

THE SEARLE COMPANY LIMITED

Notice of 59th Annual General Meeting

Notice is hereby given that the 59th Annual General Meeting (AGM) of The Searle Company Limited (the “Company”) will be held on Monday, October 28, 2024 at 04:00 p.m. and through video conferencing at Indus Suite, Avari Towers, Fatima Jinnah Road, Karachi-75530 to transact the following business:

Members are encouraged to attend the AGM through a video conference facility managed by the Company (please see the notes section for details).

ORDINARY BUSINESS

1. To confirm the minutes of last annual general meeting held on October 27, 2023.
2. To receive, consider and adopt the standalone and consolidated audited financial statements of the Company for the year ended June 30, 2024, together with the Board of Directors' and Independent Auditor's Reports thereon.

As required under section 223(7) of the Companies Act, 2017 and pursuant to S.R.O. 389(I)/2023 dated March 21, 2023 the financial statements of the Company have been uploaded on the website of the Company, which can be downloaded from the following weblink / QR code.

<https://searlecompany.com/investor-information/>



Annual Report has also been emailed to those shareholders who have provided their email IDs to the Company.

3. To appoint external auditors of the Company and to fix their remuneration for the year ending June 30, 2025. The present auditors, M/s. A. F. Ferguson & Co., Chartered Accountants, retiring and being eligible, have offered themselves and consented for re-appointment, and the Board of Directors has recommended their appointment.

SPECIAL BUSINESS

4. To approve the remuneration of Executive Director(s) including the Chief Executive Officer and, if thought appropriate, to pass with or without modification(s) the following resolutions as ordinary resolution:

“**RESOLVED** that the Chief Executive Officer and one full-time working director will be paid an amount not exceeding PKR 168 million approximately which includes allowances and other benefits as per terms of their employment for the year ending June 30, 2025 be and is hereby approved. Further, the Chief Executive Officer and Executive Director are entitled for free use of Company maintained transport for official and private purposes as approved by the Board.”

5. To consider and if deemed fit, ratify and approve (as the case may be), the following resolutions, as special resolutions, with respect to related party transactions/arrangements conducted, in terms of Section 207 and / or 208 of the Companies Act, 2017 (to the extent applicable), with or without modification:

“**RESOLVED** that the transactions carried out by the Company with different Related Parties, during the year ended June 30, 2024, as disclosed in note 45 of the unconsolidated financial statements of the Company for the said period and specified in the Statement of Material Information under Section 134(3), be and are hereby ratified and confirmed.

FURTHER RESOLVED that the Company be and is hereby authorized to enter into arrangements or carry out transactions from time to time including, but not limited to, for the purchase and sale of goods and material including chemicals or availing or rendering of services or share subscription, with different related parties to the extent deemed fit and /or approved by the Board of Directors, during the financial year ending June 30, 2025. The members have noted that for the aforesaid arrangements and transactions some or a majority of the Directors may be interested. Notwithstanding the same, the members hereby grant an advance authorization and approval to the Board Audit Committee and the Board of Directors of the Company, including under Section 207 and/ or 208 of the Companies Act, 2017 (to the extent applicable) to review and approve all related party transactions as per the quantum approved by the Board of Directors from time to time.

FURTHER RESOLVED that the related party transactions, for the period ending June 30, 2025, shall be deemed to have been approved by the members, and shall subsequently be placed before the members in the next Annual General Meeting for ratification and confirmation.”

OTHER BUSINESS

6. To transact any other business with the permission of the chair.

“Statement of Material Facts concerning the special business, as required under section 134(3) of the Companies Act, 2017 is being sent to the members along with the notice of the meeting and also available on our website: www.searlecompany.com

By order of the Board

Zubair Razzak Palwala
Director & Company Secretary

Karachi: October 7, 2024

NOTES:

A. Participation in the AGM via physical presence including through proxy:

Members whose names appear in the Register of Members as of October 22, 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. The proxy need not be a member of the Company.

An instrument of proxy applicable for the AGM is being provided with the Notice sent to the members. Proxy form may also be downloaded from the Company’s website: www.searlecompany.com. An instrument of proxy and the power of attorney or other authority, if any, under which it is signed, or a certified true copy of such power or authority duly notarized must, to be valid, be received by the Company’s Registered Office: 2nd Floor, One IBL Centre, Plot No. 1, Block 7 & 8, Tipu Sultan Road, Off Shahrah-e-Faisal, Karachi-75350 (attention to the Company Secretary) or email at company.secretary@searlecompany.com not less than 48 hours before the time of AGM, excluding public holidays.

Members having physical shareholding are requested to submit a copy of their Computerized National Identity Card (CNIC) at the registered address to our Share Registrar: CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99 – B, Block ‘B’, S.M.C.H.S., Main Shakra-e-Faisal, Karachi-74400. CDC account holders may submit to their respective CDC Participant/ Stockbroker / Investor Account Services.

If a member appoints more than one proxy and more than one instrument of proxy is deposited by a member, all such instruments of proxy shall be rendered invalid.

B. Participation in the AGM through Video conferencing:

i) Members interested in attending / participating in the AGM through video link facility are hereby advised to get themselves registered with the Company by providing the following information through email sent to cdcsr@cdcsrsl.com or WhatsApp at 0321-8200864 at the earliest, but not later than 48 hours before the time of the AGM i.e. before 4:00 p.m. on October 26, 2024.

- a) Name of Member;
- b) CNIC / NTN No.;
- c) Folio No. / CDC IAS No.;
- d) Cell No.; and

- e) Email address.
- ii) The online meeting link and login credentials will be shared with only those members who provide their intent to attend the meeting containing all the required particulars as mentioned above on or before October 26, 2024 by 03:00 p.m.
- iii) The login facility will remain open from 3:30 p.m. till the end of AGM.
- iv) An individual beneficial owner of the shares must bring his/her original CNIC or Passport, Account and Participant's ID numbers to prove his / her identity. A representative of corporate members must bring the Board of Directors' Resolution and/or Power of Attorney and the specimen signature of the nominee. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

C. Book closure

The share transfer books will remain closed from October 22, 2024 to October 28, 2024 (both days inclusive). Transfers received in order at the office of Company's Share Registrar, M/s. CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi-74400 at the close of business on October 21, 2024 shall be considered in time for the purpose of attending the Annual General Meeting.

D. Change of Address

Members having physical shareholding are requested to notify changes in their address, if any, immediately to the Company's Share Registrar, CDC Share Registrar Services Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi-74400. CDC account holders may submit to their respective CDC Participant/ Stockbroker / Investor Account Services.

E. Polling on Special Business Resolutions:

The members are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 (the "Regulations"), as amended through SRO 2192(1)/2022 dated December 05, 2022, issued by the Securities and Exchange Commission of Pakistan ("SECP"), the SECP has directed all the listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all businesses classified as special business.

Accordingly, members of the Company will be allowed to exercise their right to vote through electronic voting facility or voting by post for the special business in its forthcoming AGM to be held on 28th day of October 2024 at 4:00 p.m. in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

For the convenience of the Members, ballot paper is annexed to this notice and the same is also available on the Company's website at www.searlecompany.com for download.

1. Procedure for E-Voting:

- I. Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on October 21, 2024.
- II. The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited (being the e-voting service provider).
- III. Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- IV. E-Voting lines will start from October 23, 2024, 09:00 a.m. and shall close on October 27, 2024 at 5:00 P.M. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a Member, he / she shall not be allowed to change it subsequently.

2. Procedure for Voting Through Postal Ballot:

The members shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC), should reach the Chairman of the meeting through post on the Company's registered address at 2nd Floor, One IBL Centre, Plot No. 1, Block 7 & 8, D.M.C.H.S., Tipu

Sultan Road, Karachi (attention to the Company Secretary) or email at company.secretary@searlecompany.com no later than one day before the AGM on October 27, 2024, during working hours. The signature on the ballot paper shall match the signature on CNIC.

Postal Ballot /e-voting procedure will be kept on at least seven (7) days before the meeting on company's website i.e. HYPERLINK "<http://www.searlecompany.com>" www.searlecompany.com

F. Unclaimed Dividend and Bonus Shares:

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, are advised to contact our Share Registrar M/s CDC Share Registrar Services Limited Ltd. to collect/enquire about their unclaimed dividend or pending shares, if any.

Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividend unclaimed for a period of three years from the date due and payable shall be deposited to the credit of the Federal Government and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan.

G. Conversion of physical shares in to Book-entry Form

In compliance with section 72 of the Companies Act, 2017 and SECP's letter No. CSD/ED/Misc./2016-639-640 dated 26 March 2021, listed companies are required to replace existing physical shares issued by them into Book-Entry Form. In view of the above requirement, shareholders of the Company having physical folios/ share certificates are requested to convert their shares from physical form into Book-Entry Form as soon as possible.

Conversion of physical shares into Book-Entry Form would facilitate the shareholders in many ways i.e. safe custody of shares, readily available market for instant sale and purchase of shares, eliminate risk of loss & damage, easy & safe transfer with lesser formalities as compared to physical shares. The shareholders of the Company may contact Share Registrar of the Company i.e. M/s. CDC Share Registrar Services Limited for assistance in conversion of physical shares into Book-Entry Form.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the Special Business listed at agenda item 6 to be transacted at the Annual General Meeting of The Searle Company Limited (the "Company") to be held on October 28, 2024.

- Item 4 of the notice – approval of the remuneration of Executive Director(s) including Chief Executive Officer

The approval is being sought for fixing the remuneration of Executive Director(s) including the Chief Executive Officer of the Company in accordance with their terms and conditions of service.

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

- Item 5 of the notice – ratification and approval (to the extent applicable) of the related party transactions/arrangements conducted / to be conducted by the Company.

The Company routinely enters into arrangements and carries out transactions with its related parties in accordance with its policies and the applicable laws and regulations. Certain related party transactions, in which a majority of the Directors are interested, would require members' approval under Sections 207 and / or 208 (to the extent applicable) of the Companies Act, 2017, read with Regulation 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

As some/majority of the Directors of the Company may be deemed to be interested in certain arrangements/ transactions with related parties, including due to their shareholding or common directorships in related entities/parties, and to promote transparency, an approval from the members was sought during the 59th AGM of the Company, where the members authorized the Board of Directors to approve such related party transactions conducted by the Company from time to time (and on a case to case basis) during the financial year ended June 30, 2024, and such transactions were deemed to be approved by the members. All the related party transactions have been disclosed in Note 45 to the unconsolidated financial statements for the year ended June 30, 2024. Such transactions were to be

placed before the members in next AGM for their ratification / confirmation. Accordingly, these transactions are being placed before the AGM for ratification / confirmation by the members.

Party-wise details of such related party transactions are given below:

Name of related parties	Nature of transactions	2024 Rupees '000
International Brands (Private) Limited	Corporate service charges	128,831
	Rent income	18,495
	Income from provision of amenities	14,110
	Expenses	4,145
IBL Healthcare Limited	Revenue	282,475
	Rent income	4,407
	Purchases	230,938
	Income from provision of amenities	4,862
	Reimbursement of expenses	209,137
	Royalty	35,156
Searle Biosciences (Private) Limited	Revenue	116,638
	Facility management fee	50,000
	Reimbursement of expenses	102,391
	Advances provided	456,282
Searle Pakistan Limited	Revenue	7,988
	Rent income	9,583
	Income from provision of amenities	2,209
	Sales promotion expenses	7,387
	Material loan given	25,303
	Material loan obtained	47,564
	Purchases	305,955
Nextar Pharma (Private) Limited	Reimbursement of expenses	24,800
	Purchases	19,210
	Material loan obtained	704
Stellar Ventures (Private) Limited	Advance against financial assistance	87,145
IBL Frontier Markets (Private) Limited	Reimbursement of expenses	1,076
	Donations	6,361
	Income from provision of amenities	15,537
Prime Health (Private) Limited	Advance against financial assistance	8,900
	Service charges	1,215
Searle I.V Solutions (Private) Limited	Purchases	332,918
	Advance against financial assistance	298,303
IBL Operations (Private) Limited	Revenue	21,960,417
	Rent income	8,317
	Income from provision of amenities	4,776
	Carriage and duties	82,739
	Discounts claimed	530,097
	Rent expense	60,548
	Merchandise expense	43,887
	Internet services	621
	Incentive to field force staff	9,224
	Salaries and wages	4,694
	Inventory claims	751,393
	Purchases	1,672
	Printing and stationery	23,551
	Donations	1,911
	Acquisition of a subsidiary	3,500,000
Universal Ventures (Private) Limited	Acquisition of subsidiary	3,750,407

	Advance against financial assistance	4,468
United Brands Limited	Revenue	1,797
	Purchases	460
	Salaries and wages	796
IBL Unisys (Private) Limited	Rent income	2,367
	Income from provision of amenities	1,495
	IT services	4,244
	Reimbursement of expenses	87,138
	Purchases	53,163
IBL Logistics (Private) Limited	Carriage and duties	225,479
	Repair and maintenance	453
United Retails (Private) Limited	Income from provision of amenities	9,696
	Donation	5,652
	Printing & Stationary	408
	Salaries and wages	13,829
	Purchases	1,884
	Others	8,176
Universal Retails (Private) Limited	Rent income	36,605
	Income from provision of amenities	134,623
AKAR Hospital	Donations	42,682
Multinet Private Limited	Internet services	10,351
The Hunar Foundation	Donations	4,000
Karachi Relief trust	Donations	2,500
Rashid Abdullah Foundation	Donations	1,500
The Citizen Foundation	Donations	10,000
Searle Pakistan Limited Provident Fund	Interest repayments	40,903
Staff retirement benefits:	Contributions to Provident Fund	212,306
	Benefits paid	174,556
Key management employees compensation:	Salaries and other employee benefits	298,138
	Contributions to Provident Fund	28,277

The Company carries out transactions and enters into arrangements with its related parties primarily on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. All transactions / arrangements entered into with related parties require the approval of the Board Audit Committee, which is chaired by an independent director of the Company. Upon the recommendation of the Board Audit Committee, such arrangements / transactions are placed before the Board of Directors for approval.

The nature of relationship with these related parties has also been indicated in the Note 45 to the unconsolidated financial statements of the Company for the year ended June 30, 2024. The Directors are interested in the resolution only to the extent of their common directorships and shareholdings (to the extent applicable) in such related parties.

Accordingly, the members are requested to ratify and confirm the transactions with related parties as disclosed in the unconsolidated financial statements of the Company for the year ended June 30, 2024.

Furthermore, the Company will be entering into arrangements and conducting transactions with its related parties including, but not limited to, those stipulated in the resolution, during the year ending June 30, 2025. As some or a majority of the Directors of the Company may be deemed to be interested in certain arrangements or transactions, inter alia, due to their shareholding or common directorships in related entities, and in order to promote transparent business practices, an approval from the members is being sought to authorize the Company to conduct such related party transactions and enter into arrangements with related parties, and further to authorize and grant power to the Board of Directors to approve related party transactions to be conducted by the Company during the financial year ending June 30, 2025 (irrespective of composition of the Board and interest of the Directors). The related party transactions as aforesaid for the year ending June 30, 2025 shall be deemed to have been approved by the members.

DIRECTORS' REPORT TO THE MEMBERS

The Directors would like to present the annual report together with the audited financial statements of your company for the year ended June 30, 2024.

This information is submitted in accordance with section 227 of the Companies Act, 2017 and Chapter XII of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

This report is to be submitted to the members at the 59th Annual General Meeting of the Company to be held on October 28, 2024.

OVERVIEW

During the fiscal year ended June 30, 2024, Pakistan's pharmaceutical industry faced a challenging environment characterized by high input costs due to rising inflation level and currency devaluation. Additionally, strict government price control mechanism restricted the company to adjust prices in response to these cost pressures. The situation was further aggravated by a significant increase in finance costs, adding to the overall financial burden.

Despite these unprecedented challenges, demand for pharmaceutical products particularly for chronic diseases such as diabetes, cardiovascular conditions, and respiratory illnesses etc. remained robust and kept growing. A notable development during the year was the deregulation of pricing for non-essential drugs in the third quarter. While the positive effects of this change are expected to materialize in 2025, the recent decrease in interest rates, along with expectations of further reductions, will also favorably impact the company's financial performance in the year ahead.

OPERATING RESULTS

Searle is dedicated to improving the quality of life for its customers by providing exceptional healthcare solutions. The team's steadfast commitment to the well-being of both its patients and stakeholders instills the whole organization with a sense of pride as the positive impact of efforts become visible.

Over the past six years, Searle has achieved remarkable revenue growth with a compounded annual growth rate (CAGR) of 12.20%. This robust expansion in revenue can be attributed to consistent volume growth and a diverse portfolio of products. For the fiscal year ending June 30, 2024, the Company demonstrated impressive sales growth, achieving total revenue of PKR 25.83 billion, reflecting a robust increase of approximately 19% compared to the previous year.

Our gross profit for the year stood at PKR 12,556 million, marking a significant increase of approximately 32% over the prior year, which resulted in an improved gross profit margin of 48.6%, up from 44.1% in 2023. This enhancement highlights the commitment to operational efficiency and effective cost management.

Operating profit, before considering the impairment loss on investment, reached PKR 4,289 million, indicating a growth of approximately 14.14%. This demonstrates the effectiveness of our ongoing initiatives to streamline operations and enhance productivity.

In terms of regulatory developments, the Federal Cabinet's approval in May 2023 of a one-time price increase led to a 14% rise for essential drugs and a 20% increase for non-essential drugs.

Additionally, the deregulation of prices for non-essential drugs in February 2024 contributed to an increase in gross margins. The full impact of these regulatory changes should materialize in the coming year, contributing positively to the company's future profitability.

DISPOSAL OF SUBSIDIARY

During the fiscal year, a key strategic decision was taken by the Board regarding the divestment of Searle Pakistan Limited (SPL), a subsidiary acquired through a leveraged buyout. This decision followed an extensive evaluation of strategic alternatives in response to the rising interest rate environment, impacting cash reserves of searle and adverse currency movements, which impacted the subsidiary's operating landscape. In the Board meeting held on May 15, 2024, the proposal for divestment was formally approved. Consequently, on July 31, 2024, the Company initiated discussions with a potential buyer, IJARA Capital Partners Limited (ICPL), to negotiate the sale of its entire shareholding in SPL, pending final agreement on terms and requisite regulatory approvals.

As part of this divestiture process, the Company conducted a detailed reassessment of the carrying value of its investment in SPL. Due to the economic headwinds and a downward revision of SPL's projected profitability, particularly concerning the localization of its imported product portfolio, the recoverable amount of the investment was determined to be below the carrying value. As a result, the Company recognized an impairment charge of PKR 5.2 billion in its financial statements. This charge reflects the reclassification of SPL as an asset held for sale, with its valuation now adjusted to reflect an "as is" basis.

Although this divestment marks a significant transition, the Company remains steadfast in its commitment to driving sustainable growth. The proceeds from the sale will enhance financial agility, enabling the Company to reduce financing costs and allocate capital towards higher-yielding opportunities.

Despite the unprecedented external challenges, the Board and management remain confident in the Company's ability to navigate these complexities and emerge stronger. Our strategy is underpinned by a focus on value creation, operational excellence, and prudent capital allocation, ensuring that the Company remains well-positioned to deliver superior returns to shareholders and create long-term value for all stakeholders."

	June 30,	
	2024	2023
	(Rupees in thousand)	
Revenue	25,827,210	21,641,282
Cost of sales	(13,270,821)	(12,097,595)
Gross Profit	12,556,389	9,543,687
Operating expenses	(8,594,373)	(6,708,164)
Other operating expenses	(29,386)	(65,315)
Other income	356,759	987,731
Impairment loss on investment	(5,200,000)	-
(Loss) / Profit from operations	(910,611)	3,757,939
Finance cost	(3,560,883)	(3,348,104)
(Loss) / Profit before levies and tax	(4,471,494)	409,835
Levies - minimum & final	(44,759)	(40,542)
(Loss) / Profit before tax	(4,516,253)	369,293
Income tax credit / (expense)	1,185,394	(67,156)
(Loss) / Profit after taxation	(3,330,859)	302,137

EARNINGS PER SHARE

(Loss) / earnings per share after taxation for the period was Rs. (6.95) (2023: Rs. 0.75). There is no dilution effect on the basic earnings per share of the Company, as the Company has no convertible dilutive potential ordinary shares outstanding as at June 30, 2024.

DIVIDEND

The Board of Directors has carefully considered the financial position of the Company, prevailing economic conditions, and future growth plans. To maintain financial stability, preserve cash reserves, and support ongoing investments in key strategic projects, the Board has decided not to declare a dividend for the period ended June 30, 2024. This approach will ensure that the Company remains well-positioned for sustainable growth, fulfilling its long-term commitments to shareholders. During the previous year ended June 30, 2023, the Company did not declare any dividend.

FINANCIAL STATEMENTS AND AUDITORS

The present auditors, Messrs. A.F. Ferguson & Co. Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.

The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as the Auditors of the Company for the financial year ending June 30, 2025, at a mutually agreed fee.

HOLDING COMPANY

International Brands (Private) Limited is the holding company of Searle, which holds 50.25% shareholding in the Company.

SUBSIDIARIES OF THE COMPANY

Following are the subsidiary companies:

	Principal place of business	Effective % age of holding	
		2024	2023
Listed Company			
- IBL HealthCare Limited		74.19%	74.19%
Unlisted Companies			
- Searle Pakistan Limited	Pakistan	90.61%	90.61%
- Searle Pharmaceuticals (Private) Limited		100.00%	100.00%
- Searle Laboratories (Private) Limited		100.00%	100.00%
- Searle Biosciences (Private) Limited		100.00%	100.00%
- IBL Future Technologies (Private) Limited		100.00%	100.00%
- Searle IV Solutions (Private) Limited		100.00%	-
- Stellar Ventures (Private) Limited		100.00%	-
- Mycart (Private) Limited *		50.00%	-
- IBL Frontier Markets (Private) Limited *		100.00%	-
- Prime Health (Private) Limited *		100.00%	-
- Nextar Pharma (Private) Limited *		87.20%	87.20%

**Indirect subsidiaries of The Searle Company Limited*

PATTERN OF SHAREHOLDING

The pattern of shareholding along with categories of shareholders as at June 30, 2024 as required under section 227 of the Companies Act, 2017 and Listing Regulations as annexed.

BUSINESS CONDUCT

Searle's business practices are grounded in integrity, transparency, and strict adherence to all applicable laws and regulations.

Our core values are more than just words; they serve as the foundation of our commitment to becoming one of the world's most innovative, high-performing, and trusted healthcare companies. These values shape our culture, guide our actions, and influence our decision-making processes, helping us maintain the trust of those who depend on us—our patients and consumers—every day.

It is the responsibility of each one of us to uphold these principles, ensuring that Searle remains a company we are all proud to be a part of. We continuously strive to understand and meet our customers' needs while pursuing ongoing improvements across all areas of our operations.

At Searle, we prioritize doing what is right for our patients and consumers, always aiming for the highest standards of quality. We collaborate with our partners to enhance healthcare outcomes and

develop new medicines and vaccines. Regardless of our roles, we are all deeply aware of the impact our work has on the well-being of patients and consumers.

PRODUCT QUALITY

Consumer trust and confidence in Searle's products are our most valuable assets. We understand that pharmaceutical manufacturing carries inherent risks, and any error in product design or production can have serious, even life-threatening consequences. Therefore, maintaining the highest standards of quality is not only our top priority but also a moral responsibility.

We are fully committed to safeguarding patient well-being by ensuring that all aspects of our medicinal product manufacturing meet the rigorous standards necessary to guarantee safety and efficacy, fulfilling patients' expectations and upholding our duty to them.

CORPORATE AND SOCIAL RESPONSIBILITY

Our responsibilities extend beyond merely generating wealth for our stakeholders. At Searle, our mission has always been to make meaningful contributions to the economy in which we operate. A key focus has been the creation of employment opportunities to support a large industrial and sales workforce.

The Company is committed to conducting its operations in a socially responsible manner. In line with this commitment, our Corporate Social Responsibility (CSR) program encompasses a broad range of initiatives in healthcare, education, child welfare, and various other social welfare activities.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT

At Searle, we understand the significance of a safe and secure environment and consider it our responsibility to ensure that everyone working with us knows how to operate safely and without risk to their health. The well-being of our employees and visitors is a top priority for the Company. As such, we continuously identify, assess, and manage operational hazards to eliminate or minimize risks effectively.

INFORMATION TECHNOLOGY

To address the expanding business needs of the Company and to support our ongoing commitment to enhancing information systems, we have maintained our policy of increasing investments in information technology. This includes further investment in the powerful business management system, SAP, which we have successfully implemented to strengthen our business operations even more.

WEBSITE

All our stakeholders and general public can visit the Company's website, www.searlecompany.com, which has a dedicated section for investors containing information related to annual, half-yearly and quarterly financial statements.

RELATED PARTY TRANSACTIONS

All related party transactions, during the year 2024, were placed before the Audit Committee and the Board for their review and approval. These transactions were duly approved by the Audit Committee and the Board in their respective meetings. All these transactions were in line with the

transfer pricing methods and the policy with related parties approved by the board previously. The Company also maintains a full record of all such transactions, along with the terms and conditions. For further details, please refer note 45 in the financial statements.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The stock exchange has included in their Listing Rules and Listed Companies Regulations issued by the Securities & Exchange Commission of Pakistan. The Company has adopted the code and is implementing the same in letter and spirit.

TRADING OF SHARES BY DIRECTORS, CFO, COMPANY SECRETARY AND EXECUTIVES ETC.

The Company's shares are traded on Pakistan Stock Exchange Limited. The Directors, CEO, Company Secretary and CFO and executives, their spouses and minor children did not carry out any trade in the shares of the Company except the following Directors & executives:

Name	Shares Purchased	Shares Disposed
Mr. Moujood Ul Hassan	4,370	800
International Brands (Pvt) Ltd.	-	39,210,220

DIRECTORS' TRAINING PROGRAM (DTP)

During the year, no director attended the DTP. Currently, five directors have attained DTP certification. The company has planned to arrange DTP Certification for the remaining of the directors over the next year.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

In order to ensure that adequate internal controls are deployed by the company for safeguarding of company's assets, compliance with laws and regulations and reliable financial reporting, the Board of Directors has outsourced the internal audit function to Grant Thornton Anjum Rahman, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

CODE OF CONDUCT

The Board of Directors of the Company has adopted a code of conduct. All employees are informed and aware of this and are required to observe these rules of conduct in relation to business and regulations.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The Company maintains a sound internal control system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- There has been no departure from the best practices of transfer pricing.

The key operating and financial data for the six years is tabulated as follows:

Unconsolidated	2024	2023	2022	2021	2020	2019
ASSETS EMPLOYED						
Property, plant and equipment	7,051,790	6,544,520	6,660,249	5,577,984	3,707,635	2,879,439
Right of use assets	50,430	60,090	69,750	79,410	121,515	-
Intangible assets	25,968	40,399	58,965	94,214	131,438	164,913
Investment properties-at cost	2,885,863	2,864,868	2,753,904	2,490,049	2,203,890	2,458,041
Long-term investments- subsidiaries	9,666,718	18,816,311	18,816,311	17,436,311	1,686,186	1,686,186
Long-term loans and deposits	7,546	7,513	7,637	7,721	7,754	7,666
Deferred assets	1,272,018	-	-	-	-	-
Non-current assets classified as held for sale	11,200,000	-	-	-	-	-
Net current assets	829,418	5,627,115	8,153,595	8,822,872	9,597,938	7,470,720
Total assets employed	32,989,751	33,960,816	36,520,411	34,508,561	17,456,356	14,666,965
FINANCED BY						
Issued, subscribed and paid-up capital	5,114,945	3,900,659	3,120,526	2,400,405	2,124,253	2,124,253
Reserves and unappropriated profit	19,917,609	20,051,031	20,324,319	19,336,033	13,300,048	11,342,852
Shareholder's equity	25,032,554	23,951,690	23,444,845	21,736,438	15,424,301	13,467,105
Surplus on revaluation of fixed assets	4,062,375	3,717,069	3,592,613	2,751,216	1,446,517	1,050,800
Long-term and deferred liabilities	3,894,822	6,292,057	9,482,953	10,020,907	585,538	149,060
Total capital employed	32,989,751	33,960,816	36,520,411	34,508,561	17,456,356	14,666,965
Turnover	25,827,210	21,641,282	17,737,282	16,569,596	16,567,219	14,537,198
(Loss)/Profit before tax	(4,471,494)	409,835	2,329,461	2,734,669	3,304,478	2,830,180
(Loss)/Profit after tax	(3,330,859)	302,137	2,090,717	2,122,924	2,455,077	2,641,946
(Loss) / Profit after tax as % of turnover	-12.90	1.40	11.79	12.81	14.82	18.17
(Loss) / Profit after tax as % of capital employed	-10.10	0.89	5.72	6.15	14.06	18.01
Dividends						
Cash (%)	NIL	NIL	NIL	20	25	25
Stock (%)	NIL	NIL	25	30	NIL	NIL

COMPOSITION OF THE BOARD OF DIRECTORS

There have been seven directors on the Board. The composition of the board as at June 30, 2024 is as follows:

	Category	Names
i	Independent Directors	Ms. Shaista Khaliq Rehman
		Mr. Muhammad Zubair Haider Shaikh
ii	Non-executive Directors	Mr. Adnan Asdar Ali
		Mr. Munis Abdullah
		Ms. Faiza Naeem
iii	Executive Directors	Mr. S. Nadeem Ahmed
		Mr. Zubair Razzak Palwala

During the year, election of directors was held on October 27, 2023 and Mr. Muhammad Zubair Haider Shaikh elected as an independent director and Ms. Faiza Naeem was elected as non-executive director on the board.

Pursuant to the election, Mr. Adnan Asdar Ali was re-elected as the Chairman of the board and Mr. S. Nadeem Ahmed was re-elected as the Chief Executive Officer of the Company.

MEETINGS OF THE BOARD OF DIRECTORS

During the year, nine meetings of the Board of Directors were held. The attendance at meetings of the board members is summarized as under:

Name of director	Meetings attended
Mr. Adnan Asdar Ali	6
Ms. Shaista Khaliq Rehman	8
Mr. S. Nadeem Ahmed	9
Mr. Zubair Razzak Palwala	8
Dr. Atta Ur Rahman	4
Mr. Munis Abdullah	9
Mr. Mufti Zia Ul Islam	4
Ms. Faiza Naeem	5
Mr. Muhammad Zubair Haider Shaikh	5

The Chairman is an independent director.

Name of director	
Mr. Muhammad Zubair Haider Shaikh	Chairman
Mr. Adnan Asdar Ali	Member
Ms. Faiza Naeem	Member

DIRECTORS REMUNERATION

The significant features and key elements of directors' remuneration are as follows:

- The Company will not pay remuneration to its non-executive directors except as a meeting fee for attending the board and its committee meetings. As per policy, Directors are paid an after-tax remuneration of PKR 40,000/- for attending each meeting of the Board or its Committees.
- The remuneration of a Director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.
- A Director shall be provided or reimbursed for traveling, lodging and other expenses incurred by him for attending meetings of the Board its Committees and/or General Meetings of the Company.

The remuneration paid to executive directors includes fixed salaries, allowances, and, where applicable, performance-based incentives. No additional benefits, apart from those disclosed, were provided during the period. The Board remains committed to ensuring that the remuneration of directors reflects their contributions and responsibilities towards achieving the Company's goals.

SUBSEQUENT EVENTS

- 'Subsequent to the year ended June 30, 2024, the Board of Directors of the Company in the meeting held on July 31, 2024 has resolved to sell the Company's entire shareholding in Searle Pakistan Limited (SPL), constituting approximately 90.61% of the issued and paid up share capital of SPL to IJARA Capital Partners Limited (ICPL), subject to finalizing the terms of the sale, fulfillment of conditions precedent, and compliance with all the applicable legal provisions in this regard and in accordance with section 183(3)(b) of the Companies Act, 2017, the requirement of obtaining approval of the members of the Company, an Extra Ordinary General Meeting (EOGM).

VALUE OF INVESTMENTS

The value of investment of provident fund based on their un-audited / audited accounts as on June 30, 2024 and June 30, 2023 respectively was as follows:

	2024	2023
	Rs '000	
Provident Fund	708,175	609,212

FUTURE OUTLOOK - Unveiling New Horizons of Growth and Value Creation

Searle is steadfast in its vision to expand its footprint, driving growth both organically and through strategic acquisitions, despite navigating complex socio-economic, political, and environmental landscapes. Our proactive approach and strategic initiatives, combined with the Board and management's unwavering commitment to making timely decisions—even when faced with difficult or unpopular choices—position us favorably to mitigate external uncertainties such as fluctuating exchange rates, inflationary pressures, and escalating global commodity and logistics costs. This decisive leadership ensures that we remain agile and resilient, navigating complex market dynamics while staying firmly on course to achieve our growth objectives. Recent challenges have only strengthened our resolve to diversify our portfolio, fortify our market leadership, and unlock new value streams for our stakeholders.

Strategic Expansion and Innovation

One of the most noteworthy achievements for Searle is the recent approval from the Drug Regulatory Authority of Pakistan (DRAP) for ADALIMUMAB—the country's first locally manufactured biosimilar drug. Developed in collaboration with BioRay Biopharmaceuticals Co. Limited, ADALIMUMAB is a biosimilar to the globally renowned Humira, which is widely prescribed for inflammatory conditions such as rheumatoid arthritis, psoriasis, and Crohn's disease. This groundbreaking launch, slated for the next 3-6 months, will empower Searle to offer high-quality biotechnology solutions at a fraction of the cost, setting a precedent in the region for accessible, innovative therapeutics.

Leveraging Market Dynamics for Enhanced Profitability

We are poised to capture opportunities arising from the recent deregulation of prices for non-essential drugs, which will contribute to stronger cash flows and enable the launch of previously unviable products. Additionally, the favorable trend of declining interest rates is expected to significantly boost our profitability and cash flows by reducing long-term liabilities and operational finance costs. This solid financial footing will provide the impetus for accelerating our business expansion and pursuing high-growth opportunities.

Expanding Therapeutic Expertise and Product Portfolio

Searle's robust pipeline, comprising over 200 products at various stages of regulatory approval, underscores our strong presence across critical therapeutic areas, including cardiovascular diseases, respiratory disorders, diabetes, infant nutrition, probiotics, and antibiotics. As part of our growth strategy, we are venturing into new therapeutic domains and expanding into high-potential segments such as biosimilars, medical devices, nutraceuticals, genomic sciences, and intravenous products. The recent acquisition of our state-of-the-art manufacturing facility in Lahore will serve as a catalyst in broadening our product portfolio and enhancing production capabilities.

Geographic Expansion and Export Growth

This fiscal year marks a transformative phase for our international business. Searle is set to achieve new milestones in export revenue, with the planned launch of several blockbuster brands across the GCC, CIS, and other international markets. This expansion will not only diversify our revenue streams but also solidify our position as a globally recognized player in high-quality pharmaceuticals.

A Future Built on Collaboration and Innovation

Our team's unwavering dedication, coupled with the support and confidence of our partners, suppliers, and customers, is pivotal to our journey of continued success. As we move forward, we are committed to fostering innovation, enhancing our market presence, and ensuring long-term, sustainable growth for all our stakeholders. The future holds tremendous potential for Searle, and we are excited to build on our momentum and drive phenomenal shareholder value in the coming years.

We thank our shareholders for their continued support as we strive to create a lasting impact in the healthcare industry and beyond. Together, we are redefining the standards of excellence and innovation in the pharmaceutical landscape.

For and on behalf of the Board



Syed Nadeem Ahmed
Chief Executive Officer



Zubair Razzak Palwala
Director

Karachi: October 07, 2024

CHAIRMAN'S REVIEW FOR THE YEAR ENDED JUNE 30, 2024

To my fellow shareholders,

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

Industry overview

In recent years, Pakistan's pharmaceutical industry has faced persistent challenges, largely driven by deteriorating macroeconomic conditions. Soaring inflation and a weakening rupee have put immense pressure on companies, making it difficult to manage escalating costs. The sector has been particularly affected by the high dependence on imported raw materials, with rising prices for active pharmaceutical ingredients (APIs) and finished products squeezing profit margins. Compounding this, government-imposed price controls have further limited the industry's ability to offset these costs, leaving little room for adjustments in an environment of increasing operational expenses.

Despite these obstacles, the demand for medicines, especially for managing chronic diseases, has remained steady. The industry as a whole has shown resilience, with growth continuing amid adversity. According to recent data, the pharmaceutical market expanded by 21% over the past 12 months, reaching a valuation of approximately \$3.2 billion (PKR 903 billion). This growth has been largely driven by local companies, which account for around 75% of the market, highlighting the adaptability and strength of domestic players in navigating these challenging conditions.

Looking ahead, there are reasons to be cautiously optimistic. Interest rates have started to come down, and further reductions are expected, providing some relief from financial pressures. Moreover, recent regulatory developments, such as the deregulation of pricing for non-essential drugs, offer greater flexibility for companies to manage costs and enhance profitability. These positive changes are expected to bring relief to the industry and are likely to start making an impact in the year ahead.

Company Overview

Searle has continued to uphold its mission of improving patient outcomes by delivering innovative healthcare solutions. Despite the macroeconomic challenges impacting the wider sector, the company demonstrated remarkable financial resilience and operational excellence over the past year.

We achieved a turnover of PKR 25.83 billion, reflecting a growth of 19% over last year. Our ability to navigate the volatile economic landscape has been driven by focusing on operational efficiency and strategic cost management.

As part of our long-term strategy, the Board approved a decision to divest our subsidiary, Searle Pakistan Limited (SPL) in May 2024. This decision was driven by rising interest rates, currency fluctuations adversely affecting SPL's performance, and the need to address liquidity challenges at the holding company level. It will allow us to strategically redirect resources toward more profitable opportunities. We are currently in discussions with IJARA Capital Partners Limited (ICPL) to finalize the sale, pending regulatory approvals.

While this was a difficult decision, it will reduce finance costs and provide the flexibility to invest in higher-growth areas, positioning us for sustainable success in the future.

Looking ahead, we are optimistic as expected reductions in interest rates and regulatory changes, such as the deregulation of non-essential drug pricing, will create new opportunities for growth and profitability. Combined with our focus on innovation and operational excellence, Searle is well-positioned to overcome challenges and capitalize on the opportunities ahead.

Our legacy of delivering quality healthcare solutions remains unwavering, and we will continue to lead in key therapeutic areas, ensuring that patients have access to the essential medications they need.

BUILDING OUR LEGACY TO INNOVATE AND GROW

Searle remains committed to expanding our market presence and achieving growth despite socio-economic and political challenges. While risks such as fluctuating exchange rates, rising inflation, and increased logistics costs persist, we are enhancing our specialty generic offerings and focusing on innovative product development.

A significant milestone this year is the approval from the Drug Regulatory Authority of Pakistan (DRAP) for ADALIMUMAB, Pakistan's first locally manufactured biosimilar drug. This collaboration with BioRay Biopharmaceuticals Co. Limited will provide affordable treatments for inflammatory diseases.

The recent deregulation of pricing for non-essential drugs is expected to improve our cash flows, enabling the launch of new products. With interest rates declining, we anticipate enhanced profitability.

Searle has over 200 organic products in the regulatory pipeline and excels in therapeutic areas like cardiovascular health, respiratory issues, diabetes, and infant nutrition. Our newly acquired manufacturing facility in Lahore will further diversify our offerings.

We are also expanding our reach through exports to the GCC, CIS, and other international markets. Our dedicated team and valued partnerships will continue to drive sustainable growth for all stakeholders.

FINANCIAL PERFORMANCE

Searle has consistently exhibited remarkable financial performance over the past few years, and this trend continued through the year ended June 30, 2024, marked by a growth in revenue. Despite the challenges faced during this period, Searle built upon its financial achievements of previous years. I'm delighted to present the following financial highlights:

- The Company's sales saw an increase of 4.2 Bn, equating to approximately 19% growth.
- Profit from operation before accounting for the one off impairment impact amounted to Rs 4.2 billion

One of the significant events that impacted this year's financial results was the decision to divest our subsidiary, Searle Pakistan Limited (SPL). After careful consideration, the Board recognized the need to reassess SPL's value, particularly in light of changing market conditions. As a result, SPL has been reclassified as "held for sale," leading to an impairment loss of PKR 5.2 billion. While this decision

reflects challenges in the current environment, it allows us to refocus our efforts and resources on more promising opportunities for growth.

KEY INITIATIVES

Searle remains steadfast in its ambition to expand its presence in both local and international pharmaceutical markets. Our strategic focus is on enhancing our specialty generic branded offerings and identifying unique, differentiated products. We are particularly committed to growth in sectors such as cardiovascular health, cold and cough remedies, diabetes management, infant formula, probiotics, and antibiotics. These focused efforts are essential to strengthening Searle's position as a leading player in the pharmaceutical industry.

At Searle, our commitment to quality is paramount. Our primary goal is to ensure continuous adherence to CGMP and regulatory standards while expanding our product range and output. We are investing in advanced manufacturing equipment and systematically upgrading our facilities. We are also refining our operational protocols and enhancing the expertise of our personnel to meet international regulatory requirements across all our manufacturing sites. Our core aspiration is to provide medications that are both effective and safe for patient use.

Searle is committed to continuous improvement, as demonstrated by our integration of advanced SAP systems. The implementation of SAP S4 Hana is strategically designed to enhance inventory management, support agile financial decision-making, and improve performance management. This reflects our dedication to optimizing operational efficiency and driving superior outcomes.

REVIEW ON BOARD'S PERFORMANCE U/S 192 OF THE COMPANIES ACT 2017

The Board is committed to operate at the highest standards of corporate governance. The work of the Board and its Committees during the year focused on ensuring compliance with all statutory and regulatory requirements applicable upon the Company.

There were nine meetings of the Board of Directors held in year ended June 30, 2024. In addition, there were four meetings of the Audit Committee of the Board and one meeting of Human Resources and Remuneration Committee.

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 an annual evaluation of the Board of Directors of the Company was carried out for the financial year ended 30 June 2024.

I am pleased to report that the overall performance of the Board was found satisfactory, based on an evaluation of the following components:

- **Corporate governance structure and Compliance with regulations:** The Company has a well-developed and transparent corporate governance system, with regular oversight by the Board.
- **Board Composition:** The Board comprises members with rich professional experience in various domains, having strong financial & analytical abilities and independent perspectives.

- **Strategic planning:** The Board actively engaged with the management to monitor the Company's performance against its established strategy, goals and targets. Further, the Board has a strategic view of how the organization will evolve over the next three to five years.
- **Execution of duties:** All Board members and members of Board Committees diligently performed their duties by thoroughly reviewing, discussing and approving business plans, financial statements and associated documents.

Resource management: The Board provides appropriate direction and oversight on a timely basis to ensure optimal utilization of resources.

I extend my gratitude on behalf of the board of directors and leadership team at Searle for your unwavering support. A special word of thanks to our over 2,300 employees for their steadfast commitment to ethical standards and our collective mission. It's an honor for all of us to be at the forefront of a company that significantly enhances the quality of numerous lives daily.

Reflecting on the past year, I'm filled with pride for our joint achievements and am optimistic about the strides we'll make in the coming year. Our pledge to operate with integrity, transparency, and respect remains unwavering in all our undertakings.

I must commend the exemplary leadership of our CEO, Mr. Nadeem Ahmed, and his executive cadre for pioneering Searle's journey into an epoch of heightened growth and profitability. The hallmark of excellence is profoundly ingrained in every facet of our operational landscape, and it is an honor to be part of such a skilled and devoted team.

In closing, my appreciation extends to the Board for their diligent efforts and unwavering allegiance to the Company.



Adnan Asdar Ali
Chairman
October 07, 2024

**Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations,
2019**

**THE SEARLE COMPANY LIMITED
FOR THE YEAR ENDED JUNE 30, 2024**

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

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

a.	Male	Five (05)
b.	Female	Two (02)

2. The composition of the Board is as follows:

	Category	Numbers	Numbers
i)	Independent directors*		
	Male	01	Mr. M. Zubair Haider Shaikh
	Female	01	Mrs. Shaista Khaliq Rehman
ii)	Non-Executive directors		
	Male	02	Mr. Adnan Asdar Ali Mr. Munis Abdullah
	Female	01	Mrs. Faiza Naeem
iii)	Executive directors	02	Mr. S. Nadeem Ahmed Mr. Zubair Razzak Palwala

**For the purpose of rounding up of fraction, the Company has not rounded up the fraction as the Board has determined the current composition adequate.*

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

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. Following Directors attended Directors' Training Program till June 30, 2024.

Names of Directors:

Syed Nadeem Ahmed

Zubair Razzak Palwala

Munis Abdullah

Shaista Khaliq Rehman

M. Zubair Haider Shaikh

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:

a) **Audit Committee**

Shaista Khaliq Rehman (Chairperson)

Munis Abdullah

Mr. Adnan Asdar Ali

b) **HR and Remuneration Committee**

M. Zubair Haider Shaikh (Chairman)

Mrs. Faiza Naeem

Mr. Adnan Asdar Ali

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings of the committee were as per following:

a) Audit Committee: Quarterly (four meetings during the financial year ended June 30, 2024)

b) HR and Remuneration Committee: Yearly (one meeting during the financial year ended June 30, 2024)

15. The Board has outsourced the internal audit function to Grant Thornton Anjum Rahman, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, Company secretary or director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other

regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;


18. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33, and 36 of Regulations have been complied with;
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (if applicable):


S. No.	Requirement	Reg. No.	Explanation
1	All the Directors have obtained DTP certification till June 30, 2024.	19	Currently, 5 out of 7 directors have obtained DTP certification. The Company will arrange training for the remaining directors to comply with the requirement.
2	The Board may constitute a separate committee, designed as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	29(1)	The responsibilities as prescribed for the nomination committee are being performed by the HR and Remuneration Committee.
3	The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	30(1)	The Board has not constituted a separate risk management committee however the risk is managed at respective department level which is also supervised by the department head.
4	The Company may post on its website key elements of its significant policies including but not limited to the following: (i) communication and disclosure policy; (ii) code of conduct for members of Board of directors, senior management and other employees; (iii) risk management policy; (iv) internal control policy; (v) whistle blowing policy; (vi) corporate social responsibility/sustainability/ environmental, social and governance related policy; and (vii) Policies for promoting DE&I and protection against harassment at the workplace.	35(1)	As the regulation provides concession with respect to disclosure of key elements of significant policies on the website, only those policies which were considered necessary, have been posted.

S. No.	Requirement	Reg. No.	Explanation
5	All directors of a company shall attend its general meeting(s), (ordinary and extra-ordinary unless precluded from doing so due to any reasonable cause.	10 (6)	<ul style="list-style-type: none"> • Three (3) Directors attended the EoGM of the Company dated July 26, 2023. Mr. Adnan Asdar Ali, Mr. Munis Abdullah, Ms. Shaista Khaliq Rehman and Dr. Atta Ur Rehman did not attend the meeting due to personal reasons. • Four (4) Directors attended 58th AGM of the Company dated October 27, 2023. Mr. Adnan Asdar Ali, Mr. Munis Abdullah and Dr. Atta Ur Rehman did not attend the meeting due to personal reasons.
6	Role of the Board and its members to address sustainability risk and opportunities. The Board is responsible for setting the Company's sustainability strategies, priorities and targets to create long term corporate value. The Board may establish a dedicated sustainability committee.	10(A)	At present, the Board provides governance and oversight in relation to the Company's initiatives on environmental, social and governance (ESG) matters. Nevertheless, the requirements introduced recently by SECP through notification dated June 12, 2024 will be completed in due course.

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On behalf of the Board


 Adnan Asdar Ali
 Chairman/Director


 Syed Nadeem Ahmed
 Chief Executive Officer

Dated: October 7, 2024

THE SEARLE COMPANY LIMITED
UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2024



INDEPENDENT AUDITOR'S REPORT

To the members of The Searle Company Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	Revenue from contracts with customers <i>(Refer notes 3.12 & 31 to the unconsolidated financial statements)</i> The Company's revenue is generated from sales of pharmaceutical and other consumer products. The Company recognised a revenue of Rs. 25.83 billion from the sale of goods to domestic as well as export customers during the year ended June 30, 2024. Sales to related parties represent 82.48% of total sales. As part of our overall response to the audit risks when identifying and assessing the risks in revenue recognition, we considered that there is an inherent risk that revenue may be overstated as it is a key performance measure, which could create an incentive or pressure on the Company's management to meet targets. Further, we have focused our audit activities over the revenue recognised near to year end as there was a high risk that the revenue is recorded before the control of goods is transferred to the customer and in an incorrect accounting period. Moreover, revenue recognition includes determination of sales prices in accordance with the regulated price regime of the Government. Based on the above and considering that the revenue recognition is a significant and high-risk area, we considered this as a key audit matter.	Our audit procedures included the following: <ul style="list-style-type: none">• obtained an understanding of the Company's process with respect to revenue recognition and evaluated design and operating effectiveness of controls relevant to such process;• obtained an understanding of pricing mechanism of Drug Regulatory Authority of Pakistan (DRAP) and tested, on sample basis, selling prices of regulated pharmaceutical products to ensure compliance with the pricing policies of DRAP;• inspected contracts on selected samples to obtain an understanding of contract terms particularly relating to timing and the customer's acceptance of the products and assessing the Company's accounting policies for recognition of revenue with reference to the requirements of the prevailing accounting standards;• performed substantive audit procedures over revenue transactions along with inspection of related supporting documents, on test basis;• performed cut-off procedures to ensure that the revenue is recognised in the correct accounting period;• ensured that presentation and disclosures related to revenue are being addressed appropriately; and• assessed the adequacy of disclosures made in the unconsolidated financial statements in accordance with the applicable accounting and reporting standards as applicable in Pakistan.

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S. No.	Key audit matters	How the matter was addressed in our audit
(ii)	Litigation relation to product pricing matters <i>(Refer note 31.3 to the unconsolidated financial statements)</i> The Company has litigation cases in respect of product pricing which are pending at various forums including Honourable High Court of Sindh and DRAP. Matters under litigation require the management to make judgements in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and expected financial impact, if any, on the Company for disclosure and recognition and measurement of any provisions that may be required against such litigation matters. Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgement and estimates to assess the same including related financial impacts, we considered litigation matters relating to product pricing as a key audit matter.	Our audit procedures included the following: <ul style="list-style-type: none">• obtained and inspected details of the pending litigations and discussed the same with the Company's management;• inspected correspondence of the Company with the relevant authorities including judgements or orders passed by the competent authorities/courts of law in relation to the issues involved or matters which have similarities with the issues involved;• obtained confirmations from the Company's external legal counsels for their views on open legal cases; and• reviewed disclosures made in respect of litigations in the unconsolidated financial statements as applicable in accounting and reporting standards as applicable in Pakistan.

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(iii) Tax contingencies

(Refer note 30.1 to the unconsolidated financial statements)

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

Such matters require management to make judgements in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and expected financial impact, if any, on the Company for disclosure including recognition and measurement of any provisions that may be required against such contingent liabilities.

Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgement and estimates to assess the same including related financial impacts, we considered tax contingencies as a key audit matter.

Our audit procedures included the following:

- obtained and inspected details of the pending cases and discussed the same with the Company's management;
- inspected correspondence of the Company with the relevant authorities including judgements or orders passed by the competent authorities/courts of law in relation to the issues involved or matters which have similarities with the issues involved;
- obtained confirmations from the Company's external tax advisors for their views on open tax assessments and legal cases;
- involved internal tax professionals to assess management's conclusions on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Company; and
- reviewed disclosures made in respect of tax contingencies in the unconsolidated financial statements as per the applicable accounting and reporting standards as applicable in Pakistan.

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S. No.	Key audit matters	How the matter was addressed in our audit
(iv)	<p>Impairment of subsidiary held for sale</p> <p><i>(Refer note 19 to the unconsolidated financial statements)</i></p> <p>As per the requirements of accounting and reporting standards, the management has classified the investment in Searle Pakistan Limited (SPL) as "Investment in Subsidiary Held for Sale". Accordingly, the Company has assessed the fair value less cost to sell of the said investment as per the requirement of International Accounting Standard 36 - Impairment of Assets (IAS 36).</p> <p>In view of above, the management performed an assessment of fair value less cost of sell of SPL accordingly recognized impairment of Rs. 5.2 billion. The assessment involved estimation of future cash flows and determination of recoverable amount using number of assumptions.</p> <p>Due to the significance of the impact of these judgements / estimations and the materiality of investment value relative to the overall unconsolidated financial statements of the Company, we considered the area of impairment against the above investment as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • considered the reasons requiring management to determine fair value of investment in subsidiary held for sale; • obtained understanding of the management's process of assessment, including methodology and key assumptions used to estimate the fair value less cost to sell; • evaluated the reasonableness of management's key assumptions and estimates used to prepare cash flow projections and determined the recoverable amounts. For this purpose, we also involved our internal specialists to test the valuation related assumptions, where required; and • assessed the adequacy of disclosure made in the unconsolidated financial statements in accordance with the applicable accounting and reporting standard as applicable in Pakistan.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

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

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



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

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

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

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

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

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

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement 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.

Report on Other Legal and Regulatory Requirements

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

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



A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: October 17, 2024

UDIN: AR20241007361wokPsbX

THE SEARLE COMPANY LIMITED

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2024

	Note	2024	2023
		Rupees '000	
ASSETS			
Non-current assets			
Property, plant and equipment	4	7,051,790	6,544,520
Right-of-use assets	5	50,430	60,090
Investment properties - at cost	6	2,885,863	2,864,868
Intangible assets	7	25,968	40,399
Deferred tax assets	8	1,272,018	-
Long-term investments - subsidiaries	9	9,666,718	18,816,311
Long-term loans	10	150	117
Long-term deposits	11	7,396	7,396
		<u>20,960,333</u>	<u>28,333,701</u>
Current assets			
Inventories	12	2,309,106	2,716,235
Trade receivables	13	10,705,822	11,570,051
Loans and advances	14	1,660,751	1,071,375
Trade deposits and short-term prepayments	15	203,685	156,539
Other receivables	16	1,037,379	4,524,797
Short-term investment - at amortised cost	17	100,000	100,000
Taxation - payments less provisions		1,966,929	1,934,114
Refunds due from government - sales tax		207,440	196,712
Cash and bank balances	18	120,437	196,782
		<u>18,311,549</u>	<u>22,466,605</u>
Investment in subsidiary held for sale	19	11,200,000	-
		<u>50,471,882</u>	<u>50,800,306</u>
Total assets			
EQUITY AND LIABILITIES			
EQUITY			
Share capital			
Issued, subscribed and paid-up capital	20	5,114,945	3,900,659
Capital reserves			
Share premium		9,085,133	6,049,419
Revaluation surplus on property, plant and equipment	21	4,062,375	3,717,069
Revenue reserves			
General reserve	22	280,251	280,251
Unappropriated profit		10,552,225	13,721,361
Total equity		<u>29,094,929</u>	<u>27,668,759</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	8	-	238,725
Employee benefit obligations	23	57,838	57,567
Long-term borrowings	24	3,768,070	5,917,063
Lease liabilities	25	68,914	78,702
		<u>3,894,822</u>	<u>6,292,057</u>
Current liabilities			
Trade and other payables	26	7,673,501	6,423,005
Short-term borrowings	27	9,554,191	10,092,552
Contract liabilities	28	24,508	96,043
Unpaid dividend	29	183,072	183,736
Unclaimed dividend		37,071	37,526
Current portion of lease liabilities	25	9,788	6,628
		<u>17,482,131</u>	<u>16,839,490</u>
Total liabilities		<u>21,376,953</u>	<u>23,131,547</u>
Contingencies and commitments			
Total equity and liabilities	30	<u>50,471,882</u>	<u>50,800,306</u>

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Chief Financial Officer

THE SEARLE COMPANY LIMITED

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees '000	(Restated) 2023
Revenue from contracts with customers	31	25,827,210	21,641,282
Cost of sales	32	(13,270,821)	(12,097,595)
Gross profit		<u>12,556,389</u>	<u>9,543,687</u>
Distribution costs	33	(7,126,326)	(5,474,092)
Administrative expenses	34	(1,468,047)	(1,234,072)
Other expenses	35	(29,386)	(65,315)
Other income	36	356,759	987,731
Impairment loss on investment in subsidiary	19	(5,200,000)	-
(Loss) / profit from operations		<u>(910,611)</u>	<u>3,757,939</u>
Finance cost	37	(3,560,883)	(3,348,104)
(Loss) / profit before levies and income tax		<u>(4,471,494)</u>	<u>409,835</u>
Levies - minimum tax and final tax	38	(44,759)	(40,542)
(Loss) / profit before income tax		<u>(4,516,253)</u>	<u>369,293</u>
Income tax credit / (expense)	39	1,185,394	(67,156)
(Loss) / profit for the year		<u>(3,330,859)</u>	<u>302,137</u>
Other comprehensive income:			
Items that will not be reclassified subsequently to the unconsolidated profit or loss			
Remeasurements of post employment benefit obligations	23	6,342	6,705
Surplus on revaluation of property, plant and equipment - net of deferred tax	21	525,263	322,459
		<u>531,605</u>	<u>329,164</u>
Total comprehensive (loss) / income for the year		<u>(2,799,254)</u>	<u>631,301</u>
			(Restated)
(Loss) per share / basic and diluted earnings per share (Rupees)	40	<u>(6.95)</u>	<u>0.75</u>

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Chief Financial Officer

THE SEARLE COMPANY LIMITED

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2024

	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves		Total reserves	Total
		Share premium	Revaluation surplus on property, plant & equipment	General reserve	Unappropriated profit		
Rupees '000							
Balance as at July 1, 2022	3,120,527	6,049,419	3,592,613	280,251	13,994,648	23,916,931	27,037,458
Total comprehensive income for the year ended June 30, 2023							
Profit for the year ended June 30, 2023	-	-	-	-	302,137	302,137	302,137
Other comprehensive income for the year ended June 30, 2023	-	-	322,459	-	6,705	329,164	329,164
	-	-	322,459	-	308,842	631,301	631,301
Transfer of incremental depreciation - net of deferred tax	-	-	(154,963)	-	154,963	-	-
Transfer of revaluation surplus on disposal of land held at revaluation model to retained earnings	-	-	(43,040)	-	43,040	-	-
Transactions with owners							
Bonus shares issued during the year in the ratio of 25 shares for every 100 shares held	780,132	-	-	-	(780,132)	(780,132)	-
Balance as at June 30, 2023	3,900,659	6,049,419	3,717,069	280,251	13,721,361	23,768,100	27,668,759
Total comprehensive income for the year ended June 30, 2024							
Loss for the year ended June 30, 2024	-	-	-	-	(3,330,859)	(3,330,859)	(3,330,859)
Other comprehensive income for the year ended June 30, 2024	-	-	525,263	-	6,342	531,605	531,605
	-	-	525,263	-	(3,324,517)	(2,799,254)	(2,799,254)
Transfer of incremental depreciation - net of deferred tax	-	-	(179,957)	-	179,957	-	-
Transactions with owners							
Subscription of shares against right issue of share capital - note 20.5	1,214,286	3,035,714	-	-	-	3,035,714	4,250,000
Issuance cost against right issue - net of tax	-	-	-	-	(24,576)	(24,576)	(24,576)
Balance as at June 30, 2024	5,114,945	9,085,133	4,062,375	280,251	10,552,225	23,979,984	29,094,929

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Chief Financial Officer

THE SEARLE COMPANY LIMITED

UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		Rupees '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	41	10,113,828	4,897,374
Employee benefit obligations paid		(4,918)	(3,265)
Finance cost paid - conventional		(419,013)	(304,016)
Finance cost paid - islamic		(3,104,922)	(2,640,344)
Payments to workers' welfare fund and workers' profit participation fund		(34,346)	(168,484)
Income tax and levies paid		(524,765)	(894,132)
long-term loans disbursed / receipts		(33)	124
Net cash generated from operating activities		<u>6,025,831</u>	<u>887,257</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(312,478)	(323,719)
Proceeds from disposal of property, plant and equipment		90	6,280
Proceeds from disposal of investment properties		-	8,768
Purchase of investment properties		(99,448)	(182,946)
Acquisition of a subsidiary		(7,250,407)	-
Dividend received - subsidiaries		71,951	1,268,768
Net cash (used in) / generated from investing activities		<u>(7,590,292)</u>	<u>777,151</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,119)	(1,950)
Repayment of salary refinancing		-	(134,865)
Repayment of long-term borrowing		(2,088,300)	(1,740,250)
Proceeds from diminishing musharaka facility		72,301	-
Proceeds from issue of share capital net of issuance cost		4,225,424	-
Payments against lease liabilities		(6,628)	(6,830)
Net cash generated from / used in financing activities		<u>2,201,678</u>	<u>(1,883,895)</u>
Net increase /(decrease) decrease in cash and cash equivalents		<u>637,217</u>	<u>(219,487)</u>
Cash and cash equivalents at beginning of the year		(7,781,495)	(7,566,126)
Unrealised exchange (loss) / gain on cash and cash equivalents		(1,176)	4,118
Cash and cash equivalents at end of the year	42	<u>(7,145,454)</u>	<u>(7,781,495)</u>

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Chief Financial Officer

THE SEARLE COMPANY LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

1. THE COMPANY AND ITS OPERATIONS

1.1 The Searle Company Limited (the Company) was incorporated in Pakistan as a private limited company in October 1965. In November 1993, the Company was converted into a public limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are quoted on the Pakistan Stock Exchange Limited (PSX). The Company is principally engaged in the manufacture of pharmaceutical and other consumer products.

International Brands (Private) Limited is the Parent Company, which holds 50.25% (2023: 55.04%) shareholding in the Company.

Following are the subsidiary companies:

Listed Company	Principal place of business	Effective % age of holding	
		2024	2023
- IBL HealthCare Limited	Pakistan	74.19%	74.19%
Unlisted Companies			
- Searle Pakistan Limited		90.61%	90.61%
- Searle Pharmaceuticals (Private) Limited		100.00%	100.00%
- Searle Laboratories (Private) Limited		100.00%	100.00%
- Searle Biosciences (Private) Limited		100.00%	100.00%
- IBL Future Technologies (Private) Limited		100.00%	100.00%
- Searle IV Solutions (Private) Limited		100.00%	-
- Stellar Ventures (Private) Limited		100.00%	-
- Mycart (Private) Limited *		50.00%	-
- IBL Frontier Markets (Private) Limited *		100.00%	-
- Prime Health (Private) Limited *	100.00%	-	
- Nextar Pharma (Private) Limited *	87.20%	87.20%	

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

* *Mycart (Private) Limited, IBL Frontier Markets (Private) Limited and Prime Health (Private) Limited are the subsidiaries of Stellar Ventures (Private) Limited being the indirect subsidiaries of the Company.*

1.2 The geographical locations and addresses of the Company's business units, including plant are as under:

- The registered office of the Company is situated at One IBL Centre 2nd Floor, Plot No. 1, Block 7 & 8 Delhi Mercantile Co-operative Housing Society, Tipu Sultan Road Off Shahrah-e-Faisal, Karachi.
- The Company's manufacturing plants are located at F-319, S.I.T.E Area, Karachi, 32 km Multan Road, Lahore and E-44 - 45, North Western Industrial store, Port Qasim, Karachi.

The warehouses and storage facilities of the Company are situated at:

- Sana Logistics, Survey Number 53-55, Deh Gandpas, Tapo Gabopat, Kemari Town, Taluka & District, Karachi West;
- Plot No. 21-C, Sector 15/16, Gulshan-e-Mazdoor, Hub River Road, Karachi;
- Raiwind Road, Manga Mandi, Lahore;
- Kotlakpat, Plot No. 131/3, Quaid-e-Azam Industrial Estate, Gate 4, Near Fine Chowk, Kotlakhpot, Lahore;
- DHL Logistics, 26 - Km Multan Road, Opposite Maraka PTCL Exchange, Lahore;
- Shabab Studio Chung, 19-KM, Multan Road, Lahore.

- 1.3** These unconsolidated financial statements are separate financial statements of the Company in which investments in subsidiaries have been accounted for at cost less accumulated impairment losses, if any. The consolidated financial statements of the Company and its subsidiaries have been presented separately. Details of the Company's investment in subsidiaries are stated in note 9 to these unconsolidated financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) 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 or IFAS differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting policy notes.

2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees which is also the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

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2.4 Use of critical accounting estimates and judgements

The preparation of unconsolidated financial statements in conformity with accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the unconsolidated financial statements are as follows:

- a) Income tax - notes 3.2 & 39
- b) Revaluation of property, plant and equipment - notes 3.4 & 21
- c) Pricing of revenue from contracts with customers - notes 3.12 & 31
- d) Impairment of long term investments - subsidiaries - notes 3.8 & 19
- e) Residual value, useful lives and impairment of property, plant and equipment - notes 3.4 & 4
- f) Expected credit loss on trade receivable - notes 3.20 & 13
- g) Provision for staff retirement benefits - notes 3.1 & 23
- h) Useful life of intangibles - notes 3.6 & 7
- i) Investment properties - notes 3.7 & 6
- j) Non-current assets held for sale - notes 3.27 & 19

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The management believes that the change in outcome of estimates would not have a material impact on the amounts disclosed in the unconsolidated financial statements.

There have been no critical judgements other than those disclosed by the Company's management in applying the accounting policies that would have significant effect on the amounts recognised in the unconsolidated financial statements.

2.5 Changes in accounting standards, interpretations and pronouncements

a) Amendments to accounting and reporting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2023. However, these do not have any significant impact on the Company's financial reporting.

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

There are a standard, certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2024. However, these are considered either not to be relevant or to have any significant impact on the Company's unconsolidated financial standards and operations and, therefore, have not been disclosed in these unconsolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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 the years presented.

3.1 Staff retirement benefits

3.1.1 Defined benefit plan

Defined benefit plans define an amount of pension or gratuity or medical benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the unconsolidated statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds or the market rates on government bonds. These are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related benefit obligation.

The Company operates an approved unfunded gratuity scheme covering all unionised employees with five or more years of service with the Company. The provision has been made in accordance with actuarial valuations carried out as of June 30, 2024 using the projected unit credit method.

3.1.2 Defined contribution plan

The Company operates a recognised provident fund scheme for all employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% per annum of the basic salary. The contributions are recognised as employee benefit expense when they are due.

3.1.3 Compensated absences

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

3.2 Income tax

3.2.1 Current

The charge for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates after taking into account tax credits and rebates available, if any.

3.2.2 Deferred

Deferred tax is accounted for using the liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the unconsolidated financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited in the unconsolidated statement of profit or loss and other comprehensive income, except in the case of items credited or charged to equity in which case it is included in equity.

Deferred tax is determined using tax rates and prevailing law for taxation on income that have been enacted or substantively enacted on the unconsolidated statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

3.2.3 Levies

The tax charged under 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 taxes, which are not adjustable against the future tax liability, are classified as levies in the unconsolidated statement of profit or loss and other comprehensive income as these levies fall under the scope of IFRIC 21/IAS 37.

Taxes on dividend from subsidiaries, associates and joint ventures are not considered as levies as these dividends are specifically covered by IAS 12.

3.3 Share capital

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

3.4 Property, plant and equipment

3.4.1 Operating assets

These are stated at cost less accumulated depreciation / amortisation and impairment loss, if any, except leasehold land, building on leasehold land, plant and machinery, vehicles and air conditioning systems, which are stated at revalued amount less accumulated depreciation and impairment losses, if any, and capital work-in-progress which is stated at cost.

Depreciation is charged to unconsolidated statement of profit or loss and other comprehensive income applying the straight line method, whereby the depreciable amount of an asset is written off over its estimated useful life. The revalued amount of building on leasehold land, plant and machinery, vehicles and air conditioning systems is depreciated equally over the remaining life from the date of valuation. Depreciation is charged on additions from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

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Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in the statement of profit and loss and other comprehensive income and accumulated in reserves in the shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the unconsolidated statement of profit or loss and other comprehensive income, the increase is first recognised in the unconsolidated profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the unconsolidated profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the unconsolidated profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to unappropriated profit. The accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount.

Gain or loss on disposal or retirement of property, plant and equipment is included in the unconsolidated statement of profit or loss and other comprehensive income.

The assets' residual values, the method of depreciation and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Maintenance and normal repairs are charged to the profit or loss as and when incurred. Major renewals and improvements, if any, are capitalised, when it is probable that future economic benefits will flow to the Company.

3.4.2 Capital work-in-progress

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

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

3.5 Lease liability and right-of-use asset

At inception of a contract, the Company assesses whether a contract is, or contains, a lease i.e. it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, exercise price of a purchase option, payments of penalties for terminating the lease, less any lease incentives receivable. The purchase, extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future payments arising from a change in fixed payments or an index or rate, the Company's estimate of the amount expected to be payable under a residual value guarantee or its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of right-of-use asset is reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any payments made at or before the commencement date and any incentive received, plus any initial direct costs and estimate of costs to dismantle, remove or restore the underlying asset (if any) or to restore the site on which it is located. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company does not recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less, leases of low-value assets and recognises associated payments in the period in which these are incurred.

3.6 Intangible assets

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the Company and that the cost of such asset can be measured reliably. These are stated at cost less accumulated amortisation and impairment, if any.

Distribution rights, brand name & logo and licenses have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets having infinite life are carried at cost less impairment, if any.

Amortisation is calculated using the straight line method to allocate the cost of trademarks and licenses over the useful lives.



3.7 Investment property

The Company carries investment properties at their respective costs under the cost model in accordance with IAS 40 - 'Investment Property'. The fair values are determined by the independent valuation experts and such valuations are carried out every year to determine the recoverable amount.

Assets classified under investment properties are carried at their respective cost less accumulated depreciation and accumulated impairment losses, if any.

The Company carries investment property under work in progress at their respective costs less accumulated impairment losses, if any. Depreciation is charged on such property after it is completed as per IAS 40 - 'Investment Property'.

3.8 Investment in subsidiary companies

Investments in subsidiary companies are initially recognised at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognised as expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in the unconsolidated profit or loss and other comprehensive income.

3.9 Inventories

These are valued at the lower of cost and net realisable value except goods-in-transit which are valued at invoice value plus other charges incurred thereon. Cost signifies standard cost adjusted by variances.

Cost of raw and packing material is determined using weighted average method and includes directly related expenses less trade discounts. Cost of work-in-process and finished goods includes cost of raw material, direct labour and related production overheads.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less cost of completion and estimated cost necessarily to be incurred to make the sale.

The management continuously reviews its inventory for existence of any item which may be obsolete. Provision is made for slow moving inventory based on management's estimation. These are based on historical experience and are continuously reviewed.

Stores and spares are valued at lower of cost, determined using weighted average method less provision for slow moving and obsolete stores and spares. Items in transit are valued at invoice value plus other charges incurred thereon.

3.10 Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when these are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer note 3.20 for a description of the Company's impairment policies.

3.11 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated statement of financial position at cost. For the purposes of statement of cash flows, cash and cash equivalents comprise cash, balances with banks on current and deposit accounts and finance under mark-up arrangements.

3.12 Revenue recognition

Revenue is recognised when control of the products has transferred, being when the products are dispatched to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue is recognised as follows:

- Revenue from domestic sale of goods is recognised at a point in time when control of goods is transferred to the customer which coincides with the delivery of goods.
- Exports sales are recognised as revenue when invoiced with the transfer of control of goods, which coincides either with the date of bill of lading or upon delivery to customer or its representatives, based on term of arrangements.
- Income from toll manufacturing is at a point in time recognised when services are rendered.
- Dividend income, other than those from investments measured using equity method, is recognised when the right to receive payment is established.
- Interest income and rental income is recognised on accrual basis.

No element of financing is deemed present as the sales are made with a credit term of 30-90 days, which is consistent with the market practice.

The Transaction price for products are agreed under the contracts with customers.

Sales return is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer.

Discounts are offered on the basis of contracts with customers.

3.13 Borrowings and their cost

Borrowings are initially recognised at cost being the fair value of the consideration received together with the associated transaction cost. Subsequently, these are recognised at amortised cost using the effective interest method. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalised as part of the cost of that asset. Borrowings payable within next twelve months are classified as current liabilities.

3.14 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for the shareholders. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the 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.

3.15 Foreign currency translation and transaction

Transactions in foreign currencies are converted into Pak Rupees using the exchange rates prevailing on the dates of the transactions. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees using the exchange rates prevailing on the reporting date. Exchange differences are taken to the unconsolidated statement of profit or loss and other comprehensive income.

3.16 Research and development cost

Research and development cost except to the extent that an intangible asset is recognised, is charged in the year in which it is incurred. Development costs previously charged to the unconsolidated statement of profit or loss and other comprehensive income are not recognised as an asset in the subsequent period.

3.17 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.18 Provisions

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

3.19 Impairment of non-financial asset

Carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, assets or cash-generating units are tested for impairment. Cash-generating units to which goodwill is allocated are tested for impairment annually. Where the carrying values of assets or cash-generating units exceed the estimated recoverable amount, these are written down to their recoverable amount and the resulting impairment is charged to the unconsolidated statement of profit or loss and other comprehensive income.

3.20 Financial instruments - Initial recognition and subsequent measurement

Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flows characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

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

By default, all other financial assets are subsequently measured at FVTPL.

Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income/(loss).

ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which these arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

Impairment of financial asset

The Company recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost at an amount equal to life time ECLs except for the following, which are measured at 12 months ECLs:

- bank balances for whom credit risk (the risk of default occurring over the expected life of the financial instrument has not increased since the inception.
- employee receivables.
- other short term loans and receivables that have not demonstrated any increase in credit risk since inception.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

The Company considers a financial asset in default when it is more than 90 days past due. Moreover, the Company has identified the CPI and the unemployment rate of the country to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Life time ECLs are the ECLs that results from all possible defaults events over the expected life of a financial instrument. 12 month ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Derecognition

i) Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in the unconsolidated statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to the unconsolidated statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to the statement of changes in equity.

ii) Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

3.21 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.22 Dividend distribution

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

3.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

3.24 Contingent liabilities

Contingent liabilities are disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, at one or more uncertain future events not wholly within the control of the Company; or the Company 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 can not be measured with sufficient reliability.

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3.25 Share premium

This reserve can be utilised by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

3.26 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs under the contract.

3.27 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition. Non-current assets are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for sale are presented separately from the other assets in the statement of financial position.

3.28 Restatement

During the year the Institute of Chartered Accountant of Pakistan (ICAP) has withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance - "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of tax paid under minimum and final tax regime to be shown separately as a levy instead of showing it in current tax.

Accordingly, the impact has been incorporated in these unconsolidated financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) - 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the unconsolidated statement of financial position, the unconsolidated statement of cash flows and earnings per share as a result of this change.

	For the year ended June 30, 2024			For the year ended June 30, 2023		
	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating the effects of change in accounting policy	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating the effects of change in accounting policy
	(Rupees in '000)					
Profit before income tax	(4,471,494)	(44,759)	(4,516,253)	409,835	(40,542)	369,293
Levies	-	(44,759)	(44,759)	-	(40,542)	(40,542)
Income tax - net	1,140,635	44,759	1,185,394	(107,698)	40,542	(67,156)

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2024 2023
Rupees '000

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 4.1	6,634,953	6,286,725
Capital work-in-progress - at cost - note 4.12	416,837	257,795
	7,051,790	6,544,520

4.1 Operating assets

	Owned assets							Total
	Leasehold land - notes 4.2, 4.3, 4.4, 4.5 & 4.6	Building on leasehold land notes 4.2, 4.3, 4.4 & 4.6	Plant and machinery - notes 4.2, 4.3, 4.4, 4.5 & 4.6	Office equipment - note 4.6 & 4.7	Furniture and fixtures	Vehicles - notes 4.2, 4.3, 4.4 & 4.5	Air - conditioning systems - notes 4.2, 4.3, 4.4 & 4.5	
	← Rupees '000 →							
Net carrying value basis								
Year ended June 30, 2024								
Opening net book value	3,394,438	956,465	1,592,699	25,640	50,029	43,750	223,704	6,286,725
Additions	4,817	17,818	58,238	63,548	1,054	2,799	5,162	153,436
Revaluation surplus - note 4.2	277,887	59,410	263,276	-	-	7,147	39,385	647,105
Disposals - note 4.11	-	-	-	(23)	-	-	-	(23)
Depreciation charge - note 4.8	-	(69,706)	(305,586)	(16,397)	(8,311)	(11,114)	(41,176)	(452,290)
Closing net book value	3,677,142	963,987	1,608,627	72,768	42,772	42,582	227,075	6,634,953
Gross carrying value basis								
As at June 30, 2024								
Cost or fair value	3,677,142	963,987	1,608,627	268,549	101,519	42,582	227,075	6,889,481
Accumulated depreciation	-	-	-	(195,781)	(58,747)	-	-	(254,528)
Closing net book value	3,677,142	963,987	1,608,627	72,768	42,772	42,582	227,075	6,634,953
Net carrying value basis								
Year ended June 30, 2023								
Opening net book value	3,731,356	677,307	1,743,283	39,744	51,110	48,650	217,818	6,509,268
Additions	3,472	75,192	81,263	9,235	6,722	7,426	33,595	216,905
Revaluation surplus	112,547	253,444	66,603	-	-	24,874	12,077	469,545
Disposals	(452,937)	(283)	(80)	(440)	-	-	(48)	(453,788)
Depreciation charge	-	(49,195)	(298,370)	(22,899)	(7,803)	(37,200)	(39,738)	(455,205)
Closing net book value	3,394,438	956,465	1,592,699	25,640	50,029	43,750	223,704	6,286,725
Gross carrying value basis								
As at June 30, 2023								
Cost or fair value	3,394,438	956,465	1,592,699	205,141	100,465	43,750	223,704	6,516,662
Accumulated depreciation	-	-	-	(179,501)	(50,436)	-	-	(229,937)
Net book value	3,394,438	956,465	1,592,699	25,640	50,029	43,750	223,704	6,286,725
Depreciation rate		5% & 20%	10%, 20% & 33%	10%, 20% & 33%	10%, 20% & 33%	20%	10% & 20%	

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4.2 At June 30, 2024, the Company revalued its operating assets classified under leasehold land, building on leasehold land, plant and machinery, vehicles and air-conditioning systems which resulted in revaluation surplus amounting to Rs. 277.89 million (2023: Rs. 112.55 million), Rs. 59.41 million (2023: Rs. 253.44 million), Rs. 263.28 million (2023: Rs. 66.6 million), Rs. 7.15 million (2023: 24.87 million) and Rs. 39.39 million (2023: Rs. 12.08 million) respectively.

4.3 Following assets have been revalued on the basis of present market values (level 2) for similar sized plots in the vicinity for land and replacement values of similar types of buildings, plant and machinery, vehicles and air-conditioning system during the year, details are as follows:

Assets	Location	Area square yards
Valuer: Pee Dee & Associates (Private) Limited		
Leasehold land	Plot # 5-B, Block 7& 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi	505
Leasehold land	E-58A, North Western Industrial Zone, Port Qasim Authority, Karachi	7,025
Leasehold land	E-44 & E-45, North Western Industrial Zone, Port Qasim Authority, Karachi	9,711
Leasehold land	Plot # F- 319, S.I.T.E, Karachi	25,362
Building on leasehold land, air- conditioning system, plant and machinery	E-44 & E-45, North Western Industrial Zone, Port Qasim Authority, Karachi	Not applicable
Building on leasehold land, air- conditioning system, plant and machinery	Plot # F- 319, S.I.T.E, Karachi	Not applicable
Vehicles	Not Applicable	Not applicable

4.4 Forced sale value of the revalued assets as at June 30, 2024 are as follows:

	2024	2023
	Rupees '000	
- Leasehold land	2,699,675	2,488,851
- Building on leasehold land	687,477	681,494
- Plant and machinery	1,132,069	1,120,690
- Vehicles	32,200	35,000
- Air-conditioning systems	159,519	157,144

4.5 The previous valuation was carried out by an independent valuer Pee Dee & Associates (Private) Limited on June 30, 2023.

4.6 This represents owner occupied portion of investment property (One IBL Center) being used by the Company. The owner occupied portion has been determined on the basis of total covered area occupied by the Company i.e. 20,184 square fts (2023: 20,184 square fts), in terms of percentage 13.91% (2023: 13.91%). The net book value of the owner occupied portion is Rs. 309.73 million (2023: Rs. 317.73 million), having a fair value of Rs. 1,354.05 million (2023: Rs. 1,311.02 million).

4.7 This includes purchase of office equipment from the related parties - IBL Unisys (Private) Limited and Universal Retail (Private) Limited amounting to Rs. 52.08 million (2023: Rs. 2.03 million) and Rs. 0.20 million (2023: Rs. Nil).

	2024	2023
	Rupees '000	
4.8 Depreciation for the year has been allocated as follows:		
Cost of sales	368,906	358,512
Distributions cost	30,773	31,754
Administrative expenses	52,611	64,939
	<u>452,290</u>	<u>455,205</u>

4.9 Had there been no revaluation of leasehold land, building on leasehold land, plant and machinery, vehicles and air-conditioning systems, cost and written down value of revalued assets would have been as follows:

	Leasehold land	Building on leasehold land	Plant and machinery	Air- conditioning systems	Vehicles	Total
	Rupees '000					
Cost	585,492	838,549	1,797,641	298,787	44,425	3,564,894
Accumulated depreciation	-	(312,473)	(1,076,240)	(160,776)	(36,485)	(1,585,974)
NBV as at June 30, 2024	<u>585,492</u>	<u>526,076</u>	<u>721,401</u>	<u>138,011</u>	<u>7,940</u>	<u>1,978,920</u>
NBV as at June 30, 2023	<u>580,675</u>	<u>534,773</u>	<u>763,785</u>	<u>160,377</u>	<u>2,256</u>	<u>2,041,866</u>

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

Location	Usage	Total Area Square yards
- F-319, S.I.T.E area, Karachi - note 4.10.1	Manufacturing facility	25,362
- E-58-A North Western Industrial Zone, Port Qasim Authority, Karachi	Land	7,366
- Plot # 5-B, Block 7& 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi	Land	505

4.10.1 Leasehold land, building on leasehold land, plant and machinery, office equipment, furniture and fixtures, vehicles and air-conditioning systems of plot # F-319, S.I.T.E, Karachi are subject to a first charge against the short term running facilities of Rs. 7,650 million obtained from various commercial banks. This charge existed at June 30, 2024. The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

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

4.12 **Capital work-in-progress - at cost**

	Balance as at July 1, 2023	Additions during the year	Transfers to operating assets	Balance as at June 30, 2024	Balance as at July 1, 2022	Additions during the year	Transfers to operating assets	Balance as at June 30, 2023
	← (Rupees '000) →							
Civil works	71,778	26,314	(17,818)	80,274	77,739	66,755	(72,716)	71,778
Plant and machinery - note 4.12.1	169,399	244,538	(127,805)	286,132	52,508	247,545	(130,654)	169,399
	<u>241,177</u>	<u>270,852</u>	<u>(145,623)</u>	<u>366,406</u>	<u>130,247</u>	<u>314,300</u>	<u>(203,370)</u>	<u>241,177</u>
Advances against purchase of land	300	-	-	300	-	300	-	300
Advances to suppliers	16,318	33,813	-	50,131	20,734	5,868	(10,284)	16,318
	<u>257,795</u>	<u>304,665</u>	<u>(145,623)</u>	<u>416,837</u>	<u>150,981</u>	<u>320,468</u>	<u>(213,654)</u>	<u>257,795</u>

4.12.1 It represents plant and machinery that has not commissioned yet. Further, this includes plant and machinery purchased from a related party Nextar Pharmaceuticals (Private) Limited amounting to Rs. 18.95 million.

	2024	2023
5. RIGHT-OF-USE ASSETS	Rupees '000	
Plant and machinery		
Balance as at July 01	60,090	69,750
Depreciation for the year - note 5.1	<u>(9,660)</u>	<u>(9,660)</u>
Closing as at June 30 - note 5.2	<u>50,430</u>	<u>60,090</u>

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

5.2 The Company has lease contracts of plant and machinery relating to SA Pharma and MyPlan located in Lahore, which is used for the purpose of manufacturing of pharmaceutical products. Leases of such plants have a useful life of 10 and 11 years respectively.

	2024	2023
6. INVESTMENT PROPERTIES - AT COST	Rupees '000	
Operating assets - notes 6.1 & 6.2	2,885,863	2,417,797
Investment property under work-in-progress - at cost - note 6.6	-	447,071
	<u>2,885,863</u>	<u>2,864,868</u>

6.1 Operating assets

	Owned assets								Total
	Leasehold land	Building on leasehold land	Office equipment	Electrical equipment	Lifts & elevators	Generators	Furniture & fixtures	Air - conditioning system	
	← Rupees '000 →								
Gross carrying value basis									
Year ended June 30, 2024									
Opening net book value	1,917,312	333,513	8,363	35,969	23,692	32,649	33,222	33,077	2,417,797
Additions	2,487	401,964	36,322	29,129	19,931	3,510	14,047	39,129	546,519
Depreciation charge	-	(29,665)	(5,433)	(10,414)	(6,227)	(5,666)	(8,538)	(12,510)	(78,453)
Closing net book value	1,919,799	705,812	39,252	54,684	37,396	30,493	38,731	59,696	2,885,863
Net carrying value basis									
As at June 30, 2024									
Cost	1,919,799	892,899	75,573	125,078	76,567	58,894	95,026	152,863	3,396,699
Accumulated depreciation	-	(187,087)	(36,321)	(70,394)	(39,171)	(28,401)	(56,295)	(93,167)	(510,836)
Net book value	1,919,799	705,812	39,252	54,684	37,396	30,493	38,731	59,696	2,885,863
Gross carrying value basis									
Year ended June 30, 2023									
Opening net book value	1,910,008	359,312	12,727	46,353	29,421	38,227	41,409	45,018	2,482,475
Additions	7,304	-	-	-	-	-	-	-	7,304
Disposals	-	(1,081)	(294)	(436)	-	-	-	(268)	(2,079)
Depreciation charge	-	(24,718)	(4,070)	(9,948)	(5,729)	(5,578)	(8,187)	(11,673)	(69,903)
Closing net book value	1,917,312	333,513	8,363	35,969	23,692	32,649	33,222	33,077	2,417,797
Net carrying value basis									
As at June 30, 2023									
Cost	1,917,312	490,935	39,251	95,949	56,636	55,384	80,979	113,734	2,850,180
Accumulated depreciation	-	(157,422)	(30,888)	(59,980)	(32,944)	(22,735)	(47,757)	(80,657)	(432,383)
Net book value	1,917,312	333,513	8,363	35,969	23,692	32,649	33,222	33,077	2,417,797
Depreciation rate	-	5%	20%	10%	10%	10%	10%	10%	-

6.2

Leasehold land and other assets (comprises of building on leasehold land, office equipment, electrical equipment, lifts and elevators, generators, furniture and fixtures and air-conditioning) on One IBL Centre classified under investment property and property, plant and equipment has been valued under the market value basis by an independent valuer, Pee Dee & Associates (Private) Limited. Market value of One IBL Centre based on the valuation as of June 30, 2024 was Rs. 9.89 billion (2023: Rs. 9.58 billion). The said property has been provided as a security for Musharaka facility - refer notes 24.1 and 24.3.

The valuation of leasehold land and building on Plot # 24-/5 - A, Block 7 and 8 Delhi mercantile muslim co-operative housing society have been carried out by an independent valuer i.e. Pee Dee & Associates as at June 30, 2024. Market values for leasehold land and building on leasehold land is Rs. 243 million (2023: Rs. 275 million) and Rs. 5.13 million (2023: Rs. 5.27 million) respectively.

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

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

- 6.4 The rental income in respect of One IBL Centre property amounting to Rs. 90.71 million (2023: Rs. 85.73 million) has been recognized in statement of profit or loss and other comprehensive income and included in 'other income' - refer note 36.

The direct operating expenses pertaining to One IBL Centre property comprising maintenance and utility costs amounting to Rs. 69.43 million (2023: Rs. 77.36 million) which is netted with income from provision of amenities which is specified in 'other income' - refer note 36.

- 6.5 The Company has entered into operating leases on its investment property consisting of certain office building including lift and elevators, generators, furniture and fixtures, air-conditioners and electrical equipment. These leases have multiple terms ranging from 5 to 10 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

	2024	2023
	Rupees '000	
6.6 Movement in investment property under work in progress at One IBL Building Center - at cost		
Balance as at July 01	447,071	271,429
Additions during the year - note 6.6.1	96,960	175,642
Transfers to operating assets - investment properties	<u>(544,031)</u>	<u>-</u>
Balance as at June 30	<u><u>-</u></u>	<u><u>447,071</u></u>

- 6.6.1 This includes furniture and fixtures and office equipments purchased from related parties - Universal Retail (Private) Limited, IBL Logistics (Private) Limited and IBL Frontier Market (Private) Limited amounting to Rs. 0.50 million (2023: Nil), Rs. 0.31 million (2023: Rs. 0.20 million) and Rs. Nil (2023: Rs. 5.5 million) respectively.

- 6.7 Investment property comprising leasehold land, building on leasehold land, generators, lift and elevators, air-conditioner, electrical equipment, furniture and fittings and office equipment with a carrying amount of Rs. 2.16 billion are subject to first charge against musharaka loan from Habib Bank Limited (Musharaka agent). This charge existed as at June 30, 2024 refer notes - 24.1 to 24.5.

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7.	INTANGIBLE ASSETS	2024		2023		
		Rupees '000				
	Operating intangible assets - note 7.1	<u>25,968</u>		<u>40,399</u>		
7.1	Operating intangible assets					
		Distribu- tion rights	Brand name and logo - note 7.1.1	Product license - note 7.1.2	Software licenses - note 7.1.3	Total
		← Rupees '000 →				
	Net carrying value basis					
	Year ended June 30, 2024					
	Opening net book value	-	-	33,487	6,912	40,399
	Additions	-	-	-	-	-
	Amortisation charge - note 7.2	-	-	(11,162)	(3,269)	(14,431)
	Closing net book value	<u>-</u>	<u>-</u>	<u>22,325</u>	<u>3,643</u>	<u>25,968</u>
	Gross carrying value basis					
	As at June 30, 2024					
	Cost	76,275	74,703	111,623	166,160	428,761
	Accumulated amortisation	(76,275)	(74,703)	(89,298)	(162,517)	(402,793)
	Net book value	<u>-</u>	<u>-</u>	<u>22,325</u>	<u>3,643</u>	<u>25,968</u>
	Gross carrying value basis					
	Year ended June 30, 2023					
	Opening net book value	-	-	44,650	14,315	58,965
	Additions	-	-	-	-	-
	Amortisation charge	-	-	(11,163)	(7,403)	(18,566)
	Closing net book value	<u>-</u>	<u>-</u>	<u>33,487</u>	<u>6,912</u>	<u>40,399</u>
	Net carrying value basis					
	As at June 30, 2023					
	Cost	76,275	74,703	111,623	166,160	428,761
	Accumulated amortisation	(76,275)	(74,703)	(78,136)	(159,248)	(388,362)
	Net book value	<u>-</u>	<u>-</u>	<u>33,487</u>	<u>6,912</u>	<u>40,399</u>
	Amortisation rate	<u>-</u>	<u>10%</u>	<u>10%</u>	<u>20% & 33.33%</u>	

7.1.1 Brand name and logo include brands purchased from Cirin Pharmaceutical (Private) Limited which are fully amortised and still in use.

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

7.1.3 Software licenses include various licenses and enterprise resources planning software.

7.2 Amortisation charge on intangible assets has been charged to administrative expenses.

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8. DEFERRED TAX ASSET

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, these have been offset in the unconsolidated statement of financial position as follows:

	2024	2023
	Rupees '000	
Deferred tax asset	1,846,387	432,714
Deferred tax liability	(574,369)	(671,439)
	<u>1,272,018</u>	<u>(238,725)</u>

8.1 Analysis of change in deferred tax

	Accelerated tax depreciation	Minimum tax - note 8.2	Surplus on revaluation	Right-of-use asset and lease liability	Decelerated tax amortisation	Deferred grant	Unwinding of interest on salary refinancing	Provision for doubtful receivables	Provision for doubtful trade deposits	Employee benefit obligation	Provision for impairment - note 19	Total
	← Rupees '000 →											
July 1, 2023	(119,825)	351,357	(551,614)	7,534	17,414	-	295	55,324	790	-	-	(238,725)
Credit / (charge) to profit or loss	23,574	(118,745)	195,338	1,990	(2,347)	-	(295)	5,832	82	19,156	1,508,000	1,632,585
Charge to other comprehensive income	-	-	(121,842)	-	-	-	-	-	-	-	-	(121,842)
June 30, 2024	<u>(96,251)</u>	<u>232,612</u>	<u>(478,118)</u>	<u>9,524</u>	<u>15,067</u>	<u>-</u>	<u>-</u>	<u>61,156</u>	<u>872</u>	<u>19,156</u>	<u>1,508,000</u>	<u>1,272,018</u>
July 1, 2022	(153,296)	222,819	(404,528)	6,081	18,166	(2,328)	(17,324)	40,790	718	-	-	(288,902)
Credit / (charge) to profit or loss	33,471	128,538	-	1,453	(752)	2,328	17,619	14,534	72	-	-	197,263
Charge to other comprehensive income	-	-	(147,086)	-	-	-	-	-	-	-	-	(147,086)
June 30, 2023	<u>(119,825)</u>	<u>351,357</u>	<u>(551,614)</u>	<u>7,534</u>	<u>17,414</u>	<u>-</u>	<u>295</u>	<u>55,324</u>	<u>790</u>	<u>-</u>	<u>-</u>	<u>(238,725)</u>

8.2 The total deferred tax asset on minimum tax for tax year 2019 has expired and consequently deferred tax reversal has been booked. However deferred tax asset on minimum tax for tax year 2023 will expire on June 30, 2027.

8.3 Under the Finance Act, 2019, corporate rate of tax has been fixed at 29% for tax year 2020 and onwards and super tax has been recorded by the Company at the rate of 4% as discussed in note 30.1.7, therefore, deferred tax assets and liabilities have been recognised accordingly using the enacted tax rate of 33% - refer note - 39.2.3.

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	2024		2023	
	Rupees '000			
9. LONG-TERM INVESTMENTS - SUBSIDIARIES				
Subsidiary companies (at cost) - note 9.1		9,666,718		18,816,311
9.1 Subsidiary companies				
		2024		2023
	Equity % held	Investment at cost (Rupees '000)	Equity % held	Investment at cost (Rupees '000)
Quoted security				
<i>IBL HealthCare Limited - note 9.1.1</i>				
63,559,964 (2023: 52,966,637)				
Ordinary shares of Rs. 10 each	74.19%	1,300,911	74.19%	1,300,911
Market price as at June 30, 2024: Rs. 30.91 (2023: Rs. 32.55) per share				
		1,300,911		1,300,911
Unquoted securities				
<i>Searle Pakistan Limited - note 19</i>				
1,047,029,979 (2023: 1,047,029,979)				
Ordinary shares of Rs. 10 each	-	-	90.61%	16,400,000
Break up value as at June 30, 2024: Rs. 10.28 (2023: Rs. 10.34) per share				
<i>Searle Biosciences (Private) Limited</i>				
11,000,000 (2023: 11,000,000)				
Ordinary shares of Rs. 10 each	100%	790,000	100%	790,000
Break up value as at June 30, 2024: Rs. 88.69 (2023: Rs. 87.94) per share				
<i>IBL Future Technologies (Private) Limited - note 9.2</i>				
20,000,000 (2023: 20,000,000)				
Ordinary shares of Rs. 10 each	100%	200,000	100%	200,000
Break up value as at June 30, 2024: Rs. 10.03 (2023: Rs. 10.03) per share				
<i>Searle Laboratories (Private) Limited - note 9.2</i>				
12,500,000 (2023: 12,500,000)				
Ordinary shares of Rs. 10 each	100%	125,000	100%	125,000
Break up value as at June 30, 2024: Rs. 0.29 (2023: Rs. 0.29) per share				
<i>Searle Pharmaceuticals (Private) Limited - note 9.2</i>				
40,000 (2023: 40,000)				
Ordinary shares of Rs. 10 each	100%	400	100%	400
Break up value as at June 30, 2024: nil (2023: nil) per share				
<i>Stellar Ventures (Private) Limited - note 9.1.2</i>				
12,100,000 (2023: nil)				
Ordinary shares of Rs. 10 each	100%	3,750,407	0%	-
Break up value as at June 30, 2024: Rs. 326 (2023: nil) per share				
<i>Searle IV Solutions (Private) Limited - note 9.1.3</i>				
5,400,000 (2023: nil)				
Ordinary shares of Rs. 10 each	100%	3,500,000	0%	-
Break up value as at June 30, 2024: Rs. 232 (2023: nil) per share				
		8,365,807		17,515,400
		9,666,718		18,816,311

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9.1.1 IBL Healthcare Limited

9.1.1.1 Section 236M of the Income tax Ordinance, 2001 (inserted through the Finance Act, 2014), specified that every company, quoted on stock exchange, while issuing bonus shares shall withhold five percent of the bonus shares to be issued. Bonus shares withheld shall only be issued to a shareholder, if the Company collects tax equal to five percent of the value of the bonus shares issued including bonus share withheld, determined on the basis of day-end price on the first day of closure of books. The tax was to be collected within fifteen days of the first day of closure of books, after which the company was required to deposit shares withheld to Central Depository Company, in favour of the Federal Government. This section was later deleted through the Finance Act, 2018.

Similarly, section 236Z of the Income tax Ordinance, 2001 (inserted through the Finance Act, 2023), specifies that every company, while issuing bonus shares shall withhold ten percent of the bonus shares to be issued. Bonus shares withheld shall only be issued to a shareholder, if the Company collects tax equal to ten percent of the value of the bonus shares issued including bonus share withheld, determined on the basis of day-end price on the first day of closure of books. The tax is to be collected within fifteen days of the first day of closure of books, after which the Company is required to dispose of the shares withheld.

Based on the requirement mentioned above, the Company is exposed to a tax liability of approximately Rs. 103.9 million (2023: Rs. 71.8 million), on account of bonus shares received from IBL HealthCare Limited from 2015 to 2018 and 2024. The Company has filed a petition in respect of tax on bonus shares in the Honourable High Court of Sindh, and expects a favourable outcome, based on a legal advice. Further, pending decision of the Honourable High Court of Sindh, IBL HealthCare Limited has withheld 2,799,762 shares (2023: 1,474,940 shares) with Central Depository Company of Pakistan Limited.

9.1.1.2 During the year, the IBL Healthcare Limited has issued bonus shares in the ratio of 20 shares for every 100 ordinary shares held equivalent to 20% for the year ended June 30, 2023.

9.1.2 Stellar Ventures (Private) Limited

The Board of Directors of the Company in their meeting held on October 03, 2022, resolved to acquire the 100% shareholding of Stellar Ventures (Private) Limited (SVPL) from Universal Ventures (Private) Limited (UVPL) - a related party of the Company, at a valuation to be determined and negotiated by the management of the Company with UVPL on arms length basis, to be adjusted against the Company's receivable balance, subject to a due diligence and approval of the shareholders under the provisions of Section 199 of the Companies Act, 2017. The Valuation of SVPL was conducted by KPMG Taseer Hadi & Co. and arrived at value of Rs. 3.75 billion as per their report dated May 23, 2023. The 100% acquisition of SVPL was approved by the shareholders in the extraordinary general meeting of the Company held on July 26, 2023 at Rs. 3.75 billion.

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9.1.3 Searle IV Solutions (Private) limited

The Board of Directors of the Company in their meeting held on May 25, 2023, resolved to acquire the 100% shareholding of Searle IV Solutions (Private) Limited (Searle IV) from IBL Operations (Private) Limited (IBL OPS) - a related party of the Company, subject to a approval of the shareholders under the provisions of Section 199 of the Companies Act, 2017. The valuation of Searle IV was conducted by KPMG Taseer Hadi & Co. and arrived at a value of Rs. 3.5 billion as per their report dated May 19, 2023. The 100% acquisition of Searle IV was approved by the shareholders in the extraordinary general meeting of the Company held on July 26, 2023 at Rs. 3.5 billion.

9.2 The Company has committed to provide a financial support to Searle Laboratories (Private) Limited, Searle Pharmaceuticals (Private) Limited and IBL Future Technologies (Private) Limited as on June 30, 2024.

	2024	2023
	Rupees '000	
10. LONG-TERM LOANS		
Secured - considered good - note 10.1	292	246
Less: Current portion - shown under loans and advances - note 14	(142)	(129)
	<u>150</u>	<u>117</u>

10.1 This represents interest-free loans given to employees other than executives provided for a period of 3.5 years. These are secured against provident fund balances of respective employees.

11. LONG-TERM DEPOSITS

These are security deposits held with K-Electric Limited and do not carry any mark up arrangement.

	2024	2023
	Rupees '000	
12. INVENTORIES		
Raw materials	1,267,620	1,313,375
Packing materials	556,733	621,657
Stores and spares	131,918	180,767
Work-in-process	167,010	317,502
Finished goods	185,825	282,934
	<u>2,309,106</u>	<u>2,716,235</u>

12.1 Inventories include inventory in transit amounting to Rs. 313.14 million (2023: Rs. 482.07 million).

12.2 Inventories include inventory held by third parties amounting to Rs. 609.67 million (2023: Rs. 570.30 million).

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	2024	2023
	Rupees '000	
13. TRADE RECEIVABLES		
- Due from related parties, unsecured - note 13.1	9,753,318	10,818,800
- Export receivables, secured - note 13.5	420,577	442,573
- Others, unsecured	717,250	494,001
	<u>10,891,145</u>	<u>11,755,374</u>
Less: Allowance for expected credit loss - note 13.7	(185,323)	(185,323)
	<u><u>10,705,822</u></u>	<u><u>11,570,051</u></u>
13.1 Due from related parties, unsecured		
Subsidiary companies - notes 13.2, 13.3 & 13.4		
- Searle Biosciences (Private) Limited	361,798	320,860
- IBL HealthCare Limited	-	109,010
Associated companies - notes 13.2, 13.3 & 13.4		
- IBL Operations (Private) Limited	9,391,028	10,388,930
- United Brands Limited	492	-
	<u>9,753,318</u>	<u>10,818,800</u>
13.2 The maximum aggregate amount of receivable outstanding at any time during the year are as follows:		
	2024	2023
	Rupees '000	
Subsidiary companies		
- Searle Biosciences (Private) Limited	434,683	524,824
- IBL HealthCare Limited	271,889	382,340
- Searle Pakistan Limited	40,973	193,986
Associated companies		
IBL Operations (Private) Limited	18,864,481	16,967,098
IBL Logistics (Private) Limited	86,631	86,631
United Brands Limited	2,123	-
13.3 These are stated net of amount payable from the following parties:		
	2024	2023
	Rupees '000	
IBL Operations (Private) Limited	455,154	355,193
IBL Health Care Limited	-	7,713
United Brands Limited	1,631	-
IBL Logistics (Private) Limited	83,631	83,631
	<u>540,416</u>	<u>446,537</u>

13.4 As at June 30, 2024, the age analysis of these related parties is as follows:

	2024	2023
	Rupees '000	
Not yet due	8,159,955	3,683,429
Past due but not yet impaired		
- 1 to 30 days	1,347,473	1,189,008
- 30 to 90 days	7,182	4,794,675
- 90 to 180 days	34,827	956,667
- 180 to 365 days	114,133	77,721
- older than 365 days	89,748	117,300
	<u>9,753,318</u>	<u>10,818,800</u>

13.5 Breakup of export receivables are as follows:

Country	Export Sales	Receivables	Secured Letter of Credit	Unsecured
← Rupees '000 →				
Burundi	249	-	-	-
Cambodia	465,080	105,381	-	105,381
Kenya	29,021	5,812	-	5,812
Laos	58,802	-	-	-
Myanmar	245,287	37,794	37,794	-
Oman	217,118	13,107	-	13,107
Philippines	25,374	-	-	-
Rwanda	24,156	-	-	-
Srilanka	636,310	218,713	218,713	-
Tajikistan	18,976	6,301	-	6,301
Uganda	22,189	2,696	-	2,696
Senegal	5,408	-	-	-
Vietnam	67,416	30,773	30,773	-
	<u>1,815,386</u>	<u>420,577</u>	<u>287,280</u>	<u>133,297</u>
Country	Export Sales	Receivables	Secured Letter of Credit	Unsecured
← Rupees '000 →				
Afghanistan	52,438	-	-	-
Cambodia	270,575	151,759	-	151,759
Iraq	90,397	-	-	-
Kenya	13,536	513	513	-
Laos	24,993	3,912	2,152	1,760
Myanmar	345,849	7,516	7,516	-
Oman	84,092	-	-	-
Philippines	22,918	7,561	3,781	3,780
Rwanda	7,432	-	-	-
Srilanka	432,307	153,028	153,028	-
Tajikistan	27,792	10,392	-	10,392
Uganda	15,218	2,583	-	2,583
Senegal	7,334	-	-	-
Vietnam	185,798	105,309	105,309	-
	<u>1,580,679</u>	<u>442,573</u>	<u>272,299</u>	<u>170,274</u>

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- 13.6 The Competition Commission of Pakistan (CCP) through its order dated September 13, 2007 instructed the Company to reduce terms of trade credit with IBL Operations (Private) Limited, an associated concern, re-negotiate the offered rate of commission and conduct audit of the transactions. The Company filed a counter case in Honourable High Court of Sindh to revert the order. The Company, based on an opinion of its legal advisor, believes that it has a strong case and the matter is likely to be decided in favour of the Company.

	2024	2023
	Rupees '000	
13.7 Allowance for expected credit loss		
Balance at beginning of the year	185,323	150,323
Provision during the year - net	-	35,000
Balance at end of the year	<u>185,323</u>	<u>185,323</u>

14. LOANS AND ADVANCES – considered good

Advance to:

Secured

- employees for business operations	111,566	135,894
- notes 14.1 & 14.2		
- employees against salary - notes 14.1 & 14.2	9,256	27,238

Unsecured

- suppliers - note 14.3	222,146	542,273
- against imports	149,611	52,134
- related party - note 14.4	1,168,030	313,707
	<u>1,660,609</u>	<u>1,071,246</u>

Current portion of long-term loans to employees - note 10	142	129
	<u>1,660,751</u>	<u>1,071,375</u>

- 14.1 These advances for business operations are adjusted against submission of actual expenses. Advances against salary are repayable on monthly basis. The maximum aggregate amount of these advances outstanding at any time during the year was Rs. 298.09 million (2023: Rs. 244.72 million).

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

Employee	Amount Rupees '000
Mr Naeem-ur-rehman Malik	20,088
Mr. Rodney Sham Kumara	7,011
Mr. Sajid Hussain	5,000
Ms. Ghazala Tarannum	2,600
Syed Zeeshan Haider Sherazi	1,813
Mr. Mohammad Maseruddin	1,709
Mr. Umair Rashid	1,526
Mr. Muhammad Abdullah Ibrahim	1,401
Mr. Muhammad Suleman	1,275
Mr. Irfan Ali	1,240
Mr. Waseem Raza Ghori	1,180
Syed Muhammad Shahid	1,158
Mr. Naveed Ahmed	1,033

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

	2024	2023
	Rupees '000	
14.4 Due from related parties, unsecured		
Subsidiary company - note 14.5		
- Searle Biosciences (Private) Limited	769,989	313,707
- Searle IV Solutions (Private) Limited	298,303	-
- Stellar Ventures (Private) Limited	87,145	-
- Prime Health (Private) Limited	8,125	-
Associated company - note 14.5,		
- Universal Ventures (Private) Limited	4,468	-
	<u>1,168,030</u>	<u>313,707</u>

- 14.5 The maximum aggregate amount outstanding at any time during the year are as follows:

	2024	2023
	Rupees '000	
Subsidiary companies		
- Searle Biosciences (Private) Limited	885,897	313,707
- Searle IV Solutions (Private) Limited	409,384	-
- Stellar Ventures (Private) Limited	87,145	-
- Prime Health (Private) Limited	9,378	-
Associated company		
- Universal Ventures (Private) Limited	4,468	-

15. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Deposits

Trade deposits - note 15.1	161,209	109,496
Less: Provision for doubtful deposits	(2,640)	(2,640)
	<u>158,569</u>	<u>106,856</u>

Prepayments

	45,116	49,683
	<u>203,685</u>	<u>156,539</u>

- 15.1 This includes deposits made to institutions for tender deposit amounting to Rs. 127.69 million (2023: Rs. 75.98 million).

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16. OTHER RECEIVABLES

2024 2023

Receivables from related parties

Rupees '000

Due from subsidiary companies - note 16.1

- IBL Healthcare Limited against:		
Expenses - note 16.4	-	4,333
Royalty - note 16.5	15,465	46,941
Rental income	-	4,540
- Searle Pakistan Limited against:		
Dividend income	-	28,951
- Searle Biosciences (Private) Limited against:		
Dividend income	-	43,000
Facility management fee	220,000	170,000
Expenses - note 16.4	171,052	25,661
- Nextar Pharma (Private) Limited against:		
Expenses - note 16.6	5,906	13,107
- Searle IV Solutions (Private) Limited against:		
Expenses - note 16.4	60,097	-
- IBL Frontier Markets (Private) Limited against:		
Expenses - note 16.9	51,355	47,890
	523,875	384,423

Due from parent company & associated companies note - 16.2

- International Brands (Private) Limited against:		
Expenses - note 16.4	776	43,231
Rental income	3,670	38,634
Group relief - note 16.7	58,040	58,040
- IBL Operations (Private) Limited against:		
Expenses - note 16.4	5,450	2,306
Rental income	3,607	3,781
- IBL Unisys (Private) Limited against:		
Rental income	135	719
Expenses - note 16.4	88,191	408
- IBL Logistics (Private) Limited against:		
Rental income	1,692	1,692
- Universal Ventures (Private) Limited against:		
Sale of subsidiary - note 16.10	86,452	3,326,859
Sale of land	-	510,000
	248,013	3,985,670

Due from other related parties note - 16.2

- United Retail (Private) Limited against:		
Expenses	9,609	1,384
- Universal Retail (Private) Limited against:		
Rental income - note 36.1	36,184	18,437
Expenses	142,736	71,626
	188,529	91,447

Surplus arising under retirement benefit fund - note 16.8

5,250 5,250

Receivables from other than related parties

Others, considered good - note 16.11

71,712 58,007

1,037,379 4,524,797

- 16.1 These are settled in the ordinary course of business without any defined payment terms. The maximum aggregate amount outstanding at any time during the year are as follows:

	2024	2023
	Rupees '000	
IBL Healthcare Limited	58,536	55,814
Searle Pakistan Limited	731,697	797,091
Searle Biosciences (Private) Limited	509,967	295,406
Nextar Pharma (Private) Limited	36,790	17,359
Searle IV Solutions (Private) Limited	60,097	-
IBL Frontier Markets (Private) Limited	69,343	57,581

- 16.2 The maximum aggregate amount outstanding at any time during the year from parent company, associated companies and other related parties are as follows:

	2024	2023
	Rupees '000	
IBL Operations (Private) Limited	16,536	937,419
International Brands (Private) Limited	170,802	194,135
IBL Unisys (Private) Limited	3,012	1,546
IBL Logistics (Private) Limited	1,692	1,692
United Retail (Private) Limited	11,080	2,168
Universal Retail (Private) Limited	211,306	120,366
Universal Ventures (Private) Limited	3,836,859	3,836,859

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

	2024	2023
	Rupees '000	
Not yet due	243,829	203,112
Past due but not yet impaired		
- 1 to 30 days	97,017	22,187
- 30 to 90 days	31,619	62,606
- 90 to 180 days	114,350	36,727
- 180 to 365 days	292,242	3,866,220
- older than 365 days	181,360	60,742
	<u>960,417</u>	<u>4,251,594</u>

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- 16.4 These are expenses paid by the Company on behalf of the related parties.
- 16.5 This relates to royalty paid by the Company on behalf of IBL Healthcare Limited.
- 16.6 This relates to the payment of salaries made by the Company for the employees of Nextar Pharma (Private) Limited.
- 16.7 This represents excess amount paid in relation to group relief availed, in previous year, by the Company. The amount was paid by the Company on the basis of estimation for the purpose of discharging tax liability as per Income Tax Ordinance, 2001.
- 16.8 This represents surplus on funded gratuity scheme discontinued by the Company with effect from December 31, 2012.
- 16.9 This relates to rental expenses paid by the Company on behalf of IBL Frontier Market (Private) Limited for their warehouse located at F-405 S.I.T.E, Karachi.
- 16.10 During the year, the balance receivable against the disposal of a subsidiary has been adjusted against an equivalent portion of the consideration payable for the acquisition of Stellar Ventures (Private) Limited as disclosed in note 9.1.2 to these unconsolidated financial statements.
- 16.11 This includes Rs. Nil (2023: Rs. 14.7 million) claimed by the Company from Zhejiang Huahai Pharmaceuticals, China (ZHP) relating to its product "Extor" that contains material supplied by ZHP. On July 12, 2018, the Drug Regulatory Authority of Pakistan in response to a review triggered by the European Medicine Agency (EMA) issued drug re-call for "Valsartan" containing products due to the presence of cancer causing impurities. Accordingly, the Company recalled finished product "Extor" amounting to Rs. 221.95 million from the local market and Rs. 97 million from the international market. The impact of the product recall has been set off by the claim raised by the Company against ZHP.

Further, the Company lodged claim of Rs. 881.05 million from ZHP in respect of the overall business loss.

In the year 2020, the Company entered into an agreement with ZHP for settlement of the above claims. As per the agreement, these claims will be settled against future purchases of raw material by the Company from ZHP. These claims will be accounted for when the credit notes for the discounted purchase price are received. Claims amounting to Rs. 14.7 million (2023: Rs. 134.2 million) were settled during the year.

17. SHORT-TERM INVESTMENT - AT AMORTISED COST

This represents unsecured perpetual term finance certificates which carry markup at the rate of 3 months KIBOR + 1.6% per annum (2023: 3 months KIBOR + 1.6% per annum).

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	2024	2023
	Rupees '000	
18. CASH AND BANK BALANCES		
Cash in hand:		
- local currency	200	998
- foreign currency	4,836	4,348
	<u>5,036</u>	<u>5,346</u>
Cheques in hand	1,518	121,152
With banks in:		
Islamic		
- current account - local currency	3,572	2,644
Conventional		
- current account - local currency	37,709	60,485
- current account - foreign currency	72,602	7,155
	<u>110,311</u>	<u>67,640</u>
	<u>120,437</u>	<u>196,782</u>

19. INVESTMENT IN SUBSIDIARY HELD FOR SALE

Investment in subsidiary company

Searle Pakistan Limited - at cost - note 19.1	16,400,000	-
Less: Provision for impairment - note 19.2	(5,200,000)	-
	<u>11,200,000</u>	<u>-</u>

19.1 As notified to PSX, on May 15, 2024, the Board of Directors in their meeting, has in-principal approved the divestment of Searle Pakistan Limited ("SPL") and authorised the management to negotiate and finalise the deal terms with the relevant parties and submit the finalized terms for the consideration of the Board of Directors of the Company.

Following the year end, as notified to PSX on July 31, 2024, the Company has entered into discussions with the short listed buyer, IJARA Capital Partners Limited ("ICPL") led consortium through its Private Equity & Venture Capital Fund or its nominees to divest the entirety of the Company's shareholding in SPL subject to the finalisation of sale terms, the fulfilment of precedent conditions and the receipt of requisite corporate, third-party and regulatory consents, including shareholder approval.

In line with the above decision, the investment in SPL has been classified as held for sale. Accordingly, the Company has assessed the fair value less cost to sell of the said investment as per the requirement of International Accounting Standard 36 - Impairment of Assets (IAS 36).

The carrying value of the Company's shareholding in SPL is adjusted and an adjustment on account of impairment of Rs. 5.2 billion has been recorded in profit or loss against the carrying value of investment in SPL in these unconsolidated financial statements.

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19.2 Impairment testing

The Company carried out its impairment review as per the requirement of International Accounting Standard 36 – “Impairment of Assets” on June 30, 2024 of its investment in subsidiary - Searle Pakistan Limited as mentioned above. The recoverable amount is determined using cash flows projection. The fair value measurement for the investment in subsidiary has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Key assumptions

Valuation basis	Fair value less cost to sell
Key assumptions	<ul style="list-style-type: none"> - Sales growth rates - Profit margins - Terminal growth rate - Discount rate
Determination of assumptions	<p>Growth rates and profit margins are based on an internal forecasts and estimates of the management. These forecasts and estimates are based on both internal and external market information and past performance of the Company. Current market scenario has also been considered in determining the inputs used in the valuation and cash flow constraint of Searle Company Limited.</p> <p>Discount rate is primarily based on weighted average cost of capital.</p>
Discount rate	19.48%
Terminal growth rate	5%
Period of specific projected cashflows	6 years

20. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Authorised share capital

2024	2023		2024	2023
(Number of shares)			Rupees '000	
<u>700,000,000</u>	<u>600,000,000</u>	Ordinary shares of Rs. 10 each - note 20.3	<u>7,000,000</u>	<u>6,000,000</u>

Issued, subscribed and paid up share capital

2024	2023		2024	2023
(Number of shares)			Rupees '000	
161,596,926	40,168,355	Shares allotted for consideration paid in cash	1,615,969	401,683
24,000	24,000	Shares allotted for consideration other than cash	240	240
349,873,498	349,873,498	Shares allotted as bonus shares	3,498,736	3,498,736
<u>511,494,424</u>	<u>390,065,853</u>		<u>5,114,945</u>	<u>3,900,659</u>

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

	2024	2023
Ordinary Shares	Number of shares	
Number of shares outstanding at the beginning of the year	390,065,853	312,052,683
Bonus shares issued - note 20.4	-	78,013,170
Right shares issued - note 20.5	121,428,571	-
Number of shares outstanding at the end of the year	<u>511,494,424</u>	<u>390,065,853</u>

20.2 All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

20.3 The Company in its extra ordinary general meeting held on July 26, 2023 increased its authorised share capital for ordinary shares from Rs. 6 billion divided into 600 million ordinary shares to Rs. 7 billion divided into 700 million ordinary shares of Rs 10 each.

20.4 The Board of Directors in its meeting held on October 03, 2022, approved the issue of 25 bonus shares for every 100 shares held for the year ended June 30, 2022. The said bonus was approved by members in its Annual General Meeting held on October 28, 2022. The total size of issue is Rs. 780.13 million divided into ordinary 78.01 million shares of Rs. 10 each.

20.5 The Board of directors in their meeting held on May 25, 2023, approved the issue of 31.13 right shares for every 100 ordinary shares held i.e. 31.13% of the existing paid-up capital of the Company. The Company has issued 121,428,571 ordinary shares, at a price of Rs 35 per share, aggregating to Rs. 4.25 billion. The funds raised through the right issue is used to finance the acquisition of a complete (100%) ownership stake in an subsidiary company i.e. Searle IV Solutions (Private) Limited, including repaying any financing availed for such acquisition. This acquisition was carried out by purchasing the shares from IBL Operations (Private) Limited. Additional proceeds from the right issue will be utilized to reduce a certain portion of the Company's existing debt.

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21. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

The revaluation surplus represents net cumulative increase in the carrying amount as a result of revaluation of property, plant and equipment carried at revalued amount.

	2024	2023
	(Rupees in '000)	
Revaluation surplus at beginning of the year	3,717,069	3,592,613
Surplus arising on revaluation :		
- Leasehold land	277,887	112,547
- Building on leasehold land	59,410	253,444
- Plant and machinery	263,276	66,603
- Vehicle	7,147	24,874
- Air-conditioning and systems	39,385	12,077
Deferred tax liability on revaluation surplus	(121,842)	(147,086)
	525,263	322,459
Net amount transferred to unappropriated profit on account of		
- Incremental depreciation	(268,592)	(218,258)
- Deferred tax on incremental depreciation	88,635	63,295
- Transfer of revaluation surplus on disposal of land	-	(43,040)
	(179,957)	(198,003)
	<u>4,062,375</u>	<u>3,717,069</u>

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

22. GENERAL RESERVE

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

	2024	2023
	Rupees '000	
23. EMPLOYEE BENEFIT OBLIGATIONS		
Staff retirement gratuity - unfunded - note 23.1	<u>57,838</u>	<u>57,567</u>

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23.1 Gratuity scheme - unfunded

23.1.1 General description

As stated in note 3.1.1, the Company operates unfunded gratuity scheme for eligible employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to minimum service under the scheme. The latest actuarial valuation was carried out as at June 30, 2024 using the Projected Unit Credit (PUC) Actuarial Cost Method.

23.1.2 Risk on account of defined benefit plan

The Company faces the following risks on account of defined benefit plans:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

	2024	2023
	Rupees '000	
23.1.3 Statement of financial position reconciliation		
Present value of defined benefit obligation	<u>57,838</u>	<u>57,567</u>
23.1.4 Movement in the present value of defined benefit obligation		
Obligation as at July 1	57,567	57,513
Current service cost	2,576	2,621
Interest cost	8,955	7,403
Benefits paid	(4,918)	(3,265)
Remeasurements on obligation	(6,342)	(6,705)
Obligation as at June 30	<u>57,838</u>	<u>57,567</u>
23.1.5 Expense recognised in unconsolidated statement of profit or loss and other comprehensive income		
Current service cost	(2,576)	(2,621)
Interest cost	(8,955)	(7,403)
	<u>(11,531)</u>	<u>(10,024)</u>

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	2024	2023
	Rupees '000	
23.1.6 Remeasurement recognised in other comprehensive income		
Experience gain / (loss)	<u>6,342</u>	<u>6,705</u>
23.1.7 Net recognised liability		
Balance as at July 1	57,567	57,513
Expense for the year	11,531	10,024
Benefits paid	(4,918)	(3,265)
Remeasurement (gain) / loss recognised in other comprehensive income	<u>(6,342)</u>	<u>(6,705)</u>
Balance as at June 30	<u>57,838</u>	<u>57,567</u>

	2024	2023
23.1.8 Actuarial assumptions		
Discount rate used for year end obligation	14.75%	16.25%
Expected rate of increase in salaries	14.75%	16.25%
Retirement age (years)	60	60
Mortality was assumed to be SLIC (2001-05) for males and females, as the case may be, but rated down by one year.		

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

	<u>Impact on defined benefit obligation</u>		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate at 30 June	1%	(4,435)	5,006
Future salary increases	1%	5,526	(4,956)

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

23.1.11 The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the gratuity liability recognised within the unconsolidated statement of financial position.

23.1.12 As per actuarial advice, the Company is expected to recognise a service cost of Rs. 10.96 million in 2025.

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23.1.13 The weighted average service duration of employees is 7.4 years.

At June 30, 2024	Less than a year	Between 1 - 2 years	Between 2 - 5 years (Rupees '000)	Between 5 - 10 years	Over 10 years
Gratuity funds	456	491	12,934	24,183	36,758
				2024	2023
				Rupees '000	

24. LONG-TERM BORROWINGS

Islamic

Musharaka facility - notes 24.1, 24.2, 24.3 & 24.5	3,695,769	5,917,063
Diminishing Musharika - note 24.4	72,301	-
	<u>3,768,070</u>	<u>5,917,063</u>

24.1 The Company has obtained a musharaka facility from Habib Bank Limited (Musharaka Agent) for a period of 7 years with a repayment grace period of two years. The Company is required to repay the amount of the loan in quarterly installments, starting from September 2022. However, on February 24, 2021, the Company has repaid the loan amounting to Rs. 800 million to its Musharaka agent. This facility carries a mark-up of three months KIBOR plus 1.35%.

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

24.3 This borrowing facility is secured against the following properties:

Particulars	Address	Land Area square yards
The Company:		
One IBL Center (classified as Investment Property of the Company)	Plot # 1, Block 7 & 8 Delhi Mercantile Co-operative Housing Society, Tipu Sultan Road Off Shahrah-e-Faisal, Karachi.	5,291
Subsidiaries:		
IBL HealthCare Limited	Plot # 24/3, 24/4 and 24/4 - A, Block 7 & 8 Delhi Mercantile Co-operative Housing Society, Tipu Sultan Road Off Shahrah-e-Faisal, Karachi.	2,260
Searle Pakistan Limited	Land, Building and Plant and Machinery on plot # C- 14, S.I.T.E, Karachi	14,375
Third Party property		
Stellar Ventures (Private) Limited	Plot # 30/1 and 353 at Deh Digh Malir, Karachi	8,872

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- 24.4 During the year, the Company has entered into sale and leaseback transaction with First Habib Modarabah Limited for two generators and a lift. At the end of lease term, the assets will be transferred back to the Company, hence it does not constitute a sale under IFRS 15.

	2024	2023
	Rupees '000	
24.5 Loan movement		
Balance as at July 01	7,831,338	9,554,740
Amortisation of transaction cost	41,031	16,848
Classified in short term borrowings - note 27	(2,088,300)	(1,914,275)
Repayment	(2,088,300)	(1,740,250)
Closing as at June 30	<u>3,695,769</u>	<u>5,917,063</u>
25. LEASE LIABILITIES		
Lease liabilities under IFRS 16 - notes 25.1 & 25.2	<u>78,702</u>	<u>85,330</u>
Non current portion	<u>68,914</u>	<u>78,702</u>
Current portion	<u>9,788</u>	<u>6,628</u>
25.1 Maturity analysis of lease liabilities		
Upto 1 year	9,788	6,628
1 - 5 years	61,630	71,417
More than 5 years	7,284	7,285
	<u>78,702</u>	<u>85,330</u>

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

	2024	2023
	Rupees '000	
Balance as at July 01	85,330	92,160
Interest expense	11,813	11,612
Payments	(18,441)	(18,442)
Balance as at June 30	<u>78,702</u>	<u>85,330</u>

- 25.3 Finance cost on lease liabilities for the year ended June 30, 2024 was Rs. 11.81 million (2023: Rs. 11.61 million). Total cash outflow for leases was Rs. 18.44 million (2023: Rs. 18.44 million). The lease liability was measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 15.48%.

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26. TRADE AND OTHER PAYABLES	2024	2023
	Rupees '000	
Creditors	1,969,668	1,399,761
Bills payable in foreign currency	2,108,270	1,762,126
Payable to related parties - note 26.1	619,959	1,310,955
Royalty payable - note 26.2	20,066	24,352
Accrued liabilities	1,896,794	1,266,508
Payable to provident fund - note 26.3	73,354	14,961
Accrued mark-up - note 26.4	453,519	476,651
Taxes deducted at source and payable to statutory authorities	367,340	48,538
Workers' Profits Participation Fund - note 26.5	15,018	22,008
Workers' Welfare Fund - note 26.6	35,328	21,422
Other liabilities	114,185	75,723
	<u>7,673,501</u>	<u>6,423,005</u>

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

	2024	2023
	Rupees '000	
Subsidiary Companies:		
Searle Laboratories (Private) Limited	1,489	1,489
IBL HealthCare Limited	168,367	-
Nextar Pharma (Private) Limited	6,892	19,683
Searle IV Solutions (Private) Limited	-	72,534
IBL Frontier Markets (Private) Limited	2,250	618
Searle Pakistan Limited - note 26.1.1	212,133	1,160,440
	<u>391,131</u>	<u>1,254,764</u>
Associated Companies:		
Akar Hospital	1,500	-
United Brands Limited	-	538
IBL Unisys (Private) Limited	53,241	1,244
Multinet Pakistan (Private) Limited	299	-
IBL Logistics (Private) Limited	173,338	54,172
	<u>228,378</u>	<u>55,954</u>
Other related parties:		
United Retail (Private) Limited	450	237
	<u>619,959</u>	<u>1,310,955</u>

This includes payable to Nextar Pharma (Private) Limited - subsidiary on account of purchase of finished goods.

26.1.1 This includes payable to Searle Pakistan Limited - subsidiary amounting to Rs. 356.31 million (2023: Rs. 560 million) on account of purchase of raw material and promotional expenses incurred on behalf of the Company net of against receivable balance of Rs. 144.18 million.

26.2 This includes royalty payable to M/s Sanofi Winthrop Industry as per agreement.

26.3 The investment in listed equity securities out of the provident fund is in excess of the limit prescribed under the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder. However, the fund is in the process of ensuring compliance with the prescribed limits.

	2024	2023
	Rupees '000	
26.4 Accrued mark-up		
Accrued mark-up on:		
- long-term borrowing	25,068	40,483
- short-term borrowing	428,451	436,168
	<u>453,519</u>	<u>476,651</u>
26.5 Workers' Profit Participation Fund		
Balance as at July 01	22,008	123,438
Charge for the year - note 35	-	22,008
	<u>22,008</u>	<u>145,446</u>
Interest on funds utilised in Company's business - note 37	19,049	22,564
Payments made during the year	(26,039)	(146,002)
Closing as at June 30	<u>15,018</u>	<u>22,008</u>
26.6 Workers' Welfare Fund		
Balance as at July 01	21,422	35,597
Charge for the year - note 35	22,213	8,307
	<u>43,635</u>	<u>43,904</u>
Payment made during the year	(8,307)	(22,482)
Closing as at June 30	<u>35,328</u>	<u>21,422</u>
27. SHORT-TERM BORROWINGS		
Secured borrowings		
Conventional		
Running finance facility - notes 27.1 and 27.3	1,293,150	1,631,532
Islamic		
Running musharaka - notes 27.1, 27.2 and 27.4	5,972,741	6,346,745
Current portion of long-term borrowings - note 24.5	2,088,300	1,914,275
	<u>8,061,041</u>	<u>8,261,020</u>
	<u>9,354,191</u>	<u>9,892,552</u>
Unsecured borrowing		
IBL Future Technologies (Private) Limited - subsidiary Company - note 27.5	200,000	200,000
	<u>9,554,191</u>	<u>10,092,552</u>

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- 27.1** The Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 7,650 million (2023: Rs. 8,050 million) which include financing facilities obtained under Islamic mode amounting to Rs. 6,350 million (2023: Rs. 6,350 million). The arrangements are secured jointly by registered mortgage of Rs. 1,937.5 million (2023: Rs. 2,012.5 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs. 11,095.83 million (2023: Rs. 11,785.83 million).
- 27.2** The amount utilised under the Islamic mode of financing amounted to Rs. 5,972.74 million (2023: Rs. 6,346.75 million).
- 27.3** The rates of mark-up ranged between 22.96% to 24.66% (2023: 13.70% to 23.73%) per annum.
- 27.4** The rates of profit ranged between 1.00% to 25.41% (2023: 11.99% to 24.48%) per annum.
- 27.5** This represents interest free loan which is repayable on demand.

28. CONTRACT LIABILITIES

The contract liabilities primarily relate to the advance consideration received from customers for future sales as per the Company's policy, for which revenue is recognised at a point in time. Revenue recognized from contract liabilities during the year amounted to Rs. 96.04 million (2023: Rs. 27.39 million).

	2024	2023
	Rupees '000	
29. UNPAID DIVIDEND		
This consists of unpaid dividend on account of:		
- Bonus shares withheld - note 29.1	146,038	146,038
- Unavailability of bank details	36,754	37,418
- Others	280	280
	<u>183,072</u>	<u>183,736</u>

- 29.1** This includes dividend on bonus shares withheld pertaining to 115 shareholders on which a stay order from the Honourable High Court of Sindh has been obtained against the requirement of section 236M of income tax ordinance, 2001.

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30. CONTINGENCIES AND COMMITMENTS

30.1 Contingencies

	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
30.1.1	High Court of Sindh	<p>During the year ended June 30, 2014, Sindh Revenue Board (SRB) had imposed sales tax on toll manufacturing at the rate of 16% of sales value. The cumulative such sales tax amounts to Rs. 366.22 million. The matter has been contested in the Honourable High Court of Sindh.</p> <p>The aforementioned case has been decided in favour of the Company.</p>	The Company and The Federation of Pakistan	5-Mar-14
30.1.2	High Court of Sindh	<p>Section 5A of Income Tax Ordinance, 2001 inserted through Section 5(3) of the Finance Act, 2015 requires the Company to charge income tax @ 10% on the reserves of the Company where these exceed an amount equivalent to the paid up capital. The Company has filed a suit for declaration and permanent injunction before the Court challenging the vires of the above said section.</p> <p>The Court passed an interim order restraining the defendants from taking any coercive action as prayed. The case is at the stage of hearing of applications. The charge for the tax year 2016 amounts to Rs. 283.08 million.</p>	The Company and The Federation of Pakistan	15-Sep-15
30.1.3	High Court of Sindh	<p>The Company has challenged the levy of Sindh Sales Tax on services of renting of immovable property which has been categorised as renting services by the SRB.</p> <p>The Company has challenged the levy on constitutional grounds taking the stance that renting of immovable property is not a "service" and therefore does not fall within the competence of SRB to tax through the Sindh Sales Tax on Services Act, 2011.</p> <p>Further, the Company has also taken the stance that the collection mechanism is ultra vires to the Act and therefore no coercive measures can be adopted against the Company for the collection of the impugned levy.</p> <p>The Honourable High Court of Sindh, on the basis of the representations made, has been pleased to grant an ad interim order to the Company restraining the defendants from taking any coercive action against the Company. The matter is presently pending on hearing of the case. The cumulative amount of such sales tax is Rs. 54.05 million.</p>	The Company and Province of Sindh	15-Jan-16

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30.1.4	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
	High Court of Sindh	<p>A suit was filed to challenge the imposition of Sales Tax under the Sales Tax Act, 1990 with respect to raw material being used for manufacturing pharmaceutical products inspite of such raw material being exempt in view of Entry No. 105 of the Sixth schedule of the Act.</p> <p>The Court issued interim orders restraining the defendants from collecting sales tax on raw material imported by the Company. It has been further asserted that the term "manufacture", as stated in Sub-section 16 of Section 2 of the Sales Tax Act, 1990, adequately covers the present activity and exempts the Company from payment of Sales Tax on the Packaging utilised in the manufacture of drugs/pharmaceuticals. The case is at the stage of hearing of applications. The cumulative impact of this levy amounts to Rs. 31.6 million.</p>	The Company and The Federation of Pakistan	2014
	High Court of Sindh	The Company has filed a petition against tax on bonus shares in the Honourable High Court of Sindh and expects a favourable outcome. For further detail, refer note 9.1.1 of these unconsolidated financial statements.	The Company and The Federation of Pakistan	11-Nov-15
	High Court of Sindh	<p>Exemption provided to the companies falling under Group Relief (section 59B of Income Tax Ordinance, 2001), from tax on intercorporate dividend as mentioned under Clause 103A of Part I of the Second Schedule of the Income Tax Ordinance, 2001, is not applicable now on account of deletion of Section 59B from the said clause, through the Finance Act, 2016.</p> <p>The Constitution Petition filed by the company against tax on intercorporate dividend received from the subsidiary companies has now been disposed off by the Honourable High Court of Sindh vide the Order dated March 22, 2023 holding tax recoverable.</p> <p>Recovery notices were then recived under section 138(1) of the Ordinance for Tax Years 2015 to 2017 for tax recovery on intercorporate dividend, against which the company obtained stay from the High Court of Sindh on legal plaints.</p> <p>The company has approached the Supreme Court of Pakistan which has granted interim relief vide the Order dated August 28, 2023 [C.P No. 2096-2111/23].</p> <p>In view of the above, no provision has been made for aggregate amount of tax on intercorporate dividend from Tax Years 2017 to 2023 aggregating Rs 1,478 million. The company expects a favourable outcome based on the legal advice.</p>	The Company and The Federation of Pakistan	2017 to 2020

- 30.1.7 The Company has filed an appeal in the Supreme Court of Pakistan against imposition of super tax and expects a favourable outcome. For further details, refer note 39.2.3 of these unconsolidated financial statements.
- 30.1.8 The management, based on legal or tax advice, is confident that the ultimate decisions in the above cases (notes 30.1.1 to 30.1.5) will be in favour of the Company, hence no provision has been made in respect of the aforementioned litigations.

30.2	Commitments	Rupees '000
30.2.1	Commitments in respect of capital expenditures	
	Property, plant and equipment	-
	Investment property	-
		<u>-</u>
30.2.2	Post-dated cheques issued in favour of Collector of Customs for import of inventory at June 30, 2024 amounted to Rs. 185.04 million (2023: Rs. 120.78 million).	
30.2.3	The facility for opening letters of credit and guarantees as at June 30, 2024 amounted to Rs. 2,750 million (2023: Rs. 3,065 million) of which the amount remaining unutilised as at year end amounted to Rs. 1,530.98 million (2023: Rs. 1,128.23 million).	

31.	REVENUE FROM CONTRACTS WITH CUSTOMERS	2024	2023
		Rupees '000	
	Gross sales		
	Local sale of goods - note 31.3	26,924,588	23,362,986
	Export sales	1,815,386	1,888,811
		<u>28,739,974</u>	<u>25,251,797</u>
	Toll manufacturing	2,146	70,285
		<u>28,742,120</u>	<u>25,322,082</u>
	Sales tax	(79,619)	(191,859)
		<u>28,662,501</u>	<u>25,130,223</u>
	Less:		
	Trade discount	1,536,177	1,477,846
	Sales returns	1,299,114	2,011,095
		<u>2,835,291</u>	<u>3,488,941</u>
		<u>25,827,210</u>	<u>21,641,282</u>
31.1	Geographical Markets		
	Pakistan	24,146,447	20,060,603
	Afghanistan	-	52,438
	Srilanka	608,085	432,307
	Cambodia	427,827	270,575
	Myanmar	223,994	345,849
	Oman	202,067	84,092
	Laos	58,802	24,993
	Vietnam	48,315	185,798
	Kenya	27,189	13,536
	Philippines	23,134	22,918
	Rwanda	23,035	7,433
	Tajikistan	17,549	27,792
	Iraq	-	90,397
	Others	20,766	22,551
		<u>25,827,210</u>	<u>21,641,282</u>

31.2 Revenue from IBL Operations (Private) Limited - a related party represents approximately Rs. 21.96 billion (2023: Rs. 19.83 billion) which constitute 76.41% (2023: 78.31%) of the Company's total gross revenue.

31.3 Consequent to an Order 4480/2018 dated August 3, 2018 issued by the Honourable Supreme Court of Pakistan, the Drug Regulatory Authority of Pakistan (DRAP) fixed maximum retail price of drugs vide notification S.R.O 1610/2018 dated December 31, 2018. Further, DRAP vide Notification S.R.O 34(1)/2019 dated January 10, 2019 increased the maximum retail prices of drugs by nine percent over and above the maximum retail prices as determined under hardship category during the year 2018 and fifteen percent over and above existing maximum retail prices determined under Drug Pricing Policy, 2018 for drugs other than those specified under hardship category.

The Honourable High Court of Sindh vide Order dated January 22, 2019 has disposed off all the legal cases of the Company against DRAP. As mandated under the orders dated August 3, 2018 and November 14, 2018 passed by the Honourable Supreme Court of Pakistan in Human Rights Case No. 2858 of 2006, the Company may file an appeal before the Appellate Board of DRAP as provided under Section 9 of the Drugs Act, 1976, if the Company is dissatisfied by the prices fixed by DRAP.

Consequent to the above, the Company challenged the prices for four of its products namely, Peditral, Gravinite, Metodine and Hydryllin set by DRAP in its Appellate Board and the Appellate Board under its orders dated 18 June, 2020 June and 25 June 2019 rejected the said application of the Company. The Company has challenged the said orders in the Honourable High Court of Sindh and an interim order has been passed restricting DRAP from taking any coercive action against the Company.

During the financial year 2021, the Company has received a notice from DRAP which directed the Company having generic brand name, named Co- Extor, to lower their prices by 15% than that of corresponding originator brands vide its letter dated May 05, 2021 regarding the sale of its product "Co-Extor" for selling at the prices higher than the approved prices of DRAP. The Company has challenged the said order and obtained a stay order dated May 20, 2021 from the Honourable High Court of Sindh, restricting DRAP from taking any coercive action against the Company.

During the previous year, the Company has received an annual price adjustment on all of its products at a rate of 7% on essential products and 10% on other products based on CPI 2022 and at a rate of 14% on essential products and 20% on other products allowed via SRO 595 (I)/2023 dated May 19, 2023 to cope up with the current situation of inflation and dollar parity.

During the year the government has approved deregulation of drug prices not included in the National Essential Medicines List (NEML) via SRO 230 (I)/2024 dated February 19, 2024, on recommendation of the Ministry of National Health. Therefore the prices of medicines, other than essential, will be exempted from the section 12 of Drugs Act, 1976 which grants autonomy to the Company to independently raise prices of non-essential drugs.

Exposure of the Company due to abovementioned litigations amounted to Rs. 3.88 billion (2023: Rs. 3.06 billion).

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32. COST OF SALES	2024	2023
	Rupees '000	
Raw and packing material consumed	9,332,046	8,691,869
Processing charges	746,591	697,283
Salaries, wages and benefits	548,998	522,958
Provision for staff gratuity (unfunded)	6,642	5,721
Provident fund contribution	22,642	21,678
Inventory written off	38,349	39,669
Carriage and duties	61,771	54,207
Fuel, water and power	513,020	363,170
Rent, rate and taxes	50,110	79,886
Canteen expenses	42,049	36,856
Stationery and supplies	17,769	22,337
Travelling	44,702	39,580
Repairs and maintenance	129,943	166,703
Security expenses	21,385	19,225
Vehicle expenses	17,812	20,538
Insurance	7,092	6,368
Legal and professional charges	1,722	21,183
Depreciation	378,566	368,172
Medical expenses	20,444	17,483
Research cost	37,759	53,898
Others	8,353	7,726
	<u>12,047,765</u>	<u>11,256,510</u>
Add: Opening work-in-process	317,502	204,445
Less: Closing work-in-process	(167,010)	(317,502)
Cost of goods manufactured	<u>12,198,257</u>	<u>11,143,453</u>
Add: Opening inventory of finished goods	282,934	134,205
Add: Finished goods purchased	1,120,539	1,180,382
Less: Closing inventory of finished goods	(185,825)	(282,934)
	<u>13,415,905</u>	<u>12,175,106</u>
Less: Cost of samples	(145,084)	(77,511)
	<u>13,270,821</u>	<u>12,097,595</u>

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	2024	2023
	Rupees '000	
33. DISTRIBUTION COSTS		
Salaries, wages and benefits	2,133,018	1,710,368
Advertising and promotion	979,077	786,278
Travelling	1,074,459	854,401
Carriage and duties	716,677	572,920
Bonus to salesmen	535,219	474,117
Samples	411,548	272,488
Stationery and supplies	52,575	26,351
Vehicle running	80,056	60,461
Personal training and selection	148,756	96,253
Legal and professional	18,650	27,814
Service charges - note 33.1	239,978	12,010
Fees and subscription	169,077	151,623
Communication	38,494	27,309
Provident fund contribution	66,823	53,703
Insurance	17,358	9,831
Depreciation	30,773	31,754
Medical expenses	37,873	34,417
Replacement products	68,888	49,685
Rent, rate and taxes	121,063	123,853
Repairs and maintenance	20,583	9,132
Fuel, water and power	122,208	66,824
Canteen expenses	23,535	9,211
Security expenses	12,182	5,459
Others	7,456	7,830
	<u>7,126,326</u>	<u>5,474,092</u>

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

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	2024	2023
	Rupees '000	
34. ADMINISTRATIVE EXPENSES		
Salaries, wages and benefits	390,490	408,768
Corporate services charged by Parent Company	132,000	132,000
Legal and professional charges	44,103	84,709
Donations - notes 34.1, 34.2 and 34.3	106,262	137,333
Depreciation	131,064	134,842
Repairs and maintenance	175,814	104,401
Rent, rate and taxes	8,395	4,501
Stationery and supplies	34,077	18,637
Amortisation - note 7	14,431	18,566
Insurance	48,102	27,154
Travelling	32,551	26,252
Auditors' remuneration - note 34.4	26,004	22,962
Fees and subscription	26,669	19,487
Vehicle expenses	24,591	22,381
Canteen expenses	2,247	7,045
Provident fund contribution	17,128	14,328
Communication	14,951	10,902
Security expenses	13,646	8,831
Medical expenses	11,203	5,558
Provision for staff gratuity (unfunded)	4,889	4,303
Personal training and selection	1,448	2,117
Others	22,927	18,995
Reimbursement of expenses - note 34.5	185,055	-
	<u>1,468,047</u>	<u>1,234,072</u>

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34.1 Donations to a single party exceeding 10% of total donations i.e. Rs. 10.63 million are as follows:

	2024	2023
	Rupees '000	
AKAR Hospital	42,682	29,388

34.2 During the year, the Company also donated Rs. 74.61 million to its other related parties:

	2024	2023
	Rupees '000	
IBL Operations (Private) Limited	1,911	8,913
AKAR Hospital	42,682	29,388
Hunar Foundation	4,000	6,000
United Retail (Private) Limited	5,652	4,935
The Citizen Foundation	10,000	10,000
Karachi Relief Trust	2,500	8,000
Rashid Abdullah Foundation	1,500	8,850
IBL Frontier Markets (Private) Limited	6,361	-
	<u>74,606</u>	<u>76,086</u>

34.3 Following directors' interest in the above related parties is limited to the extent of their involvement as directors:

Name of Related Party	Association
- IBL Operations (Private) Limited	Munis Abdullah, Syed Nadeem Ahmed and Zubair Razzak Palwala - Directors
- IBL Frontier Markets (Private) Limited	Syed Nadeem Ahmed and Zubair Razzak Palwala - Directors
- United Retail (Private) Limited	Common management and control
- Karachi Relief trust	Adnan Asdar Ali - Trustee
- Rashid Abdullah Foundation	Munis Abdullah - Trustee
- Hunar Foundation	Adnan Asdar Ali - Trustee
- The Citizen Foundation	Adnan Asdar Ali - Trustee

Moreover, the AKAR Hospital is being managed by the management of the Company.

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

34.4 Auditors' remuneration

	2024	2023
	Rupees '000	
Audit fee (including consolidation)	8,638	6,000
Audit fee - subsidiaries note - 34.4.1	1,900	1,900
Fee for review of interim financial information and Statement of Compliance with Code of Corporate Governance	1,820	1,600
Taxation services	7,200	7,200
Other certifications, attestations and other services	5,527	5,527
Out-of-pocket expenses	919	735
	<u>26,004</u>	<u>22,962</u>

34.4.1 This represents audit fees of IBL Future Technologies (Private) Limited, Searle Laboratories (Private) Limited and Searle Pharmaceuticals (Private) Limited.

34.5 This represents reimbursement of expenses incurred on behalf of The Searle Company Limited (the Holding Company) for the Tender based sales.

	2024	2023
	Rupees '000	
35. OTHER EXPENSES		
Workers' Profits Participation Fund - note 26.5	-	22,008
Workers' Welfare Fund - note 26.6	22,213	8,307
Central Research Fund	7,173	-
Provision for expected credit loss - note 13.7	-	35,000
	<u>29,386</u>	<u>65,315</u>
36. OTHER INCOME		
Income from financial assets - related parties		
Dividend income - subsidiary companies		
IBL HealthCare Limited	-	46,811
Searle Biosciences (Private) Limited	-	97,000
Searle Pakistan Limited	-	409,502
Income from financial assets - others		
Interest Income from Term Finance Certificates	23,639	18,907
	<u>23,639</u>	<u>572,220</u>
Income from non-financial assets		
Rental income from investment property - note 36.1	90,714	85,734
Government grant	-	8,571
Income from provision of amenities in respect of investment properties - note 36.2	104,391	55,237
Exchange gain - net	58,970	-
Gain on investment disposal	-	6,689
Gain on disposal of property, plant and equipment	67	62,492
Facility management fee	50,000	170,000
Scrap sales	28,978	26,788
	<u>333,120</u>	<u>415,511</u>
	<u>356,759</u>	<u>987,731</u>

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	2024	2023
	Rupees '000	
36.1	This includes rental income from related parties, which are as follows:	
- International Brands (Private) Limited	18,495	16,792
- Searle Pakistan Limited	9,583	9,583
- Universal Retail (Private) Limited	36,605	29,684
- IBL Operations (Private) Limited	8,317	7,217
- IBL Healthcare Limited	4,407	3,975
- IBL Unisys (Private) Limited	2,367	2,241
	<u>79,774</u>	<u>69,492</u>
36.2	This amount is stated net of charges pertaining to utilities utilized by the tenants.	
	2024	2023
	Rupees '000	
37. FINANCE COST		
Bank charges	45,706	40,189
Interest on Workers' Profits Participation Fund - note 26.5	19,049	22,564
Exchange loss - net	-	152,502
Mark-up on:		
- Long-term borrowings - note 37.1		
Musharaka facility	1,693,247	1,702,833
Interest on financial liability	8,485	-
- Short-term borrowings - note 37.1	1,775,272	1,417,414
Unwinding of discount on salary refinancing	-	990
Interest on lease liabilities - note 25.2	11,813	11,612
Interest on loan from provident fund	7,311	-
	<u>3,560,883</u>	<u>3,348,104</u>
37.1	The amount of profit charged under Islamic mode of financing amounted to Rs. 3,139.06 million (2023: Rs. 2,826.28 million).	

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	2024	2023
	Rupees '000	
38. LEVIES		
Minimum tax u/s 148	12,120	10,705
Final tax u/s 154	32,639	29,837
	<u>44,759</u>	<u>40,542</u>

38.1 These represents minimum tax and final tax under section 148 and section 154 respectively of Income Tax Ordinance, 2001, representing levies in term of requirements of IFRIC 21/IAS 37.

	2024	2023
	Rupees '000	
39. INCOME TAX EXPENSE		
Income tax		
For the year	388,463	264,419
Prior year charge	58,728	-
Deferred tax income - note 8	(1,632,585)	(197,263)
	<u>(1,185,394)</u>	<u>67,156</u>

	2024		2023	
	Effective tax rate %	Rupees '000	Effective tax rate %	Rupees '000
39.1 Relationship between tax expense and accounting profit				
Profit before income tax		<u>(4,516,253)</u>		<u>369,293</u>
Tax at applicable rate of 29% (2023: 29%)	29%	(1,309,713)	29%	107,095
Effect of:				
- final/ minimum tax regime	0%	12,980	-27%	(99,461)
- capital gain	0%	-	-6%	(23,019)
- super tax	-1%	46,184	2%	8,928
- change in rate	-1%	25,167	-	-
- effect of prior year	-1%	58,278	-	-
- permanent difference	0%	21,698	-	-
- others	1%	(39,988)	31%	114,155
	<u>26%</u>	<u>(1,185,394)</u>	<u>18%</u>	<u>67,156</u>

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39.2 Current status of tax assessments

Tax Years 2009 to 2017

- 39.2.1 Deemed order under Section 120 of the Income tax Ordinance, 2001 for the above tax years were amended, where certain expenses / benefits were disallowed which mainly includes disallowance due to non-deduction of tax on Distributors margin, eligibility of claim made for Group Relief, finance cost on long-term loan as not being related to business income, receipts on termination of contract, advertisement expenses, salesman bonuses, bonus shares, discount given to group company, deemed interest income on interest-free loan given to group company and other expenses meeting the criteria of Section 21(c) of the Income Tax Ordinance, 2001 with reference to deduction of tax.

Out of the above, the majority of the issues have been decided in favour of the Company either by Commissioner Appeals or by ATIR in its decision for tax year 2008. Considering this position and in consultation with its tax advisors, the management is of the view that above issues will also be decided in favour of the Company. The impact of the above mentioned orders pending resolution amounts to approximately Rs. 624.95 million, except for the tax years 2009 to 2013 and 2017 for which the appeal effect orders are awaited.

The Company has obtained stay orders from Honourable High Court of Sindh for the tax years 2014, 2015 and 2017 and for tax year 2016, the Company has obtained a stay order from Appellate Tribunal Inland Revenue (ATIR). Further, appeals against the above orders are pending before (ATIR) except for tax years 2008 which is decided.

- 39.2.2 The petition filed by the Company against the imposition of super tax for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001 for the tax years 2015 to 2019, in the Honourable High Court of Sindh was rejected vide order dated July 21, 2020. Consequently, Company received various notices from tax authorities for recoverability of super tax for the tax years 2015 to 2019 amounting to Rs. 496.57 million.

Separate Orders for the tax years 2016, 2018 and 2019 were framed under section 4B of the Ordinance which were challenged in appeal on legal as well as computational matters including the levy made applicable on FTR income.

Orders for Tax Years 2018 and 2019 have been maintained in first appeal as well as the Appellate Tribunal Inland revenue in these Orders dated May 30, 2022 and January 6, 2023 respectively, the company has preferred a reference Nos. 129 of 2023 and 130 of 2023 before the Sindh High Court. For Tax Year 2016, an appeal filed before Commissioner Inland Revenue (Appeals) is to be fixed for hearing.

Further, the Honourable Supreme Court of Pakistan has granted a stay with directions to submit 50% of the amount of super tax liability.

However, the Company has not made provision of Rs. 466.67 million on the basis of the following contention:

- Applicability of super tax on Final Tax Regime (FTR) income.
- Taxability of dividend income in light of stay obtained from Honourable High Court of Sindh refer - note 30.1.5.
- Erroneous additions in the notices received.
- Status of pending appeal of the company before the appellate authorities.

Further, the Company has filled an appeal against the order received on the above grounds as the income after deducting intercorporate dividend does not fall under the super tax. The Company expects a favourable outcome based on a legal advice.

- 39.2.3** The Government had levied a special tax for Tax Year 2022 and onwards on high earning persons. As per section 4C of Income Tax Ordinance 2001, where income exceeds Rs. 300 million, super tax will be charged at the rate of 4% of income calculated under section 4C of the Ordinance. Further, enhanced super tax on specified sectors had been introduced for Tax Year 2022 which includes, among others, pharmaceutical sector, whom are liable to super tax at the rate of 10% for a single tax year, if income exceeds Rs. 300 million. Constitutional Petition against the imposition of such Super Tax was filed in the High Court. High Court of Sindh passed the order dated December 12, 2022, wherein it was held that section 4C shall be applicable from tax year 2023 and so no provision of super tax for the tax year 2022 is required. Hence no provision, amounting to Rs. 280.04 million for Super tax for the tax year 2022.

FBR preferred to file a reference before the Supreme Court of Pakistan which is pending. Acting on the directions of the Supreme Court, the post dated cheques for the amount of Rs 44.02 million were encashed on March 2, 2023.

Through the Finance Act 2023, the Government has introduced new slab rates for super tax for taxpayers having income in excess of Rs 300 million. However, the Company has challenged this in a Constitutional Petition 2954/2023. The Company in consultation with its legal and tax advisor expects a positive outcome and has hence recorded the provision of super tax on taxable income under section 4C at the rate of 4%.

The Company's income under section 4C of Income Tax Ordinance, 2001 during tax year 2022 and 2023 were more than 500 million and thus falls under a slab rate of more than 4%. Hence, the total exposure as at June 30, 2024 for tax year 2023 and 2024 amounted to Rs. 8.69 million and Rs. 74.97 million.

Tax Years 2019 to 2023

- 39.2.4** The amendment for the tax years 2019 was made vide Order dated August 30, 2023 under section 122(1)/(5) of the Ordinance on completion of the audit proceedings where the disallowances of expenses have been made for non-withholding of taxes under Purchases and certain other head of expenses aggregating Rs 2,632.88 million and holding of tax on intercorporate Dividend and Super tax under section 4B recoverable involving tax of Rs 487.46 million. Rectification against the order was filed vide letter dated September 25, 2023 which is still pending disposal. Further for tax years 2022 and 2023 refundable of Rs. 490 million and Rs. 304.10 million has been revised to Rs. 298 million and Rs. 116.65 million due to disallowance of tax deducted at source of Rs. 192 million and Rs. 187.45 million respectively.

The Company has received show cause notice under section 122(9) with respect to tax years 2020 and 2021, wherein taxable income has been amended and tax demand of Rs. 337.58 million and Rs. 75.39 million has been raised. An appeal has been filed before ATIR and is yet to be decided.

However, considering the factual and legal position on the actions taken and on the legal advice, the Company expects a favourable outcome.

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		2024	(Restated) 2023
		Rupees '000	
40.	(LOSS) PER SHARE / BASIC AND DILUTED EARNINGS PER SHARE		
	(Loss) / profit for the year	<u>(3,330,859)</u>	<u>302,137</u>
	Weighted average number of outstanding shares at the end of year (in thousands) - note 40.1	<u>479,074</u>	<u>403,918</u>
	(Loss) / earnings per share (Rupees)	<u>(6.95)</u>	<u>0.75</u>
40.1	Weighted average number of ordinary shares	2024	(Restated) 2023
	Issued ordinary shares as at July 01	390,066	312,053
	Effect of number of shares issued	89,008	91,865
	Weighted average number of ordinary shares as at June 30	<u>479,074</u>	<u>403,918</u>
40.2	Diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at June 30, 2024 and 2023.		
		Note	2024
			2023
			Rupees '000
41.	CASH GENERATED FROM OPERATIONS		
	(Loss) / profit before levies and income tax		(4,471,494)
	Add / (less): Adjustments for non-cash charges and other items		409,835
	Depreciation of property, plant and equipment	4.8	452,290
	Depreciation of right-of-use assets	5.1	9,660
	Depreciation of investment properties	6.1	78,453
	Gain on disposal of investment properties		-
	Gain on disposal of property, plant and equipment	36	(67)
	Amortisation of intangible assets	7.2	14,431
	Amortization of transaction cost		41,031
	Provision for retirement benefits obligation	23.1.5	11,531
	Dividend income		-
	Government grant recognised in income		-
	Unwinding of discount on long term borrowing		-
	Interest on lease liabilities	25.3	11,813
	Interest on Loan from provident fund	37	7,311
	Inventory written off	32	38,349
	Provision for expected credit loss		-
	Impairment loss on investment in subsidiary	19.	5,200,000
	Workers Welfare Fund and Workers Profit Participation Fund	26.6	22,213
	Finance cost		3,500,728
	Unrealized exchange gain		1,176
	Profit before working capital changes - carried forward		<u>4,917,425</u>
			<u>3,498,281</u>

	2024	2023
	Rupees '000	
Profit before working capital changes - <i>brought forward</i>	4,917,425	3,498,281
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets		
Inventories	368,780	(669,323)
Trade receivables	864,229	(2,146,508)
Loans and advances	(589,376)	(211,276)
Trade deposits and short-term prepayments	(47,146)	(40,125)
Refunds due from government - sales tax	(10,728)	23,957
Other receivables	3,415,467	604,140
	<u>4,001,226</u>	<u>(2,439,135)</u>
Increase in current liabilities		
Trade and other payables	1,195,177	3,838,228
	<u>5,196,403</u>	<u>1,399,093</u>
Cash generated from operations	<u>10,113,828</u>	<u>4,897,374</u>
42. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 18	120,437	196,782
Short-term borrowing - note 27		
- Running finance under markup arrangement	(7,265,891)	(7,978,277)
	<u>(7,145,454)</u>	<u>(7,781,495)</u>
43. SEGMENT INFORMATION		

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

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44. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2024	2023	2024	2023	2024	2023
	← Rupees '000 →					
Managerial remuneration	37,404	34,004	16,046	17,504	355,285	285,811
Housing allowance	16,832	15,302	7,221	7,877	159,878	128,615
Utility allowance	3,740	3,400	1,605	1,750	35,529	28,581
Other allowance	1,658	1,358	542	351	60,124	50,474
Medical expenses - note 44.3	-	-	240	280	12,416	7,769
Benefits	16,409	59,584	7,587	17,867	82,055	142,561
Bonus	6,234	5,667	1,605	2,917	50,006	45,966
Retirement benefits	3,740	3,400	1,605	1,750	34,889	27,036
Others	294	236	209	180	13,262	11,239
Directors' fees	-	-	2,040	277	-	-
	<u>86,311</u>	<u>122,951</u>	<u>38,700</u>	<u>50,753</u>	<u>803,444</u>	<u>728,052</u>
Number of persons	<u>1</u>	<u>1</u>	<u>6</u>	<u>6</u>	<u>109</u>	<u>97</u>

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

44.2 During the year, the Company has paid fees to five non-executive directors (2023: five) an aggregate amount of Rs. 2.08 million (2023: Rs. 0.28 million) on account of meetings attended by them.

44.3 Medical expenses are being reimbursed by the Company

45. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise the parent company, subsidiary companies, associated companies or undertakings, directors of the Company, key management personnel and staff retirement funds. The Company continues to have a policy whereby transactions with related parties are entered into at mutually agreed terms and conditions. Remuneration of key management personnel are in accordance with their terms of engagements.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive, Chief Financial Officer, Company Secretary, Directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

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Nature of relationship	Nature of transactions	2024	2023
		Rupees '000	
Parent Company			
International Brands (Private) Limited	- Corporate service charges	128,831	135,169
	- Rent income	18,495	16,792
	- Income from provision of amenities	14,110	13,779
	- Expenses	4,145	3,329
Subsidiary Companies:			
IBL Healthcare Limited	- Revenue	282,475	473,611
	- Dividend income	-	46,811
	- Rent income	4,407	3,974
	- Purchases	230,938	2,428
	- Income from provision of amenities	4,862	4,015
	- Others	-	226
	- Bank guarantee	-	5,488
	- Reimbursement of expenses	209,137	-
	- Royalty	35,156	41,200
	- IBL Healthcare Limited has issued bonus shares to the Company - note 9.1.1.2		
	- The Company has created a pledge on ordinary shares of IBL Healthcare Limited in favour of UVPL - note		
	- The Company has obtained a musharaka facility against the properties of IBL Healthcare Limited - note 24.3		
	Searle Biosciences (Private) Limited	- Revenue	116,638
- Dividend income		-	97,000
- Facility management fee		50,000	170,000
- Reimbursement of expenses		102,391	99,303
- Advances provided		456,282	-
Searle Pakistan Limited	- Revenue	7,988	322,786
	- Rent income	9,583	9,583
	- Income from provision of amenities	2,209	2,030
	- Dividend income	-	409,502
	- Sales promotion expenses	7,387	9,769
	- Material loan given	25,303	2,696
	- Material loan obtained	47,564	7,350
	- Purchases	305,955	387,881
	- Retention	-	4,325
- The Company has obtained a musharaka facility against the property, plant and equipment of Searle Pakistan Limited - note 24.3			
IBL Frontier Markets (Private) Limited	- Reimbursement of expenses	1,076	5,372
	- Donations	6,361	-
	- Purchases	-	5,493
	- Income from provision of amenities	15,537	23,821

Nature of relationship	Nature of transactions	2024	2023
		Rupees '000	
Subsidiary Companies:			
Nextar Pharma (Private) Limited	- Purchase of property plant & equipment	-	18,959
	- Reimbursement of expenses	24,800	21,626
	- Purchases	19,210	1,622
	- Material loan obtained	704	-
Stellar Ventures (Private) Limited	- Advance against financial assistance	87,145	-
Prime Health (Private) Limited	- Product sample expense	-	4,509
	- Advance against financial assistance	8,900	-
	- Service charges	1,215	-
	- Travelling expense	-	440
Searle I.V Solutions (Private) Limited	- Purchases	332,918	126,475
	- Advance against financial assistance	298,303	-
Associated Companies:			
IBL Operations (Private) Limited	- Revenue	21,960,417	18,048,664
	- Rent income	8,317	7,217
	- Income from provision of amenities	4,776	5,378
	- Carriage and duties	82,739	64,552
	- Discounts claimed	530,097	401,269
	- Rent expense	60,548	67,404
	- Merchandise expense	43,887	34,936
	- Internet services	621	311
	- Incentive to field force staff	9,224	17,784
	- Salaries and wages	4,694	6,057
	- Inventory claims	751,393	610,521
	- Purchases	1,672	9,934
	- Printing and stationery	23,551	-
	- Others	-	6,306
	- Donations	1,911	8,913
	- Acquisition of a subsidiary	3,500,000	-
Universal Ventures (Private) Limited	- Disposal of land	-	510,000
	- Acquisition of subsidiary	3,750,407	-
	- Advance against financial assistance	4,468	-
United Brands Limited	- Revenue	1,797	-
	- Purchases	460	484
	- Salaries and wages	796	-

Nature of relationship	Nature of transactions	2024	2023
		Rupees '000	
Associated Companies:			
IBL Unisys (Private) Limited	- Rent income	2,367	2,242
	- Income from provision of amenities	1,495	1,567
	- IT services	4,244	7,519
	- Reimbursement of expenses	87,138	-
	- Purchases	53,163	2,031
IBL Logistics (Private) Limited	- Carriage and duties	225,479	183,605
	- Repair and maintenance	453	257
	- Purchases	-	646
United Retail (Private) Limited	- Income from provision of amenities	9,696	-
	- Donation	5,652	4,935
	- Printing & Stationary	408	-
	- Salaries and wages	13,829	6,963
	- Purchases	1,884	1,892
	- Others	8,176	-
Universal Retail (Private) Limited	- Rent income	36,605	29,684
	- Income from provision of amenities	134,623	103,953
	- Others	-	1,898
AKAR Hospital	- Donations	42,682	29,388
Multinet Private Limited	- Internet services	10,351	8,450
The Hunar Foundation	- Donations	4,000	6,000
Karachi Relief trust	- Donations	2,500	8,000
Rashid Abdullah Foundation	- Donations	1,500	8,850
The Citizen Foundation	- Donations	10,000	10,000
Searle Pakistan Limited Provident Fund	- Interest repayments	40,903	14,929
Staff retirement benefits:	- Contributions to Provident Fund	212,306	179,419
	- Benefits paid	174,556	200,044
Key management employees compensation:	- Salaries and other employee benefits	298,138	340,285
	- Contributions to Provident Fund	28,277	26,761

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45.1 The status of outstanding balances with related parties as at June 30, 2024 is included in the respective notes to the unconsolidated financial statements. These are settled in the ordinary course of business.

45.2 Following are the related parties including associated companies with whom the Company had entered into transactions or have arrangements / agreements in place:

S. No.	Company name	Basis of Relationship	Aggregate % of shareholding
1.	International Brands (Private) Limited	Parent	50.25%
2.	Searle Pharmaceuticals (Private) Limited	Subsidiary	100%
3.	Searle Biosciences (Private) Limited	Subsidiary	100%
4.	Searle Laboratories (Private) Limited	Subsidiary	100%
5.	IBL Future Technologies (Private) Limited	Subsidiary	100%
6.	Searle Pakistan Limited	Subsidiary	90.61%
7.	IBL Healthcare Limited	Subsidiary	74.19%
8.	Nextar Pharma (Private) Limited	Indirect Subsidiary	87.20%
9.	Searle IV Solutions (Private) Limited	Subsidiary	100%
10.	Stellar Ventures (Private) Limited	Subsidiary	100%
11.	MyCart (Private) Limited	Indirect Subsidiary	50.00%
12.	IBL Frontier Markets (Private) Limited	Indirect Subsidiary	100%
13.	Prime Health (Private) Limited	Indirect Subsidiary	100%
14.	IBL Operations (Private) Limited	Associated Company	N/A
15.	IBL Unisys (Private) Limited	Associated Company	N/A
16.	United Brands Limited	Associated Company	N/A
17.	IBL Logistics (Private) Limited	Associated Company	N/A
18.	Sabaq Learning Foundation	Common Directorship	N/A
19.	The IBL Company (Private) Limited	Common Directorship	N/A
20.	Universal Ventures (Private) Limited	Common Directorship	N/A
21.	The Hunar Foundation	Common Directorship	N/A
22.	Indus Hospital	Common Directorship	N/A
23.	Multinet (Private) Limited	Common Directorship	N/A
24.	Arshad Shahid Abdulla (Private) Limited	Close relative of Director	N/A
25.	Universal Retail (Private) Limited	Common Management	N/A
26.	United Retail (Private) Limited	Common Management	N/A
27.	AKAR Hospital	Managing Company	N/A
28.	The Citizens Foundation	Common Directorship	N/A
29.	Karachi Relief Trust	Common Directorship	N/A
30.	Rashid Abdullah Foundation	Common Directorship	N/A

46. PLANT CAPACITY AND ACTUAL PRODUCTION

The capacity and production of the Company's plant are indeterminable as these are multi-product and involve varying processes of manufacture.

47. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

47.1 Financial risk factors

The Company's activities expose it to variety of financial risks namely market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as manage financial risk to minimise earnings volatility and provide maximum return to shareholders. The Company has exposure to following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Risk management framework

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

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

47.2 Financial assets and liabilities by category and their respective maturities

	2024			2023		
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total
← Rupees '000 →						
Financial assets						
At amortised cost						
Loans, advances and deposits	1,326,741	7,546	1,334,287	420,692	7,513	428,205
Trade receivables	10,705,822	-	10,705,822	11,570,051	-	11,570,051
Other receivables	1,037,379	-	1,037,379	4,524,797	-	4,524,797
Bank balances	115,401	-	115,401	191,436	-	191,436
Cash in hand	5,036	-	5,036	5,346	-	5,346
Short-term investment	100,000	-	100,000	100,000	-	100,000
Long-term investments	11,200,000	9,666,718	20,866,718	-	18,816,311	18,816,311
	24,490,379	9,674,264	34,164,643	16,812,322	18,823,824	35,636,146
Financial liabilities						
Long-term borrowings	2,088,300	3,768,070	5,856,370	1,914,275	5,917,063	7,831,338
Trade and other payables	7,255,815	-	7,255,815	6,331,037	-	6,331,037
Lease Liability	9,788	68,914	78,702	6,628	78,702	85,330
Short term borrowings	7,465,891	-	7,465,891	8,178,277	-	8,178,277
Unpaid dividend	183,072	-	183,072	183,736	-	183,736
Unclaimed dividend	37,071	-	37,071	37,526	-	37,526
	17,039,937	3,836,984	20,876,921	16,651,479	5,995,765	22,647,244
On reporting date gap	7,450,442	5,837,280	13,287,722	160,843	12,828,059	12,988,902
Net financial (liabilities) / assets						
Interest bearing	(9,263,979)	(3,836,984)	(13,100,963)	(9,799,180)	(5,995,765)	(15,794,945)
Non-interest bearing	16,714,421	9,674,264	26,388,685	9,960,023	18,823,824	28,783,847

a) Market Risk

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

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As per market practices, Company's borrowings are on variable interest rate exposing the Company to interest rate risk.

At June 30, 2024, the Company has variable interest bearing financial liabilities of Rs. 13.12 billion (2023: Rs. 15.81 billion).

Cash flows sensitivity analysis for variable rate instruments

A change in interest rate varied by 200 basis points with all the other variables held constant, loss before income tax for the year would have been approximately Rs. 262.45 million (2023: Rs. 316.19 million) higher / lower, mainly as a result of lower / higher interest expense on floating rate borrowings.

(ii) Currency risk

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

	2024		2023	
	Rupees	US Dollars	Rupees	US Dollars
	----- (In 000) -----		----- (In 000) -----	
Financial assets:				
Bank balances	77,438	278	11,503	40
Trade receivables	420,577	1,511	442,573	1,542
Financial liabilities				
Trade and other payables	(2,108,270)	(7,562)	(1,762,126)	(6,138)
Net exposure	<u>(1,610,255)</u>	<u>(5,773)</u>	<u>(1,308,050)</u>	<u>(4,556)</u>

	Reporting date rate	
	2024	2023
	Buying / Selling	Buying / Selling
US Dollars (USD) to Pakistani Rupee	<u>278.30 / 278.80</u>	<u>287.10 / 286.60</u>

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Sensitivity analysis

As at June 30, 2024, if the Pakistani Rupee had weakened / strengthened by 10% against USD with all other variables held constant, loss before income tax for the year would have been lower / higher by Rs. 161.03 million (2023: Rs. 130.81 million), as a result of foreign exchange gains / losses on translation of foreign currencies denominated trade and other payables, and trade receivables.

(iii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to individual financial instruments company, its issuer, or factors affecting all similar financial instrument traded in the market. The Company has no investment as at June 30, 2024 which is subject to a change in market price.

b) Credit Risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs. 34,165 million (2023: Rs. 35,636 million) the financial assets exposed to credit risk amounts to Rs. 13,293 million (2023: Rs. 16,814 million). The carrying amount of respective financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2024	2023
	Rupees '000	
Loans and advances - notes 10 & 14	1,168,322	313,953
Trade deposits - notes 11 & 15	165,965	114,252
Trade receivables - note 13	10,705,822	11,570,051
Other receivables - note 16	1,037,379	4,524,797
Bank balances	115,401	191,436
Short-term investment - note 17	100,000	100,000
	<u>13,292,889</u>	<u>16,814,489</u>

Trade receivables of the Company are not exposed to significant credit risk as the major amount is due from IBL Operations (Private) Limited - an associated company. However, the Company has established policies and procedures for timely recovery of trade receivables. With respect to parties other than affiliates, the Company mitigates its exposure and credit risk by applying credit limits to its customers.

Deposits, loans, advances and other receivables are not exposed to any material credit risk as loans and advances mainly relate to subsidiary companies amounting to Rs. 1,163.56 million (2023: Rs. 313.71 million) and other receivables mainly pertains to related parties amounting to Rs. 960.42 million (2023: Rs. 4,461.54 million).

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

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

Concentration of credit risk

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

c) Liquidity risk

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

d) Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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

The management assessed that the fair values of cash and cash equivalents, other receivable, trade deposits, trade receivables, short term borrowings, trade and other payables, accrued mark-up, and unclaimed dividends approximate their carrying amounts largely due to short-term maturities of these instruments. For long term deposit and long term financing, management consider that their carrying values approximate fair value owing to credit standing of counterparties and interest payable on borrowings are market rates. Fair values of investment in quoted subsidiary are disclosed in note 8 to these unconsolidated financial statements.

47.3 Capital risk management

The Company's objectives when managing capital are to safeguard company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

The debt to capital ratio are as follows:

	2024	2023
	Rupees '000	
Total borrowings	13,322,261	16,009,615
Cash and bank - note 18	(120,437)	(196,782)
Net debt	<u>13,201,824</u>	<u>15,812,833</u>
Equity	29,094,929	27,668,759
Total capital	<u><u>42,296,753</u></u>	<u><u>43,481,592</u></u>
Debt to capital ratio	31%	36%

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

	2024			Total
	Short-term borrowings	Long-term borrowings	Unpaid / unclaimed dividend	
	(Rupees in '000)			
Balance as at July 1, 2023	8,614,445	7,871,821	221,262	16,707,528
<i>Changes from financing cash flows</i>				
Repayment of long-term loan	-	(2,015,999)	-	(2,015,999)
Proceeds from long-term loan	-	-	-	-
Dividend paid	-	-	(1,119)	(1,119)
Total changes from financing activities	-	(2,015,999)	(1,119)	(2,017,118)
<i>Other changes</i>				
Interest expense	1,775,272	1,693,247	-	3,468,519
Interest paid	(1,782,989)	(1,708,662)	-	(3,491,651)
Capitalized borrowing cost	-	-	-	-
Deferred government grant recognised	-	-	-	-
Unwinding of discount on salary refinancing	-	-	-	-
Amortization of transaction cost	-	41,031	-	41,031
Changes in short-term borrowings	(712,386)	-	-	(712,386)
Total loan related other changes	(720,103)	25,616	-	(694,487)
Balance as at June 30, 2024	7,894,342	5,881,438	220,143	13,995,923
	2023			Total
	Short-term borrowings	Long-term borrowings	Unpaid / unclaimed dividend	
	(Rupees in '000)			
Balance as at July 1, 2022	8,075,115	9,728,312	223,212	18,026,639
<i>Changes from financing cash flows</i>				
Repayment of long-term loan	-	(1,875,115)	-	(1,875,115)
Proceeds from long-term loan	-	-	-	-
Dividend paid	-	-	(1,950)	(1,950)
Total changes from financing activities	-	(1,875,115)	(1,950)	(1,877,065)
<i>Other changes</i>				
Interest expense	1,417,414	1,703,823	-	3,121,237
Interest paid	(1,207,360)	(1,703,037)	-	(2,910,397)
Unwinding of discount on salary refinancing	-	990	-	990
Amortization of transaction cost	-	16,848	-	16,848
Changes in short-term borrowings	329,276	-	-	329,276
Total loan related other changes	539,330	18,624	-	557,954
Balance as at June 30, 2023	8,614,445	7,871,821	221,262	16,707,528

48. MEASUREMENT OF FAIR VALUES

Management engages an independent external expert / valuer to carry out valuation of its non-financial assets (i.e. leasehold land, building, plant and machinery, vehicles and air-conditioning system) with sufficient regularity and obtains rate from financial institution to value derivative financial instruments. Involvement of external valuers is decided upon by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

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

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

As at June 30, 2024, all financial assets and financial liabilities are carried at amortised cost which is approximate to their fair value. The Company measures the Leasehold Land, Building, Plant and Machinery, Vehicles and Air-conditioning System at fair value and all of the resulting fair value estimates in relation to Leasehold Land, Building, Plant and Machinery, Vehicles and Air-conditioning System of the Company are included in Level 2.

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

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

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

Assets measured at fair value	Date of valuation	Valuation approach and inputs used	Inter-relationship between significant observable inputs and fair value
Revalued property, plant and equipment			
- Leasehold land, building, plant and machinery, vehicles and air-conditioning systems	June 30, 2024	The valuation model is based on price per square meter and current replacement cost method adjusted for depreciation factor for the existing assets in use. In determining the valuations for land and buildings, the valuer refers to current market conditions, structure, current replacement cost, sale prices of comparable land in similar location adjusted for differences in key attributes such as land size and inquires with numerous independent local estate agents / realtors in the vicinity to establish the present market value. The fair valuation of land and building is considered to represent a level 2 valuation based on significant observable inputs being the location and condition of the assets.	The fair values are subject to change owing to changes in input. However, the management do not expect material sensitivity to the fair values arising from the change in observable inputs.

The management assessed that the fair values of cash and cash equivalents, other receivable, trade deposits, trade debts, short-term borrowings, trade and other payables, accrued mark-up and unclaimed dividends approximate their carrying amounts largely due to short-term maturities of these instruments. For long-term deposit and long-term financing, the management consider that their carrying values approximates fair value owing to credit standing of counterparties and interest payable on borrowings are at market rates.

49. NUMBER OF EMPLOYEES

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

	2024	2023
Number of employees including contractual employees at year end	<u>3,036</u>	<u>2,991</u>
Average number of employees including contractual employees at year end	<u>3,050</u>	<u>2,926</u>
Number of employees working in the factory at year end	<u>339</u>	<u>372</u>
Average number of employees working in the factory at year end	<u>357</u>	<u>373</u>

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50. **DATE OF AUTHORISATION FOR ISSUE**

These unconsolidated financial statements were approved and authorised for issue by the Board of Directors of the Company on **10.7 OCT 2024.**

**Chief Executive****Director****Chief Financial Officer**

CONSOLIDATED DIRECTORS' REPORT TO THE MEMBERS

The Directors take pleasure in presenting the annual report together with the audited consolidated financial statements of your company for the year ended June 30, 2024.

This information is submitted in accordance with section 227 of the Companies Act, 2017 and Chapter XII of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

This report is to be submitted to the members at the 59th Annual General Meeting of the Company to be held on October 28, 2024.

OVERVIEW

During the financial year ended June 30, 2024, Pakistan's pharmaceutical industry faced a challenging environment characterized by high input costs due to rising inflation level and currency devaluation. Additionally, strict government price control mechanism restricted the company to adjust prices in response to these cost pressures. The situation was further aggravated by a significant increase in finance costs, adding to the overall financial burden.

Despite these unprecedented challenges, demand for pharmaceutical products particularly for chronic diseases such as diabetes, cardiovascular conditions and respiratory illnesses etc. remained robust and kept growing. A notable development during the year was the deregulation of pricing for non-essential drugs in the third quarter. While the positive effects of this change are expected to materialize in 2025, the recent decrease in interest rates, along with expectations of further reductions, will also favorably impact the company's financial performance in the year ahead.

OPERATING RESULTS

Searle is dedicated to improving the quality of life for its customers by providing exceptional healthcare solutions. The team's steadfast commitment to the well-being of both its patients and stakeholders instills the whole organization with a sense of pride as the positive impact of efforts become visible.

Over the past six years, Searle has achieved remarkable revenue growth with a compounded annual growth rate (CAGR) of 10.05%. This robust expansion in revenue can be attributed to consistent volume growth and a diverse portfolio of products. For the fiscal year ending June 30, 2024, the Company demonstrated impressive sales growth, achieving total revenue of PKR 29.4 billion, reflecting a robust increase of approximately 14% compared to the previous year with continuing operations.

Our gross profit for the year stood at PKR 13,706 million, marking a significant increase of approximately 21% over the prior year, which resulted in an improved gross profit margin of 46.6%, up from 43.8% in 2023. This enhancement highlights the commitment to operational efficiency and effective cost management.

Operating profit, from continuing operations, reached PKR 5,001 million, indicating a growth of approximately 30.8%. This demonstrates the effectiveness of our ongoing initiatives to streamline operations and enhance productivity.

In terms of regulatory developments, the Federal Cabinet's approval in May 2023 of a one-time price increase led to a 14% rise for essential drugs and a 20% increase for non-essential drugs.

Additionally, the deregulation of prices for non-essential drugs in February 2024 contributed to an increase in gross margins. The full impact of these regulatory changes should materialize in the coming year, contributing positively to the company's future profitability.

DISPOSAL OF SUBSIDIARY

During the fiscal year, a key strategic decision was taken by the Board regarding the divestment of Searle Pakistan Limited (SPL), a subsidiary acquired through a leveraged buyout. This decision followed an extensive evaluation of strategic alternatives in response to the rising interest rate environment, impacting cash reserves of Searle and adverse currency movements, which impacted the subsidiary's operating landscape. In the Board meeting held on May 15, 2024, the proposal for divestment was formally approved. Consequently, on July 31, 2024, the Company initiated discussions with a potential buyer, IJARA Capital Partners Limited (ICPL), to negotiate the sale of its entire shareholding in SPL, pending final agreement on terms and requisite regulatory approvals.

As part of this divestiture process, the Company conducted a detailed reassessment of the carrying value of its investment in SPL. Due to the economic headwinds and a downward revision of SPL's projected profitability, particularly concerning the localization of its imported product portfolio, the recoverable amount of the investment was determined to be below the carrying value. As a result, the Company recognized an impairment charge of PKR 5.2 billion in its financial statements. This charge reflects the reclassification of SPL as an asset held for sale, with its valuation now adjusted to reflect an "as is" basis.

Although this divestment marks a significant transition, the Company remains steadfast in its commitment to driving sustainable growth. The proceeds from the sale will enhance financial agility, enabling the Company to reduce financing costs and allocate capital towards higher-yielding opportunities.

Despite the unprecedented external challenges, the Board and management remain confident in the Company's ability to navigate these complexities and emerge stronger. Our strategy is underpinned by a focus on value creation, operational excellence, and prudent capital allocation, ensuring that the Company remains well-positioned to deliver superior returns to shareholders and create long-term value for all stakeholders."

	June 30,	
	2024	2023 (Restated)
	(Rupees in thousand)	
Revenue	29,400,675	25,796,431
Cost of sales	(15,694,540)	(14,486,035)
Gross Profit	13,706,135	11,310,396
Operating expenses	(9,269,452)	(7,685,235)
Other operating expenses	(39,486)	(65,315)
Other income	603,652	262,549
Profit from operations	5,000,849	3,822,395
Finance cost	(3,634,958)	(3,522,298)
Profit before levies and tax	1,365,891	300,097
Levies - minimum & final	(152,160)	(109,372)
Profit before tax	1,213,731	190,725
Income tax expense	(229,584)	(226,344)
Profit / (loss) after taxation from continuing operations	984,147	(35,619)
Profit after taxation from discontinued operations	(3,389,293)	448,672
(Loss) / profit after taxation	(2,405,146)	413,053

EARNING PER SHARE

(Loss) / earnings per share after taxation for the period was Rs. (4.96) (2023: Rs. 0.78). There is no dilution effect on the basic earnings per share of the Company, as the Company has no convertible dilutive potential ordinary shares outstanding as at June 30, 2024.

DIVIDEND

The Board of Directors has carefully considered the financial position of the Company, prevailing economic conditions, and future growth plans. To maintain financial stability, preserve cash reserves, and support ongoing investments in key strategic projects, the Board has decided not to declare a dividend for the period ended June 30, 2024. This approach will ensure that the Company remains well-positioned for sustainable growth, fulfilling its long-term commitments to shareholders. During the previous year ended June 30, 2023, the Company did not declare any dividend.

FINANCIAL STATEMENTS AND AUDITORS

The present auditors, Messrs. A.F. Ferguson & Co. Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.

The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as the Auditors of the Company for the financial year ending June 30, 2025, at a mutually agreed fee.

HOLDING COMPANY

International Brands (Private) Limited is the holding company of Searle, which holds 50.25% shareholding in the Company.

SUBSIDIARIES OF THE COMPANY

Following are the subsidiary companies:

Listed Company	Principal place of business	Effective % age of holding	
		2024	2023
- IBL HealthCare Limited	Pakistan	74.19%	74.19%
Unlisted Companies			
- Searle Pakistan Limited		90.61%	90.61%
- Searle Pharmaceuticals (Private) Limited		100.00%	100.00%
- Searle Laboratories (Private) Limited		100.00%	100.00%
- Searle Biosciences (Private) Limited		100.00%	100.00%
- IBL Future Technologies (Private) Limited		100.00%	100.00%
- Searle IV Solutions (Private) Limited		100.00%	-
- Stellar Ventures (Private) Limited		100.00%	-
- Mycart (Private) Limited *		50.00%	-
- IBL Frontier Markets (Private) Limited *		100.00%	-
- Prime Health (Private) Limited *		100.00%	-
- Nextar Pharma (Private) Limited *	87.20%	87.20%	

**Indirect subsidiaries of The Searle Company Limited*

PATTERN OF SHAREHOLDING

The pattern of shareholding along with categories of shareholders as at June 30, 2024 as required under section 227 of the Companies Act, 2017 and Listing Regulations is annexed.

BUSINESS CONDUCT

Searle's business practices are grounded in integrity, transparency, and strict adherence to all applicable laws and regulations.

Our core values are more than just words; they serve as the foundation of our commitment to becoming one of the world's most innovative, high-performing, and trusted healthcare companies. These values shape our culture, guide our actions, and influence our decision-making processes, helping us maintain the trust of those who depend on us—our patients and consumers—every day.

It is the responsibility of each one of us to uphold these principles, ensuring that Searle remains a company we are all proud to be a part of. We continuously strive to understand and meet our customers' needs while pursuing ongoing improvements across all areas of our operations.

At Searle, we prioritize doing what is right for our patients and consumers, always aiming for the highest standards of quality. We collaborate with our partners to enhance healthcare outcomes and develop new medicines and vaccines. Regardless of our roles, we are all deeply aware of the impact our work has on the well-being of patients and consumers.

PRODUCT QUALITY

Consumer trust and confidence in Searle's products are our most valuable assets. We understand that pharmaceutical manufacturing carries inherent risks, and any error in product design or production can have serious, even life-threatening consequences. Therefore, maintaining the highest standards of quality is not only our top priority but also a moral responsibility.

We are fully committed to safeguarding patient well-being by ensuring that all aspects of our medicinal product manufacturing meet the rigorous standards necessary to guarantee safety and efficacy, fulfilling patients' expectations and upholding our duty to them.

CORPORATE AND SOCIAL RESPONSIBILITY

Our responsibilities extend beyond merely generating wealth for our stakeholders. At Searle, our mission has always been to make meaningful contributions to the economy in which we operate. A key focus has been the creation of employment opportunities to support a large industrial and sales workforce.

The Company is committed to conducting its operations in a socially responsible manner. In line with this commitment, our Corporate Social Responsibility (CSR) program encompasses a broad range of initiatives in healthcare, education, child welfare, and various other social welfare activities.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT

At Searle, we understand the significance of a safe and secure environment and consider it our responsibility to ensure that everyone working with us knows how to operate safely and without risk to their health. The well-being of our employees and visitors is a top priority for the Company. As such, we continuously identify, assess, and manage operational hazards to eliminate or minimize risks effectively.

INFORMATION TECHNOLOGY

To address the expanding business needs of the Company and to support our ongoing commitment to enhancing information systems, we have maintained our policy of increasing investments in information technology. This includes further investment in the powerful business management system, SAP, which we have successfully implemented to strengthen our business operations even more.

WEBSITE

All our stakeholders and general public can visit the Company's website, www.searlecompany.com, which has a dedicated section for investors containing information related to annual, half-yearly and quarterly financial statements.

RELATED PARTY TRANSACTIONS

All related party transactions, during the year 2024, were placed before the Audit Committee and the Board for their review and approval. These transactions were duly approved by the Audit Committee and the Board in their respective meetings. All these transactions were in line with the transfer pricing methods and the policy with related parties approved by the board previously. The Company also maintains a full record of all such transactions, along with the terms and conditions. For further details, please refer note 46 in the financial statements.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The stock exchange has included in their Listing Rules and Listed Companies Regulations issued by the Securities & Exchange Commission of Pakistan. The Company has adopted the code and is implementing the same in letter and spirit.

TRADING OF SHARES BY DIRECTORS, CFO, COMPANY SECRETARY AND EXECUTIVES ETC.

The Company's shares are traded on Pakistan Stock Exchange Limited. The Directors, CEO, Company Secretary and CFO and executives, their spouses and minor children did not carry out any trade in the shares of the Company except the following Directors & executives:

Name	Shares Purchased	Shares Disposed
Mr. Moujood Ul Hassan	4,370	800
International Brands (Pvt) Ltd.	-	39,210,220

DIRECTORS' TRAINING PROGRAM (DTP)

During the year, no director attended the DTP. Currently, five directors have attained DTP certification. The company has planned to arrange DTP Certification for the remaining of the directors over the next year.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

In order to ensure that adequate internal controls are deployed by the company for safeguarding of company's assets, compliance with laws and regulations and reliable financial reporting, the Board of Directors has outsourced the internal audit function to Grant Thornton Anjum Rahman, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

CODE OF CONDUCT

The Board of Directors of the Company has adopted a code of conduct. All employees are informed and aware of this and are required to observe these rules of conduct in relation to business and regulations.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The Company maintains a sound internal control system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- There has been no departure from the best practices of transfer pricing.

The key operating and financial data for the six years is tabulated as follows:

Consolidated	2024	2023	2022	2021	2020	2019
ASSETS EMPLOYED						
Property, plant and equipment	10,396,016	10,192,835	10,026,144	8,741,499	4,415,663	3,786,177
Right of use assets	63,982	60,090	69,750	79,410	121,515	-
Intangible assets	4,625,119	16,153,388	16,179,879	15,622,504	328,533	365,268
Investment properties-at cost	6,177,607	3,348,598	3,237,634	2,970,279	2,571,674	2,724,116
Long-term loans and deposits	10,974	30,915	27,927	24,462	11,182	13,895
Deferred assets	1,984,209	-	-	-	-	-
Net assets classified as held for sale	12,788,873	-	-	-	88,064	75,500
Net current assets	2,296,016	8,672,038	10,876,069	8,579,394	9,021,013	6,711,339
Total assets employed	38,342,796	38,457,864	40,417,403	36,017,547	16,557,644	13,676,294
FINANCED BY						
Issued, subscribed and paid-up capital	5,114,945	3,900,659	3,120,526	2,400,405	2,124,253	2,124,253
Reserves and unappropriated profit	21,392,765	20,472,950	20,369,885	19,105,693	11,516,719	9,514,903
Shareholder's equity	26,507,710	24,373,609	23,490,411	21,506,098	13,640,972	11,639,156
Surplus on revaluation of fixed assets	6,023,513	5,568,389	5,173,186	4,066,913	1,846,153	1,437,936
Non-controlling Interest	1,913,774	1,734,434	2,027,714	513,181	475,408	442,137
Long-term and deferred liabilities	3,897,799	6,781,432	9,726,092	9,931,355	595,111	157,065
Total capital employed	38,342,796	38,457,864	40,417,403	36,017,547	16,557,644	13,676,294
Turnover	29,400,675	25,796,431	29,909,659	26,219,656	20,474,842	18,062,107
(Loss) / Profit before tax	(2,023,402)	748,769	3,661,347	5,035,298	3,658,860	2,832,228
(Loss) / Profit after tax	(2,405,146)	413,053	2,415,854	3,746,848	2,548,047	2,265,296
Profit after tax as % of turnover	-8.18	1.60	8.08	14.29	12.44	12.54
Profit after tax as % of capital employed	-6.27	1.07	5.98	10.40	15.39	16.56
Dividends						
Cash (%)	NIL	NIL	NIL	20	25	25
Stock (%)	NIL	NIL	25	30	NIL	NIL

COMPOSITION OF THE BOARD OF DIRECTORS

There have been seven directors on the Board. The composition of the board as at June 30, 2024 is as follows:

	Category	Names
i	Independent Directors	Ms. Shaista Khaliq Rehman
		Mr. Muhammad Zubair Haider Shaikh
ii	Non-executive Directors	Mr. Adnan Asdar Ali
		Mr. Munis Abdullah
		Ms. Faiza Naeem
iii	Executive Directors	Mr. S. Nadeem Ahmed
		Mr. Zubair Razzak Palwala

During the year, election of directors was held on October 27, 2023 and Mr. Muhammad Zubair Haider Shaikh elected as an independent director and Ms. Faiza Naeem was elected as non-executive director on the board.

Pursuant to the election, Mr. Adnan Asdar Ali was re-elected as the Chairman of the board and Mr. S. Nadeem Ahmed was re-elected as the Chief Executive Officer of the Company.

MEETINGS OF THE BOARD OF DIRECTORS

During the year, nine meetings of the Board of Directors were held. The attendance at meetings of the board members is summarized as under:

Name of director	Meetings attended
Mr. Adnan Asdar Ali	6
Ms. Shaista Khaliq Rehman	8
Mr. S. Nadeem Ahmed	9
Mr. Zubair Razzak Palwala	8
Dr. Atta Ur Rahman	4
Mr. Munis Abdullah	9
Mr. Mufti Zia Ul Islam	4
Ms. Faiza Naeem	5
Mr. Muhammad Zubair Haider Shaikh	5

AUDIT COMMITTEE

The Committee comprises of three non-executive Directors. The Chairperson of the committee is an independent director.

During the year, four meetings of audit committee were held, the attendance of which is as follows:

Name of director	Meetings attended
Ms. Shaista Khaliq Rehman	3
Mr. Adnan Asdar Ali	2
Dr. Atta Ur Rehman	2
Mr. Munis Abdullah	2

Pursuant to the election, audit committee was reconstituted by the board of directors and the following members amongst non-executive directors including an independent director, were selected for the Committee. The Chairperson is an independent director.

Name of director	
Ms. Shaista Khaliq Rehman	Chairperson
Mr. Adnan Asdar Ali	Member
Mr. Munis Abdullah	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE (HR & R)

The Committee comprises of three non-executive members. The Chairperson of the committee is an independent director.

During the year, one meeting of the committee was held, the attendance of which is as follows:

Name of director	Meetings attended
Ms. Shaista Khaliq Rehman	1
Mr. Adnan Asdar Ali	-
Ms. Faiza Naeem	-
Dr. Atta Ur Rehman	1
Mr. Muhammad Zubair Haider Shaikh	-

Pursuant to the election, HR&R committee was reconstituted by the board of directors and the following members amongst non-executive directors including an independent director, were selected for the Committee. The Chairman is an independent director.

Name of director	
Mr. Muhammad Zubair Haider Shaikh	Chairman
Mr. Adnan Asdar Ali	Member
Ms. Faiza Naeem	Member

DIRECTORS REMUNERATION

The significant features and key elements of directors' remuneration are as follows:

- The Company will not pay remuneration to its non-executive directors except as a meeting fee for attending the board and its committee meetings. As per policy, Directors are paid an after-tax remuneration of PKR 40,000/- for attending each meeting of the Board or its Committees.
- The remuneration of a Director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.
- A Director shall be provided or reimbursed for traveling, lodging and other expenses incurred by him for attending meetings of the Board its Committees and/or General Meetings of the Company.

The remuneration paid to executive directors includes fixed salaries, allowances, and, where applicable, performance-based incentives. No additional benefits, apart from those disclosed, were provided during the period. The Board remains committed to ensuring that the remuneration of directors reflects their contributions and responsibilities towards achieving the Company's goals.

SUBSEQUENT EVENTS

- 'Subsequent to the year ended June 30, 2024, the Board of Directors of the Company in the meeting held on July 31, 2024 has resolved to sell the Company's entire shareholding in Searle Pakistan Limited (SPL) , constituting approximately 90.61% of the issued and paid up share capital of SPL to IJARA Capital Partners Limited (ICPL), subject to finalizing the terms of the sale, fulfillment of conditions precedent, and compliance with all the applicable legal provisions in this regard and in accordance with section 183(3)(b) of the Companies Act, 2017, the requirement of obtaining approval of the members of the Company, an Extra Ordinary General Meeting (EOGM).

VALUE OF INVESTMENTS

The value of investment of provident fund based on their un-audited / audited accounts as on June 30, 2024 and June 30, 2023 respectively was as follows:

	2024	2023
	Rs '000	
Provident Fund	708,175	609,212

FUTURE OUTLOOK - Unveiling New Horizons of Growth and Value Creation

Searle is steadfast in its vision to expand its footprint, driving growth both organically and through strategic acquisitions, despite navigating complex socio-economic, political, and environmental landscapes. Our proactive approach and strategic initiatives, combined with the Board and management's unwavering commitment to making timely decisions—even when faced with difficult or unpopular choices—position us favorably to mitigate external uncertainties such as fluctuating exchange rates, inflationary pressures, and escalating global commodity and logistics costs. This decisive leadership ensures that we remain agile and resilient, navigating complex market dynamics while staying firmly on course to achieve our growth objectives. Recent challenges have only strengthened our resolve to diversify our portfolio, fortify our market leadership, and unlock new value streams for our stakeholders.

Strategic Expansion and Innovation

One of the most noteworthy achievements for Searle is the recent approval from the Drug Regulatory Authority of Pakistan (DRAP) for ADALIMUMAB—the country's first locally manufactured biosimilar drug. Developed in collaboration with BioRay Biopharmaceuticals Co. Limited, ADALIMUMAB is a biosimilar to the globally renowned Humira, which is widely prescribed for inflammatory conditions such as rheumatoid arthritis, psoriasis, and Crohn's disease. This groundbreaking launch, slated for the next 3-6 months, will empower Searle to offer high-quality biotechnology solutions at a fraction of the cost, setting a precedent in the region for accessible, innovative therapeutics.

Leveraging Market Dynamics for Enhanced Profitability

We are poised to capture opportunities arising from the recent deregulation of prices for non-essential drugs, which will contribute to stronger cash flows and enable the launch of previously unviable products. Additionally, the favorable trend of declining interest rates is expected to significantly boost our profitability and cash flows by reducing long-term liabilities and operational finance costs. This solid financial footing will provide the impetus for accelerating our business expansion and pursuing high-growth opportunities.

Expanding Therapeutic Expertise and Product Portfolio

Searle's robust pipeline, comprising over 200 products at various stages of regulatory approval, underscores our strong presence across critical therapeutic areas, including cardiovascular diseases, respiratory disorders, diabetes, infant nutrition, probiotics, and antibiotics. As part of our growth strategy, we are venturing into new therapeutic domains and expanding into high-potential segments such as biosimilars, medical devices, nutraceuticals, genomic sciences, and intravenous products. The recent acquisition of our state-of-the-art manufacturing facility in Lahore will serve as a catalyst in broadening our product portfolio and enhancing production capabilities.

Geographic Expansion and Export Growth


This fiscal year marks a transformative phase for our international business. Searle is set to achieve new milestones in export revenue, with the planned launch of several blockbuster brands across the GCC, CIS, and other international markets. This expansion will not only diversify our revenue streams but also solidify our position as a globally recognized player in high-quality pharmaceuticals.

A Future Built on Collaboration and Innovation

Our team's unwavering dedication, coupled with the support and confidence of our partners, suppliers, and customers, is pivotal to our journey of continued success. As we move forward, we are committed to fostering innovation, enhancing our market presence, and ensuring long-term, sustainable growth for all our stakeholders. The future holds tremendous potential for Searle, and we are excited to build on our momentum and drive phenomenal shareholder value in the coming years.

We thank our shareholders for their continued support as we strive to create a lasting impact in the healthcare industry and beyond. Together, we are redefining the standards of excellence and innovation in the pharmaceutical landscape.

For and on behalf of the Board


Syed Nadeem Ahmed
Chief Executive Officer


Zubair Razzak Palwala
Director

Karachi: October 07, 2024

THE SEARLE COMPANY LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2024



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE SEARLE COMPANY LIMITED

Opinion

We have audited the annexed consolidated financial statements of The Searle Company Limited (the Holding Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

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

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Following are the Key Audit Matters:

S. No. Key Audit Matters

How the matter was addressed in our audit

(i) Revenue from contracts with customers

(Refer note 3.16, 19.3 and 32 to the consolidated financial statements)

The Group's revenue is generated from sales of pharmaceutical and other consumer products. The Group recognized revenue of Rs. 38.74 billion from the sale of goods to domestic as well as export customers during the year ended June 30, 2024. Sales to related parties represents 79.07% of total sales.

As part of our overall response to the audit risks when identifying and assessing the risks in revenue recognition, we considered that there is an inherent risk that revenue may be overstated as it is a key performance measure, which could create an incentive or pressure on the Group's management to meet targets. Further, we have focused our audit activities over the revenue recognised near to year end as there was a high risk that the revenue is recorded before the control of goods is transferred to the customer and in an incorrect accounting period. Moreover, revenue recognition includes determination of sales prices in accordance with the regulated price regime of the Government.

Based on the above and considering that the revenue recognition is a significant and high-risk area, we considered this as a key audit matter.

Our audit procedures included the following:

- obtained an understanding of the Group's process with respect to revenue recognition and evaluated design and operating effectiveness of controls relevant to such process;
- obtained an understanding of pricing mechanism of Drug Regulatory Authority of Pakistan (DRAP) and tested, on sample basis, selling prices of regulated pharmaceutical products to ensure compliance with the pricing policies of DRAP;
- inspected contracts on selected samples to obtain an understanding of contract terms particularly relating to timing and the customer's acceptance of the products and assessing the Group's accounting policies for recognition of revenue with reference to the requirements of the prevailing accounting standards;
- performed substantive audit procedures over revenue transactions along with inspection of related supporting documents, on test basis;
- performed cut-off procedures to ensure that the revenue is recognised in the correct accounting period; and
- assessed the adequacy of disclosure made in the consolidated financial statements in accordance with the applicable accounting and reporting standard as applicable in Pakistan.

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S. No. Key Audit Matters

How the matter was addressed in our audit

(ii) Litigation relation to product pricing matters

(Refer note 32.3 to the consolidated financial statement)

Our audit procedures included the following:

The Holding Company has litigation cases in respect of product pricing which are pending at various forums including Honourable High Court of Sindh and DRAP.

Matters under litigation require management to make judgements in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Holding Company for disclosure and recognition and measurement of any provisions that may be required against such litigation matters.

Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgement and estimates to assess the same including related financial impacts, we considered litigation matters relating to product pricing a key audit matter.

- obtained and inspected details of the pending litigations and discussed the same with the Holding Company's management;
- inspected correspondence of the Holding Company with the relevant authorities including judgements or orders passed by the competent authorities/courts of law in relation to the issues involved or matters which have similarities with the issues involved;
- obtained confirmations from the Holding Company's external legal for their views on open legal cases; and
- ensured disclosures made in respect of litigations in the consolidated financial statements as per the accounting and reporting standards as applicable in Pakistan.

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S. No. Key Audit Matters

How the matter was addressed in our audit

(iii) Tax Contingencies

(Refer note 31.1 to the consolidated financial statements)

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

Such matters require management to make judgements in relation to the interpretation of laws, statutory rules, regulations, and the probability of outcome and financial impact, if any, on the Group for disclosure including recognition and measurement of any provisions that may be required against such contingent liabilities.

Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgement and estimates to assess the same including related financial impacts, we considered tax contingencies as a key audit matter.

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Our audit procedures included the following:

- obtained and inspected details of the pending cases and discussed the same with the Group's management;
- inspected correspondence of the Group with the relevant authorities including judgments or orders passed by the competent authorities/courts of law in relation to the issues involved or matters which have similarities with the issues involved;
- obtained confirmations from the Group's external tax advisor for their views on open tax assessments and legal cases;
- involved internal tax professionals to assess management's conclusions on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Group; and
- ensured disclosures made in respect of litigations in the consolidated financial statements as per the accounting and reporting standards as applicable in Pakistan.

S. No. Key Audit Matters

How the matter was addressed in our audit

(iv) Valuation of disposal group classified as held for sale

(Refer note 19 to the consolidated financial statements)

As per the requirements of accounting and reporting standards, the management has classified the assets and liabilities of a subsidiary 'Searle Pakistan Limited' (disposal group) as held for sale. Accordingly, the Group has assessed the fair value less cost to sell of the disposal group as per the requirement of International Accounting Standard 36 - Impairment of Assets (IAS 36).

Based on the assessment of fair value less cost of sell of a disposal group, an impairment loss of Rs. 5.2 billion has been recognised against the goodwill in the consolidated financial statements. The assessment involved estimation of future cash flows and determination of fair value using number of assumptions.

Due to the significance of the impact of these judgements / estimations and the materiality of investment value relative to the overall consolidated financial statements of the Group, we considered the area of impairment against the disposal group as a key audit matter.

Our audit procedures included the following:

- considered the reasons requiring management to determine fair value of the disposal group held for sale;
- obtained understanding of the management's process of assessment, including methodology and key assumptions used to estimate the fair value less cost to sell;
- evaluated the reasonableness of management's key assumptions and estimates used to prepare cash flow projections and determination of fair value. For this purpose, we also involved our internal specialists to test the valuation related assumptions, where required; and
- assessed the adequacy of disclosure made in the consolidated financial statements in accordance with the applicable accounting and reporting standard as applicable in Pakistan.

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

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

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

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

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

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

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

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

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

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

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

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



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Syed Muhammad Hasnain.

A.F. Ferguson & Co.
Chartered Accountants
Karachi

Date: October 18, 2024

UDIN: AR202410073bdKnl79WU

THE SEARLE COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2024

	Note	2024	2023
		Rupees '000	
ASSETS			
Non-current assets			
Property, plant and equipment	6	10,396,016	10,192,835
Right-of-use assets	7	63,982	60,090
Investment properties - at cost	8	6,177,607	3,348,598
Intangible assets	9	4,625,119	16,153,388
Long-term loans and advances	10	150	117
Long-term deposits	11	10,824	30,798
Deferred tax asset	24	1,984,209	-
		<u>23,257,907</u>	<u>29,785,826</u>
Current assets			
Inventories	12	3,451,526	6,975,694
Trade receivables	13	12,471,522	16,443,847
Loans and advances	14	673,796	1,202,905
Trade deposits and short-term prepayments	15	250,194	196,941
Accrued markup		-	420
Other receivables	16	857,810	4,757,130
Short-term investment at amortised cost	17	100,000	115,772
Taxation - payments less provision		2,067,031	2,438,330
Tax refunds due from Government - sales tax		224,769	265,706
Cash and bank balances	18	302,839	313,244
		<u>20,399,487</u>	<u>32,709,989</u>
Assets classified as held for sale	19	19,903,375	-
Total assets		<u><u>63,560,769</u></u>	<u><u>62,495,815</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital			
Issued, subscribed and paid-up capital	20	5,114,945	3,900,659
Capital reserves			
Share premium		9,085,133	6,049,419
Revaluation surplus on property, plant and equipment	21	6,023,513	5,568,389
Revenue reserves			
General reserve	22	280,251	280,251
Unappropriated profit		12,027,381	14,143,280
Attributable to owners of The Searle Company Limited - Parent Company		<u>32,531,223</u>	<u>29,941,998</u>
Non-controlling interests	53	1,913,774	1,734,434
Total equity		<u>34,444,997</u>	<u>31,676,432</u>
LIABILITIES			
Non-current liabilities			
Long-term borrowings	23	3,768,070	5,917,063
Deferred tax liabilities	24	-	706,960
Employee benefit obligations	25	57,838	78,707
Lease liability	26	71,891	78,702
		<u>3,897,799</u>	<u>6,781,432</u>
Current liabilities			
Trade and other payables	27	8,398,648	9,922,915
Short term borrowings	28	9,384,869	13,651,856
Contract liabilities	29	58,863	184,249
Unpaid dividend	30	197,224	227,669
Unclaimed dividend		44,176	44,634
Current portion of lease liability	26	19,691	6,628
		<u>18,103,471</u>	<u>24,037,951</u>
Liabilities directly associated with assets classified as held for sale	19	7,114,502	-
Total liabilities		<u>29,115,772</u>	<u>30,819,383</u>
Contingencies and commitments	31		
Total equity and liabilities		<u><u>63,560,769</u></u>	<u><u>62,495,815</u></u>

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

Chief Executive

Director

Chief Financial Officer

THE SEARLE COMPANY LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees '000	(Restated) 2023
Revenue from contracts with customers	32	29,400,675	25,796,431
Cost of sales	33	(15,694,540)	(14,486,035)
Gross profit		<u>13,706,135</u>	<u>11,310,396</u>
Distribution costs	34	(7,779,941)	(6,360,586)
Administrative expenses	35	(1,489,511)	(1,324,649)
Other expenses	36	(39,486)	(65,315)
Other income	37	603,652	262,549
Profit from operations		<u>5,000,849</u>	<u>3,822,395</u>
Finance cost	38	(3,634,968)	(3,522,298)
Profit before levies and income tax		<u>1,365,881</u>	<u>300,097</u>
Levies - minimum tax and final tax	39	(152,160)	(109,372)
Profit before income tax		<u>1,213,721</u>	<u>190,725</u>
Income tax expense	40	(229,584)	(226,344)
Profit from continuing operations		<u>984,137</u>	<u>(35,619)</u>
Discontinued operations:			
(Loss) / profit from discontinued operations – net of tax	19.3	(3,389,293)	448,672
(Loss) / profit for the year		<u>(2,405,156)</u>	<u>413,053</u>
(Loss) / profit is attributable to:			
Owners of the Parent Company - continuing operations		992,060	(100,106)
Owners of the Parent Company - discontinued operations		(3,368,305)	413,816
		(2,376,245)	313,710
Non-controlling interests - continuing operations		(7,923)	64,487
Non-controlling interests - discontinued operations		(20,988)	34,856
		(28,911)	99,343
		<u>(2,405,156)</u>	<u>413,053</u>
(Loss) per share / basic & diluted earnings per share			(Restated)
From continuing operations	41	2.07	(0.25)
From discontinued operations		(7.03)	1.03
		<u>(4.96)</u>	<u>0.78</u>

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

Chief Executive

Director

Chief Financial Officer

THE SEARLE COMPANY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees '000	2023
(Loss) / profit for the year		(2,405,156)	413,053
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post employment benefit obligations		10,442	9,378
Surplus on revaluation of property, plant and equipment - net of deferred tax	21	744,116	619,091
		754,558	628,469
Total comprehensive (loss) / income for the year		(1,650,598)	1,041,522
Total comprehensive (loss) / income attributable to:			
Owners of The Searle Company Limited - Parent Company		(1,636,199)	925,311
Non-controlling interests		(14,399)	116,211
		(1,650,598)	1,041,522
Total comprehensive (loss) / income attributable to owners of the Parent arise from:			
From continuing operations		1,592,069	319,841
From discontinued operations		(3,228,268)	605,470
		(1,636,199)	925,311

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

Chief Executive

Director

Chief Financial Officer

THE SEARLE COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2024

	Attributable to the owners of the Parent Company						Non-controlling interests	Total Equity
	Capital reserves			Revenue reserves				
	Issued, subscribed and paid-up capital	Share premium	Revaluation surplus on property, plant and equipment	General reserve	Unappropriated profits	Sub - Total reserves		
	Rupees '000							
Balance as at July 1, 2022	3,120,527	6,049,419	5,173,186	280,251	14,040,214	25,543,070	2,027,714	30,691,311
Total comprehensive income for the year ended June 30, 2023								
Profit for the year ended June 30, 2023	-	-	-	-	313,710	313,710	99,343	413,053
Other comprehensive income for the year ended June 30, 2023	-	-	602,223	-	9,378	611,601	16,868	628,469
	-	-	602,223	-	323,088	925,311	116,211	1,041,522
Transfer of incremental depreciation net of deferred tax	-	-	(163,980)	-	163,980	-	-	-
Transfer of revaluation surplus on disposal of land held at revaluation model to retained earnings	-	-	(43,040)	-	43,040	-	-	-
Dividend pertaining to non-controlling	-	-	-	-	-	-	(56,401)	(56,401)
Transaction with owners in their capacity as owners								
Bonus shares issued during the year in the ratio of 25 shares for every 100 shares held	780,132	-	-	-	(780,132)	(780,132)	-	-
Disposal of equity interest in subsidiary without loss of control - refer note 53.1	-	-	-	-	353,090	353,090	1,112,306	1,485,396
Advance against issue of share capital - refer note 53.1	-	-	-	-	-	-	(1,465,396)	(1,465,396)
Balance as at June 30, 2023	3,900,659	6,049,419	5,568,389	280,251	14,143,280	26,041,339	1,734,434	31,676,432
Total comprehensive income for the year ended June 30, 2024								
Loss for the year ended June 30, 2024	-	-	-	-	(2,376,245)	(2,376,245)	(28,911)	(2,405,156)
Other comprehensive income for the year ended June 30, 2024	-	-	729,604	-	10,442	740,046	14,512	754,558
	-	-	729,604	-	(2,365,803)	(1,636,199)	(14,399)	(1,650,598)
Transfer of incremental depreciation net of deferred tax	-	-	(274,480)	-	274,480	-	-	-
Non-controlling interest on acquisition of a subsidiary - note 5.5								
- Proportionate share of net liability	-	-	-	-	-	-	(163,634)	(163,634)
- Non-redeemable convertible loan	-	-	-	-	-	-	357,373	357,373
	-	-	-	-	-	-	193,739	193,739
Transaction with owners in their capacity as owners								
Subscription of shares against right issue of share capital	1,214,286	3,035,714	-	-	-	3,035,714	-	4,250,000
Issuance cost against right issue - net of tax	-	-	-	-	(24,576)	(24,576)	-	(24,576)
Balance as at June 30, 2024	5,114,945	9,085,133	6,023,513	280,251	12,027,381	27,416,278	1,913,774	34,444,997

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

Chief Executive

Director

Chief Financial Officer

THE SEARLE COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees '000	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	42	10,021,042	4,856,166
Employee benefit obligations paid		(6,759)	(6,203)
Finance cost paid		(4,382,345)	(3,422,074)
Income taxes and levies paid		(762,474)	(1,509,135)
Payments to workers' welfare fund and workers' profit participation fund		(108,787)	(274,518)
Interest income received		-	1,021
Long-term deposits disbursed		(4,958)	(3,112)
Long-term loans and advances disbursed / receipts		(24,965)	124
Net cash generated from / (used in) operating activities		4,730,754	(357,731)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(748,990)	(391,935)
Proceeds from disposal of property, plant and equipment		33,523	519,312
Proceeds from disposal of investment properties		-	9,188
Purchase of investment properties		(110,460)	(182,946)
Purchase of intangible assets		-	(308)
Acquisition of subsidiary - net		(3,512,565)	-
Short-term investments - net		-	-
Net cash used in investing activities		(4,338,492)	(46,689)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(30,903)	(25,837)
Proceeds from issue of right shares - net of issuance cost		4,225,424	-
Repayment of loan - salary refinancing		-	(172,232)
Repayment of short - term finance		(33,223)	-
Proceeds from diminishing musharaka facility		72,301	-
Repayment of long term loan		(2,088,300)	(1,740,250)
Payments against lease liabilities		(28,730)	(18,442)
Net cash generated from / (used in) financing activities		2,116,569	(1,956,761)
Net increase / (decrease) in cash and cash equivalents		2,508,831	(2,361,181)
Cash and cash equivalents at beginning of the year		(11,424,337)	(9,063,156)
Cash and cash equivalents at end of the year	43	(8,915,506)	(11,424,337)

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

Chief Executive

Director

Chief Financial Officer

THE SEARLE COMPANY LIMITED

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

1. LEGAL STATUS AND OPERATIONS

1.1 The Group consists of:

Parent company - The Searle Company Limited (the 'Parent Company')

The Parent Company was incorporated in Pakistan as a private limited company in October 1965. In November 1993, the Parent Company was converted into a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Its shares are quoted on the Pakistan Stock Exchange Limited (PSX). The Parent Company is principally engaged in the manufacture of pharmaceutical and other consumer products.

International Brands (Private) Limited is the ultimate Parent company (the 'Ultimate Parent Company') as it holds 50.25% (2023: 55.04%) of the total paid-up share capital of the Parent Company.

The registered office of the Parent Company is located at One IBL Centre, 2nd floor, Plot No.1, Block 7 and 8, D.M.C.H.S. Tipu Sultan Road, Off Shakra-e-faisal, Karachi.

Subsidiary companies - Companies in which the Parent Company owns over 50% of voting rights or companies directly or indirectly controlled by the Parent Company.

	Principal place of business	% age of effective holding	
		2024	2023
Listed Companies			
- IBL HealthCare Limited (note 1.2.1)		74.19%	74.19%
Unlisted Companies			
- Searle Pakistan Limited (note 1.2.2)		90.61%	90.61%
- Searle Pharmaceuticals (Private) Limited (note 1.2.3)		100.00%	100.00%
- Searle Laboratories (Private) Limited (note 1.2.4)		100.00%	100.00%
- Searle Biosciences (Private) Limited (note 1.2.5)		100.00%	100.00%
- Nextar Pharma (Private) Limited (note 1.2.6)		87.20%	87.20%
- IBL Future Technologies (Private) Limited (note 1.2.7)	Pakistan	100.00%	100.00%
- Searle IV Solutions (Private) Limited (note 1.2.8)		100.00%	-
- Stellar Ventures (Private) Limited (note 1.2.9)		100.00%	-
- Mycart (Private) Limited (note 1.2.10)		50.00%	-
- IBL Frontier Markets (Private) Limited (note 1.2.11)		100.00%	-
- Prime Health (Private) Limited (note 1.2.12)		100.00%	-

1.2 Subsidiary Companies

1.2.1 IBL HealthCare Limited

IBL HealthCare Limited (IBLHC) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) as a private limited company on July 14, 1997. In November 2008, IBLHC was converted into public limited company. The shares of IBLHC are quoted on the Pakistan Stock Exchange Limited (PSX). Its principal business activities include marketing, selling and distribution of health care products.

The registered office of the IBLHC is located at One IBL Centre, 2nd floor, Plot No.1, Block 7 and 8, D.M.C.H.S. Tipu Sultan Road, Off Shahra-e-faisal, Karachi.

1.2.2 Searle Pakistan Limited

Searle Pakistan Limited, was incorporated on December 3, 2018, under the Companies Act, 2017. SPL is principally engaged in import, manufacture and sale of pharmaceutical products. The registered office of SPL is situated at One IBL Centre, 2nd floor, Plot No.1, Block 7 and 8, D.M.C.H.S. Tipu Sultan Road, Off Shahra-e-faisal, Karachi.

1.2.3 Searle Pharmaceuticals (Private) Limited

Searle Pharmaceuticals (Private) Limited (SPPL) was incorporated in Pakistan on December 18, 2012 as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). It is principally engaged in the facilitation of manufacturing of pharmaceutical products. During the year 2020, SPPL has ceased operations of toll manufacturing. However, it expects to commence sale of pharmaceutical products in the coming years. The registered office of SPPL is located at One IBL Centre, 2nd floor, Plot No.1, Block 7 and 8, D.M.C.H.S. Tipu Sultan Road, Off Shahra-e-faisal, Karachi.

1.2.4 Searle Laboratories (Private) Limited

Searle Laboratories (Private) Limited (SLPL) was incorporated in Pakistan on December 26, 2012 as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Its principal business activities include marketing, selling and distribution of pharmaceutical products. During the year 2022, SLPL has ceased its operations. However, it expects to commence sale of pharmaceutical products in the coming years. The registered office of SLPL is located at One IBL Centre, 2nd floor, Plot No.1, Block 7 and 8, D.M.C.H.S. Tipu Sultan Road, Off Shahra-e-faisal, Karachi.

1.2.5 Searle Biosciences (Private) Limited

Searle Biosciences (Private) Limited (SBPL) was incorporated in Pakistan on August 17, 2013 as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Its principal business activities include marketing, selling and distribution of pharmaceutical products. The registered office of SBPL is located at One IBL Centre, 2nd floor, Plot No.1, Block 7 and 8, D.M.C.H.S. Tipu Sultan Road, Off Shahra-e-faisal, Karachi.

1.2.6 Nextar Pharma (Private) Limited

Nextar Pharma (Private) Limited (NPPL) was incorporated in Pakistan in February 2003 as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). It is principally engaged in the business of manufacturing and selling of pharmaceutical products. The registered office of NPPL is located at One IBL Centre, 2nd floor, Plot No.1, Block 7 and 8, D.M.C.H.S. Tipu Sultan Road, Off Shahra-e-faisal, Karachi.

The NPPL is a 100% owned subsidiary of Searle Bioscience (Private) Limited.

1.2.7 IBL Future Technologies (Private) Limited

IBL Future Technologies (Private) Limited (IBLFT) was incorporated in Pakistan on June 15, 2016 as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Its principal business activities are marketing, selling and distribution of electronic goods however, no operation have started till June 30, 2024. The registered office of IBLFT is located at One IBL Centre, 2nd Floor, Plot No.1, Block 7 and 8, D.M.C.H.S. Tipu Sultan Road, Off Shakra-e-faisal, Karachi.

1.2.8 Searle IV Solutions (Private) Limited

Searle IV Solutions (Private) Limited is a private limited company incorporated in Pakistan on July 17, 2002 under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The principal activities of the Company is to manufacture and sale of intravenous solutions and other pharmaceutical products.

The Company's business unit is located at 3.5 Km, Manga Raiwind Road, Lahore.

1.2.9 Stellar Ventures (Private) Limited

Stellar Ventures (Private) Limited was incorporated in Pakistan on April 25, 2022. The Company is engaged to carry on the business of holding company and to coordinate the administration, finances and the activities of any subsidiary companies or associated companies, to do all lawful acts and things whatsoever necessary or convenient in carrying the business of holding company and to direct or coordinate the management of other companies or of the business or property and estate of any company or person and to undertake and carry out all such services in connection therewith as may be deemed necessary or appropriate by company's board of directors and to exercise its power as shareholder of other companies and to invest (including long term investments in and acquisition of, the shares and other securities or ownership interest in other companies) any monies of the company in such investments and in such manner from time to time to be determined, and to hold, sell or deal with such investments and generally to purchase, take on lease or in exchange or otherwise acquire any real and personal property and rights and privileges. The registered office of the Company is situated in the city of Karachi, Province of Sindh, Pakistan.

1.2.10 Mycart (Private) Limited

MyCart (Private) Limited (MyCart) is a private limited company incorporated in Pakistan on April 7, 2015 under the Repealed Companies Ordinance, 1984 (Now "Companies Act, 2017"). The principal business activities of the Company are marketing, selling and distribution of grocery, electronics and general items online through e-commerce website 'mycart.pk' and sales through vending machines.

The Company is a joint venture of Stellar Ventures (Private) Limited and Mr. Adnan Asdar Ali. The Company commenced its commercial operations from January 1, 2016.

The Company's registered office is situated at 1D-203, Sector 30, Korangi Industrial Area, Karachi.

1.2.11 IBL Frontier Markets (Private) Limited

IBL Frontier Markets (Private) Limited (IFMPL) is a private limited company incorporated in Pakistan on April 28, 2015 under the Companies Ordinance, 1984 (Repealed with, the enactment of the Companies Act 2017, on May 30, 2017). The principal activities of the Company is to provide facilitation in interior designing and furniture products.

The IFMPL is a subsidiary of Steller Ventures (Private) Limited.

The registered office of IFMPL is located at One IBL Centre, Plot No.1, Block 7/8, D.M.C.H.S, Tipu Sultan Road, Off. Shahrah-e-Faisal, Karachi.

1.2.12 Prime Health (Private) Limited

Prime Health (Private) Limited (PHPL) was incorporated in Pakistan as a private limited company on December 31, 2015, under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017). Its registered office is situated at 79-C, Al Murtaza Commercial, 15th Street, VIII, Defence Housing Authority, Karachi, 75500.

The main objective of the PHPL is to process, develop, refine, manufacture, formulate, import, export, wholesale and/or retail trade all kinds of pharmaceuticals, antibiotics, drugs, medicine, biologicals, healthcare and dietary supplement products, medical preparations, vaccines, chemicals, chemicals products, dry slaters, mineral water, wine, soaps and other restoratives or food and also to deal in medical goods such as surgical instruments, contraceptives and etc.

1.3 The geographical location and address of the Group business units, including plant are detailed in note 54.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

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

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting policy notes.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees which is also the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.4 Use of critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with the accounting and reporting standards require the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

- a) Income tax - note 3.14 & 40
- b) Revaluation of property, plant and equipment - note 3.3 & 21
- c) Pricing of revenue from contracts with customers - note 3.16 and 32
- d) Impairment of goodwill - note 3.5 , 3.6 & 9.5
- e) Residual value, useful lives and impairment of property, plant and equipment - note 3.3 & 6.1
- f) Expected credit loss on trade receivable - note 3.22 & 13.7
- g) Provision for staff retirement benefits - note 3.15 & 25
- h) Useful life of intangibles - note 3.5 & 9.1
- i) Investment properties - note 3.7 & 8
- i) Assets and liabilities under disposal group classified as held for sale - note 3.28 and note 19

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management believes that the change in outcome of estimates would not have a material impact on the amounts disclosed in the consolidated financial statements.

There have been no critical judgements other than those disclosed by the Group's management in applying the accounting policies that would have significant effect on the amounts recognised in these consolidated financial statements.

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2.5 Changes in accounting standards, interpretations and pronouncements

a) Amendments to accounting and reporting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Group's annual accounting period which began on July 1, 2023. However, these do not have any significant impact on the Group's financial reporting.

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

There is a standard, certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Group's annual accounting periods beginning on or after July 1, 2024. However, these are considered either not to be relevant or to have any significant impact on the Group's consolidated financial reporting and, therefore, have not been disclosed in these consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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 the years presented.

3.1 Basis of consolidation

i. Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the relevant activities of the subsidiaries;
- it is exposed to variable returns from the subsidiaries; and
- its decision making power allows the Group to affect its variable returns from the subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are derecognised from the date the control ceases. These consolidated financial statements include The Searle Company Limited (the Parent Company) and all companies which it directly or indirectly controls, beneficially owns or holds 50% or more of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the Subsidiaries).

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The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in consolidated statement of profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the proportionate net identifiable assets acquired and liabilities assumed. If this is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised in consolidated statement of profit or loss.

The financial statements of the subsidiaries have been consolidated on a line by line basis. Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses (unrealised) are also eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

ii. Transactions and non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3.2 Share capital

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

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3.3 Property, plant and equipment

i. Operating Assets

These are stated at cost less accumulated depreciation / amortisation and impairment loss, if any, except leasehold land, building on leasehold land, plant and machinery, vehicles and air-conditioning systems, which are stated at revalued amount less accumulated depreciation and impairment losses, if any, and capital work-in-progress which is stated at cost.

Depreciation is charged to the consolidated statement of profit or loss applying the straight line method, whereby the depreciable amount of an asset is written off over its estimated useful life. The revalued amount of building on leasehold land, plant and machinery, vehicles and air-conditioning systems is depreciated equally over the remaining life from the date of valuation. Depreciation is charged on additions from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in the consolidated statement of comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in consolidated statement of profit or loss, the increase is first recognised in consolidated statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in consolidated statement of comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to consolidated statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to retained earnings. The accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount.

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

The assets' residual values, the method of depreciation and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Maintenance and normal repairs are charged to the profit or loss as and when incurred. Major renewals and improvements, if any, are capitalised, when it is probable that future economic benefits will flow to the Group.

ii. Capital work-in-progress

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

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

3.4 Lease Liability and Right-of-use asset

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any incentives received.

The right-of-use asset is depreciated on a straight-line method over the lease term as this method most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group uses its incremental borrowing rate as the discount rate.

Lease payments include fixed payments, variable payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, exercise price of a purchase option, payments of penalties for terminating the lease, less any lease incentives receivable. The purchase, extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments or an index or rate, in the Group's estimate of the amount expected to be payable under a residual value guarantee, or in its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected to apply the practical expedient as not to recognise right-of-use assets and liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight-line basis over the lease term.

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3.5 Intangible assets

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the Group and that the cost of such asset can be measured reliably. These are stated at cost less accumulated amortisation and impairment, if any.

Distribution rights, brand name & logo and licenses have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangibles having infinite life are carried at cost less impairment, if any.

Amortisation is calculated using the straight line method to allocate the cost of trademarks and licenses over the useful lives.

Goodwill represents the difference between the consideration paid, for acquiring interests in a subsidiary and the value of the Group's share of its net assets at the date of acquisition.

3.6 Impairment of non-financial assets

Carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, assets or cash-generating units are tested for impairment. Cash-generating units to which goodwill is allocated are tested for impairment annually. Where the carrying values of assets or cash-generating units exceed the estimated recoverable amount, these are written down to their recoverable amount and the resulting impairment is charged to the consolidated statement of profit or loss.

3.7 Investment properties

The Group carries investment properties at their respective costs under the cost model in accordance with IAS 40 'Investment Property'. The fair values are determined by the independent valuation experts and such valuations are carried out every year to determine the recoverable amount.

Assets classified as investment property are carried at its respective cost less accumulated depreciation and accumulated impairment losses, if any.

The Group carries investment property under work-in-progress at their respective costs less accumulated impairment losses, if any. Depreciation is charged on such property after it is completed as per IAS 40 'Investment Property'.

3.8 Inventories

These are valued at the lower of cost and net realisable value except goods-in-transit which are valued at invoice value plus other charges incurred thereon. Cost signifies standard cost adjusted by variances.

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Cost of raw and packing material is determined using weighted average method and includes directly related expenses less trade discounts. Cost of work-in-process and finished goods includes cost of raw material, direct labour and related production overheads.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less cost of completion and estimated cost necessarily to be incurred to make the sale.

The management continuously reviews its inventory for existence of any item which may be obsolete. Provision is made for slow moving inventory based on management's estimation. These are based on historical experience and are continuously reviewed.

Stores and spares are valued at lower of cost, determined using weighted average method less provision for slow moving and obsolete stores and spares. Items in transit are valued at invoice value plus other charges incurred thereon.

3.9 Short-term deposits, prepayments, loans and advances

Short-term deposits, prepayments, loans and advances are non-derivative financial assets with fixed and determinable payments. These are included in current assets, except those with maturities greater than twelve months after the reporting date, which are classified as non-current assets.

Interest free loans to employees are stated at amortised cost.

3.10 Trade and other receivables

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer - note 3.22 for a description of the Group's impairment policies.

3.11 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purposes of consolidated statement of cash flows, cash and cash equivalents comprise cash, balances with banks on current and deposit accounts and finance under mark-up arrangements.

3.12 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

3.13 Provisions

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

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3.14 Income tax

i. Current

The charge for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates after taking into account tax credits and rebates available, if any.

ii. Deferred

Deferred tax is accounted for using the liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is charged or credited in the consolidated statement of profit or loss, except in the case of items credited or charged to equity in which case it is included in equity. Deferred tax is determined using tax rates and prevailing law for taxation on income that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

iii. Levies

The tax charged under 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, which is not adjustable against the future tax liability, is classified as levy in the consolidated statement of profit or loss as these levies fall under the scope of IFRIC 21/IAS 37.

Taxes on dividend from subsidiaries, associates and joint ventures are not considered as levies as these dividends are specifically covered under IAS 12.

3.15 Employee retirement benefits

The Group operates various post-employment schemes, including both defined contribution and defined benefit plans.

3.15.1 Defined contribution plan

The Group operates a recognised provident fund scheme for all employees. Equal monthly contributions are made, both by the Group and the employees, to the fund at the rate of 10% per annum of the basic salary. The contributions are recognised as employee benefit expense when they are due.



3.15.2 Defined benefit plan

Defined benefit plans define an amount of pension or gratuity or medical benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the consolidated statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation less fair value of plan assets at the end of the reporting period. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds or the market rates on government bonds. These are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related benefit obligation.

The Group operates an approved unfunded gratuity scheme covering all unionised employees with five or more years of service with the Group. The provision has been made in accordance with actuarial valuations carried out as of June 30, 2024 using the projected unit credit method.

3.15.3 Employees' compensated absences

Accrual for leave encashment is made to the extent of value of accrued absences of the employees at the reporting date using their current salary levels.

3.16 Revenue recognition

Revenue is recognised when control of the products has transferred, being when the products are dispatched to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue is recognised as follows:

- Revenue from domestic sale of goods is recognised at a point in time when control of goods is transferred to the customer which coincides with the delivery of goods.
- Exports sales are recognised as revenue when invoiced with the transfer of control of goods, which coincides either with the date of bill of lading or upon delivery to customer or its representatives, based on term of arrangements.
- Income from toll manufacturing is recognised when services are rendered.
- Dividend income, other than those from investments measured using equity method, is recognised when the Group's right of receipts is established.
- Interest income and rental income are recognised on accrual basis.
- Sales under e-distribution, are recognized as the goods are dispatched to customers, i.e. when the significant risks and reward of ownership have been transferred to the customer.

No element of financing is deemed present as the sales are made with a credit term of 30-90 days, which is consistent with the market practice.

The Transaction price for products are agreed under the contract with customers.

Discounts are offered on the basis of contracts with customers. Sales return is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer.

3.17 Borrowings and their cost

Borrowings are initially recognised at cost being the fair value of the consideration received together with the associated transaction cost. Subsequently, these are recognised at amortised cost using the effective interest method. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalised as part of the cost of that asset. Borrowings payable within next twelve months are classified as current liabilities.

3.18 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.19 Foreign currency transactions and translation

The consolidated financial statements are presented in Pak Rupees which is the Group's functional and presentation currency.

Transactions in foreign currencies are converted into Pak Rupees using the exchange rates prevailing on the dates of the transactions. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees using the exchange rates prevailing on the reporting date. Exchange differences are taken to consolidated statement of profit or loss.

3.20 Research and development costs

Research and development cost except to the extent that an intangible asset is recognised, is charged in the year in which it is incurred. Development costs previously charged to in the consolidated statement of profit or loss are not recognised as an asset in the subsequent period.

3.21 Operating lease

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases are charged to in the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

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3.22 Financial Instruments - Initial recognition and subsequent measurement

Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

Classification of financial assets

The Group classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

The Group determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

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

By default, all other financial assets are subsequently measured at FVTPL.

Classification of financial liabilities

The Group classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Group has opted to measure them at FVTPL.

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Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in consolidated statement of comprehensive income.

ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of profit or loss. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statement of profit or loss in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Group's own credit risk will be recognized in consolidated statement of comprehensive income. Currently, there are no financial liabilities designated at FVTPL.

Impairment of financial asset

The Group recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost at an amount equal to life time ECLs except for the following, which are measured at 12 months ECLs:

- bank balances for whom credit risk (the risk of default occurring over the expected life of the financial instrument has not increased since the inception.
- employee receivables.
- other short term loans and receivables that have not demonstrated any increase in credit risk since inception.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

The Company considers a financial asset in default when it is more than 90 days past due. Moreover, the Company has identified the CPI and the unemployment rate of the country to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group considers a financial asset in default when it is more than 90 days past due.

Life time ECLs are the ECLs that results from all possible defaults events over the expected life of a financial instrument. 12 month ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Group expects to receive).

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Derecognition

i) Financial assets

The Group derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in consolidated statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to consolidated statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to consolidated statement of profit or loss, but is transferred to consolidated statement of changes in equity.

ii) Financial liabilities

The Group derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit or loss.

3.23 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the consolidated statement of financial position if the Group has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.24 Dividend distribution

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

3.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

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3.26 **Contingent liabilities**

Contingent liabilities are disclosed when the Parent Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, at one or more uncertain future events not wholly within the control of the Parent Company; or the Parent Company 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 can not be measured with sufficient reliability.

3.27 **Share premium**

This reserve can be utilised by the Parent Company only for the purposes specified in section 81 of the Companies Act, 2017.

3.28 **Assets and liabilities under disposal group classified as held for sale**

Disposal group comprising of asset and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such disposal groups are generally measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment properties or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains or losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

3.29 **Discontinued operation**

A discontinued operation is a component of a Group's business, the operations and cashflows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or area of operation
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale

Classification as a discontinued operation occurs at the earlier of disposal or when the operations meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative consolidated statement of profit or loss and consolidated statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

3.30 Contract liabilities

A contract liability is recognised if a payment is received from a customer before the Parent Company transfers the related goods. Contract liabilities are recognised as revenue when the Parent Company performs under the contract (i.e., transfers control of the related goods to the customer).

3.31 Restatement

During the year the Institute of Chartered Accountant of Pakistan (ICAP) has withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance - "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of tax paid under minimum and final tax regime to be shown separately as a levy instead of showing it in current tax.

Accordingly, the impact has been incorporated in these consolidated financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) - 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no material effect on the consolidated statement of financial position, the consolidated statement of cash flows and earnings per share as a result of this change.

Effect on consolidated statement of profit or loss

	For the year ended June 30, 2024			For the year ended June 30, 2023		
	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating the effects of change in accounting policy	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating the effects of change in accounting policy
	----- (Rupees in '000) -----					
Profit before income tax	1,365,881	(152,160)	1,213,721	300,097	(109,372)	190,725
Levies	-	(152,160)	(152,160)	-	(109,372)	(109,372)
Income tax - net	(381,744)	152,160	(229,584)	(335,716)	109,372	(226,344)

4. ACQUISITION OF SEARLE IV SOLUTIONS (PRIVATE) LIMITED

4.1 Acquisition method of accounting - IFRS 03 "Business Combination"

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business; and
- equity interests issued by the Group

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

On August 31, 2023, the Group acquired 100% paid up share capital of Searle IV Solutions (Private) Limited (Searle IV), engaged in manufacturing and sales of pharmaceutical products, from IBL Operations (Private) Limited - related party (IBL OPS). The Board of Directors of the Parent Company in their meeting held on May 25, 2023, resolved to acquire the 100% shareholding of Searle IV from IBL OPS, subject to a approval of the shareholders under the provisions of Section 199 of the Companies Act, 2017. The valuation of Searle IV was conducted by KPMG Taseer Hadi & Co. and arrived at a value of Rs. 3.5 billion as per their report dated May 19, 2023. The 100% acquisition of Searle IV was approved by the shareholders in an extraordinary general meeting of the Parent Company held on July 26, 2023 at a purchase price Rs. 3.5 billion.

4.2 Consideration

The Group has paid a total consideration of Rs. 3.5 billion for the purchase of 5.4 million ordinary shares of Searle IV - refer note 4.3.

4.3 Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of major classes of assets acquired and liabilities assumed at the date of acquisition;

	Carrying amount as at August 31, 2023	Fair value adjustments	Fair value as at August 31, 2023
	← Rupees ' 000 →		
Assets			
Non- current assets			
Property, plant and equipment	868,093	89,846	957,939
Current assets			
Inventories	266,632	-	266,632
Trade receivable	156,565	-	156,565
Prepayments and advances	76,353	-	76,353
Cash and bank balances	12,386	-	12,386
	511,936	-	511,936
Total assets	1,380,029	89,846	1,469,875
Liabilities			
Non current liabilities			
Deferred tax liabilities	24,838	-	24,838
Current liabilities			
Trade and other payables	421,562	-	421,562
Short term borrowings	30,000	-	30,000
	451,562	-	451,562
Total liabilities	476,400	-	476,400
Provisional value of net assets acquired	903,629	89,846	993,475

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Net cash outflow on acquisition of subsidiary is detailed below:	Rupees '000
Consideration paid in cash and cash equivalents	(3,500,000)
Less: Cash and cash equivalent balances acquired	(17,614)
Net cash outflow on acquisition	<u>(3,517,614)</u>

4.4 Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	Market comparison technique and cost technique: The valuation model considers market prices for similar term when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustment for physical deterioration as well as functional and economic obsolescence.

4.5 Goodwill

Rupees '000

Goodwill arising from the acquisition has been recognised as follows.

Total consideration paid for Searle IV Solutions (Private) Limited acquisition - note 4.1	3,500,000
Fair value of identifiable net assets	(993,475)
Non controlling interest	-
Goodwill	<u>2,506,525</u>

The group has performed initial accounting for business combinations based on provisional amounts. As per IFRS 03 "Business Combination", the group management will finalise the measurement of identifiable assets and liabilities within one year from the date of acquisition.

The goodwill is attributable mainly to the skills and technical talent of Searle IV work force and the synergies expected to be achieved from integrating the Searle IV into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

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As required under IFRS - 3 Business combinations, the initial accounting for the business combination has been determined on only provisionally. Therefore, the measurement period adjustments for the aforesaid business combination shall be made within one year from the acquisition date.

Since the Group has acquired 100% shareholding of Searle IV Solutions (Private) Limited, non controlling interest does not exist.

5. ACQUISITION OF STELLAR VENTURE (PRIVATE) LIMITED

5.1 Acquisition method of accounting - IFRS 03 "Business Combination"

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business; and
- equity interests issued by the Group

Identifiable assets acquired and liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

On August 31, 2023, the Group acquired 100% paid up share capital of Stellar Venture (Private) Limited from Universal Venture (Private) Limited - related party (UVPL). The Board of Directors of the Parent Company in their meeting held on October 03, 2022, resolved to acquire the 100% shareholding of Stellar Ventures (Private) Limited (SVPL) from Universal Ventures (Private) Limited (UVPL) - a related party of the Group, at a valuation to be determined and negotiated by the management of the Parent Company with UVPL, to be adjusted against the Parent Company's receivable balance, subject to a due diligence and approval of the shareholders under the provisions of Section 199 of the Companies Act, 2017. The Valuation of SVPL was conducted by KPMG Taseer Hadi & Co. and arrived at value of Rs. 3.75 billion as per their report dated May 23, 2023. The 100% acquisition of SVPL was approved by the shareholders in an extraordinary general meeting of the Parent Company held on July 26, 2023 at a purchase price of Rs. 3.75 billion.

5.2 Consideration

The Group has paid a total consideration of Rs. 3.75 billion for purchase of Rs. 12.1 million number of ordinary shares of Stellar Venture (Private) Limited - refer note 5.3.

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5.3 Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of major classes of assets acquired and liabilities assumed at the date of acquisition.

	Carrying amount as at August 31, 2023	Fair value adjustments	Fair value as at August 31, 2023
	← Rupees ' 000 →		
Assets			
Non- current assets			
Property, plant and equipment	307,566	-	307,566
Investment property	3,097,000	(300,000)	2,797,000
Intangible	11,738	-	11,738
Right of use asset	23,463	-	23,463
Deferred tax	54,553	-	54,553
Current assets			
Inventories	9,908	-	9,908
Trade and other receivable	5,852	-	5,852
Loans and advances	26,961	-	26,961
Prepayments and Advances	35,253	-	35,253
Other receivable	5,147	-	5,147
Refunds due from government	2,652	-	2,652
Taxation payment less provision	5,381	-	5,381
Cash and cash balances	5,049	-	5,049
	96,203	-	96,203
Total assets	3,590,523	(300,000)	3,290,523
Liabilities			
Non current liabilities			
Advance from related party	60,486	-	60,486
Long term loan	6,914	-	6,914
Lease liability	23,105	-	23,105
Current liabilities			
Current portion of lease liabilities	5,625	-	5,625
Trade and other payables	551,858	-	551,858
	557,483	-	557,483
Total Liabilities	647,988	-	647,988
Provisional value of net assets acquired	2,942,535	(300,000)	2,642,535

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Net cash outflow on acquisition of subsidiary is detailed below:	Rupees '000
Consideration agreed	(3,750,407)
Less: Cash and cash equivalent balances acquired	5,049
Net outflow on acquisition	<u>(3,745,358)</u>

5.4 Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant & equipment and investment properties	Market comparison technique and cost technique: The valuation model considers market prices for similar term when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustment for physical deterioration as well as functional and economic obsolescence.

5.5 Goodwill Rupees '000

Goodwill arising from the acquisition has been recognised as follows.

Total consideration paid for Stellar Venture (Private) Limited acquisition - note 5.1	3,750,407
Fair value of identifiable net assets	(2,642,535)
Non-controlling interest *	193,739
Goodwill	<u>1,301,611</u>

* This includes Rs. 357.37 million pertains to non-redeemable convertible loan given by NCI to acquiree.

The goodwill is attributable mainly to the skills and technical talent of Searle IV work force and the synergies expected to be achieved from integrating the Searle IV into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

As required under IFRS - 3 Business combinations, the initial accounting for the business combination has been determined only provisionally. Therefore, the measurement period adjustments for the aforesaid business combination shall be made within one year from the acquisition date.

Since the Group has acquired 100% shareholding of Stellar Venture (Private) Limited, non-controlling interest does not exist.

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2024 2023
Rupees '000

6. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 6.1	9,937,390	9,991,265
Capital work in progress - note 6.11	458,626	201,570
	10,396,016	10,192,835

6.1 Operating assets

	OWNED ASSETS							Total
	Leasehold land - notes 6.2, 6.3, 6.4, 6.5 & 6.6	Building on leasehold land / rented office premises - notes 6.3, 6.4, 6.5 & 6.6	Plant and machinery 6.3, 6.4, 6.5 & 6.6	Office and other equipment	Furniture and fixtures	Vehicles - note 6.3, 6.4, 6.5 & 6.6	Air - conditioning systems - note 6.3, 6.4, 6.5 & 6.6	
	Rupees '000							
Net carrying value basis								
Year ended June 30, 2024								
Opening net book value	5,300,479	1,781,357	2,475,427	35,377	127,861	43,528	227,236	9,991,265
Acquisition of subsidiaries (at NBV)	338,000	320,630	413,542	134,848	58,334	-	151	1,265,505
Additions	4,817	147,922	215,000	96,694	19,263	3,076	5,162	491,934
Revaluation	332,887	143,650	405,492	-	-	7,147	39,385	928,561
Transfer to assets classified as held for sale	(820,000)	(242,816)	(786,780)	-	(72,151)	(153)	-	(1,921,900)
Disposals - note 6.9	-	-	(31,496)	(112)	-	-	-	(31,608)
Depreciation charge - note 6.10	(257)	(148,139)	(534,459)	(26,423)	(24,562)	(11,296)	(41,231)	(786,367)
Closing net book value	5,155,926	2,002,604	2,156,726	240,384	108,745	42,302	230,703	9,937,390
Gross carrying value basis								
At June 30, 2024								
Cost or revaluation	5,155,926	2,002,604	2,156,726	497,803	164,510	42,302	230,703	10,250,574
Accumulated depreciation	-	-	-	(257,419)	(55,765)	-	-	(313,184)
Net book value	5,155,926	2,002,604	2,156,726	240,384	108,745	42,302	230,703	9,937,390
Net carrying value basis								
Year ended June 30, 2023								
Opening net book value	5,590,154	1,393,304	2,478,480	48,672	123,911	49,076	221,350	9,904,947
Additions	3,472	107,019	121,483	12,157	26,410	7,426	33,595	311,562
Revaluation	160,047	373,483	301,229	-	-	24,874	12,077	871,710
Disposals	(452,937)	(283)	(169)	(614)	-	(333)	(48)	(454,384)
Depreciation charge	(257)	(92,166)	(425,596)	(24,838)	(22,460)	(37,515)	(39,738)	(642,570)
Closing net book value	5,300,479	1,781,357	2,475,427	35,377	127,861	43,528	227,236	9,991,265
Gross carrying value basis								
At June 30, 2023								
Cost or revaluation	5,300,479	1,781,357	2,475,427	266,586	235,183	43,528	227,236	10,329,796
Accumulated depreciation	-	-	-	(231,209)	(107,322)	-	-	(338,531)
Net book value	5,300,479	1,781,357	2,475,427	35,377	127,861	43,528	227,236	9,991,265
Depreciation rate	2%	2.86%, 5%, 10% & 20%	10%, 20% & 33%	10%, 15%, 20%, 25% & 33%	10%, 15%, 20% & 33%	20%	10% & 20%	

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- 6.2 This includes owner occupied portion of investment property (One IBL Center) being used by the Group. The owner occupied portion has been determined on the basis of total covered area occupied by the Group i.e. 25,895 square feet (2023: 25,895 square feet), in terms of percentage 17.85% (2023: 17.85%). The net book value of the owner occupied portion is Rs. 397.46 million (2023: Rs. 407.73 million), with fair value of Rs. 1,737.59 million (2023: Rs. 1,682.36 million).
- 6.3 At June 30, 2024, the Group revalued its operating assets classified under leasehold land, building on leasehold land, plant and machinery, vehicles and air-conditioning systems. This resulted in revaluation surplus on leasehold land, building on leasehold land, plant and machinery, vehicles and air-conditioning systems amounting to Rs. 332.89 million (2023: Rs. 160.05 million), Rs. 143.65 million (2023: Rs. 373.48), Rs. 405.49 million (2023: Rs. 301.23 million), Rs. 7.15 million (2023: Rs. 24.87 million) and Rs. 39.39 million (2023: Rs. 12.08 million) respectively.
- 6.4 Following assets have been revalued on the basis of present market values (level 2) for similar sized plots in the vicinity for leasehold land and replacement values of similar types of buildings, plant and machinery, vehicles and air-conditioning system at year end, details are as follows:

Assets	Location	Area square yards
Valuer: Pee Dee & Associates (Private) Limited		
Leasehold land	Plot # 5-B, Block 7 & 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi	505
Leasehold land	E-58A, North Western Industrial Zone, Port Qasim Authority, Karachi	7,025
Leasehold land	E-44 & E-45, North Western Industrial Zone, Port Qasim Authority, Karachi	9,711
Building on leasehold land, air-conditioning system, plant and machinery	E-44 & E-45, North Western Industrial Zone, Port Qasim Authority, Karachi	Not Applicable
Vehicles	Not Applicable	Not Applicable
Leasehold land	Plot # E-58, North Western Industrial Zone, Port Qasim, Karachi.	7,260
Building on leasehold land and plant and machinery	Plot # E-58, North Western Industrial Zone, Port Qasim, Karachi.	Not Applicable
Leasehold land	Plot # C -14, Manghir road, S.I.T.E, Karachi	14,375
Building on leasehold land and plant and machinery	Plot # C -14, Manghir road, S.I.T.E, Karachi	Not Applicable
Leasehold land	Plot # F- 319, S.I.T.E, Karachi	25,362
Building on leasehold land, air-conditioning system, plant and machinery	Plot # F- 319, S.I.T.E, Karachi	Not Applicable
Valuer: A.J Valuers Associate (Private) Limited		
Leasehold land	Industrial plot Khasra No # 9180, 9740, 9168, 9179, 9158-9167 1.5 KM Manga-Raiwind Road, Lahore, Punjab	20,497
Building on leasehold land and plant and machinery	Industrial plot Khasra No # 9180, 9740, 9168, 9179, 9158-9167 1.5 KM Manga-Raiwind Road, Lahore, Punjab	Not Applicable

6.5 Forced sale value of the revalued assets as at June 30, 2024 are as follows:

	2024	2023
	Rupees '000	
Leasehold land	3,122,525	3,231,351
Building on leasehold land	1,550,094	1,233,240
Plant and machinery	1,787,978	1,893,443
Vehicles	32,200	35,000
Air-conditioning systems	159,927	157,144

6.6 The previous valuation was carried out by an independent valuer Pee Dee & Associates and on June 30, 2023.

6.7 Had there been no revaluation of leasehold land, building on leasehold land, plant and machinery, vehicles and air-conditioning systems, cost and written down value of revalued assets would have been as follows:

	Leasehold land	Buildings on leasehold land / rented office premises	Plant and machinery	Air conditioners	Vehicles	Total
	Rupees '000					
Cost	929,804	1,729,929	2,559,955	298,938	44,430	5,563,056
Accumulated depreciation / impairment	(1,177)	(406,168)	(1,187,280)	(160,831)	(36,489)	(1,791,945)
NBV as at June 30, 2024	928,627	1,323,761	1,372,675	138,107	7,941	3,771,111
NBV as at June 30, 2023	1,001,867	1,108,637	1,438,216	160,377	2,310	3,711,407

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

Location	Usage	Total Area (sqr. yds)
E-44 & E-45, North Western Industrial Zone, Port Qasim Authority, Karachi	Manufacturing facility	9,711
F-319, situated at S.I.T.E area, Karachi - note 6.8.1	Manufacturing facility	25,362
E-58 North Western Industrial Zone, Port Qasim	Manufacturing facility	7,260
Plot # C -14, Manghir road, S.I.T.E, Karachi *	Manufacturing facility	14,375
E-58-A North Western Industrial Zone, Port Qasim	Land	7,025
Plot # 5-B, Block 7 & 8, D.M.C.H.S, Karachi	Land	505
Industrial plot Khasra No # 9180, 9740, 9168, 9179, 9158-9167 1.5 KM Manga-Raiwind Road, Lahore, Punjab	Land	20,497

* It is a manufacturing facility of Searle Pakistan Limited, classified as property, plant and equipment under assets and liabilities of disposal group held for sale - note 19.2

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6.8.1 Leasehold land, building on leasehold land, plant and machinery, office equipment, furniture and fixtures, vehicles and air-conditioning systems of plot # F-319, S.I.T.E, Karachi are subject to a first charge against the short term running facilities of Rs. 7,650 million obtained from various commercial banks. This charge existed at June 30, 2024. The Parent Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

6.9 Following item of property plant & equipment having net book value in excess of Rs. 500,000 was disposed off during the year.

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchaser	Relationship with buyer
York Chiller	3,000	(2,082)	918	920	2	Quotations invited	Cool Care Engineering	None
Carrier Chiller	2,500	(1,422)	1,078	1,080	2	Quotations invited	Cool Care Engineering	None
Machine	30,000	(5,000)	25,000	25,000	-	Quotations invited	Star Engineering Limited	None
Machine	4,800	(300)	4,500	4,500	-	Quotations invited	Star Engineering Limited	None
	40,300	(8,804)	31,496	31,500	4			

2024 2023
Rupees in '000

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

Cost of sales	404,966	472,137
Distribution costs	42,817	32,879
Administrative expenses	147,206	137,554
Reclassified to asset held for sale	191,378	151,608
	786,367	794,178

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6.11 Capital work-in-progress - at cost

	Balance as at July 1, 2023	Additions during the year	Transfers to operating assets	Transfer to asset held for sale	Balance as at June 30, 2024	Balance as at July 1, 2022	Additions during the year	Transfers to operating assets	Balance as at June 30, 2023
	← Rupees '000 →								
Civil works	74,480	26,314	(17,818)	-	82,976	80,441	66,755	(72,716)	74,480
Plant and machinery	104,980	271,840	(141,111)	(17,428)	218,281	9,723	266,131	(170,874)	104,980
Building	5,492	109,239	(3,101)	(4,692)	106,938	10,123	27,196	(31,827)	5,492
Furniture and fixtures	-	13,461	(13,461)	-	-	176	22,276	(22,452)	-
	<u>184,952</u>	<u>420,854</u>	<u>(175,491)</u>	<u>(22,120)</u>	<u>408,195</u>	<u>100,463</u>	<u>382,358</u>	<u>(297,869)</u>	<u>184,952</u>
Advance against purchase of building, plant and machinery	300	-	-	-	300	-	300	-	300
Advances to suppliers	16,318	33,813	-	-	50,131	20,734	5,868	(10,284)	16,318
	<u>201,570</u>	<u>454,667</u>	<u>(175,491)</u>	<u>(22,120)</u>	<u>458,626</u>	<u>121,197</u>	<u>388,526</u>	<u>(308,153)</u>	<u>201,570</u>

	2024	2023
	Rupees '000	
7. RIGHT-OF-USE ASSETS		
Balance as at July 01	60,090	69,750
Acquisition of subsidiaries	23,463	-
Additions	1,918	-
Depreciation for the year - note 7.1	(21,489)	(9,660)
Closing as at June 30	<u>63,982</u>	<u>60,090</u>

7.1 Depreciation for the year has been allocated as follows:

Cost of sales	9,660	9,660
Distributions cost	467	-
Administrative expenses	11,362	-
	<u>21,489</u>	<u>9,660</u>

7.2 The Parent Company has lease contracts of plant and machinery relating to SA Pharma and MyPlan located in Lahore, which is used for the purpose of operations. Leases of such plants have a useful life of 10 and 11 years respectively.

	2024	2023
	Rupees '000	
8. INVESTMENT PROPERTIES - AT COST		
Operating assets - note 8.1	6,177,607	2,901,527
Investment property under work in progress - at cost - note 8.90	-	447,071
	<u>6,177,607</u>	<u>3,348,598</u>

8.1 Operating assets

	Owned assets								Total
	Leasehold land - notes 8.2	Building on leasehold land	Office equipment	Electrical equipment	Lifts & elevators	Generators	Furniture & fittings	Air-conditioning	
	Rupees '000								
Year ended June 30, 2024									
Opening net book value	2,417,321	322,515	8,539	34,685	23,570	32,467	32,084	30,346	2,901,527
Additions	13,501	401,964	36,322	29,129	19,930	3,510	14,046	39,129	557,531
Acquisition of subsidiaries - note 5.3	2,797,000	-	-	-	-	-	-	-	2,797,000
Depreciation charge	-	(29,664)	(5,433)	(10,414)	(6,226)	(5,666)	(8,538)	(12,510)	(78,451)
Closing net book value	5,227,822	694,815	39,428	53,400	37,274	30,311	37,592	56,965	6,177,607
As at June 30, 2024									
Cost	5,227,822	882,671	77,560	126,073	76,443	58,712	93,887	151,527	6,694,695
Accumulated depreciation	-	(187,856)	(38,132)	(72,673)	(39,169)	(28,401)	(56,295)	(94,562)	(517,088)
Net book value	5,227,822	694,815	39,428	53,400	37,274	30,311	37,592	56,965	6,177,607
Year ended June 30, 2023									
Opening net book value	2,410,017	348,314	12,903	45,069	29,299	38,045	40,271	42,287	2,966,205
Additions	7,304	-	-	-	-	-	-	-	7,304
Disposal	-	(1,081)	(294)	(436)	-	-	-	(268)	(2,079)
Depreciation charge	-	(24,718)	(4,070)	(9,948)	(5,729)	(5,578)	(8,187)	(11,673)	(69,903)
Closing net book value	2,417,321	322,515	8,539	34,685	23,570	32,467	32,084	30,346	2,901,527
As at June 30, 2023									
Cost	2,417,321	480,707	41,238	96,944	56,513	55,202	79,841	112,398	3,340,164
Accumulated depreciation	-	(158,192)	(32,699)	(62,259)	(32,943)	(22,735)	(47,757)	(82,052)	(438,637)
Net book value	2,417,321	322,515	8,539	34,685	23,570	32,467	32,084	30,346	2,901,527
Depreciation rate		5%	20%	10%	10%	10%	10%	10%	

8.2 This includes investment in plots made by IBLHC, mentioned in note 8.5, which have been rented to United Retail (Private) Limited and Universal Retail (Private) Limited - associated companies in consideration for monthly rentals. The rental income in respect of this property amounting to Rs. 3.99 million (2023: Rs. 2.43 million) has been recognised in consolidated statement of profit or loss.

8.3 Leasehold land and other assets (comprises of building on leasehold land, office equipment, electrical equipment, lifts and elevators, generators, furniture and fixtures and air-conditioning) on One IBL Centre classified under investment property and property plant and equipment has been valued under the market value basis by an independent valuer, Pee Dee & Associates (Private) Limited. Market value of One IBL Centre based on the valuation as of June 30, 2024 was Rs. 9.89 billion (2023: Rs. 9.60 billion). The said property has been provided as security for Musharaka facility - refer notes 23.1, 23.2 and 23.3.

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- 8.4 The valuations of investment properties of IBLHC have been carried out by M/s. Pee Dee & Associates (Private) Limited, an independent valuer engaged by the IBLHC as at June 30, 2024. Market value of these investment properties as at June 30, 2024 is Rs. 1.70 billion (2023: Rs. 1.70 billion).

Forced sales value of IBLHC properties as at June 30, 2024 is Rs. 1.43 billion (2023: Rs. 1.38 billion).

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

Location	Total Area Square yards
One IBL Center, Block 7 & 8 Delhi Mercantile Muslim Co-operative Housing Society, Karachi	5,291
Plot no 24/5 - A, Block 7 & 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi	500
Plot no 24/3, Block 7 & 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi	754
Plot no 24/4A, Block 7 & 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi (2 plots each of 502 sq. yards)	1,004
Plot no 24/4, Block 7 & 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi (First plot)	502
Plot no 24/4, Block 7 & 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi (Second plot)	502
Plot # 30/1 and 353 at Deh Digh Malir, Karachi	8,833
Plot # A/89 & 90, Eastern Industrial Zone, Port Qasim Authority, Karachi	48,400

- 8.6 The rental income in respect of One IBL Center amounting to Rs 91.15 million (2023: Rs. 67.87 million) has been recognized in consolidated statement of profit or loss and included in 'other income' - refer note 37.

The direct operating expenses pertaining to this property comprising maintenance and utility costs amounting to Rs. 69.43 million (2023: Rs. 77.36 million) is recognized in consolidated statement of profit or loss and included in 'administrative expenses' - refer note 35.

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- 8.7 Valuation of leasehold land and building on Plot # 24-/5 - A , Block 7 and 8 Delhi Mercantile Muslim Co-Operative Housing Society have been carried out by an independent valuer i.e. Pee Dee & Associates as at June 30, 2024. Market values for leasehold land and building on leasehold land is Rs. 243 million (2023: Rs. 275 million) and Rs. 5.13 million (2023: Rs. 5.27 million) respectively.
- 8.8 The Group has entered into operating leases on its investment property consisting of certain office building including lift and elevator, generator, furniture and fixtures, air-conditioners and electrical equipment. These leases have multiple terms ranging from 5 to 10 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

	2024	2023
	Rupees '000	
8.9 Movement in investment properties under work-in-progress - at cost - at One IBL Center		
Balance at beginning of the year	447,071	271,429
Addition during the year - note 8.9.1	96,960	175,642
Transfer to operating assets - investment property	(544,031)	-
Balance at the end of the year	<u>-</u>	<u>447,071</u>

- 8.9.1 This includes furniture and fixtures and office equipments purchased from related parties - Universal Retail (Private) Limited, IBL Logistics (Private) Limited and IBL Frontier Market (Private) Limited amounting to Rs. 0.50 million (2023: Nil), Rs. 0.31 million (2023: Rs. 0.20 million) and Rs. Nil (2023: Rs. 5.49 million) respectively.

- 8.10 Investment property comprising leasehold land, building on leasehold land, generators, lift and elevators, air-conditioner, electrical equipment, furniture and fittings and office equipment with a carrying amount of Rs. 2.16 billion are subject to first charge against musharaka loan from Habib Bank Limited (Musharaka agent). This charge existed as at June 30, 2024 (refer note - 23.1, 23.2 to 23.3).

	2024	2023
	Rupees '000	
9. INTANGIBLE ASSETS		
Operating intangible assets - note 9.1	<u>4,625,119</u>	<u>16,153,388</u>

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9.1 Operating intangibles assets

	Distribution rights	Trade marks / brands	Market authorisation rights	Brand name and logo - note 9.6	Product license - note 9.2	Software licenses - note 9.4	Goodwill - notes 9.5 & 9.7	Total
← Rupees '000 →								
Net carrying value basis								
Year ended June 30, 2024								
Opening net book value	1,350	2,500,000	2,200,000	-	33,487	31,380	11,387,171	16,153,388
Acquisition of subsidiary	-	-	-	-	-	11,738	3,808,136	3,819,874
Amortisation charge	(1,350)	-	-	-	(11,162)	(12,868)	-	(25,380)
Transfer to asset held for sale refer note 19.2.1	-	(2,500,000)	(2,200,000)	-	-	(11,208)	(10,611,555)	(15,322,763)
Closing net book value	-	-	-	-	22,325	19,042	4,583,752	4,625,119
Gross carrying value basis								
At June 30, 2024								
Cost	277,475	-	-	74,703	111,623	180,288	4,583,752	5,227,841
Accumulated amortisation	(277,475)	-	-	(74,703)	(89,298)	(161,246)	-	(602,722)
Net book value	-	-	-	-	22,325	19,042	4,583,752	4,625,119
Net carrying value basis								
Year ended June 30, 2023								
Opening net book value	3,150	2,500,000	2,200,000	-	44,650	44,908	11,387,171	16,179,879
Additions	-	-	-	-	-	308	-	308
Amortisation charge	(1,800)	-	-	-	(11,163)	(13,836)	-	(26,799)
Closing net book value	1,350	2,500,000	2,200,000	-	33,487	31,380	11,387,171	16,153,388
Gross carrying value basis								
At June 30, 2023								
Cost	277,475	2,500,000	2,200,000	74,703	111,623	216,568	11,387,171	16,767,540
Accumulated impairment	(276,125)	-	-	(74,703)	(78,136)	(185,188)	-	(614,152)
Net book value	1,350	2,500,000	2,200,000	-	33,487	31,380	11,387,171	16,153,388
Amortisation rate	10%	-	-	10%	10%	10% to 33.33%	-	

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

9.3 As per IAS 38 an intangible asset acquired through a business combination is recognized, if it is separable or arises from contractual or other legal rights and sufficient information exists to measure reliably the fair value of the asset. An intangible asset acquired in a business combination might be separable, but only together with a related contract, identifiable asset or liability. In such cases, the acquirer recognizes the intangible asset separately from goodwill, but together with the related item.

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

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9.5 Impairment testing of goodwill of the Group

The Group carried out its impairment review on June 30, 2024 and assessed that the recoverable amount of intangibles was higher than the carrying amount. Consequently the Group carried its intangibles at cost.

The recoverable amount is determined based on a value in use calculation using cash flow projections from financial budgets approved by the senior management covering a six year period and applying the expected value approach. The discount rate applied to cash flow projections is 19.48% for goodwill impairment testing. As a result of this analysis, the management did not identify any impairment for the cash generating unit to which goodwill amounting to Rs. 4,583.75 million allocated.

Details relating to the discounted cash flow model used in the impairment test are as follows:

The significant assumptions used by the Group for determining the value in use as follows:

Valuation basis	Fair value less cost to disposal
Key assumptions	<ul style="list-style-type: none"> - Sales growth rates - Profit margins - Terminal growth rate - Discount rate
Determination of assumptions	<p>Growth rates and profit margins are based on the internal forecasts and estimates of the management. These forecasts and estimates are based on both internal and external market information and past performance of the Group.</p> <p>Costs reflect past experience adjusted for inflation and expected changes. Discount rate is primarily based on weighted average cost of capital.</p>
Terminal growth rate	5%
Period of specific projected cash flows	6 years

The valuation indicates sufficient headroom such that a 1% change in the terminal growth or discount rate has not resulted in an impairment of the intangibles.

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- 9.6 Brand name and logo include brands purchased by the Parent Company from Cirin Pharmaceuticals (Private) Limited which are fully amortised and still in use.
- 9.7 This includes goodwill recognised on the acquisition of the controlling interest in NPPL during the year ended June 30, 2016 amounted to Rs. 775.62 million.

	2024	2023
	Rupees '000	
10. LONG-TERM LOANS AND ADVANCES		
Loans - considered good	292	246
Employees - note 10.1	(142)	(129)
Less: current portion employee loan	<u>150</u>	<u>117</u>

- 10.1 This represents interest-free loans given to employees other than executives provided for a period of 3.5 years. These are secured against provident fund balances of respective employees.

	2024	2023
	Rupees '000	
11. LONG TERM DEPOSITS		
Deposit against utilities - notes 11.1 & 11.2	<u>10,824</u>	<u>30,798</u>

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

- 11.2 This also includes amount deposited by NPPL for electricity and gas amounting to Rs. 0.75 million (2023: Rs. 0.75 million) and Rs. 2.68 million (2023: Rs. 2.68 million) respectively. It does not carry any mark up arrangement.

	2024	2023
	Rupees '000	
12. INVENTORIES		
Raw materials	1,414,515	2,102,742
Packing materials	563,040	638,079
Stores and spares	204,478	237,741
Work-in-process	171,218	353,137
Finished goods	<u>1,098,275</u>	<u>3,643,995</u>
	<u>3,451,526</u>	<u>6,975,694</u>

- 12.1 Inventories include material in transit amounting to Rs. 1,090 million (2023: Rs. 2,395.27 million).
- 12.2 This include inventories amounting to Rs. 708.47 million (2023: Rs. 818.18 million) held with third parties.

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	2024	2023
	Rupees '000	
13. TRADE RECEIVABLES		
- Export receivables, secured - note 13.5	420,577	594,975
- Due from related parties, unsecured - notes 13.1, 13.2, 13.3, 13.4 & 13.6	10,975,841	15,017,751
- Others, unsecured	1,289,340	1,038,364
	<u>12,685,758</u>	<u>16,651,090</u>
Less: Allowance for impairment of trade receivables - note 13.7	<u>(214,236)</u>	<u>(207,243)</u>
	<u>12,471,522</u>	<u>16,443,847</u>

13.1 Due from related parties, unsecured

Associated companies - note 13.2

- IBL Operations (Private) Limited	10,911,955	14,975,502
- United Brands Limited	63,520	42,201
- United Retail (Private) Limited	48	48
- International Brands Limited	10	-
- The Citizens Foundation	10	-
- Mywater (Private) Limited	298	-
	<u>10,975,841</u>	<u>15,017,751</u>

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

	2024	2023
	Rupees '000	
IBL Operations (Private) Limited	15,531,379	22,021,614
United Brands Limited	76,825	42,201
IBL Logistics (Private) Limited	86,631	86,631
United Retail (Private) Limited	48	48
International Knitwear Limited	10	-
The Citizens Foundation	10	-
Mywater (Private) Limited	298	-

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

	2024	2023
	Rupees '000	
IBL Operations (Private) Limited	495,004	546,173
United Brands Limited	1,631	-
IBL Logistics (Private) Limited	83,631	-
	<u>580,266</u>	<u>546,173</u>

13.4 As at June 30, 2024, the age analysis of these related party receivables is as follows:

	2024	2023
	Rupees '000	
Not yet due	7,334,885	5,619,499
Past due but not yet impaired		
- 1 to 30 days	1,395,881	1,477,865
- 30 to 90 days	1,342,543	7,022,212
- 90 to 180 days	31,468	898,175
- 180 to 365 days	871,016	-
- older than 365 days	48	-
	<u>10,975,841</u>	<u>15,017,751</u>

13.5 Breakup of export receivables are as follows:

Country	Export Sales	Receivables	Confirmed Letter of Credit	
			←	→
			Rupees '000	
Burundi	249	-	-	-
Cambodia	465,080	105,381	-	105,381
Kenya	29,021	5,812	5,812	-
Laos	58,802	-	-	-
Myanmar	245,287	37,794	37,794	-
Oman	217,118	13,107	-	13,107
Philippines	25,374	-	-	-
Rwanda	24,156	-	-	-
Srilanka	636,310	218,713	218,713	-
Tajikistan	18,976	6,301	-	6,301
Uganda	22,189	2,696	-	2,696
Senegal	5,408	-	-	-
Yemen	23,035	-	-	-
Vietnam	67,416	30,773	30,773	-
Others				
	<u>1,838,421</u>	<u>420,577</u>	<u>293,092</u>	<u>127,485</u>

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- 13.6** The Competition Commission of Pakistan (CCP) through its order dated September 13, 2007 instructed the Parent Company to reduce terms of trade credit with IBL Operations (Private) Limited, an associated concern, re-negotiate the offered rate of commission and conduct audit of the transactions. The Parent Company filed a counter case in Honorable High Court of Sindh to revert the order. The Parent Company, based on the opinion of its legal advisor, believes that it has a strong case and the matter would be decided in the favour of the Parent Company.

	2024	2023
	Rupees '000	
13.7 Allowance for impairment of trade receivables		
Balance as at July 01	207,243	172,243
Opening allowance on newly acquired	1,621	-
Charge for the year - net	6,993	35,000
Write Off	(1,621)	-
Balance as at June 30	<u>214,236</u>	<u>207,243</u>

14. LOANS AND ADVANCES – considered good

Advances to:

Secured

- employees for operating activities - notes 14.1 & 14.3	111,566	140,295
- employees against salaries - notes 14.1 & 14.3	12,348	40,925

Unsecured

- Universal Ventures (Private) Limited - note 14.4	4,468	1,400
- advance to associated companies	4,586	-
- suppliers - note 14.2	376,235	903,132
- against imports	157,622	108,895
- against LC margin	1,833	1,833
- other advances	3,188	6,296
- advance to employees	1,808	-
	<u>673,654</u>	<u>1,202,776</u>

Current portion long-term loans to employee - note 10

	142	129
	<u>673,796</u>	<u>1,202,905</u>

- 14.1** These advances for business operations are adjusted against submission of actual expenses. Advances against salary are repayable on monthly basis. The maximum aggregate amount of these advances outstanding at any time during the year was Rs. 298.09 million (2023: Rs 244.72 million).

- 14.2** This includes advance given to Novamed Pharmaceuticals (Private) Limited amounting to Rs. 109.2 (2023: Rs. Nil) against supply of pharmaceutical products. These advances to suppliers are adjustable with respect to inventory and services received from the respective vendors.

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

	Amount Rupees '000
Mr. Naeem-ur-rehman Malik	20,088
Mr. Rodney Sham Kumara	7,011
Mr. Sajid Hussain	5,000
Ms. Ghazala Tarannum	2,600
Mr. Syed Zeeshan Haider Sherazi	1,813
Mr. Mohammad Maseruddin	1,709
Mr. Umair Rashid	1,526
Mr. Muhammad Abdullah Ibrahim	1,401
Mr. Muhammad Suleman	1,275
Mr. Irfan Ali	1,240
Mr. Waseem Raza Ghori	1,180
Mr. Syed Muhammad Shahid	1,158
Mr. Naveed Ahmed	1,033

14.4 This pertains to advance receivable to the Parent Company from Universal Ventures (Private) Limited - related party (UVPL) amounting to 4.70 million as at June 30, 2024.

	2024	2023
	Rupees '000	
15. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Deposits		
Trade deposits - note 15.1	163,407	137,545
Others	40,318	1,238
	<u>203,725</u>	<u>138,783</u>
Considered doubtful:		
Trade deposits	2,640	2,640
Less: provision for doubtful deposits	(2,640)	(2,640)
	-	-
Prepayments	46,469	58,158
	<u>250,194</u>	<u>196,941</u>

15.1 This includes deposits made to institutions for tender deposit amounting to Rs. 127.69 million (2023: Rs. 75.98 million).

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16. OTHER RECEIVABLES	2024	2023
	Rupees '000	
Receivables from related parties		
Due from ultimate parent company and associated companies - note 16.1 & 16.2		
- IBL Operations (Private) Limited against:		
Expenses - note 16.4	148,886	2,306
Rental income - note 37.1	3,607	3,781
- International Brands (Private) Limited against:		
Expenses - note 16.4	776	43,231
Rental income - note 37.1	3,670	38,634
Group Relief - note 16.3	58,040	58,040
- IBL Frontier Market (Private) Limited against:		
Expenses - note 16.5	-	47,890
- IBL Logistics (Private) Limited against:		
Rental Income - note 37.1	1,692	1,692
- Universal Ventures (Private) Limited against:		
Sale of subsidiary - note 16.8	86,452	3,326,859
Sale of Land	-	510,000
- Mywater (Private) Limited		
Vehicle Rental income	3,560	-
- IBL Unisys (Private) Limited against:		
Rental Income - note 37.1	135	719
Expenses - note 16.4	88,191	408
	<u>395,009</u>	<u>4,033,560</u>
Due from other related parties: - notes 16.1 & 16.2		
- United Retail (Private) Limited against:		
Rental income - note 37.1	3,567	1,139
Expenses	9,609	1,384
- Universal Retail (Private) Limited against:		
Rental income - note 37.1	40,018	19,701
Expenses	142,736	71,626
	<u>195,930</u>	<u>93,850</u>
Surplus arising under retirement benefit fund - note 16.7	5,250	5,250
Receivables from other than related parties		
Others, considered good - notes 16.9	261,621	624,470
	<u>857,810</u>	<u>4,757,130</u>

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

	2024	2023
	Rupees '000	
IBL Operations (Private) Limited	16,536	937,419
International Brands (Private) Limited	170,802	194,135
IBL Frontier Market (Private) Limited	-	58,215
IBL Logistics (Private) Limited	1,692	1,692
IBL Unisys (Private) Limited	3,012	1,546
United Retail (Private) Limited	14,600	3,706
Universal Retail (Private) Limited	215,188	120,366
Universal Ventures (Private) Limited	3,836,859	3,836,859
Mywater (Private) Limited	3,560	-

- 16.2 The aging of the receivables from related parties is as follows:

	2024	2023
	Rupees '000	
Not yet due	96,273	25,090
Past due but not yet impaired		
- 1 to 30 days	73,575	4,265
- 30 to 90 days	23,632	5,643
- 90 to 180 days	75,648	6,756
- 180 to 365 days	168,141	3,858,152
- older than 365 days	153,670	227,504
	<u>590,939</u>	<u>4,127,410</u>

- 16.3 This represents excess amount paid in relation to group relief availed, in previous year, by the Parent Company. The amount was paid by the Parent Company on the basis of estimation for the purpose of discharging tax liability as per Income Tax Ordinance, 2001.
- 16.4 These are expenses paid by the Group on behalf of the related parties.
- 16.5 This relates to rental expenses paid by the Parent Company on behalf of IBL Frontier Market (Private) Limited - related party for their warehouse located at F-405 S.I.T.E, Karachi.
- 16.6 This receivable from Mywater (Private) Limited, a related party, against Vehicle sub-let on rent.
- 16.7 This represents surplus on funded gratuity scheme discontinued by the Parent Company with effect from December 31, 2012.

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- 16.8** During the year, the balance receivable against the disposal of a subsidiary has been adjusted against an equivalent portion of the consideration payable for the acquisition of Stellar Ventures (Private) Limited as disclosed in note 5.1 to these consolidated financial statements.
- 16.9** This includes Rs. Nil (2023: Rs. 14.70 million) claimed by the Parent Company from Zhejiang Huahai Pharmaceuticals, China (ZHP) relating to its product "Extor" that contains material supplied by ZHP. On July 12, 2018, the Drug Regulatory Authority of Pakistan in response to a review triggered by the European Medicine Agency (EMA) issued drug re-call for "Valsartan" containing products due to the presence of cancer causing impurities. Accordingly, the Parent Company recalled finished product "Extor" amounting to Rs. 221.95 million from the local market and Rs. 97 million from the international market. The impact of the product recall has been set off by the claim raised by the Parent Company against ZHP.

Further, the Parent Company lodged claim of Rs. 881.05 million from ZHP in respect of the overall business loss.

In the year 2020, the Parent Company entered into an agreement with ZHP for settlement of the above claims. As per the agreement, these claims will be settled against future purchases of raw material by the Company from ZHP. These claims will be accounted for when the credit notes for the discounted purchase price are received. Claims amounting to Rs. 14.70 million (2023: Rs. 134.21 million) were settled during the year.

17. SHORT-TERM INVESTMENT - AT AMORTISED COST

- 17.1** This represents unsecured perpetual term finance certificates which carry markup at the rate of 3 months KIBOR + 1.6% per annum (2023: 3 months KIBOR + 1.6% per annum).

	2024	2023
	Rupees '000	
18. CASH AND BANK BALANCES		
Cash in hand:		
- local currency	1,421	1,269
- foreign currency	4,836	4,348
	<u>6,257</u>	<u>5,617</u>
Cheques in hand	1,518	121,152
With banks in:		
Islamic		
- current account - local currency	90,176	42,553
Conventional		
- current account - local currency	132,286	135,743
- current account - foreign currency	72,602	8,113
- saving accounts	-	66
	<u>204,888</u>	<u>143,922</u>
	<u>302,839</u>	<u>313,244</u>

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2024

2023

Rupees '000

19. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE**Asset classified as held for sale**

Searle Pakistan Limited

19,903,375-**Liabilities directly associated with
asset classified as held for sale**

Searle Pakistan Limited

7,114,502-

- 19.1** As notified to PSX, on May 15, 2024, the Board of Directors of the Parent Company in their meeting, has in-principal approved the divestment of Searle Pakistan Limited ("SPL") and authorised the management to negotiate and finalise the deal terms with the relevant parties and submit the finalized terms for the consideration of the Board of Directors of the Parent Company.

Following the year end, as notified to PSX on July 31, 2024, the Parent Company has entered into discussions with the short listed buyer, IJARA Capital Partners Limited ("ICPL") led consortium through its Private Equity & Venture Capital Fund or its nominees to divest the entire shareholding in SPL subject to the finalisation of sale terms, the fulfilment of precedent conditions and the receipt of requisite corporate, third-party and regulatory consents, including shareholder approval.

In line with the above decision, the asset and liabilities in SPL have been classified as held for sale. Accordingly, the Parent Company has assessed the fair value less cost to sell of the cash generating unit as per the requirement of International Accounting Standard 36 - Impairment of Assets (IAS 36).

Searle Pakistan Limited was not previously classified as asset held for sale. The comparative consolidated statement of profit or loss and consolidated statement of comprehensive income have been re-presented to show the discontinued operation separately from continuing operations.

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2024 2023
Rupees '000

**19.2 Assets and liabilities of disposal group
 held for sale**

Property, plant and equipment - notes 6.1 and 6.11	1,944,020	-
Intangible assets - note 19.2.1	10,122,763	-
Deferred tax asset	-	-
Long-term loans and deposits	24,932	-
Inventories	1,097,815	-
Trade and other receivables	5,475,963	-
Short-term investments - at amortized cost	15,772	-
Accrued markup	420	-
Loans and advances	17,731	-
Tax refunds due from government - sales tax	44,373	-
Short-term prepayments	10,627	-
Taxation - payments less provision	562,042	-
Cash and bank balances	586,917	-
Assets classified as held for sale	19,903,375	-
Employee benefit obligation - note 25.2	19,515	-
Trade and other payables	3,939,670	-
Unpaid dividend	29,740	-
Accrued mark-up	147,036	-
Deferred tax liability	453,009	-
Short-term borrowings	2,520,104	-
Contract liabilities	5,428	-
Liabilities classified as held for sale	7,114,502	-

19.2.1 Intangibles

Trade marks / brands - note 9.1	2,500,000	-
Market authorisation rights - note 9.1	2,200,000	-
Software licenses - note 9.1	11,208	-
Goodwill - note 9.1	10,611,555	-
Less: impairment loss on goodwill - note 19.4	(5,200,000)	-
	10,122,763	-

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19.3 Following are the financial performance and cash flow of Searle Pakistan Limited.

	2024	2023
	Rupees '000	
Results of discontinued operations		
Revenue from contracts with customers	9,341,546	8,173,079
Cost of sales	(7,970,033)	(6,255,124)
Gross profit	<u>1,371,513</u>	<u>1,917,955</u>
Distribution costs	(830,471)	(669,309)
Administrative expenses	(94,467)	(88,507)
Other expenses	(2,967)	(62,772)
Other income	159,222	242,592
Impairment loss on goodwill - note 19.2.1	(5,200,000)	-
(Loss) / profit from operations	<u>(4,597,170)</u>	<u>1,339,959</u>
Finance cost	(728,956)	(495,932)
(Loss) / profit before income tax and levies	<u>(5,326,126)</u>	<u>844,027</u>
Levies (minimum and final tax)	(118,567)	(74,652)
(Loss) / profit before income tax	<u>(5,444,693)</u>	<u>769,375</u>
Income tax expense	2,055,400	(320,703)
(Loss) / profit for the year	<u><u>(3,389,293)</u></u>	<u><u>448,672</u></u>
Cashflow from discontinued operations		
Net Cash generated from / (used in) operating activities	1,606,650	(932,045)
Net Cash used in investing activities	(39,862)	(84,168)
Net Cash used in financing activities	(39,663)	(1,075,731)
	<u><u>1,527,125</u></u>	<u><u>(2,091,944)</u></u>

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19.4 Impairment testing of Searle Pakistan Limited (disposal group) classified as held for sale

Impairment loss of Rs. 5.2 billion has been recognised against the disposal group (cash generating unit) to measure the value of disposal group to its fair value less cost to sell. The impairment loss have been applied to reduce the carrying amount of goodwill within the disposal group.

The calculation of recoverable amount of Goodwill for the purpose of impairment testing was based on fair value less cost to sell estimated using discounted cash flows. The non-recurring fair value measurement for the disposal group has been categorised as Level 3 fair value, based on the inputs to the valuation technique used.

Type	Date of Valuation	Valuation basis	Fair value less cost to disposal
Subsidiary - Searle Pakistan Limited	30-Jun-24	Key assumptions	<ul style="list-style-type: none"> - Sales growth rates - Profit margins - Terminal growth rate - Discount rate
		Determination of assumptions	<p>Growth rates and profit margins are based on an internal forecasts and estimates of the management. These forecasts and estimates are based on both internal and external market information and past performance of the Company. Current market scenario has also been considered in determining the inputs used in the valuation and cash flow constraint of the Group.</p> <p>Costs reflect past experience adjusted for inflation and expected changes. Discount rate is primarily based on weighted average cost of capital.</p>
		Discount rate	19.48%
		Terminal growth rate	5%
		Period of specific projected cash flows	6 years

20. Issued, subscribed and paid-up capital

Authorised share capital

2024	2023		2024	2023
(Number of shares)			Rupees '000	
<u>700,000,000</u>	<u>600,000,000</u>	Ordinary shares of Rs. 10 each	<u>7,000,000</u>	<u>6,000,000</u>

Issued, subscribed and paid up capital

2024	2023		2024	2023
(Number of shares)			Rupees '000	
161,596,926	40,168,355	Shares allotted for consideration paid in cash	1,615,969	401,683
24,000	24,000	Shares allotted for consideration other than cash	240	240
<u>349,873,498</u>	<u>349,873,498</u>	Shares allotted as bonus shares	<u>3,498,736</u>	<u>3,498,736</u>
<u>511,494,424</u>	<u>390,065,853</u>		<u>5,114,945</u>	<u>3,900,659</u>

	2024	2023
	Number of shares	
20.1	Movement in issued, subscribed and paid-up share capital	
	Ordinary Shares	
	Number of shares outstanding at the beginning of the year	
	390,065,853	312,052,683
	Bonus shares issued - note 20.4	
	-	78,013,170
	Right shares issued - note 20.5	
	121,428,571	-
	Number of shares outstanding	
	<u>511,494,424</u>	<u>390,065,853</u>
20.2	All ordinary shares rank equally with regard to the Parent Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at Parent Company's general meetings.	
20.3	The Company in its extra ordinary general meeting held on July 26, 2023 increased its authorised share capital for ordinary shares from Rs. 6 billion divided into 600 million ordinary shares to Rs. 7 billion divided into 700 million ordinary shares of Rs 10 each.	
20.4	In prior year, the Board of Directors in its meeting held on October 03, 2022, approved the issue of 25 bonus shares for every 100 shares held for the year ended June 30, 2022. The said bonus was approved by members in its Annual General Meeting held on October 28, 2022. The total size of issue is Rs. 780.13 million divided into ordinary 78.01 million shares of Rs. 10 each.	
20.5	The Board of directors in their meeting held on May 25, 2023, approved the issue of 31.13 right shares for every 100 ordinary shares held i.e. 31.13% of the existing paid-up capital of the Company. The Company has issued 121,428,571 ordinary shares, at a price of Rs 35 per share, aggregating to Rs. 4.25 billion. The funds raised through the right issue is used to finance the acquisition of a complete (100%) ownership stake in subsidiary company i.e. Searle IV Solutions (Private) Limited (Target), including repaying any financing availed for such acquisition. This acquisition was carried out by purchasing the shares of Target from IBL Operations (Private) Limited. Additional proceeds from the right issue will be utilized to reduce a certain portion of the Company's existing debt.	



21. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

The revaluation surplus represents net cumulative increase in the carrying amount as a result of revaluation of property, plant and equipment carried at revalued amount.

	2024	2023
	Rupees in '000	
Revaluation surplus at beginning of the year	5,568,389	5,173,186
Surplus arising on revaluation :		
- Leasehold land	332,887	160,047
- Building on Leasehold land	143,650	373,483
- Plant and machinery	405,492	301,229
- Vehicle	7,147	24,874
- Air - conditioning and systems	39,385	12,077
Deferred tax liability on revaluation surplus	(184,445)	(252,619)
	744,116	619,091
Net amount transferred to unappropriated profit on account of		
- Incremental depreciation	(409,671)	(230,958)
- Deferred tax on incremental depreciation	135,191	66,978
- Share of Non - controlling interest	(14,512)	(16,868)
- Transfer of revaluation surplus on disposal of land	-	(43,040)
	(288,992)	(223,888)
	<u>6,023,513</u>	<u>5,568,389</u>

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

22. GENERAL RESERVE

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

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	2024	2023
	Rupees in '000	
23. LONG TERM BORROWINGS		
Islamic		
Musharaka facility - notes 23.1, 23.2, 23.3 & 23.5	3,695,769	5,917,063
Diminishing musharika - note 23.4	72,301	-
	<u>3,768,070</u>	<u>5,917,063</u>

23.1 The Parent Company has obtained a musharaka facility from Habib Bank Limited (Musharaka Agent) for a period of 7 years with a repayment grace period of two years. The Parent Company is required to repay the amount of the loan in quarterly installments, starting from September 2022. However, on February 24, 2021, the Parent Company has repaid the loan amounting to Rs. 800 million to its Musharaka Agent. This facility carries a mark-up of three months KIBOR plus 1.35%.

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

23.3 This borrowing facility is secured against the following properties:

Particulars	Address	Land Area square yards
The Parent Company:		
One IBL Building Center (classified in Investment Property)	Block 7 & 8 Delhi Mercantile Co-operative Housing Society , Tipu Sultan Road Off Shahrah-e-Faisal, Karachi.	5,291
Group Companies:		
IBL HealthCare Limited	Plot # 24/3, 24/4 and 24/4 - A , Block 7 & 8 Delhi Mercantile Co-operative Housing	2,260
Searle Pakistan Limited	Land, Building and Plant and Machinery on plot # C- 14, S.I.T.E, Karachi	14,375
Stellar Venture (Private) Limited	Plot # 30/1 and 353 at Deh Digh Malir, Karachi	8,872

23.4 During the year, the Parent Company has entered into sale and leaseback transaction with First Habib Modarabah Limited for two generators and a lift. At the end of lease term, the assets will be transferred back to the Parent Company, hence it does not constitute a sale under IFRS 15.

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	2024	2023
	Rupees '000	
23.5 Loan movement		
Opening	7,831,338	9,554,740
Amortisation of transaction cost	41,031	16,848
Classified in short term borrowings - note 28	(2,088,300)	(1,914,275)
Repayment	(2,088,300)	(1,740,250)
	<u>3,695,769</u>	<u>5,917,063</u>

24. DEFERRED TAX (ASSETS) / LIABILITIES

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the consolidated statement of financial position as follows:

	2024	2023
	Rupees '000	
Deferred tax asset	(2,619,319)	(600,811)
Deferred tax liability	635,110	1,307,771
	<u>(1,984,209)</u>	<u>706,960</u>

24.1 Analysis of change in deferred tax

	(Credit) / charge to:				(Credit) / charge to:			Transferred to 'asset held for sale' (note 19)	June 30, 2024
	July 01, 2022	Profit or loss	Other comprehensive income	June 30, 2023	Acquired in business combination	Profit or loss	Other comprehensive income		
	Rupees '000								
Accelerated tax depreciation	143,034	(53,676)	-	89,358	37,160	112,436	-	(70,188)	168,766
Minimum tax and unused tax losses - note 24.3 & 24.4	(400,777)	(128,538)	-	(529,315)	(59,084)	(239,039)	-	362,040	(465,398)
Surplus on revaluation	497,260	-	252,619	749,879	-	(333,663)	184,445	(134,318)	466,343
Right-of-use asset and Lease Liability	(10,067)	(2,989)	-	(13,056)	(1,755)	(6,225)	-	6,208	(14,828)
Decelerated tax amortisation	309,658	159,171	-	468,829	-	133,102	-	(617,503)	(15,572)
Deferred grant	2,328	(2,328)	-	-	-	-	-	-	-
Unwinding of discount on salary refinancing	17,324	(17,619)	-	(295)	-	295	-	-	-
Provisions	(8,053)	5,728	-	(2,325)	(1,622)	(17,209)	-	752	(20,404)
Provision for doubtful receivables	(40,791)	(14,534)	-	(55,325)	(4,414)	(14,505)	-	-	(74,244)
Provision for trade deposits	(718)	(72)	-	(790)	-	(82)	-	-	(872)
Provision for impairment	-	-	-	-	-	(2,028,000)	-	-	(2,028,000)
	509,198	(54,857)	252,619	706,960	(29,715)	(2,392,890)	184,445	(453,009)	(1,984,209)

	2024	2023
	Rupees '000	
24.2 Impact on profit or loss relates to:		
- continued operations - note 40	(280,195)	(197,263)
- discontinued operation	(2,112,695)	142,406
	<u>(2,392,890)</u>	<u>(54,857)</u>

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- 24.3** The SPL has recorded deferred tax asset on the brought forward losses for tax year 2019 before amalgamation of Luna Pakistan (Private) Limited, Lunar Pharma (Private) Limited and OBS Pakistan (Private) Limited. These losses are subject to revision of return for which the SPL has filed an appeal in the Honourable High Court of Sindh after dismissal of application for revision of return by Commissioner Inland Revenue.
- 24.4** The total deferred tax asset on minimum tax for tax year 2019 has expired amounting to Rs. 118.75 million and consequently deferred tax reversal has been booked. However deferred tax asset on minimum tax for tax year 2023 will expire on June 30, 2027.
- 24.5** Under the Finance Act, 2019, corporate rate of tax has been fixed at 29% for tax year 2020 and onwards and super tax has been recorded by the Company at the rate of 4%. Therefore, deferred tax assets and liabilities have been recognised accordingly using the enacted tax rate of 33% - refer note - 40.7.

2024 **2023**

Rupees '000

25. EMPLOYEE BENEFIT OBLIGATIONS

Staff retirement gratuity - unfunded - note 25.1	57,838	57,567
Staff retirement gratuity - funded - note 25.2	19,515	21,140
Liabilities classified as held for sale - note 19.2	(19,515)	-
	57,838	78,707

25.1 Gratuity scheme - unfunded

25.1.1 General description

As stated in note 3.15, the Parent Company operates unfunded gratuity scheme for eligible employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to minimum service under the scheme. The latest actuarial valuation was carried out as at June 30, 2024 using the Project Unit Credit method.

25.1.2 Risk on account of defined benefit plan

The Parent Company faces the following risks on account of gratuity scheme:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Parent Company's management has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

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	2024 (Rupees in '000)	2023
25.1.3 Consolidated statement of financial position reconciliation		
Present value of defined benefit obligation	<u>57,838</u>	<u>57,567</u>
25.1.4 Movement in the present value of defined benefit obligation		
Obligation as at July 01	57,567	57,513
Current service cost	2,576	2,621
Interest cost	8,955	7,403
Benefits paid	(4,918)	(3,265)
Remeasurement on obligation	(6,342)	(6,705)
Obligation as at June 30	<u>57,838</u>	<u>57,567</u>
25.1.5 Expense recognised in the consolidated statement of profit or loss		
Current service cost	(2,576)	(2,621)
Interest expense	(8,955)	(7,403)
	<u>(11,531)</u>	<u>(10,024)</u>
25.1.6 Remeasurement recognised in consolidated statement of comprehensive income		
Experience gains	<u>6,342</u>	<u>6,705</u>
25.1.7 Net recognised liability		
Balance as at July 01	57,567	57,513
Expense for the year	11,531	10,024
Benefits paid	(4,918)	(3,265)
Remeasurement gain recognised in consolidated statement of profit or loss	(6,342)	(6,705)
Balance as at June 30	<u>57,838</u>	<u>57,567</u>

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	2024	2023
25.1.8 Actuarial assumptions		
Discount rate used for year end obligation	14.75%	16.25%
Expected rate of increase in salaries	14.75%	16.25%
Retirement age (years)	60	60

Financial assumptions

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

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

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
- Discount rate at June 30	1%	(4,435)	5,006
- Future salary increase	1%	5,526	(4,956)

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

25.1.11 The above sensitivity analysis are based on a change in an assumption while Parent all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the gratuity liability recognised within the consolidated statement of financial position.

25.1.12 As per actuarial advice, the Parent Company is expected to recognise a service cost of Rs. 10.96 million in 2025.

25.1.13 The weighted average service duration of employees is 7.4 years.

25.1.14 The maturity profile of defined benefit obligation is as follows:

At June 30, 2024	Less than a year	Between 1 - 2 years	Between 2 - 5 years (Rupees '000)	Between 5 - 10 years	Over 10 years
Gratuity Fund	456	491	12,934	24,183	36,758

25.2 Gratuity scheme - funded

25.2.1 General description

As stated in note 3.15, the SPL operates funded gratuity scheme for eligible employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to minimum service under the scheme. The latest actuarial valuation was carried out as at June 30, 2024 using the Project Unit Credit method.

	2024	2023
	Rupees in '000	
25.2.2 Movement in the present value of defined benefit obligation		
Balance as at July 01	21,140	22,843
Charge for the year	4,316	3,908
Re-measurement gain charged to other comprehensive income	(4,100)	(2,673)
Benefits paid during the year	(1,841)	(2,938)
Balance as at June 30	<u>19,515</u>	<u>21,140</u>
25.2.3 Amount recognised in the consolidated statement of financial position		
Present value of defined benefit obligations	28,238	28,029
Fair value of plan assets	(8,723)	(6,889)
Deficit recorded as a liability	<u>19,515</u>	<u>21,140</u>
25.2.4 Amount recognised in the consolidated statement of profit or loss		
Current service cost	1,031	1,076
Interest cost	3,285	2,832
	<u>4,316</u>	<u>3,908</u>
25.2.5 Movement in the present value of defined benefit obligation:		
Balance as at July 01	28,029	29,301
Current service cost	1,031	1,076
Interest cost	4,405	3,688
Actuarial gain on obligations	(3,386)	(3,098)
Benefits paid	(1,841)	(2,938)
Balance as at June 30	<u>28,238</u>	<u>28,029</u>

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	2024	2023
	(Rupees '000)	
26. LEASE LIABILITIES		
Lease liabilities under IFRS 16 - notes 26.1 & 26.2	<u>91,582</u>	<u>85,330</u>
Non current portion	<u>71,891</u>	<u>78,702</u>
Current portion	<u>19,691</u>	<u>6,628</u>
26.1 Maturity analysis of lease liabilities		
Upto 1 year	19,691	6,628
1 - 5 years	64,607	71,417
More than 5 years	7,284	7,285
	<u>91,582</u>	<u>85,330</u>

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

	2024	2023
	(Rupees '000)	
Balance as at July 01	85,330	92,160
Acquisition of subsidiaries	28,730	-
Gain on modification of lease	(4,249)	-
Interest on lease liabilities	12,832	11,612
Payments	(31,061)	(18,442)
Balance as at June 30	<u>91,582</u>	<u>85,330</u>

26.3 Finance cost on lease liabilities for the year ended June 30, 2024 was Rs. 12.83 million (2023: Rs. 11.61 million). Total cash outflow for leases was Rs. 31.06 million (2023: Rs. 18.44 million). The lease liability was measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 15.48%.

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	2024	2023
	(Rupees '000)	
27. TRADE AND OTHER PAYABLES		
Creditors - note 27.1	3,278,710	2,531,113
Payable under group relief to Ultimate Parent Company	21,418	22,652
Salaries and benefits payable	2,993	72
Bills payable in foreign currency	2,108,270	2,675,773
Royalty payable - note 27.4	20,066	24,352
Accrued liabilities	1,804,911	3,610,439
Payable to provident fund - notes 27.2 & 27.3	103,765	24,768
Payable for compensated absences	-	14,633
Provision for gas infrastructure	-	9,485
Accrued mark-up - note 27.5	465,594	686,427
Taxes deducted at source and payable to statutory authorities	393,099	62,096
Workers' Profit Participation Fund - note 27.6	15,018	62,080
Workers' Welfare Fund - note 27.7	35,591	94,111
Other liabilities - note 27.8	149,213	104,914
	<u>8,398,648</u>	<u>9,922,915</u>

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

	2024	2023
	Rupees '000	
Parent Company		
International Brands (Private) Limited	-	5,010
Associated Companies		
United Retail (Private) Limited	783	215
IBL Operations (Private) Limited	292,163	1,282
IBL Unisys (Private) Limited	53,241	1,244
IBL Frontier Markets (Private) Limited	-	618
United Brands Limited	20,792	568
Prime Health (Private) Limited	-	7,018
Akar Hospital	1,500	-
Multinet Pakistan (Private) Limited	55,656	-
Universal Retails (Private) Limited	7,931	-
IBL Logistics (Private) Limited	177,536	4,520
	<u>609,602</u>	<u>20,475</u>

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- 27.2** The investment in listed equity securities out of the provident fund of the Parent Company and SPL is in excess of the limit prescribed under the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder. However, the fund are in the process of ensuring compliance with the prescribed limits.
- 27.3** The investments in collective investment schemes, listed equity and listed debt securities out of the provident fund of IBLHC, SBS, NPPL, IBL FM have been made in accordance with the provision of section 218 of the Companies Act, 2017 and the conditions specified thereunder.
- 27.4** This includes royalty payable to M/s Sanofi Winthrop Industrie as per agreement by Parent Company which is situated in France respectively. The Parent Company only has a relation of licensor and licensee with the entity. The amount also includes royalty payable relating to the Brand "Canderai".

	2024	2023
	Rupees '000	
27.5		
Accrued mark-up		
Accrued mark-up on:		
- long-term borrowing	25,068	55,869
- short-term borrowing	440,526	630,558
	<u>465,594</u>	<u>686,427</u>
27.5.1		
This includes amount of mark-up by Parent Company and IBLHC under islamic mode of financing amounting to Rs. 390.95 million (2023: Rs. 400.43 milion).		
27.6		
Workers' Profit Participation Fund		
Balance as at July 01	62,080	220,071
Charge for the year - note 36	-	62,087
	<u>62,080</u>	<u>282,158</u>
Interest on funds utilised in the Parent Company's business - note 38	19,049	22,564
Payments made during the year	(66,111)	(242,642)
Balance as at June 30	<u>15,018</u>	<u>62,080</u>

	2024	2023
	Rupees '000	
27.7 Workers' Welfare Fund		
Balance as at July 01	94,111	102,450
Charge for the year - note 36	22,213	23,537
	<u>116,324</u>	<u>125,987</u>
Liability classified as held for sale	(45,398)	-
Payments made during the year	(35,335)	(31,876)
Balance as at June 30	<u><u>35,591</u></u>	<u><u>94,111</u></u>

27.8 The security deposits have been kept in a separate bank account in accordance with the requirements of section 217 of the Companies Act, 2017. Further, this includes Rs. 0.5 million (2023: Rs. 0.5 million) obtained as a security deposits from United Retail (Private) Limited - a related party against the rented property and is repayable at time of maturity of the agreement.

	2024	2023
	Rupees '000	
28. SHORT TERM BORROWINGS		
Secured borrowings		
Conventional:		
Running finance under mark-up arrangements - notes 28.1 & 28.3	1,293,150	2,586,254
Short-term advance	-	500,000
Islamic		
Running musharaka - notes 28.1, 28.2, 28.4, & 28.5	5,992,008	8,651,327
Current portion of long term borrowings - note 23.5	2,088,300	1,914,275
	<u>8,080,308</u>	<u>10,565,602</u>
Unsecured borrowings		
IBL Holding (Private) Limited	11,411	-
	<u><u>9,384,869</u></u>	<u><u>13,651,856</u></u>

28.1 The Parent Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 7,650 million (2023: Rs. 8,050 million) which include financing facilities obtained under Islamic mode amounting to Rs. 6,350 million (2023: Rs. 6,350 million). The arrangements are secured jointly by registered mortgage of Rs. 1,937.5 million (2023: Rs. 2,012.5 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs. 11,095.83 million (2023: Rs. 11,785.83 million).

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- 28.2 The amount utilised by The Parent Company under the Islamic mode of financing amounted to Rs. 5,972.74 million (2023: Rs. 6,350.75 million).
- 28.3 The rates of mark-up ranged between 22.96% to 24.66% (2023: 13.70% to 23.73%) per annum.
- 28.4 The rates of profit ranged between 20.36% to 25.41% (2023: 11.99% to 24.48%) per annum.
- 28.5 The IBL Healthcare has obtained running musharakah facilities from commercial banks amounting to Rs. 439 million (2023: Rs. 339 million) out of which the amount unavailed at the year end was Rs. 419.73 million (2023: Rs. 48.44 million). Rates of profit range from one month KIBOR plus 1% (2023: one month KIBOR plus 1%) to three months KIBOR plus 1.5% (2023: one month KIBOR plus 1.5%) per annum. These facilities have been secured by way of hypothecation of first pari passu charge over present and future current assets amounting to Rs. 585 million.
- 28.6 This represents interest free loan which is repayable on demand.

29. CONTRACT LIABILITIES

The contract liabilities primarily relate to the advance consideration received from customers for future sales as per the Parent Company's policy, for which revenue is recognised at a point in time. Revenue recognized from contract liabilities during the year amounted to Rs. 184.25 million (2023: Rs. 27.39 million).

30. UNPAID DIVIDEND

This consists of unpaid dividend on account of:	2024	2023
	Rupees '000	
- Bonus shares withheld - note 30.1	146,038	146,038
- Unavailability of bank details	36,754	37,418
- Others - note 30.2	14,432	44,213
	<u>197,224</u>	<u>227,669</u>

- 30.1 This includes dividend on bonus shares withheld pertaining to 115 shareholders on which a stay order from the Honourable High Court of Sindh has been obtained against the requirement of section 236M of income tax ordinance, 2001. - note 31.1.5.
- 30.2 This includes unpaid dividend in respect of dividend withheld due to non-compliance of certain legal / regulatory requirements by the shareholders.

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31. CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
31.1.1	High Court of Sindh	During the year ended June 30, 2014, Sindh Revenue Board (SRB) had imposed sales tax on toll manufacturing at the rate of 16% of sales value. The cumulative such sales tax amounts to Rs. 366.22 million. The matter has been contested in the High Court of Sindh. The aforementioned case has been decided in favor of the Company.	The Parent Company and The Federation of Pakistan	5-Mar-14
31.1.2	High Court of Sindh	<p>Section 5A of Income Tax Ordinance, 2001 inserted through Section 5(3) of the Finance Act, 2015 requires the Parent Company and IBLHC to charge income tax at the rate of 10% on the reserves of the companies where they exceed an amount equivalent to the paid up capital. The Parent Company and IBLHC has filed a suit for declaration and permanent injunction before the Court challenging the vires of the above said section.</p> <p>The Court passed ad interim orders restraining the defendants from taking any coercive action as prayed. The case is at the stage of hearing of applications. The charge for the tax year 2016 amounts to Rs. 283.08 million.</p>	The Parent Company, IBLHC and The Federation of Pakistan	14-Sept-2015 & 15-Sept-2015
31.1.3	High Court of Sindh	<p>The Parent Company has challenged the levy of Sindh Sales Tax on services of renting of immovable property which has been categorised as renting services by the SRB.</p> <p>The companies have challenged the levy on constitutional grounds taking the stance that renting of immovable property is not a "service" and therefore does not fall within the competence of SRB to tax through the Sindh Sales Tax on Services Act, 2011.</p> <p>Further, the companies have also taken the stance that the collection mechanism is ultra vires to the Act and therefore no coercive measures can be adopted against the companies for the collection of the impugned levy.</p> <p>The High Court of Sindh, on the basis of the representations made, has been pleased to grant an ad interim order to the companies restraining the defendants from taking any coercive action against the companies. The matter is presently pending on hearing of the case. The cumulative amount of such sales tax is Rs. 54.05 million.</p>	The Parent Company and Province of Sindh	15-Jan-16

	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
31.1.4	High Court of Sindh	<p>A suit was filed to challenge the imposition of Sales Tax under Sales Tax Act, 1990 with respect to raw material being used for manufacturing pharmaceutical products inspite of such raw material being exempt in view of Entry No. 105 of the Sixth schedule of the Act.</p> <p>The Court issued interim orders restraining the defendants from collecting sales tax on raw material imported by the Parent Company. It has been further asserted that the term "manufacture", as stated in Sub-section 16 of Section 2 of the Sales Tax Act, 1990, adequately covers the present activity and exempts the Parent Company from payment of Sales Tax on the Packaging utilised in the manufacture of drugs/ pharmaceuticals. The case is at the stage of hearing of applications. The cumulative impact of this levy amounts to Rs. 31.6 million.</p>	The Parent Company and The Federation of Pakistan	2014
31.1.5	High Court of Sindh	<p>Section 236 M of the Income Tax Ordinance, 2001 (the 'Ordinance'), inserted through Finance Act, 2014, specifies that every company, quoted on stock exchange, while issuing bonus shares shall withhold five percent of the bonus shares to be issued. Bonus shares withheld shall only be issued to a shareholder, if the Parent Company collects tax equal to five percent of the value of the bonus shares issued including bonus share withheld, determined on the basis of day-end price on the first day of closure of books. The tax is to be collected within fifteen days of the first day of closure of books, after which company is required to deposit shares withheld to Central Depository Company, in favour of the Federal Government. This section was later deleted through Finance Act, 2018.</p> <p>Based on the requirement mentioned above, the Company is exposed to a tax liability of approximately Rs. 71.8 million (2023: Rs. 71.8 million), on account of bonus shares received from IBL HealthCare Limited from 2015 to 2018. The Company has filed a petition in respect of tax on bonus shares in Honourable High Court of Sindh, and expects a favourable outcome, based on a legal advice. Further, pending decision of the Honourable High Court of Sindh, IBL HealthCare Limited has withheld 1,474,940 shares (2023: 1,340,855 shares) with Central Depository Company of Pakistan Limited.</p>	The Parent Company and The Federation of Pakistan	2015

	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
31.1.6	High Court of Sindh	<p>Exemption provided to the companies falling under Group Relief (section 59B of Income Tax Ordinance, 2001), from tax on intercorporate dividend as mentioned under Clause 103A of Part I of the Second Schedule of the Income Tax Ordinance, 2001, is not applicable now on account of deletion of Section 59B from the said clause, through the Finance Act, 2016.</p> <p>The Constitution Petition filed by the Parent Company against tax on intercorporate dividend received from the subsidiary companies has now been disposed off by the Honourable High Court of Sindh vide the Order dated March 22, 2023 holding tax recoverable.</p> <p>Recovery notices were then received under section 138(1) of the Ordinance for Tax Years 2015 to 2017 for tax recovery on intercorporate dividend, against which the company obtained stay from the High Court of Sindh on legal plaints.</p> <p>The Parent Company has approached the Supreme Court of Pakistan which has granted interim relief vide the Order dated August 28, 2023 [C.P No. 2096-2111/23].</p> <p>In view of the above, no provision has been made for aggregate amount of tax on intercorporate dividend from Tax Years 2017 to 2023 aggregating Rs 1,478 million. The Parent Company expects a favourable outcome based on the legal advice.</p>	The Parent Company and The Federation of Pakistan	2017 to 2020
31.1.7	Appellate Tribunal Inland Revenue (ATIR)	<p>SPPL's declared version of return of income, for tax years 2015 and 2016, have been rejected by the respective Tax Officers and the amounts deemed to be assessed under the Final Tax Regime (FTR) of the provisions of section 169 read with section 153(1)(c) of the Income Tax Ordinance, 2001 (the Ordinance) have been subjected to tax under the normal provisions of the law.</p> <p>Consequently, net profit as per SPPL's audited financial statements have been considered as taxable income for the respective years and tax liability at normal rate determined along with super tax and Workers' Welfare Fund aggregating to Rs. 783.34 million. Appeal against the above orders for the tax year 2014 and 2015 were filed before the ATIR which has been decided against the Company vide order dated September 18, 2017 against which an appeal before Honourable High Court of Sindh has been filed whereas, appeal for the tax year 2016 is pending before the ATIR.</p> <p>SPPL's management has obtained a stay order from the High Court against the recovery of demand and expects a positive outcome.</p>	SPPL, Commissioner Inland Revenue, CIRA and ATIR	10-May-2016, 30-June-2016 & 03-Feb-2017

	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
31.1.8	Commissioner Inland Revenue (Appeals)	<p>SPPL's declared version for return of income for tax year 2017 has been rejected by the Additional Commissioner Inland Revenue (ACIR) and the amounts deemed to be assessed under FTR of provision of section 169 read with section 153(1)(c) of the Ordinance has been subjected to tax under the normal provision of the law.</p> <p>Consequently, net profit as per SPPL's audited financial statements has been considered as taxable income and tax liability at normal rate was determined along with super tax aggregating to Rs. 542.41 million. An appeal against the order of ACIR was filed with Commissioner Inland Revenue (Appeals). The SPPL's management has obtained a stay order from the Honourable High Court against the recovery of demand and expects a positive outcome.</p>	SPPL, ACIR and CIRA	16-Feb-2018
31.1.9	Commissioner Inland Revenue (Appeals)	<p>The deputy commissioner Inland Revenue (DCIR) passed order dated May 30, 2022 under section 161/205 of the Ordinance raising demand of Rs. 27.81 million on short deduction of tax on various payments which mainly included intercorporate dividend and purchases of raw material. An appeal has been filed before CIR(A) which is yet to be fixed for hearing. The SPPL's management has obtained a stay order from the Honourable High Court against the recovery of demand and expects a positive outcome.</p>	SPPL, ACIR and CIRA	30-May-22
31.1.10	Appellate Tribunal Inland Revenue (ATIR)	<p>Order dated May 21, 2024 was framed levying Super Tax under section 4B of the Ordinance of Rs 21,594,240 recover Super Tax @ 3% of the imputable income for the year 2018.</p> <p>Appeal is filed before ATIR dated June 14, 2024 has been heard on July 29, 2024 and is now reserved for order.</p> <p>Management expects a favourable outcome based on advice from tax advisers.</p>	SPPL, ACIR and CIRA	21-May-24
31.1.11	Appellate Tribunal Inland Revenue (ATIR)	<p>The deemed assessed version of the return of income of SLPL for tax year 2014 was amended by the Additional Commissioner Inland Revenue (ACIR) vide the order dated January 13, 2016 under section 122(5A) of the Income Tax Ordinance, 2001 (the 'Ordinance'). The main issue involved in the case was due to the addition made under the section 111 of the Ordinance and consequential effect thereof raising the demand of Rs. 9.15 million.</p> <p>SLPL filed an appeal before the Commissioner (Appeals) against the said order whereby main issue along with consequential effect thereof has been decided in favour of SLPL vide appellate order dated May 27, 2016.</p> <p>The department has filed an appeal before the ATIR against the said appellate order of the CIR(A) which has not been fixed for hearing as yet.</p>	SLPL, ACIR, Commissioner (Appeals) and ATIR	13-Jan-16

	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
31.1.12	Commissioner Inland Revenue (CIR)	<p>Monitoring proceedings were initiated through notice uploaded on IRIS web-portal for the tax year 2015, dated February 12, 2018, issued under section 161(1A), read with sections 162 and 205 of the Income Tax Ordinance, 2001 (the 'Ordinance').</p> <p>During the prior period, an order dated August 31, 2021 was issued against the SLPL raising a demand of Rs. 28.75 million due to non-withholding of tax at source on payments by the SLPL under section 153(1) of the Ordinance. Further, a demand in respect of default surcharge of Rs. 24.15 million was also raised under section 205 of the Ordinance due to the above non-withholding of tax.</p> <p>Previously the Company filed an appeal before CIR-A against the said order. The CIR(A) vide the Order dated December 28, 2022 has given remand back directions for which proceedings are yet to be initiated, no demand is currently payable. However, appeal effect applied is still pending.</p>	SLPL and CIR	12-Feb-18
31.1.13	Commissioner Inland Revenue - Appeals (CIR-A)	<p>Monitoring proceedings were initiated and subsequent issue show cause notices for the tax year 2016, dated November 23, 2020, issued under section 161 / 205 of the Income Tax Ordinance, 2001 (the 'Ordinance').</p> <p>The order dated January 29, 2021 was issued against the SLPL raising a demand of Rs. 29.51 million due to non-withholding of tax at source on payments by the Company under relevant sections of the Ordinance. Further, a demand in respect of default surcharge of Rs. 3.54 million was also raised under section 205 of the Ordinance due to the above non-withholding of tax.</p> <p>The company had obtained stay from the High Court dated July 19, 2021. Currently, no amount is payable on account of the Appellate Order of the CIR (A). Appeal effect has been applied and the Company believe that remand back proceedings shall be initiated.</p>	SLPL, ACIR and CIR-A	29-Jan-21
31.1.14	Commissioner Inland Revenue - Appeals (CIR-A)	<p>After conclusion of audit u/s 72(b) of the Sales Tax Act 1990, the SLPL received assessment order no. 01 of 2022 - 23 dated July 05, 2022 under section 11(2) of the Sales Tax Act, 1990 (ACT) in which demand of Rs 171.65 million has been raised along with the levy of penalty for the Sales Tax Periods from July 2016 to June 2017.</p> <p>The Company filed an appeal before CIR-A against the said order which has been fixed for hearing on September 30, 2022. Stay was obtained from the CIR(A) vide the Order dated February 10, 2023 valid till February 20, 2023. Stay continuation application is pending before CIR(A) which will be followed up on receipt of any recovery notice.</p>	SLPL, ACIR and CIR-A	5-Jul-22

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	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
31.1.15	Commissioner Inland Revenue - Appeals (CIR-A)	<p>Show cause notice dated January 12, 2021 was issued alleging that SLPL has adjusted refund from previous years without a refund order. A show cause notice dated January 27, 2021 was then issued against SLPL for adjustment of refund of Rs 1,927,477 from previous years in the absence of a refund order. The showcause notice was responded informing about the pending refund application.</p> <p>The ACIR through Order dated May 7, 2024 amended the deemed assessment order where no amendment in the income for the tax year 2015 was made, and thereby tax demand of Rs 1,368,146 was raised.</p> <p>Appeal filed before CIR(A) dated June 5, 2024 has been filed which has not yet been fixed for hearing.</p>	SLPL, ACIR and CIR-A	45419
31.1.16	High Court of Sindh	IBLHC has filed a suit before the High Court of Sindh challenging the refusal of the Customs Authorities to allow exemption on the dietary food for medical purposes being imported by the Company from Nestle Health Sciences GmbH, Deutschland (Germany). The Court has restrained the custom authorities for disallowing exemption to the IBLHC till the hearing of injunction application. The exposure of the IBLHC on the account of is Rs. 150.16 million. The management believes that the likelihood of liability is low and based on the advise of legal consultant, no provision is required.	IBLHC and Custom Authorities	10-Nov-20
31.1.17	High Court of Sindh	IBLHC filed a suit before the High Court of Sindh challenging the refusal by the Customs Authorities of exemption on the dietary food for medical purposes being imported by IBLHC from Mead Johnson Nutrition (Thailand). The Court has restrained the custom authorities for disallowing exemption to the IBLHC till the hearing of injunction application. The exposure of the IBLHC on account of Custome duties is Rs. 30.71 million. The management believes that the likelihood of liability is low and based on the advise of legal consultant, no provision is required.	IBLHC and Custom Authorities	23-Nov-20
31.1.18	High Court of Sindh	IBLHC received notices from Sindh Revenue Board regarding the payment of Sindh Workers Welfare Fund (SWWF) in which demand of Rs. 9.18 million was raised pertaining to the financial year end June 30, 2023. However, IBLHC has challenged those notices based on the ground that it is not applicable on them and accordingly no provision has been recorded for the year ended June 30, 2023 and 2024. The total exposure of the Company in this regard is Rs. 11.35 million. The management is confident that the matter would be settled in the favor.	IBLHC and Sindh Revenue Board	6-Aug-24

31.1.18 As at June 30, 2024, there are several pending cases of SPL filed by / against the SPL. The majority of these cases pertain to sales tax, employees' union, awarding of tender, costing and pricing cases with DRAP and other litigations with various courts. All these cases are still pending adjudication for decision. The management of the Company based on the written advice of legal counsel expects that the outcome of these cases will be in favour of the Company. Accordingly, no provision has been made in these financial statements.

31.1.19 The Group management, based on legal / tax advices, is confident that the ultimate decisions in the above cases (notes 31.1.1 to 31.1.18) will be in favour of the Group, hence, no provision has been made in respect of the aforementioned litigations.

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

31.2 Commitments

31.2.1 The facility for opening letters of credit and guarantees for the Parent Company as at June 30, 2024 amounted to Rs. 2,750 million (2023: Rs. 3,065 million) of which the amount remaining unutilised as at year end amounted to Rs. 1,530.98 million (2023: Rs. 1,128.23 million).

31.2.2 The facility for opening letter of credit and guarantee for IBLHC as at June 30, 2024 amounted to Rs. 650 million (2023: Rs. 550 million) and Rs. 20 million (2023: Rs. 20 million) of which the amount remaining unutilised at the end of year was Rs. 134 million (2023: Rs. 306.84 million) and Rs. 5.96 million (2023: Rs. 7.34 million)

31.2.3 Post-dated cheques issued by Parent Company in favour of Collector of Customs for import of inventory at June 30, 2024 amounted to Rs. 185.04 million (2023: Rs. 120.78 million).

	2024	2023
	Rupees '000	
32. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Gross sales		
Local sale of goods	32,015,466	28,970,816
Export sales	1,838,421	1,888,811
	<u>33,853,887</u>	<u>30,859,627</u>
Toll manufacturing	2,146	70,285
	<u>33,856,033</u>	<u>30,929,912</u>
Sales tax	(434,945)	(544,099)
	<u>33,421,088</u>	<u>30,385,813</u>
Less:		
Discounts, rebates and allowances	2,354,601	2,134,112
Sales returns	1,665,812	2,455,270
	<u>4,020,413</u>	<u>4,589,382</u>
	<u>29,400,675</u>	<u>25,796,431</u>

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32.1	Geographical Markets	2024	2023
		Rupees '000	
	Pakistan	27,562,254	24,215,752
	Afghanistan	-	52,438
	Srilanka	636,310	432,307
	Cambodia	465,080	270,575
	Myanmar	245,287	345,849
	Vietnam	67,416	185,798
	Oman	217,118	84,092
	Laos	58,802	24,993
	Iraq	-	90,397
	Kenya	29,021	13,536
	Yemen	23,035	-
	Tajikistan	18,976	27,792
	Uganda	22,189	
	Others	5,657	52,902
	Philippines	25,374	-
	Rwanda	24,156	-
		<u>29,400,675</u>	<u>25,796,431</u>

32.2 Revenue from contract with customers include sale made to IBL Operations (Private) Limited and United Brands Limited - related parties amounted to Rs. 23.69 billion (2023: Rs. 24.01 billion) and Rs. 47.14 million (2023: Rs. 63.13 million) respectively.

32.3 Consequent to Order 4480/2018 dated August 3, 2018 issued by the Honourable Supreme Court of Pakistan, the Drug Regulatory Authority of Pakistan (DRAP) fixed maximum retail price of drugs vide notification S.R.O 1610/2018 dated December 31, 2018. Further, DRAP vide Notification S.R.O 34(1)/2019 dated January 10, 2019 increased the maximum retail prices of drugs by nine percent over and above the maximum retail prices as determined under hardship category during the year 2018 and fifteen percent over and above existing maximum retail prices determined under Drug Pricing Policy, 2018 for drugs other than those specified under hardship category.

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The Honorable High Court of Sindh vide Order dated January 22, 2019 has disposed off all the legal cases of the Parent Company against DRAP. As mandated under the orders dated August 3, 2018 and November 14, 2018 passed by the Honourable Supreme Court of Pakistan in Human Rights Case No. 2858 of 2006, the Parent Company may file an appeal before the Appellate Board of DRAP as provided under Section 9 of the Drugs Act, 1976, if the Parent Company is dissatisfied by the prices fixed by DRAP.

Consequent to the above, the Parent Company challenged the prices for four of its products namely, Pedital, Gravinite, Methodine and Hydrylline set by DRAP in its Appellate Board and the Appellate Board under its orders dated 18 June, 20 June and 25 June 2019 rejected the said application of the Parent Company. The Parent Company has challenged the said orders in the Honourable High Court of Sindh and an interim order has been passed restricting DRAP from taking any coercive action against the Parent Company.

During the previous year, the Parent Company has received a notice from DRAP which directed the Company having generic brand name, named Co- Extor, to lower their prices by 15% than that of corresponding originator brands vide its letter dated May 05, 2021 regarding the sale of its product "Co-Extor" for selling at the prices higher than the approved prices of DRAP. The Parent Company has challenged the said order and obtained a stay order dated May 20, 2021 from Honourable High Court of Sindh, restricting DRAP from taking any coercive action against the Parent Company.

During previous year, the Parent Company has received an annual price adjustment on all of its products at a rate of 7% on essential products and 10% on other products based on CPI 2022 and at a rate of 14% on essential products and 20% on other products allowed via SRO 595 (I)/2023 dated May 19, 2023 to cope up with the current situation of inflation and dollar parity.

During the year the government has approved deregulation of drug prices not included in the National Essential Medicines List (NEML) via SRO 230 (I)/2024 dated February 19, 2024, on recommendation of the Ministry of National Health. Therefore the prices of medicines, other than essential, will be exempted from the section 12 of Drugs Act, 1976 which grants autonomy to the Parent company to independently set prices of non-essential drugs.

Exposure of the Parent Company due to abovementioned litigation amounts to Rs. 3.88 billion (2023: Rs. 3.06 billion).

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33. COST OF SALES	2024	2023
	Rupees '000	
Raw and packing material consumed	9,580,582	8,714,414
Processing charges	754,383	697,283
Salaries, wages and benefits	632,130	558,592
Provision for staff gratuity	6,606	5,721
Provident fund contribution	24,120	22,845
Inventory written off - note 33.1	29,064	35,012
Carriage and duties	61,771	54,207
Fuel, water and power	602,524	379,328
Rent, rate and taxes	79,264	91,499
Canteen expenses	50,030	36,856
Quality control samples	11,490	7,330
Stationery and supplies	18,095	22,337
Travelling	50,595	40,051
Repairs and maintenance	144,104	168,639
Security expenses	24,038	21,320
Vehicle expenses	24,204	20,538
Insurance	8,163	6,368
Legal and professional charges	2,249	21,183
Depreciation	494,779	402,454
Medical expenses	20,820	17,483
Research cost	40,616	59,165
Stores and spares consumed	29,045	387
Others	1,851	8,608
	<u>12,690,523</u>	<u>11,391,620</u>
Add: Opening work-in-process	320,135	204,621
Less: Closing work-in-process	(171,218)	(320,135)
	148,917	(115,514)
Cost of goods manufactured	<u>12,839,440</u>	<u>11,276,106</u>
Add: Opening inventory of finished goods	1,478,089	1,113,657
Add: Finished goods purchased	2,697,399	3,669,403
Less: Closing inventory of finished goods	(1,098,275)	(1,478,089)
	<u>15,916,653</u>	<u>14,581,077</u>
Less: Cost of samples	(222,113)	(95,042)
	<u><u>15,694,540</u></u>	<u><u>14,486,035</u></u>

33.1 This amount represents expired and damaged inventory written off.

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	2024	2023
	Rupees '000	
34. DISTRIBUTION COSTS		
Salaries, wages and benefits	2,552,989	2,078,104
Advertising and promotion	1,051,254	949,769
Travelling and related	1,163,963	927,591
Carriage and duties	792,491	622,285
Samples	258,886	366,497
Bonus to salesmen	535,219	474,117
Service charges - note 34.1	239,978	12,010
Personal training and selection	148,756	96,253
Vehicle running	127,034	102,122
Stationery and printed materials	55,710	27,902
Rent, rate and taxes	180,032	183,374
Fees and subscription	189,091	74,324
Legal and professional	18,650	109,464
Provident fund contribution	66,823	61,693
Medical expenses	37,873	34,417
Replacement products	68,888	49,685
Depreciation	43,284	32,350
Fuel, water and power	111,607	70,460
Inventory written off	10,353	5,765
Communication	39,175	27,309
Insurance	22,816	12,908
Repairs and maintenance	22,567	11,104
Security	12,182	5,459
Canteen expenses	23,535	9,211
Amortisation	1,534	1,928
Others	5,251	14,485
	<u>7,779,941</u>	<u>6,360,586</u>

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



	2024	2023
	Rupees '000	
35. ADMINISTRATIVE EXPENSES		
Salaries, wages and benefits	485,693	448,711
Corporate services charged by ultimate parent company	153,000	153,000
Donation - notes 35.3, 35.4 & 35.5	107,498	137,533
Depreciation	147,206	128,834
Legal and professional charges	59,405	91,697
Repairs and maintenance	200,693	110,105
Amortisation	19,073	20,279
Insurance	49,359	27,971
Rent, rate and taxes	13,374	4,525
Travelling	34,453	28,505
Auditors' remuneration - note 35.2	34,661	30,014
Stationery and supplies	39,481	20,098
Vehicle expenses	27,998	25,036
Fees and subscription	36,968	29,379
Provident fund contribution	17,543	15,468
Communication	16,613	11,267
Security expenses	13,646	8,831
Provision for staff gratuity	4,823	4,303
Fuel, water and power - note 35.1	3,610	1,961
Receivable no longer recoverable written off - related party	139	-
Canteen expenses	2,247	7,045
Personal training and selection	1,514	2,117
Others	20,514	17,970
	<u>1,489,511</u>	<u>1,324,649</u>

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



	2024	2023
	Rupees '000	
35.2 Auditors' remuneration		
Audit fee	15,175	11,000
Fee for review of interim financial information and Statement of Compliance with Code of Corporate Governance	2,580	2,350
Taxation services	9,216	9,950
Other certifications, attestations and other services	6,177	5,527
Out-of-pocket expenses	1,513	1,187
	<u>34,661</u>	<u>30,014</u>

35.3 Donations to a single party exceeding 10% of total donations i.e. Rs. 10.75 million are as follows:

	2024	2023
	Rupees '000	
AKAR Hospital	42,682	29,388

35.4 During the year, the Group also donated Rs. 68.25 million to its other related parties:

	2024	2023
	Rupees '000	
IBL Operations (Private) Limited	1,911	8,913
AKAR Hospital	42,682	29,388
Hunar Foundation	4,000	6,000
United Retail (Private) Limited	5,652	4,935
The Citizen Foundation	10,000	10,000
Karachi Relief Trust	2,500	8,000
Rashid Abdulla Foundation	1,500	8,850
	<u>68,245</u>	<u>76,086</u>

35.5 Following directors' interest in the above related parties is limited to the extent of their involvement as directors:

Name of Related Party	Association
- IBL Operation (Private) Limited	Munis Abdulla, Syed Nadeem Ahmed and Zubair Razzak Palwala - Directors
- IBL Frontier Markets (Private) Limited	Syed Nadeem Ahmed and Zubair Razzak Palwala - Directors
- United Retail (Private) Limited	Common management and control
- Karachi Relief Trust	Mr. Adnan Asdar Ali - Trustee
- Rashid Abdulla Foundation	Mr. Munis Abdulla - Trustee
- Indus Hospital	Mr. Adnan Asdar Ali - member of General Body
- The Hunar Foundation	Mr. Adnan Asdar Ali - Director
- Sabaq Learning Foundation	Mr. Adnan Asdar Ali - Trustee

Moreover, the AKAR Hospital is being managed by the management of the Parent Company.

35.5.1 The Directors or their spouse have no interest in any other donee entity.

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	2024	2023
	Rupees '000	
36. OTHER EXPENSES		
Workers' Profit Participation Fund - note 27.6	-	22,008
Workers' Welfare Fund - note 27.7	22,213	8,307
Central Research Fund	7,173	-
Allowance for impairment provision on trade receivable	10,100	35,000
	<u>39,486</u>	<u>65,315</u>
37. OTHER INCOME		
Income from financial assets		
Exchange gain - net	85,094	-
Interest Income from Term Finance Certificates	23,639	18,907
	<u>108,733</u>	<u>18,907</u>
Income from non-financial assets		
Gain on disposal of investment Property	-	7,109
Gain on disposal of property, plant and equipment - net	495	62,501
Income from provision of amenities in respect of investment properties	80,707	49,192
Rental income from investment properties - note 37.1	91,148	67,870
Deferred income - government grant	-	8,634
Sub-lease of vehicle	629	-
Gain on modification of the lease	3,976	-
Market Place Comission	702	-
Gain on derecognition on lease liability	19,817	-
Liabilities no longer payable written back	260,425	9,395
Scrap sales	37,020	26,788
	<u>494,919</u>	<u>231,489</u>
Others		
Insurance claim recovery	-	11,000
Others	-	1,153
	-	12,153
	<u>603,652</u>	<u>262,549</u>

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	2024	2023
	Rupees '000	
37.1	This includes rental income from related parties, which are as follows:	
- United Retail (Private) Limited	2,830	1,160
- Universal Retail (Private) Limited	39,433	30,954
- International Brands (Private) Limited	18,495	16,792
- IBL Operations (Private) Limited	8,317	7,217
- IBL Logistics (Private) Limited	-	3,975
- IBL Unisys (Private) Limited	2,367	-
	<u>71,442</u>	<u>60,098</u>
38.	FINANCE COST	
	Mark-up on:	
- Long-term borrowing - note 38.1		
Musharaka facility	1,698,743	1,702,833
Interest on financial liability	8,485	-
- Short-term borrowing - note 38.1	1,840,250	1,474,720
	Interest on:	
Employees provident fund - Parent Company	1,306	-
Exchange loss - net	-	267,518
Unwinding of discount on long-term borrowing	-	1,091
Bank charges	48,298	41,960
Interest on provident fund	6,005	-
Interest on lease liabilities	12,832	11,612
Interest on Workers' Profit Participation Fund - note 27.6	19,049	22,564
	<u>3,634,968</u>	<u>3,522,298</u>
38.1	This includes amount of mark-up expense by Parent Company and IBL Healthcare Limited under Islamic mode of financing amounting to Rs. 3,204 million (2023: Rs. 1,452.03 million).	

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		2024	2023
		Rupees '000	
39.	LEVIES		
	Minimum tax u/s 148	91,898	10,705
	Minimum Tax u/s 153(1)(a)	25,096	65,291
	Minimum Tax u/s 113	2,527	3,538
	Final tax u/s 154	32,639	29,838
		<u>152,160</u>	<u>109,372</u>
40.	INCOME TAX EXPENSE		
	Income tax		
	For the year	436,075	422,836
	Prior year charge	73,704	771
		<u>509,779</u>	<u>423,607</u>
	Deferred tax credit - note 24.2	(280,195)	(197,263)
		<u>229,584</u>	<u>226,344</u>
		2024	2023
		Rupees '000	
40.1	Relationship between tax expense and accounting profit		
	Profit before income tax	<u>1,213,721</u>	<u>190,725</u>
	Tax at applicable rate of 29% (2023: 29%)	351,979	55,310
	Effect of:		
	- final tax regime	141,142	(138,049)
	- prior year charge	73,704	771
	- change in normal tax regime	25,167	25,561
	- permanent difference	21,690	98,296
	- super tax	46,184	75,787
	- others	(430,282)	108,668
		<u>229,584</u>	<u>226,344</u>

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Current status of tax assessments

40.2 Tax Years 2009 to 2017 (Parent Company)

Deemed order under Section 120 of the Income tax Ordinance, 2001 for the above tax years were amended, where certain expenses / benefits were disallowed which mainly includes disallowance due to non-deduction of tax on Distributors margin, eligibility of claim made for Group Relief, finance cost on long-term loan as not being related to business income, advertisement expenses, salesman bonuses, discount given to group company, deemed interest income on interest-free loan given to group company and other expenses meeting the criteria of Section 21(c) of the Income Tax Ordinance, 2001 with reference to deduction of tax.

Out of the above, the majority of the issues have been decided in favour of the Parent Company either by Commissioner Appeals or by ATIR in its decision for tax year 2008. Considering this position and in consultation with its tax advisors, the management is of the view that above issues will also be decided in favour of the Parent Company. The impact of the above mentioned orders pending resolution amounts to approximately Rs. 624.95 million, except for the tax years 2009 to 2013 and 2017 for which the appeal effect orders are awaited.

The Parent Company has obtained stay orders from Honourable High Court of Sindh for the tax years 2014, 2015 and 2017 and for tax year 2016, the Parent Company has obtained a stay order from Appellate Tribunal Inland Revenue (ATIR). Further, appeals against the above orders are pending before (ATIR) except for tax years 2008 which is decided.

40.3 The petition filed by the Parent Company against the imposition of super tax for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001 for the tax years 2015 to 2019, in the High Court of Sindh was rejected vide order dated July 21, 2020. Consequently, the Parent Company received various notices from tax authorities for recoverability of super tax for the tax years 2015 to 2019 amounting to Rs. 485.19 million.

Separate Orders for the tax years 2016, 2018 and 2019 were framed under section 4B of the Ordinance which were challenged in appeal on legal as well as computational matters including the levy made applicable on FTR income.

Orders for Tax Years 2018 and 2019 have been maintained in first appeal as well as the Appellate Tribunal Inland revenue in these Orders dated May 30, 2022 and January 6, 2023 respectively, the company has preferred a reference Nos. 129 of 2023 and 130 of 2023 before the Sindh High Court. For Tax Year 2016, an appeal filed before Commissioner Inland Revenue (Appeals) is to be fixed for hearing.

Further, the Honourable Supreme Court of Pakistan has granted a stay with directions to submit 50% of the amount of super tax liability.

However, the Parent Company has not made provision of full amount on the basis of the following contention:

- Applicability of super tax on Final Tax Regime (FTR) income.
- Taxability of dividend income in light of stay obtained from High Court of Sindh refer - note 31.1.6.
- Erroneous additions in the notices received.
- Status of pending appeal of the Parent Company before the appellate authorities.

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Further, the Parent Company has filed an appeal against the order received on the above grounds as the income after deducting intercorporate dividend does not fall under the super tax. The Parent Company expects a favourable outcome based on a legal advice.

- 40.4** The Parent Company received orders dated December 22, 2023 and July 2, 2024 for tax year 2022 and 2023. Wherein, refundable of Rs. 490 million and Rs. 304.10 million has been revised to Rs. 298 million and Rs. 116.65 million due to disallowance of tax deducted at source of Rs. 192 million and Rs. 187.45 million respectively. As per the tax advisor of the Parent Company, a positive outcome is expected in respect to the above statements. Hence, no provision is recorded in the consolidated statements of financial position.
- 40.5** During the year 2020, the Deputy Commissioner Inland Revenue (DCIR) had issued amended assessment orders to SPL u/s 122(5A) dated October 16, 2019 for tax year 2018 wherein the DCIR had disallowed certain expenses amounting to Rs. 1,093.65 million which had resulted in the DCIR raising a demand of Rs. 413.56 million in aggregate, for the above tax year. The SPL has filed an appeal before the Commissioner Inland Revenue Appeals (CIRA), whereby certain issues were decided in favour of the SPL. Being aggrieved, the SPL filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) which are still pending adjudication in the ATIR. The SPL expects a positive outcome in respect of the above assessment, hence no provision is being made in these consolidated financial statements.
- 40.6** During the year 2022, Assistant Commissioner Inland Revenue (ACIR) issued amended assessment order to SPL u/s 122(5A) dated March 1, 2022, for tax year 2020 wherein the ACIR had disallowed certain expenses which had resulted in the ACIR raising a demand of Rs. 394.98 million in aggregate, for the afore mentioned tax year. The SPL has filed an appeal before the Commissioner Inland Revenue Appeals (CIRA) and also obtained stay against recovery of tax from the Honourable High Court of Sindh. As per the SPL's tax advisor the SPL expects a positive outcome in respect of the above assessment, hence no provision has been made in these consolidated financial statements.
- 40.7** The Government has levied a special tax for Tax Year 2022 and onwards on high earning persons. As per section 4C of the Income Tax Ordinance 2001 (the ordinance), among others, where income exceeds Rs. 300 million, super tax will be charge at the rate of 4% of income calculated under section 4C of the Ordinance. Further, enhanced super tax on specified sectors has been introduced for Tax Year 2022 which includes, among others, pharmaceutical sector, who are liable to super tax at the rate of 10% for a single tax year, if income exceeds Rs. 300 million. The Parent Company and SPL has filed a constitutional petition against the imposition of such Super Tax on High Earning Persons including specified sectors in the Honourable High Court of Sindh. The Parent Company and SPL in consultation with its legal and tax advisor expects a positive outcome, hence, no provision amounting to Rs. 280.04 million and Rs. 57.21 million respectively for the tax year 2022 has been made in these consolidated financial statements.

FBR preferred to file a reference before the Supreme Court of Pakistan which is pending. Acting on the directions of the Supreme Court, the post dated cheques for the amount of Rs 44.02 million and 57.22 million from Parent Company and SPL were encashed on March 2, 2023 to the Parent Company and SPL respectively.

Through the Finance Act 2023, the Government has introduced new slab rates for super tax for taxpayers having income in excess of Rs 300 million. However, the Parent Company and SPL has challenged this in a Constitutional Petition 2954/2023 and 2958/2023. The Parent Company and SPL in consultation with its legal and tax advisor expects a positive outcome and has hence recorded the provision of super tax on taxable income under section 4C at the rate of 4%.

The Parent company and Searle Pakistan Limited has income under section 4C of Income Tax Ordinance, 2001 during tax year 2022 and 2023 were more than 300 million and thus falls under a slab rate of more than 4%. Hence, the total exposure as at June 30, 2024 for tax year 2023 and 2024 amounted to Rs. 53.62 million and Rs. 94.18 million respectively.

40.8 As per section 4C of Income Tax Ordinance, 2001 introduced through Finance Act, 2022 IBL HealthCare Limited was liable to pay tax at the rate of 4% on the taxable income. The Company challenged the imposition of super tax in Sindh High Court and the Sindh High Court declared the imposition of super tax as inapplicable in tax year 2022. However, following the order of the Supreme Court of Pakistan, the Sindh High Court ordered the encashment of cheque of 4% deposited with the nazir of the Sindh High Court. Presently the matter is pending adjudication before the Supreme Court. Based on the advice of the legal advisor of the Company, the Company expects favorable outcome of the case. The Company's super tax for the tax year 2022 amounts to Rs. 19.78 million.

40.9 Tax Years 2019 to 2023

The amendment for the tax year 2019 was made vide Order dated August 30, 2023 under section 122(1)/(5) of the Ordinance on completion of the audit proceedings where the disallowances of expenses have been made for non-withholding of taxes under Purchases and certain other head of expenses aggregating Rs 2,632.88 million and holding of tax on intercorporate Dividend and Super tax under section 4B recoverable involving tax of Rs 487.46 million. Rectification against the order was filed vide letter dated September 25, 2023 which is still pending disposal. Further for tax years 2022 and 2023 refundable of Rs. 490 million and Rs. 304.10 million has been revised to Rs. 298 million and Rs. 116.65 million due to disallowance of tax deducted at source of Rs. 192 million and Rs. 187.45 million respectively.

The Parent Company has received show cause notice under section 122(9) with respect to tax years 2020 and 2021, wherein taxable income has been ammended and tax demand of Rs. 337.58 million and Rs. 75.39 million has been raised. An appeal has been filed before ATIR and is yet to be decided.

Considering the factual and legal position on the actions taken and on the legal advice, the Company expects a favourable outcome.

41. (LOSS) PER SHARE / BASIC & DILUTED EARNINGS PER SHARE	2024	(Restated) 2023
(Loss) / profit for the year (Rupees '000)	<u>(2,376,245)</u>	<u>313,710</u>
Weighted average number of outstanding shares at the end of year (in thousands) - note 41.1	<u>479,074</u>	<u>403,918</u>
Basic and diluted earnings (loss) / earnings per share - (Rupees)	<u>(4.96)</u>	<u>0.78</u>

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	2024	2023
41.1 Weighted average number of ordinary shares		
Issued ordinary shares as at July 01	390,066	390,066
Effect of number of shares issued	89,008	13,852
Weighted average number of ordinary shares as at June 30	<u>479,074</u>	<u>403,918</u>

41.2 Diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue as at June 30, 2024 and 2023.

	Note	2024	2023
Rupees '000			
42. CASH GENERATED FROM OPERATIONS			
(Loss) / profit before income tax		(4,078,812)	1,144,124
Add / (less): Adjustments for non-cash charges and other items			
Depreciation of property, plant and equipment	6.10	786,367	642,570
Depreciation of right-of-use assets	7.1	21,489	9,660
Depreciation of investment properties	8.1	78,451	69,903
Gain on disposal of property, plant and equipment - net		(1,915)	(64,928)
Gain on disposal of investment properties		-	(7,109)
Amortisation	9.1	25,380	26,799
Inventory written off		59,662	66,768
Liabilities no longer payable written back	37	(260,425)	(9,395)
Allowance for impairment of trade receivables		6,993	35,000
Interest on lease liabilities	38	12,832	11,612
Provision for retirement benefits obligation		15,847	13,932
Government grant recognised in other income		-	(9,791)
Amortisation of transaction cost		41,031	16,848
Unwinding of discount on long term borrowing		-	1,091
Impairment loss on asset reclassified to asset held for sale	19.3	5,200,000	-
Workers Welfare Fund and Workers Profit Participation Fund		22,213	85,624
Interest on Workers Welfare Participation Fund		26,390	22,564
Interest income		-	(10)
Finance cost		4,302,489	3,780,077
		10,336,804	4,691,215
		<i>Balance carried forward</i>	

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	2024	2023
	Rupees '000	
<i>Balance brought forward</i>	<u>10,336,804</u>	<u>4,691,215</u>
Profit before working capital changes	6,257,992	5,835,339
Effect on cash flow due to working capital changes		
decrease / (Increase) in current assets:		
Inventories	2,643,231	(1,268,580)
Trade receivables	(1,348,214)	(4,500,087)
Loans and advances	538,339	(159,165)
Trade deposits and short-term prepayments	47,726	(38,368)
Other receivables	154,060	130,021
Refunds due from government - sales tax	(784)	20,042
	<u>2,034,358</u>	<u>(5,816,137)</u>
Increase in current liabilities:		
Trade and other payables	1,848,650	4,797,402
Contract liabilities	(119,958)	39,562
	<u>1,728,692</u>	<u>4,836,964</u>
Cash generated from operations	<u><u>10,021,042</u></u>	<u><u>4,856,166</u></u>

43. CASH AND CASH EQUIVALENTS

Cash and bank balances - note 18 and note 19.2	889,756	313,244
Short-term borrowing - note 28 & 19.2		
- Running finance under markup arrangement	(3,813,254)	(2,586,254)
- Running Musharaka	(5,992,008)	(8,651,327)
Short term advance	-	(500,000)
	<u><u>(8,915,506)</u></u>	<u><u>(11,424,337)</u></u>

44. SEGMENT INFORMATION

Based on Group's internal management reporting structure for the year, no reportable segments were identified that were of continuing significance for decision making. The Group's 99% revenue consist of pharmaceutical sales and none of the assets of the Group are located outside Pakistan.

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45. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts in respect of remuneration, including all benefits, to the Chief Executive and Executive Director of the Parent Company and Executives of the Group are as follows:

	Chief Executive		Directors		Executives	
	2024	2023	2024	2023	2024	2023
	← Rupees '000 →					
Managerial remuneration	37,404	34,004	16,046	17,504	522,430	454,533
Housing allowance	16,832	15,302	7,221	7,877	188,085	159,409
Utility allowance	3,740	3,400	1,605	1,750	40,194	33,458
Other allowances	1,658	1,358	542	351	101,110	90,914
Medical expenses	-	-	240	-	13,268	8,142
Benefits	16,409	59,584	7,587	18,147	88,848	146,165
Bonus	6,234	5,667	1,605	2,917	77,483	77,565
Retirement benefits	3,740	3,400	1,605	1,750	47,110	39,860
Others	294	236	209	180	23,481	22,724
Directors' Fee	-	-	2,040	277	-	-
	<u>86,311</u>	<u>122,951</u>	<u>38,700</u>	<u>50,753</u>	<u>1,102,009</u>	<u>1,032,770</u>
Number of persons	<u>1</u>	<u>1</u>	<u>6</u>	<u>6</u>	<u>172</u>	<u>164</u>

45.1 In addition to the above, the Chief Executive and some of the executives have been provided with free use of the Group maintained cars.

45.2 During the year, the Parent Company has paid to six non-executive directors (2023: six) an aggregate amount of Rs. 2.04 million (2023: Rs. 0.28 million) as fee for attending board meetings. During the year, IBLHC has also paid fee to six non-executive directors for attending Board of Directors meetings during the year amounted to Rs. 0.97 million (2023: Rs. 0.97 million).

45.4 Executives as mentioned above include Chief Executive Officers of subsidiary companies.

46. TRANSACTIONS WITH RELATED PARTIES

46.1 Related parties comprise the ultimate parent company, associated companies or undertakings, directors of the Group, key management personnel and staff retirement funds. The Group continues to have a policy whereby transactions with related parties are entered into at mutually agreed terms and conditions. Remuneration of key management personnel are in accordance with their terms of engagements.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Group considers its Chief Executive, Chief Financial Officer, Company Secretary, Directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

Nature of relationship	Nature of transactions	2024	2023
		Rupees '000	
Ultimate Parent Company:			
International Brands (Private) Limited	- Corporate service charges	149,831	156,169
	- Rent income	18,495	16,792
	- Income from provision of amenities	14,110	13,779
	- Dividend paid	-	208
	- Expense	4,145	3,329
	- SAP maintenance fee	518	1,139
	- Payments made on behalf of company	-	3,942
	- Others	-	8,853
Associated Companies:			
IBL Operations (Private) Limited	- Gross revenue less sales tax	32,162,985	28,727,899
	- Salaries and wages	4,694	6,057
	- Sales promotion activities	-	9,934
	- Discounts claimed	919,308	829,516
	- Rental income	38,317	7,217
	- Income from provision of amenities	4,776	5,378
	- Rent expense	60,548	67,404
	- Stock claims	751,393	765,704
	- Internet services	621	311
	- Carriage and duties	82,739	64,552
	- Reimbursement of expenses	7,633	-
	- Shared cost	17,920	11,200
	- Incentives to field force staff	9,224	17,784
	- Merchandise expense	62,303	52,534
	- Rent for warehouse	-	22,500
	- Donations	-	8,913
	- Others	1,911	6,300
	- Printing & stationary	23,551	-
	- Purchases	1,672	-
	- Acquisition of subsidiary	3,500,000	-
United Brands Limited	- Revenue	89,335	52,443
	- Purchase of assets	460	484
	- Salaries and wages	796	-
IBL Unisys (Private) Limited	- Rent Income	2,367	2,242
	- Income from provision of amenities	1,495	1,567
	- IT Services	4,244	7,519
	- Purchases	53,163	2,094
	- Reimbursement of expenses	87,138	-

Nature of relationship	Nature of transactions	2024	2023
		Rupees '000	
IBL Logistics (Private) Limited	- Carriage and duties	246,433	206,918
	- Repair and maintenance	453	257
	- Purchases	-	646
	- Expenses incurred on behalf of associated company	-	27,823
	- Transportation charges	-	41,946
United Retail (Private) Limited	- Rent income	1,161	1,161
	- Income from provision of amenities	9,696	-
	- Salaries and wages	13,829	6,963
	- Donations	5,652	4,935
	- Other income	1,603	1,603
	- Expense incurred of associated company	1,898	2,017
	- Sale of goods	41	41
	- Printing and stationary	408	-
	- Others	8,176	-
	- Purchases	1,884	1,892
Universal Retail (Private) Limited	- Rent income	39,433	30,949
	- Income from provision of amenities	134,623	103,953
	- Others	343	1,898
AKAR Hospital	- Donations	42,682	29,388
Karachi Relief Trust	- Donations	2,500	8,000
Rashid Abdullah Foundation	- Donations	1,500	8,500
Multinet (Private) Limited	- Internet services	10,351	8,450
The Hunar Foundation	- Donations	4,000	6,000
The Citizen Foundation	- Donation	10,000	10,000
Universal Ventures (Private) Limited	- Acquisition of subsidiary	3,750,407	-
	- Deferred payment	-	260,712
	- Advance against financial assistance	4,468	-
	- Short term loan	33,223	-
	- Disposal of land	-	510,000
Staff Retirement Benefit	- Contributions to provident fund	228,281	222,159
	- Benefits paid	206,693	200,044
Key management employees compensation:	- Salaries and other employee benefits	395,369	429,494
	- Contributions to provident fund	29,150	27,503
	- Director's fee and conveyance	2,655	2,765
	- Sale of goods	48	66
	- Post employee benefit	524	-

- 46.2 The status of outstanding balances with related parties as at June 30, 2024 is included in the respective notes to the consolidated financial statements. These are settled in the ordinary course of business.
- 46.3 None of the key management personnel had any arrangements with the Group other than the employment contract.
- 46.4 Following are the related parties with whom the Group had entered into transactions or have arrangement(s) / agreement(s) in place:

S. No.	Company Name	Basis of Association	Aggregate % of Shareholding
1.	International Brands (Private) Limited	Ultimate Parent Company	50.25%
2.	IBL Operations (Private) Limited	Associated Company	N/A
3.	IBL Unisys (Private) Limited	Associated Company	N/A
4.	Multinet (Private) Limited	Common Directorship	N/A
5.	United Brands Limited	Associated Company	N/A
6.	IBL Logistics (Private) Limited	Associated company	N/A
7.	International Knitwear Limited	Associated company	N/A
8.	United Retail (Private) Limited	Common Management	N/A
9.	Universal Retail (Private) Limited	Common Management	N/A
10.	Indus Hospital	Close relative of Director	N/A
11.	AKAR Hospital	Common Management	N/A
12.	The Hunar Foundation	Common Directorship	N/A
13.	Universal Ventures (Private) Limited	Common Directorship	N/A
14.	The IBL Company (Private) Limited	Common Directorship	N/A
15.	Sabaq Learning Foundation	Common Directorship	N/A
16.	Searle Pakistan Limited Provident Fund	Retirement Fund	N/A
17.	OBS Pakistan (Private) Limited Provident Fund	Retirement Fund	N/A
18.	Nextar Pharma (Private) Limited Provident Fund	Retirement Fund	N/A
19.	Searle Biosciences (Private) Limited Provident Fund	Retirement Fund	N/A
20.	IBL Healthcare Limited Provident Fund	Retirement Fund	N/A
21.	Rashid Abdullah Foundation	Common Directorship	N/A

47. PLANT CAPACITIES AND ACTUAL PRODUCTION

The capacity and production of the Group's plants are indeterminable as these are multi-product and involve varying processes of manufacture.

48. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**48.1 Financial risk factors**

The Group's activities expose it to variety of financial risks namely market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on having cost effective funding as well as managing financial risk to minimise earnings volatility and provide maximum return to shareholders. The Company has exposure to following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Risk management framework

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

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

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48.2 Financial assets and liabilities

	2024			2023		
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total
← Rupees '000 →						
Financial assets						
At amortised cost						
Loans, advances and deposits	391,120	35,906	427,026	298,261	30,915	329,176
Trade receivables	17,947,485	-	17,947,485	16,443,847	-	16,443,847
Accrued markup	420	-	420	420	-	420
Other receivables	857,810	-	857,810	4,757,130	-	4,757,130
Short-term investment	115,772	-	115,772	115,772	-	115,772
Bank balances	881,717	-	881,717	186,475	-	186,475
Cash in hand	8,039	-	8,039	126,769	-	126,769
	<u>20,202,363</u>	<u>35,906</u>	<u>20,238,269</u>	<u>21,928,674</u>	<u>30,915</u>	<u>21,959,589</u>
Financial liabilities						
Long-term borrowing	2,088,300	3,768,070	5,856,370	1,914,275	5,917,063	7,831,338
Trade and other payables	11,963,270	-	11,963,270	9,695,143	-	9,695,143
Lease liability	19,691	71,891	91,582	6,628	78,702	85,330
Unpaid dividend	226,964	-	226,964	227,669	-	227,669
Unclaimed dividend	44,176	-	44,176	44,634	-	44,634
Short-term borrowings	9,816,673	-	9,816,673	11,737,581	-	11,737,581
	<u>24,159,074</u>	<u>3,839,961</u>	<u>27,999,035</u>	<u>23,625,930</u>	<u>5,995,765</u>	<u>29,621,695</u>
On reporting date gap	<u>(3,956,711)</u>	<u>(3,804,055)</u>	<u>(7,760,766)</u>	<u>(1,697,256)</u>	<u>(5,964,850)</u>	<u>(7,662,106)</u>
Net financial (liabilities) / assets						
Interest bearing	<u>(11,788,781)</u>	<u>(3,768,070)</u>	<u>(15,556,851)</u>	<u>(13,651,370)</u>	<u>(4,193,661)</u>	<u>(17,845,031)</u>
Non-interest bearing	<u>7,832,070</u>	<u>(35,985)</u>	<u>7,796,085</u>	<u>11,954,114</u>	<u>(1,771,189)</u>	<u>10,182,925</u>

(a) Market risk

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

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As per market practices, Group's borrowings are on variable interest rate exposing the Group to interest rate risk.

At June 30, 2024, the Group has variable interest bearing financial liabilities of Rs. 15.67 billion (2023: Rs.19.57 billion).

Cash flow sensitivity analysis for variable rate instruments

A change in interest rate varied by 200 basis points with all the other variables held constant, profit before income tax for the year would have been approximately Rs. 313.46 million (2023: Rs. 391.380 million) higher / lower, mainly as a result of lower / higher interest expense on floating rate borrowings.

(ii) Currency risk

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

	2024		2023	
	Rupees	US Dollars	Rupees	US Dollars
	----- (In 000) -----		----- (In 000) -----	
Financial assets:				
Bank Balances	77,633	279	12,461	60
Trade receivables	483,148	1,736	594,975	2,888
Financial liabilities				
Trade and other payables	(4,902,883)	(17,586)	(2,675,773)	(12,989)
Net exposure	<u>(4,342,102)</u>	<u>(15,571)</u>	<u>(2,068,337)</u>	<u>(10,041)</u>

The following significant exchange rates were applicable during the year:

	Reporting date rate	
	2024	2023
	Buying / Selling	Buying / Selling
US Dollars (USD) to Pakistani Rupee (PKR)	<u>278.30 / 287.80</u>	<u>287.10 / 287.60</u>

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Sensitivity analysis

As at June 30, 2024, if the Pakistan Rupee had weakened / strengthened by 10% against US Dollar with all other variables held constant, (loss)/profit before income tax for the year would have been higher / lower by Rs. 434.21 million (2023: Rs. 206.83 million), mainly as a result of foreign exchange gains / losses on translation of US Dollar denominated trade and other payables, bills payable, trade receivables and cash and bank.

(iii) Price risk

Price risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to individual financial instrument company, its issuer or factors affecting all similar financial instrument traded in the market. The Group has no investment as at June 30, 2024 which is subject to a change in market price.

(b) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparts failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs. 20,238 million (2023: Rs. 21,960 million) the financial assets exposed to the credit risk amount to Rs. 20,230 million (2023: Rs. 21,833 million). The carrying values of financial assets are as under:

	2024	2023
	Rupees '000	
Loans, advances and deposits	427,026	329,176
Trade receivables	17,947,485	16,443,847
Accrued markup	420	420
Other receivables	857,810	4,757,130
Short term investment	115,772	115,772
Bank balances	881,717	186,475
	<u>20,230,230</u>	<u>21,832,820</u>

Trade receivables of the Group are not exposed to significant credit risk as the major amount is due from IBL Operations (Private) Limited - an associated company. However, the Group has established policies and procedures for timely recovery of trade receivables. With respect to parties other than affiliates, the Group mitigates its exposure and credit risk by applying credit limits to its customers.

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

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

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

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Concentration of credit risk

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

(c) Liquidity risk

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

The contractual maturities of financial liabilities, except long term loan are given in note 48.2. The contractual cash flows of long term loan are as under:

	2024			2023		
	Maturity up to 1 year	Maturity after 1 year	Total	Maturity up to 1 year	Maturity after 1 year	Total
	← Rupees '000 →					
Financial liabilities						
Long-term borrowing	3,232,286	4,637,397	7,869,683	3,554,456	7,990,607	11,545,063

(d) Fair values of the financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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

The Group assessed that the fair values of loans, advances, deposits, cash and cash equivalents, other receivable, trade deposits, trade receivables, long term borrowings, lease liability, short term borrowings, trade and other payables, accrued mark-up, unpaid dividend and unclaimed dividends approximate their carrying amounts largely due to short-term maturities of these instruments. For long term deposit and long term financing, Group consider that their carrying values approximate fair value owing to credit standing of counterparties and interest payable on borrowings are market rates.

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

	2024			
	Short-term borrowings	Long-term financing	Unpaid / unclaimed dividend	Total
	(Rupees in '000)			
Balance as at July 1, 2023	12,368,139	7,887,207	272,303	20,527,649
<i>Changes from financing cash flows</i>				
Repayment of long-term loan	-	(2,088,300)	-	(2,088,300)
Proceeds from long-term loan	-	72,301	-	72,301
Dividend paid	-	-	(30,903)	(30,903)
Total changes from financing activities	-	(2,015,999)	(30,903)	(2,046,902)
<i>Other changes</i>				
Interest expense	1,840,250	1,707,228	-	3,547,478
Interest paid	(2,030,282)	(1,738,029)	-	(3,768,311)
Unwinding of discount on salary refinancing	-	-	-	-
Amortization of Transaction Cost	-	41,031	-	41,031
Changes in short-term borrowings	(4,452,423)	-	-	(4,452,423)
Total loan related other changes	(4,642,455)	10,230	-	(4,632,225)
Equity related other changes	-	-	-	-
Balance as at June 30, 2024	7,725,684	5,881,438	241,400	13,848,522
	2023			
	Short-term borrowings	Long-term financing	Unpaid / unclaimed dividend	Total
	(Rupees in '000)			
Balance as at July 1, 2022	9,293,368	9,610,609	272,303	19,176,280
<i>Changes from financing cash flows</i>				
Repayment of long-term loan	-	(1,740,250)	-	(1,740,250)
Proceeds from long-term loan	-	-	-	-
Dividend paid	-	-	-	-
Total changes from financing activities	-	(1,740,250)	-	(1,740,250)
<i>Other changes</i>				
Interest expense	1,962,696	1,702,833	-	3,665,529
Interest paid	(1,611,767)	(1,695,759)	-	(3,307,526)
Unwinding of discount on salary refinancing	-	(7,074)	-	(7,074)
Amortization of Transaction Cost	-	16,848	-	16,848
Changes in short-term borrowings	2,723,842	-	-	2,723,842
Total loan related other changes	3,074,771	16,848	-	3,091,619
Equity related other changes	-	-	-	-
Balance as at June 30, 2023	12,368,139	7,887,207	272,303	20,527,649

49. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

The debt to capital ratio is as follows:

	2024	2023
	Rupees '000	
Total borrowings	15,673,043	19,568,919
Cash and bank balances- note 18	(302,839)	(313,244)
Net debt	<u>15,370,204</u>	<u>19,255,675</u>
Equity	34,444,997	31,676,432
Total capital	<u><u>49,815,201</u></u>	<u><u>50,932,107</u></u>
Debt to capital ratio	31%	38%

50. MEASUREMENT OF FAIR VALUES

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

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

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

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As at June 30, 2024, all financial assets and financial liabilities are carried at amortised cost which is approximate to their fair value. The Group measures the Leasehold Land, Building, Plant and Machinery, Vehicles and Air-conditioning System at fair value and all of the resulting fair value estimates in relation to Leasehold Land, Building, Plant and Machinery, Vehicles and Air-conditioning System of the Company are included in Level 2.

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

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

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

Assets measured at fair value	Date of valuation	Valuation approach and inputs used	Inter-relationship between significant observable inputs and fair value
Revalued property, plant & equipment and investment properties			
- Leasehold land, building, plant and machinery, vehicles and air-conditioning systems	June 30, 2024	The valuation model is based on price per square meter and current replacement cost method adjusted for depreciation factor for the existing assets in use. In determining the valuations for land and buildings, the valuer refers to current market conditions, structure, current replacement cost, sale prices of comparable land in similar location adjusted for differences in key attributes such as land size and inquires with numerous independent local estate agents / realtors in the vicinity to establish the present market value. The fair valuation of land and building is considered to represent a level 2 valuation based on significant observable inputs being the location and condition of the assets.	The fair values are subject to change owing to changes in input. However, management does not expect material sensitivity to the fair values arising from the change in observable inputs.

Management assessed that the fair values of cash and cash equivalents, other receivable, trade deposits, trade debts, short-term borrowings, trade and other payables, accrued mark-up and unclaimed dividends approximate their carrying amounts largely due to short-term maturities of these instruments. For long-term deposit and long-term financing, management consider that their carrying values approximates fair value owing to credit standing of counterparties and interest payable on borrowings are market rates.

51. NUMBER OF EMPLOYEES	2024	2023
51.1 Number of employees including contractual employees at year end	<u>4,026</u>	<u>3,840</u>
Average number of employees including contractual employees at year end	<u>4,124</u>	<u>3,737</u>
Number of employees working in the factory at year end	<u>493</u>	<u>547</u>
Average number of employees working in the factory at year end	<u>518</u>	<u>513</u>

52. LISTING OF SUBSIDIARY COMPANIES

Name of Subsidiary	Financial year end
- IBL HealthCare Limited	June 30
- Searle Pakistan Limited	June 30
- Searle Pharmaceuticals (Private) Limited	June 30
- Searle Laboratories (Private) Limited	June 30
- Searle Biosciences (Private) Limited	June 30
- Nextar Pharma (Private) Limited	June 30
- IBL Future Technologies (Private) Limited	June 30
- Searle IV Solutions (Private) Limited	June 30
- Stellar Venture (Private) Limited	June 30
- My Cart (Private) Limited	June 30
- IBL Frontier Market (Private) Limited	June 30
- Prime Health (Private) Limited	June 30

53. NON-CONTROLLING INTERESTS

Set out below is summarised financial information for each subsidiary that has Non-Controlling Interests (NCI).

Name of subsidiaries	IBLHC	NPPL	SPL	MyCart
Percentage Parent	25.81%	12.80%	9.39%	50.00%
Total assets	3,326,758	824,633	19,048,355	127,115
Total liabilities	1,212,079	304,257	7,168,653	122,257
Total comprehensive loss	7,555	28,819	(68,971)	(27,123)
Allocated to NCI	1,950	3,689	(6,476)	(13,562)
Accumulated NCI	506,149	69,894	1,157,554	180,177
Cash and cash equivalents	356,327	260	(1,933,187)	959
Cash generated from / (utilised in)				
- operating activities	567,999	(609)	1,606,650	1,727
- investing activities	(12,481)	(176)	(39,862)	(756)
- financing activities	(4,449)	-	(39,663)	(1,363)
Dividend paid to NCI	-	-	-	-

- 53.1** In prior year, SPL offered right shares to its existing shareholders (Parent Company) in the Board of Directors meeting held on October 13, 2021. The existing shareholders of the SPL renounced their right to subscribe new shares pursuant to the rights issue and SPL has been approached by various parties who have offered to subscribe to shares of SPL allocated for the IPO process. This amount includes Rs. 900 million from PNO Capital Limited (PNO) to the extent of 66,666,666 ordinary shares of SPL and Rs. 565.40 million from SPARS (Private) Limited (SPARS) to the extent of 41,881,200 ordinary shares of SPL. On August 23, 2022, SPL has issued 66,666,666 and 41,881,200 ordinary shares of SPL to PNO and SPARS respectively. Accordingly shareholding of the Parent Company is diluted.
- 53.1.1** On August 26, 2022, SPL issued right shares to PNO and SPARS (Private) Limited, leading to the dilution of the Parent Company's holding in SPL from 100% to 90.61%.

54. BUSINESS UNITS - GEOGRAPHICAL LOCATION AND ADDRESSES

Business units	Addresses
Factories	<ul style="list-style-type: none"> - F-319, S.I.T.E Area, Karachi - 32 km Multan Road, Lahore. - E-44 - 45, North Western Industrial store, Port Qasim, Karachi. - C-14, Manghopir road S.I.T.E Karachi - Plot # E-58, North Western Industrial Zone, Port Qasim, Karachi.
Warehouses and storage facilities	<ul style="list-style-type: none"> - Sana Logistics, Survey Number 53-55, Deh Gandpas, Tapo Gabopat, Kemari Town, Taluka & District, Karachi West - Plot No. 21-C, Sector 15/16, Gulshan-e-Mazdoor, Hub River Road, Karachi. - Kotlakpat, Plot No. 131/3, Quaid-e-Azam Industrial Estate, Gate 4, Near Fine Chowk, Kotlakhpot, Lahore - DHL Logistics, 26 - Km Multan road, opposite Maraka PTCL Exchange, Lahore - Raiwind Road, Manga Mandi, Lahore. - Shabab Studio Chung, 19-KM, Multan Road, Lahore. - F-2/Q, PTC Compound, S.I.T.E., Karachi.

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55. **DATE OF AUTHORISATION FOR ISSUE**

These consolidated financial statements were approved and authorised for issue by the Board of Directors of the Parent Company on 07 October 2024

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Chief Executive



Director



Chief Financial Officer

THE SEARLE COMPANY LIMITED

Pattern of Shareholding

As at June 30, 2024

Number of Shareholders	Shareholdings' Slab			Total Shares Held
3,520	1	to	100	116,232
3,770	101	to	500	1,154,186
2,602	501	to	1,000	2,143,530
4,952	1,001	to	5,000	12,633,789
1,520	5,001	to	10,000	11,469,451
547	10,001	to	15,000	6,823,026
338	15,001	to	20,000	6,030,170
204	20,001	to	25,000	4,722,426
121	25,001	to	30,000	3,377,843
98	30,001	to	35,000	3,221,846
84	35,001	to	40,000	3,228,563
61	40,001	to	45,000	2,619,017
79	45,001	to	50,000	3,854,644
23	50,001	to	55,000	1,212,472
24	55,001	to	60,000	1,385,888
22	60,001	to	65,000	1,384,548
20	65,001	to	70,000	1,367,176
23	70,001	to	75,000	1,687,843
13	75,001	to	80,000	1,008,914
14	80,001	to	85,000	1,160,258
15	85,001	to	90,000	1,319,325
12	90,001	to	95,000	1,119,900
28	95,001	to	100,000	2,784,860
8	100,001	to	105,000	815,579
12	105,001	to	110,000	1,295,235
4	110,001	to	115,000	454,946
5	115,001	to	120,000	579,234
9	120,001	to	125,000	1,117,875
9	125,001	to	130,000	1,145,648
4	130,001	to	135,000	526,251
3	135,001	to	140,000	414,325
4	140,001	to	145,000	568,978
5	145,001	to	150,000	741,565
2	150,001	to	155,000	310,000
6	155,001	to	160,000	944,049
4	160,001	to	165,000	651,019
3	165,001	to	170,000	498,954
3	170,001	to	175,000	517,085
1	175,001	to	180,000	175,555
7	180,001	to	185,000	1,280,209
4	185,001	to	190,000	754,509
6	190,001	to	195,000	1,155,227
7	195,001	to	200,000	1,398,000
4	200,001	to	205,000	815,026
3	205,001	to	210,000	621,576
2	210,001	to	215,000	430,000

THE SEARLE COMPANY LIMITED

Pattern of Shareholding

As at June 30, 2024

Number of Shareholders	Shareholdings' Slab			Total Shares Held
3	215,001	to	220,000	653,674
3	220,001	to	225,000	668,541
1	225,001	to	230,000	229,606
2	230,001	to	235,000	463,692
4	240,001	to	245,000	976,405
5	245,001	to	250,000	1,249,140
2	250,001	to	255,000	503,081
1	255,001	to	260,000	256,517
3	260,001	to	265,000	787,505
1	265,001	to	270,000	269,093
2	270,001	to	275,000	545,825
1	275,001	to	280,000	280,000
1	280,001	to	285,000	285,000
2	295,001	to	300,000	595,209
1	300,001	to	305,000	304,033
1	305,001	to	310,000	305,256
1	310,001	to	315,000	313,473
1	315,001	to	320,000	316,031
4	320,001	to	325,000	1,295,849
1	330,001	to	335,000	330,570
1	340,001	to	345,000	343,375
2	345,001	to	350,000	699,500
1	350,001	to	355,000	354,244
1	355,001	to	360,000	357,898
1	365,001	to	370,000	366,658
2	380,001	to	385,000	764,946
2	385,001	to	390,000	778,215
2	395,001	to	400,000	800,000
1	415,001	to	420,000	420,000
1	420,001	to	425,000	423,347
1	435,001	to	440,000	440,000
1	445,001	to	450,000	450,000
1	460,001	to	465,000	463,220
1	480,001	to	485,000	480,457
1	520,001	to	525,000	525,000
2	530,001	to	535,000	1,066,976
2	535,001	to	540,000	1,075,141
1	555,001	to	560,000	559,797
1	565,001	to	570,000	568,750
1	570,001	to	575,000	575,000
1	575,001	to	580,000	577,500
1	580,001	to	585,000	583,225
1	585,001	to	590,000	586,742
1	595,001	to	600,000	596,950
1	635,001	to	640,000	636,245
1	645,001	to	650,000	649,237

THE SEARLE COMPANY LIMITED

Pattern of Shareholding

As at June 30, 2024

Number of Shareholders	Shareholdings' Slab			Total Shares Held
1	660,001	to	665,000	660,463
1	670,001	to	675,000	674,414
1	685,001	to	690,000	688,000
1	700,001	to	705,000	703,291
1	705,001	to	710,000	708,300
1	725,001	to	730,000	725,314
1	785,001	to	790,000	788,218
1	795,001	to	800,000	799,057
1	820,001	to	825,000	820,991
2	845,001	to	850,000	1,695,716
1	850,001	to	855,000	852,294
1	865,001	to	870,000	866,991
1	930,001	to	935,000	931,846
1	940,001	to	945,000	942,649
1	945,001	to	950,000	947,813
1	995,001	to	1,000,000	1,000,000
1	1,000,001	to	1,005,000	1,003,417
1	1,015,001	to	1,020,000	1,017,367
1	1,025,001	to	1,030,000	1,027,000
1	1,035,001	to	1,040,000	1,036,775
1	1,120,001	to	1,125,000	1,124,597
1	1,125,001	to	1,130,000	1,128,006
1	1,195,001	to	1,200,000	1,200,000
1	1,205,001	to	1,210,000	1,205,500
1	1,210,001	to	1,215,000	1,210,247
1	1,215,001	to	1,220,000	1,219,990
1	1,220,001	to	1,225,000	1,223,445
1	1,260,001	to	1,265,000	1,262,500
1	1,360,001	to	1,365,000	1,363,075
1	1,420,001	to	1,425,000	1,422,936
1	1,490,001	to	1,495,000	1,491,400
1	1,495,001	to	1,500,000	1,500,000
1	1,535,001	to	1,540,000	1,539,053
1	1,630,001	to	1,635,000	1,633,000
1	1,690,001	to	1,695,000	1,693,435
1	1,720,001	to	1,725,000	1,722,453
1	1,795,001	to	1,800,000	1,796,817
1	1,800,001	to	1,805,000	1,803,000
1	1,895,001	to	1,900,000	1,899,747
1	1,995,001	to	2,000,000	2,000,000
1	2,135,001	to	2,140,000	2,135,881
1	2,630,001	to	2,635,000	2,635,000
1	2,770,001	to	2,775,000	2,771,000
1	2,810,001	to	2,815,000	2,813,911
1	3,140,001	to	3,145,000	3,143,798
1	3,180,001	to	3,185,000	3,184,823

THE SEARLE COMPANY LIMITED

Pattern of Shareholding

As at June 30, 2024

Number of Shareholders	Shareholdings'Slab			Total Shares Held
1	4,230,001	to	4,235,000	4,232,033
1	4,615,001	to	4,620,000	4,619,972
1	4,995,001	to	5,000,000	5,000,000
1	5,275,001	to	5,280,000	5,279,000
1	5,470,001	to	5,475,000	5,473,153
1	6,905,001	to	6,910,000	6,906,976
1	9,260,001	to	9,265,000	9,264,812
1	9,415,001	to	9,420,000	9,415,850
1	21,515,001	to	21,520,000	21,518,565
1	256,960,001	to	256,965,000	256,962,858
18,334				511,494,424

THE SEARLE COMPANY LIMITED

Pattern of Shareholding

As at June 30, 2024

Sr. No.	Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
1	Directors, Chief Executive Officer, their Spouse(s) and Minor Children			
	MR. ADNAN ASDAR ALI	1	6,073	0.00
	SYED NADEEM AHMED	1	6,971	0.00
	MR. ZUBAIR RAZZAK PALWALA	1	316,031	0.06
	MR. MUNIS ABDULLAH	1	260,170	0.05
	MS. FAIZA NAEEM	1	61,630	0.01
	MR. MUHAMMAD ZUBAIR HAIDER SHAIKH	1	500	0.00
	MS. SHAISTA KHALIQ REHMAN	2	192,667	0.04
	MRS. MAHBOOB KHAN	2	233,750	0.05
	MR. NAEEM IDREES ALLAWALA	2	390,992	0.08
		12	1,468,784	0.29
2	Associated Companies, undertakings and related parties			
	INTERNATIONAL BRANDS (PVT) LIMITED	3	257,008,626	50.25
	IBL OPERATIONS (PRIVATE) LIMITED	1	108,290	0.02
	IMPERIAL BRANDS (PRIVATE) LIMITED	1	42,943	0.01
	TRUSTEE SEARLE PAKISTAN LIMITED PROVIDENT FUND	1	1,796,817	0.35
	UNITED BRANDS LIMITED STAFF PROVIDENT FUND	1	7,751	0.00
	IBL OPERATIONS (PRIVATE) LIMITED STAFF PROVIDENT FUND	1	75,760	0.01
	MR. ATHAR IQBAL	1	47,937	0.01
	MR. TAHIR AHMED	1	22,750	0.00
	MR. MOUJOOD UL HASSAN	3	29,633	0.01
	MR. M. SAJID HUSSAIN	1	40	0.00
		14	259,140,547	50.66
3	National Investment Trust & Industrial Corporation of Pakistan	-	-	-
4	Banks Development Financial Institutions, Non-Banking Financial Institutions	15	25,672,881	5.02
5	Insurance Companies	17	1,643,224	0.32
6	Modarabas and Mutual Funds	61	19,491,458	3.81
7	General Public			
	a. Local	17,445	137,047,217	26.79
	b. Foreign	533	9,252,202	1.81
8	Foreign Companies	30	14,611,829	2.86
9	Others			
	Trust and Funds	69	27,229,466	5.32
	Joint Stock Companies	138	15,936,816	3.12
Totals		18,334	511,494,424	100.00
10	Shareholders holding 10% or more shares		Shares Held	Percentage
	*INTERNATIONAL BRANDS LIMITED		265,395,893	51.89

* This includes 8,387,267 shares which are frozen in lieu of 5% withholding tax under section 236M of the Income Tax Ordinance, 2001. The Shareholder has filed a petition against such provision and the case is pending before the Hon'ble High Court.

Proxy Form

The Secretary
The Searle Company Limited
2nd Floor, One IBL Centre, Plot # 1, Block 7 & 8, D.M.C.H.S, Tipu Sultan Road,
Off Shakra-e-Faisal, Karachi-75350

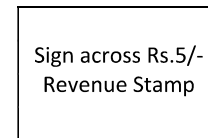
I/We, _____ of _____, shareholder of
The Searle Company Limited, holding _____ ordinary share(s) as per Register Folio No. / CDC
Account No. _____ hereby appoint _____
of _____ holding CNIC/Passport No. _____, or failing him/her hereby
appoint _____ of _____ holding CNIC/Passport No.
_____, as my/our proxy, to attend and vote for me/us and on my/our behalf at the
59th Annual General Meeting of the Company, to be held on Monday, October 28, 2024 at 04:00 p.m.
and/or any adjournment thereof.

Signed this _____ day of _____ 2024

Witness 1:

Signature: _____
Name: _____
CNIC #: _____
Address: _____

[Signature should agree with the specimen
signature registered with the Company]



Signature of Member(s)

Witness 2:

Signature: _____
Name: _____ Shareholder's Folio No.: _____
CNIC #: _____ and/or CDC Participant I.D. No.: _____
Address: _____ and Sub-Account No.: _____
_____ Shareholder's CNIC #: _____

Note:

- The member is requested:
 - To affix revenue stamp of Rs.5/- at the place indicated above.
 - To sign across the revenue stamp in the same style of signature as is registered with the Company.
 - To write down his/her/their folio number.
 - Attach an attested photocopy of their valid Computerized National Identity Card/Passport/Board Resolution and the copy of CNIC of the proxy, with this proxy form before submission.
- In order to be valid, this proxy must be received at the registered office of the Company at least 48 hours before the time fixed for the meeting, duly completed in all respects.
- CDS Shareholders or their proxies should bring their original computerized national identity card or passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detailed procedure is given in the notes to the notice of AGM.