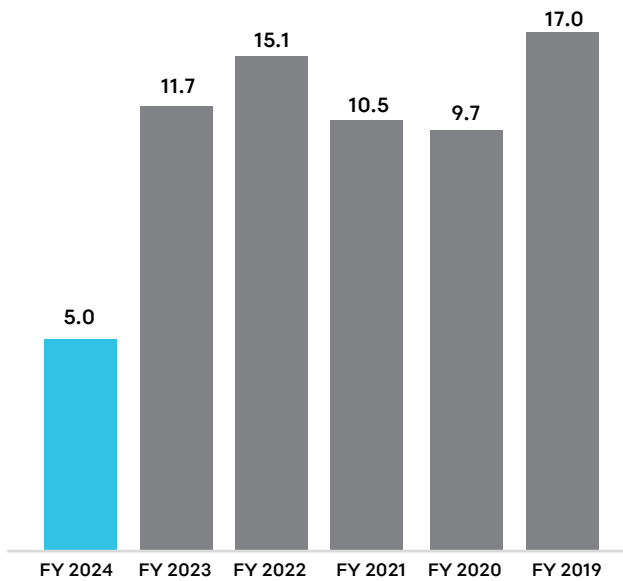
■ Quick ratio (times)

■ Current ratio (times)

■ Non current asset turnover (times)

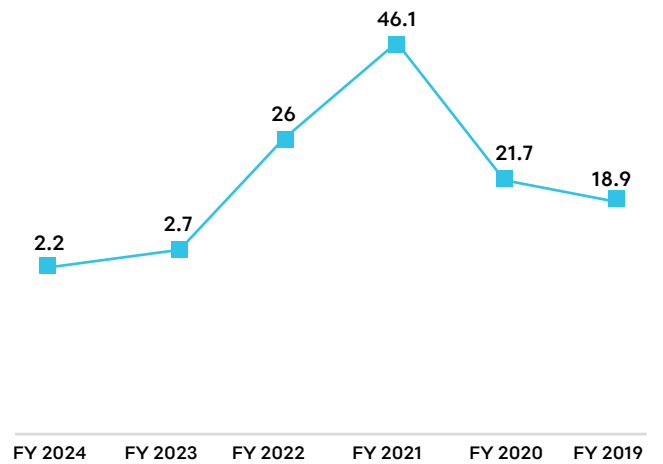


Non Current Assets to Non Current Liabilities (Ratio)



Interest Cover (Times)

■ Interest cover Times



HORIZONTAL ANALYSIS

| Description | FY2024 | FY 2023 | FY 2022 | FY 2021 | FY 2020 | FY 2019 |
|-------------------------------------|------------------------------|---------------|---------------|-------------|-------------|--------------|
| | % Change from preceding year | | | | | |
| Financial Position Analysis | | | | | | |
| Share capital and reserves | 42.7 | (0.3) | 1.3 | 10.8 | 13.8 | 2.3 |
| Non current liabilities | 324.3 | 29.2 | (25.0) | (9.0) | 110.8 | 7.9 |
| Current liabilities | 13.7 | 53.0 | 30.4 | 33.8 | 40.6 | 11.8 |
| Total Equity and Liabilities | 40.4 | 15.9 | 7.1 | 14.4 | 21.3 | 4.0 |
| Non current assets | 81.1 | 0.2 | 8.3 | (1.3) | 20.1 | 2.9 |
| Current assets | 16.9 | 27.4 | 6.3 | 29.4 | 22.5 | 5.0 |
| Total Assets | 40.4 | 15.9 | 7.1 | 14.4 | 21.3 | 4.0 |
| Profit or Loss Analysis | | | | | | |
| Revenue - net | 28.5 | 26.7 | 11.0 | 30.2 | 3.9 | 16.5 |
| Cost of sales | 28.0 | 41.6 | 3.4 | 30.6 | 1.3 | 7.8 |
| Gross Profit | 29.3 | 8.7 | 21.8 | 29.7 | 7.9 | 33.0 |
| Administrative expenses | 27.4 | 24.4 | 20.6 | 16.1 | (0.5) | 16.5 |
| Selling and distribution expenses | 24.6 | 24.1 | 29.3 | 18.2 | (2.7) | 19.8 |
| Other expenses | (65.8) | 100.1 | 199.3 | (0.9) | (27.2) | 141.8 |
| Other income | 1.3 | 10.3 | 33.7 | 47.5 | (48.9) | 41.3 |
| Operating Profit | 162.3 | (55.4) | (3.1) | 70.6 | 32.9 | 102.5 |
| Finance costs | 233.0 | 323.4 | 72.1 | (19.9) | 15.8 | 112.1 |
| Profit Before Taxation | 121.6 | (70.5) | (4.7) | 75.0 | 33.9 | 102.0 |
| Taxation | 143.6 | (79.5) | 64.4 | 55.0 | (1.7) | 49.9 |
| Profit After Taxation | 111.6 | (63.2) | (29.1) | 83.3 | 57.6 | 163.1 |

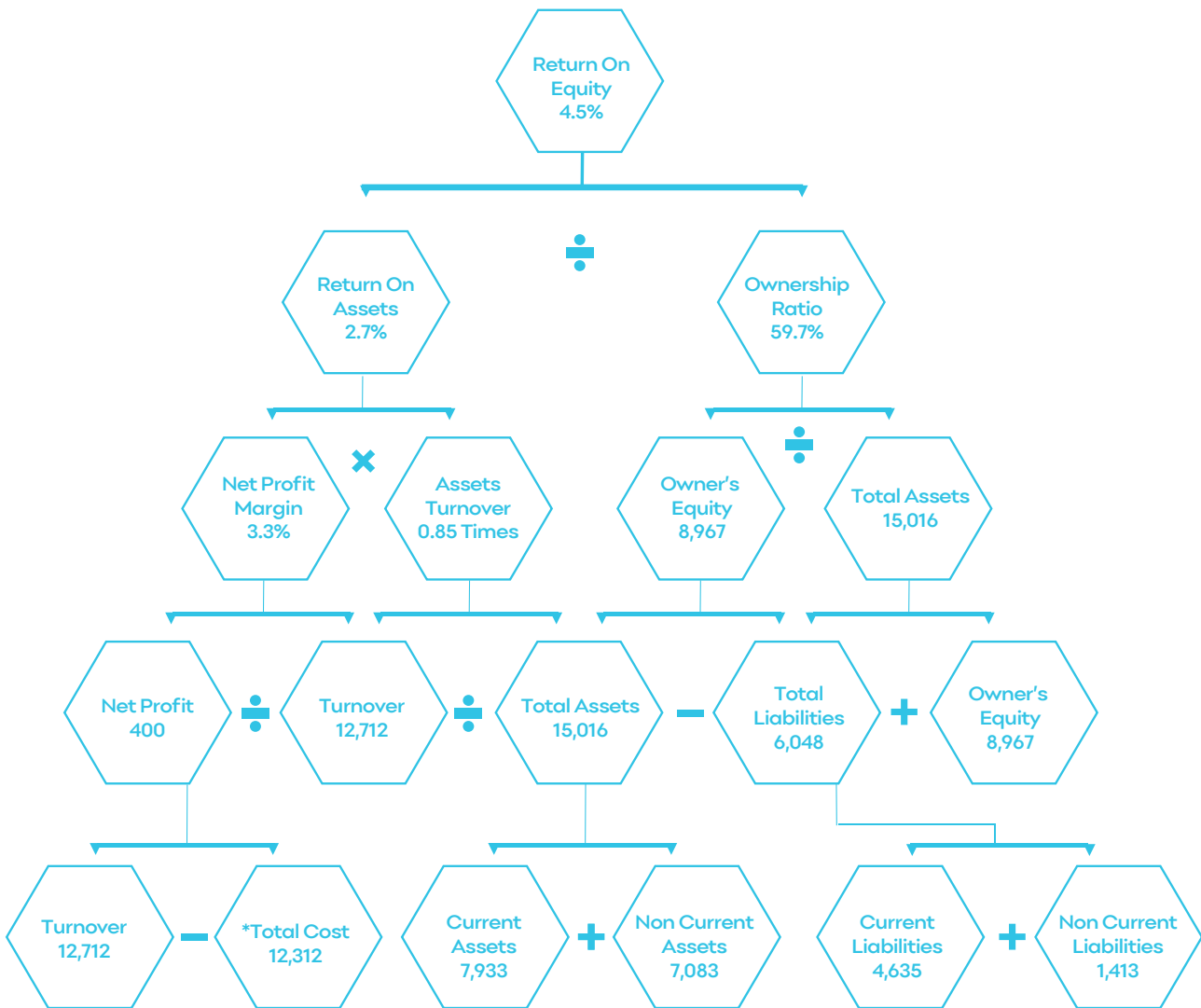
VERTICAL ANALYSIS

| Description | FY 2024 | FY 2023 | FY 2022 | FY 2021 | FY 2020 | FY 2019 |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| -----%----- | | | | | | |
| Financial Position Analysis | | | | | | |
| Share capital and reserves | 59.7 | 58.8 | 68.3 | 72.3 | 74.7 | 79.6 |
| Non current liabilities | 9.4 | 3.1 | 2.8 | 4.0 | 5.0 | 2.9 |
| Current liabilities | 30.9 | 38.1 | 28.9 | 23.7 | 20.3 | 17.5 |
| Total Equity and Liabilities | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Non current assets | 47.2 | 36.6 | 42.3 | 41.9 | 48.6 | 49.1 |
| Current assets | 52.8 | 63.4 | 57.7 | 58.1 | 51.4 | 50.9 |
| Total Assets | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Profit or Loss Analysis | | | | | | |
| Revenue - net | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Cost of sales | 61.1 | 61.4 | 54.9 | 58.9 | 58.8 | 60.3 |
| Gross Profit | 38.9 | 38.6 | 45.1 | 41.1 | 41.2 | 39.7 |
| Administrative expenses | 6.1 | 6.2 | 6.3 | 5.8 | 6.5 | 6.8 |
| Selling and distribution expenses | 24.0 | 24.7 | 25.3 | 21.7 | 23.9 | 25.5 |
| Other expenses | 1.4 | 5.4 | 3.4 | 1.3 | 1.7 | 2.4 |
| Other income | 1.6 | 2.0 | 2.3 | 1.9 | 1.7 | 3.5 |
| Operating Profit | 9.0 | 4.3 | 12.4 | 14.2 | 10.8 | 8.5 |
| Finance costs | 4.1 | 1.6 | 0.5 | 0.3 | 0.5 | 0.5 |
| Profit Before Taxation | 4.9 | 2.7 | 11.9 | 13.9 | 10.3 | 8.0 |
| Taxation | 1.6 | 0.8 | 5.4 | 3.6 | 3.1 | 3.2 |
| Profit After Taxation | 3.3 | 1.9 | 6.5 | 10.3 | 7.2 | 4.8 |

DUPONT ANALYSIS

FOR THE YEAR ENDED 30 JUNE 2024

Rupees Million



*Total cost/expenses includes cost of sales, administrative, selling & distribution, finance cost, taxation and other income/ expenses (net).

CHAIRPERSON'S REVIEW REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2024

I am pleased to present the Review Report to the shareholders on the Board's overall performance and effectiveness in achieving the Company's objectives.

Review of Overall Performance and Effectiveness of the Board

The Board has diligently fulfilled its roles and responsibilities, making significant contributions to the Company's strategic leadership. It has conducted regular reviews of the Company's financial statements and governance matters, including the transparency of disclosures, policies, corporate plans, budgets, and compliance with regulatory requirements.

In addition to reviewing strategic and critical business matters, the Board has specifically assessed the risks posed by change in macroeconomic factors and supply chain disruptions to the Company. Appropriate safeguards have been taken to minimize the impacts of these adverse factors on the Company.

The composition of the Board of Directors reflects a mix of varied backgrounds to provide quality strategic direction to the management. The Board has also formed subcommittees, including the Human Resource & Remuneration Committee, the Audit Committee, and the Investments Committee. These sub-committees are operating effectively within the framework of law.

The Board has approved a risk management framework with a vision to implement a robust system of internal controls and provide an effective control environment for compliance with the best practices of Corporate Governance. The Board has also stressed on high standards of honesty and integrity as pivotal factors for success of the business and Company.

As required by Listed Companies (Code of Corporate Governance Regulations) 2019, annual evaluations of the Board of Directors and its subcommittees have been carried out. This evaluation aims to ensure that Board has the skills required to provide strategic leadership to the Company. Improvement areas, if any, identified as part of the evaluation process are addressed accordingly. Based on the latest feedback received, the evaluation and performance of the Board is considered satisfactory.

Acknowledgement

On behalf of the Board of Directors, I would like to extend my special gratitude to all shareholders for their continued trust and support. I acknowledge with thanks our employees' dedication and hard work at all levels and look forward to their continued support. I would also like to appreciate the commendable efforts and commitment of our Board Members and CEO in providing strategic leadership to the Company.

Mrs. Akhter Khalid Waheed

Chairperson

Lahore

04 October 2024

DIRECTORS' REPORT TO SHAREHOLDERS

FOR THE YEAR ENDED 30 JUNE 2024

We are pleased to present the 68th Annual Report which includes the audited standalone financial statements of the Company for the financial year ended 30 June 2024 along with the consolidated financial statements. The consolidated financial statements incorporate the Company's subsidiary BF Biosciences Limited and retail venture Farmacia.

These financial statements and directors' report have been prepared in accordance with the approved accounting standards as applicable in Pakistan, together with the requirements of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019.

Highlights of the Company's Individual and Consolidated Financial Results

A summary of the financial results and appropriations compared to last year is given below:

| | Individual | | Consolidated | |
|--------------------------|------------|-----------|--------------|------------|
| | 2024 | 2023 | 2024 | 2023 |
| (Rupees in thousands) | | | | |
| Revenue – net | 12,711,714 | 9,893,391 | 15,854,750 | 11,457,221 |
| Gross profit | 4,942,086 | 3,822,287 | 6,462,667 | 4,261,188 |
| Profit before tax | 582,692 | 275,332 | 1,140,216 | 414,671 |
| Profit after tax | 400,054 | 189,043 | 755,475 | 296,242 |
| Earnings per share (Rs.) | 9.20 | 4.35 | 15.72 | 6.24 |

Financial and Operational Review of Ferozsons Laboratories Limited:

The Company's consolidated net sales closed at Rs. 15.9 billion, depicting a growth of 38% over the last year. On a standalone basis, the Company's net sales closed at Rs. 12.7 billion, a growth of 28% over the last year.

In-market generic sales grew by 31%, whereas institutional sales of generics and medical devices increased by 27%. It is pertinent to note that the increase in sales is primarily driven by volumetric increase rather than price increase.

The Company's gross profit margin stands at 39%, which is in line with the last year. Since there has been no material change in sales mix, the increase in sales prices have offset the increase in input costs.

In line with growth in topline, selling and distribution expenses have increased by 28% and primarily reflects inflationary adjustments along with expenses incurred to support penetration in chronic therapeutic areas.

Other expenses decreased by 66% which primarily represents reduction in realized exchange loss.

Finance costs increased by 233% which is mainly attributable to the State Bank of Pakistan's higher average policy rate, coupled with higher utilization of working capital facilities during the year under review.

The profit after tax of the Company closed at Rs. 400 million against Rs. 189 million achieved last year, depicting an increase of 112% from the previous year. Based on the profit after tax, the earnings per share for the year ended 30 June 2024 translates into Rs. 9.20 compared to Rs. 4.25 in the same period last year.

DIRECTORS' REPORT TO SHAREHOLDERS

FOR THE YEAR ENDED 30 JUNE 2024

Financial and Operational Review of BF Biosciences Limited (Subsidiary Company):

Net sales of the Subsidiary, BF Biosciences Limited ("BFBIO") closed at Rs. 3.7 billion, compared to Rs. 1.8 billion last year, achieving a strong growth of 102% over the last year. Profit after tax also witnessed significant growth and closed at Rs. 385 million, compared to Rs. 149 million, depicting an increase of 159% over the last year.

Subsequent to the year-end, we have successfully completed the Initial Public Offering (IPO) of BFBIO on Pakistan Stock Exchange. The funds raised from IPO will be utilized for capital expenditure, securing export certifications, and managing working capital needs.

Regarding BFBIO's expansion project, the pre-filled syringes line has been fully commissioned, and commercial production has commenced. Additionally, we have obtained all necessary approvals from the Drug Regulatory Authority of Pakistan (DRAP) for the Lyophilizer and Combi-filling lines. These lines have also been commissioned and are currently undergoing internal validation. We are confident that these validations will be completed soon, with commercial production expected to start in October 2024, InshAllah.

Pakistan has the highest prevalence of diabetes in the world, with 1 in 3 adult Pakistanis suffering from this disease. In this context, we are pleased to report that the response to our strategic launches – Ferulin® (recombinant human insulin) and Sematide® (semaglutide) is Alhamdulillah encouraging, and we hope to create positive impact in terms of patient access to these critical tools in our mission of helping physicians stop the rise of diabetes.

Key Operating and Financial Data

A summary of key operating and financial data of the individual and consolidated financial statements for the last six years is annexed.

Capital Expenditure

During the year, the Company invested Rs. 391 million against capital expenditure, which mainly includes one mega-watt solar power plant and other plant & machinery equipment for enhancing production efficiencies and capabilities.

Subsequent Events

No material changes affecting the Company's financial position have occurred between the statement of financial position date and date of this report.

Earnings per Share

Based on the net profit for the year ended 30 June 2024, the standalone earnings per share (EPS) stands at Rs. 9.20 per share, compared to Rs. 4.35 per share last year. Whereas consolidated EPS for the year ended 30 June 2024 stand at Rs. 15.72 per share compared to Rs. 6.24 per share last year.

Dividend Announcement

The directors have recommended a final cash dividend of 30% i.e., Rs. 3 per share for the year ended 30 June 2024, subject to the approval by the shareholders at the Annual General Meeting to be held on October 28, 2024.

These appropriations will be accounted for in the subsequent financial statements, in compliance with the Companies Act, 2017.

Statement of Compliance with the Code of Corporate Governance

The Company fully complies with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2019; a statement to this effect along with Auditor's report is Annexed with our annual report.

Corporate & Financial Reporting Framework

The Board of Directors of the Company is committed to the principles of good corporate management practices. The Management of Company continues to comply with the provisions of best practice

DIRECTORS' REPORT TO SHAREHOLDERS

FOR THE YEAR ENDED 30 JUNE 2024

set out in the Code of Corporate Governance.

- The financial statements prepared by the management of the Company fairly present its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements. Accounting estimates are based on reasonable and prudent judgment.
- The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The systems of internal controls are sound in design and have been effectively implemented by the management and monitored by the internal auditors, Board of Directors and the Audit Committee. The Board reviews the effectiveness of established internal controls through the Audit Committee and suggest, whenever required, further improvement in the internal control system.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance as detailed in the Listing Regulations.
- Significant deviations from last year's operating results have been explained in detail together with the reasons thereof in the Annual Report.
- The Company does not envisage corporate restructuring or discontinuation of its operations in the foreseeable future.
- All major Government levies in the normal course of business, payable as on 30 June 2024 have been cleared subsequent to the year end.
- The values of employees' provident fund investments based on latest audited accounts as at 30 June 2023 are Rs. 1,048 million.

Sustainability, Risk Management, and Diversity Initiatives

Based on input from the management, the Board has conducted an assessment of all potential sustainability-related risks that could impact the Company's operations. No material sustainability risks have been identified except for wastewater. In order to mitigate the said risk, a wastewater treatment plant has been commissioned.

Wastewater is duly treated so that it is properly neutralized before discharging into main drain. This process plays a critical role in preventing contamination of local water sources and maintaining compliance with environmental regulations.

In our commitment to sustainability, the Company has also invested in renewable energy solutions. A one-megawatt solar power plant is operational whereas another one-megawatt solar power plant is in installation phase. This demonstrates Company's commitment to green energy.

Company places great importance on fostering a diverse, equitable, and inclusive workplace. The Board and management teams are committed to maintaining equal opportunities for all employees. We are proud to have a significant representation of women on the Board of Directors and management teams.

Contribution to National Exchequer

During the current financial year out of the total wealth generated, the Company contributed approximately Rs. 278 million to the national exchequer in lieu of various levies including Income Tax,

DIRECTORS' REPORT TO SHAREHOLDERS

FOR THE YEAR ENDED 30 JUNE 2024

WWF, WPPF and Central Research Fund.

Cash Flow Management

The Company's cash flow management system projects cash inflows and outflows on a regular basis and monitors the cash position on a daily basis.

Related Party Transactions

Transactions with related parties during the year ended 30 June 2024 were placed before the Audit Committee and the Board for their review and approval. These transactions were approved by the Board in their meetings held during the year. Detail of related party transactions is given in note no. 41 to the financial statements.

Composition of Board of Directors, its Committees and Meetings

The information regarding the composition of Board of Directors, its Committees and Meetings held along with the details of persons who, at any time during the financial year 2023-24 were directors of the Company is annexed.

Pattern of Shareholding

The pattern of shareholding as at 30 June 2024 is annexed. All trades in the shares of the Company, if any, carried out by the directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children are also annexed.

Corporate Social Responsibility

In line with our Code of Business Conduct and Excellence Framework, we are committed to the protection of environment and investing in community's health and education initiatives.

The Company collaborated and contributed to various organizations for CSR activities during the year under review. These organizations mainly include:

- National Management Foundation
- Rizq Trust

Risk Management

The Board of Directors has carried out a robust assessment of the principal risks facing the Company, including those that would threaten the business model, future performance and solvency or liquidity. Our risk management approach is primarily based on understanding, identifying, assessing and then prioritizing risk areas. To mitigate these risks, various strategies are formulated and adopted accordingly.

The following are some of the primary risks being faced by the Company:

- **Economic and political risks:** The ever-changing economic and political condition in our country has also exposed our Company to this risk. To mitigate this risk, the management closely monitors the financial market conditions and political climate, and appropriate actions and strategies are discussed at the management level to counter unfavorable situations.
- **Currency risks:** The depreciation of Pakistani Rupee significantly affects input costs of products since majority of raw materials are imported. Furthermore, due to DRAP's pricing control/regulations, it is not possible to pass on these cost increases directly to the final consumer as well.
- **Competition risks:** Due to the weak regulatory controls over illegal and low-quality products in the market, the pharmaceutical industry in Pakistan is exposed to unhealthy competition risks. In order to mitigate these risks, the Company along with other members of the Pakistan Pharmaceutical Manufacturers Association, is in continuous lobbying for improved Government regulations and policies.
- **Supply chain risks:** The supply chain process plays a pivotal role in day-to-day operations of the Company. We are mitigating this risk through comprehensive production planning and integrating it with the sales forecasting and ordering systems.

DIRECTORS' REPORT TO SHAREHOLDERS

FOR THE YEAR ENDED 30 JUNE 2024

- **Information technology risks:** The Company continues to invest in its IT infrastructure keeping in mind its future needs.
- **Financial risks:** These are the risks that are directly attributable to the financial viability of the Company. These have been elaborated in detail in notes to the financial statements.

Remuneration Policy of Executive Director/Chief Executive Officer and Non-Executive Directors

Executive Director/Chief Executive Officer is entitled for a remuneration package of which details are enclosed in note no. 40 of the financial statements. Whereas Non-executive directors including the independent directors are entitled only for the fee for attending the meetings and re-imbursment of travelling expenses.

Auditors

The Auditors Messer KPMG Taseer Hadi & Co., Chartered Accountants retire and offer themselves for reappointment for the year 2024-25.

The Board Audit Committee has recommended appointment of KPMG Taseer Hadi & Co., Chartered Accountants as auditors of the Company for the year 2024-25. Accordingly, the Board has recommended the same for the approval of the shareholders in the upcoming Annual General Meeting.

Industry Review and Future Outlook

The Government of Pakistan has taken the significant step of deregulating the prices of medicines outside the National Essential Medicines List. This move is expected to ensure the availability of quality medicines while fostering healthier competition within the sector, ultimately benefiting patients and industry.

Further, stability in the macroeconomic environment along with reduction in the inflationary pressure and finance cost will provide relief to pharmaceutical sector which has been under considerable pressure during last two years.

One key challenge faced by the Company is timely settlement of trade debts by government institutions. As of June 30, 2024, trade debts amounting to Rs. 2 billion (approx.) pertains to government institutions. These receivables primarily relate to medical devices tenders, of which supplies were made in good faith during the Interim Government's tenure. However, post formation of new government, these obligations are being settled at a very slow pace. Resultantly, the Company is utilizing short-term financing facilities to finance these outstanding receivables and finance costs of these borrowings is eroding bottom line of the Company.

We are also pleased to report that the Company has entered into a non-exclusive voluntary license agreement with Gilead Sciences Ireland UC (Gilead Sciences) for the manufacture and sale of licensed generic lenacapavir in resource-constrained, high burden and resource-limited countries in the developing world. Ferozsons is one of the six global partners to have successfully signed a voluntary license agreement with Gilead to produce high-quality generic of lenacapavir. The injectable drug product will be manufactured at Ferozsons' JV Subsidiary, BF Biosciences Limited (BF BIO), while the oral variant will be manufactured at Ferozsons' oral solid dosage (OSD) facility.

Lenacapavir is approved by US FDA in heavily treatment-experienced patients ("HTE") for infection caused by the human immunodeficiency virus (HIV) for, and is being investigated for use in HIV prevention. The agreement covers lenacapavir for HIV prevention (pending approval), as well as the approved indication of HIV treatment in heavily treatment-experienced (HTE) adults with multi-drug resistant HIV. The product development and registration will take approximately six to seven months.

The Company's management remains resolute in developing new products, implementing cost optimization measures to ensure sustainable growth, and actively exploring other avenues where

DIRECTORS' REPORT TO SHAREHOLDERS

FOR THE YEAR ENDED 30 JUNE 2024

unmet patient needs exist. We are committed to ensuring the provision of the highest quality pharmaceuticals for the well-being of patients.

Acknowledgements

We want to acknowledge the considerable efforts and dedication of our employees towards achievement of the Company's objectives. Further, we also thank our principals, business partners and valued customers for their continuous support and confidence in the Company.

For and on behalf of the Board

Mr. Osman Khalid Waheed
Chief Executive Officer

Mrs. Akhter Khalid Waheed
Chairperson

Lahore
04 October 2024

DATES AND ATTENDANCE OF BOARD MEETINGS HELD DURING THE YEAR ENDED 30 JUNE 2024

Dates of Board Meetings were held during the Financial Year 2023-2024 are as follows:

- 03 October 2023
- 28 October 2023
- 07 February 2024
- 28 February 2024
- 25 April 2024

| Name of Directors | No. of Meetings | Attendance |
|-------------------------------------|-----------------|------------|
| Board of Directors Meetings: | | |
| Mrs. Akhter Khalid Waheed | 5 | 5 |
| Mr. Osman Khalid Waheed | 5 | 5 |
| Mrs. Amna Piracha Khan | 5 | 5 |
| Mrs. Munize Azhar Peracha | 5 | 5 |
| Mr. Shahid Anwar | 5 | 5 |
| Mr. Arshad Saeed Husain | 5 | 5 |
| Mr. Suleman Ghani | 5 | 2 |

| | | |
|----------------------------------|---|---|
| Audit Committee Meetings: | | |
| Mr. Arshad Saeed Husain | 4 | 4 |
| Mrs. Amna Piracha Khan | 4 | 4 |
| Mr. Shahid Anwar | 4 | 4 |
| Mr. Suleman Ghani | 4 | 1 |

| | | |
|--|---|---|
| HR & Remuneration Committee Meetings: | | |
| Mr. Arshad Saeed Husain | 1 | 1 |
| Mr. Osman Khalid Waheed | 1 | 1 |
| Mrs. Munize Azhar Peracha | 1 | 1 |
| Mr. Shahid Anwar | 1 | 1 |

For and on behalf of the Board

Mr. Osman Khalid Waheed
Chief Executive Officer

Mrs. Akhter Khalid Waheed
Chairperson

Lahore
04 October 2024



KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road,
Lahore 54000 Pakistan
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ferozsons Laboratories Limited

Review report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Ferozsons Laboratories Limited** ("the Company") for the year ended 30 June 2024 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 part of our audit of 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 30 June 2024.

Lahore

Date: 07 October 2024

UDIN: CR202410119v29gs1D4p


KPMG Taseer Hadi & Co.
Chartered Accountants

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

Name of Company: **Ferozsons Laboratories Limited**
 Year ended: **30 June 2024**

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

1. The total number of directors are 7 (seven) as per the following:

| Gender | Number |
|--------|--------|
| Male | 04 |
| Female | 03 |

2. The composition of the Board is as follows:

| | |
|-------------------------------------|---------------------------|
| Independent Directors* | Mr. Arshad Saeed Husain |
| | Mr. Suleman Ghani |
| Non-Executive Director | Mr. Shahid Anwar |
| Female Directors (Non-Executive) | Mrs. Akhter Khalid Waheed |
| | Mrs. Amna Piracha Khan |
| | Mrs. Munize Azhar Peracha |
| Executive Director | Mr. Osman Khalid Waheed |

*In order to comply with the requirements of Listed Companies (Code of Corporate Governance) Regulations 2019, two independent directors were elected on the Board of Directors upon maturity of existing term, whereas the code requires to appoint at-least two or one-third of the board members (whichever is higher). The fractions of 0.33 was not rounded up as the two appointed independent directors fairly protected the interests of the shareholders.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by 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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board ;

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

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. All the directors have either attended the Directors Training program or have minimum of 14 years of education and 15 years of experience on the Board of listed companies and therefore are exempt from the Directors Training Program;
10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

| Audit Committee | |
|-------------------------|-------------|
| Names | Composition |
| Mr. Arshad Saeed Husain | Chairman |
| Mrs. Amna Piracha Khan | Member |
| Mr. Shahid Anwar | Member |
| Mr. Suleman Ghani | Member |

| HR and Remuneration Committee | |
|-------------------------------|-------------|
| Names | Composition |
| Mr. Arshad Saeed Husain | Chairman |
| Mr. Osman Khalid Waheed | Member |
| Mrs. Munize Azhar Peracha | Member |
| Mr. Shahid Anwar | Member |

The Board has not formed the 'Nomination Committee', 'Risk Management Committee' and 'Sustainability Committee' as responsibilities of these committees are being taken care of at the Board Level as and when required. Therefore, a need for the separate formation of these committees does not exist.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:

| Meetings | Frequency |
|-------------------------------|-----------|
| Audit Committee | 4 |
| HR and Remuneration Committee | 1 |

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

15. The Board has outsourced the internal audit function to Messers EY Ford Rhodes Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.

Mr. Osman Khalid Waheed
Chief Executive Officer

Mrs. Akhtar Khalid Waheed
Chairperson

Lahore
04 October 2024



OUR FINANCIAL STATEMENTS



KPMG Taseer Hadi & Co.
Chartered Accountants
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Lahore 54000 Pakistan
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INDEPENDENT AUDITOR'S REPORT

To the members of Ferozsons Laboratories Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Ferozsons Laboratories Limited** ("the Company"), which comprise the unconsolidated statement of financial position as at 30 June 2024, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2024 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

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Following are the Key audit matters:

| Sr. No. | Key audit matter | How the matter was addressed in our audit |
|---------|--|--|
| 1. | <p>Revenue recognition</p> <p>Refer to notes 5.15, 5.15.1 and 29 to the unconsolidated financial statements.</p> <p>The Company recognized net revenue of Rs. 12.712 billion from the sale of goods to domestic as well as export customers during the year ended 30 June 2024.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to a risk that revenue is recognized without transferring the control to meet expectations or targets.</p> | <p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the process relating to recording of revenue and testing the design and implementation of relevant key internal controls over recording of revenue; • Assessing the appropriateness of the Company's accounting policies for recording of revenue and compliance of those policies with applicable accounting standards; • Comparing, on a sample basis, specific revenue transactions recorded just before and just after the financial year end to determine whether the revenue had been recognized in the appropriate financial period; • Scanning for any manual journal entries relating to revenue recorded during the year which were considered to be material or met other specific risk-based criteria for inspecting underlying documentation; and • Assessing the adequacy of presentation and disclosures related to the revenue as required under the accounting and reporting standards as applicable in Pakistan. |
| 2. | <p>Revaluation of Property, Plant and Equipment</p> <p>Refer to notes 5.3.1, 8 and 18.1 to the unconsolidated financial statements.</p> <p>The company follows the revaluation model for subsequent measurement of freehold land, buildings on freehold land and plant and machinery. Valuations are performed by independent valuer with sufficient frequency.</p> <p>Latest revaluation was undertaken as at 30 June 2024 and consequently, additional revaluation surplus – net of deferred tax amounting to Rs. 2.287 billion has been recognized in the unconsolidated financial</p> | <p>Our audit procedures to assess the revaluation of property, plant and equipment, amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtaining and inspecting the results of valuation carried out by management of the Company through an externally appointed expert on which the management assessment of valuation of property, plant and equipment was based; • Evaluating the completeness and appropriateness of information used in the valuation by inspecting the relevant underlying documentation; • Evaluating the appropriateness of key methodology used by the management, reasonableness of key estimates and assumptions used by the management in valuation exercise; |

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| Sr. No. | Key audit matter | How the matter was addressed in our audit |
|---------|---|---|
| | <p>statements and the closing balance of revaluation surplus – net of deferred tax on property, plant, and equipment at the year-end amounts to Rs. 3.212 billion.</p> <p>We have identified revaluation of Property, Plant and Equipment as key audit matter due to its financial magnitude and judgement involved in the assessment of the fair value of these assets. The judgement relates to the valuation methodologies used and the assumptions included in each of those methodologies.</p> | <ul style="list-style-type: none"> • Evaluating whether the results of the valuation exercise have been appropriately accounted for in the unconsolidated financial statements in accordance with the requirements of accounting and reporting regulations as applicable in Pakistan; • Assessing the appropriateness of unconsolidated financial statements' disclosures in accordance with the requirements of the applicable accounting and reporting regulations as applicable in Pakistan. |

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2024 but does not include the unconsolidated financial statements and our auditor’s report thereon.

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

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

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

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

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



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

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

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

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

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

The engagement partner on the audit resulting in this independent auditor's report is Ahsin Tariq.

Lahore

Date: 07 October 2024

UDIN: AR202410119S4J3z6BQM


KPMG Taseer Hadi & Co.
Chartered Accountants

Ferozsons Laboratories Limited
Unconsolidated Statement of Profit or Loss
For the year ended 30 June 2024

| | Note | 2024 Rupees | 2023 Rupees Restated |
|--|------|----------------------------------|----------------------------------|
| Revenue - net | 29 | 12,711,714,096 | 9,893,390,922 |
| Cost of sales | 30 | <u>(7,769,628,444)</u> | <u>(6,071,103,751)</u> |
| Gross profit | | 4,942,085,652 | 3,822,287,171 |
| Administrative expenses | 31 | (779,702,799) | (611,974,082) |
| Selling and distribution expenses | 32 | (3,047,915,256) | (2,446,540,871) |
| Other expenses | 33 | (182,039,507) | (532,563,028) |
| Other income | 34 | <u>205,167,347</u> | <u>202,484,754</u> |
| Profit from operations | | 1,137,595,437 | 433,693,944 |
| Finance cost | 35 | (527,322,841) | (158,362,247) |
| Profit before income tax, final tax and minimum tax | | <u>610,272,596</u> | <u>275,331,697</u> |
| Minimum tax differential | 36 | (13,041,269) | (59,839,529) |
| Final tax | 37 | <u>(14,539,025)</u> | <u>(33,428,059)</u> |
| Profit before income tax | | 582,692,302 | 182,064,109 |
| Income tax (expense) / income | 38 | <u>(182,638,025)</u> | <u>6,978,362</u> |
| Profit after taxation | | <u><u>400,054,277</u></u> | <u><u>189,042,471</u></u> |
| Earnings per share - basic and diluted | 39 | <u><u>9.20</u></u> | <u><u>4.35</u></u> |

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited
 Unconsolidated Statement of Comprehensive Income
 For the year ended 30 June 2024

| | 2024 | 2023 |
|--|-----------------------------|---------------------------|
| | Rupees | Rupees |
| Profit after taxation | 400,054,277 | 189,042,471 |
| <i>Items that will not be subsequently reclassified to profit or loss</i> | | |
| Surplus on revaluation of property, plant and equipment | 3,205,779,968 | - |
| Related deferred tax on surplus | (918,286,187) | - |
| Total comprehensive income for the year | <u>2,687,548,058</u> | <u>189,042,471</u> |

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

 Chief Executive Officer

 Chief Financial Officer

 Director

Ferozsons Laboratories Limited
Unconsolidated Statement of Changes in Equity
For the year ended 30 June 2024

| | Capital Reserve | | Revenue Reserve | | Total |
|---|---------------------------|-----------------------------|--|----------------------|----------------------|
| | Share capital (Note 6) | Capital reserve (Note 7) | Revaluation surplus on property, plant and equipment (Note 8) | Accumulated profit | |
| Balance as at 01 July 2022 | 362,242,100 | 321,843 | 1,032,733,321 | 4,908,885,731 | 6,304,182,995 |
| <i>Total comprehensive income for the year</i> | | | | | |
| Profit after taxation | - | - | - | 189,042,471 | 189,042,471 |
| <i>Surplus transferred to accumulated profit</i> | | | | | |
| - on account of incremental depreciation on property, plant and equipment charged during the year - <i>net of tax</i> | - | - | (36,944,186) | 36,944,186 | - |
| Effect of rate change | - | - | (27,411,770) | - | (27,411,770) |
| <i>Transactions with owners of the Company, recognized directly in equity - Distributions</i> | | | | | |
| - Final dividend for the year ended 30 June 2022 at Rs. 5 per share | 72,448,420 | - | - | (181,121,052) | (181,121,052) |
| - Issuance of bonus shares at 20% | 72,448,420 | - | - | (72,448,420) | - |
| | | | | (253,569,472) | (181,121,052) |
| Balance as at 30 June 2023 | 434,690,520 | 321,843 | 968,377,365 | 4,881,302,916 | 6,284,692,644 |
| <i>Total comprehensive income for the year</i> | | | | | |
| Profit after taxation | - | - | - | 400,054,277 | 400,054,277 |
| Surplus on revaluation of property, plant and equipment | - | - | 3,205,779,968 | - | 3,205,779,968 |
| Related deferred tax on surplus | - | - | (918,286,187) | - | (918,286,187) |
| | - | - | 2,287,493,781 | 400,054,277 | 2,687,548,058 |
| <i>Surplus transferred to accumulated profit</i> | | | | | |
| - on account of incremental depreciation on property, plant and equipment charged during the year - <i>net of tax</i> | - | - | (35,960,239) | 35,960,239 | - |
| - transfer from surplus on revaluation of fixed assets on disposal | - | - | (2,880,000) | 2,880,000 | - |
| | - | - | (38,840,239) | 38,840,239 | - |
| Effect of rate change | - | - | (4,767,326) | - | (4,767,326) |
| Balance as at 30 June 2024 | 434,690,520 | 321,843 | 3,212,263,581 | 5,320,197,432 | 8,967,473,376 |

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited
Unconsolidated Statement of Cash Flows
For the year ended 30 June 2024

| | Note | 2024 Rupees | 2023 Rupees Restated |
|--|------|------------------------|----------------------------|
| <u>Cash flow from operating activities</u> | | | |
| Profit after taxation | | 400,054,277 | 189,042,471 |
| <i>Adjustments for non - cash and other items</i> | | | |
| Depreciation on property, plant and equipment | 18.4 | 423,367,440 | 379,974,831 |
| Amortisation of intangible assets | 19.1 | 20,461,558 | 556,889 |
| Amortisation of deferred grant | 11 | (4,910,480) | (2,039,176) |
| Trade debts and earnest money directly written off | 32 | 13,225 | 20,592,272 |
| Provision of loss allowance | 33 | 129,698,580 | 38,454,594 |
| Net realisable value adjustment for the year | 22.2 | 161,996,505 | 101,469,865 |
| Gain on disposal of property, plant and equipment | 18.5 | (75,412,769) | (27,779,308) |
| Finance costs | 35 | 527,322,841 | 158,362,247 |
| Gain on re-measurement of short term investments to fair value | 27.1 | (39,002,049) | (1,530,043) |
| Gain on sale of short term investments | 27.1 | (6,027,500) | (34,897) |
| Dividend income | 34.1 | (28,233,952) | (111,228,114) |
| Profit on bank deposits | 34.1 | (2,976,769) | (4,117,976) |
| Share in profit of Farmacia | 34.2 | (8,751,051) | (23,973,654) |
| Workers' Profit Participation Fund | 13.2 | 32,799,369 | 14,786,880 |
| Central Research Fund | 13.3 | 6,626,135 | 2,987,248 |
| Workers' Welfare Fund | 13.4 | 12,915,423 | 5,619,014 |
| Minimum tax | 36 | 13,041,269 | 59,839,529 |
| Final tax | 37 | 14,539,025 | 33,428,059 |
| Income tax | 38 | 182,638,025 | (6,978,362) |
| | | 1,360,104,825 | 638,389,898 |
| Cash generated from operations before working capital changes | | 1,760,159,102 | 827,432,369 |
| <u>Effect on cash flow due to working capital changes</u> | | | |
| <i>(Increase) / decrease in current assets</i> | | | |
| Stores, spare parts and loose tools | | (26,556,963) | 2,865,213 |
| Stock in trade | | 136,938,748 | (1,600,330,567) |
| Trade debts - considered good | | (1,323,817,848) | 6,766,554 |
| Loans and advances - considered good | | (77,646,652) | (40,046,528) |
| Deposits and prepayments | | (46,944,143) | (36,415,927) |
| Other receivables | | (23,941,319) | 46,981,516 |
| | | (1,361,968,177) | (1,620,179,739) |
| <i>(Decrease) / Increase in current liabilities</i> | | | |
| Trade and other payables | | (1,463,316,792) | 995,221,092 |
| Contract liability | | 200,086,667 | 6,915,243 |
| | | (865,039,200) | 209,388,965 |
| Cash (used in) / generated from operations | | (865,039,200) | 209,388,965 |
| Income tax paid | | (295,128,156) | (295,511,676) |
| Minimum tax paid | | (12,463,178) | (62,060,653) |
| Final tax paid | | (8,120,930) | (22,243,167) |
| Workers' Profit Participation Fund paid | 13.2 | (3,714,495) | (21,782,358) |
| Central Research Fund paid | 13.3 | (2,987,248) | (10,155,224) |
| Net cash used in operating activities | | (1,187,453,207) | (202,364,113) |
| <u>Cash flow from investing activities</u> | | | |
| Fixed capital expenditure incurred | | (391,277,796) | (378,360,408) |
| Acquisition of intangibles | | (60,501,000) | - |
| Dividend income received | | 28,233,952 | 111,228,114 |
| Proceeds from sale of property, plant and equipment | 18.5 | 126,785,947 | 41,239,836 |
| Profit on bank deposits received | 34.1 | 2,976,769 | 4,117,976 |
| Short term investments - net | 27.1 | 31,884,152 | 334,258,355 |
| Increase in long term deposits | | (60,000) | - |
| Net cash (used in) / generated from investing activities | | (261,957,976) | 112,483,873 |
| <u>Cash flow from financing activities</u> | | | |
| Long term loan received | | 75,539,000 | 130,000,000 |
| Long term loan repaid | | (18,089,521) | (84,534,898) |
| Long term musharaka received | | 197,618,200 | - |
| Long term musharaka paid | | (28,901,053) | - |
| Finance cost paid | | (397,147,949) | (134,582,657) |
| Dividend paid | | (825,344) | (175,481,440) |
| | | (171,806,667) | (264,598,995) |
| Net cash used in financing activities | | (171,806,667) | (264,598,995) |
| Net decrease in cash and cash equivalents | | (1,621,217,850) | (354,479,235) |
| Cash and cash equivalents at the beginning of the year | | (517,542,117) | (163,062,882) |
| Cash and cash equivalents at the end of the year | | (2,138,759,967) | (517,542,117) |
| <i>Cash and cash equivalents comprise of the following</i> | | | |
| Cash and bank balances | 28 | 268,898,922 | 269,612,088 |
| Short term borrowings - secured | 15 | (2,407,658,889) | (787,154,205) |
| | | (2,138,759,967) | (517,542,117) |

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2024

1 Reporting entity

Ferozsons Laboratories Limited (“the Company”) was incorporated as a private limited company on 28 January 1954 and commenced its commercial operations in 1956. The Company was converted into a public limited company on 08 September 1960. The Company is listed on Pakistan Stock Exchange and is primarily engaged in the imports, manufacture and sale of pharmaceutical products and medical devices. Its registered office is situated at 197-A, The Mall, Rawalpindi and the manufacturing facility is located at Amangarh, Nowshera, Khyber Pakhtun Khwa.

2 Basis of preparation

2.1 Separate financial statements

These unconsolidated financial statements are the separate financial statements of the Company in which investments in subsidiaries and associates are accounted under methods mentioned in respective policy notes. Consolidated financial statements of the Company are prepared separately.

The Company has following major investments:

| <u>Name of the company / firm</u> | <u>Shareholding</u> |
|---------------------------------------|---------------------|
| - BF Biosciences Limited (Subsidiary) | 80% |
| - Farmacia (Partnership) | 98% |

2.2 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.3 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for:

- translation of foreign currency at spot / average rate;
- land, building and machinery at revalued amount as referred in note 8; and
- certain financial instruments at fair value through profit and loss account as referred in note 5.5.

In these unconsolidated financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.4 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupee ("Rs.") which is the Company's functional currency. All financial information presented in Rupees has been rounded off to the nearest rupee, unless otherwise stated.

2.5 Use of estimates and judgments

The preparation of unconsolidated financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments and estimates made by the management in the application of accounting and reporting standards, as applicable in Pakistan that are significant/relevant to unconsolidated financial statements are documented in the ensuing paragraphs:

2.5.1 Property, plant and equipment

The Company reviews appropriateness of useful lives and residual values used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis.

In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future may affect the carrying amount of respective items of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

2.5.2 Expected credit loss (ECL) / Loss allowance against trade debts, deposits, advances and other receivables

For financial assets measured at amortized cost, recognition of impairment is based on expected credit loss (ECL) model.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Company has elected to measure loss allowances for trade debts including due from 'Government of Pakistan' using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs.

The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

2.5.3 Stock in trade

The Company reviews the carrying amount of stock in trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

2.5.4 Provisions

Estimates of the amount of provisions recognized are based on current legal and constructive requirements. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

2.5.5 Impairment

The management of the Company reviews carrying amounts of its assets including cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.5.6 Taxation

The Company takes into account the current income tax laws and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.5.7 Revaluation of property, plant and equipment

Revaluation of property, plant and equipment is carried out by independent professional valuer. The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued.

2.5.8 Fair value of investments

The Company regularly reviews the fair value of investments, the estimate of fair values are directly linked to market value. Any change in estimate will effect the carrying value of investments with the corresponding impact on unconsolidated statement of profit or loss.

2.5.9 Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on its judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the unconsolidated statement of financial position date.

3 Changes in accounting standards, interpretations and pronouncements

3.1 New or amendments / interpretations to existing standards, interpretations and forthcoming requirements

The following amendments to published standards are mandatory for the financial year beginning on 1 January 2023 and are relevant to the Company:

- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.

The IASB amended IAS 1 Presentation of Financial Statements require entities to disclose their material rather than their significant accounting policies.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

- Definition of Accounting Estimates (Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors).

The amendments added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors.

The following new standards and amendments are effective for the period beginning 1 January 2023, however they are not relevant to the entity’s operations:

| | Effective from accounting period beginning on or after |
|--|---|
| - IFRS 17 Insurance Contracts | January 01, 2023 |
| - International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12) | May 23, 2023 |

3.2 Standards, amendments and interpretations to accounting and reporting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2024:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as ‘current’. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity’s right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.
- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.
- Lack of Exchangeability (amendments to IAS 21) clarify:
 - when a currency is exchangeable into another currency; and
 - how a company estimates a spot rate when a currency lacks exchangeability.

Further, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;

- the estimation process; and
- risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

– Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures:

- Financial Assets with ESG-Linked features:

Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented SPPI. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

Although the new amendments are more permissive, they apply to all contingent features, not just ESG-linked features. While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, companies may need to perform additional work to prove this. Judgement will be required in determining whether the new test is met.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g., where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

The amendments apply for reporting periods beginning on or after 1 January 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

- Recognition / Derecognition requirements of Financial Assets / liabilities by Electronic Payments:

The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognized and derecognized and provide an exception for certain financial liabilities settled using an electronic payment system. Companies generally derecognize their trade payables on the settlement date (i.e., when the payment is completed). However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the company to derecognize its trade payable before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

The amendments apply for reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

4 Statement of consistency in accounting policies

4.1 Material accounting policy information

The Company has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 July 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the unconsolidated financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the unconsolidated financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 5 Material accounting policies (30 June 2023: Significant accounting policies).

4.2 Restatement in Financial Statements - Change in Accounting policy

4.2.1 Classification of taxes and levies

The Institute of Chartered Accountants of Pakistan (ICAP) vide circular 07/2024 dated 15 May 2024 issued the application guidance on accounting for minimum taxes and final taxes. As per the guidance, minimum tax and final tax should be classified as 'levies' and not income tax in the unconsolidated statement of profit or loss. Since, the impact of the said changes is material, as per the abovesaid guide and IAS 8 'Accounting policies, changes in accounting estimates and others', the changes are to be applied retrospectively.

Accordingly, the Company has restated its comparative information by reclassifying levies amounting to Rs. 59.84 million and Rs. 33.43 million from Income tax to minimum tax and Final tax respectively, in the unconsolidated statement of profit or loss. In the unconsolidated statement of cashflows, the Income tax paid under the operating activities has been reclassified by Rs. 62.10 million and Rs. 22.24 million to minimum tax paid and final tax paid.

Statement of profit or loss

| | For the year ended 30 June 2023 | | |
|---|---------------------------------|---------------------|--------------------|
| | As previously reported | Adjustments | As restated |
| | -----Rupees----- | | |
| Profit before income tax, final tax and minimum tax | 275,331,697 | - | 275,331,697 |
| Minimum tax differential | - | (59,839,529) | (59,839,529) |
| Final tax | - | (33,428,059) | (33,428,059) |
| Profit before income tax | 275,331,697 | (93,267,588) | 182,064,109 |
| Income tax | (86,289,226) | 93,267,588 | 6,978,362 |
| Profit after taxation | 189,042,471 | - | 189,042,471 |

Statement of Cash Flows**For the year ended 30 June 2023**

| | As previously reported | Adjustments | As restated |
|--|-----------------------------|-----------------|-----------------------------|
| -----Rupees----- | | | |
| Cash flow from Operating Activities | | | |
| Income tax paid | (379,815,496) | 84,303,820 | (295,511,676) |
| Minimum tax paid | - | (62,060,653) | (62,060,653) |
| Final tax paid | - | (22,243,167) | (22,243,167) |
| Other cashflows from operating activities | 177,451,383 | - | 177,451,383 |
| Net cash used in operating activities | (202,364,113) | - | (202,364,113) |
| Cash flow from investing activities | | | |
| Net cash generated from investing activities | 112,483,873 | - | 112,483,873 |
| Cash flow from financing activities | | | |
| Net cash used in financing activities | (264,598,995) | - | (264,598,995) |
| Net decrease in cash and cash equivalents | <u>(354,479,235)</u> | <u>-</u> | <u>(354,479,235)</u> |

4.2.2 The impact of aforementioned restatement is not material on unconsolidated statement of financial position as at 01 July 2022 and 30 June 2023.

4.2.3 Profit before taxation has been restated in line with above explained change, however there is no impact on the investing and financing cashflows for the year ended 30 June 2023.

4.2.4 There is no impact on earning per share that needs to be disclosed in the financial statements.

5 Material accounting policies

The material accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

5.1 Employee benefits

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Company and measured on an undiscounted basis. The accounting policy for employee retirement benefits is described below:

5.1.1 Defined contribution plan

The Company operates an approved defined contributory Provident Fund Trust for all its employees. Equal monthly contributions are made both by the Company and employees at the rate of 10% of the basic salary to the Provident Fund Trust. Obligation for contributions to defined contribution plan is expensed as the related service is provided.

5.1.2 Compensated absences

The Company provides for compensated absences for its employees on unavailed balance of leave in the period in which leave is earned and the charge is recognized in the unconsolidated statement of profit or loss.

5.2 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the unconsolidated statement of profit or loss, except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity respectively.

5.2.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous periods. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

5.2.2 Deferred taxation

Deferred tax is recognized using the statement of financial position liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Company accounts for the tax consequences of transactions and other events in the same way that it accounts for the transactions and other events themselves. Thus, for transactions and other events recognized in unconsolidated statement of profit or loss, any related tax effects are also recognized in unconsolidated statement of profit or loss. For transactions and other events recognized outside unconsolidated statement of profit or loss (either in unconsolidated statement of other comprehensive income or directly in equity), any related tax effects are also recognized outside profit and loss (either in the unconsolidated statement of other comprehensive income or directly in equity, respectively).

5.2.3 Final tax and minimum tax

Tax charged under the Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the calculation based on taxable income or any minimum tax which is not adjustable against future income tax liability is classified as levy in the unconsolidated statement of profit or loss and other comprehensive income as these levies fall under the scope of IFRIC 12/ IAS 37.

5.3 Property, plant and equipment

5.3.1 Owned

Property, plant and equipment of the Company other than freehold land, building on freehold land and plant and machinery are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at revalued amount carried out by external valuers by reference to its current market price less impairment loss, if any. Building on freehold land and plant and machinery are stated at revalued amount carried out by external valuers by reference to its current market price less accumulated depreciation and impairment loss, if any.

Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs. Revaluation is carried out every five years unless earlier revaluation is necessitated.

Depreciation on depreciable assets is commenced from the date asset is available for use up to the date when asset is retired. Depreciation charge is based on the straight-line method whereby the cost of an asset, except for freehold land, is written off to unconsolidated statement of profit or loss over its estimated useful life after taking into account the residual value, if any.

The residual value, depreciation method and the useful lives of each part of property, plant and equipment, other for freehold land, that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

In case of revalued assets, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated at the revalued amount of the asset. Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to unconsolidated statement of profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset, and depreciation based on the asset's original cost is transferred to 'retained earnings net of related deferred tax'. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred income tax.

Useful lives are determined by the management based on expected usage of assets, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Maintenance and normal repairs are charged to unconsolidated statement of profit or loss as and when incurred. Improvements are capitalized when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or 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 income or expense in unconsolidated statement of profit or loss. When revalued asset is sold, the amount included in the surplus on revaluation of property, plant and equipment, net of deferred tax, is transferred directly to retained earnings.

5.3.2 Capital work in progress

Capital work-in-progress is stated at cost less impairment loss if any and consists of expenditure made in the course of their construction and installation. Transfers are made to the relevant asset category as and when assets are available for intended use. Cost also includes applicable borrowing cost, if any.

5.4 Intangibles

Expenditure incurred on intangible asset is capitalized and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets with finite useful life are amortized at 33% on straight-line basis. Amortization of intangible assets is commenced from the date an asset is capitalized.

5.5 Financial instruments

5.5.1 Recognition and initial measurement

All financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

5.5.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI), fair value through profit or loss (FVTPL) and in case of equity instrument it is classified as FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- 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.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in unconsolidated statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, loan to employees, accrued profit, trade debts and other receivables.

Debt Instrument - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in unconsolidated statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to unconsolidated statement of profit or loss. However, the Company has no such instrument at the reporting date.

Equity Instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in unconsolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and these investments are never reclassified to profit or loss. However, the Company has no such instrument at the reporting date.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in unconsolidated statement of profit or loss. The Company has classified its investments in mutual funds as at FVTPL.

Financial assets – Business model assessment

For the purposes of the assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in unconsolidated statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Any gain or loss on derecognition is also recognized in unconsolidated statement of profit or loss.

Financial liabilities comprise trade and other payables, long term loans from financial institutions (including current portion), markup accrued on borrowings, unclaimed dividend and short term borrowings.

Long term loans are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the unconsolidated statement of profit or loss over the period of the borrowings on an effective interest basis.

Finance cost are accounted for on accrual basis and are reported under accrued markup to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

5.5.3 Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its unconsolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in unconsolidated statement of profit or loss.

5.5.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the unconsolidated statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

5.6 Investments

Investments in Mutual Fund are classified at fair value through profit or loss and is initially measured at fair value and is subsequently measured at fair value determined using the market value of instruments at each reporting date. Net gains and losses are recognized in the unconsolidated statement of profit or loss.

5.7 Trade and other payables

Trade and other payables are initially carried at the fair value of the consideration to be paid in future for goods and services received. Subsequent to initial recognition, these are carried at amortized cost.

5.8 Impairment

Financial assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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 of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Non - Financial assets

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

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in unconsolidated statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

5.9 Investment in subsidiary

Investment in subsidiary is initially valued at cost. At subsequent reporting dates, the Company reviews the carrying amount of the investment to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

5.10 Provisions

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

5.11 Foreign currency

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction.

Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are recognized in the unconsolidated statement of profit or loss.

5.12 Inventories

Inventories includes stock in trade and stores, spare parts and loose tools.

These are stated at lower of cost and net realisable value.

Cost comprises of cost of purchase and other costs incurred in bringing the items to their present location and condition. For items which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated net realizable value.

The Company reviews the carrying amounts of stock in trade and stores, spare parts and loose tools basis and provision is made for obsolescence, if there is any change in usage pattern or physical form of related stores, spare parts and loose tools.

5.13 Trade debts

Trade debts represent the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). These are classified at amortized cost and are initially recognized when they are originated and measured at invoice value. These assets are written off when there is no reasonable expectation of recovery. The policy for impairment of trade debtors on account of expected credit loss is mentioned in note 5.8 to the financial statements.

5.14 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, cash at banks and outstanding balance of short term borrowing facilities.

5.15 Revenue recognition

Revenue from contracts with customers is recognized, when a performance obligation has been fulfilled by transferring control of goods to the customers, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods excluding sales taxes, sales return and after deduction of any trade discounts. Specific revenue and other income recognition policies are as follows:

5.15.1 Sale of goods

Revenue represents the fair value of the consideration received or receivable for sale of products, net of sales tax, sales returns and related discounts. The contract contains distinct goods to be delivered and a single performance obligation to be satisfied. The revenue is recognized at point in time when goods are acknowledged by customers as they are enabled to consume the benefits, when goods are delivered to them and the Company's right to receive transaction price is developed.

5.15.2 Other income

Income on bank deposits is recognized using effective interest method.

Foreign currency gains and losses are reported on a net basis.

Dividend income and entitlement of bonus shares are recognized when the right to receive is established.

Gains and losses on sale of investments are accounted for on disposal of investments.

5.15.3 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. It also includes refund liabilities arising out of customers' right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements.

5.16 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

5.17 Share capital and dividend

Ordinary shares are classified as equity and recognized at their fair value.

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit and as a liability in the Company's unconsolidated statement of financial position in the year in which the dividends are approved by the Board of Directors or the Company's shareholders as the case may be.

5.18 Deferred grant

The Company follows deferral method of accounting for government grant related to subsidized long term loan. Government grant is initially recognized as deferred grant and measured as the difference between the initial carrying value of the long term loan recorded at market rate (i.e. fair value of the long term loan in this case) and the proceeds of subsidized long term loan received. In subsequent years, the grant is recognized in unconsolidated statement of profit or loss account, in line with the recognition of interest expenses the grant is compensating and is presented as a reduction of related interest expense.

| | 2024 Rupees | 2023 Rupees |
|---|--------------------|--------------------|
| 6 Issued, subscribed and paid up capital | | |
| 1,441,952 (2023: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash | 14,419,520 | 14,419,520 |
| 119,600 (2023: 119,600) ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged | 1,196,000 | 1,196,000 |
| 41,907,500 (2023: 41,907,500) ordinary shares of Rs. 10 each issued as fully paid bonus shares | 419,075,000 | 419,075,000 |
| | <u>434,690,520</u> | <u>434,690,520</u> |

6.1 Movement in number of shares

| | | |
|-------------------------------------|-------------------|-------------------|
| Opening number of shares | 43,469,052 | 36,224,210 |
| Bonus shares issued during the year | - | 7,244,842 |
| Closing number of shares | <u>43,469,052</u> | <u>43,469,052</u> |

KFW Factors (Private) Limited, an associated company holds 11,933,194 (2023: 11,933,194) ordinary shares of Rs. 10 each of the Company, representing 27.45% (2023: 27.45%) of the equity held.

7 Capital reserve

This represents capital reserve which arose on conversion of shares of NWF Industries Limited and Sargodha Oil and Flour Mills Limited, since merged.

| 8 Surplus on revaluation of property, plant and equipment - <i>net of tax</i> | 2024 Rupees | 2023 Rupees |
|---|-----------------|----------------|
| Revaluation surplus as at 01 July | 1,124,546,846 | 1,183,498,057 |
| Revaluation surplus recognized during the year on: | | |
| - freehold land | 851,200,000 | - |
| - building on freehold land | 992,083,236 | - |
| - plant and machinery | 1,362,496,732 | - |
| | 3,205,779,968 | - |
| Surplus transferred to accumulated profit on account of incremental depreciation charged during the year - <i>net of deferred tax</i> | (35,960,239) | (36,944,186) |
| Related deferred tax liability | (22,990,972) | (22,007,025) |
| | (58,951,211) | (58,951,211) |
| Surplus transferred to accumulated profit: | | |
| - on account of disposal during the year | (2,880,000) | - |
| | (2,880,000) | - |
| Revaluation surplus as at 30 June | 4,268,495,603 | 1,124,546,846 |
| Less: Related deferred tax liability: | | |
| - On revaluation surplus as at 01 July | (156,169,481) | (150,764,736) |
| - Deferred tax on surplus arise during the year | (918,286,187) | - |
| - Transferred on account of incremental depreciation charged during the year | 22,990,972 | 22,007,025 |
| - tax rate adjustment | (4,767,326) | (27,411,770) |
| | (1,056,232,022) | (156,169,481) |
| Revaluation surplus as at 30 June | 3,212,263,581 | 968,377,365 |

8.1 The freehold land, building and plant and machinery were revalued by independent valuers in years 1976, 1989, 2002, 2006, 2011, 2016, 2020 and 2024. The latest revaluation was conducted by M/s Asif Associates (Private) Limited (independent valuer and consultant) as at 30 June 2024, that resulted in a further surplus of Rs. 3,206 million. These revaluations had resulted in a cumulative surplus of Rs. 4,780 million, which has been included in the carrying values of freehold land, building on freehold land and plant and machinery respectively and credited to the surplus on revaluation of property plant and equipment. The basis of revaluation for items of these fixed assets were as follows:

Freehold land

Fair market value of freehold land was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well. The most significant input into this valuation approach was price per acre for land.

Buildings on freehold land

Construction specifications were noted for each building, structure and civil works and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value. The most significant input into this valuation approach was price per square foot for building.

Plant and machinery

Fair market value of plant and machinery was assessed by taking into account manufacturing cost of individual machines on the basis of material and technology used for manufacturing of the machine on international engineering standards and practice. The most significant input into this valuation approach was present operational condition and age of plant and machinery.

9 Long term loans - secured

| Facilities | Note | Sanctioned Limit | 2024 | 2023 | Tenor of principal repayments | Security |
|---|------|------------------|--------------------|--------------------|--|--|
| Allied Bank Limited - SBP LTFF Renewable Energy | 9.1 | 130,000,000 | 105,925,925 | 128,925,926 | 27 equal quarterly installments of Rs. 4.81 million each starting from 30 June 2023. | First Pari Passu hypothecation charge over all present and future fixed assets (Plant & Machinery) of the company with 25% margin. |
| Faysal Bank Limited - SBP Islamic Renewable Energy Finance Scheme | 9.2 | 110,000,000 | 75,539,000 | - | 14 equal semi annual installments of Rs. 5.40 million each starting from 24 December 2024. | First Pari Passu hypothecation charge over all present and future fixed assets (Plant & Machinery) of the company with 25% margin. |
| Total | | | 181,464,925 | 128,925,926 | | |
| Less: Impact of deferred grant | | | (62,561,912) | (37,521,932) | | |
| Add: Unwinding of loan | | | 5,489,860 | 579,380 | | |
| | | | 124,392,873 | 91,983,374 | | |
| Current portion of long term loans | | | (15,465,090) | (23,000,000) | | |
| Non current portion | | | 108,927,783 | 68,983,374 | | |

9.1 Term finance facility under "SBP finance scheme for renewable energy" introduced by Government of Pakistan in order to finance the installation/ commissioning of solar power systems to promote the use of renewable energy in the country. The scheme will provide concessional financing for large renewable energy power projects as well as for small scale renewable energy solutions. The scheme also facilitates installation of renewable energy based solutions/ projects under net metering system introduced by National Electric Power Regulatory Authority (NEPRA). This loan carries the fixed markup rate of 6% (SBP rate of 2% + 4% per annum). However, during the transition period (i.e. before conversion to SBP-RE Loan), the applicable rate of mark-up is 3 months KIBOR + 1% per annum (2023: 3 months KIBOR + 1% per annum) and is payable on quarterly basis. After the required approvals from SBP (dated 9 June 2023), the loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market interest rates of 3 months KIBOR plus 1% (2023: 3 months KIBOR plus 1%). The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

9.2 This represents term finance facility obtained under "SBP Islamic Renewable Energy Finance Scheme" introduced by Government of Pakistan in order to Finance installation of Solar Power Plant of 1MW. This loan carries the SBP's IFRS rate + 4.00% per annum. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market interest rates of 3 months KIBOR plus 0.90%. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

10 Long term musharaka - secured

| Facilities | Note | Sanctioned Limit | 2024 | 2023 | Tenor of principal repayments | Security |
|--|------|------------------|--------------------|----------|--|--|
| Islamic mode of financing | | | | | | |
| First Habib Modaraba - Financial Institution | 10.1 | 200,000,000 | 168,717,147 | - | 60 monthly installments in arrears starting from the date of inception of each contract. | Hypothecation charge over the assets (i.e. vehicles), provided to the Company under this contract. |
| Total | | | 168,717,147 | - | | |
| Current portion of musharaka | | | (24,886,380) | - | | |
| Non current portion | | | 143,830,767 | - | | |

10.1 This represents financing facility obtained under "Diminishing Musharaka" from First Habib Modaraba for the purpose of purchase of vehicles. This loan carries markup at the rate of 3 month KIBOR plus 0.9%.

11 Deferred grant

| | 2024 | 2023 |
|---------------------------------------|--------------|-------------|
| Balance as at 01 July | 36,942,552 | 1,459,796 |
| Recognized during the year | 25,039,980 | 37,521,932 |
| Amortisation during the year | (4,910,480) | (2,039,176) |
| Unamortized balance of deferred grant | 57,072,052 | 36,942,552 |
| Less: current maturity | (12,761,867) | (8,796,285) |
| Balance as at 30 June | 44,310,185 | 28,146,267 |

| | | 2024 | 2023 |
|--|---|----------------------|----------------------|
| | <i>Note</i> | Rupees | Rupees |
| 13 Trade and other payables | | | |
| Trade creditors | | 846,696,544 | 2,533,001,338 |
| Accrued liabilities | | 364,156,371 | 303,152,254 |
| Tax deducted at source | | 17,386,575 | 13,537,660 |
| Provision for compensated absences | <i>13.1</i> | 54,552,817 | 45,036,562 |
| Workers' Profit Participation Fund | <i>13.2</i> | 33,122,810 | 3,701,495 |
| Central Research Fund | <i>13.3</i> | 6,626,135 | 2,987,248 |
| Workers' Welfare Fund | <i>13.4</i> | 39,101,166 | 26,185,743 |
| Advances from employees against purchase of vehicles | | 89,279,253 | 83,087,986 |
| Other payables | | 148,251,160 | 2,081,678 |
| | | 1,599,172,831 | 3,012,771,964 |
| 13.1 Provision for compensated absences | | | |
| Balance as at 01 July | | 45,036,562 | 42,864,188 |
| Provision for the year | | 96,221,544 | 69,474,671 |
| | | 141,258,106 | 112,338,859 |
| Payments made during the year | | (86,705,289) | (67,302,297) |
| Balance as at 30 June | | 54,552,817 | 45,036,562 |
| 13.2 Workers' Profit Participation Fund | | | |
| Balance as at 01 July | | 3,701,495 | 10,268,358 |
| Interest on funds utilized by the Company | <i>35</i> | 336,441 | 428,615 |
| Provision for the year | <i>33</i> | 32,799,369 | 14,786,880 |
| | | 36,837,305 | 25,483,853 |
| Payments made during the year | | (3,714,495) | (21,782,358) |
| Balance as at 30 June | | 33,122,810 | 3,701,495 |
| 13.3 Central Research Fund | | | |
| Balance as at 01 July | | 2,987,248 | 10,155,224 |
| Provision for the year | <i>33</i> | 6,626,135 | 2,987,248 |
| | | 9,613,383 | 13,142,472 |
| Payments made during the year | | (2,987,248) | (10,155,224) |
| Balance as at 30 June | | 6,626,135 | 2,987,248 |
| 13.4 Workers' Welfare Fund | | | |
| Balance as at 01 July | | 26,185,743 | 20,566,729 |
| Provision for the year | <i>33</i> | 12,915,423 | 5,619,014 |
| | | 39,101,166 | 26,185,743 |
| 14 Contract liabilities | | | |
| Balance as at 1 July | | 106,530,567 | 99,615,324 |
| Advance received during the year | | 306,617,234 | 106,530,567 |
| Revenue recognised during the year | <i>14.1</i> | (106,530,567) | (99,615,324) |
| Balance as at 30 June | | 306,617,234 | 106,530,567 |
| 14.1 | This represents advance received from customers for future sale of goods. During the year, the Company has recognized revenue amounting to Rs. 106.53 million (2023: Rs. 99.62 million), out of the contract liability as at beginning of the reporting period. | | |
| 15 Short term borrowings - secured | <i>Note</i> | 2024 | 2023 |
| | | Rupees | Rupees |
| Short term borrowings - secured | <i>15.1</i> | 2,407,658,889 | 787,154,205 |

| 15.1 | Particulars of short term borrowings | Note | 2024 | 2023 |
|------|--------------------------------------|------|----------------------|--------------------|
| | | | Rupees | Rupees |
| | Interest / markup based financing | 15.2 | 1,107,861,100 | 493,202,811 |
| | Islamic mode of financing | 15.3 | 1,299,797,789 | 293,951,394 |
| | | | 2,407,658,889 | 787,154,205 |

15.2 Under mark-up arrangements

The Company has short term running finance facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs. 2,550 million (2023: Rs. 2,100 million). These facilities carry mark-up at the rates ranging from one to three months KIBOR plus 0% to 1% (2023: one to three months KIBOR plus 0% to 1%) per annum on the outstanding balances. Running finance facilities amounting to Rs. 2,450 million (2023: Rs.2,000 million) can interchangeably be utilized as non-funded facilities.

Out of the aggregate facilities, Rs. 1,750 million are secured by joint pari passu charge over present and future current assets of the Company with 25% margin over plant and machinery (2023: Rs.1,000 million secured by joint pari passu charge over present and future current assets of the Company), Rs 500 million is secured by joint pari passu charge over present and future current assets of the Company (2023: Rs. 800 million is secured by first pari passu on plant and machinery), Rs. 300 million is secured by lien on investments placed with HBL mutual funds (2023: Rs. 300 million lien on investments placed with HBL mutual funds). These facilities are renewable on annual basis latest by 30 November 2024.

15.3 Under Shariah compliant arrangements

The Company has short term borrowing facility i.e. Running Musharakah available from various Islamic banks under profit arrangements having sanctioned limit of Rs. 1,500 million (2023: Rs. 800 million). These facilities carry profit rate of one to three months KIBOR plus 0.15% to 0.25% (2023: one to three months KIBOR plus 0.15% to 0.25%) per annum on the outstanding balance. These facilities can interchangeably be utilized as non-funded facility up to Rs 1,500 million (2023: Rs. 800 million).

Out of aggregate facilities, Rs. 1,200 million is secured by joint pari passu charge over all present and future current asset of the company with 25% margin over present and future plant and machinery (2023: Nil) and remaining 300 Million is secured by joint pari passu charge over present and future current asset of the company (2023: Rs 800 million is secured by joint pari passu charge over present and future current assets of the Company). This facility is renewable on annual basis latest by 30 November 2024.

| 16 | Accrued mark-up | 2024 | 2023 |
|----|--|--------------------|-------------------|
| | | Rupees | Rupees |
| | Long term loans - secured | | |
| | -Conventional Interest / mark-up based loans | 1,648,877 | - |
| | -Islamic mode of financing | 65,635 | - |
| | | 1,714,512 | - |
| | Short term borrowings - secured | | |
| | -Conventional Interest / mark-up based loans | 94,523,592 | 30,214,177 |
| | -Islamic mode of financing | 76,077,244 | 11,926,279 |
| | | 170,600,836 | 42,140,456 |
| | | 172,315,348 | 42,140,456 |

17 Contingencies and commitments

17.1 Contingencies

17.1.1 In April 2019 the ACIR issued notice to the company u/s 122(9) of Income Tax Ordinance, 2001 for Tax Year 2017. The proceedings were concluded in December 2020 and an order was issued amounting to Rs. 84,319,918 on various contentions, which mainly includes WHT implications on cost of sales purchases, amortization of expenses related to conference, seminars & trainings and promotional expenses.

The Company had filed an appeal against this demand before Commissioner Appeals who partially decided the matter in favor of the Company and remanded back the remaining matters for fresh consideration. The Company had filed an appeal against this order before the Appellate Tribunal Inland Revenue, which was subsequently decided in the favor of the Company. The Department filed reference against this order with Islamabad High court which is pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

- 17.1.2** In September 2020, the ACIR issued notice to the company u/s 122(9) of Income Tax Ordinance, 2001 for Tax Year 2019. The proceedings were concluded in December 2020 and an order was issued amounting to Rs.121,932,827 on various contentions, which mainly includes discount on sales, amortization of expenses related to conference, seminars & trainings, advertisement and promotional expenses.

The Company had filed an appeal against this demand before Commissioner Appeals who remanded back the case for fresh consideration. After appeal effect proceedings a demand of Rs.2,563,194 was raised. Company filed an appeal against this demand before Commissioner Appeals who remanded back the case for fresh proceedings which is pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

- 17.1.3** The Additional Commissioner Inland Revenue (ACIR) issued an order for Tax Year 2022 under section 122(5A) of the Income Tax Ordinance, 2001 on May 17, 2023, increasing the tax liability by Rs.68,568,159 on various contentions, which mainly includes discounts on sales, amortisation of expenses related to conferences, seminars & trainings, advertisement expenses, amount added u/s 18(1)d and u/s 23 of ITO, 2001.

The Company had filed an appeal against this demand before Commissioner Appeals who confirmed the advertisement and conference, seminars & trainings as additions to the income while deleted the remaining matters. The Company filed an appeal against this order before the Appellate Tribunal Inland Revenue which is pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

- 17.1.4** In July 2022 the DCIR has passed an order under section 161/205 in respect of Tax Year 2018 and created a demand of Rs.55,674,204 based on the observation that the Company has not deducted withholding tax while making payment to certain suppliers.

Being aggrieved with the order, the Company filed an appeal before CIR(A). During the year 2024, the CIR(A) deleted the demand of Rs.53,674,204 and remanded back the remaining proceedings to DCIR for fresh consideration. Appeal effect proceedings are still pending. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

- 17.1.5** In April 2019, the ACIR issued notice to the company u/s 122(9) of Income Tax Ordinance, 2001 for the tax year 2018. The proceedings were concluded in September 2022 and an order was issued amounting to Rs. 211,576,500 on various contentions, which mainly includes advertisement & publicity, medical research, trade creditors, additions u/s 111(1)(d), other revenues claimed as exempt added u/s 39, share in AOP taxed in hands of taxpayer u/s 92 read with sec. 18 and the earnest money written off u/s 29.

The Company had filed an appeal against this demand before CIR (A) who deleted additions on account of section 111(1)(d), other revenue and share in AOP while remanded back the matters relevant to adjustable tax, trade creditors, tax credit and exchange loss. The Company filed an appeal against this order before the Appellate Tribunal Inland Revenue, which has been subsequently decided in the favor of the Company. The Department filed a reference against this order with Islamabad High Court which is pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

17.1.6 The Company, along with other companies of different industries, has challenged the constitutionality of Section 4C of the Income Tax Ordinance 2001 in Islamabad High Court, and provisions appurtenant thereto, introduced vide Finance Act 2022, inter alia, upon grounds that the same unlawfully vitiates vested rights accrued in past and closed transactions, is discriminatory, confiscatory, demonstrably devoid of any intelligible differentia having rational nexus with the object of classification and amounts to impermissible double taxation. However, 50% amount of super tax has been duly paid by the Company during the current year as per the orders issued by the Honorable Supreme Court. The Islamabad High Court declared levy of super tax for 2022 as illegal. The department filed an intra court appeal against this order which is pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

17.2 Commitments

17.2.1 Letter of credits

17.2.1.1 Under Mark up arrangements

Out of the aggregate facility of Rs. 3,400 million (2023: Rs. 2,650 million) for opening letters of credit, the amount utilized as at 30 June 2024 for capital expenditure was Rs. Nil (2023: Nil) and for other than capital expenditure was Rs.282.84 million (2023: Rs.131.60 million).These facilities are secured by either joint pari passu charge over present and future current assets of the Company with 25% margin over plant and machinery, joint pari passu charge over present and future current assets of the Company with 25% margin,, lien on investments of the Company placed with HBL mutual funds or lien over the import documents (2023: joint pari passu charge, lien on investments placed with HBL mutual funds, ranking charge and lien over the import documents).

17.2.1.2 Under Shariah compliant arrangements

The Company have facilities i.e. letters of credit of Rs. 1,850 million (2023: Rs. 950 million) available from Islamic banks. The amount utilized as at 30 June 2024 for capital expenditure was Rs. Nil (2023: Rs. Nil) and for other than capital expenditure was Rs. 157.45 million (2023: Rs. 67.33 million). These facilities are secured by either joint pari passu charge over all present and future current assets and plant and machinery of the Company with 25% margin, joint pari passu charge over all present and future current asset of the Company with 25% margin, or lien over import documents (2023: joint pari passu charge over all present and future current assets of the Company and lien over import documents).

17.2.2 Guarantees issued by banks on behalf of the Company

17.2.2.1 Under Mark up arrangements

Out of the aggregate facility of Rs. 1,200 million (2023: Rs. 800 million) for letter of guarantees (which is the sublimit of running finance and letter of credits), the amount utilized as at 30 June 2024 was Rs. 380.57 million (2023: Rs. 413.69 million).

17.2.2.2 Under Shariah compliant arrangements

The Company has facility i.e. letter of guarantee of Rs. 175 million (2023: Rs. 175 million) available from Islamic bank, the amount utilized at 30 June 2024 was Rs. 14.57 million (2023: Rs. 24.13 million).

17.2.3 Guarantees issued by the Company on behalf of the Subsidiary

The Company has approved cross corporate guarantees in favor of lenders / financial institutions of the subsidiary company up to Rs. 3,500 million (2023: Rs. 3,500 million) for a tenor of 10 years. Out of this approved limit, corporate guarantees amounting to Rs. 2,925 million (2023: Rs. 2,925 million) for a tenor of 10 years have been provided to banks / financial institutions till date.

| 18 Property, plant and equipment | <i>Note</i> | 2024 Rupees | 2023 Rupees |
|---|-------------|-----------------------------|-----------------------------|
| Operating fixed assets | <i>18.1</i> | 6,439,453,250 | 3,233,525,181 |
| Capital work in progress | <i>18.6</i> | 192,549,371 | 276,160,294 |
| | | <u>6,632,002,621</u> | <u>3,509,685,475</u> |

18.1 Operating fixed assets

| | Owned | | | | | | | Total |
|--|----------------------|----------------------------|----------------------|--------------------|------------------------|--------------------|--------------------|----------------------|
| | Freehold land | Buildings on freehold land | Plant and machinery | Office equipment | Furniture and fittings | Computers | Vehicles | |
| | ----- Rupees ----- | | | | | | | |
| 30 June 2024 | | | | | | | | |
| Cost / revalued amount | | | | | | | | |
| Balance as at 01 July 2023 | 828,500,000 | 873,899,538 | 1,791,164,118 | 146,390,469 | 126,729,919 | 104,353,540 | 581,024,099 | 4,452,061,683 |
| Additions / transfers | 2,880,000 | 77,338,824 | 193,074,935 | 2,736,891 | 410,290 | 12,420,544 | 186,027,235 | 474,888,719 |
| Reclassification | - | - | (3,327,600) | 3,327,600 | - | - | - | - |
| Revaluation surplus - net | 851,200,000 | 661,591,665 | 726,133,172 | - | - | - | - | 2,238,924,837 |
| Disposals / write offs | (44,880,000) | - | - | (123,846) | (390,000) | (7,490,790) | (76,932,468) | (129,817,104) |
| Balance as at 30 June 2024 | 1,637,700,000 | 1,612,830,027 | 2,707,044,625 | 152,331,114 | 126,750,209 | 109,283,294 | 690,118,866 | 7,036,058,135 |
| Depreciation | | | | | | | | |
| Balance as at 01 July 2023 | - | 239,887,044 | 452,893,068 | 86,504,281 | 72,390,344 | 72,729,961 | 294,131,804 | 1,218,536,502 |
| Charge for the year | - | 90,604,527 | 183,442,762 | 10,999,701 | 11,483,845 | 19,635,658 | 107,200,947 | 423,367,440 |
| Reclassification | - | - | 27,730 | (27,730) | - | - | - | - |
| On disposals / write offs | - | - | - | (119,753) | (162,498) | (6,759,696) | (71,401,979) | (78,443,926) |
| Elimination of accumulated depreciation on revaluation | - | (330,491,571) | (636,363,560) | - | - | - | - | (966,855,131) |
| Balance as at 30 June 2024 | - | - | - | 97,356,499 | 83,711,691 | 85,605,923 | 329,930,772 | 596,604,885 |
| Net book value as at 30 June 2024 | 1,637,700,000 | 1,612,830,027 | 2,707,044,625 | 54,974,615 | 43,038,518 | 23,677,371 | 360,188,094 | 6,439,453,250 |
| 30 June 2023 | | | | | | | | |
| Cost / revalued amount | | | | | | | | |
| Balance as at 01 July 2022 | 828,500,000 | 806,978,640 | 1,561,789,451 | 133,390,468 | 123,108,959 | 85,323,200 | 491,975,885 | 4,031,066,603 |
| Additions / transfers | - | 66,920,898 | 228,449,567 | 14,116,740 | 4,264,460 | 20,683,617 | 155,466,514 | 489,901,796 |
| Reclassification | - | - | 925,100 | (281,600) | (643,500) | - | - | - |
| Revaluation surplus | - | - | - | - | - | - | - | - |
| Disposals / write offs | - | - | - | (835,139) | - | (1,653,277) | (66,418,300) | (68,906,716) |
| Balance as at 30 June 2023 | 828,500,000 | 873,899,538 | 1,791,164,118 | 146,390,469 | 126,729,919 | 104,353,540 | 581,024,099 | 4,452,061,683 |
| Depreciation | | | | | | | | |
| Balance as at 01 July 2022 | - | 158,053,377 | 286,913,629 | 77,203,806 | 62,193,502 | 55,903,585 | 253,739,960 | 894,007,859 |
| Charge for the year | - | 81,833,667 | 165,140,139 | 10,358,581 | 10,754,542 | 18,413,652 | 93,474,250 | 379,974,831 |
| Reclassification | - | - | 839,300 | (281,600) | (557,700) | - | - | - |
| On disposals / write offs | - | - | - | (776,506) | - | (1,587,276) | (53,082,406) | (55,446,188) |
| Elimination of accumulated depreciation on revaluation | - | - | - | - | - | - | - | - |
| Balance as at 30 June 2023 | - | 239,887,044 | 452,893,068 | 86,504,281 | 72,390,344 | 72,729,961 | 294,131,804 | 1,218,536,502 |
| Net book value as at 30 June 2023 | 828,500,000 | 634,012,494 | 1,338,271,050 | 59,886,188 | 54,339,575 | 31,623,579 | 286,892,295 | 3,233,525,181 |
| Depreciation Rate % | - | 10 | 10 | 10 | 10 | 33.33 | 20 | - |

Note

18.1.2

18.1.1

18.1.2

18.1.1

18.1.1 These include fully depreciated assets amounting to Rs. 201.69 million (2023: Rs. 200.89 million).

18.1.2 Additions in operating fixed assets include transfers from capital work-in-progress amounting to Rs. 282.36 million (2023: Rs. 450.93 million).

18.1.3 In addition to the guarantee as disclosed in note 17.2.3 the Company has also approved securities up to Rs. 2,500 million (2023: Rs. 2,500 million) in favor of financial institutions / lenders of subsidiary company for obtaining loan against import of plant and machinery for a maximum tenor of 5 years out of which security amounting to Rs. 457 million (2023: Rs. 457 million) has been provided till date. The security is provided in terms of first pari passu charge over head office land and building (2023: first pari passu charge over head office land and building) of the Company.

18.1.4 Had there been no revaluation, carrying value of freehold land, building on freehold land and plant and machinery would have been as follows:

| | 2024 Rupees | 2023 Rupees |
|---------------------------|----------------------|----------------------|
| Freehold land | 77,491,635 | 116,611,635 |
| Building on freehold land | 401,807,610 | 378,583,450 |
| Plant and machinery | 1,209,779,804 | 1,181,041,613 |
| | 1,689,079,049 | 1,676,236,698 |

18.2 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

| Location | Total area (acres) | Covered Area (square feet) |
|---|-----------------------|-------------------------------|
| Main G. T Road, Amangarh, District Nowshera, KPK | 29.81 | 336,222 |
| 5-K.M - Sunder Raiwind Road, Raiwind Lahore | 23.59 | 26,852 |
| 197-A, The Mall, Rawalpindi Cantt, Rawalpindi | 0.66 | 28,749 |
| Shop no. 2, Ground Floor, Ramzan Medical Centre, Lahore | 0.01 | 351 |
| House No. 167, Khanuspur Ayubia, KPK | 0.33 | 5,000 |

18.3 As explained in note 8, the latest revaluation was carried as at 30 June 2024. As per the revaluation report, forced sale value of freehold land, buildings on free hold land and plant & machinery was Rs. 1472 million, Rs. 1360 million and Rs. 2166 million respectively.

18.4 Depreciation is allocated as under:

| | 2024 Rupees | 2023 Rupees |
|-----------------------------------|--------------------|--------------------|
| Cost of sales | 261,195,099 | 263,223,209 |
| Administrative expenses | 84,897,765 | 46,533,319 |
| Selling and distribution expenses | 77,274,576 | 70,218,303 |
| | 423,367,440 | 379,974,831 |

18.5 Disposal of property, plant and equipment

| Particulars of assets | Cost / Revalued amount | Net book value | Sale proceeds | Gain / (loss) on disposal | Mode of disposal | Relationship with Company | Particulars of purchaser |
|--|------------------------|-------------------|--------------------|---------------------------|------------------|---------------------------|--------------------------|
| Rupees | | | | | | | |
| <u>Vehicles</u> | | | | | | | |
| Honda Civic Oriol UG | 4,178,530 | 1,671,536 | 2,674,259 | 1,002,723 | Company Policy | Employee | Mr. Baqar Hassan |
| Toyota Corolla GLI | 2,964,390 | 543,953 | 1,571,127 | 1,027,174 | Company Policy | Employee | Mr. Junaid Mujtaba |
| | 7,142,920 | 2,215,489 | 4,245,386 | 2,029,897 | | | |
| Various assets having net book less than Rs. 500,000 | 69,789,548 | 3,315,000 | 33,480,769 | 30,165,769 | | | |
| <u>Land</u> | | | | | | | |
| Plot-1, DHA Phase-II Extension, Islamabad | 4,480,000 | 4,480,000 | 8,400,000 | 3,920,000 | Negotiation | Third party | Mr. Rooh Ul Amin |
| Plot-8, DHA Phase-II Extension, Islamabad | 4,740,000 | 4,740,000 | 9,655,000 | 4,915,000 | Negotiation | Third party | Mr. Muhammad Ikram |
| Plot-9, DHA Phase-II Extension, Islamabad | 4,240,000 | 4,240,000 | 8,855,000 | 4,615,000 | Negotiation | Third party | Mr. Sajjad Ahmad |
| Plot-10, DHA Phase-II Extension, Islamabad | 4,240,000 | 4,240,000 | 8,855,000 | 4,615,000 | Negotiation | Third party | Mr. Sajjad Ahmad |
| Plot-11, DHA Phase-II Extension, Islamabad | 4,740,000 | 4,740,000 | 8,855,000 | 4,115,000 | Negotiation | Third party | Mr. Sajjad Ahmad |
| Plot-12, DHA Phase-II Extension, Islamabad | 4,240,000 | 4,240,000 | 8,855,000 | 4,615,000 | Negotiation | Third party | Mr. Sajjad Ahmad |
| Plot-15, DHA Phase-II Extension, Islamabad | 4,240,000 | 4,240,000 | 8,855,000 | 4,615,000 | Negotiation | Third party | Mr. Sajjad Ahmad |
| Plot-16, DHA Phase-II Extension, Islamabad | 4,240,000 | 4,240,000 | 8,855,000 | 4,615,000 | Negotiation | Third party | Mr. Sajjad Ahmad |
| Plot-39, DHA Phase-II Extension, Islamabad | 4,740,000 | 4,740,000 | 8,855,000 | 4,115,000 | Negotiation | Third party | Mr. Sajjad Ahmad |
| Plot-42, DHA Phase-II Extension, Islamabad | 4,480,000 | 4,480,000 | 8,400,000 | 3,920,000 | Negotiation | Third party | Mr. Rooh Ul Amin |
| | 44,880,000 | 44,880,000 | 88,440,000 | 43,560,000 | | | |
| <u>Computers</u> | | | | | | | |
| Various assets having net book less than Rs. 500,000 | 2,965,239 | 354,728 | 619,792 | 265,064 | | | |
| <u>Office Equipments</u> | | | | | | | |
| Various assets having net book less than Rs. 500,000 | 25,846 | 4,093 | - | (4,093) | | | |
| <u>Assets written off:</u> | | | | | | | |
| Computers | 4,525,551 | 376,366 | - | (376,366) | | | |
| Furniture & Fittings | 390,000 | 227,502 | - | (227,502) | | | |
| Office Equipment | 98,000 | - | - | - | | | |
| 2024 | 129,817,104 | 51,373,178 | 126,785,947 | 75,412,769 | | | |
| 2023 | 68,906,716 | 13,460,528 | 41,239,836 | 27,779,308 | | | |

| | | | 2024 | 2023 |
|-----------------|---|-----------------|--------------------|--------------------|
| | | | Rupees | Rupees |
| 18.6 | Capital work in progress | <i>Note</i> | | |
| | <i>The movement in capital work in progress is as follows:</i> | | | |
| | Balance as at 01 July | | 276,160,294 | 387,701,682 |
| | Additions during the year | | 198,753,523 | 339,390,408 |
| | Less: Transfers to operating fixed assets during the period | <i>18.1.2</i> | (282,364,446) | (450,931,796) |
| | Balance as at 30 June | <i>18.6.1</i> | <u>192,549,371</u> | <u>276,160,294</u> |
| 18.6.1 | Capital work in progress comprises of: | | | |
| | Building, civil works & others | | 590,000 | 73,780,734 |
| | Plant and machinery | <i>18.6.1.1</i> | 85,443,271 | 157,383,432 |
| | Land | | - | 2,400,000 |
| | Vehicles | | 106,516,100 | - |
| | Intangibles | | - | 42,596,128 |
| | | | <u>192,549,371</u> | <u>276,160,294</u> |
| 18.6.1.1 | This represents cost incurred for development and installation of plant and machinery. | | | |
| 19 | Intangible assets | <i>Note</i> | 2024 | 2023 |
| | | | Rupees | Rupees |
| 19.1 | Computer softwares and software license fees | | | |
| | <u>Cost</u> | | | |
| | Balance as at 01 July | | 14,544,479 | 14,544,479 |
| | Addition during the year | | 60,501,000 | - |
| | Balance as at 30 June | <i>19.1.1</i> | <u>75,045,479</u> | <u>14,544,479</u> |
| | <u>Amortisation</u> | | | |
| | Balance as at 01 July | | 14,098,695 | 13,541,806 |
| | Amortisation for the year | <i>31</i> | 20,461,558 | 556,889 |
| | Balance as at 30 June | | <u>34,560,253</u> | <u>14,098,695</u> |
| | Net book value | | <u>40,485,226</u> | <u>445,784</u> |
| 19.1.1 | These include fully amortized assets amounting to Rs. 13.76 million (2023: Rs. 13.69 million). Intangibles are amortised at 33% (2023: 33%) on straight line basis. | | | |
| 20 | Long term investments - related parties | <i>Note</i> | 2024 | 2023 |
| | | | Rupees | Rupees |
| | <u>Related parties - at cost</u> | | | |
| | <i>Farmacia (Partnership firm):</i> | | | |
| | Capital held: 98% (2023: 98%) | <i>20.1</i> | 249,063,595 | 240,312,544 |
| | Managing Partner - Osman Khalid Waheed | | | |
| | <i>BF Biosciences Limited (unlisted subsidiary):</i> | | | |
| | 50,666,655 (2023: 15,199,996) fully paid ordinary shares of Rs. 3 each (2023: Rs. 10 each) | <i>20.2</i> | 151,999,960 | 151,999,960 |
| | Equity held: 80% (2023: 80%) | | | |
| | Chief Executive Officer - Mrs. Akhter Khalid Waheed | | | |
| | | | <u>401,063,555</u> | <u>392,312,504</u> |

- 20.1** This represents Company's 98% share in "Farmacia", a partnership duly registered under the Partnership Act, 1932 and engaged in operating retail pharmacy. The head office of the Firm is situated at Fatima Memorial Hospital, Shadman, Lahore.
- 20.2** BF Biosciences Limited has been set up for establishing a Biotech Pharmaceutical Plant to manufacture mainly Cancer and Hepatitis related medicines. The Company holds 80% (2023: 80%) of equity of the subsidiary and the remaining 20% is held by Grupo Empresarial Bagó S.A., Spain. The registered office of the Company is situated at 197-A, The Mall, Rawalpindi and the production facility is located at 5 KM- Sunder Raiwind Road Lahore. The net assets of the Subsidiary company as at 30 June 2024 were of Rs. 2,359.62 million (2023: Rs. 1,974.21 million).
- 20.3** The Company, after obtaining approval from the shareholders in its Annual General Meeting held on 28 October 2023, has provided short term finance facility / security in favor of BF Biosciences Limited amounting to Rs. 500 million (2023: Rs. 500 million). The facility carries markup at the rate not to be less than average rate charged by the bank(s) of the Company. The utilized amount of facility, related markup and outstanding balance at the unconsolidated statement of financial position date has been disclosed in note 41.

| 21 Stores, spare parts and loose tools | <i>Note</i> | 2024 | 2023 |
|---|-------------|--------------------------|--------------------------|
| | | Rupees | Rupees |
| Stores | | 53,779,961 | 24,903,249 |
| Spare parts | | 27,590,207 | 27,783,906 |
| Loose tools | | 341,427 | 385,949 |
| Stores in transit | | - | 2,081,528 |
| | | <u>81,711,595</u> | <u>55,154,632</u> |

22 Stock in trade

| | | | |
|---|------|-----------------------------|-----------------------------|
| Raw and packing materials | 22.2 | 1,313,602,279 | 1,400,272,609 |
| Work in process | | 243,120,575 | 157,743,377 |
| Finished goods | 22.2 | 2,229,549,042 | 1,184,462,133 |
| Stock in transit | 22.3 | 207,352,858 | 1,529,272,288 |
| | | <u>3,993,624,754</u> | <u>4,271,750,407</u> |
| Less: provision for slow moving stock in trade - raw and packing materials and finished goods | 22.1 | <u>(20,809,600)</u> | - |
| | | <u>3,972,815,154</u> | <u>4,271,750,407</u> |

22.1 Movement in Provision for slow moving stock in trade

| | | | |
|--------------------------|--------|--------------------------|-----------------|
| Balance as at 01 July | | - | - |
| Provided during the year | | 20,809,600 | - |
| Balance as at 30 June | 22.1.1 | <u>20,809,600</u> | <u>-</u> |

22.1.1 Out of the total balance of provision for slow moving stock in trade, Rs. 10.82 million (2023: Nil) pertains to raw and packing materials, and Rs. 9.99 million (2023: Nil) pertains to finished goods.

22.2 The amount charged to unconsolidated statement of profit or loss on account of write down of raw material and work in progress to net realizable value amounts to Rs. 47.80 million (2023: Rs. 66.82 million) and finished goods to net realizable value amounts to Rs. 114.19 million (2023: 40.97 million).

22.3 It includes raw and packing material in transit amounting to Rs. 78.21 million (2023: Rs. 135.64 million) and finished goods in transit amounting to Rs. 129.05 million (2023: Rs. 1,393.64 million).

| 23 Trade debts | <i>Note</i> | 2024 Rupees | 2023 Rupees |
|--|---|------------------------|------------------------|
| <i>Export debtors</i> | | | |
| Considered good - <i>secured</i> | | 133,469,260 | 49,102,224 |
| Considered good - <i>unsecured</i> | | 9,833,795 | 4,983,186 |
| | | 143,303,055 | 54,085,410 |
| <i>Local debtors</i> | | | |
| Considered good - <i>unsecured</i> | | 2,056,550,418 | 945,940,876 |
| Considered doubtful - <i>unsecured</i> | | 220,440,694 | 96,463,258 |
| | | 2,276,991,112 | 1,042,404,134 |
| Less: Impairment loss allowance | <i>23.1</i> | (220,440,694) | (96,463,258) |
| | | 2,199,853,473 | 1,000,026,286 |
| 23.1 | The movement in impairment loss allowance is as follows: | | |
| | Balance as at 01 July | 96,463,258 | 60,303,638 |
| | Charge during the year | 123,977,436 | 36,159,620 |
| | Balance as at 30 June | 220,440,694 | 96,463,258 |
| 24 Loans and advances | | | |
| Advances to employees - <i>secured</i> | <i>24.1</i> | 55,277,211 | 25,806,621 |
| Advances to suppliers - <i>unsecured</i> | <i>24.2</i> | 99,906,722 | 63,537,516 |
| Others | | 13,686,361 | 1,879,505 |
| | | 168,870,294 | 91,223,642 |
| 24.1 | Advances given to staff are in accordance with the Company's policy and terms of employment contract. These advances are secured against provident fund. Advances to staff include amount due from executives of the Company of Rs. 12.28 million (2023: Rs. 2.83 million). | | |
| 24.2 | These are interest free in the ordinary course of business. | | |
| 25 Deposits and prepayments | <i>Note</i> | 2024 Rupees | 2023 Rupees |
| <i>Deposits - considered good</i> | | | |
| Earnest Money | <i>25.1</i> | 190,617,153 | 144,907,103 |
| Less: Impairment loss allowance | <i>25.2</i> | (25,144,774) | (19,423,630) |
| | | 165,472,379 | 125,483,473 |
| Security Margins | | 8,221,550 | 7,725,451 |
| | | 173,693,929 | 133,208,924 |
| Prepayments | | 5,516,853 | 4,778,859 |
| | | 179,210,782 | 137,987,783 |
| 25.1 | These are interest free and given in ordinary course of business for acquiring government tenders. | | |
| 25.2 | The movement in impairment loss allowance is as follows: | | |
| | | 2024 Rupees | 2023 Rupees |
| | Balance as at 01 July | 19,423,630 | 17,128,655 |
| | Charge during the year | 5,721,144 | 2,294,975 |
| | Balance as at 30 June | 25,144,774 | 19,423,630 |

| | Note | 2024 Rupees | 2023 Rupees |
|--|------|--------------------|--------------------|
| 26 Other receivables | | | |
| Sales tax refundable - <i>net</i> | | 175,211,696 | 188,812,972 |
| Export rebate | | 8,958,522 | 7,257,753 |
| Others - considered good, <i>unsecured</i> | | 49,668,084 | 13,826,258 |
| | | <u>233,838,302</u> | <u>209,896,983</u> |

27 Short term investments

Investments at fair value through profit or loss

| | | | |
|-------------|------|--------------------|--------------------|
| Mutual fund | 27.1 | <u>375,541,979</u> | <u>362,396,582</u> |
|-------------|------|--------------------|--------------------|

27.1 These investments are measured at 'fair value through profit or loss'

| | | | |
|---|--------|--------------------|--------------------|
| Fair value at 01 July | | 362,396,582 | 695,089,997 |
| Redemption during the year - <i>net</i> | | (60,118,104) | (445,486,469) |
| Dividend re-invested during the year | 34.1 | 28,233,952 | 111,228,114 |
| Realized gain on sale of investments during the year | 34.1 | 6,027,500 | 34,897 |
| Unrealized gain on re-measurement of investment during the year | 34.1 | 39,002,049 | 1,530,043 |
| Fair value at 30 June | 27.1.1 | <u>375,541,979</u> | <u>362,396,582</u> |

27.1.1 Mutual fund wise detail is as follows:

| | <u>Units</u> | | <u>Fair value</u> | |
|-------------------------------|------------------|-----------|--------------------|--------------------|
| | 2024 | 2023 | 2024 | 2023 |
| |Number..... | |Rupees..... | |
| HBL Money Market Fund | 3,364,423 | 3,286,601 | 348,190,571 | 339,186,410 |
| MCB Cash Management | | | | |
| Optimizer Fund | 10,939 | 10,939 | 1,114,288 | 1,109,863 |
| HBL Cash Fund | 249,626 | 212,407 | 25,764,090 | 21,700,510 |
| Pakistan Cash Management Fund | 9,387 | 7,922 | 473,030 | 399,799 |
| | | | <u>375,541,979</u> | <u>362,396,582</u> |

| 28 | Cash and bank balances | Note | 2024 Rupees | 2023 Rupees |
|---------------|---|--------|-----------------|-----------------|
| | Cash in hand | | 4,748,361 | 7,695,413 |
| | Cash at bank: | | | |
| | - Conventional banks | 28.1 | 239,648,235 | 251,352,519 |
| | - Islamic banks | 28.2 | 24,502,326 | 10,564,156 |
| | | | 264,150,561 | 261,916,675 |
| | | | 268,898,922 | 269,612,088 |
| 28.1 | Conventional Banks | | | |
| | - current accounts in local currency | | 38,818,743 | 63,655,031 |
| | - current accounts in foreign currency | | 187,572,952 | 175,549,992 |
| | - saving accounts in local currency | 28.1.1 | 13,256,540 | 12,147,496 |
| | | | 239,648,235 | 251,352,519 |
| 28.2 | Islamic Banks | | | |
| | - current accounts in local currency | | 24,478,479 | 10,361,179 |
| | - saving accounts in local currency | 28.2.1 | 23,847 | 202,977 |
| | | | 24,502,326 | 10,564,156 |
| 28.1.1 | These include deposit accounts under mark-up arrangements, which carry interest rates ranging from 19.02% to 20.51% (2023: 12.25% - 19.51%) per annum. | | | |
| 28.2.1 | This includes deposit account of under Shariah compliant arrangement, which carries profit rate from 10.00% to 11.01% (2023: 6.50% - 10.00%) per annum. | | | |
| 29 | Revenue - net | Note | 2024 Rupees | 2023 Rupees |
| | Gross sales: | | | |
| | Local | | 13,709,635,711 | 10,395,161,748 |
| | Export | | 796,430,848 | 684,292,278 |
| | | | 14,506,066,559 | 11,079,454,026 |
| | Less: | | | |
| | Sales return | | (72,222,779) | (175,895,699) |
| | Discounts | | (1,614,402,766) | (938,348,027) |
| | Sales tax | | (107,726,918) | (71,819,378) |
| | | | (1,794,352,463) | (1,186,063,104) |
| | Revenue from contracts with customers - net | 29.1 | 12,711,714,096 | 9,893,390,922 |
| | Disaggregation of Revenue - net | | | |
| 29.1 | Primary Geographical Markets (Revenue - net) | | | |
| | Pakistan | | 11,915,283,248 | 9,209,251,465 |
| | Afghanistan | | 313,093,387 | 191,883,772 |
| | Sri Lanka | | 289,720,074 | 281,343,644 |
| | Philippines | | 78,429,906 | 61,981,943 |
| | Kenya | | 41,350,131 | 32,174,121 |
| | Myanmar | | 36,378,114 | 51,415,640 |
| | Kyrgyzstan | | 24,239,130 | 16,889,094 |
| | Mongolia | | 2,940,408 | - |
| | Cambodia | | 2,021,820 | - |
| | Others | | 8,257,878 | 48,451,243 |
| | | | 12,711,714,096 | 9,893,390,922 |
| | | | 12,711,714,096 | 9,893,390,922 |

| 30 Cost of sales | Note | 2024 Rupees | 2023 Rupees |
|--|------|----------------------|----------------------|
| Raw and packing materials consumed | 30.1 | 3,977,575,001 | 2,477,220,521 |
| Salaries, wages and other benefits | 30.2 | 540,181,366 | 484,414,903 |
| Fuel and power | | 162,665,759 | 91,281,726 |
| Repair and maintenance | | 45,164,252 | 25,661,547 |
| Stores, spare parts and loose tools consumed | | 167,479,826 | 94,563,892 |
| Freight and forwarding | | 53,818,096 | 69,567,008 |
| Packing charges | | 51,259,648 | 19,059,244 |
| Rent, rates and taxes | | 6,828,895 | 6,001,031 |
| Postage and telephone | | 8,632,372 | 9,627,344 |
| Insurance | | 29,294,611 | 18,620,761 |
| Travelling and conveyance | | 34,500,622 | 24,238,164 |
| Canteen expenses | | 38,337,087 | 24,781,757 |
| Depreciation on property, plant and equipment | 18.4 | 261,195,099 | 263,223,209 |
| Laboratory and other expenses | | 33,553,337 | 27,396,951 |
| | | 5,410,485,971 | 3,635,658,058 |
| <i>Work in process:</i> | | | |
| Opening | 22 | 157,743,377 | 155,665,588 |
| Closing | 22 | (243,120,575) | (157,743,377) |
| | | (85,377,198) | (2,077,789) |
| Cost of goods manufactured | | 5,325,108,773 | 3,633,580,269 |
| <i>Finished stock:</i> | | | |
| Opening | 22 | 1,184,462,133 | 1,431,320,397 |
| Purchases made during the year | | 3,479,620,501 | 2,190,665,218 |
| Closing - net of provision | 22 | (2,219,562,963) | (1,184,462,133) |
| | | 2,444,519,671 | 2,437,523,482 |
| | | 7,769,628,444 | 6,071,103,751 |
| 30.1 Raw and packing materials consumed | | | |
| Opening | 22 | 1,400,272,609 | 876,498,555 |
| Purchases made during the year | | 3,880,081,150 | 3,000,994,575 |
| | | 5,280,353,759 | 3,877,493,130 |
| Closing - net of provision | 22 | (1,302,778,758) | (1,400,272,609) |
| | | 3,977,575,001 | 2,477,220,521 |

30.2 Salaries, wages and other benefits include Rs. 19.44 million (2023: Rs. 17.34 million) which represents employer's contribution towards provident fund.

| 31 Administrative expenses | <i>Note</i> | 2024 | 2023 |
|---|-------------|---------------------------|---------------------------|
| | | Rupees | Rupees |
| Salaries and other benefits | <i>31.1</i> | 375,014,625 | 322,478,223 |
| Directors fees and expenses | | 531,000 | 678,170 |
| Rent, rates and taxes | | 1,681,140 | 618,504 |
| Postage and telephone | | 19,265,890 | 15,566,632 |
| Printing, stationery and office supplies | | 9,211,440 | 8,329,785 |
| Travelling and conveyance | | 78,865,291 | 64,735,665 |
| Transportation | | 3,542,234 | 5,935,349 |
| Legal and professional charges | | 9,005,902 | 6,695,082 |
| Fuel and power | | 54,764,563 | 39,730,542 |
| Auditors' remuneration | <i>31.2</i> | 3,850,000 | 2,471,000 |
| Repair and maintenance | | 14,187,175 | 17,418,756 |
| Fee and subscriptions | | 46,454,349 | 27,715,116 |
| Donations | <i>31.3</i> | 6,957,500 | 8,078,126 |
| Insurance | | 12,215,698 | 8,155,051 |
| Depreciation on property, plant and equipment | <i>18.4</i> | 84,897,765 | 46,533,319 |
| Amortisation of intangibles | <i>19.1</i> | 20,461,558 | 556,889 |
| Canteen expenses | | 35,633,759 | 28,649,288 |
| Other expenses | | 3,162,910 | 7,628,585 |
| | | <u>779,702,799</u> | <u>611,974,082</u> |

31.1 Salaries and other benefits include Rs. 13.82 million (2023: Rs. 12.12 million) which represents employer's contribution towards provident fund.

| 31.2 Auditors' remuneration | 2024 | 2023 |
|--|-------------------------|-------------------------|
| | Rupees | Rupees |
| Fee for annual audit | 1,942,500 | 1,460,000 |
| Audit of consolidated financial statements | 163,852 | 90,000 |
| Review of half yearly financial statements | 630,000 | 350,000 |
| Special certificates and others | 413,648 | 221,000 |
| Out-of-pocket expenses | 700,000 | 350,000 |
| | <u>3,850,000</u> | <u>2,471,000</u> |

31.3 Donations include payment to the following institution in which the director of the Company holds an interest:

| Name of director | Nature of interest in donee | Name of donee | 2024 | 2023 |
|------------------------------------|------------------------------------|---------------------------------------|------------------|-----------|
| | | | Rupees | Rupees |
| Mr. Osman Khalid Waheed (Director) | Trustee | National Management Foundation (LUMS) | 5,000,000 | 2,312,952 |

31.4 Donations to following organizations exceeds 10% of the Company's total amount of donations:

| | 2024 | 2023 |
|--|------------------|-----------|
| | Rupees | Rupees |
| National Management Foundation (LUMS) | 5,000,000 | 2,312,952 |
| Pakistan Pharmaceutical Manufacturers Association (PPMA) | - | 2,173,913 |
| Parsa Trust | - | 1,638,396 |
| Pir Abdul Qadir Shah Jeelani Institute of Medical Sciences | - | 1,000,000 |
| Rizq Trust | 1,500,000 | - |

| | <i>Note</i> | 2024 Rupees | 2023 Rupees |
|---|-------------|------------------------------|-----------------------------|
| 32 Selling and distribution expenses | | | |
| Salaries and other benefits | <i>32.1</i> | 1,241,298,091 | 998,299,811 |
| Travelling and conveyance | | 661,017,135 | 490,477,940 |
| Trade debts and earnest money written off | | 13,225 | 20,592,272 |
| Fuel and power | | 79,315,889 | 57,881,638 |
| Service charges | | 13,066,543 | 13,420,130 |
| Rent, rates and taxes | | 16,164,176 | 23,923,268 |
| Sales promotion | | 560,443,028 | 352,495,472 |
| Printing and stationary | | 4,655,983 | 6,627,783 |
| Postage and telephone | | 20,641,925 | 32,949,771 |
| Fee and subscription | | 56,317,954 | 67,645,420 |
| Insurance | | 45,322,896 | 35,830,619 |
| Repairs and maintenance | | 8,565,500 | 34,914,005 |
| Conferences, seminars and training | | 243,697,062 | 229,746,340 |
| Patient care activities | | 9,423,522 | 8,266,247 |
| Depreciation on property, plant and equipment | <i>18.4</i> | 77,274,576 | 70,218,303 |
| Other expenses | | 10,697,751 | 3,251,852 |
| | | <u>3,047,915,256</u> | <u>2,446,540,871</u> |

32.1 Salaries and other benefits include Rs. 39.79 million (2023: Rs. 34.64 million) which represents employer's contribution towards provident fund.

| | <i>Note</i> | 2024 Rupees | 2023 Rupees |
|--|------------------------|------------------------------|---------------------------|
| 33 Other expenses | | | |
| Exchange Loss - net | | - | 470,715,292 |
| Workers' Profit Participation Fund | <i>13.2</i> | 32,799,369 | 14,786,880 |
| Central Research Fund | <i>13.3</i> | 6,626,135 | 2,987,248 |
| Workers' Welfare Fund | <i>13.4</i> | 12,915,423 | 5,619,014 |
| Loss allowance against trade debts and earnest money | <i>23.1 & 25.2</i> | 129,698,580 | 38,454,594 |
| | | <u>182,039,507</u> | <u>532,563,028</u> |

| 34 | Other income | Note | 2024 Rupees | 2023 Rupees |
|----|---|--------|--------------------|--------------------|
| | From financial assets | 34.1 | 76,240,270 | 116,911,030 |
| | From non financial assets | 34.2 | 128,927,077 | 85,573,724 |
| | | | <u>205,167,347</u> | <u>202,484,754</u> |
| | 34.1 From financial assets | | | |
| | Profit on deposits with banks | 34.1.1 | 2,976,769 | 4,117,976 |
| | Dividend income | 27.1 | 28,233,952 | 111,228,114 |
| | Unrealized gain on re-measurement of short term investments to fair value | 27.1 | 39,002,049 | 1,530,043 |
| | Realized gain on sale of short term investments | 27.1 | 6,027,500 | 34,897 |
| | | | <u>76,240,270</u> | <u>116,911,030</u> |
| | 34.1.1 These include profit of Rs. 84,672 (2023: Rs. 12,805) earned on deposits maintained under Shariah compliant arrangements. | | | |
| | 34.2 From non financial assets | Note | 2024 Rupees | 2023 Rupees |
| | <u>From related party</u> | | | |
| | Share in profit of Farmacia - 98% owned partnership firm | | 8,751,051 | 23,973,654 |
| | Markup income on short term loan to BF Biosciences Ltd. | | - | 950,806 |
| | Corporate Guarantee Income from BF Biosciences Ltd. | | 7,020,000 | 7,020,000 |
| | <u>Others</u> | | | |
| | Gain on sale of property, plant and equipment - net | 18.5 | 75,412,769 | 27,779,308 |
| | Export rebate | | 4,284,082 | 9,770,693 |
| | Exchange gain - net | | 33,459,175 | - |
| | Commission income | | - | 16,079,263 |
| | | | <u>113,156,026</u> | <u>53,629,264</u> |
| | | | <u>128,927,077</u> | <u>85,573,724</u> |
| | 35 Finance cost | | | |
| | <i>Mark-up on financing from conventional banks / institutions:</i> | | | |
| | Long term loans | | 7,648,608 | 11,157,193 |
| | Short term borrowings | | 284,327,773 | 118,786,193 |
| | | | 291,976,381 | 129,943,386 |
| | <i>Mark-up on Islamic mode of financing:</i> | | | |
| | Long term loans | 35.1 | 17,469,777 | - |
| | Short term borrowings | 35.1 | 197,368,383 | 21,615,265 |
| | | | 214,838,160 | 21,615,265 |
| | Bank charges | | 20,171,859 | 6,374,981 |
| | Interest on Workers' Profit Participation Fund | 13.2 | 336,441 | 428,615 |
| | | | <u>527,322,841</u> | <u>158,362,247</u> |

35.1 This represents markup expense incurred under Shariah compliant arrangements against facilities of long term loans and short term borrowings.

| | <i>Note</i> | 2024 Rupees | 2023 Rupees |
|---------------------------------|-------------|------------------------------|-------------------|
| 36 | | | |
| Minimum tax differential | | | |
| Minimum tax differential | 36.1 | <u>13,041,269</u> | <u>59,839,529</u> |

36.1 This represents portion of minimum tax paid under section 148 (2023: sections 113 and 148) of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC 21 / IAS 37.

| | <i>Note</i> | 2024 Rupees | 2023 Rupees |
|------------------|-------------|------------------------------|-------------------|
| 37 | | | |
| Final tax | | | |
| Final tax | 37.1 | <u>14,539,025</u> | <u>33,428,059</u> |

37.1 This represents final tax paid under sections 150 and 154 (2023: sections 150 and 154) of Income Tax Ordinance, 2001 (ITO, 2001), representing levy in terms of requirements of IFRIC 21 / IAS 37.

| | <i>Note</i> | 2024 Rupees | 2023 Rupees |
|----------------------------------|-------------|------------------------------|--------------------|
| 38 | | | |
| Income tax | | | |
| <i>Current</i> | | | |
| - For the year | | 240,908,401 | 66,262,805 |
| - For prior years | | (15,344,225) | (23,985,879) |
| | | 225,564,176 | 42,276,926 |
| <i>Deferred</i> | | | |
| - For the year | | (46,472,745) | (68,701,494) |
| - Change in effective tax rate | | 3,546,594 | 19,446,206 |
| | 12.1 | (42,926,151) | (49,255,288) |
| | | <u>182,638,025</u> | <u>(6,978,362)</u> |
| 38.1 | | | |
| Tax charge reconciliation | | | |

Numerical reconciliation between tax expense and accounting profit:

| | 2024 Rupees | 2023 Rupees |
|---|---------------------------------|--------------------|
| Profit before income tax | <u>582,692,302</u> | <u>182,064,109</u> |
| | ----- (Percentage) ----- | |
| Applicable tax rate as per Income Tax Ordinance, 2001 | <u>29%</u> | <u>29%</u> |

| | 2024 | 2023 |
|--|---------------------|---------------------------|
| | Rupees | Rupees <i>Restated</i> |
| Tax on accounting profit | 168,980,768 | 52,798,592 |
| Effect of final tax regime | (24,490,045) | (53,082,706) |
| Effect of separate block regime | (21,097,488) | (31,817,146) |
| Effect of minimum tax regime | 16,823,237 | (30,703,516) |
| Effect of permanent difference | (12,565,246) | 20,146,144 |
| Effect of super tax | 66,784,430 | 21,069,330 |
| Effect of proration | - | 3,556,968 |
| Effect of rate change | 3,546,594 | 19,446,206 |
| Effect of other accounting and tax differences | - | 15,593,645 |
| Prior year tax adjustment | (15,344,225) | (23,985,879) |
| | 13,657,257 | (59,776,954) |
| | 182,638,025 | (6,978,362) |

38.2 Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:

| | | 2024 | 2023 |
|--|---------|----------------------|--------------|
| | | Rupees | Rupees |
| Current tax liability for the year as per applicable tax laws | 38.3 | 210,218,319 | 86,289,226 |
| Portion of current tax liability as per tax laws, representing | | | |
| - income tax under IAS 12 - net | 38 | (182,638,025) | 6,978,362 |
| - levy in terms of requirements of IFRIC 21/ IAS 37 | 36 & 37 | (27,580,294) | (93,267,588) |
| Difference | | - | - |

38.3 The aggregate of minimum tax, final tax and income tax, amounting to Rs. 210.22 million (2023: Rs. 86.29 million) represents tax liability of the Company calculated under the relevant provisions of the Income Tax Ordinance, 2001.

39 Earnings per share - basic and diluted

| | | 2024 | 2023 |
|---|----------------|--------------------|-------------|
| Profit after taxation for distribution to ordinary shareholders | <i>Rupees</i> | 400,054,277 | 189,042,471 |
| Weighted average number of ordinary shares | <i>Numbers</i> | 43,469,052 | 43,469,052 |
| Basic and diluted earnings per share | <i>Rupees</i> | 9.20 | 4.35 |

39.1 Weighted average number of ordinary shares

| | 2024 | 2023 |
|---|-------------------|------------|
| | Rupees | Rupees |
| Outstanding number of shares before bonus issue | 43,469,052 | 36,224,210 |
| Add: Element of bonus issue in number of shares at the start of the year. | - | 7,244,842 |
| | 43,469,052 | 43,469,052 |

39.2 There is no dilutive effect on the basic earnings per share as the Company has no commitment for such potentially issuable shares which has any dilutive effect.

40 Remuneration of Chief Executive, Non Executive Directors and Executives

| | 2024 | | |
|--|-------------------|-------------------------|--------------------|
| | Chief Executive | Non Executive Directors | Executives |
| | -----Rupees----- | | |
| Managerial remuneration | 24,270,968 | - | 312,389,795 |
| Utilities and others | 13,349,037 | - | 214,311,927 |
| Medical / Travelling reimbursements | 185,950 | - | 39,616,447 |
| Leave fare assistance / leave encashment | 6,270,000 | - | 30,403,725 |
| Bonus / Incentives | 4,125,000 | - | 53,343,903 |
| Contribution to provident fund | 2,427,097 | - | 29,707,924 |
| Meeting Fee | 50,000 | 390,000 | - |
| | 50,678,052 | 390,000 | 679,773,721 |
| Numbers | 1 | 6 | 126 |
| | 2023 | | |
| | Chief Executive | Non Executive Directors | Executives |
| | -----Rupees----- | | |
| Managerial remuneration | 21,290,328 | - | 282,261,714 |
| Utilities and others | 11,709,685 | - | 183,540,838 |
| Medical reimbursements | 199,748 | - | 27,352,197 |
| Leave fare assistance / leave encashment | - | - | 24,979,392 |
| Bonus / Incentives | 5,625,000 | - | 61,475,441 |
| Contribution to provident fund | 2,129,033 | - | 28,123,595 |
| Meeting Fee | 70,000 | 560,000 | - |
| | 41,023,794 | 560,000 | 607,733,177 |
| Numbers | 1 | 6 | 100 |

In addition, the Chief Executive and certain executives of the Company are allowed free use of the Company's vehicles.

The Company has 6 (2023: 6) non executive directors. Non executive directors are not paid any remuneration or benefits other than the meeting fee and reimbursement of expenses. Furthermore, the Company has paid Rs. 390,000 (2023: Rs. 560,000) in lieu of meeting fee and Rs. Nil (2023: Nil) against reimbursement of expenses.

Related party transactions

The Company's related parties include subsidiaries, associated company, entities over which directors are able to exercise influence, staff retirement fund, directors and key management personnel. Balances with the related parties are shown in respective notes in the unconsolidated financial statements. Transactions with related parties are as follows:

| Name of parties | Relationship | Transactions | |
|--|---------------------------------------|--------------|-------------|
| | | 2024 | 2023 |
| BF Biosciences Limited | 80% owned subsidiary company | 696,974,490 | 437,877,760 |
| | | 696,974,490 | 437,877,760 |
| | | - | 170,000,000 |
| | | - | 170,000,000 |
| | | - | - |
| | | 108,179,756 | 46,150,073 |
| | | 1,073,162 | 1,388,487 |
| | | 107,106,594 | 44,761,586 |
| | | 825,204 | 23,594,211 |
| | | 825,204 | 23,594,211 |
| | | 7,020,000 | 7,020,000 |
| | | 7,020,000 | 7,020,000 |
| | | - | 950,806 |
| | | - | 950,806 |
| Farmacia | 98% owned subsidiary partnership firm | 242,699,653 | 122,401,534 |
| | | 242,699,653 | 122,401,534 |
| | | 6,524,784 | 5,931,624 |
| | | 8,751,051 | 23,973,654 |
| | | 73,051,362 | 64,105,911 |
| Employees provident fund | Post employment benefit fund | 55,738,708 | 49,020,971 |
| Key Management Personnel | Key management personnel | - | 793,333 |
| | | - | 8,400 |
| | | - | 3,360 |
| KFW Factors (Private) Limited | Common directorship | - | 49,721,645 |
| | | - | 19,888,658 |
| Osman Khalid Waheed | Chief Executive Officer | 50,628,052 | 40,953,794 |
| | | - | 12,947,025 |
| | | - | 5,178,810 |
| | | 50,000 | 70,000 |
| Directors other than CEO | Non-Executive Directors | 5,749,518 | 6,544,527 |
| | | - | 4,670,330 |
| | | - | 1,868,132 |
| | | 390,000 | 560,000 |
| Khan and Piracha | Common directorship | - | 455,000 |
| National Management Foundation (LUMS) | Common directorship | 5,000,000 | 2,312,752 |
| | | 7,500,000 | - |
| | | 2,262,000 | - |

41.1 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers Chief Executive Officer, Chief Financial Officer and Company Secretary to be its key management personnel.

| 42 | Plant capacity and production | Actual production | |
|----|-------------------------------|-------------------|-------------------|
| | | 2024 | 2023 |
| | | -----Packs----- | |
| | Tablets And Capsules | 47,152,098 | 32,745,714 |
| | Ointments | 5,437,477 | 4,058,512 |
| | Liquid And Others | 5,579,028 | 4,498,624 |
| | | 58,168,603 | 41,302,850 |

The production capacity of the Company's plant cannot be determined, as it is a multi-product production facility with varying manufacturing processes.

| 43 | Number of employees | Total employees | |
|----|---|-----------------|------|
| | | 2024 | 2023 |
| | Total number of employees as at 30 June | 1485 | 1388 |
| | Average number of employees during the year | 1437 | 1377 |

44 Reconciliation of movement of liabilities to cash flows arising from financing activities

| | 2024 | | | |
|---|----------------------|----------------------|-------------------------------|----------------------|
| | Liabilities | | | |
| | Unclaimed dividend | Accrued mark up | Long term loans and musharaka | Total |
| | ----- (Rupees) ----- | | | |
| Balance as at 01 July 2023 | 97,332,707 | 42,140,456 | 128,925,926 | 268,399,089 |
| <u>Changes from financing cash flows</u> | | | | |
| Long term loan received | - | - | 75,539,000 | 75,539,000 |
| Long term loans repaid | - | - | (18,089,521) | (18,089,521) |
| Musharaka received | - | - | 197,618,200 | 197,618,200 |
| Musharaka paid | - | - | (28,901,053) | (28,901,053) |
| Finance cost paid | - | (397,147,949) | - | (397,147,949) |
| Dividends paid | (825,344) | - | - | (825,344) |
| Total changes from financing cash flows | (825,344) | (397,147,949) | 226,166,626 | (171,806,667) |
| <u>Non-cash changes</u> | | | | |
| Dividend approved | - | - | - | - |
| Interest / markup expense | - | 527,322,841 | - | 527,322,841 |
| Amortization of government grant | - | - | (4,910,480) | (4,910,480) |
| Total non-cash changes | - | 527,322,841 | (4,910,480) | 522,412,361 |
| Closing as at 30 June 2024 | 96,507,363 | 172,315,348 | 350,182,072 | 619,004,783 |
| | 2023 | | | |
| | Liabilities | | | |
| | Unclaimed dividend | Accrued mark up | Long term loan | Total |
| | ----- (Rupees) ----- | | | |
| Balance as at 01 July 2022 | 91,693,095 | 18,789,481 | 85,500,000 | 195,982,576 |
| <u>Changes from financing cash flows</u> | | | | |
| Long term loan received | - | - | 130,000,000 | 130,000,000 |
| Long term loan repaid | - | - | (84,534,898) | (84,534,898) |
| Finance cost paid | - | (135,011,272) | - | (135,011,272) |
| Dividends paid | (175,481,440) | - | - | (175,481,440) |
| Total changes from financing cash flows | (175,481,440) | (135,011,272) | 45,465,102 | (265,027,610) |
| <u>Non-cash changes</u> | | | | |
| Dividend approved | 181,121,052 | - | - | 181,121,052 |
| Interest / markup expense | - | 158,362,247 | - | 158,362,247 |
| Amortization of government grant | - | - | (2,039,176) | (2,039,176) |
| Total non-cash changes | 181,121,052 | 158,362,247 | (2,039,176) | 337,444,123 |
| Closing as at 30 June 2023 | 97,332,707 | 42,140,456 | 128,925,926 | 268,399,089 |

45 Disclosures relating to provident fund

The provident fund trust is a common fund for employees of the Group. Entity wise break up of the fund as on 30 June is as follows:

| | Un-Audited 2024 | | Audited 2023 | |
|---|-------------------|----------------------|-------------------|----------------------|
| | % of Size of Fund | Rupees | % of Size of Fund | Rupees |
| Ferozsons Laboratories Limited - <i>Parent Company</i> | 77% | 1,028,207,228 | 79% | 880,702,298 |
| BF Biosciences Limited - <i>Subsidiary</i> | 22% | 283,335,444 | 20% | 223,069,169 |
| Farmacia - <i>Partnership firm</i> | 1% | 18,908,118 | 1% | 15,606,275 |
| | 100% | 1,330,450,790 | 100% | 1,119,377,742 |

Investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated there under.

46 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Company's Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors reviews and agrees policies for managing each of these risks.

The Company's 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. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

46.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

46.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period was as follows:

| | 2024 Rupees | 2023 Rupees |
|---|-----------------------------|-----------------------------|
| <u>Financial assets at amortized cost</u> | | |
| Long term deposits | 9,777,325 | 9,717,325 |
| Trade debts | 2,199,853,473 | 1,000,026,286 |
| Loans and advances - others | 13,686,361 | 1,879,505 |
| Deposits and prepayments | 173,693,929 | 133,208,924 |
| Other receivables | 58,626,606 | 21,084,011 |
| Bank balances | 264,150,561 | 261,916,675 |
| <u>Financial assets at fair value through profit or loss</u> | | |
| Short term investments | 375,541,979 | 362,396,582 |
| | <u>3,095,330,234</u> | <u>1,790,229,308</u> |

46.1.1.1 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counter party is as follows:

| | 2024 Rupees | 2023 Rupees |
|--|-----------------------------|-----------------------------|
| Customers | 2,199,853,473 | 1,000,026,286 |
| Banking companies and financial institutions | 639,692,540 | 624,313,257 |
| Others | 255,784,221 | 165,889,765 |
| | <u>3,095,330,234</u> | <u>1,790,229,308</u> |

46.1.2 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers and utility Companies, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

46.1.2.1 Counter parties with external credit ratings

These include banking companies and financial institutions, which are counter parties to bank balances and investments. Impairment on these balances has been measured on 12 month expected loss basis and reflects the shortest maturities of the exposure. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counter parties and considering their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Following are the credit ratings of counter parties with external credit ratings:

| Institutions | Rating | | Rating Agency | 2024 | 2023 |
|--|------------|-----------|---------------|--------------------|--------------------|
| | Short term | Long term | | | |
| Bank balances | | | | | |
| Habib Bank Limited | AAA | A1+ | JCR-VIS | 91,185,350 | 132,010,776 |
| Bank Al-Habib Limited | AAA | A1+ | PACRA | 183,750 | 284,474 |
| Habib Metropolitan Bank Limited | AA+ | A1+ | PACRA | 133,501,720 | 124,307,290 |
| Bank Alfalah Limited | AA+ | A1+ | PACRA | 14,121,894 | 2,334,417 |
| Meezan Bank Limited | AAA | A1+ | JCR-VIS | 26,225 | 205,357 |
| MCB Bank Limited | AAA | A1+ | PACRA | 275,463 | 445,458 |
| Allied Bank Limited | AAA | A1+ | PACRA | 380,058 | 380,859 |
| The Bank of Punjab | AA+ | A1+ | PACRA | 9,376,101 | 1,948,044 |
| Bank Islami Pakistan Ltd | AA- | A1 | PACRA | 15,100,000 | - |
| | | | | 264,150,561 | 261,916,675 |
| Short term investments | | | | | |
| HBL Money Market Fund | N/A | AA+(f) | JCR-VIS | 348,190,571 | 339,186,410 |
| MCB Cash Management Optimizer Fund | N/A | AA+(f) | PACRA | 1,114,288 | 1,109,863 |
| Pakistan Cash Management Fund | N/A | AA+(f) | PACRA | 473,030 | 399,799 |
| HBL Cash Fund | N/A | AA+(f) | JCR-VIS | 25,764,090 | 21,700,510 |
| | | | | 375,541,979 | 362,396,582 |
| Margin against bank guarantee | | | | | |
| Habib Bank Limited | AAA | A1+ | JCR-VIS | 1,153,856 | 1,153,934 |
| Meezan Bank | AAA | A1+ | JCR-VIS | 6,980,736 | - |
| Bank of Punjab | AA+ | A1+ | PACRA | 86,958 | - |
| | | | | 8,221,550 | 1,153,934 |
| Margin against letter of credit | | | | | |
| Meezan Bank Limited | AAA | A1+ | JCR-VIS | - | 6,571,517 |
| | | | | 647,914,090 | 632,038,708 |

46.1.2.2 Counter parties without external credit ratings - Trade debts

These mainly include customers which are counter parties to local and foreign trade debts. The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery.

Management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. The Company has used two years quarterly data in the calculation of historical loss rates along with the matching quarterly ageing brackets for the computation of roll rates. These rates are multiplied by scalar factors to reflect the effect of forward looking macro-economic factors. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2024 was determined as follows:

The aging of trade debts other than due from Government at the reporting date was:

| | Others | | | |
|-------------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|
| | 30 June 2024 | | 30 June 2023 | |
| | Gross carrying amount | Expected credit loss | Gross carrying amount | Expected credit loss |
| | -----Rupees----- | | -----Rupees----- | |
| Current | 310,624,091 | 10,197,825 | 290,389,668 | 1,922,738 |
| Past due 0 - 90 days | 32,420,430 | 6,529,206 | 49,476,346 | 4,521,652 |
| Past due 91 - 180 days | 11,685,360 | 5,156,351 | 20,383,660 | 5,705,636 |
| Past due 181 - 365 days | 47,976,057 | 42,055,692 | 4,169,360 | 3,965,967 |
| More than 365 days | 19,613,442 | 19,613,442 | 6,056,233 | 6,056,233 |
| | 422,319,380 | 83,552,516 | 370,475,267 | 22,172,226 |

The aging of trade debts due from Government at the reporting date was:

| | | | | |
|--------------------|----------------------|--------------------|-------------|------------|
| Current | 860,880,514 | - | - | - |
| 0 - 90 days | 284,714,890 | 10,414,175 | 258,039,410 | 3,398,102 |
| 91 - 180 days | 382,276,559 | 18,494,210 | 159,885,462 | 11,965,413 |
| 181 - 365 days | 259,536,585 | 20,282,048 | 190,410,654 | 20,870,336 |
| More than 365 days | 210,566,239 | 87,697,745 | 117,678,751 | 38,057,181 |
| | 1,997,974,787 | 136,888,178 | 726,014,277 | 74,291,032 |

Export sales are majorly secured through letter of credit while majority of the local sales are made to Government departments / hospitals. Trade debts are essentially due from government departments / projects and the Company is actively pursuing for recovery of debts and the Company does not expect these companies to fail to meet their obligations.

Deposits and other receivables are mostly due from Government Institutions, utility companies and a major supplier. Impairment on these balances has been measured on 12 month expected loss basis and reflects the shortest maturities of the exposure. Based on past experience the management believes that no impairment allowance is necessary in respect of these financial assets. There are reasonable grounds to believe that these amounts will be recovered in short course of time.

46.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner unfavorable to the Company. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in notes 9 and 15 to these unconsolidated financial statements is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

46.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rates and equity price that will effect the Company's income or the value of its holdings of financial instruments.

Market risk comprises of three types of risks:

- currency risk
- interest rate risk
- other price risk

46.3.1 Currency risk

Pakistani Rupee is the functional currency of the Company and exposure arises from transactions and balances in currencies other than Pakistani Rupee as foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. The Company's potential currency exposure comprises of:

- Transactional exposure in respect of non functional currency monetary items.
- Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below:

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to rupee equivalent, and the associated gain or loss is taken to the unconsolidated statement of profit or loss. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Company in currency other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as a part of overall risk management strategy. The Company does not enter into forward exchange contracts.

Exposure to currency risk

The figures represent foreign currency balances after conversion in Pak Rupees using exchange rates prevailing at the statement of financial position date. The Company's exposure to foreign currency risk at the reporting date was as follows:

| | 2024 | | | | |
|--|------------------------|--------------------|---------------|--------------|----------------|
| | Rupees | US Dollars | Euro | UAE Dirham | Pound Sterling |
| <u>Assets</u> | | | | | |
| Cash and bank balances | 190,041,030 | 670,766 | 8,449 | 1,910 | 1,930 |
| Trade debts | 143,303,055 | 501,953 | 12,055 | - | - |
| Other receivables | 28,336,804 | 101,806 | - | - | - |
| | <u>361,680,889</u> | <u>1,274,525</u> | <u>20,504</u> | <u>1,910</u> | <u>1,930</u> |
| <u>Liabilities</u> | | | | | |
| Trade and other payables | (594,322,759) | (2,135,231) | - | - | - |
| Net exposure | <u>(232,641,870)</u> | <u>(860,706)</u> | <u>20,504</u> | <u>1,910</u> | <u>1,930</u> |
| Off statement of financial position items | | | | | |
| - Outstanding letters of credit | (440,269,533) | (1,581,762) | - | - | - |
| Net exposure | <u>(672,911,403)</u> | <u>(2,442,468)</u> | <u>20,504</u> | <u>1,910</u> | <u>1,930</u> |
| | | | | | |
| | 2023 | | | | |
| <u>Assets</u> | Rupees | US Dollars | Euro | UAE Dirham | Pound Sterling |
| Cash and cash equivalents | 180,809,923 | 616,256 | 7,499 | 3,510 | 4,655 |
| Trade debts | 54,085,324 | 188,852 | - | - | - |
| Other receivables | 5,197,979 | 18,150 | - | - | - |
| | <u>240,093,226</u> | <u>823,258</u> | <u>7,499</u> | <u>3,510</u> | <u>4,655</u> |
| <u>Liabilities</u> | | | | | |
| Trade and other payables | (2,344,533,453) | (8,186,506) | - | - | - |
| Net exposure | <u>(2,104,440,227)</u> | <u>(7,363,248)</u> | <u>7,499</u> | <u>3,510</u> | <u>4,655</u> |
| Off statement of financial position items | | | | | |
| - Outstanding letters of credit | (198,926,780) | (694,601) | - | - | - |
| Net exposure | <u>(2,303,367,007)</u> | <u>(8,057,849)</u> | <u>7,499</u> | <u>3,510</u> | <u>4,655</u> |

The following significant exchange rates were applied during the year:

| | Reporting date rate | | Average rate | |
|----------------|---------------------|--------|--------------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| US Dollars | 278.34 | 286.39 | 282.37 | 256.17 |
| Euro | 297.71 | 313.07 | 305.39 | 272.04 |
| UAE Dirham | 75.78 | 77.97 | 76.88 | 69.75 |
| Pound Sterling | 351.89 | 365.01 | 358.45 | 310.92 |

46.3.1.1 Sensitivity analysis

A reasonably possible strengthening / (weakening) of 10% in Pak Rupee against the following currencies would have affected the measurement of financial instruments denominated in foreign currency and affected statement of profit or loss by the amounts shown below at the statement of financial position date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| Profit or loss | |
|---------------------|----------------------|
| 2024 | 2023 |
| -----Rs.----- | |
| (23,264,187) | (210,444,023) |

Unconsolidated statement of profit or loss

A ten percent weakening of the Pakistani Rupee against foreign currencies at the reporting date would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

46.3.1.2 Currency risk management

Since the maximum amount exposed to currency risk is only 0.15% (2023: 2.23%) of the Company's total assets, any adverse / favorable movement in functional currency with respect to foreign currencies will not have any material impact on the operational results.

46.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

| | Effective rate | | Carrying amount | |
|---|------------------|------------------|-------------------------------|-----------------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Variable rate instruments | (in Percentage) | | (Rupees) | |
| <u>Financial assets</u> | | | | |
| Cash at bank - deposit accounts | 10.00% to 20.51% | 6.50% to 19.51% | 13,280,387 | 12,350,473 |
| <u>Financial liabilities</u> | | | | |
| Long term loans - including current portion - secured | 20.99% to 23.05% | 6.00% to 18.06% | 181,464,925 | 128,925,926 |
| Long term musharaka - including current portion - secured | 21.14% to 23.98% | - | 168,717,147 | - |
| Short term borrowings - secured | 15.31% to 23.06% | 14.16% to 23.40% | 2,407,658,889 | 787,154,205 |
| Net Exposure | | | <u>(2,744,560,574)</u> | <u>(903,729,658)</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 increased / decreased loss 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 2023.

| | Profit or loss | |
|--|----------------------------|--------------------------|
| | 100 bps Increase | 100 bps Decrease |
| | | Rupees |
| <u>As at 30 June 2024</u> | | |
| Cash flow sensitivity - Variable rate financial assets | <u>(27,445,606)</u> | <u>27,445,606</u> |
| <u>As at 30 June 2023</u> | | |
| Cash flow sensitivity - Variable rate financial assets | <u>(9,037,297)</u> | <u>9,037,297</u> |

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

46.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio within the eligible stocks in accordance with the risk investment guidelines approved by the higher management. The Company is exposed to price risk arising from its investment in mutual funds that are classified as fair value through profit or loss. The Company has no investments in equity instruments traded in the market at the reporting date. The Company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

Sensitivity analysis

The table below summarizes the Company's money market price risk as of 30 June 2024 and 2023 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. However, money market investments are considered risk free.

| | Fair value | Hypothetical price change | Estimated fair value after hypothetical change in prices | Hypothetical increase (decrease) in profit / (loss) before tax |
|--|--------------------|------------------------------|--|--|
| -----Rupees----- | | | | |
| 2024 | | | | |
| <u>Short term investments</u> | | | | |
| Investments at fair value through profit or loss | 375,541,979 | 10% increase 10% decrease | 413,096,177 337,987,781 | 37,554,198 (37,554,198) |
| -----Rupees----- | | | | |
| | Fair value | Hypothetical price change | Estimated fair value after hypothetical change in prices | Hypothetical increase (decrease) in profit / (loss) before tax |
| 2023 | | | | |
| <u>Short term investments</u> | | | | |
| Investments at fair value through profit or loss | 362,396,582 | 10% increase 10% decrease | 398,636,240 326,156,924 | 36,239,658 (36,239,658) |

46.4 Fair value of financial instruments

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. The carrying value of all financial assets and liabilities on the statement of financial position approximate to their fair value.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

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.

46.4.1 Valuation of financial instruments

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 market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques.

Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

The fair value of financial instruments traded in active markets is based on Net Asset Values (NAVs) of the units of the mutual funds at the reporting date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on going basis.

46.4.2 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| | Fair Value | | | | | | |
|--|--|------------------------------------|-----------------------------|--------------------|--------------------|----------|----------|
| | Fair value through statement of profit or loss | Financial assets at amortised cost | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 |
| ----- Rupees ----- | | | | | | | |
| 30 June 2024 | 375,541,979 | - | - | 375,541,979 | 375,541,979 | - | - |
| <u>Financial assets measured at fair value</u> | | | | | | | |
| Short term investments | - | - | - | - | - | - | - |
| <u>Financial assets not measured at fair value</u> | | | | | | | |
| Long term deposits | - | 9,777,325 | - | 9,777,325 | - | - | - |
| Trade debts | - | 2,199,853,473 | - | 2,199,853,473 | - | - | - |
| Loans and advances | - | 13,686,361 | - | 13,686,361 | - | - | - |
| Deposits and prepayments | - | 173,693,929 | - | 173,693,929 | - | - | - |
| Other receivables | - | 58,626,606 | - | 58,626,606 | - | - | - |
| Cash and bank balances | - | 268,898,922 | - | 268,898,922 | - | - | - |
| | - | 2,724,536,616 | - | 2,724,536,616 | - | - | - |
| <u>Financial liabilities measured at fair value</u> | | | | | | | |
| <u>Financial liabilities not measured at fair value</u> | | | | | | | |
| Trade and other payables | - | - | 1,413,656,892 | 1,413,656,892 | - | - | - |
| Unclaimed dividend | - | - | 96,507,363 | 96,507,363 | - | - | - |
| Long term loans - secured | - | - | 124,392,873 | 124,392,873 | - | - | - |
| Long term musharaka - secured | - | - | 168,717,147 | 168,717,147 | - | - | - |
| Short term borrowings - secured | - | - | 2,407,658,889 | 2,407,658,889 | - | - | - |
| Accrued mark-up | - | - | 172,315,348 | 172,315,348 | - | - | - |
| | - | - | 4,383,248,512 | 4,383,248,512 | - | - | - |

| | Carrying Amount | | Fair Value | | | | |
|---|--|------------------------------------|-----------------------------|---------------|-------------|---------|---------|
| | Fair Value through statement of profit or loss | Financial assets at amortised cost | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 |
| | 362,396,582 | - | - | 362,396,582 | 362,396,582 | - | - |
| ----- Rupees ----- | | | | | | | |
| <u>Financial assets measured at fair value</u> | | | | | | | |
| Short term investments | - | - | - | 362,396,582 | 362,396,582 | - | - |
| <u>Financial assets not measured at fair value</u> | | | | | | | |
| Long term deposits | - | 9,717,325 | - | 9,717,325 | - | - | - |
| Trade debts | - | 1,000,026,286 | - | 1,000,026,286 | - | - | - |
| Loans and advances | - | 1,879,505 | - | 1,879,505 | - | - | - |
| Deposits and prepayments | - | 133,208,924 | - | 133,208,924 | - | - | - |
| Other receivables | - | 21,084,011 | - | 21,084,011 | - | - | - |
| Cash and bank balances | - | 269,612,088 | - | 269,612,088 | - | - | - |
| | - | 1,435,528,139 | - | 1,435,528,139 | - | - | - |
| <u>Financial liabilities measured at fair value:</u> | | | | | | | |
| | - | - | - | - | - | - | - |
| <u>Financial liabilities not measured at fair value</u> | | | | | | | |
| Trade and other payables | - | - | 2,883,271,832 | 2,883,271,832 | - | - | - |
| Unclaimed dividend | - | - | 97,332,707 | 97,332,707 | - | - | - |
| Long term loans - secured | - | - | 91,983,374 | 91,983,374 | - | - | - |
| Long term musharaka - secured | - | - | - | - | - | - | - |
| Short term borrowings - secured | - | - | 787,154,205 | 787,154,205 | - | - | - |
| Accrued mark-up | - | - | 42,140,456 | 42,140,456 | - | - | - |
| | - | - | 3,901,882,574 | 3,901,882,574 | - | - | - |

Fair value of property, plant and equipment

Freehold land, buildings on freehold land and plant and machinery have been carried at revalued amounts determined by professional valuers (level 2 in case of land, level 3 for building and plant & machinery) based on their assessment of market value as disclosed in note 8. The valuations are conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's properties. This revaluation was carried out by Asif Associates (Private) Limited (Independent valuers and consultants). The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

46.5 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) to provide an adequate return to shareholders.

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.

| | <u>Unit</u> | <u>2024</u> | <u>2023</u> |
|-------------------------------|-------------------|-----------------------|----------------------|
| Total debt | <i>Rupees</i> | 2,757,840,961 | 916,080,131 |
| Total equity | <i>Rupees</i> | 8,967,473,376 | 6,284,692,644 |
| Total capital employed | <i>Rupees</i> | 11,725,314,337 | 7,200,772,775 |
| Gearing | <i>Percentage</i> | <u>23.52%</u> | <u>12.72%</u> |

Total debt comprises of long term loans from banking company and short term borrowings.

Total equity includes issued, subscribed and paid-up share capital, capital reserves, accumulated profits and surplus on revaluation of fixed assets.

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

47 Non adjusting events after the reporting date

The Board of Directors of the Company in its meeting held on 04 October 2024 has proposed a final cash dividend of Rs. 3 (2023: Rs. Nil) per share, amounting to Rs.130.41 million (2023: Rs. Nil million) subject to approval of the members in the Annual General Meeting to be held on 28 October 2024.

48 Date of authorization for issue

These unconsolidated financial statements have been authorized for issue by the Board of Directors of the Company on 04 October 2024.

Chief Executive Officer

Chief Financial Officer

Director



CONSOLIDATED FINANCIAL STATEMENTS



KPMG Taseer Hadi & Co.
Chartered Accountants
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Lahore 54000 Pakistan
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INDEPENDENT AUDITOR'S REPORT

To the members of Ferozsons Laboratories Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Ferozsons Laboratories Limited** ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 30 June 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



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Following are the Key audit matters:

| S. No. | Key audit matters | How the matters were addressed in our audit |
|--------|---|---|
| 1 | <p>Revenue recognition</p> <p>Refer to notes 4.13, 4.13.1 and 30 to the consolidated financial statements.</p> <p>The Group recognized net revenue of Rs. 15.855 billion from the sale of goods to domestic as well as foreign customers during the year ended 30 June 2024.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and gives rise to a risk that revenue is recognized without transferring the control to meet expectations or targets.</p> | <p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the process relating to recording of revenue and testing the design and implementation of relevant key internal controls over recording of revenue; • Assessing the appropriateness of the Group's accounting policies for recording of revenue and compliance of those policies with applicable accounting standards; • Comparing, on a sample basis, specific revenue transactions recorded just before and just after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period; • Scanning for any manual journal entries relating to revenue recorded during the year which were considered to be material or met other specific risk-based criteria for inspecting underlying documentation; and • Assessing the adequacy of presentation and disclosures related to the revenue as required under the accounting and reporting standards as applicable in Pakistan. |
| 2 | <p>Revaluation of Property, Plant and Equipment</p> <p>Refer to notes 4.4.1, 9 and 19.1 to the consolidated financial statements.</p> <p>The Group follows the revaluation model for subsequent measurement of freehold land, buildings on freehold land and plant and machinery. Valuations are performed by independent valuer with sufficient frequency.</p> <p>Latest revaluation was undertaken as at 30 June 2024 and consequently, additional revaluation surplus – net of deferred tax, amounting to Rs. 2.712 billion has been recognized in the consolidated financial statements and the closing balance of revaluation surplus – net of deferred tax on property, plant, and equipment at the year-end amounts to Rs. 3.872 billion.</p> | <p>Our audit procedures to assess the revaluation of property, plant, and equipment, amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtaining and inspecting the results of valuation carried out by management of the Company through an externally appointed expert on which the management assessment of valuation of property, plant and equipment was based; • Evaluating the completeness and appropriateness of information used in the valuation by inspecting the relevant underlying documentation; • Evaluating the appropriateness of key methodology used by the management, reasonableness of key estimates and assumptions used by the management in valuation exercise; |

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| S. No. | Key audit matters | How the matters were addressed in our audit |
|--------|---|---|
| | We have identified revaluation of Property, Plant and Equipment as key audit matter due to its financial magnitude and judgement involved in the assessment of the fair value of these assets. The judgement relates to the valuation methodologies used and the assumptions included in each of those methodologies. | <ul style="list-style-type: none"> • Evaluating whether the results of the valuation exercise have been appropriately accounted for in the consolidated financial statements in accordance with the requirements of accounting and reporting regulations as applicable in Pakistan; • Assessing the appropriateness of consolidated financial statements' disclosures in accordance with the requirements of the applicable accounting and reporting regulations as applicable in Pakistan. |

Information other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2024 but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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



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

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

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

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

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



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We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ahsin Tariq.

Lahore

Date: 07 October 2024

UDIN: AR2024101193XSYkVJTA


KPMG Taseer Hadi & Co.
Chartered Accountants

Ferozsons Laboratories Limited
Consolidated Statement of Financial Position
As at 30 June 2024

| | Note | 2024 Rupees | 2023 Rupees |
|--|------|-----------------------|-----------------------|
| EQUITY AND LIABILITIES | | | |
| <u>Share capital and reserves</u> | | | |
| Authorized share capital 150,000,000 (2023: 50,000,000) ordinary shares of Rs. 10 each | | 1,500,000,000 | 500,000,000 |
| Issued, subscribed and paid up capital | 7 | 434,690,520 | 434,690,520 |
| Capital reserve | 8 | 321,843 | 321,843 |
| Revaluation surplus on property, plant and equipment | 9 | 3,753,246,119 | 1,193,114,683 |
| Accumulated profits | | 7,040,048,601 | 6,289,984,422 |
| Equity attributable to owners of the Company | | 11,228,307,083 | 7,918,111,468 |
| Non-controlling interests | | 591,877,248 | 445,453,599 |
| | | 11,820,184,331 | 8,363,565,067 |
| <u>Non current liabilities</u> | | | |
| Long term loans - secured | 10 | 1,699,776,488 | 1,841,432,244 |
| Long term musharaka - secured | 11 | 143,830,767 | - |
| Deferred grant | 12 | 476,905,461 | 531,879,342 |
| Deferred taxation | 13 | 1,523,995,187 | 375,359,287 |
| | | 3,844,507,903 | 2,748,670,873 |
| <u>Current liabilities</u> | | | |
| Trade and other payables | 14 | 2,235,066,200 | 3,415,513,951 |
| Current portion of: | | | |
| - Long term loans - secured | 10 | 308,184,628 | 379,876,438 |
| - Long term musharaka - secured | 11 | 24,886,380 | - |
| - Deferred grant | 12 | 138,213,359 | 138,710,359 |
| Contract liabilities | 15 | 333,057,621 | 113,246,014 |
| Short term borrowings - secured | 16 | 2,743,034,136 | 1,260,543,747 |
| Unclaimed dividend | | 96,507,363 | 97,332,707 |
| Accrued mark-up | 17 | 205,979,682 | 85,967,950 |
| | | 6,084,929,369 | 5,491,191,166 |
| Contingencies and commitments | 18 | 21,749,621,603 | 16,603,427,106 |
| | | 21,749,621,603 | 16,603,427,106 |
| <u>ASSETS</u> | | | |
| <u>Non current assets</u> | | | |
| Property, plant and equipment | 19 | 11,828,402,182 | 7,975,253,846 |
| Intangible assets | 20 | 41,038,671 | 1,552,673 |
| Investment property | 21 | 79,371,992 | 79,371,992 |
| Long term deposits | | 17,604,325 | 14,544,325 |
| | | 11,966,417,170 | 8,070,722,836 |
| <u>Current assets</u> | | | |
| Stores, spare parts and loose tools | 22 | 196,313,491 | 138,574,590 |
| Stock in trade | 23 | 4,781,368,229 | 5,057,360,063 |
| Trade debts | 24 | 2,416,614,379 | 1,122,799,641 |
| Loans and advances - considered good | 25 | 211,128,888 | 107,787,434 |
| Deposits and prepayments | 26 | 333,433,703 | 179,288,362 |
| Other receivables - considered good | 27 | 283,807,115 | 259,895,721 |
| Advance income tax - net | | 512,978,990 | 552,983,901 |
| Short term investments | 28 | 496,495,295 | 544,965,655 |
| Cash and bank balances | 29 | 551,064,343 | 569,048,903 |
| | | 9,783,204,433 | 8,532,704,270 |
| | | 21,749,621,603 | 16,603,427,106 |

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

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited
Consolidated Statement of Profit or Loss

For the year ended 30 June 2024

| | Note | 2024 Rupees | 2023 Rupees <i>Restated</i> |
|---|------|------------------------|-----------------------------------|
| Revenue - <i>net</i> | 30 | 15,854,750,179 | 11,457,221,348 |
| Cost of sales | 31 | <u>(9,392,083,085)</u> | <u>(7,196,032,930)</u> |
| Gross profit | | 6,462,667,094 | 4,261,188,418 |
| Administrative expenses | 32 | (845,174,243) | (655,276,943) |
| Selling and distribution expenses | 33 | (3,787,400,998) | (2,605,330,646) |
| Other expenses | 34 | (246,214,513) | (560,199,693) |
| Other income | 35 | 228,788,529 | 278,408,150 |
| Profit from operations | | 1,812,665,869 | 718,789,286 |
| Finance cost | 36 | (672,449,995) | (304,117,871) |
| Profit before income tax, final tax and minimum tax differential | | 1,140,215,874 | 414,671,415 |
| Minimum tax differential | 37 | (15,197,019) | (64,436,524) |
| Final tax | 38 | (18,656,358) | (48,517,462) |
| Profit before income tax | | 1,106,362,497 | 301,717,429 |
| Income tax | 39 | (350,887,376) | (5,475,605) |
| Profit after taxation | | 755,475,121 | 296,241,824 |
| Attributable to: | | | |
| Owners of the Group | | 683,146,147 | 271,267,541 |
| Non-controlling interests | | 72,328,974 | 24,974,283 |
| Profit after taxation | | 755,475,121 | 296,241,824 |
| Earnings per share - <i>basic and diluted</i> | 40 | <u>15.72</u> | <u>6.24</u> |

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

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited
Consolidated Statement of Comprehensive Income
For the year ended 30 June 2024

| | 2024 | 2023 |
|---|-----------------------------|--------------------|
| | Rupees | Rupees |
| Profit after taxation | 755,475,121 | 296,241,824 |
| Surplus on revaluation of property, plant and equipment | 3,879,845,918 | - |
| Related deferred tax on surplus | (1,168,301,907) | - |
| Total comprehensive income for the year | <u>3,467,019,132</u> | <u>296,241,824</u> |
| <i>Attributable to:</i> | | |
| Owners of the Group | 3,319,593,950 | 271,267,541 |
| Non-controlling interests | 147,425,182 | 24,974,283 |
| | <u>3,467,019,132</u> | <u>296,241,824</u> |

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

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2024

| | Attributable to Owners of the Company | | | | | Total | Non-controlling interests | Total |
|---|---------------------------------------|-----------------|--|----------------------|-----------------------|--------------------|---------------------------|-------|
| | Share capital | Capital reserve | Revaluation surplus on property, plant and equipment | Accumulated profits | Revenue reserve | | | |
| Balance as at 01 July 2022 | 362,242,100 | 321,843 | 1,304,895,242 | 6,100,332,603 | 7,767,791,788 | 530,676,857 | 8,298,468,645 | |
| Total comprehensive income for the year | - | - | - | 271,267,541 | 271,267,541 | 24,974,283 | 296,241,824 | |
| Profit after taxation | - | - | - | 106,163,502 | 106,163,502 | (106,163,502) | - | |
| Equity reserve pertaining to convertible loan | - | - | - | 377,431,043 | 377,431,043 | (81,189,219) | 296,241,824 | |
| <i>Surplus transferred to accumulated profit:</i> | | | | | | | | |
| on account of incremental depreciation on property, plant and equipment charged during the year - <i>net</i> of tax | - | - | (65,790,246) | 65,790,246 | - | - | - | |
| Effect of rate change | - | - | (45,990,313) | - | (45,990,313) | (4,034,039) | (50,024,352) | |
| <i>Transactions with owners of the Company, recognized directly in equity – Distributions</i> | | | | | | | | |
| Final dividend for the year ended 30 June 2022 at Rs. 5 per share | 72,448,420 | - | - | (181,121,050) | (181,121,050) | - | (181,121,050) | |
| Issuance of bonus shares at 20% | 72,448,420 | - | - | (72,448,420) | - | - | - | |
| | | | | (253,569,470) | (181,121,050) | - | (181,121,050) | |
| Balance as at 30 June 2023 | 434,690,520 | 321,843 | 1,193,114,683 | 6,289,984,422 | 7,918,111,468 | 445,453,599 | 8,363,565,067 | |
| Total comprehensive income for the year | | | | | | | | |
| Profit after taxation | - | - | - | 683,146,147 | 683,146,147 | 72,328,974 | 755,475,121 | |
| Surplus on revaluation of property, plant and equipment | - | - | 3,760,957,053 | - | 3,760,957,053 | 118,888,865 | 3,879,845,918 | |
| Related deferred tax on surplus | - | - | (1,124,509,250) | - | (1,124,509,250) | (43,792,657) | (1,168,301,907) | |
| <i>Surplus transferred to accumulated profit:</i> | | | | | | | | |
| on account of incremental depreciation on property, plant and equipment charged during the year - <i>net</i> of tax | - | - | 2,636,447,803 | 683,146,147 | 3,319,593,950 | 147,425,182 | 3,467,019,132 | |
| transfer from surplus on revaluation of fixed assets on disposal | - | - | (64,038,032) | 64,038,032 | - | - | - | |
| Effect of rate change | - | - | (2,880,000) | 2,880,000 | - | - | - | |
| | - | - | (66,918,032) | 66,918,032 | - | - | - | |
| Effect of rate change | - | - | (9,398,335) | - | (9,398,335) | (1,001,533) | (10,399,868) | |
| Balance as at 30 June 2024 | 434,690,520 | 321,843 | 3,753,246,119 | 7,040,048,601 | 11,228,307,083 | 591,877,248 | 11,820,184,331 | |

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

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2024

| Note | 2024 Rupees | 2023 Rupees Restated |
|--|------------------------|----------------------------|
| <u>Cash flow from operating activities</u> | | |
| Profit after taxation | 755,475,121 | 296,241,824 |
| <i>Adjustments for non - cash and other items</i> | | |
| Depreciation on property, plant and equipment | 19.4 517,090,795 | 471,846,625 |
| Amortisation of intangible assets | 20 21,015,002 | 1,110,336 |
| Amortisation of deferred grant | 12 (80,510,861) | (116,928,577) |
| Trade debts and earnest money directly written off | 33 1,629,583 | 22,180,825 |
| Provision of loss allowance | 26 & 24 144,426,016 | 37,621,197 |
| Net realisable value adjustment for the year | 23.1 236,558,021 | 155,097,492 |
| Gain on disposal of property, plant and equipment | 35.2 (78,505,232) | (28,841,059) |
| Finance costs | 36 672,449,995 | 304,117,871 |
| Gain on re-measurement of short term investments to fair value | 28.1 (49,721,539) | (5,005,285) |
| Gain on sale of short term investments | 28.1 (6,390,555) | (7,983,560) |
| Dividend income | 35.1 (43,225,212) | (199,830,706) |
| Profit on deposits with bank | 35.1 (12,797,078) | (6,852,317) |
| Workers' Profit Participation Fund | 14.3 64,055,335 | 27,321,878 |
| Central Research Fund | 14.4 12,940,472 | 5,187,240 |
| Workers' Welfare Fund | 14.5 24,792,690 | 9,757,199 |
| Minimum tax | 37 15,197,019 | 64,436,524 |
| Final tax | 38 18,656,358 | 48,517,462 |
| Income tax | 39 350,887,376 | 5,475,605 |
| | 1,808,548,185 | 787,228,750 |
| Cash generated from operations before working capital changes | 2,564,023,306 | 1,083,470,574 |
| Effect on cash flow due to working capital changes | | |
| <i>(Increase) / decrease in current assets</i> | | |
| Stores, spare parts and loose tools | (57,738,901) | (6,846,106) |
| Stock in trade | 39,433,813 | (2,083,905,777) |
| Trade debts | (1,431,744,974) | (42,095,478) |
| Loans and advances - considered good | (103,341,454) | (38,928,136) |
| Deposits and prepayments | (162,270,704) | (54,726,919) |
| Other receivables | (23,911,394) | 172,210,220 |
| | (1,739,573,614) | (2,054,292,196) |
| <i>Increase / (decrease) in current liabilities</i> | | |
| Trade and other payables | (1,264,047,080) | 998,921,506 |
| Contract liabilities | 219,811,607 | (9,841,084) |
| | (219,785,781) | 18,258,800 |
| Cash (used in) / generated from operations | (219,785,781) | 18,258,800 |
| Income tax paid | (345,931,855) | (375,581,880) |
| Minimum tax paid | (14,089,504) | (66,853,888) |
| Final tax paid | (10,701,883) | (36,888,577) |
| Workers' Profit Participation Fund paid | (17,080,403) | (38,910,781) |
| Central Research Fund paid | 14.4 (5,187,240) | (13,869,820) |
| Increase in long term deposits | (3,060,000) | - |
| Net cash used in operating activities | (615,836,666) | (513,846,146) |
| <u>Cash flow from investing activities</u> | | |
| Acquisition of property, plant and equipment | (544,040,922) | (2,347,280,409) |
| Acquisition of intangibles | (60,501,000) | (1,660,334) |
| Dividend income received | 43,225,212 | 199,830,706 |
| Proceeds from sale of property, plant and equipment | 19.5 132,152,941 | 42,301,595 |
| Profit on term deposits received | 12,797,078 | 6,852,317 |
| Short term investments - net | 104,582,454 | 1,504,375,774 |
| Net cash used in investing activities | (311,784,237) | (595,580,351) |
| <u>Cash flow from financing activities</u> | | |
| Long term loan received | 75,539,000 | 941,015,557 |
| Long term loan paid | (263,846,586) | (20,145,497) |
| Long term musharaka received | 197,618,200 | - |
| Long term musharaka paid | (28,901,053) | - |
| Finance cost paid | (552,438,263) | (250,763,500) |
| Dividend paid | (825,344) | (175,481,438) |
| | (572,854,046) | 494,625,122 |
| Net cash (used in) / generated from financing activities | (572,854,046) | 494,625,122 |
| Net decrease in cash and cash equivalents | (1,500,474,949) | (614,801,375) |
| Cash and cash equivalents at the beginning of the year | (691,494,844) | (76,693,469) |
| Cash and cash equivalents at the end of the year | (2,191,969,793) | (691,494,844) |
| Cash and cash equivalents comprise of the following: | | |
| Cash and bank balances | 29 551,064,343 | 569,048,903 |
| Short term borrowings - secured | 16 (2,743,034,136) | (1,260,543,747) |
| | (2,191,969,793) | (691,494,844) |

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

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

1 Reporting entity

Ferozsons Laboratories Limited (“the Holding Company”) was incorporated as a private limited company on 28 January 1954 and commenced its commercial operations in 1956. The Holding Company was converted into a public limited company on 08 September 1960. The Holding Company is listed on the Pakistan Stock Exchange Limited and is primarily engaged in the imports, manufacture and sale of pharmaceuticals products and medical devices. Its registered office is situated at 197-A, The Mall, Rawalpindi and the manufacturing facility is located at Amangarh, Nowshera, Khyber Pakhtoon Khwa.

"The Group" consists of the following subsidiaries:

| Company / Entity | Country of incorporation | Nature of business | Effective holding % | |
|------------------------|--------------------------|---|---------------------|------|
| | | | 2024 | 2023 |
| BF Biosciences Limited | Pakistan | Import, manufacturing and sale of pharmaceutical products | 80 | 80 |
| Farmacia | Pakistan | Sale and distribution of medicines and other related products | 98 | 98 |

The registered office of the BF Biosciences Limited is situated at 197-A, The Mall, Rawalpindi and the production facility is located at 5 KM- Sunder Raiwind Road Lahore.

The head office of the Farmacia is situated at Fatima Memorial Hospital, Shadman, Lahore.

2 Basis of preparation

2.1 Separate financial statements

These consolidated financial statements have been prepared from the information available in the audited standalone financial statements of the Holding Company for the year ended 30 June 2024 and the audited financial statements of the subsidiaries for the year ended 30 June 2024.

2.2 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for:

- translation of foreign currency at spot / average rate;
- land, building and machinery at revalued amount as referred in note 19 to these consolidated financial statements; and
- certain financial instruments at fair value through profit and loss account as referred in note 4.7 to these consolidated financial statements.

In these consolidated financial statements, except for the amounts reflected in the consolidated statement of cash flows, all transactions have been accounted for on accrual basis.

2.4 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupee ("Rs.") which is the Group's functional currency. All financial information presented in Rupees has been rounded off to the nearest rupee, unless otherwise stated.

2.5 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with the approved accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects both current and future periods.

Judgments and estimates made by the management in the application of accounting and reporting standards, as applicable in Pakistan that are significant/relevant to the consolidated financial statements are documented in the ensuing paragraphs:

2.5.1 Property, plant and equipment

The Group reviews appropriateness of useful lives and residual values used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis.

In making these estimates, the Group uses the technical resources available. Any change in the estimates in the future may affect the carrying amount of respective items of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

The management of the Group reviews carrying amounts of its assets including cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

Revaluation of property, plant and equipment is carried out by independent professional valuer. The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required.

2.5.2 Inventories

The Group reviews the inventories for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of inventories with a corresponding affect on the provision and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

2.5.3 Expected credit loss (ECL) / Loss allowance against trade debts, deposits, advances and other receivables

For financial assets measured at amortized cost, recognition of impairment is based on expected credit loss (ECL) model.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group has elected to measure loss allowances for trade debts including due from 'Government of Pakistan' using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs.

The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

2.5.4 Provisions

Estimates of the amount of provision recognized are based on current legal and constructive obligations. Actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

2.5.5 Taxation

The Group takes into account the current income tax laws and decisions taken by appellate authorities. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.5.6 Fair value of investments

The Group regularly reviews the fair value of investments, the estimate of fair values are directly linked to market value. Any change in estimate will effect the carrying value of investments with the corresponding impact on consolidated statement of profit or loss.

2.5.7 Contingencies

The Group reviews the status of all pending litigations and claims against the Group. Based on its judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the consolidated statement of financial position date.

3 Changes in material accounting policies

3.1 Material accounting policy information

The Company has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 July 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the consolidated financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the consolidated financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 4 Material accounting policies (30 June 2023: Significant accounting policies).

3.2 Restatement in Consolidated Financial Statements - Change in Accounting policy

3.2.1 Classification of taxes and levies

The Institute of Chartered Accountants of Pakistan (ICAP) vide circular 07/2024 dated 15 May 2024 issued the application guidance on accounting for minimum taxes and final taxes. As per the guidance, minimum tax differential and final tax should be classified as 'levies' and not income tax in the consolidated statement of profit or loss. Since, the impact of the said changes is material, per the abovesaid guide and IAS 8 'Accounting policies, changes in accounting estimates and others', the changes are to be applied retrospectively.

Accordingly, the Group has restated its comparative information by reclassifying levies amounting to Rs. 64.44 million and Rs. 48.52 million from Income tax to Minimum tax differential and Final tax respectively, in the consolidated statement of profit or loss. In the consolidated statement of cashflows, the Income tax paid under the operating activities has been reclassified by Rs. 66.85 million and Rs. 36.89 million to Minimum tax differential paid and final tax paid, respectively.

| Consolidated Statement of profit or loss | For the year ended 30 June 2023 | | |
|---|---------------------------------|----------------------|--------------------|
| | As previously reported | Adjustments | As restated |
| | -----Rupees----- | | |
| Profit before income tax, final tax and minimum tax | 414,671,415 | - | 414,671,415 |
| Minimum tax differential | - | (64,436,524) | (64,436,524) |
| Final tax | - | (48,517,462) | (48,517,462) |
| Profit before income tax | 414,671,415 | (112,953,986) | 301,717,429 |
| Income tax | (118,429,591) | 112,953,986 | (5,475,605) |
| Profit after taxation | 296,241,824 | - | 296,241,824 |

| Consolidated Statement of Cash Flows | For the year ended 30 June 2023 | | |
|--------------------------------------|---------------------------------|-------------|-------------|
| | As previously reported | Adjustments | As restated |
| | -----Rupees----- | | |

Cash flow from Operating Activities

| | | | |
|--|----------------------|--------------|----------------------|
| Income tax paid | (479,324,345) | 103,742,465 | (375,581,880) |
| Minimum tax paid | - | (66,853,888) | (66,853,888) |
| Final tax paid | - | (36,888,577) | (36,888,577) |
| Other cashflows from operating activities | (34,521,801) | - | (34,521,801) |
| Net cash used in operating activities | (513,846,146) | - | (513,846,146) |

Cash flow from investing activities

| | | | |
|--|---------------|---|---------------|
| Net cash generated from investing activities | (595,580,351) | - | (595,580,351) |
|--|---------------|---|---------------|

Cash flow from financing activities

| | | | |
|---------------------------------------|-------------|---|-------------|
| Net cash used in financing activities | 494,625,122 | - | 494,625,122 |
|---------------------------------------|-------------|---|-------------|

| | | | |
|--|----------------------|----------|----------------------|
| Net decrease in cash and cash equivalents | (614,801,375) | - | (614,801,375) |
|--|----------------------|----------|----------------------|

3.2.2 The impact of aforementioned restatement is not material on consolidated statement of financial position as at 01 July 2022 and 30 June 2023.

3.2.3 Profit before taxation has been restated in line with above explained change, however there is no impact on the investing and financing cashflows for the year ended 30 June 2023.

3.2.4 There is no impact on earning per share that needs to be disclosed in the consolidated financial statements.

4 Material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

4.1 Basis of consolidation

These consolidated financial statements include the financial statements of the Holding Company and the subsidiary companies together constituting “the Group”.

4.1.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Holding Company obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the Subsidiary Companies have been consolidated on a line-by-line basis and the carrying values of the investments held by the Holding Company have been eliminated against the shareholder's equity in the subsidiary companies. The financial statements of the subsidiaries are prepared for the same reporting year as of the Holding Company, using consistent accounting policies except where specified otherwise.

4.1.2 Non-controlling interests

Non-controlling interest is that part of net results of operations and of net assets of the subsidiaries which are not owned by the Holding Company either directly or indirectly. Non-controlling interest is presented as a separate item in the consolidated financial statements.

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Holding Company's interest in a Subsidiary, except those part of the initial acquisition transaction, that do not result in a loss of control are accounted for as equity transactions.

4.1.3 Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

4.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

4.2 Employee benefits

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Group and measured on an undiscounted basis. The accounting policy for employee retirement benefits is described below:

4.2.1 Defined contribution plan

The Group operates a defined contribution provident fund scheme for permanent employees. Contributions to the fund are made monthly by the Group and employees at an agreed rate of salary, the fund is managed by its Board of Trustees. The contributions of the Group are charged to the consolidated statement of profit or loss.

4.2.2 Compensated absences

The Group provides for compensated absences for its employees on unavailed balance of leave in the period in which leave is earned and the charge is recognized in the consolidated statement of profit or loss.

4.3 Taxation

Income tax expense comprises current and deferred tax. It is recognised in the consolidated statement of profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or consolidated statement of comprehensive income.

4.3.1 Current taxation

Provision for current tax is based on taxable income for the year at the applicable tax rates after taking into account tax credit and tax rebates, if any and any adjustment to tax payable in respect of previous year.

4.3.2 Deferred taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Group and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this assumption. Deferred tax assets and liabilities are offset if certain criteria are met.

4.3.3 Final tax and minimum tax

Tax charged under the Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the calculation based on taxable income or any minimum tax which is not adjustable against future income tax liability is classified as levy in the consolidated statement of profit or loss and consolidated other comprehensive income as these levies fall under the scope of IFRIC 12/ IAS 37.

4.4 Property, plant and equipment

4.4.1 Owned

Recognition and measurement:

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses except for:

- land (free hold) which is carried at revalued amount
- capital work in progress and advance for capital expenditure which are stated at cost less impairment loss, if any

Freehold land, building on freehold land and plant and machinery are recognized at revalued amounts based on valuation by external independent valuer. Revaluation surplus on property, plant and equipment is credited to a capital reserve in shareholder's equity and presented as a separate line item in the consolidated statement of financial position. Increases in the carrying amounts arising on revaluation of land are recognized, in consolidated statement of comprehensive income and accumulated in revaluation surplus in shareholder's equity. To the extent that increase reverses a decrease previously recognized in the consolidated statement of profit or loss, the increase is first recognized in the consolidated statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in the consolidated statement of comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the consolidated statement of profit or loss.

Cost comprises of purchase price and other directly attributable costs less refundable taxes. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use. The completed or / acquired capital work in progress and advance for capital expenditure is transferred to the respective item of operating fixed assets when it becomes available for intended use. Cost also includes applicable borrowing cost.

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

Gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount and is recognized in the consolidated statement of profit or loss.

Subsequent expenditure:

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation:

Depreciation on depreciable assets is commenced from the date asset is available for use up to the date when asset is retired. Depreciation charge is based on the straight-line method whereby the cost of an asset, except for freehold land, is written off in the consolidated statement of profit or loss over its estimated useful life after taking into account the residual value, if any. The residual value, depreciation method and the useful lives of each part of property, plant and equipment, other for freehold land, that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

4.5 Investment property

Property, comprising land, held to earn rentals or for capital appreciation or both are classified as investment property. These are not held for use in the production or supply of goods or services or for administrative purposes. The Group's business model i.e. the Group's intentions regarding the use of property is the primary criterion for classification as an investment property.

The investment property of the Group comprises of Land and is valued using the cost method. Investment property is initially measured at cost, being the fair value of the consideration given (including the transaction costs). Subsequent to initial recognition, these are stated at cost less any accumulated impairment loss.

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.

4.6 Intangibles

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

Subsequent expenditure:

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Amortization:

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight line method over their estimated useful lives, on monthly basis and is recognized in the consolidated statement profit or loss. Amortization rate is mentioned in note 20.

Amortization on additions to intangible assets is commenced from the date the assets is capitalized.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

4.7 Financial instruments

The Group initially recognizes financial assets on the date when they are originated. Trade and other receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

4.7.1 Financial assets

Classification

On initial recognition, a financial asset is classified as measured at:

- amortized cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL).

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized cost:

Initial Recognition:

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

Subsequent measurement:

The assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in consolidated statement of profit or loss.

Derecognition:

Any gain or loss on derecognition is recognized in consolidated statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, loan to employees, trade debts and other receivables.

Fair value through other comprehensive income (FVOCI):

Debt Instrument - FVOCI

Initial Recognition:

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- i. it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- ii. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement:

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in consolidated statement of profit or loss. Other net gains and losses are recognized in OCI.

Derecognition:

On derecognition, gains and losses accumulated in OCI are reclassified to consolidated statement of profit or loss. However, the Group has no such instrument at the reporting date.

Equity Instrument - FVOCI

Initial Recognition:

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Subsequent measurement:

These assets are subsequently measured at fair value. Dividends are recognized as income in consolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and these are never reclassified to profit or loss. However, the Group has no such instrument at the reporting date.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

Initial Recognition:

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent measurement:

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in consolidated statement of profit or loss. The Group has classify its investments in mutual funds as at FVTPL.

Financial assets – Business model assessment

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Derecognition:

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

4.7.2 Financial liabilities

Recognition:

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in consolidated statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in consolidated statement of profit or loss. Any gain or loss on derecognition is also recognized in consolidated statement of profit or loss.

The Group financial liabilities comprise trade and other payables, long term loan from financial institutions, markup accrued on borrowings, long term deposits and short term borrowings. and dividend payable.

Long term loans are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the consolidated statement of profit or loss over the period of the borrowings on an effective interest basis.

Finance cost are accounted for on accrual basis and are reported under accrued markup to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Financial liability which carry a share conversion option represents convertible loans that can be converted into ordinary shares or can be settled in cash, are treated as compound financial instrument. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially directly in equity and represents at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Derecognition:

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in consolidated statement of profit or loss.

4.7.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position when and only when the Group currently has a legally enforceable right to set off the amounts and it intends to either settle them on a net basis or to realize the asset and settle the liability simultaneously.

4.7.4 Trade debts

Trade debts represent the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). These are classified at amortized cost and are initially recognized when they are originated and measured at invoice value. These assets are written off when there is no reasonable expectation of recovery. The policy for impairment of trade debtors on account of expected credit loss is mentioned in note 4.7.5 to the financial statements.

4.7.5 Impairment

Financial assets

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities, and bank balances and other receivables for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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 Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non - Financial assets

The carrying amount of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in consolidated statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

4.8 Trade and other payables

Trade and other payables are initially carried at the fair value of the consideration to be paid in future for goods and services received. Subsequent to initial recognition, these are carried at amortized cost.

4.9 Provisions

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

4.10 Foreign currency

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the consolidated statement of profit or loss.

4.11 Inventories

Inventories includes stock in trade and stores, spare parts and loose tools.

These are stated at lower of cost and net realisable value.

Stock in trade and stores, spare parts and loose tools are valued at weighted average cost.

Cost comprises of cost of purchase and other costs incurred in bringing the items to their present location and condition. For items which are slow moving and / or identified as surplus to the Group's requirements, adequate provision is made for any excess book value over estimated net realizable value.

The Group reviews the carrying amount of stock in trade and stores, spare parts and loose tools basis and provision is made for obsolescence, if there is any change in usage pattern or physical form of related stores, spare parts and loose tools.

4.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances, short term investments and outstanding balance of short-term borrowings under mark-up / shariah arrangements, used by the Group in the management of its short-term commitments.

4.13 Revenue recognition

Revenue from contracts with customers is recognized, when a performance obligation has been fulfilled by transferring control of goods to the customers, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods excluding sales taxes, sales return and after deduction of any trade discounts. Specific revenue and other income recognition policies are as follows:

4.13.1 Sale of goods

Revenue represents the fair value of the consideration received or receivable for sale of products, net of sales tax, sales returns and related discount and commission. The contract contains distinct goods to be delivered and a single performance obligation to be satisfied. The revenue is recognized at point in time when goods are acknowledged by customers as they are enabled to consume the benefits, when goods are delivered to them and the Group's right to receive transaction price is developed.

4.13.2 Other income

Other income is recognized on an accrual basis. Net gains and losses of disposal of property, plant and equipment have been recognized in the consolidated statement of profit or loss, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Income on bank deposits is recognized using effective interest method. Foreign currency gains and losses are reported on a net basis.

Dividend income and entitlement of bonus shares are recognized when the right to receive is established.

Gains and losses on sale of investments are accounted for on disposal of investments.

4.13.3 Contract liabilities

A contract liability is the obligation of the Group to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract. It also includes refund liabilities arising out of customer's right to claim amounts from the Group on account of contractual delays in delivery of performance obligations and incentive on target achievements.

4.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the consolidated statement of profit or loss as incurred.

4.15 Share Capital and Dividend

Ordinary shares are classified as equity and recognised at their face value. Dividend distribution to the shareholders is recognized as a liability in these consolidated financial statements in the period in which it is declared.

4.16 Segment Reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is an identifiable component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance.

The chief operating decision maker, who is responsible for allocating resources and accessing performance of the operating segments, have been identified as the Chief Executive Officers, who make strategic decisions. Segment results that are reported to the CODMs include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The business segments are engaged in providing products which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are as follows:

Ferozsons

The Ferozsons segment is primarily engaged in the import, manufacture and sale of pharmaceutical products as well as import and sale of medical devices.

BF Biosciences

The BF Biosciences segment is primarily engaged in the import, manufacture and sale of pharmaceutical products.

Others

The others segment is primarily engaged in sale of pharmaceutical and other related products.

4.17 Deferred Grant

The Group follows deferral method of accounting for government grant related to subsidized long term loans. Government grant is initially recognized as deferred grant and measured as the difference between the initial carrying value of the long term loan recorded at market rate (i.e. fair value of the long term loan in this case) and the proceeds of subsidized long term loan received. In subsequent years, the grant is recognized in the consolidated statement of profit or loss account, in line with the recognition of interest expenses the grant is compensating and is presented as a reduction of related interest expense.

4.18 Contingent liabilities

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5 Changes in accounting standards, interpretations and pronouncements

5.1 New or amendments / interpretations to existing standards, interpretations and forthcoming requirements

The following amendments to published standards are mandatory for the financial year beginning on 1 January 2023 and are relevant to the Company:

- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.

The IASB amended IAS 1 Presentation of Financial Statements require entities to disclose their material rather than their significant accounting policies.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

- Definition of Accounting Estimates (Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors).

The amendments added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors.

The following new standards and amendments are effective for the period beginning 1 January 2023, however they are not relevant to the entity's operations:

| | Effective from accounting period beginning on or after |
|---|---|
| - IFRS 17 Insurance Contracts | January 01, 2023 |
| - International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12) | May 23, 2023 |

6 Standards, amendments and interpretations to accounting and reporting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2024:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.
- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

- Lack of Exchangeability (amendments to IAS 21) clarify:
 - when a currency is exchangeable into another currency; and
 - how a company estimates a spot rate when a currency lacks exchangeability.

Further, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures:

- Financial Assets with ESG-Linked features:

Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented SPPI. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

Although the new amendments are more permissive, they apply to all contingent features, not just ESG-linked features. While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, companies may need to perform additional work to prove this. Judgement will be required in determining whether the new test is met.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g., where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

The amendments apply for reporting periods beginning on or after 1 January 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

- Recognition / Derecognition requirements of Financial Assets / liabilities by Electronic Payments:

The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognized and derecognized and provide an exception for certain financial liabilities settled using an electronic payment system. Companies generally derecognize their trade payables on the settlement date (i.e., when the payment is completed). However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the company to derecognize its trade payable before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

The amendments apply for reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

| | 2024 | 2023 |
|---|--------------------|-------------|
| | Rupees | Rupees |
| 7 Issued, subscribed and paid up capital | | |
| 1,441,952 (2023: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash | 14,419,520 | 14,419,520 |
| 119,600 (2023: 119,600) ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged | 1,196,000 | 1,196,000 |
| 41,907,500 (2023: 41,907,500) ordinary shares of Rs. 10 each issued as fully paid bonus shares | 419,075,000 | 419,075,000 |
| | 434,690,520 | 434,690,520 |
| 7.1 Movement in number of shares; | | |
| Opening number of shares | 43,469,052 | 36,224,210 |
| Bonus shares issued during the year | - | 7,244,842 |
| Closing number of shares | 43,469,052 | 43,469,052 |

KFW Factors (Private) Limited, an associated company holds 11,933,194 (2023: 11,933,194) ordinary shares of Rs. 10 each of the Holding Company, representing 27.45% (2023: 27.45%) of the equity held.

8 Capital reserve

This represents capital reserve which arose on conversion of shares of NWF Industries Limited and Sargodha Oil and Flour Mills Limited, since merged.

| 9 | Surplus on revaluation of property, plant and equipment - net of tax | Note | 2024 Rupees | 2023 Rupees |
|------------|--|------|------------------------|------------------------|
| | Revaluation surplus as at 01 July | | 1,526,031,098 | 1,641,246,695 |
| | <i>Revaluation surplus recognized during the year on:</i> | | | |
| | - freehold land | | 884,200,000 | - |
| | - building on freehold land | | 1,221,778,183 | - |
| | - plant and machinery | | 1,773,867,735 | - |
| | | | 3,879,845,918 | - |
| | Surplus transferred to accumulated profit on account of incremental incremental depreciation charged during the year - net of deferred tax | 9.1 | (70,281,514) | (72,204,563) |
| | Related deferred tax liability | | (44,934,083) | (43,011,034) |
| | | | (115,215,597) | (115,215,597) |
| | Surplus transferred to accumulated profit: | | | |
| | - on account of disposal during the year net of deferred tax | | (2,880,000) | - |
| | | | (2,880,000) | - |
| | Revaluation surplus as at 30 June | | 5,287,781,419 | 1,526,031,098 |
| | Less: Related deferred tax liability: | | | |
| | - On revaluation as at 01 July | | (282,147,255) | (275,133,937) |
| | - Deferred tax on surplus arise during the year | | (1,168,301,907) | - |
| | - Tax rate adjustment | 13 | (10,399,868) | (50,024,352) |
| | - Transferred on account of incremental depreciation charged during the year | | 44,934,083 | 43,011,034 |
| | | | (1,415,914,947) | (282,147,255) |
| | Revaluation surplus as at 30 June | 9.2 | 3,871,866,472 | 1,243,883,843 |
| 9.1 | Charge of incremental depreciation for the year net of tax attributable to: | | | |
| | Owners of the Group | | (64,038,032) | (65,790,246) |
| | Non-controlling interests | | (6,243,482) | (6,414,317) |
| | | | (70,281,514) | (72,204,563) |
| 9.2 | Balance as at 30 June attributable to: | | | |
| | Owners of the Group | | 3,753,246,119 | 1,193,114,683 |
| | Non-controlling interests | | 118,620,353 | 50,769,160 |
| | | | 3,871,866,472 | 1,243,883,843 |

9.3 The freehold land, building and plant and machinery were revalued by independent valuers in years 1976, 1989, 2002, 2006, 2011, 2016, 2020 and 2024. The latest revaluation was conducted by M/s Asif Associates (Private) Limited (independent valuer and consultant) as at 30 June 2024, that resulted in a further surplus of Rs. 3,880 million. These revaluations had resulted in a cumulative surplus of Rs. 6,154 million, which has been included in the carrying values of freehold land, building on freehold land and plant and machinery respectively and credited to the surplus on revaluation of property plant and equipment. The basis of revaluation for items of these fixed assets were as follows:

Freehold land

Fair market value of freehold land was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well. The most significant input into this valuation approach was price per acre for land.

Buildings on freehold land

Construction specifications were noted for each building, structure and civil works and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value. The most significant input into this valuation approach was price per square foot for building.

Plant and machinery

Fair market value of plant and machinery was assessed by taking into account manufacturing cost of individual machines on the basis of material and technology used for manufacturing of the machine on international engineering standards and practice. The most significant input into this valuation approach was present operational condition and age of plant and machinery.

10 Long term loans-secured**Non current portion:**

Banking companies
Other financial institutions

| Note | 2024 Rupees | 2023 Rupees |
|------|----------------------|----------------------|
| 10.1 | 1,307,824,806 | 1,318,218,486 |
| 10.2 | 391,951,682 | 523,213,758 |
| | <u>1,699,776,488</u> | <u>1,841,432,244</u> |

Current portion:

Banking companies
Other financial institutions

| | | |
|------|----------------------|----------------------|
| 10.1 | 141,184,628 | 212,876,438 |
| 10.2 | 167,000,000 | 167,000,000 |
| | <u>308,184,628</u> | <u>379,876,438</u> |
| | <u>2,007,961,116</u> | <u>2,221,308,682</u> |

| Lender | Note | Sanctioned Limit | 2024 Rupees | 2023 Rupees | Tenor and basis of principal repayments | Security |
|--------|------|------------------|----------------|----------------|---|----------|
|--------|------|------------------|----------------|----------------|---|----------|

10.1 Banking companies

| | | | | | | |
|---|--------|---------------|----------------------|----------------------|--|--|
| MCB Bank Limited - TERF | 10.1.1 | 850,000,000 | 814,940,731 | 849,931,000 | 32 quarterly installments starting from 23rd July 2023. | First joint pari passu charge over all present and future fixed assets and current assets of Subsidiary Company Rs. 1,134 million (2023: Rs. 1,134 million) with security margins of 25% (2023: 25%). Alongside, cross corporate guarantee of Ferozsons Laboratories Ltd. |
| Habib Bank Limited. - TERF | 10.1.1 | 1,240,000,000 | 1,067,582,500 | 1,222,580,000 | 16 equal semi-annual installments starting from 7th October, 2023. | First pari passu charge of Rs. 1,240 million (2023: Rs. 1,240 million) on fixed assets including land, building, plant & machinery (of Unit II) of BF Biosciences Ltd. 25% margin i.e. Rs. 457 Million (2023: Rs. 457 million) is covered by first pari passu charge on plant & machinery of Ferozsons Laboratories Ltd. Alongside, Cross-corporate guarantee of Ferozsons Laboratories Ltd. |
| Islamic Renewable Energy Finance Scheme - FBL | 10.1.2 | 110,000,000 | 75,539,400 | - | 14 equal quarterly installments starting from 24 December 2024. | First Pari Passu hypothecation charge over all present and future fixed assets (Plant & Machinery) of the Holding Company with 25% margin. |
| Allied Bank Limited - SBP LTFE Renewable Energy | 10.1.3 | 130,000,000 | 105,925,925 | 128,925,926 | 27 equal quarterly installments starting from 30th June 2023. | First Pari Passu hypothecation charge over all present and future fixed assets (Plant & Machinery) of the Holding Company with 25% margin. |
| | | | <u>2,063,988,156</u> | <u>2,201,436,926</u> | | |
| Add: Unwinding of loans | | | 242,748,642 | 162,345,382 | | |
| Less: Impact of deferred grant | | | (857,727,364) | (832,687,384) | | |
| | | | <u>1,449,009,434</u> | <u>1,531,094,924</u> | | |
| Current portion of long term loans | | | (141,184,628) | (212,876,438) | | |
| Non current portion | | | <u>1,307,824,806</u> | <u>1,318,218,486</u> | | |

10.2

Other financial institutions

| | | | | | | |
|--|--------|-------------|-------------|-------------|---|---|
| Karandaaz Pakistan - <i>Convertible loan</i> | 10.2.2 | 835,000,000 | 626,250,000 | 793,250,000 | 20 equal quarterly installments starting from 30 June 2023. | First Part Passu charge over all present and future current and fixed assets of Subsidiary Company for the total amount of the facility with 10% (2023; 10%) margin i.e. Rs. 928 million (2023; Rs. 928 million). Alongside, cross-corporate guarantee of Ferozsons Laboratories Ltd. |
|--|--------|-------------|-------------|-------------|---|---|

Add: Unwinding of loan 110,598,553 74,860,629
Less: Adjustment of loan as equity component (177,896,871) (177,896,871)

Current portion of long term loan 558,951,682 690,213,758
Non current portion (167,000,000) (167,000,000)
391,951,682 523,213,758

10.1.1 TERF loan facilities obtained from MCB Bank Limited and Habib Bank Limited is being utilized by the Subsidiary Company for the purpose of installing a second production line in its existing facility which is being used to manufacture the biological and non-biological medicines. These loans are recognized at fair value using the market interest rate of 3 month KIBOR plus 1.50% (2023; 3 month KIBOR plus 1.5%) and the difference between fair values and net disbursement amounts is recognized as deferred grant.

10.1.2 This represents term finance facility obtained under "SBP Islamic Renewable Energy Finance Scheme" introduced by Government of Pakistan in order to Finance installation of Solar Power Plant of IMW. This loan carries the SBP's IFRE rate + 4.00% per annum. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market interest rates of 3 months KIBOR plus 0.90%. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

10.1.3 Term finance facility under "SBP finance scheme for renewable energy" introduced by Government of Pakistan in order to finance the installation/ commissioning of solar power systems to promote the use of renewable energy in the country. The scheme will provide concessional financing for large renewable energy power projects as well as for small scale renewable energy solutions. The scheme also facilitates installation of renewable energy based solutions/ projects under net metering system introduced by National Electric Power Regulatory Authority (NEPRA). This loan carries the fixed markup rate of 6% (SBP rate of 2% + 4% per annum). However, during the transition period (i.e. before conversion to SBP-RE Loan), the applicable rate of mark-up is 3 months KIBOR + 1% per annum (2023; 3 months KIBOR + 1% per annum) and is payable on quarterly basis. After the required approvals from SBP (dated 9 June 2023), the loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market interest rates of 3 months KIBOR plus 1% (2023; 3 months KIBOR plus 1%). The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

10.2.2 Loan facility obtained from Karandaaz Pakistan is being utilized by the Subsidiary Company to expand its production capacity by installing a second line of production in its existing facility. Furthermore, this includes conversion option (equivalent to 50% of the outstanding principal amount) subject to the fact that all the conditions decided between the parties have been met/ fulfilled/ satisfied or waived. The loan is recognized at fair value using the market interest rate of 3 month KIBOR plus 1.50% (2023; 3 month KIBOR plus 1.5%) and the difference between fair value and disbursement amount has been recognized as equity component. During the prior year, the lender had forfeited its right for conversion of loan to equity.

11 Long term musharaka - *secured*

| Lender | Note | Sanctioned Limit | 2024 | 2023 | Tenor and basis of principal repayments | Security |
|--|------|------------------|--------------------|------|--|--|
| First Habib Modaraba - Financial Institution | 11.1 | 200,000,000 | 168,717,147 | - | 60 monthly installments in arrears starting from the date of inception of each contract. | Hypothecation charge over the assets (i.e. vehicles), provided to the Holding Company under this contract. |
| Current portion of long term musharaka | | | (24,886,380) | | | |
| Non current portion | | | <u>143,830,767</u> | | | |

11.1 This represents financing facility obtained under "Diminishing Musharaka" from First Habib Modaraba for the purpose of purchase of vehicles. This loan carries markup at the rate of 3 month KIBOR plus 0.9%.

| | 2024 Rupees | 2023 Rupees |
|---------------------------------------|----------------|----------------|
| 12 Deferred grant | | |
| Balance as at 01 July | 670,589,701 | 409,199,905 |
| Recognized during the year | 25,039,980 | 378,318,373 |
| Amortisation during the year | (80,510,861) | (116,928,577) |
| Unamortized balance of deferred grant | 615,118,820 | 670,589,701 |
| Less: current portion | (138,213,359) | (138,710,359) |
| Balance as at 30 June | 476,905,461 | 531,879,342 |

13 Deferred taxation

The liability for deferred taxation comprises of temporary differences relating to:

Deferred tax liability on taxable temporary differences arising in respect of:

| | | |
|--|---------------|-------------|
| - Accelerated tax depreciation allowances | 230,690,829 | 166,435,967 |
| - Surplus on revaluation of property plant and equipment | 1,415,914,947 | 282,147,255 |
| - Equity portion of convertible loan | 24,900,378 | 25,791,507 |
| - Unrealized gain on short term investments - mutual funds | 9,715,083 | 685,260 |
| | 1,681,221,237 | 475,059,989 |

Deferred tax asset on deductible temporary differences arising in respect of:

| | | |
|--|---------------|--------------|
| - Loss allowance against trade debts and earnest money | (119,917,679) | (43,261,633) |
| - Compensated absences and other provisions | (37,308,371) | (56,439,069) |
| | (157,226,050) | (99,700,702) |
| | 1,523,995,187 | 375,359,287 |

13.1 Movement in deferred tax balances is as follows:

| 2024 | | | | | |
|-----------------------------|-----------------------------------|-----------------------|---|--------------------------------|-----------------------|
| (Reversal from) / charge to | | | | | |
| Balance as at 01 July | Statement of profit or loss | | Statement of other comprehensive income | Statement of changes in equity | |
| | (Credited) / charged for the year | Effect of rate change | Charged for the year | Effect of rate change | Balance as at 30 June |
| ------(Rupees)----- | | | | | |

Taxable temporary difference

| | | | | | | |
|--|-------------|--------------|------------|---------------|------------|---------------|
| Accelerated tax depreciation allowances | 166,435,967 | 58,630,114 | 5,624,748 | - | - | 230,690,829 |
| Surplus on revaluation of property, plant and equipment | 282,147,255 | (44,934,083) | - | 1,168,301,907 | 10,399,868 | 1,415,914,947 |
| Equity portion of convertible loan | 25,791,507 | (12,636,107) | 11,744,978 | - | - | 24,900,378 |
| Unrealized gain on short term investments - mutual funds | 685,260 | 8,889,723 | 140,100 | - | - | 9,715,083 |
| | 475,059,989 | 9,949,647 | 17,509,826 | 1,168,301,907 | 10,399,868 | 1,681,221,237 |

Deductible temporary differences

| | | | | | | |
|--|--------------|--------------|-------------|---------------|------------|---------------|
| Loss allowance against trade debts & earnest money | (43,261,633) | (71,003,898) | (5,652,148) | - | - | (119,917,679) |
| Compensated absences and other provisions | (56,439,069) | 21,289,090 | (2,158,392) | - | - | (37,308,371) |
| | (99,700,702) | (49,714,808) | (7,810,540) | - | - | (157,226,050) |
| | 375,359,287 | (39,765,161) | 9,699,286 | 1,168,301,907 | 10,399,868 | 1,523,995,187 |

| 2023 | | | | | |
|-----------------------------|-----------------------------------|-----------------------|---|--------------------------------|-----------------------|
| (Reversal from) / charge to | | | | | |
| Balance as at 01 July | Statement of profit or loss | | Statement of other comprehensive income | Statement of changes in equity | |
| | (Credited) / charged for the year | Effect of rate change | Charged for the year | Effect of rate change | Balance as at 30 June |
| ------(Rupees)----- | | | | | |

Taxable temporary difference

| | | | | | | |
|--|-------------|--------------|------------|---|------------|-------------|
| Accelerated tax depreciation allowances | 139,683,664 | 1,286,675 | 25,465,628 | - | - | 166,435,967 |
| Surplus on revaluation of property, plant and equipment | 275,133,937 | (43,011,034) | - | - | 50,024,352 | 282,147,255 |
| Equity portion of convertible loan | 36,800,100 | (17,141,943) | 6,133,350 | - | - | 25,791,507 |
| Unrealized gain on short term investments - mutual funds | 1,218,873 | (782,978) | 249,365 | - | - | 685,260 |
| | 452,836,574 | (59,649,280) | 31,848,343 | - | 50,024,352 | 475,059,989 |

Deductible temporary differences

| | | | | | | |
|--|--------------|---------------|-------------|---|------------|--------------|
| Loss allowance against trade debts & earnest money | (24,459,077) | (14,355,451) | (4,447,105) | - | - | (43,261,633) |
| Compensated absences and other provisions | (19,739,408) | (34,855,428) | (1,844,233) | - | - | (56,439,069) |
| | (44,198,485) | (49,210,879) | (6,291,338) | - | - | (99,700,702) |
| | 408,638,089 | (108,860,159) | 25,557,005 | - | 50,024,352 | 375,359,287 |

| 14 | Trade and other payables | Note | 2024 Rupees | 2023 Rupees |
|--------|---|--------|----------------------|----------------------|
| | Trade creditors | | 1,125,164,418 | 2,715,826,528 |
| | Accrued liabilities | 14.1 | 490,881,972 | 347,986,809 |
| | Tax deducted at source | | 23,948,002 | 16,190,488 |
| | Provision for compensated absences | 14.2 | 66,196,093 | 52,686,363 |
| | Workers' Profit Participation Fund | 14.3 | 65,885,033 | 17,066,707 |
| | Central Research Fund | 14.4 | 12,940,472 | 5,187,240 |
| | Workers' Welfare Fund | 14.5 | 55,714,172 | 30,921,482 |
| | Advances from employees against purchase of vehicles | | 99,209,725 | 90,300,779 |
| | Due to related parties - <i>unsecured</i> | 14.6 | 42,011,416 | 79,037,580 |
| | Other payables | | 253,114,897 | 60,309,975 |
| | | | <u>2,235,066,200</u> | <u>3,415,513,951</u> |
| 14.1 | This majorly includes the bonus payable to employees amounting to Rs. 195.06 million (30 June 2023: Rs. 164.33 million), incentives payable to employees amounting to Rs. 125.48 million (30 June 2023: Rs. 71.64 million) and payable to IMS IQVIA Enterprises amounting to Rs. 72.22 million (30 June 2023: 56.07 million). | | | |
| 14.2 | Provision for compensated absences | Note | 2024 Rupees | 2023 Rupees |
| | Balance as at 01 July | | 52,686,363 | 52,693,489 |
| | Provision for the year | | 110,818,841 | 69,474,671 |
| | | | <u>163,505,204</u> | <u>122,168,160</u> |
| | Payments made during the year | | <u>(97,309,111)</u> | <u>(69,481,797)</u> |
| | Balance as at 30 June | | <u>66,196,093</u> | <u>52,686,363</u> |
| 14.3 | Workers' profit participation fund | | | |
| | Balance payable as at 01 July | | 17,066,707 | 28,655,610 |
| | Provision for the year | 34 | 64,055,335 | 25,676,840 |
| | Interest on funds utilized by the Company | 36 | 1,843,394 | 1,645,038 |
| | | | <u>82,965,436</u> | <u>55,977,488</u> |
| | Payment made during the year | | <u>(17,080,403)</u> | <u>(38,910,781)</u> |
| | Balance payable as at 30 June | | <u>65,885,033</u> | <u>17,066,707</u> |
| 14.4 | Central Research Fund | | | |
| | Balance as at 01 July | | 5,187,240 | 13,869,820 |
| | Provision for the year | 34 | 12,940,472 | 5,187,240 |
| | | | <u>18,127,712</u> | <u>19,057,060</u> |
| | Payment made during the year | | <u>(5,187,240)</u> | <u>(13,869,820)</u> |
| | Balance as at 30 June | | <u>12,940,472</u> | <u>5,187,240</u> |
| 14.5 | Workers' Welfare Fund | | | |
| | Balance as at 01 July | | 30,921,482 | 21,164,283 |
| | Provision for the year | 34 | 24,792,690 | 9,757,199 |
| | | | <u>55,714,172</u> | <u>30,921,482</u> |
| | Balance as at 30 June | | <u>55,714,172</u> | <u>30,921,482</u> |
| 14.6 | Due to related parties - <i>unsecured</i> | | | |
| | Grupo Empresarial Bagó S.A | 14.6.1 | 29,336,314 | 29,336,314 |
| | Bagó Laboratories Pte Ltd | | 12,675,102 | 49,701,266 |
| | | | <u>42,011,416</u> | <u>79,037,580</u> |
| 14.6.1 | This pertains to royalty payable to Grupo Empresarial Bagó S.A - Spain (non controlling share holder) against sales of patent products. | | | |
| 15 | Contract liabilities | | 2024 Rupees | 2023 Rupees |
| | Balance as at 1 July | | 113,246,014 | 123,087,098 |
| | Advance received during the year | | 333,057,621 | 67,152,377 |
| | Revenue recognised during the year | | <u>(113,246,014)</u> | <u>(76,993,461)</u> |
| | Balance as at 30 June | | <u>333,057,621</u> | <u>113,246,014</u> |
| 15.1 | This represents advance received from customers for future sale of goods. During the year, the Group has recognized revenue amounting to Rs. 113.25 million (2023: Rs. 76.99 million), out of the contract liability as at beginning of the reporting year. | | | |

| 16 Short term borrowings - secured | Note | 2024 Rupees | 2023 Rupees |
|--|------|----------------------|----------------------|
| 16.1 Particulars of short term borrowings - secured | | | |
| Interest / markup based financing | 16.2 | 1,197,375,382 | 719,758,232 |
| Islamic mode of financing | 16.3 | 1,545,658,754 | 540,785,515 |
| | | <u>2,743,034,136</u> | <u>1,260,543,747</u> |

16.2 Under Mark up arrangements

Holding Company

The Holding Company has short term running finance facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs. 2,550 million (2023: Rs. 2,100 million). These facilities carry mark-up at the rates ranging from one to three months KIBOR plus 0% to 1% (2023: one to three months KIBOR plus 0% to 1%) per annum on the outstanding balances. Running finance facilities amounting to Rs. 2,450 million (2023: Rs.2,000 million) can interchangeably be utilized as non-funded facilities.

Out of the aggregate facilities, Rs. 1,750 million are secured by joint pari passu charge over present and future current assets of the Holding Company with 25% margin over plant and machinery (2023: Rs.1,000 million secured by joint pari passu charge over present and future current assets of the Holding Company), Rs 500 million is secured by joint pari passu charge over present and future current assets of the Holding Company (2023: Rs. 800 million is secured by first pari passu on plant and machinery), Rs. 300 million is secured by lien on investments placed with HBL mutual funds (2023: Rs. 300 million lien on investments placed with HBL mutual funds). These facilities are renewable on annual basis latest by 30 November 2024.

Subsidiary Company - BF Biosciences Limited

The Subsidiary Company has short term borrowing facilities available from various commercial banks under mark-up arrangements having aggregate sanctioned limit of Rs. 375 million (2023: Rs. 610 million). These facilities carry mark-up at the rates ranging from one to three months KIBOR plus 0% to 0.75% per annum (2023: one to three months KIBOR plus 0% to 0.75%). This facility can interchangeably be utilized as non-funded. The aggregate short term borrowings are secured by first pari passu charge of Rs. 500 million (2023: Rs. 500 million) over present and future current assets and plant and machinery of the Subsidiary Company and lien over shipping documents. These facilities are renewable latest by 31 January 2025.

16.3 Under Shariah compliant arrangements

Holding Company

The Holding Company has short term borrowing facility i.e. Running Musharakah available from various Islamic banks under profit arrangements having sanctioned limit of Rs. 1,500 million (2023: Rs. 800 million). These facilities carry profit rate of one to three months KIBOR plus 0.15% to 0.25% (2023: one to three months KIBOR plus 0.15% to 0.25%) per annum on the outstanding balance. These facilities can interchangeably be utilized as non-funded facility upto Rs 1,500 million (2023: Rs. 800 million).

Out of aggregate facilities, Rs. 1,200 million is secured by joint pari passu charge over all present and future current asset of the Holding Company with 25% margin over present and future plant and machinery (2023: Nil) and remaining 300 Million is secured by joint pari passu charge over present and future current asset of the Holding Company (2023: Rs 800 million is secured by joint pari passu charge over present and future current assets of the Holding Company). This facility is renewable on annual basis latest by 30 November 2024.

Subsidiary Company - BF Biosciences Limited

The Subsidiary Company has short term borrowing facilities i.e. Running Musharakah available from Islamic bank under profit arrangements having aggregate sanctioned limit of Rs. 250 million (2023: Rs. 250 million). These facilities carry mark-up at the rates of one month KIBOR plus 0.25% per annum (2023: one month KIBOR plus 0.25% per annum) on the outstanding balance. This facility can interchangeably be utilized as non-funded. The aggregate short term borrowings are secured by first pari passu charge of Rs. 334 million (2023: Rs. 333.34 million) over current assets and plant and machinery of the Subsidiary Company. This facilities are renewable latest by 30 November 2024.

Subsidiary - Farmacia ("the Firm")

The Firm has short term funding facility i.e. Murabaha availed from Meezan Bank Limited under profit arrangements having sanctioned limit of Rs.10 million. These facilities carry mark-up at the rate of 9% per annum (2023: Nil) on the outstanding balance. This facility is secured by hypothecation of charge over stock and receivable of Rs. 10 million to be registered with STR and Letter of comfort/Undertaking from Ferozsons Laboratories Limited for settlement of financed amount in case of overdue/default.

16.4 As per the financing arrangements, the Group is required to comply with certain financial covenants and other conditions as imposed by the providers of finance.

| 17 Accrued mark-up | 2024 | 2023 |
|---|--------------------|---------------|
| | Rupees | Rupees |
| Long term loans - secured | | |
| Conventional Interest / mark-up based loans | 18,723,659 | 17,793,436 |
| Islamic mode of financing | 65,635 | - |
| | 18,789,294 | 17,793,436 |
| Short term borrowings - secured | | |
| Conventional Interest / mark-up based loans | 99,539,570 | 43,052,228 |
| Islamic mode of financing | 87,650,818 | 25,122,286 |
| | 187,190,388 | 68,174,514 |
| | 205,979,682 | 85,967,950 |

18 Contingencies and commitments

18.1 Contingencies

Holding Company

- 18.1.1** In April 2019 the ACIR issued notice to the company u/s 122(9) of Income Tax Ordinance, 2001 for Tax Year 2017. The proceedings were concluded in December 2020 and an order was issued amounting to Rs. 84,319,918 on various contentions, which mainly includes WHT implications on cost of sales purchases, amortization of expenses related to conference, seminars & trainings and promotional expenses.

The Company had filed an appeal against this demand before Commissioner Appeals who partially decided the matter in favor of the Company and remanded back the remaining matters for fresh consideration. The Company had filed an appeal against this order before the Appellate Tribunal Inland Revenue, which was subsequently decided in the favor of the Company. The Department filed reference against this order with Islamabad High court which is pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

- 18.1.2** In September 2020, the ACIR issued notice to the company u/s 122(9) of Income Tax Ordinance, 2001 for Tax Year 2019. The proceedings were concluded in December 2020 and an order was issued amounting to Rs.121,932,827 on various contentions, which mainly includes discount on sales, amortization of expenses related to conference, seminars & trainings, advertisement and promotional expenses.

The Company had filed an appeal against this demand before Commissioner Appeals who remanded back the case for fresh consideration. After appeal effect proceedings a demand of Rs.2,563,194 was raised. Company filed an appeal against this demand before Commissioner Appeals who remanded back the case for fresh proceedings which is pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

- 18.1.3** The Additional Commissioner Inland Revenue (ACIR) issued an order for Tax Year 2022 under section 122(5A) of the Income Tax Ordinance, 2001 on May 17, 2023, increasing the tax liability by Rs.68,568,159 on various contentions, which mainly includes discounts on sales, amortisation of expenses related to conferences, seminars & trainings, advertisement expenses, amount added u/s 18(1)d and u/s 23 of ITO, 2001.

The Company had filed an appeal against this demand before Commissioner Appeals who confirmed the advertisement and conference, seminars & trainings as additions to the income while deleted the remaining matters. The Company filed an appeal against this order before the Appellate Tribunal Inland Revenue which is pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

- 18.1.4** In July 2022 the DCIR has passed an order under section 161/205 in respect of Tax Year 2018 and created a demand of Rs.55,674,204 based on the observation that the Company has not deducted withholding tax while making payment to certain suppliers.

Being aggrieved with the order, the Company filed an appeal before CIR(A). During the year 2024, the CIR(A) deleted the demand of Rs.53,674,204 and remanded back the remaining proceedings to DCIR for fresh consideration. Appeal effect proceedings are still pending. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

- 18.1.5** In April 2019, the ACIR issued notice to the company u/s 122(9) of Income Tax Ordinance, 2001 for the tax year 2018. The proceedings were concluded in September 2022 and an order was issued amounting to Rs. 211,576,500 on various contentions, which mainly includes advertisement & publicity, medical research, trade creditors, additions u/s 111(1)(d), other revenues claimed as exempt added u/s 39, share in AOP taxed in hands of taxpayer u/s 92 read with sec. 18 and the earnest money written off u/s 29.

The Company had filed an appeal against this demand before CIR (A) who deleted additions on account of section 111(1)(d), other revenue and share in AOP while remanded back the matters relevant to adjustable tax, trade creditors, tax credit and exchange loss. The Company filed an appeal against this order before the Appellate Tribunal Inland Revenue, which has been subsequently decided in the favor of the Company. The Department filed a reference against this order with Islamabad High Court which is pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

- 18.1.6** The Company, along with other companies of different industries, has challenged the constitutionality of Section 4C of the Income Tax Ordinance 2001 in Islamabad High Court, and provisions appurtenant thereto, introduced vide Finance Act 2022, inter alia, upon grounds that the same unlawfully vitiates vested rights accrued in past and closed transactions, is discriminatory, confiscatory, demonstrably devoid of any intelligible differentia having rational nexus with the object of classification and amounts to impermissible double taxation. However, 50% amount of super tax has been duly paid by the Company during the current year as per the orders issued by the Honorable Supreme Court. The Islamabad High Court declared levy of super tax for 2022 as illegal. The department filed an intra court appeal against this order which is pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

Subsidiary Company

- 18.1.7** On 15 June 2020, the ACIR issued a show-cause notice to the Company u/s 122(9) of the Income Tax Ordinance, 2001 for the tax year 2014. The proceedings were concluded on 29 June 2020, and an order was issued amounting to Rs. 35,992,726 on various contentions. which mainly includes promotional expenses, amortization and finance costs.

The Company had filed an appeal against this demand before Commissioner Appeals who deleted the existing demand and remanded back some matters to the learned officer for re-assessment. The Income Tax Department has filed an appeal against this order before the Appellate Tribunal Inland Revenue, which is currently pending. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

18.1.8 As a result of monitoring proceedings of withholding taxes for tax year 2017, the Assessing Officer has issued Order and raised the demand of Rs. 5,218,952 (inclusive of default surcharge) on account of non-withholding of tax on certain expenses including sales promotion and advertisement under section 156 of the Ordinance. The Company had filed an appeal against this demand before Commissioner Appeals who deleted the existing demand and remanded back some matters to the learned officer for re-assessment and upheld demand of Rs. 664,128 on account of travelling and daily allowance. Appeal effect proceedings were initiated by the Department in April 2024 and Company resubmitted required data. These proceedings are not yet finalized by the department.

The Company has filed an appeal against this order before the Appellate Tribunal Inland Revenue which is pending. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

18.1.9 On 30 August 2023, the Additional Commissioner Punjab Revenue Authority issued a show cause notice u/s 52 of Punjab Sales Tax on services Act 2012 regarding the withholding of sales tax on services for the years 2018, 2019, 2020, 2021, and 2022. The proceedings were concluded on 8 November 2023, and an order was issued amounting to Rs. 53,148,911 on the contention that the Company did not withhold tax on services for these years.

The Company has filed an appeal with the Commissioner PRA on the grounds that the method of calculating tax is incorrect. The department calculates tax at a rate of 16% on the whole amount appearing in the notes to the financial statements of the Company, considering it as service received, which in fact are not services received. The matter is currently pending adjudication and management is confident that the eventual outcome of the matter will be decided in favor of the Company.

18.2 Commitments

18.2.1 Holding Company

18.2.1.1 Letter of credits

18.2.1.1.1 Under Mark up arrangements

Out of the aggregate facility of Rs. 3,400 million (2023: Rs. 2,650 million) for opening letters of credit, the amount utilized as at 30 June 2024 for capital expenditure was Rs. Nil (2023: Nil) and for other than capital expenditure was Rs.282.84 million (2023: Rs.131.60 million). These facilities are secured by either joint pari passu charge over present and future current assets of the Holding Company with 25% margin over plant and machinery, joint pari passu charge over present and future current assets of the Holding Company with 25% margin,, lien on investments of the Holding Company placed with HBL mutual funds or lien over the import documents (2023: joint pari passu charge, lien on investments placed with HBL mutual funds, ranking charge and lien over the import documents).

18.2.1.1.2 Under Shariah compliant arrangements

The Holding Company have facilities i.e. letters of credit of Rs. 1,850 million (2023: Rs. 950 million) available from Islamic banks. The amount utilized as at 30 June 2024 for capital expenditure was Rs. Nil (2023: Rs. Nil) and for other than capital expenditure was Rs. 157.45 million (2023: Rs. 67.33 million). These facilities are secured by either joint pari passu charge over all present and future current assets and plant and machinery of the Holding Company with 25% margin, joint pari passu charge over all present and future current asset of the Holding Company with 25% margin, or lien over import documents (2023: joint pari passu charge over all present and future current assets of the Holding Company and lien over import documents).

18.2.1.2 Guarantees issued by banks on behalf of the Company

18.2.1.2.1 Under Mark up arrangements

Out of the aggregate facility of Rs. 1,200 million (2023: Rs. 800 million) for letter of guarantees (which is the sublimit of running finance and letter of credits), the amount utilized as at 30 June 2024 was Rs. 380.57 million (2023: Rs. 413.69 million).

18.2.1.2.2 Under Shariah compliant arrangements

The Company has facility i.e. letter of guarantee of Rs. 175 million (2023: Rs. 175 million) available from Islamic bank, the amount utilized at 30 June 2024 was Rs. 14.57 million (2023: Rs. 24.13 million).

18.2.1.3 Guarantees issued by the Holding Company on behalf of the Subsidiary

The Holding Company has approved cross corporate guarantees in favor of lenders / financial institutions of the subsidiary company up to Rs. 3,500 million (2023: Rs. 3,500 million) for a tenor of 10 years. Out of this approved limit, corporate guarantees amounting to Rs. 2,925 million (2023: Rs. 2,925 million) for a tenor of 10 years have been provided to banks / financial institutions till date.

18.2.2 Subsidiary Company

18.2.2.1 Letter of credits

18.2.2.1.1 Under Mark up arrangements

Out of aggregate facility of Rs. 705 million (2023: Rs. 605 million) for opening letters of credits, the amount utilized as at 30 June 2024 for capital expenditure was Rs. Nil (2023: Rs. 1.00 million) and for other than capital expenditure was Rs. 64.4 million (2023: Nil). These facilities are secured by pari passu charge (2023: pari passu charge) over all present and future current assets and plant and machinery of the Company.

18.2.2.1.2 Under Shariah compliant arrangements

The Company has facility i.e. letters of credit of Rs. 250 million (2023: Rs. 250 million) available from Islamic banks. The amount utilized as at 30 June 2024 for capital expenditure was Rs. Nil (2023: Rs. Nil) and for other than capital expenditure was Rs. Nil (2023: Rs. Nil). This facility is secured by pari passu charge (2023: pari passu charge) over all present and future current assets and plant and machinery of the Company.

18.2.2.2 Guarantees issued by banks on behalf of the Company

18.2.2.2.1 Under Mark up arrangements

Out of the aggregate facility of Rs. 185 million (2023: Rs. 85 million) for letter of guarantees (which is the sublimit of running finance and letter of credits), the amount utilized as at 30 June 2024 was Rs. 40.1 million (2023: Rs. 12.75 million).

18.2.2.2.2 Under Shariah compliant arrangements

The Company has facility i.e. letter of guarantee of Rs. 50 million (2023: Rs. 50 million) available from Islamic bank, the amount utilized as at 30 June 2024 was Rs. Nil (2023: Rs. Nil).

19 Property, plant and equipment

Operating assets
Capital work in progress

19.1 Operating assets

| Note | 2024 | | 2023 | | Owned | | | | | | Total |
|------|-----------------------|----------------------|----------------------|----------------------|--------------------|----------------------------|---------------------|--------------------|------------------------|----------------------|----------------------|
| | Rupees | Rupees | Rupees | Rupees | Freehold land | Buildings on freehold land | Plant and machinery | Office equipment | Furniture and fittings | Computers | |
| 19.1 | 8,119,903,488 | 3,814,757,548 | 8,116,550,955 | 2,312,406,658 | 1,116,550,955 | 2,312,406,658 | 165,359,301 | 135,776,215 | 119,835,218 | 629,930,089 | 5,329,009,563 |
| 19.6 | 3,708,498,694 | 4,160,496,298 | 103,513,746 | 667,700,894 | 667,700,894 | 3,327,600 | 3,327,600 | 5,253,836 | 15,534,347 | 195,141,894 | 996,038,526 |
| | <u>11,828,402,182</u> | <u>7,975,253,846</u> | - | (3,327,600) | - | (857,303) | (468,082) | (7,583,075) | - | (86,670,063) | (140,458,523) |
| | 884,200,000 | 919,746,678 | 792,785,263 | 919,746,678 | - | - | - | - | - | - | 2,596,731,941 |
| | 1,691,351,127 | 3,896,526,630 | 2,012,849,964 | 3,896,526,630 | 173,843,407 | 140,561,969 | 127,786,490 | 738,401,920 | 8,781,321,507 | 661,418,019 | 8,781,321,507 |
| | - | 611,756,361 | 313,798,634 | 611,756,361 | 98,368,184 | 80,762,896 | 82,575,364 | 326,990,576 | 1,514,252,015 | 517,090,795 | 1,514,252,015 |
| | - | 242,336,966 | 115,194,286 | 242,336,966 | 12,207,219 | 11,837,145 | 23,289,053 | 112,226,126 | 517,090,795 | 517,090,795 | 517,090,795 |
| | - | 27,730 | - | 27,730 | (27,730) | - | - | - | - | - | - |
| | - | (854,121,057) | (428,992,920) | (854,121,057) | (853,211) | (240,580) | (6,851,982) | (78,865,041) | (86,810,814) | (1,283,113,977) | (86,810,814) |
| | - | - | - | - | 109,694,462 | 92,359,461 | 99,012,435 | 360,351,661 | 661,418,019 | 661,418,019 | 661,418,019 |
| | 1,691,351,127 | 3,896,526,630 | 2,012,849,964 | 3,896,526,630 | 64,148,945 | 48,202,508 | 28,774,055 | 378,050,259 | 8,119,903,488 | 8,119,903,488 | 8,119,903,488 |
| | 849,151,127 | 2,062,956,668 | 1,047,949,194 | 2,062,956,668 | 147,840,321 | 131,977,222 | 98,754,224 | 538,300,866 | 4,876,929,622 | 4,876,929,622 | 4,876,929,622 |
| | - | 248,524,890 | 68,601,761 | 248,524,890 | 18,635,719 | 4,442,493 | 22,964,011 | 160,596,623 | 523,765,497 | 523,765,497 | 523,765,497 |
| | - | 925,100 | - | 925,100 | (281,600) | (643,500) | - | - | - | - | - |
| | - | - | - | - | (835,139) | - | (1,883,017) | (68,967,400) | (71,685,556) | (71,685,556) | (71,685,556) |
| | - | - | - | - | - | - | - | - | - | - | - |
| | 849,151,127 | 2,312,406,658 | 1,116,550,955 | 2,312,406,658 | 165,359,301 | 135,776,215 | 119,835,218 | 629,930,089 | 5,329,009,563 | 5,329,009,563 | 5,329,009,563 |
| | - | 389,835,905 | 207,554,602 | 389,835,905 | 87,661,071 | 69,729,396 | 62,612,749 | 283,236,688 | 1,100,630,411 | 1,100,630,411 | 1,100,630,411 |
| | - | 221,081,156 | 106,244,032 | 221,081,156 | 11,765,219 | 11,591,200 | 21,779,624 | 99,385,394 | 471,846,625 | 471,846,625 | 471,846,625 |
| | - | 839,300 | - | 839,300 | (281,600) | (557,700) | - | - | - | - | - |
| | - | - | - | - | (776,506) | - | (1,817,009) | (58,223,021) | (58,223,021) | (58,223,021) | (58,223,021) |
| | - | - | - | - | - | - | - | - | - | - | - |
| | - | 611,756,361 | 313,798,634 | 611,756,361 | 98,368,184 | 80,762,896 | 82,575,364 | 326,990,576 | 1,514,252,015 | 1,514,252,015 | 1,514,252,015 |
| | 849,151,127 | 1,700,650,297 | 802,752,321 | 1,700,650,297 | 66,991,117 | 55,013,319 | 37,259,854 | 302,939,513 | 3,814,757,548 | 3,814,757,548 | 3,814,757,548 |
| | 10 | 10 | 10 | 10 | 10 | 10 | 33.33 | 20 | 20 | 20 | 20 |

Net book value as at 30 June 2023

Depreciation Rate %

19.1.1 These include fully depreciated assets amounting to 851.49 million (2023: Rs. 835.99 million).

19.1.2 Additions in operating fixed assets include transfers from capital work-in-progress amounting to Rs. 785.20 million (2023: Rs. 454.79 million).

19.1.3 In addition to the guarantee as disclosed in note 18.2.1.3 the Holding Company has also approved securities up to Rs. 2,500 million (2023: Rs. 2,500 million) in favor of financial institutions / lenders of subsidiary company for obtaining loan against import of plant and machinery for a maximum tenor of 5 years out of which security amounting to Rs. 457 million (2023: Rs. 457 million) has been provided till date. The security is provided in terms of first pari passu charge over head office land and building (2023: first pari passu charge over head office land and building) of the Holding Company.

19.1.4 Had there been no revaluation, carrying value of freehold land, building on free hold land and plant and machinery would have been as follows:

| | 2024 Rupees | 2023 Rupees |
|---------------------------|----------------------|----------------------|
| Freehold land | 90,503,262 | 129,623,262 |
| Building on freehold land | 438,595,230 | 391,529,679 |
| Plant and machinery | 1,783,841,861 | 1,305,369,706 |
| | <u>2,312,940,353</u> | <u>1,826,522,647</u> |

19.2 Particulars of immovable property (i.e. land and building) in the name of Holding Company and its subsidiaries are as follows:

| Location | Total area (acres) | Covered Area (square feet) |
|---|-----------------------|-------------------------------|
| Main G.T Road, Amangarh, District Nowshera, KPK | 29.81 | 336,222 |
| 5-K.M - Sunder Raiwind Road, Raiwind Lahore | 25.65 | 88,101 |
| 197-A, The Mall, Rawalpindi Cantt, Rawalpindi | 0.66 | 28,749 |
| Shop no. 2, Ground Floor, Ramzan Medical Centre, Lahore | 0.01 | 351 |
| Phase II Extension Defence House Authority, Islamabad | 1.03 | N/A |
| House No. 167, Khanuspur Ayubia, KPK | 0.33 | 5,000 |
| Shahra-e-Faysal, Karachi | 0.23 | 6,650 |

19.3 As explained in note 9, the latest revaluation was carried as at 30 June 2024. As per the revaluation report, forced sale value of freehold land, buildings on free hold land and plant & machinery was Rs. 1,518.20 million, Rs. 1,679.50 million and Rs. 3,000.52 million respectively.

19.4 Depreciation is allocated as under:

| | 2024 Rupees | 2023 Rupees |
|-----------------------------------|--------------------|--------------------|
| Cost of sales | 342,849,685 | 344,070,995 |
| Administrative expenses | 89,804,252 | 50,552,336 |
| Selling and distribution expenses | 84,436,858 | 77,223,294 |
| | <u>517,090,795</u> | <u>471,846,625</u> |

19.5 Disposal of property, plant and equipment

| Particulars of assets | Cost / Revalued amount | Net book value | Sale proceeds | Gain / (loss) on disposal | Mode of disposal | Relationship with Company | Particulars of purchaser |
|--|------------------------|-------------------|--------------------|---------------------------|------------------|---------------------------|--------------------------|
| <u>Vehicles</u> | | | | | | | |
| Honda Civic Oriol UG | 4,178,530 | 1,671,536 | 2,674,259 | 1,002,723 | Company Policy | Employee | Mr. Baqar Hassan |
| Toyota Corolla GLI | 2,964,390 | 543,953 | 1,571,127 | 1,027,174 | Company Policy | Employee | Mr. Junaid Mujtaba |
| Honda Civic 1.8 iVTEC Oriol | 4,252,980 | 2,197,373 | 3,062,146 | 864,773 | Company Policy | Employee | Mr. Tahir Iqbal |
| | 11,395,900 | 4,412,862 | 7,307,532 | 2,894,670 | | | |
| Various assets having net book less than Rs. 500,000 | 75,274,163 | 3,392,160 | 35,785,619 | 32,393,459 | | | |
| <u>Land</u> | | | | | | | |
| Plot-1, DHA Phase-II Extension, Islamabad | 4,480,000 | 4,480,000 | 8,400,000 | 3,920,000 | Negotiation | Third party | Mr. Rooh Ul Amin |
| Plot-20, DHA Phase-II Extension, Islamabad | 4,240,000 | 4,240,000 | 8,855,000 | 4,615,000 | Negotiation | Third party | Mr. Sajjad Ahmad |
| Plot-22, DHA Phase-II Extension, Islamabad | 4,240,000 | 4,240,000 | 8,855,000 | 4,615,000 | Negotiation | Third party | Mr. Sajjad Ahmad |
| Plot-26, DHA Phase-II Extension, Islamabad | 4,240,000 | 4,240,000 | 8,855,000 | 4,615,000 | Negotiation | Third party | Mr. Sajjad Ahmad |
| Plot-30, DHA Phase-II Extension, Islamabad | 4,740,000 | 4,740,000 | 9,655,000 | 4,915,000 | Negotiation | Third party | Mr. Sajjad Ahmad |
| Plot-32, DHA Phase-II Extension, Islamabad | 4,480,000 | 4,480,000 | 8,400,000 | 3,920,000 | Negotiation | Third party | Mr. Sajjad Ahmad |
| Plot-33, DHA Phase-II Extension, Islamabad | 4,740,000 | 4,740,000 | 8,855,000 | 4,115,000 | Negotiation | Third party | Mr. Sajjad Ahmad |
| Plot-38, DHA Phase-II Extension, Islamabad | 4,740,000 | 4,740,000 | 8,855,000 | 4,115,000 | Negotiation | Third party | Mr. Muhammad Ikram |
| Plot-39, DHA Phase-II Extension, Islamabad | 4,740,000 | 4,740,000 | 8,855,000 | 4,115,000 | Negotiation | Third party | Mr. Sajjad Ahmad |
| Plot-42, DHA Phase-II Extension, Islamabad | 4,240,000 | 4,240,000 | 8,855,000 | 4,615,000 | Negotiation | Third party | Mr. Rooh Ul Amin |
| | 44,880,000 | 44,880,000 | 88,440,000 | 43,560,000 | | | |
| <u>Computers</u> | | | | | | | |
| Various assets having net book less than Rs. 500,000 | 2,965,239 | 354,726 | 619,790 | 265,064 | | | |
| <u>Office Equipments</u> | | | | | | | |
| Various assets having net book less than Rs. 500,000 | 25,846 | 4,093 | - | (4,093) | | | |
| <u>Assets written off:</u> | | | | | | | |
| Computers | 4,617,836 | 376,366 | - | (376,366) | | | |
| Furniture & Fittings | 468,082 | 227,502 | - | (227,502) | | | |
| Office Equipment | 831,457 | - | - | - | | | |
| 2024 | 140,458,523 | 53,647,709 | 132,152,941 | 78,505,232 | | | |
| 2023 | 71,685,556 | 13,460,536 | 42,301,595 | 28,841,059 | | | |

| 19.6 | Capital work-in-progress | Note | 2024 Rupees | 2023 Rupees |
|------|---|--------|----------------------|----------------------|
| | The movement in capital work in progress is as follows: | | | |
| | Balance as at 01 July | | 4,160,496,298 | 2,336,981,387 |
| | Additions during the year | | 333,199,286 | 2,296,202,893 |
| | Less: Transfers to operating fixed assets during the year | | (785,196,890) | (454,787,305) |
| | Reversal of advance | | - | (17,900,677) |
| | Balance as at 30 June | 19.6.1 | <u>3,708,498,694</u> | <u>4,160,496,298</u> |

19.6.1 Capital work-in-progress comprises of:

| | | | |
|---------------------------------------|----------|----------------------|----------------------|
| Building and civil works | 19.6.1.1 | 809,389,832 | 858,864,077 |
| Plant and machinery, office equipment | 19.6.1.2 | 2,792,592,762 | 3,256,636,093 |
| Land | | - | 2,400,000 |
| Vehicles | | 106,516,100 | - |
| Intangibles | | - | 42,596,128 |
| | | <u>3,708,498,694</u> | <u>4,160,496,298</u> |

19.6.1.1 This includes borrowing cost amounting to Rs. 36.79 million (2023: Rs. 40.67 million) capitalized during the year at the rate of 9.04% (2023: 9.04%)

19.6.1.2 This mainly represents cost incurred for development and installation in plant and machinery.

20 Intangible assets

| 20.1 | Computer softwares and software license fees | Note | 2024 Rupees | 2023 Rupees |
|------|--|--------|-------------------|-------------------|
| | <u>Cost</u> | | | |
| | Balance as at 01 July | | 19,059,130 | 17,398,794 |
| | Addition during the year | | 60,501,000 | 1,660,336 |
| | Balance as at 30 June | 20.1.1 | <u>79,560,130</u> | <u>19,059,130</u> |
| | <u>Amortisation</u> | | | |
| | Balance as at 01 July | | 17,506,457 | 16,396,121 |
| | Amortisation for the year | 32 | 21,015,002 | 1,110,336 |
| | Balance as at 30 June | | <u>38,521,459</u> | <u>17,506,457</u> |
| | Net book value | | <u>41,038,671</u> | <u>1,552,673</u> |

20.1.1 These include fully amortized assets amounting to Rs.16.61 million (2023: Rs. 16.54 million). Intangibles are amortised at 33% (2023: 33%) on straight line basis.

| 21 | Investment property | Note | 2024 Rupees | 2023 Rupees |
|----|-----------------------|------|-------------------|-------------------|
| | Balance as at 30 June | 21.1 | <u>79,371,992</u> | <u>79,371,992</u> |

21.1 It represents following pieces of land:

- Plot number 69 measuring 177.77 square yards situated at Civic Centre, Gulberg Greens, Islamabad, having fair value of Rs. 102.01 million (2023: Rs. 93.32 million).
- Plot number 70 measuring 200 square yards situated at Civic Centre, Gulberg Greens, Islamabad, having fair value of Rs. 115.20 million (2023: Rs. 106.04 million).

The value of these peices of land was determined by M/S Ali and Ali Engineers and Valuers (Pakistan Banks Association approved valuer). The most significant input into this valuation is market value.

| 22 | Stores, spare parts and loose tools | Note | 2024 Rupees | 2023 Rupees |
|----|-------------------------------------|------|--------------------|--------------------|
| | Stores | | 55,136,120 | 48,716,971 |
| | Spare parts | | 38,799,681 | 58,854,357 |
| | Loose tools | | 102,377,690 | 19,880,510 |
| | Stores in transit | | - | 11,122,752 |
| | | | <u>196,313,491</u> | <u>138,574,590</u> |

| 23 | Stock in trade | | | |
|----|--|------|----------------------|----------------------|
| | Raw and packing materials | 23.1 | 1,795,421,979 | 1,833,947,355 |
| | Work in process | 23.1 | 423,548,791 | 249,627,985 |
| | Finished goods | 23.1 | 2,403,359,059 | 1,326,636,522 |
| | Stock in transit | 23.2 | 211,952,358 | 1,649,452,282 |
| | | | <u>4,834,282,187</u> | <u>5,059,664,144</u> |
| | Less: Provision for slow moving stock in trade | 23.3 | <u>(52,913,958)</u> | <u>(2,304,081)</u> |
| | | | <u>4,781,368,229</u> | <u>5,057,360,063</u> |

23.1 The amount charged to consolidated statement of profit or loss on account of write down of raw material and work in progress to net realizable value amounts to Rs. 94.18 million (2023: 104.17 million) and finished goods to net realizable value amounts to Rs. 142.37 million (2023: 57.24 million).

23.2 It includes raw and packing material in transit amounting to Rs.82.81 million (2023: Rs. 242.85 million) and finished goods in transit amounting to Rs.129.05 million (2023: Rs. 1,393.64 million).

| 23.3 | Movement in Provision for slow moving stock in trade: | Note | 2024 Rupees | 2023 Rupees |
|------|---|--------|-------------------|------------------|
| | Provision as at 01 July | | 2,304,081 | 1,662,057 |
| | Charge during the year | | 50,609,877 | 642,024 |
| | Balance as at 30 June | 23.3.1 | <u>52,913,958</u> | <u>2,304,081</u> |

23.3.1 Out of the total balance of provision for slow moving stock in trade, Rs. 41.26 million (2023: Rs. 0.16) pertains to raw and packing materials, and Rs. 11.65 million (2023: Rs. 2.14 million) pertains to finished goods.

24 Trade debts

Export debtors - *considered good*

| | | | |
|-----------|------|--------------------|-------------------|
| Secured | 24.1 | 145,476,899 | 49,102,224 |
| Unsecured | | 9,833,795 | 4,983,186 |
| | | <u>155,310,694</u> | <u>54,085,410</u> |

Local debtors

| | | | |
|------------------------------------|------|----------------------|----------------------|
| Considered good - <i>secured</i> | 24.1 | 103,769,926 | - |
| Considered good - <i>unsecured</i> | | 2,157,533,759 | 1,068,714,231 |
| Considered doubtful | | 246,139,756 | 109,839,103 |
| | | <u>2,662,754,135</u> | <u>1,232,638,744</u> |

| | | | |
|---------------------------|------|----------------------|----------------------|
| Impairment loss allowance | 24.2 | <u>(246,139,756)</u> | <u>(109,839,103)</u> |
| | | <u>2,416,614,379</u> | <u>1,122,799,641</u> |

24.1 These receivables are secured against the security deposit received from distributors as per the terms of agreement in the normal course of business.

| 24.2 | Movement in impairment loss allowance against trade debts: | Note | 2024 Rupees | 2023 Rupees |
|------|--|------|--------------------|--------------------|
| | Balance as at beginning of year | | 109,839,103 | 72,815,361 |
| | Charge of expected credit loss during year | 34 | 136,300,653 | 37,023,742 |
| | Balance as at end of year | | <u>246,139,756</u> | <u>109,839,103</u> |

| | | 2024 | 2023 |
|--|--|--------------------|--------------------|
| | | Rupees | Rupees |
| 25 Loans and advances - considered good | <i>Note</i> | | |
| Advances to employees - <i>secured</i> | 25.1 | 71,722,042 | 29,646,337 |
| Advances to suppliers - <i>unsecured</i> | 25.2 | 125,720,485 | 76,261,592 |
| Others | | 13,686,361 | 1,879,505 |
| | | 211,128,888 | 107,787,434 |
| 25.1 | Advances given to employees are in accordance with the Group's policy and terms of employment contract. These advances are secured against provident fund. The amount includes advances of Rs.12.28 million (2023: Rs. 2.83 million) given to executives of the holding company. | | |
| 25.2 | Advances given to suppliers are interest free and in the ordinary course of business. | | |
| 26 Deposits and prepayments | <i>Note</i> | 2024 | 2023 |
| | | Rupees | Rupees |
| Deposits - considered good | | | |
| Earnest Money - considered good | 26.1 | 227,716,798 | 179,467,376 |
| Less: Impairment loss allowance | 26.2 | (33,917,601) | (25,792,238) |
| | | 193,799,197 | 153,675,138 |
| Margins held with bank for imports | | 127,793,091 | 18,558,359 |
| | | 321,592,288 | 172,233,497 |
| Prepayments | | 11,392,683 | 7,054,865 |
| Others | | 448,732 | - |
| | | 333,433,703 | 179,288,362 |
| 26.1 | These represent interest free deposits given in the ordinary course of business for acquiring government tenders. | | |
| 26.2 | <i>Note</i> | 2024 | 2023 |
| | | Rupees | Rupees |
| The movement in impairment loss allowance is as follows: | | | |
| Balance as at 01 July | | 25,792,238 | 25,194,783 |
| Charge during the year | 34 | 8,125,363 | 597,455 |
| Balance as at 30 June | | 33,917,601 | 25,792,238 |
| 27 Other receivables - considered good | | | |
| Due from statutory authorities: | | | |
| Sales tax refundable - <i>net</i> | | 225,180,509 | 238,811,710 |
| Export rebate | 27.1 | 8,958,522 | 7,257,753 |
| Others considered good - <i>unsecured</i> | | 49,668,084 | 13,826,258 |
| | | 283,807,115 | 259,895,721 |
| 27.1 | These include export rebate receivable against payment of custom duties on export of pharmaceutical products. | | |
| 28 Short term investments | <i>Note</i> | 2024 | 2023 |
| | | Rupees | Rupees |
| Investments at fair value through profit or loss - <i>mutual funds</i> | 28.1 | 496,495,295 | 544,965,655 |
| 28.1 Movement in short term investments is as follows: | | | |
| Fair value as at 01 July | | 544,965,655 | 2,036,352,584 |
| Dividend re-invested during the year | | 64,119,128 | 116,081,497 |
| Redemption during the year | | (168,701,582) | (1,620,457,271) |
| Realized gain on sale of investments during the year | 35.1 | 6,390,555 | 7,983,560 |
| Unrealized gain on re-measurement of investments | 35.1 | 49,721,539 | 5,005,285 |
| Fair value as at 30 June | | 496,495,295 | 544,965,655 |
| | | Units | Fair value |
| | | 2024 | 2023 |
| | | Number | Rupees |
| 28.1.1 | Mutual fund wise detail is as follows: | | |
| HBL Money Market Fund | 3,367,109 | 3,288,878 | 348,467,577 |
| MCB Cash Management Optimizer Fund | 10,939 | 10,939 | 1,114,288 |
| HBL Cash Fund | 504,004 | 428,856 | 51,944,030 |
| ABL Cash Fund | 1,226,287 | 12,224,156 | 12,555,825 |
| Pakistan Cash Management Fund | 9,387 | 7,922 | 473,030 |
| Alfalal Investment Money Market Fund | 828,164 | 355,974 | 81,940,545 |
| | | | 496,495,295 |
| | | | 544,965,655 |
| 28.2 | Realized gain of Rs. 6.39 million (2023: Rs. 7.9 million) and dividend of Rs. 43.22 million (2023: 199.83 million) has been recorded in Other income Note 35.1. These investments and related gain is from non shariah compliant arrangement. | | |

| 29 | Cash and bank balances | Note | 2024 | 2023 |
|---------------|---|--------|------------------------|------------------------|
| | | | Rupees | Rupees |
| | Cash in hand | | 11,328,953 | 14,691,017 |
| | Cash at bank: | | | |
| | - Conventional banks | 29.1 | 513,309,720 | 542,968,770 |
| | - Islamic banks | 29.2 | 26,425,670 | 11,389,116 |
| | | | 539,735,390 | 554,357,886 |
| | | | <u>551,064,343</u> | <u>569,048,903</u> |
| 29.1 | Conventional Banks | | | |
| | - current accounts in local currency | | 84,617,964 | 92,614,359 |
| | - current accounts in foreign currency | | 405,645,210 | 396,991,393 |
| | - savings accounts in local currency | 29.1.1 | 23,046,546 | 53,363,018 |
| | | | <u>513,309,720</u> | <u>542,968,770</u> |
| 29.2 | Islamic Banks | | | |
| | - current accounts in local currency | | 25,713,439 | 11,186,139 |
| | - savings accounts in local currency | 29.2.1 | 712,231 | 202,977 |
| | | | <u>26,425,670</u> | <u>11,389,116</u> |
| 29.1.1 | These carry interest ranging from 19.02% to 20.51% (2023: 12.25% to 19.51%) per annum under markup arrangements. | | | |
| 29.2.1 | These carry profit ranging from 10.00% to 11.01% (2023: 6.50 to 10%) per annum under Shariah compliant arrangements. | | | |
| 30 | Revenue - net | Note | 2024 | 2023 |
| | | | Rupees | Rupees |
| | Gross sales: | | | |
| | Local | | 17,246,713,985 | 12,207,661,083 |
| | Export | | 848,653,367 | 725,836,029 |
| | | | <u>18,095,367,352</u> | <u>12,933,497,112</u> |
| | Less: | | | |
| | Sales return | | (110,461,366) | (217,006,096) |
| | Discounts | | (1,670,545,494) | (1,171,122,720) |
| | Sales tax | | (459,610,313) | (88,146,948) |
| | | | <u>(2,240,617,173)</u> | <u>(1,476,275,764)</u> |
| | Revenue from contracts with customers - net | 30.1 | <u>15,854,750,179</u> | <u>11,457,221,348</u> |
| 30.1 | Disaggregation of Revenue - net | | | |
| | <i>Primary Geographical Markets (Revenue - net)</i> | | | |
| | Pakistan | | 15,006,096,813 | 10,732,159,851 |
| | Afghanistan | | 313,093,387 | 191,883,772 |
| | Sri Lanka | | 298,155,361 | 287,064,044 |
| | Philippines | | 78,429,906 | 61,981,943 |
| | Kenya | | 41,350,131 | 32,174,121 |
| | Myanmar | | 36,378,114 | 51,415,640 |
| | Nepal | | 33,889,834 | 30,486,600 |
| | Kyrgyzstan | | 24,239,130 | 16,889,094 |
| | Mongolia | | 2,940,408 | - |
| | Cambodia | | 2,021,820 | - |
| | Others | | 18,155,275 | 53,166,283 |
| | | | <u>15,854,750,179</u> | <u>11,457,221,348</u> |

| | <i>Note</i> | 2024 Rupees | 2023 Rupees |
|---|-------------|------------------------------|---------------------|
| 31 Cost of sales | | | |
| Raw and packing materials consumed | 31.1 | 4,775,074,740 | 2,958,685,390 |
| Salaries, wages and other benefits | 31.2 | 708,853,664 | 607,336,093 |
| Fuel and power | | 407,765,394 | 232,493,873 |
| Repair and maintenance | | 62,795,441 | 40,623,872 |
| Stores, spare parts and loose tools consumed | | 263,473,043 | 124,171,855 |
| Freight and forwarding | | 62,248,368 | 77,835,393 |
| Packing charges | | 52,097,992 | 19,643,510 |
| Rent, rates and taxes | | 6,828,895 | 6,001,031 |
| Postage and telephone | | 9,703,344 | 10,969,735 |
| Insurance | | 44,797,572 | 30,475,487 |
| Travelling and conveyance | | 56,382,566 | 41,190,539 |
| Canteen expenses | | 38,935,270 | 26,860,891 |
| Depreciation on property, plant and equipment | 19.4 | 342,849,685 | 344,070,995 |
| Laboratory and other expenses | | 76,666,409 | 100,017,214 |
| | | 6,908,472,383 | 4,620,375,878 |
| <i>Work in process:</i> | | | |
| Opening | | 249,627,985 | 187,423,025 |
| Closing | | (423,548,791) | (249,627,985) |
| | | (173,920,806) | (62,204,960) |
| <i>Cost of goods manufactured</i> | | 6,734,551,577 | 4,558,170,918 |
| <i>Finished stock:</i> | | | |
| Opening | | 1,325,994,498 | 1,545,786,144 |
| Purchases made during the year | | 3,724,536,167 | 2,418,070,366 |
| Closing | | (2,392,999,157) | (1,325,994,498) |
| | | 2,657,531,508 | 2,637,862,012 |
| | | 9,392,083,085 | 7,196,032,930 |

31.1 Raw and packing materials consumed

| | | |
|--------------------------------|------------------------|-----------------|
| Opening | 1,832,285,298 | 1,006,691,172 |
| Purchases made during the year | 4,695,768,411 | 3,784,279,516 |
| | 6,528,053,709 | 4,790,970,688 |
| Closing | (1,752,978,969) | (1,832,285,298) |
| | 4,775,074,740 | 2,958,685,390 |

31.2 Salaries, wages and other benefits include Rs. 25.22 million (2023: Rs. 22.48 million), which represents employer's contribution towards provident fund.

| 32 Administrative expenses | <i>Note</i> | 2024 | 2023 |
|---|-------------|--------------------|-------------|
| | | Rupees | Rupees |
| Salaries and other benefits | 32.1 | 401,108,818 | 347,850,182 |
| Directors fees and expenses | | 531,000 | 678,170 |
| Rent, rates and taxes | | 1,989,320 | 791,734 |
| Postage and telephone | | 20,763,850 | 16,537,839 |
| Printing, stationery and office supplies | | 9,432,615 | 8,547,883 |
| Travelling and conveyance | | 82,547,036 | 66,618,259 |
| Transportation | | 3,542,234 | 5,935,349 |
| Legal and professional charges | | 12,161,175 | 9,868,265 |
| Fuel and power | | 55,363,045 | 41,439,109 |
| Auditors' remuneration | 32.2 | 8,725,000 | 3,866,850 |
| Repair and maintenance | | 15,509,886 | 18,128,844 |
| Fee and subscriptions | | 60,352,719 | 27,761,311 |
| Donations | 32.3 & 32.4 | 6,957,500 | 8,078,126 |
| Insurance | | 13,973,437 | 9,531,186 |
| Depreciation on property, plant and equipment | 19.4 | 89,804,252 | 50,552,336 |
| Amortization of intangibles | | 21,015,002 | 1,110,336 |
| Canteen expenses | | 37,803,967 | 30,311,475 |
| Other expenses | | 3,593,387 | 7,669,689 |
| | | 845,174,243 | 655,276,943 |

32.1 Salaries and other benefits include Rs. 14.71 million (2023: Rs. 13.68 million), which represents employer's contribution towards provident fund.

| 32.2 Auditors' remuneration | 2024 | 2023 |
|--|------------------|-----------|
| | Rupees | Rupees |
| Fee for annual audit | 1,942,500 | 1,460,000 |
| Audit of consolidated financial statements | 163,852 | 90,000 |
| Review of half yearly financial statements | 630,000 | 350,000 |
| Annual audit - BF Biosciences Limited | 1,500,000 | 749,000 |
| Fee for special audit - BF Biosciences Limited | 1,800,000 | - |
| Annual audit - Farmacia | 300,000 | 194,250 |
| Special certificates and others | 1,013,648 | 363,600 |
| Out-of-pocket expenses | 1,375,000 | 660,000 |
| | 8,725,000 | 3,866,850 |

32.3 Donations include payment to the following institution in which the director of the Group holds an interest:

| Name of director | Name of donee | Nature of interest in donee | 2024 | 2023 |
|------------------------------------|---------------------------------------|-----------------------------|------------------|-----------|
| | | | Rupees | Rupees |
| Mr. Osman Khalid Waheed (Director) | National Management Foundation (LUMS) | Trustee | 5,000,000 | 2,312,952 |

32.4 Donations to following organizations exceeds 10% of the Group's total amount of donations:

| | 2024 | 2023 |
|--|------------------|-----------|
| | Rupees | Rupees |
| National Management Foundation (LUMS) | 5,000,000 | 2,312,952 |
| Pakistan Pharmaceutical Manufacturers Association (PPMA) | - | 2,173,913 |
| Parsa Trust | - | 1,638,396 |
| Pir Abdul Qadir Shah Jeelani Institute of Medical Sciences | - | 1,000,000 |
| Rizq Trust | 1,500,000 | - |

| 33 Selling and distribution expenses | <i>Note</i> | 2024 Rupees | 2023 Rupees |
|---|-------------|-----------------------------|-----------------------------|
| Salaries and other benefits | 33.1 | 1,537,218,464 | 1,038,088,251 |
| Travelling and conveyance | | 803,977,053 | 516,396,034 |
| Trade debts directly written off | | 1,629,583 | 22,180,825 |
| Fuel and power | | 80,814,834 | 57,881,638 |
| Rent, rates and taxes | | 12,558,015 | 19,732,415 |
| Sales promotion | | 712,095,619 | 385,333,397 |
| Printing and stationary | | 5,435,199 | 7,423,831 |
| Postage and telephone | | 23,393,810 | 34,693,985 |
| Royalty, fee and subscription | | 56,614,102 | 69,986,790 |
| Insurance | | 53,701,475 | 38,139,585 |
| Repairs and maintenance | | 10,685,653 | 37,539,445 |
| Conferences, seminars and training | | 331,231,694 | 254,026,332 |
| Medical research and patient care | | 9,423,522 | 9,380,920 |
| Depreciation on property, plant and equipment | 19.4 | 84,436,858 | 77,223,294 |
| Other expenses | | 12,415,758 | 3,940,444 |
| Service charges on sales | | 51,769,359 | 33,363,460 |
| | | <u>3,787,400,998</u> | <u>2,605,330,646</u> |

33.1 Salaries and other benefits include Rs. 47.22 million (2023: Rs. 37.69 million), which represents employer's contribution towards provident fund.

| 34 Other expenses | <i>Note</i> | 2024 Rupees | 2023 Rupees |
|------------------------------------|-------------|---------------------------|---------------------------|
| Exchange loss - <i>net</i> | | - | 478,895,641 |
| Loss allowance - <i>net</i> | 24.2 & 26.2 | 144,426,016 | 40,682,773 |
| Workers' Profit Participation Fund | 14.3 | 64,055,335 | 25,676,840 |
| Workers' Welfare Fund | 14.5 | 24,792,690 | 9,757,199 |
| Central Research Fund | 14.4 | 12,940,472 | 5,187,240 |
| | | <u>246,214,513</u> | <u>560,199,693</u> |

| 35 Other income | | 2024 | 2023 |
|---------------------------|------|---------------------------|---------------------------|
| From financial assets | 35.1 | 112,134,384 | 222,668,224 |
| From non financial assets | 35.2 | 116,654,145 | 55,739,926 |
| | | <u>228,788,529</u> | <u>278,408,150</u> |

| 35.1 From financial assets | | 2024 | 2023 |
|---|--------|---------------------------|---------------------------|
| Profit on deposits with banks | 35.1.1 | 12,797,078 | 6,852,317 |
| Dividend income | | 43,225,212 | 199,830,706 |
| Reversal of loss allowance | | - | 2,996,356 |
| Unrealized gain on re-measurement of short term investments | 28.1 | 49,721,539 | 5,005,285 |
| Realized gain on sale of short term investments | 28.1 | 6,390,555 | 7,983,560 |
| | | <u>112,134,384</u> | <u>222,668,224</u> |

35.1.1 These include profit of Rs. 84,672 (2023: Rs. 12,805) earned on deposits maintained under Shariah compliant arrangements.

| 35.2 From non financial assets | <i>Note</i> | 2024 Rupees | 2023 Rupees |
|--|-------------|---------------------------|--------------------------|
| Exchange gain - <i>net</i> | 35.2.1 | 33,345,138 | - |
| Gain on sale of property, plant and equipment - <i>net</i> | 19.5 | 78,505,232 | 28,841,059 |
| Export rebate | | 4,803,775 | 10,819,604 |
| Commission income | | - | 16,079,263 |
| | | <u>116,654,145</u> | <u>55,739,926</u> |

35.2.1 The exchange gain was a result of actual currency fluctuation.

| 36 Finance cost | <i>Note</i> | 2024 Rupees | 2023 Rupees |
|---|-------------|------------------------------|------------------------------|
| <i>Mark-up on financing from conventional banks / institutions:</i> | | | |
| Long term financing | | 74,142,395 | 75,513,971 |
| Short term borrowings | | 306,524,407 | 196,739,918 |
| | | 380,666,802 | 272,253,889 |
| <i>Mark-up on Islamic mode of financing:</i> | | | |
| Short term borrowings | <i>36.1</i> | 248,409,652 | 21,615,265 |
| Long term financing | | 17,469,777 | - |
| | | 265,879,429 | 21,615,265 |
| Bank charges | | 24,060,370 | 8,603,679 |
| Interest on Workers' Profit Participation Fund | <i>14.3</i> | 1,843,394 | 1,645,038 |
| | | 672,449,995 | 304,117,871 |

36.1 This represents markup expense incurred under Shariah compliant arrangements against facilities of short term borrowings.

| 37 Minimum tax differential | <i>Note</i> | 2024 Rupees | 2023 Rupees |
|------------------------------------|-------------|------------------------------|------------------------------|
| Minimum tax differential | <i>37.1</i> | 15,197,019 | 64,436,524 |

37.1 This represents portion of minimum tax paid under section 148 (2023: sections 113 and 148) of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC 21 / IAS 37.

| 38 Final taxes | <i>Note</i> | 2024 Rupees | 2023 Rupees |
|-----------------------|-------------|------------------------------|------------------------------|
| Final taxes | <i>38.1</i> | 18,656,358 | 48,517,462 |

38.1 This represents final tax paid under sections 150 and 154 (2023: sections 150 and 154) of Income Tax Ordinance, 2001 (ITO, 2001), representing levy in terms of requirements of IFRIC 21 / IAS 37.

| 39 Taxation | | 2024 Rupees | 2023 Rupees <i>Restated</i> |
|--------------------------------|--|------------------------------|---|
| <i>Current</i> | | | |
| - For the year | | 401,966,809 | 113,302,534 |
| - For prior years | | (21,013,558) | (24,523,775) |
| | | 380,953,251 | 88,778,759 |
| <i>Deferred</i> | | | |
| - For the year | | (39,765,160) | (107,209,343) |
| - Change in effective tax rate | | 9,699,285 | 23,906,189 |
| | | (30,065,875) | (83,303,154) |
| | | 350,887,376 | 5,475,605 |

| 39.1 Tax charge reconciliation | 2024 Rupees | 2023 Rupees <i>Restated</i> |
|---|--------------------------|--|
| Numerical reconciliation between tax expense and accounting profit: | | |
| - Profit before income tax | 1,106,362,497 | 301,717,429 |
| | ----- (Percentage) ----- | |
| Applicable tax rate as per Income Tax Ordinance, 2001 | 29% | 29% |

| | 2024 Rupees | 2023 Rupees |
|--|------------------------|------------------------|
| Tax on accounting profit | 320,845,124 | 87,498,054 |
| Effect of final tax regime | (28,312,342) | (79,148,006) |
| Effect of separate block regime | (24,805,333) | (32,240,107) |
| Effect of minimum tax regime | 16,823,237 | (23,483,190) |
| Effect of rate change | 9,699,285 | 23,906,189 |
| Effect of permanent difference | (18,394,210) | 17,370,791 |
| Super tax under section 4C | 103,821,094 | 22,956,853 |
| Effect of minimum tax | (894,094) | - |
| Effect of proration | - | 8,815,079 |
| Effect of other accounting and tax differences | (6,881,827) | 4,323,717 |
| Prior year tax adjustment | (21,013,558) | (24,523,775) |
| | 30,042,252 | (82,022,449) |
| | 350,887,376 | 5,475,605 |

39.2 Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the consolidated statement profit or loss, is as follows:

| | <i>Note</i> | 2024 Rupees | 2023 Rupees |
|--|-------------|------------------------|------------------------|
| Current tax liability for the year as per applicable tax laws | 39.3 | 384,740,753 | 118,429,591 |
| Portion of current tax liability as per tax laws, representing | | | |
| - income tax under IAS 12 | 39 | (350,887,376) | (5,475,605) |
| - levy in terms of requirements of IFRIC 21/ IAS 37 | 37 & 38 | (33,853,377) | (112,953,986) |
| Difference | | - | - |

39.3 The aggregate of minimum tax, final tax and income tax, amounting to Rs. 384.74 million (2023: Rs. 118.43 million) represents tax liability of the Group calculated under the relevant provisions of the Income Tax Ordinance, 2001.

| 40 Earnings per share - Basic and diluted | 2024 | 2023 |
|--|---------------------------|-------------|
| Profit for the year after taxation attributable to equity holders of the Holding Company | Rupees 683,146,147 | 271,267,541 |
| Weighted average number of ordinary shares | Numbers 43,469,052 | 43,469,052 |
| Basic and diluted earnings per share | Rupees 15.72 | 6.24 |
| 40.1 Weighted average number of ordinary shares | 2024 Rupees | 2023 Rupees |
| Outstanding number of shares before bonus issue | 43,469,052 | 36,224,210 |
| Add: Element of bonus issue in number of shares at the start of the year | - | 7,244,842 |
| | 43,469,052 | 43,469,052 |

40.2 There is no dilutive effect on the basic earnings per share as the Holding Company has no commitment for such potentially issuable shares which has any dilutive effect.

41 Remuneration of Chief Executive, Directors and Executives

| | 2024 | | |
|--|------------------------|--------------------------------|--------------------|
| | Chief Executive | Non-Executive Directors | Executives |
| | -----Rupees----- | | |
| Managerial remuneration | 24,270,968 | - | 355,323,760 |
| Utilities and house rent | 13,349,037 | - | 244,673,766 |
| Medical reimbursements | 185,950 | - | 42,614,997 |
| Leave Fare Assistance and leave encashment | 6,270,000 | - | 35,379,287 |
| Bonus and Incentives | 4,125,000 | - | 59,549,078 |
| Contribution to provident fund | 2,427,097 | - | 34,001,350 |
| Meeting Fee | 50,000 | 390,000 | - |
| | 50,678,052 | 390,000 | 771,542,238 |
| Numbers | 2 | 6 | 141 |
| | 2023 | | |
| | Chief Executive | Non-Executive Directors | Executives |
| | -----Rupees----- | | |
| Managerial remuneration | 29,033,119 | - | 319,007,093 |
| Utilities and house rent | 15,193,935 | - | 207,561,009 |
| Medical reimbursements | 199,748 | - | 31,299,542 |
| Leave Fare Assistance and leave encashment | - | - | 28,030,550 |
| Bonus and Incentives | 5,625,000 | - | 67,862,467 |
| Contribution to provident fund | 2,903,310 | - | 31,225,687 |
| Meeting Fee | 70,000 | 560,000 | - |
| | 53,025,112 | 560,000 | 684,986,348 |
| Numbers | 2 | 5 | 113 |

In addition, the Chief Executive of the Holding Company and Subsidiary Company and some executives are allowed free use of the Group's vehicles.

The Holding Company has 6 (2023: 6) non executive directors. Non executive directors are not paid any remuneration or benefits other than the meeting fee. One of the non executive director of the Holding Company is also the Chief Executive Officer of the Subsidiary Company, hence, at group level 5 non executive directors are disclosed. Furthermore, the Company has paid Rs. 390,000 (2023: Rs. 560,000) in lieu of meeting fee and Rs. Nil (2023: Nil) against reimbursement of expenses.

42 Related party transactions

The Group's related parties include associated company, entities over which directors are able to exercise influence, staff retirement fund, directors and key management personnel. Balances with the related parties are shown in respective notes in the consolidated financial statements. Transactions with related parties are as follows:

| Name of parties | Relationship | Transactions | | Rs. |
|--|--|---|------------|------------|
| | | 2024 | 2023 | |
| Bago Laboratories Pte. Limited | Associated Company | Purchase of medicine | 57,326,775 | 77,000,756 |
| | | Payment made against purchase of medicine | 94,182,434 | 83,920,122 |
| Employees provident fund | Post employment benefit fund | Contribution towards employees' provident fund | 87,153,156 | 73,854,565 |
| Key Management Personnel | Key management personnel | Remuneration including benefits and perquisites | 56,143,227 | 49,020,971 |
| | | Advance given against salary | - | 793,333 |
| | | Cash dividend | - | 8,400 |
| | | Issuance of bonus shares as dividend | - | 3,360 |
| KFW Factors (Private) Limited | Common directorship | Cash dividend | - | 50,210,904 |
| | | Issuance of bonus shares as dividend | - | 19,888,658 |
| | | Share of profit of Farmacia reinvested | 178,593 | - |
| Osman Khalid Waheed | Chief Executive Officer-Holding Company | Remuneration including benefits and perquisites | 50,628,052 | 40,953,794 |
| | | Cash Dividend | - | 12,947,025 |
| | | Issuance of bonus shares as dividend | - | 5,178,810 |
| | | Meeting Fee | 50,000 | 70,000 |
| Akhtar Khalid Waheed | Chief Executive Officer-Subsidiary Company | Remuneration including benefits and perquisites | - | 12,001,318 |
| Directors other than CEOs | Non-Executive Directors | Cash Dividend | - | 4,670,330 |
| | | Issuance of bonus shares as dividend | - | 1,868,132 |
| | | Meeting Fee | 390,000 | 560,000 |
| | | Rental expense paid for building in use | 5,749,518 | 6,544,527 |
| Khan and Piracha | Common directorship | Payment made against services received | - | 455,000 |
| National Management Foundation (LUMS) | Common directorship | Donations | 5,000,000 | 2,312,752 |
| | | Event sponsorship | 7,500,000 | - |
| | | Payments against trainings | 2,262,000 | - |

42.1 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Group considers Chief Executive Officer, Chief Financial Officer and Company Secretary to be its key management personnel.

| 43 Plant capacity and production | 2024 | 2023 |
|----------------------------------|-------------------|-------------------|
| | -----Packs----- | |
| Tablets And Capsules | 47,152,098 | 32,745,714 |
| Ointments | 5,437,477 | 4,058,512 |
| Liquid And Others | 8,041,243 | 6,666,780 |
| | <u>60,630,818</u> | <u>43,471,006</u> |

The production capacities of plants of the Holding Company and subsidiary company cannot be determined, as they are multi-product production facilities with varying manufacturing processes.

| 44 Number of employees | 2024 | 2023 |
|---|-------------|-------------|
| Total number of employees as at 30 June | <u>1896</u> | <u>1680</u> |
| Average number of employees during the year | <u>1787</u> | <u>1612</u> |

45 Reconciliation of movement of liabilities to cash flows arising from financing activities

| | 2024 | | | |
|---|--------------------------|---------------------------|---------------------------------------|-----------------------------|
| | Liabilities | | | Total |
| | Unclaimed dividend | Accrued mark-up | Long term loans and musharaka-secured | |
| | ----- Rupees ----- | | | |
| Balance as at 01 July 2023 | 97,332,707 | 85,967,950 | 2,891,898,383 | 3,075,199,040 |
| <u>Changes from financing cash flows</u> | | | | |
| Long term loan received | - | - | 75,539,000 | 75,539,000 |
| Long term loan repaid | - | - | (263,846,586) | (263,846,586) |
| Musharaka received | - | - | 197,618,200 | 197,618,200 |
| Musharaka paid | - | - | (28,901,053) | (28,901,053) |
| Finance cost paid | - | (552,438,263) | - | (552,438,263) |
| Dividend paid | (825,344) | - | - | (825,344) |
| Total changes from financing cash flows | (825,344) | (552,438,263) | (19,590,439) | (572,854,046) |
| <u>Non-cash changes</u> | | | | |
| Dividend approved | - | - | - | - |
| Interest / markup expense | - | 672,449,995 | - | 672,449,995 |
| Amortization of government grant | - | - | (80,510,861) | (80,510,861) |
| Total non-cash changes | - | 672,449,995 | (80,510,861) | 591,939,134 |
| Closing as at 30 June 2024 | <u>96,507,363</u> | <u>205,979,682</u> | <u>2,791,797,083</u> | <u>3,094,284,128</u> |
| | ----- Rupees ----- | | | |
| | 2023 | | | |
| | Liabilities | | | Total |
| | Unclaimed dividend | Accrued mark-up | Long term loan - secured | |
| | ----- Rupees ----- | | | |
| Balance as at 01 July 2022 | 91,693,095 | 32,613,579 | 2,087,956,900 | 2,212,263,574 |
| <u>Changes from financing cash flows</u> | | | | |
| Long term loan received | - | - | 941,015,557 | 941,015,557 |
| Long term loan repaid | - | - | (20,145,497) | (20,145,497) |
| Musharaka received | - | - | - | - |
| Musharaka paid | - | - | - | - |
| Finance cost paid | - | (250,763,500) | - | (250,763,500) |
| Dividend paid | (175,481,438) | - | - | (175,481,438) |
| Total changes from financing cash flows | (175,481,438) | (250,763,500) | 920,870,060 | 494,625,122 |
| <u>Non-cash changes</u> | | | | |
| Dividend approved | 181,121,050 | - | - | 181,121,050 |
| Interest / markup expense | - | 304,117,871 | - | 304,117,871 |
| Amortization of government grant | - | - | (116,928,577) | (116,928,577) |
| Total non-cash changes | 181,121,050 | 304,117,871 | (116,928,577) | 368,310,344 |
| Closing as at 30 June 2023 | <u>97,332,707</u> | <u>85,967,950</u> | <u>2,891,898,383</u> | <u>3,075,199,040</u> |

46 Disclosures relating to provident fund

The provident fund trust is a common fund for employees of the Group. Entity wise break up of the fund as on 30 June is as follows:

| | Un-Audited 30-Jun-24 | | Audited 30-Jun-23 | |
|--|-------------------------|----------------------|----------------------------|----------------------|
| | % of Total Size Fund | Rupees | % of Total Size Fund | Rupees |
| Ferozsons Laboratories Limited - <i>Parent Company</i> | 77% | 1,028,207,228 | 79% | 880,702,298 |
| BF Biosciences Limited - <i>Subsidiary</i> | 22% | 283,335,444 | 20% | 223,069,169 |
| Farmacia - <i>Partnership firm</i> | 1% | 18,908,118 | 1% | 15,606,275 |
| | 100% | 1,330,450,790 | 100% | 1,119,377,742 |

Investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated there under.

47 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Group's Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors reviews and agrees policies for managing each of these risks.

The Group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Group's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

47.1 Credit risk and concentration of credit risk

Credit risk represents the risk of financial loss if a customer or counter party to a financial instrument fails to discharge its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

47.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| | 2024 Rupees | 2023 Rupees |
|--|----------------------|----------------------|
| <u>Financial assets at amortized cost</u> | | |
| Long term deposits | 17,604,325 | 14,544,325 |
| Trade debts | 2,416,614,379 | 1,122,799,641 |
| Loans and advances - <i>others</i> | 13,686,361 | 1,879,505 |
| Deposits and prepayments | 322,041,020 | 172,233,497 |
| Other receivables | 58,626,606 | 13,826,258 |
| Bank balances | 539,735,390 | 554,357,886 |
| <u>Financial assets at fair value through profit or loss</u> | | |
| Short term investments | 496,495,295 | 544,965,655 |
| | 3,864,803,376 | 2,424,606,767 |

47.1.2 Concentration of credit risk

The Group identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

| | 2024 Rupees | 2023 Rupees |
|--|----------------------|----------------------|
| Customers | 2,416,614,379 | 1,122,799,641 |
| Banking companies and financial institutions | 1,036,230,685 | 1,099,323,541 |
| Others | 411,958,312 | 202,483,585 |
| | 3,864,803,376 | 2,424,606,767 |

47.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers and utility Companies, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

Counter parties with external credit ratings

This represents banking companies and financial institutions, which are counterparties to bank balances and investments. Impairment on these balances has been measured on 12 month expected loss basis and reflects the shortest maturities of the exposure. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Group. Following are the credit ratings of counterparties with external credit ratings:

| Institutions | Rating | | Rating Agency | 2024 | 2023 |
|--|------------|-----------|---------------|----------------------|----------------------|
| | Short term | Long term | | Rupees | |
| Bank balances | | | | | |
| Habib Bank Limited | AAA | A1+ | JCR-VIS | 115,329,667 | 142,354,577 |
| Bank Al-Habib Limited | AAA | A1+ | PACRA | 183,750 | 284,474 |
| Habib Metropolitan Bank Limited | AA+ | A1+ | PACRA | 339,322,597 | 339,433,431 |
| Bank Alfalah Limited | AA+ | A1+ | PACRA | 23,928,369 | 51,420,604 |
| Meezan Bank Limited | AAA | A1+ | JCR-VIS | 1,124,609 | 205,356 |
| MCB Bank Limited | AAA | A1+ | PACRA | 6,261,789 | 661,568 |
| Allied Bank Limited | AAA | A1+ | PACRA | 18,283,548 | 17,224,871 |
| The Bank of Punjab | AA+ | A1+ | PACRA | 9,376,101 | 1,948,044 |
| Faysal Bank Limited | A-1+ | AA | PACRA | 824,960 | 824,961 |
| Bankislami Pakistan Ltd | AA- | A1 | PACRA | 25,100,000 | - |
| | | | | 539,735,390 | 554,357,886 |
| Short term investments | | | | | |
| HBL Money Market Fund | N/A | AA+(f) | JCR-VIS | 348,467,577 | 339,421,408 |
| MCB Cash Management Optimizer Fund | N/A | AA+(f) | PACRA | 1,114,288 | 1,109,863 |
| Pakistan Cash Management Fund | N/A | AA+(f) | PACRA | 473,030 | 399,799 |
| HBL Cash Fund | N/A | AA+(f) | JCR-VIS | 51,944,030 | 43,814,079 |
| Alfalah Investment Money Market Fund | N/A | AA+(f) | PACRA | 81,940,545 | 35,183,250 |
| ABL Cash Fund | N/A | AA+(f) | VIS | 12,555,825 | 125,037,256 |
| | | | | 496,495,295 | 544,965,655 |
| Margin against bank guarantee | | | | | |
| Habib Bank Limited | AAA | A1+ | JCR-VIS | 1,153,856 | 1,153,934 |
| Meezan Bank Limited | AAA | A1+ | JCR-VIS | 6,980,736 | 10,474,408 |
| Bank of Punjab | AA+ | A1+ | PACRA | 86,958 | - |
| | | | | 8,221,550 | 11,628,342 |
| Margin against letter of credit | | | | | |
| Habib Bank Limited | A1+ | AAA | VIS | 80,956,114 | - |
| Allied Bank Limited | A1+ | AAA | PACRA | 28,141,019 | - |
| Meezan Bank Limited | AAA | A1+ | JCR-VIS | 10,474,408 | 8,502,738 |
| | | | | 119,571,541 | 8,502,738 |
| | | | | 1,164,023,776 | 1,119,454,621 |

Counter parties without external credit ratings - Trade debts

These mainly include customers which are counter parties to local and foreign trade debts. The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables other than due from Government departments / hospitals. Trade receivables are written off when there is no reasonable expectation of recovery.

Management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. The Group has used two years quarterly data in the calculation of historical loss rates along with the matching quarterly ageing brackets for the computation of roll rates. These rates are multiplied by scalar factors to reflect the effect of forward looking macro-economic factors. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2024 was determined as follows:

The aging of trade debts other than due from Government at the reporting date was:

| | 30 June 2024 | | 30 June 2023 | |
|-------------------------|--------------------|----------------------|--------------------|-------------------|
| | Gross carrying | Expected credit loss | Gross carrying | Expected credit |
| | Rupees | | Rupees | |
| Current | 345,609,961 | 11,521,200 | 329,043,617 | 2,718,199 |
| Past due 0 - 90 days | 47,733,152 | 9,469,204 | 65,875,356 | 6,647,838 |
| Past due 91 - 180 days | 13,884,309 | 6,074,234 | 22,611,073 | 6,218,249 |
| Past due 181 - 365 days | 56,737,836 | 49,132,748 | 6,669,178 | 5,854,023 |
| More than 365 days | 22,747,716 | 22,747,716 | 7,113,114 | 7,096,961 |
| | 486,712,974 | 98,945,102 | 431,312,338 | 28,535,270 |

The aging of trade debts due from Government at the reporting date was:

| | | | | |
|--------------------|----------------------|--------------------|--------------------|-------------------|
| Current | 861,023,511 | 5,254 | - | - |
| 0 - 90 days | 332,085,542 | 10,725,496 | 274,174,569 | 3,420,424 |
| 91 - 180 days | 419,376,260 | 19,326,633 | 190,727,546 | 12,466,621 |
| 181 - 365 days | 327,900,499 | 23,060,169 | 211,672,033 | 23,206,141 |
| More than 365 days | 235,655,350 | 94,077,102 | 124,752,259 | 42,210,648 |
| | 2,176,041,162 | 147,194,654 | 801,326,407 | 81,303,834 |

Export sales are majorly secured through letter of credit while majority of the local sales are made to Government departments / hospitals. Trade debts are essentially due from government departments / projects and the Group is actively pursuing for recovery of debts and the Group does not expect these companies to fail to meet their obligations.

Deposits and other receivables are mostly due from Government Institutions, utility companies and a major supplier. Impairment on these balances has been measured on 12 month expected loss basis and reflects the shortest maturities of the exposure. Based on past experience the management believes that no impairment allowance is necessary in respect of these financial assets. There are reasonable grounds to believe that these amounts will be recovered in short course of time.

47.1.4 Concentration of credit risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instruments is broadly diversified and all other transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

47.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner unfavorable to the Group. Management closely monitors the Group's liquidity and cash flow position. This includes maintenance of liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in notes 10 and 16 to these consolidated financial statements is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

47.2.1 Exposure to liquidity risk

47.2.1.1 Contractual maturities of financial liabilities, including estimated interest payments

The following are the contractual maturities of financial liabilities:

| | 2024 | | | | | 2023 | | | | |
|--|----------------------|-----------------------|----------------------|----------------------|--------------------|----------------------|-----------------------|----------------------|----------------------|--------------------|
| | Carrying amount | Contractual cashflows | Less than one year | One to five years | More than 5 years | Carrying amount | Contractual cashflows | Less than one year | One to five years | More than 5 years |
| Financial liabilities at amortized cost | | | | | | | | | | |
| Long term loan - secured | 2,623,079,936 | 2,845,898,855 | 515,167,162 | 1,770,209,726 | 560,521,967 | 2,891,898,383 | 3,173,070,413 | 520,428,396 | 2,210,594,384 | 442,047,633 |
| Long term musharaka - secured | 168,717,147 | 265,023,969 | 58,659,950 | 206,364,019 | - | - | - | - | - | - |
| Trade and other payables | 1,977,368,796 | 1,977,368,796 | 1,977,368,796 | - | - | 3,255,847,255 | 3,255,847,255 | 3,255,847,255 | - | - |
| Unclaimed dividend | 96,507,363 | 96,507,363 | 96,507,363 | - | - | 97,332,707 | 97,332,707 | 97,332,707 | - | - |
| Short term borrowings - secured | 2,743,034,136 | 2,743,034,136 | 2,743,034,136 | - | - | 1,260,543,747 | 1,260,543,747 | 1,260,543,747 | - | - |
| Accrued mark-up | 205,979,682 | 205,979,682 | 205,979,682 | - | - | 85,967,950 | 85,967,950 | 85,967,950 | - | - |
| | 7,814,687,060 | 8,133,812,801 | 5,596,717,089 | 1,976,573,745 | 560,521,967 | 7,591,590,042 | 7,872,762,072 | 5,220,120,055 | 2,210,594,384 | 442,047,633 |

47.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rates and equity price that will effect the Group's income or the value of its holdings of financial instruments.

Market risk comprises of three types of risks:

- currency risk
- interest rate risk
- other price risk

47.3.1 Currency risk

Pakistani Rupee is the functional currency of the Group and exposure arises from transactions and balances in currencies other than Pakistani Rupee as foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cashflow volatility. The Group's potential currency exposure comprises of:

Transactional exposure in respect of non functional currency monetary items.

Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below:

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Group are periodically restated to rupee equivalent, and the associated gain or loss is taken to the consolidated statement of profit or loss. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Group in currency other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Group. These currency risks are managed as a part of overall risk management strategy. The Group does not enter into forward exchange contracts.

Exposure to currency risk

The figures represent foreign currency balances after conversion in Pak Rupees using exchange rates prevailing at the statement of financial position date. The Group's exposure to foreign currency risk at the reporting date was as follows:

| | 2024 | | | | | | | | |
|--|------------------------|--------------------|-----------------|--------------|----------------|----------------|--------------|---------------------|-----------------|
| | Rupees | US Dollars | Euro | UAE Dirham | Pound Sterling | JPY | Aus Dollars | CNY | CHF |
| <u>Assets</u> | | | | | | | | | |
| Cash and cash equivalents | 411,841,468 | 1,460,108 | 9,984 | 1,910 | 5,340 | 146,000 | 1,000 | - | - |
| Trade debts | 155,310,694 | 545,093 | 12,055 | - | - | - | - | - | - |
| Other receivables | 28,336,804 | 101,806 | - | - | - | - | - | - | - |
| | <u>595,488,966</u> | <u>2,107,007</u> | <u>22,039</u> | <u>1,910</u> | <u>5,340</u> | <u>146,000</u> | <u>1,000</u> | - | - |
| <u>Liabilities</u> | | | | | | | | | |
| Contract Liabilities | - | - | - | - | - | - | - | - | - |
| Trade and other payables | (792,285,609) | (2,658,623) | (120,234) | - | - | - | - | (430,474) | - |
| | <u>(196,796,643)</u> | <u>(551,616)</u> | <u>(98,195)</u> | <u>1,910</u> | <u>5,340</u> | <u>146,000</u> | <u>1,000</u> | <u>(430,474)</u> | - |
| Net Statement of Financial Position Exposure | (504,705,521) | (1,813,262) | - | - | - | - | - | - | - |
| | <u>(701,502,164)</u> | <u>(2,364,878)</u> | <u>(98,195)</u> | <u>1,910</u> | <u>5,340</u> | <u>146,000</u> | <u>1,000</u> | <u>(430,474)</u> | - |
| Off statement of financial position items | | | | | | | | | |
| Outstanding letters of credit | - | - | - | - | - | - | - | - | - |
| Net Exposure | | | | | | | | | |
| | <u>(701,502,164)</u> | <u>(2,364,878)</u> | <u>(98,195)</u> | <u>1,910</u> | <u>5,340</u> | <u>146,000</u> | <u>1,000</u> | <u>(430,474)</u> | - |
| | | | | | | | | | |
| <u>Assets</u> | | | | | | | | | |
| Cash and cash equivalents | 406,141,548 | 995,362 | 9,034 | 3,510 | 8,065 | 146,000 | 1,000 | - | - |
| Trade debts | 54,085,324 | 188,852 | - | - | - | - | - | - | - |
| Other receivables | 6,718,710 | 23,460 | - | - | - | - | - | - | - |
| | <u>466,945,582</u> | <u>1,207,674</u> | <u>9,034</u> | <u>3,510</u> | <u>8,065</u> | <u>146,000</u> | <u>1,000</u> | - | - |
| <u>Liabilities</u> | | | | | | | | | |
| Contract Liabilities | (1,714,617) | (5,987) | - | - | - | - | - | - | - |
| Trade and other payables | (2,522,893,901) | (8,669,182) | - | - | - | - | - | (1,010,570) | - |
| | <u>(2,057,662,936)</u> | <u>(7,467,495)</u> | <u>9,034</u> | <u>3,510</u> | <u>8,065</u> | <u>146,000</u> | <u>1,000</u> | <u>(1,010,570)</u> | - |
| Net Statement of Financial Position Exposure | (199,924,577) | (698,085) | - | - | - | - | - | (16,763,895) | (11,200) |
| Off statement of financial position items | | | | | | | | | |
| Outstanding letters of credit | - | - | - | - | - | - | - | - | - |
| Net Exposure | <u>(2,257,587,513)</u> | <u>(8,165,580)</u> | <u>9,034</u> | <u>3,510</u> | <u>8,065</u> | <u>146,000</u> | <u>1,000</u> | <u>(17,774,465)</u> | <u>(11,200)</u> |

The following significant exchange rates were applied during the year:

| | Reporting date rate | | Average rate | |
|--------------------|---------------------|--------|--------------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| US Dollars | 278.34 | 286.39 | 282.37 | 256.17 |
| Euro | 297.71 | 313.07 | 305.39 | 272.04 |
| UAE Dirham | 75.78 | 77.97 | 76.88 | 69.75 |
| Pound Sterling | 351.89 | 365.01 | 358.45 | 310.92 |
| JPY | 1.73 | 2.04 | 1.90 | 1.81 |
| Australian dollars | 184.49 | 185.74 | 185.64 | 166.96 |
| CHF | 309.41 | 320.16 | 319.48 | 265.09 |
| CNY | 38.31 | 39.71 | 39.22 | 35.66 |

Sensitivity analysis

A reasonably possible strengthening / (weakening) of 10% in Pak Rupee against the following currencies would have affected the measurement of financial instruments denominated in foreign currency and affected consolidated statement of profit or loss by the amounts shown below at the consolidated statement of financial position date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| | Profit or loss | |
|--|---------------------|----------------------|
| | 2024 | 2023 |
| | -----Rs.----- | |
| Consolidated statement of profit or loss | (19,679,664) | (205,766,294) |

A ten percent weakening of the Pakistani Rupee against foreign currencies at the reporting date would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

47.3.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At the reporting date the interest rate profile of the Group's significant interest bearing financial instruments was as follows:

| | 2024 | 2023 | 2024 | 2023 |
|--|-----------------------------------|------------------|-----------------------------|------------------------|
| | Effective rate (in Percentage) | | Carrying amount (Rupees) | |
| Variable rate instruments | | | | |
| <u>Financial assets</u> | | | | |
| Cash at bank - deposit accounts | 10.00% to 20.51% | 6.50% to 19.51% | 26,425,670 | 53,565,995 |
| <u>Financial liabilities</u> | | | | |
| Long term loan - including current portion | 8.42% to 23.05% | 3% to 18.42% | 2,623,079,936 | 2,891,898,383 |
| Long term musharaka - secured | 21.14% to 23.98% | - | 168,717,147 | - |
| Short term borrowings - secured | 15.31% to 23.06% | 14.16% to 23.40% | 2,743,034,136 | 1,260,543,747 |
| Net Exposure | | | (5,508,405,549) | (4,098,876,135) |

Cash flow sensitivity analysis for fixed rate instruments

The Group 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 increased / decreased loss 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 2023.

| | Profit or loss | |
|--|---------------------|---------------------|
| | 100 bps Increase | 100 bps Decrease |
| Rupees | | |
| <u>As at 30 June 2024</u> | (55,084,055) | 55,084,055 |
| <u>As at 30 June 2023</u> | | |
| Cash flow sensitivity - Variable rate financial assets | 41,524,421 | (41,524,421) |

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

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in profit / mark-up / interest rates at the reporting date would not affect consolidated statement of profit or loss.

47.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio within the eligible stocks in accordance with the risk investment guidelines approved by the investment committee. The Group is exposed to price risk arising from its investment in mutual funds that are classified as fair value through profit or loss. The Group has no investments in equity instruments traded in the market at the reporting date. The Group is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

Sensitivity analysis

The table below summarizes the Group's equity price risk as of 30 June 2024 and 2023 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the Group's equity investment portfolio.

| | Fair value | Hypothetical price change | Estimated fair value after hypothetical change in prices | Hypothetical increase (decrease) in profit / (loss) before tax |
|--|------------------|------------------------------|--|--|
| 2024 | -----Rupees----- | | | |
| <u>Short term investments</u> | | | | |
| Investments at fair value through profit or loss | 496,495,295 | 10% increase 10% decrease | 546,144,825 446,845,766 | 49,649,530 (49,649,530) |
| | | | | |
| | Fair value | Hypothetical price change | Estimated fair value after hypothetical change in prices | Hypothetical increase (decrease) in profit / (loss) before tax |
| 2023 | -----Rupees----- | | | |
| <u>Short term investments</u> | | | | |
| Investments at fair value through profit or loss | 544,965,655 | 10% increase 10% decrease | 599,462,221 490,469,090 | 54,496,566 (54,496,566) |

47.4 Fair value of financial instruments

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. The carrying value of all financial assets and liabilities on the balance sheet approximate to their fair value.

47.4.1 Fair values versus carrying amounts

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Group is current bid price.

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.

47.4.2 Valuation of financial instruments

IFRS 13 'Fair Value Measurement' requires the Group 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 market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Group determines fair values using valuation techniques.

Valuation techniques used by the Group include discounted cash flow model. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

The fair value of financial instruments traded in active markets is based on Net Asset Values (NAVs) of the units of the mutual funds at the reporting date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on going basis.

47.4.3 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| | Fair Value through profit or loss | Financial assets at amortized cost | Other financial liabilities | Total | Fair Value | | |
|---|-----------------------------------|------------------------------------|-----------------------------|---------------|-------------|---------|---------|
| | | | | | Level 1 | Level 2 | Level 3 |
| ----- Rupees ----- | | | | | | | |
| 30 June 2024 | | | | | | | |
| <u>Financial assets measured at fair value:</u> | | | | | | | |
| Short term investments | 496,495,295 | - | - | 496,495,295 | 496,495,295 | - | - |
| <u>Financial assets not measured at fair value:</u> | | | | | | | |
| Long term deposits | - | 17,604,325 | - | 17,604,325 | - | - | - |
| Trade debts | - | 2,416,614,379 | - | 2,416,614,379 | - | - | - |
| Loans and advances - <i>others</i> | - | 13,686,361 | - | 13,686,361 | - | - | - |
| Deposits and prepayments | - | 322,041,020 | - | 322,041,020 | - | - | - |
| Other receivables | - | 58,626,606 | - | 58,626,606 | - | - | - |
| Cash and bank balances | - | 551,064,343 | - | 551,064,343 | - | - | - |
| | - | 3,379,637,034 | - | 3,379,637,034 | - | - | - |
| <u>Financial liabilities measured at fair value:</u> | | | | | | | |
| | - | - | - | - | - | - | - |
| <u>Financial liabilities not measured at fair value:</u> | | | | | | | |
| Trade and other payables | - | - | 1,977,368,796 | 1,977,368,796 | - | - | - |
| Unclaimed dividend | - | - | 96,507,363 | 96,507,363 | - | - | - |
| Long term loans - secured | - | - | 2,007,961,116 | 2,007,961,116 | - | - | - |
| Long term musharaka - <i>secured</i> | - | - | 168,717,147 | 168,717,147 | - | - | - |
| Short term borrowings - secured | - | - | 2,743,034,136 | 2,743,034,136 | - | - | - |
| Accrued mark-up | - | - | 205,979,682 | 205,979,682 | - | - | - |
| | - | - | 7,199,568,240 | 7,199,568,240 | - | - | - |

| | Fair Value | | | | | | |
|--|-----------------------------------|------------------------------------|-----------------------------|---------------|-------------|---------|---------|
| | Fair Value through profit or loss | Financial assets at amortized cost | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 |
| 30 June 2023 | Rupees | | | | | | |
| <i>Financial assets measured at fair value:</i> | | | | | | | |
| Short term investments | 544,965,655 | - | - | 544,965,655 | 544,965,655 | - | - |
| <i>Financial assets not measured at fair value:</i> | | | | | | | |
| Long term deposits | - | 14,544,325 | - | 14,544,325 | - | - | - |
| Trade debts - <i>considered good</i> | - | 1,122,799,641 | - | 1,122,799,641 | - | - | - |
| Loans and advances - <i>considered good</i> | - | 1,879,505 | - | 1,879,505 | - | - | - |
| Deposits and prepayments | - | 172,233,497 | - | 172,233,497 | - | - | - |
| Other receivables | - | 13,826,258 | - | 13,826,258 | - | - | - |
| Cash and bank balances | - | 569,048,903 | - | 569,048,903 | - | - | - |
| | - | 1,894,332,129 | - | 1,894,332,129 | - | - | - |
| <i>Financial liabilities measured at fair value:</i> | | | | | | | |
| | - | - | - | - | - | - | - |
| <i>Financial liabilities not measured at fair value:</i> | | | | | | | |
| Trade and other payables | - | - | 3,255,847,255 | 3,255,847,255 | - | - | - |
| Unclaimed dividend | - | - | 97,332,707 | 97,332,707 | - | - | - |
| Long term loans - secured | - | - | 2,221,308,682 | 2,221,308,682 | - | - | - |
| Long term musharaka - <i>secured</i> | - | - | - | - | - | - | - |
| Short term borrowings - <i>secured</i> | - | - | 1,260,543,747 | 1,260,543,747 | - | - | - |
| Accrued mark-up | - | - | 85,967,950 | 85,967,950 | - | - | - |
| | - | - | 6,921,000,341 | 6,921,000,341 | - | - | - |

Fair value of property, plant and equipment

Freehold land, buildings on freehold land and plant and machinery have been carried at revalued amounts determined by professional valuers (level 2 in case of land, level 3 for building and plant & machinery) based on their assessment of market value as disclosed in note 9. The valuations are conducted by the valuation experts appointed by the Group. The valuation experts used a market based approach to arrive at the fair value of the Group's properties. This revaluation was carried out by Asif associates (Private) Limited (Independent valuers and consultants). The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

| | 2024 | | | | | |
|--|----------------|----------------|-------------|----------------|--|--------------------|
| | Ferozsons | BF Biosciences | Others | Total | Inter-segment elimination / adjustment | Consolidated Total |
| ----- Rupees ----- | | | | | | |
| Revenue - net | | | | | | |
| Revenue from external customers | 11,772,039,954 | 3,478,449,942 | 604,260,284 | 15,854,750,179 | - | 15,854,750,179 |
| Inter-segment revenue | 939,674,142 | 180,270,545 | 38,347 | 1,119,983,034 | (1,119,983,034) | - |
| | 12,711,714,096 | 3,658,720,487 | 604,298,631 | 16,974,733,213 | (1,119,983,034) | 15,854,750,179 |
| Segment Profit before income tax, final tax and minimum tax differential | 610,272,596 | 581,878,731 | 8,929,644 | 1,201,080,971 | (60,865,097) | 1,140,215,874 |
| Segment assets and liabilities | | | | | | |
| Segments assets and liabilities are reconciled to total assets and liabilities as follows: | | | | | | |
| Segment assets | | | | | | |
| Non-current assets | 7,083,328,727 | 4,183,292,901 | 97,446,107 | 11,364,067,735 | 602,349,435 | 11,966,417,170 |
| Current assets | 7,932,601,098 | 1,676,672,073 | 174,189,643 | 9,783,462,814 | (258,381) | 9,783,204,433 |
| | 15,015,929,825 | 5,859,964,974 | 271,635,750 | 21,147,530,549 | 602,091,054 | 21,749,621,603 |
| Segment liabilities | | | | | | |
| Non-current liabilities | 1,413,071,447 | 2,071,753,531 | - | 3,484,824,978 | 359,682,925 | 3,844,507,903 |
| Current liabilities | 4,635,385,002 | 1,428,592,765 | 20,956,750 | 6,084,934,517 | (5,148) | 6,084,929,369 |
| | 6,048,456,449 | 3,500,346,296 | 20,956,750 | 9,569,759,495 | 359,677,777 | 9,929,437,272 |
| Other segment information | | | | | | |
| Depreciation and amortization | 443,828,998 | 36,119,860 | 1,892,553 | 481,841,411 | 56,264,386 | 538,105,797 |
| Impairment loss on trade receivables | 123,977,436 | 12,153,354 | 169,863 | 136,300,653 | - | 136,300,653 |
| Finance Cost | 527,322,841 | 151,356,821 | 790,333 | 679,469,995 | (7,020,000) | 672,449,995 |
| Profit on deposits with bank | 2,976,769 | 6,484,951 | 3,335,358 | 12,797,078 | - | 12,797,078 |
| Capital expenditure during the year | 474,888,718 | 511,517,596 | 9,632,212 | 996,038,526 | - | 996,038,526 |
| Share of profit from investee | 8,751,051 | - | - | 8,751,051 | (8,751,051) | - |
| Equity accounted investees | 249,063,595 | - | - | 249,063,595 | (249,063,595) | - |

| | Ferozsons | BF Biosciences | Others | Total | Inter-segment elimination / adjustment | Consolidated Total |
|--|----------------------|----------------------|--------------------|-----------------------|--|-----------------------|
| ----- Rupees ----- | | | | | | |
| Revenue - net | | | | | | |
| Revenue from external customers | 9,338,686,263 | 1,659,159,827 | 459,375,259 | 11,457,221,348 | - | 11,457,221,348 |
| Inter-segment revenue | 554,704,659 | 150,360,011 | - | 705,064,670 | (705,064,670) | - |
| Segment profit before tax | 9,893,390,922 | 1,809,519,838 | 459,375,259 | 12,162,286,018 | (705,064,670) | 11,457,221,348 |
| | 275,331,697 | 202,197,146 | 24,462,912 | 501,991,755 | (87,320,340) | 414,671,415 |
| Segment assets and liabilities | | | | | | |
| Segments assets and liabilities are reconciled to total assets and liabilities as follows: | | | | | | |
| Segment assets | | | | | | |
| Non-current assets | 3,912,161,088 | 4,075,556,379 | 89,706,446 | 8,077,423,913 | (6,701,077) | 8,070,722,836 |
| Current assets | 6,783,262,731 | 1,591,293,283 | 162,556,978 | 8,537,112,992 | (4,408,722) | 8,532,704,270 |
| | 10,695,423,819 | 5,666,849,662 | 252,263,424 | 16,614,536,905 | (11,109,799) | 16,603,427,106 |
| Segment liabilities | | | | | | |
| Non-current liabilities | 333,004,991 | 2,289,688,109 | - | 2,622,693,100 | 125,977,773 | 2,748,670,873 |
| Current liabilities | 4,077,726,184 | 1,402,956,062 | 10,514,067 | 5,491,196,313 | (5,147) | 5,491,191,166 |
| | 4,410,731,175 | 3,692,644,171 | 10,514,067 | 8,113,889,413 | 125,972,626 | 8,239,862,039 |
| Other segment information | | | | | | |
| Depreciation and amortization | 380,531,720 | 34,328,940 | 1,831,915 | 416,692,575 | 56,264,386 | 472,956,961 |
| Impairment loss on trade receivables | 36,159,620 | 3,860,479 | (2,996,356) | 37,023,743 | - | 37,023,743 |
| Finance Cost | 158,362,247 | 153,344,127 | 382,303 | 312,088,677 | (7,970,806) | 304,117,871 |
| Profit on deposits with bank | 4,117,976 | 750,146 | 1,984,195 | 6,852,317 | - | 6,852,317 |
| Capital expenditure during the year | 489,901,796 | 33,312,181 | 551,520 | 523,765,497 | - | 523,765,497 |
| Share of profit from investee | 23,973,654 | - | - | 23,973,654 | (23,973,654) | - |
| Share of profit from investee | 23,973,654 | - | - | 23,973,654 | (23,973,654) | - |
| Equity accounted investees | 240,312,544 | - | - | 240,312,544 | (240,312,544) | - |

48.1 The revenue reported above represents revenue generated from each segment and inter-segment revenue eliminated.

48.2 Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

48.3 Revenue from major customer

Revenue from one of the distributors of the Ferozsons segment represents approximately Rs. 4,529 million (2023: Rs. 4,868 million) of the Group's total revenues.

48.4 Geographic information

The geographic information analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

48.4.1 The analysis of Group's revenue by the country of domicile (Pakistan) and other countries is given in note 30.1 to the financial statements.

48.4.2 All non-current assets of the Group at 30 June 2024 are located and operated in Pakistan.

49 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Group defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) to provide an adequate return to shareholders.

The Group 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 Group may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

| | 2024 Rupees | 2023 Rupees |
|-------------------------------|-----------------------|-----------------------|
| Total debt | 5,534,831,219 | 4,152,442,130 |
| Total Equity | 11,228,307,083 | 7,918,111,468 |
| Total capital employed | 16,763,138,302 | 12,070,553,598 |
| Gearing | 33% | 34% |

Total debt comprises of long term loans from banking and other financial institutions and short term borrowings.

Total equity includes issued, subscribed and paid-up share capital, capital reserves, accumulated profits and surplus on revaluation of fixed assets.

Neither there were any changes in the Group's approach to capital management during the year nor the Group is subject to externally imposed capital requirements.

50 Group entities

The following table summarizes the information relating to the Group's subsidiaries that have non controlling interest (NCI).

| 30 June 2024 <i>Amount in Rupees</i> | BF Biosciences Limited | Farmacia | Intra-Group eliminations | Total |
|---|---------------------------|---------------------|-----------------------------|--------------------|
| NCI percentage | 20% | 2% | | |
| Non current assets | 4,183,292,901 | 97,446,109 | | |
| Revaluation surplus | 585,739,308 | 73,869,531 | | |
| Current assets | 1,676,672,073 | 174,189,643 | | |
| Non-current liabilities | 2,071,753,531 | - | | |
| Current liabilities | 1,428,592,765 | 20,956,750 | | |
| Net assets | 2,945,357,986 | 324,548,534 | | |
| Carrying amount of NCI | 589,071,597 | 6,490,971 | (3,685,320) | 591,877,248 |
| Revenue - <i>net</i> | 3,658,720,487 | 604,298,631 | | |
| Profit after taxation | 385,413,187 | 8,929,644 | | |
| Other comprehensive income | 370,084,462 | 53,965,769 | | |
| Total comprehensive income | 755,497,649 | 62,895,413 | | |
| Total comprehensive income allocated to NCI | 151,099,530 | 1,257,908 | (4,932,256) | 147,425,182 |
| Cash flows from operating activities | 661,703,546 | 6,010,523 | | |
| Cash flows from investing activities | (10,807,816) | (53,285,924) | | |
| Cash flows from financing activities (dividends to NCI : Nil) | (482,877,428) | - | | |
| Net increase / (decrease) in cash and cash equivalents | 168,018,302 | (47,275,401) | | |

| 30 June 2023 <i>Amount in Rupees</i> | BF Biosciences Limited | Farmacia | Intra-Group eliminations | Total |
|--|-----------------------------------|--------------------|-------------------------------------|--------------------|
| NCI percentage | 20% | 2% | | |
| Non current assets | 4,075,556,379 | 89,706,448 | | |
| Revaluation surplus | 251,465,619 | 24,046,807 | | |
| Current assets | 1,591,293,283 | 162,556,978 | | |
| Non-current liabilities | 2,289,688,109 | - | | |
| Current liabilities | 1,402,956,062 | 10,514,068 | | |
| Net assets | 2,225,671,110 | 265,796,165 | | |
| Carrying amount of NCI | 445,134,222 | 5,315,923 | (4,996,546) | 445,453,599 |
| Revenue - <i>net</i> | 1,809,519,838 | 459,375,258 | | |
| Profit after taxation | 149,052,773 | 24,462,913 | | |
| Other comprehensive income | - | - | | |
| Total comprehensive income | 149,052,773 | 24,462,913 | | |
| Total comprehensive income allocated to NCI | 29,810,555 | 489,258 | (5,325,530) | 24,974,283 |
| Cash flows from operating activities | (196,065,930) | 8,053,193 | | |
| Cash flows from investing activities | (724,443,780) | 11,896,730 | | |
| Cash flows from financing activities (dividends to NCI : Nil) | 640,237,646 | - | | |
| Net (decrease) / increase in cash and cash equivalents | (280,272,064) | 19,949,923 | | |

51 Non adjusting events after the reporting date

51.1 The Board of Directors of the Holding Company in its meeting held on 04 October 2024 has proposed a final cash dividend of Rs. 3 (2023: Rs. Nil) per share, amounting to Rs. 130.41 million (2023: Rs. Nil million) subject to approval of the members in the Annual General Meeting to be held on 28 October 2024.

51.2 Subsequent to the year end, the Subsidiary Company has completed its Initial Public Offering proceedings for enlistment on Pakistan Stock Exchange. The book building and retail subscription were held on 25-26 September 2024 and 02-03 October 2024 respectively, which resulted in total funds raising of Rs. 1,925 million, These shall be accounted for in subsequent period financial statements of the Subsidiary Company as per the requirements of Companies Act, 2017 and relevant accounting standards.

52 Date of authorization for issue

These consolidated financial statements have been authorized for issue by the Board of Directors of the Holding Company on 04 October 2024.

Chief Executive Officer

Chief Financial Officer

Director

PATTERN OF SHAREHOLDING AS AT 30 JUNE 2024

| No. of Shareholders | Shareholding | | Total Shares held |
|---------------------|--------------|---------|-------------------|
| | From | To | |
| 1,426 | 1 | 100 | 35,513 |
| 912 | 101 | 500 | 246,186 |
| 488 | 501 | 1,000 | 379,765 |
| 137 | 5,001 | 10,000 | 975,388 |
| 61 | 10,001 | 15,000 | 754,502 |
| 19 | 15,001 | 20,000 | 340,691 |
| 12 | 20,001 | 25,000 | 270,826 |
| 18 | 25,001 | 30,000 | 475,825 |
| 10 | 30,001 | 35,000 | 323,907 |
| 10 | 35,001 | 40,000 | 375,186 |
| 8 | 40,001 | 45,000 | 347,021 |
| 2 | 45,001 | 50,000 | 95,167 |
| 3 | 50,001 | 55,000 | 155,092 |
| 3 | 55,001 | 60,000 | 172,673 |
| 5 | 60,001 | 65,000 | 318,089 |
| 2 | 65,001 | 70,000 | 134,514 |
| 6 | 70,001 | 75,000 | 442,093 |
| 1 | 75,001 | 80,000 | 76,100 |
| 2 | 80,001 | 85,000 | 161,735 |
| 2 | 85,001 | 90,000 | 176,001 |
| 1 | 90,001 | 95,000 | 90,718 |
| 1 | 100,001 | 105,000 | 104,940 |
| 1 | 105,001 | 110,000 | 107,280 |
| 2 | 110,001 | 115,000 | 222,960 |
| 3 | 120,001 | 125,000 | 373,340 |
| 2 | 135,001 | 140,000 | 274,399 |
| 2 | 140,001 | 145,000 | 289,000 |
| 1 | 170,001 | 175,000 | 171,770 |
| 1 | 180,001 | 185,000 | 184,728 |
| 4 | 225,001 | 230,000 | 912,510 |
| 1 | 230,001 | 235,000 | 234,202 |
| 1 | 235,001 | 240,000 | 235,716 |
| 1 | 255,001 | 260,000 | 259,538 |
| 1 | 390,001 | 395,000 | 394,097 |
| 1 | 395,001 | 400,000 | 400,000 |
| 1 | 400,001 | 405,000 | 400,264 |
| 1 | 405,001 | 410,000 | 409,618 |
| 1 | 415,001 | 420,000 | 415,629 |
| 1 | 435,001 | 440,000 | 437,466 |

PATTERN OF SHAREHOLDING AS AT 30 JUNE 2024

| No. of Shareholders | Shareholding | | Total Shares held |
|---------------------|--------------|------------|-------------------|
| | From | To | |
| 2 | 480,001 | 485,000 | 960,295 |
| 1 | 505,001 | 510,000 | 507,873 |
| 1 | 515,001 | 520,000 | 517,126 |
| 1 | 520,001 | 525,000 | 521,731 |
| 1 | 550,001 | 555,000 | 554,335 |
| 1 | 555,001 | 560,000 | 559,780 |
| 1 | 590,001 | 595,000 | 591,808 |
| 2 | 625,001 | 630,000 | 1,256,192 |
| 1 | 705,001 | 710,000 | 706,458 |
| 1 | 810,001 | 815,000 | 812,600 |
| 1 | 935,001 | 940,000 | 937,939 |
| 1 | 1,300,001 | 1,305,000 | 1,303,104 |
| 1 | 1,840,001 | 1,845,000 | 1,840,817 |
| 1 | 1,870,001 | 1,875,000 | 1,874,060 |
| 1 | 2,460,001 | 2,465,000 | 2,464,808 |
| 1 | 2,625,001 | 2,630,000 | 2,628,636 |
| 1 | 11,805,001 | 11,810,000 | 11,809,854 |
| 4,196 | | | 43,469,052 |

CATEGORIES OF SHAREHOLDER

AS AT 30 JUNE 2024

| 2.3 Categories of Shareholder | Share held | Percentage |
|---|------------|------------|
| 2.3.1 - Directors, Chief Executive Officer and their spouse and minor children | 4,525,745 | 10.41 |
| 2.3.2 - Associated Companies, undertakings and related parties | 16,242,194 | 37.36 |
| 2.3.3 - NIT & ICP | 1,874,060 | 4.31 |
| 2.3.4 - Banks, Development Financial Institutions, Non Banking Financial Institutions | 236,066 | 0.54 |
| 2.3.5 - Insurance Companies | 4,517,022 | 10.39 |
| 2.3.6 - Modarabas and Mutual Funds | 3,428,505 | 7.89 |
| 2.3.7 - General Public | | |
| a. Local | 10,591,676 | 24.37 |
| b. Foreigner | 538,371 | 1.24 |
| 2.3.8 - Other Companies (Local) | 1,515,413 | 3.49 |
| Shareholders More Than 10.00% | | |
| M/S. KFW FACTORS (PVT) LTD | 11,933,194 | 27.45 |

Trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary and their spouses and minor children are as follows:

| | | |
|---|----------|---------|
| Mrs. Akhter Khalid Waheed - Gift | Director | -58,800 |
| Mrs. Munize Azhar Peracha - Gift received | Director | 58,800 |
| Mrs. Munize Azhar Peracha - Gift* | Director | -58,800 |
| Mr. Osman Khalid Waheed - Gift received | CEO | 29,400 |

*Mrs. Munize Azhar Peracha has gifted 29,400 shares to Mr. Osman Khalid Waheed (CEO / Director) and gifted remaining 29,400 shares to non-director of the Company.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting ("AGM") of the members of Ferozsons Laboratories Limited ("the Company") will be held on Monday, 28 October 2024 at 12:30 P.M. at Blue Lagoon, Masood Akhter Kiani Road, Rawalpindi and through video-link, to transact the following business:

Ordinary Business:

1. To confirm minutes of the Annual General Meeting held on 28 October 2023.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2024 together with the Chairperson's Review, Directors and Auditors' reports thereon.
3. To consider and approve the final cash dividend for the year ended 30 June 2024 at the rate of 30% (i.e. Rs. 3 per share) as recommended by the Board of Directors.
4. To appoint Auditors for the year ending 30 June 2025 and fix their remuneration.
5. To approve related parties' transactions and transact any other ordinary business with the permission of the chair.

Special Business:

6. To consider and if deemed fit, pass the following Special Resolutions with or without modification(s):

Resolved that in accordance with the provisions the Companies Act, 2017 and other applicable regulations, meeting fee of each director for attending Board of Directors' and its sub-committees meeting be and is hereby increased from Rs. 10,000 to Rs. 100,000 and Rs. 50,000 respectively per meeting.

Further resolved that existing article 91 (a) and 91 (b) of the Articles of Association of the Company dealing with meeting fee be amended accordingly as mentioned in note no. 13.

Further resolved that Chief Executive Officer and Company Secretary of the Company be and are hereby authorized singly to take all necessary actions, make necessary filings, sign and execute such documents as may be required with regulatory bodies to give effect to above said resolutions.

A Statement of Material Facts as required under Section 134(3) of the Companies Act, 2017 concerning the aforesaid special business is annexed to the notice of meeting circulated to the members of the Company.

By order of the Board

Rawalpindi
04 October 2024

Syed Ghausuddin Saif
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. Book Closure:

The Share Transfer Books of the Company will be closed from 22 October 2024 to 28 October 2024 (both days inclusive). Transfers received at the office of the Company's Share Registrar at M/s CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore, at the close of business on 21 October 2024 will be treated in time to entitle the transferees for payment of dividend and to attend annual general meeting.

2. Participation in the AGM:

Members whose names are appearing in the Register of Members as of close of business on 21 October 2024, are entitled to attend and vote at the AGM. A Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend, speak and vote for him/her. In case of individuals, a proxy must be a Member of the Company.

Copy of the Form of Proxy may be downloaded from the Company's website: <http://www.ferozsons-labs.com>.

Form of Proxy and the Power of Attorney or any other authority (if any) under which it is signed, or a notarial certified copy/CTC of such power or authority, must be valid and submitted through email on cs@ferozsons-labs.com not less than 48 hours before the time of holding AGM.

Members are requested to submit a copy of their Computerized National Identity Card/Smart National Identity Card (CNIC/SNIC), if not already provided and immediately notify changes in the registered address to our Shares Registrar, CorpTec Associates (Pvt.) Ltd.

3. Procedure for Attending AGM through Video-link facility:

Shareholders interested to participate in the meeting through video link are requested to email their Name, Folio Number, Cell Number, and Number of Shares held in their name with subject "Registration for Ferozsons Laboratories Limited AGM - 2024" along with valid copy of both sides of Computerized National Identity Card (CNIC) at cs@ferozsons-labs.com. The video link and login credentials will be shared with only those members/designated proxies whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.

4. Guidelines for Central Depository Company of Pakistan Limited ('CDC') Account Holders:

a. For Attending the AGM:

(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 sharing a copy of his/her CNIC/SNIC or passport through email (as mentioned in the notes) at least 48 hours before the time of holding AGM.

(ii) In case of corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature of the nominee shall be shared through email at cs@ferozsons-labs.com (unless it has been provided earlier) at least 48 hours before the time of holding AGM.

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 share the Form of Proxy as per the above requirement.

(ii) The Form of Proxy shall be witnessed by two persons whose names, addresses and CNIC/SNIC numbers shall be mentioned on the form.

(iii) Copies of CNIC/SNIC or the passport of the beneficial owners and the proxy shall be furnished with the Form of Proxy through email (as mentioned in the notes).

(iv) The proxy shall share a copy of his/her CNIC/SNIC or passport through email (as mentioned in the notes).

NOTICE OF ANNUAL GENERAL MEETING

(v) In case of a corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with Form of Proxy to the Company through email (as mentioned in the notes).

5. Withholding Tax on Dividend:

Under Section 150 of the Income Tax Ordinance, 2001 following rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as under:

| | | |
|----|--|-----|
| a. | Persons appearing in the Active Tax Payers' List (ATL) | 15% |
| b. | Persons not appearing in the Active Tax Payers' List (ATL) | 30% |

Members whose names does not appear in the Active Tax Payers List (ATL) provided on the website of FBR (despite the fact that they are filers) are advised to make sure that their names are entered into ATL to avoid higher tax deductions against any future payment of dividend.

In case of joint shareholders, each shareholder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each shareholder or as may be notified by the shareholders in writing to our share registrar. In case no such notification is received, then each shareholder shall be assumed to have an equal number of shares.

6. Exemption from Deduction of Income Tax / Zakat:

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate, are requested to submit a valid tax exemption / reduced rate certificate or necessary documentary evidence as the case may be. Members desiring no deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat. These requests must be submitted to our share registrar M/s CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore.

7. Electronic Dividend Mandate:

Under the Section 242 of the Companies Act, 2017, it is mandatory for all listed Companies to pay cash dividend to its shareholders through electronic mode directly into the bank account designated by the entitled shareholders. In order to receive dividend directly into their bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available on the Company's website and send it duly signed along with a copy of CNIC to the Share Registrar, M/s. CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore in case of physical shares.

In case of shares held in CDC then Electronic Dividend Mandate Form must be directly submitted to shareholder's brokers / participant / CDC account services.

8. Submission of Valid CNIC:

Pursuant to the SECP directives the dividend of shareholders whose valid CNICs are not available with the Share Registrar could be withheld. All shareholders having physical shareholding are therefore advised to submit a photocopy of their valid CNIC immediately, if already not provided, to the Company's Share Registrar without any further delay.

9. Transfer of Physical Shares to CDC Account:

Pursuant to the section 72 of the Companies Act, 2017 listed companies are required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the date of promulgation of the Act.

The Shareholders who hold physical shares are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form.

10. Electronic Voting:

Members can exercise their right to demand a poll subject to meeting requirements of Section 143-145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.

NOTICE OF ANNUAL GENERAL MEETING

11. Video Conferencing Facility:

In accordance with provisions of the Companies Act, 2017, members can also avail video conference facility.

If the Company receives consent from members holding in aggregate 10% or more shareholding, residing at a geographical location other than the city of the meeting, to participate in the meeting through video conference at least 14 days prior to the date of the Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard, a formal request must be submitted at registered addresses of the Company OR through e-mail at cs@ferozsons-labs.com.

12. Electronic Transmission of Financial Statements:

Pursuant to various notifications, the Securities and Exchange Commission of Pakistan (SECP) has directed all companies to circulate annual financial statements and notices of annual/extraordinary general meetings through Email/CD/DVD or any other media to their shareholders at their registered addresses.

Shareholders, who wish to receive the hardcopy of the annual financial statements, may email at cs@ferozsons-labs.com. The same shall be provided to the shareholders free of cost within seven working days of receipt of such request.

The financial statements of the Company for the year ended 30 June 2024 have been placed on the Company's website: www.ferozsons-labs.com

13. Proposed Resolutions for Amendment in Articles of Association:

As mentioned in agenda no. 6 of the AGM notice, the articles 91 (a) and 91 (b) are proposed to be substituted as follows:

Article 91 (a):

Unless otherwise determined by the Company in general meeting, the remuneration of each Director shall be Rs. 100,000/- for each board meeting attended and Rs. 50,000/- for each subcommittee meeting attended by him/her plus the actual traveling expensed incurred by him/her, provided that Board of Directors may change in the fee as consider expedient or as specified by law from time to time.

Article 91 (b):

The remuneration of a Director shall be Rs. 100,000/- per meeting of the Board and Rs. 50,000/- per meeting of its subcommittees attended by him/her. The remuneration of a Director for performing extra services shall be subject to the approval of the Company in general meeting or by the Board of Directors. The remuneration of Director for performance extra services shall be subject to law.

NOTICE OF ANNUAL GENERAL MEETING

Statement of Material Facts Under Section 134(3) of the Companies Act, 2017

The statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on 28 October 2024.

Increase in Directors Meeting Fee:

The existing fee was fixed in year 2012 and industry dynamics have changed significantly in the last 12 years. In order to make the fee reasonable, in lieu of the services rendered by Board Members, the increase in fee from Rs. 10,000/- to Rs. 100,000/- for Board meetings and from Rs. 10,000 to Rs. 50,000 for sub-committee meetings is proposed.

The proposed fees is in line with industry standards and ensure competitive compensation, which is necessary to maintain a effective board. Hence, shareholders' approval is sought to adopt the revised fee levels.

Details of existing Article 91 (a) and (b) are as follows:

| Existing Article Description | Revised Article Description |
|---|---|
| Article 91 (a): Unless otherwise determined by the Company, in general meeting the remuneration of each Director shall be Rs. 10,000/- for each meeting attended by him plus the actual traveling expensed incurred by him, provided that Board of Directors may change in the fee as consider expedient or as specified by law from time to time. | Article 91 (a): Unless otherwise determined by the Company in general meeting, the remuneration of each Director shall be Rs. 100,000/- for each board meeting attended and Rs. 50,000/- for each subcommittee meeting attended by him/her plus the actual traveling expensed incurred by him/her, provided that Board of Directors may change in the fee as consider expedient or as specified by law from time to time. |
| Article 91 (b): The remuneration of a Director shall not exceed Rs. 10,000/- (Rupees ten thousand) per meeting of the Board attended by him. The remuneration of a Director for performing extra services shall be subject to the approval of the Company in general meeting or by the Board of Directors. The remuneration of Director for performance extra services shall be subject to law. | Article 91 (b): The remuneration of a Director shall be Rs. 100,000/- per meeting of the Board and Rs. 50,000/- per meeting of its subcommittees attended by him/her. The remuneration of a Director for performing extra services shall be subject to the approval of the Company in general meeting or by the Board of Directors. The remuneration of Director for performance extra services shall be subject to law. |

NOTICE OF ANNUAL GENERAL MEETING

Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

| | |
|---|--|
| Name of Investee Company | BF Biosciences Limited |
| Total Investment Approved: | Cross corporate guarantees up to Rs. 3.5 Billion in favor of financial institutions/lenders of Investee company for a tenor of 10 years along with provision of security to the lenders of investee company up to Rs 2.5 Billion for a tenor of 5 years were approved by the members in EOGM held on 12 February 2021. |
| Amount of investment made to date: | Bank guarantees amounting to Rs. 2.925 Billion and Security in the form of charge over fixed assets amounting to Rs 0.457 Billion have been issued against this approval to date. |
| Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time: | Not applicable. |
| Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment: | As per latest available audited financial statements for the year ended 30 June 2024 the basic earnings per share is Rs. 6.09 and breakup value per share is Rs. 37.26. |

DIRECTORS' REPORT

(URDU)

اور پہلے سے منظور شدہ علاج ("HTE")، خاص طور پر وہ مریض جن میں (HIV) کی دواؤں کے خلاف مزاحمت پیدا ہو چکی ہے۔ اس دوا کی تیاری اور رجسٹریشن میں تقریباً پچھ سے سات ماہ لگیں گے۔ کمپنی کی انتظامیہ نئے مصنوعات کی تیاری، لاگت میں کمی کے اقدامات کے نفاذ، اور پائیدار ترقی کو یقینی بنانے کے لیے پرعزم ہے۔ ہم اُن شعبوں کو بھی فعال طور پر تلاش کر رہے ہیں جہاں مریضوں کی ضروریات پوری نہیں ہو رہیں۔ ہمارا عزم ہے کہ ہم مریضوں کی فلاح و بہبود کے لیے اعلیٰ معیار کی دواسازی کی فراہمی کو یقینی بنائیں۔

اظہار تشکر

ہم کمپنی کے مقاصد کے حصول کے لئے اپنے ملازمین کی اہم کوششوں اور وابستگیوں پر اظہار تشکر کرنا چاہتے ہیں۔ مزید برآں مستقل حمایت اور کمپنی پر اعتماد کے لئے ہم اپنے اعلیٰ عہدیداران، کاروباری شراکت داروں اور معزز صارفین کا بھی شکریہ ادا کرتے ہیں۔

بورڈ کے لئے/کی طرف سے

مسز اختر خالد وحید

چیئر پرسن

مسٹر عثمان خالد وحید

چیف ایگزیکٹو آفیسر

لاہور

14 اکتوبر، 2024

• انفارمیشن ٹیکنالوجی کے خطرات

کمپنی اپنی مستقبل کی ضروریات کو مد نظر رکھتے ہوئے اپنی IT کے انفراسٹرکچر میں سرمایہ کاری جاری رکھتی ہے۔

مالیاتی خطرات

یہ وہ خطرات ہیں جو براہ راست کمپنی کی مالیاتی بقا سے تعلق رکھتے ہیں۔ ان کی وضاحت مالیاتی دستاویزات کے نوٹس میں دی گئی ہے۔

ایگزیکٹو ڈائریکٹر/ چیف ایگزیکٹو آفیسر اور نان ایگزیکٹو ڈائریکٹرز کی معاوضہ پالیسی

ایگزیکٹو ڈائریکٹر/ چیف ایگزیکٹو آفیسر کو معاوضہ پیکج کا استحقاق حاصل ہے۔ جس کی تفصیلات مالیاتی دستاویزات کے نوٹ 40 میں وضاحت سے بیان کی گئی ہیں۔ جبکہ نان ایگزیکٹو ڈائریکٹرز بشمول آزاد ڈائریکٹرز صرف اجلاس کی شرکت کے لئے فیس اور سفر کے اخراجات کا استحقاق رکھتے ہیں۔

آڈیٹرز

آڈیٹرز میسرز KPMG تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہوئے ہیں۔ اور سال 2024-25 میں دوبارہ تعیناتی کے لئے خود کو پیش کرتے ہیں۔ بورڈ آڈٹ کمیٹی نے سال 2024-25 کے لئے کمپنی کے آڈیٹرز کے طور پر KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تعیناتی کے لئے سفارش کی ہے۔ اس کے ساتھ بورڈ نے آنے والے سالانہ اجلاس عام میں شراکتی حصہ داروں کے لئے اس کی سفارش کی ہے۔

صنعتی جائزہ اور مستقبل کا منظر نامہ

حکومت پاکستان نے نیشنل اینٹیل میڈیسنز لسٹ سے باہر ادویات کی قیمتوں کو ڈی ریگولیت کرنے کا اہم اقدام اٹھایا ہے۔ اس اقدام سے معیاری ادویات کی دستیابی کو یقینی بنانے اور صنعت میں بہتر مقابلہ پیدا کرنے کی توقع ہے، جو بالآخر مریضوں اور صنعت دونوں کے لیے فائدہ مند ثابت ہوگا۔ مزید برآں، میکرو اکنامک ماحول میں استحکام کے ساتھ مہنگائی کے دباؤ اور مالیاتی اخراجات میں کمی سے دواساز شعبے کو ریلیف ملے گا، جو پچھلے دو سالوں کے دوران شدید دباؤ کا شکار رہا ہے۔

کمپنی کو درپیش ایک اہم چیلنج سرکاری اداروں کی جانب سے تجارتی قرضوں کا بروقت تصفیہ ہے۔ 30 جون 2024 تک، تقریباً 2 ارب روپے کے تجارتی قرضے سرکاری اداروں سے وصول طلب ہیں۔ یہ وصولیاں بنیادی طور پر طبی آلات کے ٹینڈرز سے متعلق ہیں، جن کی فراہمی عبوری حکومت کے دور میں نیک نیٹی کے ساتھ کی گئی تھی۔ تاہم، نئی حکومت کے قیام کے بعد یہ ذمہ داریاں بہت سست رفتار سے طے ہو رہی ہیں۔ نتیجتاً، کمپنی ان بقایا جات کو مالی امداد دینے کے لیے قلیل مدتی مالیاتی سہولتوں کا استعمال کر رہی ہے، اور ان قرضوں پر مالیاتی اخراجات کمپنی کے منافع پر منفی اثر ڈال رہے ہیں۔ ہمیں یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ کمپنی نے (گیلیڈ سائنسز) کے ساتھ ایک غیر خصوصی رضا کارانہ لائسنس معاہدے پر دستخط کیے ہیں، جس کے تحت ترقی پذیر ممالک میں وسائل کی کمی اور زیادہ بوجھ والے ممالک میں لائسنس یافتہ جنرک (Lenacapavir) کی تیاری اور فروخت کی جائے گی۔ فیروز سزنان چھ عالمی شراکت داروں میں شامل ہے جنہوں نے (Gilead) کے ساتھ اعلیٰ معیار کے جنرک (Lenacapavir) تیار کرنے کے لیے کامیابی سے رضا کارانہ لائسنس معاہدہ کیا ہے۔ انجیکٹ اہبل دو فیروز سزنان کی مشترکہ منصوبہ جاتی ذیلی کمپنی بی ایف بائیوسائنسز لمیٹڈ (BF BIO) میں تیار کی جائے گی، جبکہ زبانی دو فیروز سزنان کی او ایس ڈی فیسلٹی میں تیار کی جائے گی۔

(Lenacapavir) کو امریکی FDA نے ان مریضوں ("HTE") کے لیے منظور کیا ہے جو پہلے سے بہت زیادہ علاج سے گزر چکے ہیں اور جنہیں انسانی مدافعتی وائرس کے انفیکشن کا سامنا ہے۔ اس دوا کا استعمال (HIV) کی روک تھام کے لیے بھی زیر تحقیق ہے۔ یہ معاہدہ (Lenacapavir) کو (HIV) کی روک تھام (جس کی منظوری ابھی باقی ہے)

بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیوں کی تشکیل اور میٹنگز

بورڈ آف ڈائریکٹرز کی ساخت، کمیٹیاں اور منعقد ہونے والے اجلاس، کی تفصیلات کے ساتھ جو مالیاتی سال 2023-2024 کے دوران کسی بھی وقت کمپنی کے ڈائریکٹرز رہنے والے افراد کی تفصیل ساتھ لف کر دی گئی ہے۔

حصص داری کی ترتیب

30 جون 2024 ہر حصص داری کی ترتیب ساتھ لف ہے۔ کمپنی کے تمام حصص کی تجارتیں، اگر کوئی ڈائریکٹروں، CEO، CFO، کمپنی سیکریٹری، ایگزیکٹوز یا ان کی بیویوں یا چھوٹے بچوں نے کی ہیں وہ بھی لف ہے۔

کمپنی کی سماجی ذمہ داری

ہماری کاروباری حکمت عملی اور برتری کے نظام کے عین مطابق ہم ماحولیاتی تحفظ اور کمیونٹی کی صحت اور تعلیمی کاوشوں میں سرمایہ کاری کے لئے پرعزم ہیں۔ زیر جائزہ سال کے دوران آپ کی کمپنی نے CSR کی مختلف سرگرمیوں کے حوالے سے بالخصوص مندرجہ ذیل تنظیموں میں تعاون کیا ہے۔

• نیشنل مینجمنٹ فاؤنڈیشن

• رزق ٹرسٹ

خطرات سے بچاؤ

بورڈ آف ڈائریکٹرز نے کمپنی کو درپیش اہم خطرات کا مضبوطی سے جائزہ لیا ہے۔ بشمول بزنس ماڈل، مستقبل کی کارکردگی اور کاروباری صلاحیت یا سرمائے کے اضافے کے لئے خطرات بیماری خطرات کے بندوبست کی حکمت عملی بنیادی طور پر خطرات کے مقامات کی سمجھ بوجھ، تعین، تجزیہ اور ترجیحی بنیادوں پر نمٹنے پر مشتمل ہے۔ ان خطرات میں کمی لانے کے لئے مختلف حکمت عملیوں کی تشکیل دی گئی ہے۔ اور انہیں اختیار کیا گیا ہے۔ کمپنی کو درپیش بنیادی خطرات میں سے کچھ مندرجہ ذیل ہیں۔

اقتصادی اور سیاسی خطرات

ہمارے ملک میں ہر دم تبدیل ہوتی اقتصادی اور سیاسی صورتحال نے ہماری کمپنی کو بھی اس خطرے سے دوچار کیا ہے۔ اس سے نمٹنے کے لئے انتظامیہ مارکیٹ کی اقتصادی صورتحال اور سیاسی فضا کا بغور مشاہدہ کرتی ہے۔ اور غیر موافق صورتوں سے نمٹنے کے لئے انتظامیہ کی سطح پر مناسب عمل اور حکمت عملیوں پر بات چیت کی جاتی ہے۔

مسابقت کے خطرات

مارکیٹ میں غیر قانونی اور غیر معیاری مصنوعات پر کمزور ریگولیشن کنٹرول کی وجہ سے پاکستان میں ادویات سازی کی صنعت کو غیر صحت مند مقابلے کے خطرات درپیش ہیں۔ ان خطرات سے نمٹنے کے لئے آپ کی کمپنی پاکستان فارماسیوٹیکل مینوفیکچررز ایسوسی ایشن کے دیگر ممبران کے ساتھ مل کر بہتر حکومتی ریگولیشن اور پالیسیوں کے لئے مسلسل قانون سازی کر رہی ہے۔

سپلائی چین کے خطرات

کمپنی کے دن بدن کی عملی سرگرمیوں میں سپلائی چین کا عمل اہم کردار ادا کرتا ہے۔ ہم مضبوط پیداواری منصوبہ بندی اور اسے فروخت کی پیش گوئی اور واجب التکمیل نظاموں سے مربوط کر کے خطرات سے نمٹ رہے ہیں۔

- مالیاتی دستاویزات کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپونٹنگ کے معیارات کے مطابق تیاری کی گئی ہے اور اس سے کسی بھی قسم کے انحراف کو ظاہر کیا گیا ہے۔ اور اسکی وضاحت دی گئی ہے۔
- اندرونی کنٹرول کے نظام اپنے منصوبے میں بہترین ہیں۔ انتظامیہ نے ان کا موثر اطلاق کیا ہے اور اندرونی آڈیٹرز، بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی نے ان کی نگرانی کی ہے۔ بورڈ آف کمیٹی کے ذریعے قائم کئے گئے اندرونی کنٹرول کے موثر پن کا جائزہ لیتا ہے۔ اور بوقت ضرورت اندرونی کنٹرول کے نظام میں بہتری کے لئے تجویز بھی دیتا ہے۔
- نظام کی صورت حال کو جاری رکھنے کے لئے کمپنی کی قابلیت کے بارے میں کسی قسم کے شکوک و شبہات نہیں ہیں۔
- لسٹ شدہ ریگولیشنز میں تفصیل سے بتائی گئی اجتماعی شراکت داری کی رہنمائی کی بہترین حکمت عملیوں سے کسی قسم کا کوئی احترام موجود نہیں ہے۔
- گزشتہ سال کے عملیاتی نتائج سے اہم انحراف سالانہ رپورٹ میں تفصیل اور وجوہات کے ساتھ بتادیئے گئے ہیں۔
- کمپنی مستقبل میں کہیں اجتماعی شراکت داری کی تشکیل نو یا اپنے جاری کاموں کو منقطع یا موٹوف کرنا باور نہیں کرتی۔
- 30 جون 2024 تک قابل ادا معمول کے تمام بڑے حکومتی محصولات سال کے خاتمے پر ادا کردیئے گئے ہیں۔
- 30 جون 2023 تک تازہ ترین آڈٹ شدہ اکاؤنٹس کی بنیاد پر ملازمین کے پراویڈنڈ کی سرمایہ کاری کی قیمت 1,048 ملین روپے ہے۔

پائیداری، رسک مینجمنٹ، اور تنوع کے اقدامات

- انتظامیہ کے ان پٹ کی بنیاد پر، بورڈ نے کمپنی کی آپریشنز پر اثر انداز ہونے والے ممکنہ پائیداری سے متعلق تمام خطرات کا جائزہ لیا ہے۔ تاہم، فضلہ پانی کے علاوہ کوئی بڑا پائیداری سے متعلق خطرہ شناخت نہیں کیا گیا۔ اس خطرے کو کم کرنے کے لیے ایک فضلہ پانی کی ٹریٹمنٹ پلانٹ کمیشن کیا گیا ہے۔
- فضلہ پانی کو مناسب طریقے سے صاف کیا جاتا ہے تاکہ اسے مرکزی نکاسی میں خارج کرنے سے پہلے مکمل طور پر بے ضرر بنا دیا جائے۔ یہ عمل مقامی پانی کے ذرائع کو آلودگی سے بچانے اور ماحولیاتی ضوابط کی پاسداری کو یقینی بنانے میں اہم کردار ادا کرتا ہے۔
- پائیداری کے تئیں اپنے عزم کے تحت، کمپنی نے قابل تجدید توانائی کے حل میں بھی سرمایہ کاری کی ہے۔ ایک میگا واٹ کاسولر پاور پلانٹ پہلے سے فعال ہے، جبکہ ایک اور میگا واٹ کاسولر پاور پلانٹ نصب ہونے کے مراحل میں ہے۔ یہ کمپنی کے سبز توانائی کے عزم کی عکاسی کرتا ہے۔
- کمپنی متنوع، مساوی اور شمولیتی کام کی جگہ کے فروغ کو انتہائی اہمیت دیتی ہے۔ بورڈ اور انتظامیہ کی ٹیمیں تمام ملازمین کے لیے مساوی مواقع کو برقرار رکھنے کے لیے پر عزم ہیں۔ ہمیں فخر ہے کہ بورڈ آف ڈائریکٹرز اور انتظامیہ کی ٹیموں میں خواتین کی نمایاں نمائندگی ہے۔

قومی خزانے میں حصہ

حالیہ مالی سال کے دوران پیدا کی گئی مکمل دولت میں سے آپ کی کمپنی نے قومی خزانے میں مختلف محصولات کے ضمن میں 278 ملین روپے حصہ دیا جن میں انکم ٹیکس، کسٹم ڈیوٹی، فیڈرل اور صوبائی سیلز ٹیکس WPPF، WWF، اور سینٹرل ریسرچ فنڈ شامل ہیں۔

پیسے کی وصولی اور ادائیگی کا انتظام

کمپنی کے سرمائے کے بہاؤ کے بندوبست کا نظام باقاعدہ بنیادوں پر سرمائے کی آمدورفت کرتا ہے اور روزانہ کی بنیاد پر سرمائے کی پوزیشن کی نگرانی کرتا ہے۔

متعلقہ پارٹی کے ساتھ کاروباری امور کی انجام دہی

30 جون 2024 کو ختم ہونے والے سال کے دوران، متعلقہ پارٹیوں کے ساتھ کاروباری امور کو آڈٹ کمیٹی اور بورڈ کے ساتھ منظوری اور جائزے کے لئے رکھا گیا۔ سال کے دوران ہونے والے اجلاس میں بورڈ نے ان کاروباری امور کی منظوری دی۔ متعلقہ پارٹی کے کاروباری امور کی تفصیل دستاویزات کے نوٹ 41 میں دی گئی ہے۔

کلیدی عملی اور مالیاتی اعداد و شمار

گزشتہ 6 سالوں کے لئے انفرادی اور مجموعی مالیاتی تفصیلات کے کلیدی عملی اور مالیاتی اعداد و شمار کا خلاصہ ضم کیا گیا ہے۔

سرمایہ کاری کے اخراجات

رواں سال میں کمپنی نے اپنی پیداواری سہولیات کے توازن اور تجدید کے لئے 391 ملین روپے کی سرمایہ کاری کی۔

سال کے اختتام کے بعد ہونے والے واقعات

مالیاتی پوزیشن کی تفصیلات کی تاریخ اور اس رپورٹ کی تاریخ تک کمپنی کی مالیاتی پوزیشن میں تبدیلی لانے والے کسی قسم کے واقعات رونما نہیں ہوئے۔

فی حصص آمدن

30 جون 2024 کو ختم ہونے والے سال کے لئے خالص منافع کی بنیاد پر، آزادانہ حیثیت میں فی حصص آمدنی (EPS) گزشتہ سال فی حصص 4.35 روپے کے مقابلے میں 9.20 روپے فی حصص پر رکھی رہی جبکہ 30 جون 2024 کو ختم ہونے والے سال کے لئے اجتماعی EPS گزشتہ سال 6.24 روپے فی حصص کی نسبت 15.72 روپے فی حصص ہے۔

ڈویڈنڈ کا اعلان

ڈائریکٹرز نے 30 جون 2024 کو ختم ہونے والے سال کے لیے 30% یعنی 3 روپے فی حصص کے حتمی نقد ڈویڈنڈ کی سفارش کی ہے، جو 28 اکتوبر 2024 کو ہونے والی سالانہ جنرل میٹنگ میں حصص یافتگان کی منظوری سے مشروط ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل کا اعلامیہ

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی شرائط پر ہماری کمپنی پوری طرح عمل پیرا ہے۔ اور اس تعمیل کا اعلامیہ اور آڈیٹرز رپورٹ ہماری سالانہ رپورٹ میں شامل ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک کی تعمیل کا اعلامیہ:

- آپ کی کمپنی کا بورڈ آف ڈائریکٹرز اچھے اجتماعی شراکت داری کے بندوبست کی عملداری کے لئے پرعزم ہے۔ کمپنی کی انتظامیہ اجتماعی شراکت داری کی رہنمائی کے ضابطے میں درج بہترین حکمت عملی کے تقاضوں کی تعمیل کرتی ہے۔
- کمپنی کی انتظامیہ کی تیار کردہ مالیاتی دستاویزات اپنے معاملات، عملیات کے نتائج، رقوم کی گردش اور ملکیتی منافع میں تبدیلیوں کو درست اور جائزہ طور پر پیش کرتی ہیں۔
- کمپنی کے مناسب انداز میں کھاتے برقرار رکھے گئے ہیں۔
- مالیاتی دستاویزات کی تیاری کے لئے اکاؤنٹنگ کی مناسب پالیسیوں کی عملداری کی گئی ہے۔ اکاؤنٹنگ کے تخمینے معقول اور محتاط فیصلوں پر مبنی ہیں۔

فیروز سنز لیبارٹریز لمیٹڈ کا مالیاتی اور عملی جائزہ

کمپنی کی مجموعی خالص فروخت 15.9 ارب روپے پر پہنچ گئی، جو پچھلے سال کے مقابلے میں 38% اضافہ ظاہر کرتی ہے۔ علیحدہ طور پر، کمپنی کی خالص فروخت 12.7 ارب روپے رہی، جس میں پچھلے سال کے مقابلے میں 28% اضافہ ہوا۔

مارکیٹ میں جزک مصنوعات کی فروخت میں 31% اضافہ دیکھنے میں آیا، جبکہ ادارہ جاتی سطح پر جزک ادویات اور میڈیکل ڈیوائسز کی فروخت میں 27% اضافہ ہوا۔ یہاں یہ بات اہم ہے کہ فروخت میں اضافے کی بنیادی وجہ قیمتوں کا نہیں بلکہ مقدار کا بڑھنا ہے۔

کمپنی کا مجموعی منافع کارجن 39% رہا، جو پچھلے سال کے برابر ہے۔ چونکہ فروخت کی اشیاء میں کوئی خاص تبدیلی نہیں آئی، اس لیے فروخت کی قیمتوں میں اضافے نے خام مال کی بڑھتی ہوئی قیمتوں کا اثر زائل کیا۔

فروخت میں اضافے کے ساتھ ساتھ، سیلنگ اور ڈسٹریبیوشن کے اخراجات میں 28% اضافہ ہوا۔ یہ اضافہ مہنگائی کے اثرات اور دائمی بیماریوں کے علاج میں رسائی بڑھانے کے لیے کی گئی سرمایہ کاری کو ظاہر کرتا ہے۔

دیگر اخراجات میں 66% کمی آئی، جو بنیادی طور پر ایکسچینج ریٹ کے نقصانات میں کمی کو ظاہر کرتا ہے۔

مالیاتی اخراجات میں 233% کا اضافہ ہوا، جو اسٹیٹ بینک آف پاکستان کی پالیسی ریٹ میں اضافے اور سال بھر میں ورکنگ کیپٹل کی زیادہ استعمال شدہ سہولتوں کا نتیجہ ہے۔

کمپنی کا بعد از ٹیکس منافع 400 ملین روپے پر پہنچ گیا، جو پچھلے سال کے 189 ملین روپے کے مقابلے میں 112% اضافہ ظاہر کرتا ہے۔ بعد از ٹیکس منافع کی بنیاد پر، سال 30 جون 2024 کو ختم ہونے والے عرصے کے لیے فی حصص آمدنی 9.20 روپے بنتی ہے، جو پچھلے سال کے اسی عرصے میں 4.25 روپے تھی۔

بی ایف بائیوسائنسز لمیٹڈ (ذیلی کمپنی) کا مالیاتی اور عملی جائزہ

بی ایف بائیوسائنسز لمیٹڈ (ذیلی کمپنی) کی خالص فروخت 3.7 ارب روپے پر بند ہوئی، جو پچھلے سال کے 1.8 ارب روپے کے مقابلے میں 102% کا مضبوط اضافہ ظاہر کرتی ہے۔ بعد از ٹیکس منافع میں بھی نمایاں اضافہ دیکھنے میں آیا اور یہ 385 ملین روپے پر بند ہوا، جو پچھلے سال کے 149 ملین روپے کے مقابلے میں 159% کا اضافہ ظاہر کرتا ہے۔

سال کے اختتام کے بعد، ہم نے بی ایف بائیوسائنسز لمیٹڈ (BF BIO) کا پاکستان اسٹاک ایکسچینج پر کامیابی سے ابتدائی عوامی پیشکش (IPO) مکمل کیا ہے۔ (IPO) سے حاصل ہونے والے فنڈز کو سرمایہ کاری، برآمدی سٹریٹجیکیشن کے حصول اور ورکنگ کیپٹل کی ضروریات کو پورا کرنے کے لیے استعمال کیا جائے گا۔ بی ایف بائیو کے توسیعی منصوبے کے بارے میں، پری فلڈ سرنجری لائن مکمل طور پر شروع کر دی گئی ہے اور کمرشل پیداوار کا آغاز ہو چکا ہے۔ مزید یہ کہ ہم نے ڈرگ ریگولیٹری اتھارٹی آف پاکستان سے لائیف فلائزر اور کمی فلنگ لائسنز کے لیے تمام ضروری منظوری حاصل کر لی ہے۔ یہ لائسنس بھی کمیشن کر دی گئی ہیں اور اس وقت اندرونی جانچ کے مرحلے میں ہیں۔ ہمیں یقین ہے کہ یہ جانچ جلد مکمل ہو جائے گی اور اکتوبر 2024 میں انشاء اللہ کمرشل پیداوار کا آغاز متوقع ہے۔

پاکستان میں ذیابیطس کا مرض دنیا میں سب سے زیادہ ہے۔ جہاں ہر 3 میں سے 1 بالغ پاکستانی اس بیماری کا شکار ہے۔ اس پس منظر میں، ہمیں یہ بتاتے ہوئے

خوشی محسوس ہو رہی ہے کہ ہماری اسٹریٹجک مصنوعات (Recombinant Human Insulin) Ferulin® اور (Semaglutide) Sematide® کے بارے میں جو رد عمل ملا ہے، وہ الحمد للہ حوصلہ افزا ہے۔ ہمیں امید ہے کہ ہم مریضوں کی ان اہم دواؤں تک رسائی فراہم کر کے ذیابیطس کی بڑھتی ہوئی شرح کو روکنے میں ڈاکٹروں کی مدد کرنے کے اپنے مشن میں مثبت اثر ڈال سکیں گے۔

شراکت داروں کے لئے ڈائریکٹر رپورٹ

(30 جون، 2024 کو سال کے خاتمے پر)

ہم 68 ویں سالانہ رپورٹ پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔ جو کہ 30 جون، 2024 کو ختم ہونے والے مالی سال کے لئے کمپنی کی ذاتی آزاد حیثیت میں آڈٹ شدہ تفصیلات کے ساتھ اجتماعی مالیاتی تفصیلات پر مشتمل ہے۔ اجتماعی مالیاتی تفصیل کمپنی کی 80 فیصد مالک ماتحت ذیلی کمپنی BF بائوسائنسز لمیٹڈ اور کمپنی کے ذاتی ملکیتی 98 فیصد ادویاتی کاروبار کا احاطہ کرتی ہے۔

یہ مالیاتی گوشوارے اور ڈائریکٹرز رپورٹ کو پاکستان میں منظور شدہ قابل اطلاق اکاؤنٹنگ کے معیارات کے ساتھ ساتھ کمپنیز ایکٹ 2017 اور لسٹ شدہ کمپنیز ریگولیشنز 2019 (اجتماعی شراکت داری کی نگرانی کے ضابطے) کے عین مطابق تیار کیا گیا ہے۔

آپ کی کمپنی کے انفرادی اور انضمام کردہ مالیاتی نتائج کا خلاصہ

اس سال کے مالیاتی نتائج اور منافع کی تقسیم کا خلاصہ اور پچھلے سال سے موازنہ نیچے دیا گیا ہے۔

| انضمام کردہ | | انفرادی | | |
|-------------------|------------|-----------|------------|---------------------|
| 2023 | 2024 | 2023 | 2024 | |
| (روپے ہزاروں میں) | | | | |
| 11,457,221 | 15,854,750 | 9,893,391 | 12,711,714 | خالص آمدنی |
| 4,261,188 | 6,462,667 | 3,822,287 | 4,942,086 | مجموعی منافع |
| 414,671 | 1,140,216 | 275,332 | 582,692 | منافع قبل از ٹیکس |
| 296,242 | 755,475 | 189,042 | 400,054 | منافع بعد از ٹیکس |
| 6.24 | 15.72 | 4.35 | 9.20 | فی حصص آمدنی (روپے) |

FORM OF **PROXY**

FEROZSONS LABORATORIES LIMITED

FORM OF PROXY

68th Annual General Meeting

I/We, _____ of _____
being a member of **Ferozsons Laboratories Limited** and holder of _____
ordinary Shares as per share register Folio/CDC Account No. _____ hereby
appoint Mr./Mrs. _____
Folio/CDC Account No. _____ of _____ CNIC No. or Passport
No. _____ or failing him/her Mr./Mrs. _____
Folio/CDC Account No. _____ of _____ CNIC No. or Passport
No. _____ who is also a member of the Company as my/our proxy to
attend, speak and vote for me/us and on my/our behalf at the 68th Annual General
Meeting of the Company to be held on Monday, 28 October 2024 at 12:30 p.m. or
at any adjournment thereof.

Five Rupees
Revenue Stamp

Signature of Shareholder

(The signature should agree with the
specimen registered with the Company)

Dated this _____ day of _____ 2024

Signature of Proxy _____

1. Witness:

Signature: _____

Name: _____

Address: _____

CNIC No. _____

2. Witness:

Signature: _____

Name: _____

Address: _____

CNIC No. _____

Note: Proxies, in order to be effective, the instrument of proxy and the power of attorney or any other authority, under which it is signed, must be shared through e-mail on cs@ferozsons-labs.com not less than 48 hours before the time of AGM.

CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their CNIC or Passport with the proxy form before email to the Company.

CUT HERE

فیروز سنز لیبارٹریز لمیٹڈ

نمائندگی فارم (پراکسی فارم)

68 واں سالانہ اجلاس عام

میں/ہم _____ کا/کی _____ بحیثیت رکن فیروز سنز لیبارٹریز لمیٹڈ اور بذریعہ حصص رجسٹر کے فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر _____ حامل _____ عام حصص، کمپنی کے ایک دوسرے رکن کا/کی _____ فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر _____ شناختی کارڈ نمبر _____ یا پاسپورٹ نمبر _____، یا بصورت دیگر کمپنی کے اور رکن کا/کی _____ فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر _____ شناختی کارڈ نمبر _____ یا پاسپورٹ نمبر _____، کو میری/ہماری غیر حاضری میں کمپنی کے 68 ویں سالانہ اجلاس عام میں، جو بتاریخ 28 اکتوبر 2024، دوپہر 12:30 بجے منعقد ہو رہا ہے، یا کسی بھی ملتوی شدہ اجلاس میں حاضری، اظہارِ خیال اور حق رائے دہی کے استعمال کیلئے اپنا نمائندہ (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

حصص دار کے دستخط
(دستخط کمپنی میں رجسٹرڈ نمونے سے مطابقت رکھتے ہوئے چاہئے)

پانچ روپے کی ریونیو سٹامپ

_____ نمائندہ کے دستخط:

بتاریخ _____ مہینہ _____ 2024

2. گواہ

1. گواہ

دستخط:

دستخط:

نام:

نام:

پتہ:

پتہ:

_____ شناختی کارڈ نمبر:

_____ شناختی کارڈ نمبر:

نوٹ:

نمائندگی فارم (پراکسی فارم)، اور مختار نامہ یا دیگر دستاویز جس کے تحت اس پر دستخط کئے گئے ہوں، ای میل ایڈریس cs@ferozsons-labs.com پر سالانہ اجلاس عام کے وقت سے کم از کم 48 گھنٹے پہلے ای میل کے ذریعے بھجوا دیں، بصورت دیگر یہ فارم موثر تصور نہیں کیا جائے گا۔

سی ڈی سی حصص یافتگان اور انکے نمائندوں (پراکسی) سے درخواست ہے کہ نمائندگی فارم (پراکسی فارم) کمپنی کو ای میل کرنے سے پہلے اس کے ساتھ اپنے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹوکاپی لف کریں۔



The logo features the number '35' in a large, stylized font. The '3' is blue with a green cross inside its lower loop, and the '5' is orange. To the right of '35' is the word 'YEARS' in bold black capital letters, with a small blue bird icon above the 'A'. Below this, the phrase 'OF TRUST & DEVOTION' is written in a smaller, black, sans-serif font.

35 YEARS
OF TRUST & DEVOTION