FEROZSONS
LABORATORIES LIMITED

PEOPLE TRUST US

ANNUAL REPORT
2023

65 YEARS
OF TRUST & DEVOTION

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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

INVESTMENT COMMITTEE

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

HR & REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Syed Ghausuddin Saif

CHIEF FINANCIAL OFFICER

Mr. Muhammad Farhan Rafiq

HEAD OF INTERNAL AUDIT

Mr. Rizwan Hameed Butt

EXTERNAL AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

INTERNAL AUDITORS

EY Ford Rhodes
Chartered Accountants

BANKERS

Habib Bank Limited
Bank Al-Habib Limited
Bank Alfalah Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
MCB Bank Limited
Allied Bank Limited
Bank of Punjab

LEGAL ADVISORS

Khan & Piracha

SHARE REGISTRAR

CorpTec Associates (Pvt.) Limited
503-E, Johar Town, Lahore, Pakistan
Telephone: +92-42-35170336-37
Fax: +92-42-35170338

FACTORY

P.O. Ferozsons, Amangarh
Nowshera (KPK), Pakistan
Telephone: +92-923-614295, 610159
Fax: +92-923-611302

HEAD OFFICE

5 K.M - Sunder Raiwind Road
Lahore, Pakistan
Telephone: +92-42-36026700
Fax: +92-42-36026701

SALES OFFICE, LAHORE

43-Al Noor Building, Bank Square
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REGISTERED OFFICE

197-A, The Mall,
Rawalpindi, Pakistan
Telephone: +92-51-4252155-57
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Email: cs@ferozsons-labs.com

SALES OFFICE, KARACHI

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Society, Shahrah-e-Faisal,
Karachi, Pakistan
Telephone: +92-21-34386852
Fax: +92-21-34386754

FEROZSONS
LABORATORIES LIMITED

PEOPLE TRUST US

Every year, hundreds of thousands of people lose their lives to diseases that could easily be prevented with the right medicine.

At Ferozsons, our endless efforts are contributed towards making our medicines more widely available so people can live better.

HEPATITIS B AND C AFFLICTING 15 MILLION LIVES IN PAKISTAN

DIABETES IN PAKISTAN:
A LOOMING HEALTH CRISIS

ALARMING SURGE IN CARDIOVASCULAR DISEASE PREVALENCE IN PAKISTAN

GASTROINTESTINAL DISEASE IN PAKISTAN:
A DISTINCTLY ELEVATED PREVALENCE

CANCER'S RISING TIDE IN PAKISTAN

PATIENTS TREATED DURING THE YEAR

THERAPEUTIC AREAS

2,448,362 ANTI FUNGAL	**109,618** DIABETES	**1,031,902** ANTI VIRAL
1,155,152 CARDIOMETABOLIC	**1,665,867** COUGH	**1,875,754** DERMATOLOGY
100,638 ORTHOPAEDIC	**67,602** UROLOGY & NEPHROLOGY	**3,067,877** GASTROINTESTINAL (GI) AND LIVER
1,704,111 ANTIBIOTICS	**31,123** ONCOLOGY	

PEOPLE TRUST US

OUR VISION

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

OUR MISSION

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

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

OUR VALUES

Putting Patients First

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

Trustworthiness

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

Collaboration

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

Excellence

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

PUTTING PATIENTS FIRST

CODE OF BUSINESS CONDUCT

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

PRINCIPAL ACTIVITIES

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

LEGISLATIVE & POLITICAL ENVIRONMENT

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

Exchange rate devaluation and inconsistent healthcare policy regimes due to political instability in the country have adversely affected the pharmaceutical industry. We have worked with the industry associations and constantly liaised with government bodies to reduce these adverse impacts and quickly adapt to the changing policy framework.

OUR **HISTORY**

The foundations of the Ferozsons business group were laid in 1894 by Maulvi Ferozuddin Khan, who founded the Ferozsons publishing house. From the onset, the group's corporate vision involved playing a meaningful role in the education and health of the underprivileged population of the sub-continent. Ferozsons Laboratories Limited was thus established in 1956 as one of the first Pharmaceutical manufacturing companies in Pakistan, and has now entered its seventh decade of serving the cause of health and well-being with a growing presence in a number of international markets.

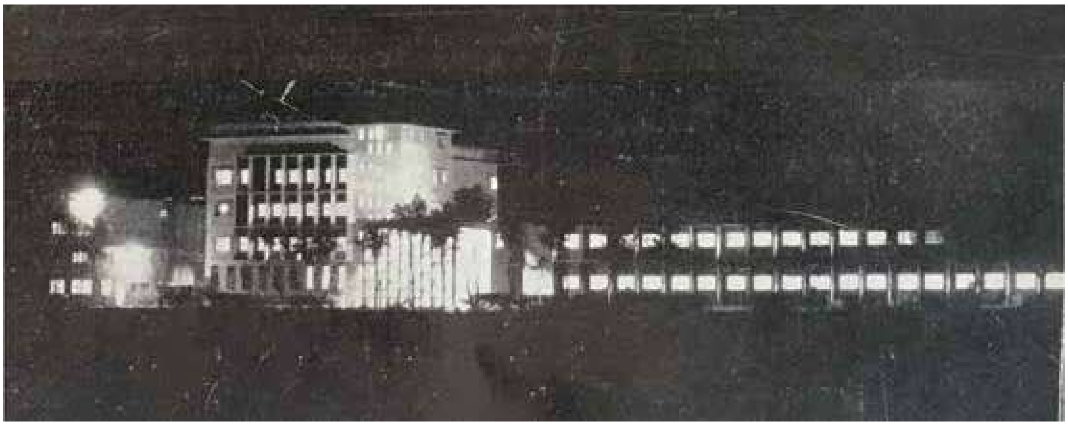
In 1960, we became the first Pakistani pharmaceutical company to be listed on the Pakistan Stock Exchange Limited (formerly: Karachi Stock Exchange), and have a consistent record of financial performance. The company is a multiple-time recipient of the PSX Top 25 Companies Award (formerly KSE Top 25 Companies Award).

OUR **PARTNERS**

In 2006, Ferozsons Laboratories Limited entered into a joint venture with the Bagó Group of Argentina to establish BF Biosciences Limited, Pakistan's first biotech pharmaceutical company. Our other international partners include BioGaia of Sweden, Nihon Kohden of Japan and other partners in OTC products respectively.

A COMMITMENT OF MORE THAN 65 YEARS

The foundations of the Ferozsons business group were laid in 1894 by Maulvi Ferozuddin Khan, who founded the Ferozsons publishing house.



Ferozsons Laboratories Limited Nowshera (Pakistan)

The emblazoned facade of the Administration block where executives and staff of Ferozsons Laboratories Limited worked long past dusk to respond to the call of humanity

1956

One of the first local pharmaceutical manufacturing facilities in Pakistan

1960

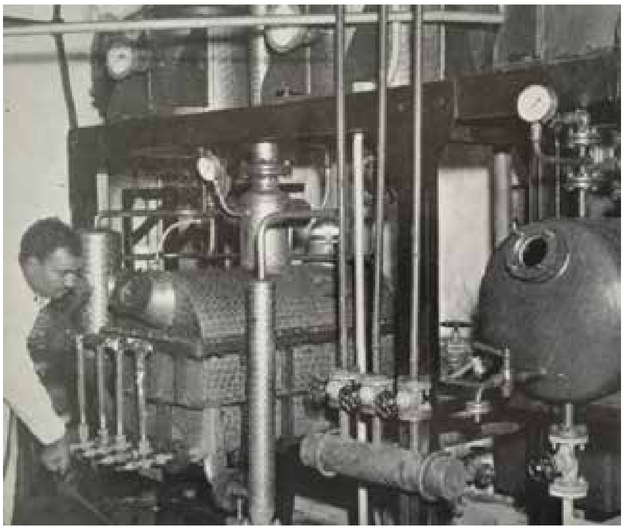
Became the first Pakistani pharmaceutical company to be listed on the Karachi Stock Exchange

2006

Joint venture to establish Pakistan's first Biotech Plant

2008

Distribution partner for Boston Scientific



The Company's vigour in the field of export prompted mainly by its desire to earn much needed foreign exchange for the development and stability of the country is reflected in the fact that its products are now exported to more than 30 countries of the world.

The Director and General Manager, Ferozsons Laboratories Limited, Mr. Khalid Waheed, seen with the officials of Lakeside Laboratories, Mr. David Carasso and Mr. Fadil Merhemic in USA

2012

Introduction of world leading premium Swedish probiotics in Pakistan

2014

Introduction of first oral Hep C treatment in Pakistan

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

2016

Bringing infant nutrition products with USA's top nutrition brands

2020

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

2021

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

REPRESENTING PAKISTAN INTERNATIONALLY

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

1. Afghanistan	15. Myanmar
2. Angola	16. Nepal
3. Aruba	17. Nigeria
4. Belarus	18. Philippines
5. Cambodia	19. Sri Lanka
6. Dominican Republic	20. Sint Maarten
7. Ghana	21. Sudan
8. Honduras	22. Tajikistan
9. Indonesia	23. Tanzania
10. Kenya	24. Timor-Leste
11. Kyrgyzstan	25. Uganda
12. Mauritius	26. Ukraine
13. Mongolia	27. Uzbekistan
14. Mozambique	28. Vietnam

NEW BRANDS IN OUR PORTFOLIO

In line with our unwavering commitment to ensure access to the latest treatment and cure to a large number of patients in Pakistan, we have continued to expand our product portfolio. We have launched a number of high-quality generics in the market. Below are some of our new launches in the field of Cardiology, Gastroenterology, and Diabetes respectively:

INTRODUCING

Dapxiga

In line with our commitment to Putting Patients First we are proud to announce the launch of Dapxiga, a transformative brand aimed at improving the lives of patients dealing with diabetes and heart failure. Through this launch, we aim to equip healthcare professionals (HCPs) with the advantages of dapagliflozin, enabling them to enhance patient care within the realm of cardiology.

APXAN

Ferozsons introduced APXAN, an innovative NOAC (Non-Vitamin K Oral Anticoagulant) featuring Apixaban. With the prevalence of cardiovascular disease on the rise, leading to over 12.2 million new cases of stroke and atrial fibrillation annually, the demand for inventive solutions has become increasingly urgent. This introduction underscores Ferozsons' dedication to augmenting patient well-being and constitutes a significant stride toward shaping a healthier future.

Tissara

Staying true to our mission of fulfilling unmet medical needs we are privileged to announce the launch of Tissara (Ticagrelor). Recognizing the high Clopidogrel resistance among Pakistanis and the increasing cases of Stent thrombosis, we acknowledged the urgent requirement for a superior anticoagulant solution. Our teams will ensure widespread access to the drug across the country.

VENU

Our latest launch in the field of Gastroenterology, Venu (Vonoprazan), is poised to redefine stomach acid management. Venu is indicated for APD (Acid Peptic Disease), GERD (Gastroesophageal Reflux Disease), Heartburn, Gastric Ulcer, and Duodenal Ulcer. With the launch of Venu, we reaffirm our commitment to constantly introduce high-quality products that can serve the underserved segment.

GASTROINTESTINAL DISEASE IN PAKISTAN: A DISTINCTLY ELEVATED PREVALENCE

In Pakistan, the prevalence of digestive issues is strikingly high, with estimates ranging between 30% and 40% of the population affected. This prevalence surpasses the global average of slightly above 20%, underscoring the substantial burden of gastrointestinal concerns faced by a significant portion of the Pakistani population.

DIABETES IN PAKISTAN: A LOOMING HEALTH CRISIS

The number of adults living with diabetes in Pakistan has surged to 33 million—an astonishing 70% increase since 2019. This dramatic rise positions Pakistan as the world's third-highest country in diabetes prevalence. Pakistan's escalation in diabetes prevalence signifies a critical global health issue. The nation's rapid shift from its previous ranking underscores the severity of the challenge posed by diabetes.

NEW BRANDS IN OUR PORTFOLIO

Montekast

In a significant stride toward patient-centric healthcare, Ferozsons Laboratories recently introduced Montekast (Montelukast). This innovative solution redefines respiratory care, addressing asthma, COPD, and exercise-induced bronchospasms with a focus on patient well-being. Montekast's multifaceted impact includes relieving hay fever and allergic rhinitis symptoms, aligning perfectly with Ferozsons' commitment to prioritize patients.

Ertuvia-M

The introduction of Ertuvia-M (Ertugliflozin + Metformin) signifies a significant advancement in diabetes management and showcases ongoing expansions within our Ertuvia franchise. This launch will surely provide healthcare professionals an effective tool for the management of diabetes.

Empagen L

Expanding our product portfolio in the area of diabetes, we recently introduced Empagen L (Empagliflozin + Linagliptin), marking a significant advancement in our commitment to enhancing healthcare. Empagen L represents a step forward in addressing concerns for patients suffering from diabetes.

Esomega Infusion

Ferozsons introduced Esomega Infusion, as a response to the growing prevalence of gastrointestinal disorders influenced by factors like diet changes, obesity, and lifestyle shifts. Esomega Infusion contains Esomeprazole, an active proton pump inhibitor that regulates stomach acid production.

Ultraheat Rub

This year, Ferozsons reintroduced the Ultraheat Rub Cream which contains methyl salicylate, menthol, eucalyptus oil, and turpentine oil. Ultraheat Rub is designed for efficient skin absorption, providing a localized cooling sensation and immediate relief from muscle and back pain, strains, as well as rheumatic and arthritic discomfort.

ALARMING SURGE IN CARDIOVASCULAR DISEASE PREVALENCE IN PAKISTAN

The prevalence of cardiovascular diseases in Pakistan is rapidly reaching alarming levels, presenting a critical challenge to public health. Disturbingly, Pakistan ranks 18th out of 183 countries for coronary heart attack fatalities, highlighting the severity of the issue. On a global scale, 17 million deaths occur yearly, with heart attacks being a significant contributor. In the context of Pakistan, the situation is exceptionally concerning, as heart attack-related fatalities have escalated from 19% to a staggering 29% in recent years.

OUR COMMUNITY CARE INITIATIVES

PARTNERSHIP WITH RIZQ TO ERADICATE HUNGER

Ferozsons has collaborated with Rizq, under its omega initiative to combat hunger. We have taken this step to provide nutrition to the underprivileged families and help reduce the number of malnourished people in Pakistan.

SPONSORING LOCAL WRITERS AND PUBLICATIONS

It's our privilege to support the publication of Faizan Ahmad's wonderful book, Lahore by Metro.

NATIONAL OUTREACH PROGRAMME

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

TCF KHALID WAHEED CAMPUS

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

MENTAL HEALTH HELPLINE

Ferozsons collaborated with Umang to provide free of cost and confidential mental health counseling services to frontline medical workers, patients and their families.

OUR COMMUNITY CARE INITIATIVES

COMBATTING VIRAL HEPATITIS IN PRISONS

A tripartite MOU between the Punjab Hepatitis Control Program, the Punjab Inspectorate General of Prisons, and Ferozsons Laboratories Limited was signed to combat viral hepatitis and ensure the health and well-being of the prisoners. Under the MOU standardized Hepatitis clinics will be established at 43 prisons across Punjab which will cater approx. 52000 population of prisoners. The signing ceremony was held at the Governor's House in Lahore.

LIMBS FOR LIFE – AN INITIATIVE TO END AVOIDABLE FOOT AMPUTATIONS

An MOU was signed between Ferozsons & and the Baqai Institute of Diabetology and Endocrinology (BIDE) to launch the 'fast-track pathway' for the early diagnosis of diabetic foot patients across Pakistan.

The project will be implemented in collaboration with the Baqai Institute of Diabetology and Endocrinology (BIDE), the National Association of Diabetes Educators of Pakistan (NADEP), and the Pakistan Working Group on the Diabetic Foot (PWGDF).

Ferozsons remains committed to partnering with key organizations such as BIDE, which are working for the welfare of Diabetic Patients.

CANCER'S RISING TIDE IN PAKISTAN

Cancer is becoming increasingly prevalent in Pakistan, as evidenced by the recording of 0.18 million new cancer cases in 2020. The total number of cancer cases in 2020 was 178,388, resulting in 117,149 deaths due to cancer. The International Agency for Research on Cancer (IARC) has reported that in Pakistan, the number of newly diagnosed cancer cases is 0.18 million, the count of cancer-related fatalities is 0.11 million, and the number of prevalent cases (over a five-year period) is 0.32 million.

SUSTAINABLE DEVELOPMENT GOALS

1 ZERO HUNGER

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

2 GOOD HEALTH AND WELL-BEING

Despite exemptions available to pharmaceutical companies during the COVID-19 lockdowns, the Company went the extra mile to ensure its employees' safety by implementing a 'Work from Home' policy wherever possible. The Company also provided free treatments to employees and their family members infected with COVID-19.

3 QUALITY EDUCATION

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

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

4 GENDER EQUALITY

We are an equal opportunity employer and encourage female aspirants at all levels in the Company. Out of a total 7 directors on the Board, 3 are women.

5 AFFORDABLE AND CLEAN ENERGY

Ferozsons Laboratories Limited has achieved a significant milestone by partnering with Sky Electric to establish a 1 MW Solar Power Project at their Lahore headquarters. This project highlights our strong commitment to sustainable energy and environmental responsibility, reducing carbon emissions while improving production efficiency through energy-efficient initiatives.

6 CLEAN WATER AND SANITATION

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

7 DECENT WORK AND ECONOMIC GROWTH

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

8 INDUSTRY INNOVATION AND INFRASTRUCTURE

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

9 REDUCED INEQUALITIES

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

10 PARTNERSHIPS FOR THE GOALS

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

KEY CORPORATE INITIATIVES

Will-Med Forum

Women in leadership league in Medicine

Prof. Lubna Kamani, President of the Pakistan GI & Liver Diseases Society and Director of the Gastroenterology residency program at Liaquat National Hospital, launches the "Women in Leadership League in Medicine" (Will-Med) forum in collaboration with founding partner Ferozsons Laboratories Limited on International Women's Day.

Will-Med is more than a forum—it's a dynamic support system designed to propel aspiring female medical students into the medical workforce. Through mentorship, tailored training, and unwavering backing, we're committed to helping emerging women leaders navigate challenges in medicine and surgery.

Act Today;
Impact Tomorrow

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

SAP S/4 HANA

We are pleased to announce the successful implementation of SAP S/4 HANA and SAP Success Factors across our esteemed entities, Ferozsons Laboratories Limited and BF Biosciences Limited. This achievement stands as a testament to our commitment to technological advancement and operational excellence. We extend our gratitude to our implementation partner, Systems Limited, for their dedicated collaboration throughout this journey.

The integration of SAP S/4 HANA brings forth a new paradigm of benefits for Ferozsons Laboratories Limited. This advanced system empowers us with streamlined processes, real-time data insights, heightened agility, and the pivotal capability to foster innovation across our diverse operations. As we navigate the evolving landscape of business, SAP S/4 HANA equips us to make informed decisions, drive efficiency, and elevate the overall quality of our services.

Clean Energy Initiative

Ferozsons Laboratories Limited has attained a significant milestone by inaugurating a groundbreaking 1 MW Solar Power Project in collaboration with Sky Electric (Pvt.) Limited, a prominent specialist in Solar and Storage Solutions in Pakistan. The successful implementation of this project highlights the firm's resolute dedication to sustainable energy production and conscientious environmental custodianship. By making substantial investments in energy-efficient endeavors, Ferozsons Laboratories Limited not only demonstrates its commitment but also takes proactive steps to address energy consumption challenges and counteract ecological deterioration.

HEPATITIS B AND C AFFLICTING 15 MILLION LIVES IN PAKISTAN

In Pakistan, the prevalence of hepatitis remains a critical public health concern. With a staggering 15 million individuals grappling with hepatitis B and C, the greatest burden of any country in the world. Notably, an estimated 5 million people are affected by hepatitis B, while an even more substantial 10 million are afflicted with hepatitis C. This alarming scenario is perpetuated by several factors. The deficiency of preventative measures, testing facilities, and adequate treatment resources contributes to the ongoing escalation of cases.

Occupational Health, Safety and Environment Policy

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

Diversity and Inclusion Reporting

Ferozsons Laboratories Limited is committed to providing a workplace that includes people from diverse backgrounds, regardless of any gender, disability, race, ethnicity, origin, religion, or economic status. This is also evident by the fact that Company has three female directors represented on its 7-member Board.

Women employed at C - 1 and C - 2 levels currently constitute 30% and 15% of their cadres respectively. C – 1 level refers to the HoDs reporting directly to the CEO, whereas C - 2 level refers to the employees directly reporting to the HoDs.

The Company has also employed differently-abled people who are currently engaged in managing stores/ warehousing operations.

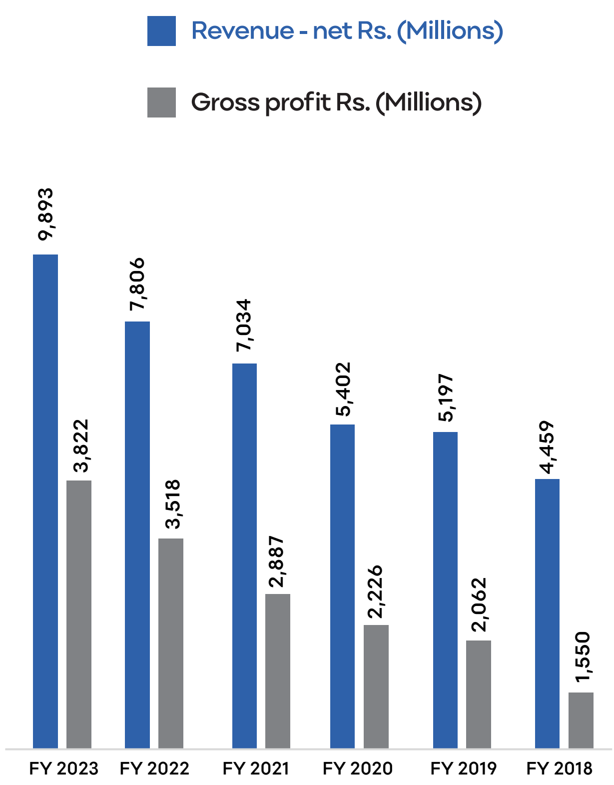
KEY **OPERATING** AND **FINANCIAL** DATA FOR THE LAST SIX YEARS

Description	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
UNCONSOLIDATED						
Operating Results			**Rs. Million**			
Revenue - net	9,893	7,806	7,034	5,402	5,197	4,459
Gross profit	3,822	3,518	2,887	2,226	2,062	1,550
Profit before taxation	275	935	981	561	419	207
Profit after taxation	189	514	725	396	251	95
Financial Position			**Rs. Million**			
Share capital	435	362	362	302	302	302
Accumulated profit	4,881	4,909	4,768	4,182	3,880	3,735
Non current assets	3,912	3,904	3,605	3,654	3,043	2,956
Non current liabilities	333	258	343	377	179	166
Current assets	6,783	5,323	5,007	3,871	3,160	3,009
Current liabilities	4,078	2,664	2,044	1,528	1,086	972
Summary of Cashflow Statement			**Rs. Million**			
Net cashflows from operating activities	(200)	81	1,259	116	447	430
Net cashflows from investing activities	112	(101)	(899)	(229)	(216)	(331)
Net cashflows from financing activities	(267)	(543)	(9)	(22)	(147)	(132)
Key Financial Ratios						
Profitability Ratios			**%**			
Gross profit ratio	38.6	45.1	41.1	41.2	39.7	34.8
Net profit after tax to sales	1.9	6.5	10.3	7.3	4.8	2.1
Return on equity	3.0	8.2	11.7	7.0	5.1	2.0
Return on capital employed	6.8	15.4	15.9	10.3	9.0	4.5
Liquidity Ratios			**Times**			
Current ratio	1.7	2.0	2.4	2.5	2.9	3.1
Quick ratio/acid test ratio	0.6	0.9	1.6	1.3	1.8	1.8
Turnover Ratios	**(D=Days)**		**(T=Times)**		**(%=Percentage)**	
Debtor turnover period (D)	37	50	68	69	62	44
Inventory turnover period (D)	257	236	149	211	136	153
Creditors turnover period (D)	178	126	143	108	113	100
Working capital cycle (D)	116	160	74	172	85	97
Non current asset turnover ratio (T)	2.5	2.0	2.0	1.5	1.7	1.5
Operating cash flow to sales ratio (%)	(2.0)	1.0	17.9	2.1	8.6	9.6
Investment/Market Ratios	**(Rs.=Rupees)**		**(T=Times)**		**(%=Percentage)**	
Earnings per share (Re-stated) (Rs.)	4.4	11.8	16.7	9.1	5.8	2.2
Cash dividend per share (Rs.)	-	5.0	10.0	4.0	6.0	2.0
Price earning ratio (T)	31.5	19.0	17.6	22.9	13.4	61.6
Market price per share (Rs.)	137	269	353	300	112	195
Bonus share issued (%)	-	20.0	-	20.0	-	-

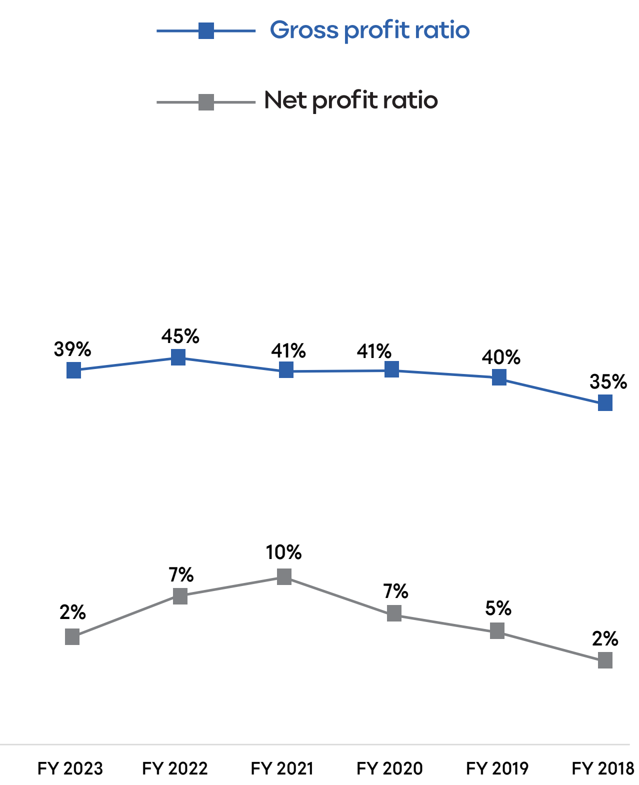
KEY **OPERATING** AND **FINANCIAL** DATA FOR THE LAST SIX YEARS

Description	FY 2023	FY2022	FY 2021	FY 2020	FY 2019	FY2018
Capital Structure Ratios			**Times**			
Interest cover	2.7	26.0	46.1	21.7	18.9	19.8
CONSOLIDATED						
Operating Results			**Rs. Million**			
Revenue - net	11,457	9,330	8,879	6,212	5,833	5,057
Gross profit	4,261	3,983	3,665	2,339	2,072	1,573
Profit before taxation	415	1237	1,566	592	338	86
Profit / (loss) after taxation	296	790	1,289	423	188	(17)
Financial Position			**Rs. Million**			
Share capital	435	362	362	302	302	302
Accumulated profit	6,290	6,100	5,713	4,645	4,305	4,195
Non current assets	8,071	6,208	4,887	4,090	3,117	3,168
Non current liabilities	2,749	2,277	1,547	526	217	223
Current assets	8,533	7,754	7,072	4,877	3,987	3,801
Current liabilities	5,491	3,387	2,520	1,793	1,249	1,143

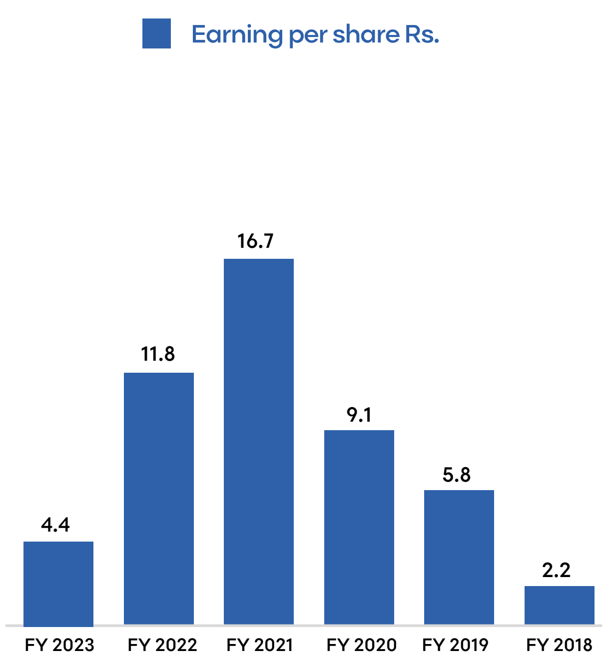
Revenue & Gross Profit (Rs. Million)



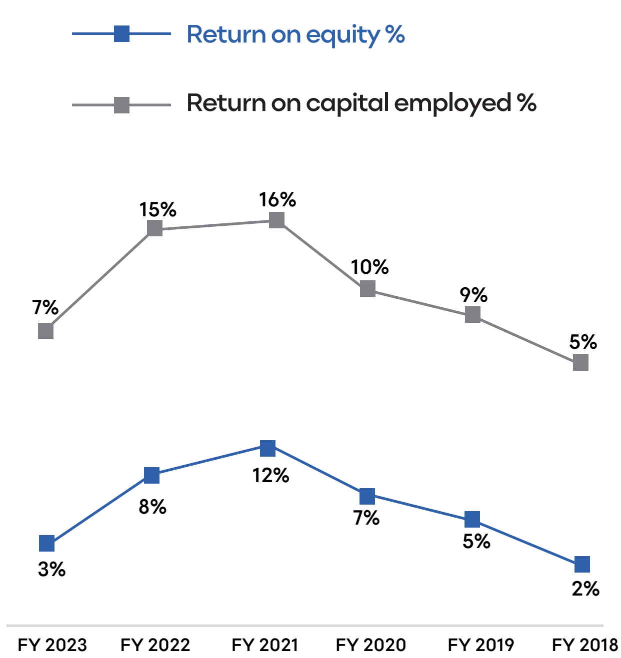
Profitability Ratios (%)



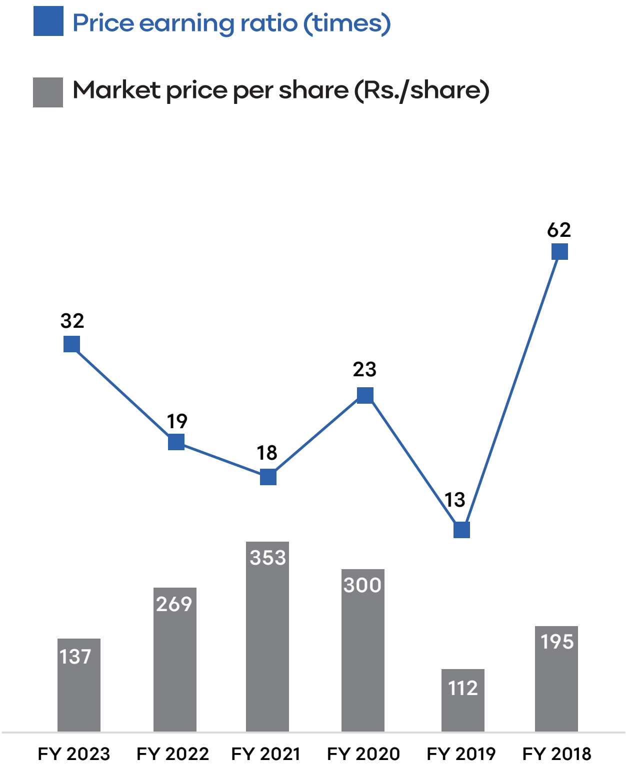
Investors' Ratios



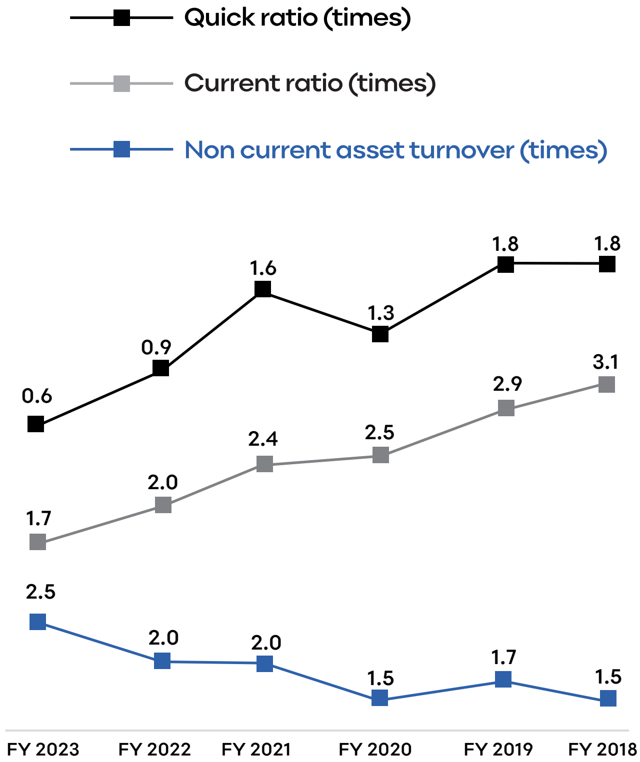
Capital Return Ratios



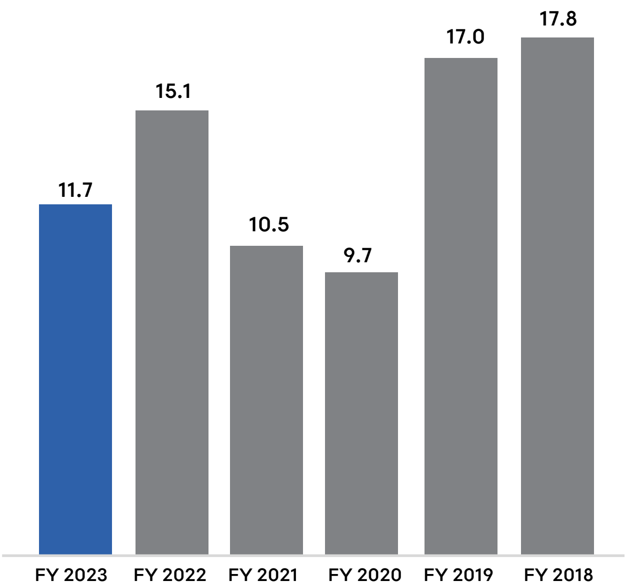
Market Ratios



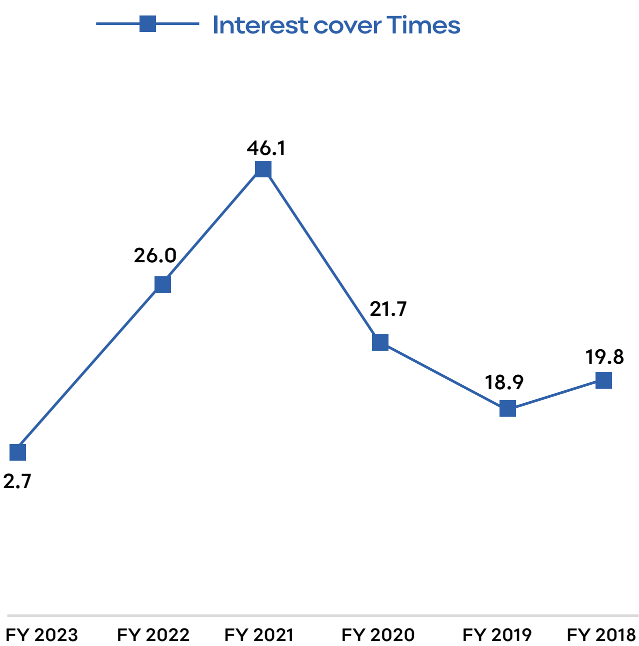
Liquidity & asset turnover Ratios



Non Current Assets to Non Current Liabilities (Ratio)



Interest Cover (Times)



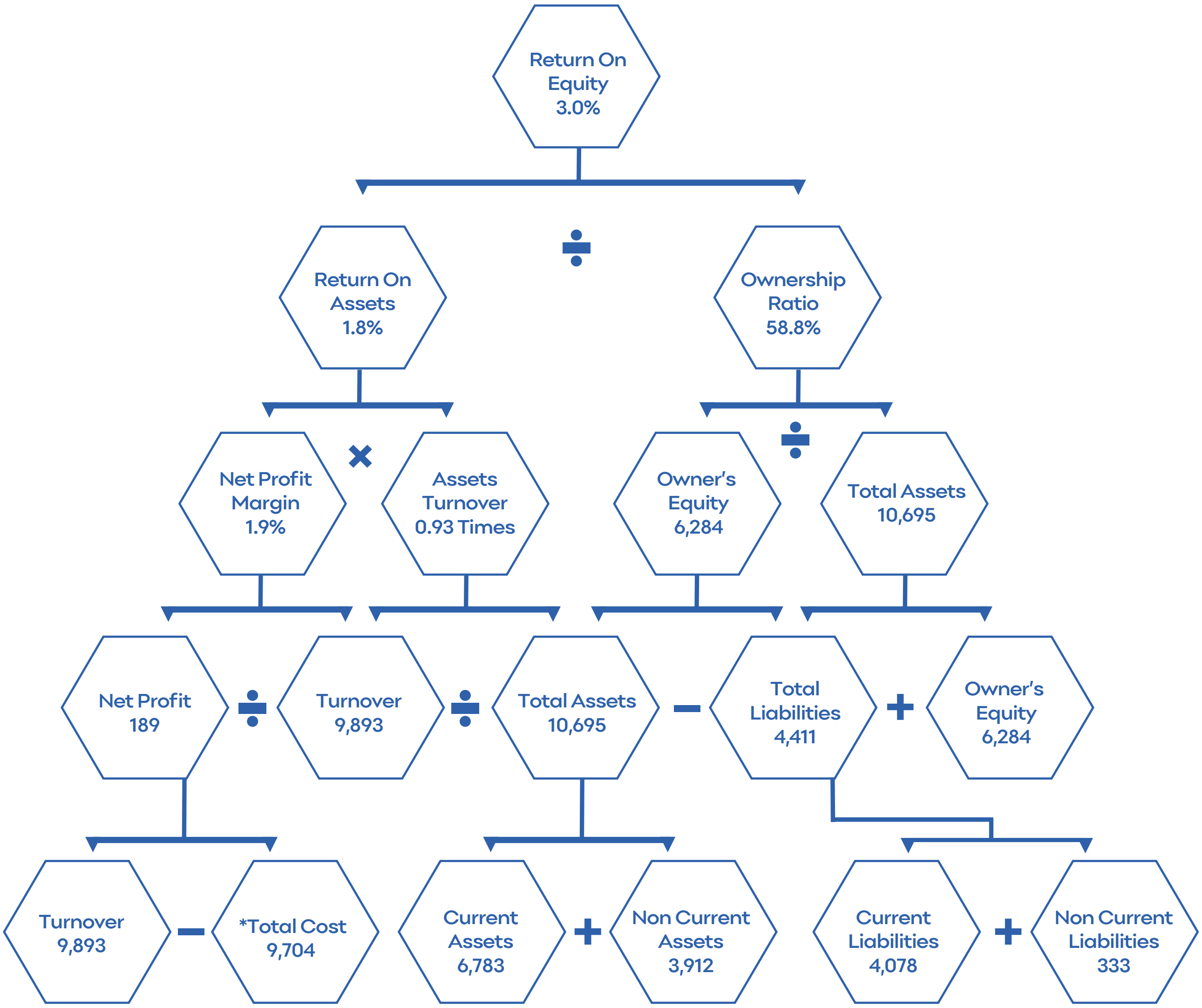
HORIZONTAL ANALYSIS

Description	FY2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
	% Change from preceding year					
Financial Position Analysis						
Share capital and reserves	(0.3)	1.3	10.8	13.8	2.3	(0.3)
Non current liabilities	29.2	(25.0)	(9.0)	110.8	7.9	(0.8)
Current liabilities	53.0	30.4	33.8	40.6	11.8	26.7
Total Equity and Liabilities	**15.9**	**7.1**	**14.4**	**21.3**	**4.0**	**3.2**
Non current assets	0.2	8.3	(1.3)	20.1	2.9	3.5
Current assets	27.4	6.3	29.4	22.5	5.0	3.0
Total Assets	**15.9**	**7.1**	**14.4**	**21.3**	**4.0**	**3.2**
Profit or Loss Analysis						
Revenue - net	26.7	11.0	30.2	3.9	16.5	3.4
Cost of sales	41.6	3.4	30.6	1.3	7.8	14.8
Gross Profit	**8.7**	**21.8**	**29.7**	**7.9**	**33.0**	**(12.7)**
Administrative expenses	24.4	20.6	16.1	(0.5)	16.5	4.8
Selling and distribution expenses	24.1	29.3	18.2	(2.7)	19.8	21.2
Other expenses	100.1	199.3	(0.9)	(27.2)	141.8	9.5
Other income	10.3	33.7	47.5	(48.9)	41.3	41.5
Operating Profit	**(55.4)**	**(3.1)**	**70.6**	**32.9**	**102.5**	**(64.7)**
Finance costs	323.4	72.1	(19.9)	15.8	112.1	(32.2)
Profit Before Taxation	**(70.5)**	**(4.7)**	**75.0**	**33.9**	**102.0**	**(65.6)**
Taxation	(79.5)	64.4	55.0	(1.7)	49.9	(46.4)
Profit After Taxation	**(63.2)**	**(29.1)**	**83.3**	**57.6**	**163.1**	**(75.8)**

VERTICAL ANALYSIS

Description	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
	----------------------------%----------------------------					
Financial Position Analysis						
Share capital and reserves	58.8	68.3	72.3	74.7	79.6	80.9
Non current liabilities	3.1	2.8	4.0	5.0	2.9	2.8
Current liabilities	38.1	28.9	23.7	20.3	17.5	16.3
Total Equity and Liabilities	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Non current assets	36.6	42.3	41.9	48.6	49.1	49.6
Current assets	63.4	57.7	58.1	51.4	50.9	50.4
Total Assets	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Profit or Loss Analysis						
Revenue - net	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	61.4	54.9	58.9	58.8	60.3	65.2
Gross Profit	**38.6**	**45.1**	**41.1**	**41.2**	**39.7**	**34.8**
Administrative expenses	6.2	6.3	5.8	6.5	6.8	6.8
Selling and distribution expenses	24.7	25.3	21.7	23.9	25.5	24.8
Other expenses	5.4	3.4	1.3	1.7	2.4	1.1
Other income	2.0	2.3	1.9	1.7	3.5	2.9
Operating Profit	**4.3**	**12.4**	**14.2**	**10.8**	**8.5**	**5.0**
Finance costs	1.6	0.5	0.3	0.5	0.5	0.2
Profit Before Taxation	**2.7**	**11.9**	**13.9**	**10.3**	**8.0**	**4.8**
Taxation	0.8	5.4	3.6	3.1	3.2	2.5
Profit After Taxation	**1.9**	**6.5**	**10.3**	**7.2**	**4.8**	**2.3**

DUPONT ANALYSIS
FOR THE YEAR ENDED 30 JUNE 2023
Rupees Million



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

CHAIRPERSON'S REVIEW REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2023

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

Review of Overall Performance and Effectiveness of the Board

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

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

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

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

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

Acknowledgement

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

Mrs. Akhter Khalid Waheed
Chairperson

Lahore
03 October 2023

DIRECTORS' REPORT TO SHAREHOLDERS
FOR THE YEAR ENDED 30 JUNE 2023

We are pleased to present the 67th Annual Report which includes the audited standalone financial statements of the Company for the financial year ended 30 June 2023 along with the consolidated financial statements. The consolidated financial statements incorporate the Company's 80% owned subsidiary BF Biosciences Limited and 98% owned retail venture Farmacia.

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

Highlights of the Company's Individual and Consolidated Financial Results

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

	Individual		Consolidated	
	2023	2022	**2023**	2022
	(Rupees in thousands)			
Revenue – net	**9,893,391**	7,806,414	**11,457,221**	9,329,918
Gross profit	**3,822,287**	3,517,616	**4,261,188**	3,983,251
Profit before tax	**275,332**	934,532	**414,671**	1,236,923
Profit after tax	**189,042**	514,149	**296,242**	789,789
Earnings per share (Rs.)	**4.35**	11.83 Re-stated	**6.24**	16.90 Re-stated
Appropriations				
Cash Dividend: Final cash dividend for the FY 2023 @ Rs. Nil /share (FY 2022: @ Rs. 5/share)	**(-)**	(181,121)	**(-)**	(181,121)
Bonus Shares: Bonus shares for the FY 2023 @ 0% (FY 2022: 20%)	**(-)**	(72,448)	**(-)**	(72,448)

Financial and Operational Review of Ferozsons Laboratories Limited

The Company's consolidated net sales closed at Rs. 11.5 billion, depicting a growth of 23% over the last year. On a standalone basis, the Company's net sales closed at Rs. 9.9 billion, representing a growth of 27% over the last year.

In-market generic sales grew by 14%, whereas institutional sales of generics and medical devices increased by 43%. Furthermore, export sales achieved a growth of 98% over the last year.

The Company's Gross Profit (GP) margin currently stands at 39%, compared to 45% during the same period last year. The decrease in GP margin primarily reflects change in sales mix and increased input costs of products due to significant devaluation of Pakistani Rupee.

Selling and distribution expenses increased by 24%. This increase predominantly reflects higher travel costs due to higher fuel prices, along with increments in salaries, and inflationary impact.

Other expenses increased by 100%, which primarily represents exchange loss due to the devaluation of the Pakistani Rupee. Other income increased by 10%, primarily due to an increase in investment income and share of profit from Farmacia.

Finance costs surged by 323%, which is mainly attributable to the State Bank of Pakistan's policy rate increase of 825 basis points, coupled with higher utilization of working capital facilities during the year under review.

The effective tax rate closed at 31%, compared to the previous year's 45%. The higher rate in last year was mainly due to imposition of super tax.

The net profit after tax of the Company closed at Rs. 189 million against Rs. 514 million achieved last year, depicting a decline of 63% from the previous year. The dip in net profit after tax is mainly due to recording of exchange loss of Rs. 471 million in other expenses, as PKR depreciated by 40% against greenback during the current year under review. Had this exchange loss not been incurred, the net profit after tax would have been closed at Rs. 485 million.

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

Net sales of the Subsidiary Company BF Biosciences Limited closed at Rs. 1,810 million, compared to Rs. 1,521 million last year, representing an increase of 19%.

In terms of our expansion project, we are delighted to inform you that the civil works have been successfully completed, and all the necessary plant and machinery have been delivered to the site. The Pre-filled Syringes Line is fully commissioned and we will start commercial operations after Drug Regulatory Authority of Pakistan (DRAP) inspection and approval.

The Filling Line and Lyophilizer are in commissioning phase and we are confident that commercial operations will start in first quarter of calendar year 2024, InshaAllah.

Key Operating and Financial Data

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

Capital Expenditure

During the year, the Company invested Rs. 396 million against capital expenditure, mainly for balancing and modernization of its manufacturing facilities.

Subsequent Events

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

Earnings per Share

Based on the net profit for the year ended 30 June 2023, the standalone earnings per share (EPS) stands at Rs. 4.35 per share, compared to Rs. 11.83 per share last year. Whereas consolidated EPS for the year ended 30 June 2023 stand at Rs. 6.24 per share compared to Rs. 16.90 per share last year.

Dividend Announcement

During the year under review, the Company incurred material exchange loss. In order to manage adverse exchange rate fluctuations, management of the Company has invested in inventories as a hedging tool.

Keeping in view the aforesaid factors, the board of Directors has not recommended any dividend payout for the financial year ending 30 June 2023.

Statement of Compliance with the Code of Corporate Governance

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

DIRECTORS' REPORT TO SHAREHOLDERS
FOR THE YEAR ENDED 30 JUNE 2023

Corporate & Financial Reporting Framework
The Board of Directors of the Company is committed to the principles of good corporate management practices. The Management of Company continues to comply with the provisions of best practice set out in the Code of Corporate Governance.

- The financial statements prepared by the management of the Company fairly present its state of affairs, the results of its operations, cash flows and changes in equity.

- Proper books of account of the Company have been maintained.

- Appropriate accounting policies have been consistently applied in preparation of the financial statements. Accounting estimates are based on reasonable and prudent judgment.

- The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.

- The systems of internal controls are sound in design and have been effectively implemented by the management and monitored by the internal auditors, Board of Directors and the Audit Committee. The Board reviews the effectiveness of established internal controls through the Audit Committee and suggest, whenever required, further improvement in the internal control system.

- There are no significant doubts upon the Company's ability to continue as a going concern.

- There has been no material departure from the best practices of Corporate Governance as detailed in the Listing Regulations.

- Significant deviations from last year's operating results have been explained in detail together with the reasons thereof in the Annual Report.

- The Company does not envisage corporate restructuring or discontinuation of its operations in the foreseeable future.

- All major Government levies in the normal course of business, payable as on 30 June 2023 have been cleared subsequent to the year end.

- The values of employees' provident fund investments based on latest audited accounts as at 30 June 2022 are Rs. 853 million.

Contribution to National Exchequer
During the current financial year out of the total wealth generated, the Company contributed approximately Rs. 369 million to the national exchequer in lieu of various levies including Income Tax, Custom Duty, Sales Taxes, WWF, WPPF and Central Research Fund.

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

Related Party Transactions
Transactions with related parties during the year ended 30 June 2023 were placed before the Audit Committee and the Board for their review and approval. These transactions were approved by the Board in their meetings held during the year. Detail of related party transactions is given in note 35 to the financial statements.

Composition of Board of Directors, its Committees and Meetings
The information regarding the composition of Board of Directors, its Committees and Meetings held along with the details of persons who, at any time during the financial year 2022-23 were directors of the Company is annexed.

DIRECTORS' REPORT TO SHAREHOLDERS
FOR THE YEAR ENDED 30 JUNE 2023

Pattern of Shareholding
The pattern of shareholding as at 30 June 2023 is annexed. All trades in the shares of the Company, if any, carried out by the directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children are also annexed.

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

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

- National Management Foundation
- Parsa Trust
- Gambat Institute of Medical Sciences
- Pakistan Pharmaceutical Manufacturers Association (For flood affectees)

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

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

- **Economic and political risks:** The ever-changing economic and political condition in our country has also exposed our Company to this risk. To mitigate this risk, the management closely monitors the financial market conditions and political climate, and appropriate actions and strategies are discussed at the management level to counter unfavorable situations.

- **Currency risks:** The depreciation of Pakistani Rupee significantly affects input costs of products since majority of raw materials are imported. Furthermore, due to DRAP's pricing control/regulations, it is not possible to pass on these cost increases directly to the final consumer as well.

- **Competition risks:** Due to the weak regulatory controls over illegal and low-quality products in the market, the pharmaceutical industry in Pakistan is exposed to unhealthy competition risks. In order to mitigate these risks, the Company along with other members of the Pakistan Pharmaceutical Manufacturers Association, is in continuous lobbying for improved Government regulations and policies.

- **Supply chain risks:** The supply chain process plays a pivotal role in day-to-day operations of the Company. We are mitigating this risk through comprehensive production planning and integrating it with the sales forecasting and ordering systems.

- **Information technology risks:** The Company continues to invest in its IT infrastructure keeping in mind its future needs.

- **Financial risks:** These are the risks that are directly attributable to the financial viability of the Company. These have been elaborated in detail in notes to the financial statements.

Remuneration Policy of Executive Director/Chief Executive Officer and Non-Executive Directors
Executive Director/Chief Executive Officer is entitled for a remuneration package of which details are enclosed in note 34 of the financial statements. Whereas Non-executive directors including the independent directors are entitled only for the fee for attending the meetings and re-imbursement of travelling expenses. of travelling expenses.

DIRECTORS' REPORT TO SHAREHOLDERS
FOR THE YEAR ENDED 30 JUNE 2023

Auditors
The Auditors Messer KPMG Taseer Hadi & Co., Chartered Accountants retire and offer themselves for reappointment for the year 2023-24.

Industry Review and Future Outlook
The financial year 2022-23 brought with it existential challenges for the pharmaceutical industry and its sustainability. These challenges include a 40% devaluation in the Rupee, rampant inflation despite monetary policy tightening by a substantial 825 basis points, resulting increase in financial costs. Since July 2021, interest rates have surged by a staggering 1500 basis points, and the PKR has depreciated by over 80%.

In addition, higher fuel costs, driven up by the Ukraine war, and increase in utility prices have further significantly reduced the industry's margins. In response to these cost pressures, the Government has not made the necessary price adjustments to ensure supply sustainability or the industry's survival. A partial ad-hoc price increase was granted in April, which equated to less than half the actual cost impact the industry has been forced to bear. As a consequence, several life-saving products are now missing in the market, and in the absence of common-sense policies, patients are forced to resort to the black market for drugs like insulin and heparin.

Owing to a temporary tax regime change in 2021-22, the GOP has still not processed outstanding sales tax refunds of the industry, despite the introduction of "FASTER" system. At a time of unpreceded markup rates, the delay in processing of these refunds has further burdened the industry beyond its capacity.

There is an urgent need for an effective pricing mechanism based on direct cost drivers. Without a reasonable price regulation, the risk of high-quality medicines and compliant manufacturers disappearing from the market looms large, potentially paving the way for counterfeit or low-quality medications. This situation ultimately jeopardizes patient interests and further intensifies Pakistan's reliance on imported products.

Despite these formidable challenges, the Company's management remains resolute in pursuing the development of new products, implementing cost optimization measures to maximize sustainable growth, and actively exploring other avenues where unmet patient needs exits. We are committed to ensuring the provision of the highest quality pharmaceuticals for the well-being of patients.

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

For and on behalf of the Board of Directors

Mr. Osman Khalid Waheed
Chief Executive Officer

Mrs. Munize Azhar Peracha
Director

Lahore
03 October 2023

DATES AND ATTENDANCE OF BOARD MEETINGS HELD DURING THE YEAR ENDED 30 JUNE 2023

Dates of Board Meetings were held during the Financial Year 2022-2023 are as follows:

- 29 July 2022
- 31 August 2022
- 22 October 2022
- 27 February 2023
- 27 April 2023
- 30 May 2023
- 20 June 2023
- 26 June 2023

Name of Directors	No. of Meetings	Attendance
Board of Directors Meetings:		
Mrs. Akhter Khalid Waheed	8	8
Mr. Osman Khalid Waheed	8	7
Mrs. Amna Piracha Khan	8	8
Mrs. Munize Azhar Peracha	8	8
Mr. Shahid Anwar	8	7
Mr. Arshad Saeed Husain	8	6
Mr. Suleman Ghani	8	4
Audit Committee Meetings:		
Mr. Arshad Saeed Husain	4	2
Mrs. Amna Piracha Khan	4	4
Mr. Shahid Anwar	4	3
Mr. Suleman Ghani	4	1
HR & Remuneration Committee Meetings:		
Mr. Arshad Saeed Husain	1	1
Mr. Osman Khalid Waheed	1	1
Mrs. Munize Azhar Peracha	1	1
Mr. Shahid Anwar	1	1

For and on behalf of the Board

Mr. Osman Khalid Waheed
Chief Executive Officer

Mrs. Munize Azhar Peracha
Director

Lahore
03 October 2023

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

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ferozsons Laboratories Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Ferozsons Laboratories Limited** ("the Company") for the year ended 30 June 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2023.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore

Date: 06 October 2023

UDIN: CR202310119rCtSVdIDU

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

Name of Company: **Ferozsons Laboratories Limited**
Year ended: **30 June 2023**

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

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

Gender	Number
Male	04
Female	03

2. The composition of the Board is as follows:

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

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

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;

4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in

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

accordance with the Act and these Regulations;

9. All the directors have either attended the Directors Training program or have minimum of 14 years of education and 15 years of experience on the Board of listed companies and therefore are exempt from the Directors Training Program;

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

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

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

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

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

14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

Meetings	**Frequency**
Audit Committee	4
HR and Remuneration Committee	1

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

15. The Board has outsourced the internal audit function to Messers EY Ford Rhodes Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;

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

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Mr. Osman Khalid Waheed
Chief Executive Officer

Mrs. Munize Azhar Peracha
Director

Lahore
03 October 2023

OUR FINANCIAL STATEMENTS

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

INDEPENDENT AUDITOR'S REPORT

To the members of Ferozsons Laboratories Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Ferozsons Laboratories Limited** ("the Company"), which comprise the unconsolidated statement of financial position as at 30 June 2023, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

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KPMG Taseer Hadi & Co.

Following is the key audit matter:

Sr. No.	Key audit matter	How the matter was addressed in our audit
1.	**Revenue Recognition** Refer to notes 3.13, 3.13.1 and 25 to the unconsolidated financial statements The Company recognized net revenue of Rs. 9.893 billion from the sale of goods to domestic as well as export customers during the year ended 30 June 2023. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to a risk that revenue is recognized without transferring the control to meet expectations or targets.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • Obtaining an understanding of the process relating to recording of revenue and testing the design and implementation of relevant key internal controls over recording of revenue; • Assessing the appropriateness of the Company's accounting policies for recording of revenue and compliance of those policies with applicable accounting standards; • Comparing, on a sample basis, specific revenue transactions recorded just before and just after the financial year end to determine whether the revenue had been recognized in the appropriate financial period; • Scanning for any manual journal entries relating to revenue recorded during the year which were considered to be material or met other specific risk-based criteria for inspecting underlying documentation; and • Assessing the adequacy of presentation and disclosures related to the revenue as required under the accounting and reporting standards as applicable in Pakistan.

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2023 but does not include the unconsolidated financial statements and our auditor's report thereon.

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

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

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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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

KPMG Taseer Hadi & Co.

- 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, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore

Date: 06 October 2023

UDIN: AR2023101198D692PyfA

AR5623

Ferozsons Laboratories Limited
Unconsolidated Statement of Financial Position
As at 30 June 2023

EQUITY AND LIABILITIES	Note	2023 Rupees	2022 Rupees
Share capital and reserves			
Authorized share capital			
50,000,000 (2022: 50,000,000) ordinary shares of Rs. 10 each		**500,000,000**	500,000,000
Issued, subscribed and paid up capital	*4*	**434,690,520**	362,242,100
Capital reserve	*5*	**321,843**	321,843
Revaluation surplus on property, plant and equipment	*6*	**968,377,365**	1,032,733,321
Accumulated profit		**4,881,302,916**	4,908,885,731
		6,284,692,644	6,304,182,995
Non current liabilities			
Long term loan - *secured*	*7*	**68,983,374**	-
Deferred grant	*8*	**28,146,267**	-
Deferred taxation	*9*	**235,875,350**	257,718,868
		333,004,991	257,718,868
Current liabilities			
Current portion of:			
- Long term loans - *secured*	*7*	**23,000,000**	84,040,204
- Current portion of deferred grant	*8*	**8,796,285**	1,459,796
Trade and other payables	*10*	**3,012,771,964**	2,025,666,697
Contract liabilities	*11*	**106,530,567**	99,615,324
Short term borrowings - *secured*	*12*	**787,154,205**	343,176,422
Unclaimed dividend		**97,332,707**	91,693,095
Accrued mark-up		**42,140,456**	18,789,481
		4,077,726,184	2,664,441,019
Contingencies and commitments	*13*		
		10,695,423,819	9,226,342,882

ASSETS	Note	2023 Rupees	2022 Rupees
Non-current assets			
Property, plant and equipment	*14*	**3,509,685,475**	3,524,760,426
Intangible assets	*15*	**445,784**	1,002,673
Long term investments - *related parties*	*16*	**392,312,504**	368,338,850
Long term deposits		**9,717,325**	9,717,325
		3,912,161,088	3,903,819,274
Current assets			
Stores, spare parts and loose tools	*17*	**55,154,632**	58,019,845
Stock in trade	*18*	**4,271,750,407**	2,772,889,705
Trade debts	*19*	**1,000,026,286**	1,065,839,706
Loans and advances	*20*	**91,223,642**	51,177,114
Deposits and prepayments	*21*	**137,987,783**	101,571,856
Other receivables	*22*	**209,896,983**	256,878,499
Advance income tax - *net*		**385,214,328**	140,943,346
Short term investments	*23*	**362,396,582**	695,089,997
Cash and bank balances	*24*	**269,612,088**	180,113,540
		6,783,262,731	5,322,523,608
		10,695,423,819	9,226,342,882

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

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

Ferozsons Laboratories Limited
Unconsolidated Statement of Profit or Loss
For the year ended 30 June 2023

	Note	2023 Rupees	2022 Rupees
Revenue - *net*	*25*	**9,893,390,922**	7,806,414,315
Cost of sales	*26*	**(6,071,103,751)**	(4,288,798,744)
Gross profit		**3,822,287,171**	3,517,615,571
Administrative expenses	*27*	**(611,974,082)**	(492,093,958)
Selling and distribution expenses	*28*	**(2,446,540,871)**	(1,971,142,023)
Other expenses	*29*	**(532,563,028)**	(266,092,166)
Other income	*30*	**202,484,754**	183,650,968
Profit from operations		**433,693,944**	971,938,392
Finance cost	*31*	**(158,362,247)**	(37,406,319)
Profit before taxation		**275,331,697**	934,532,073
Taxation	*32*	**(86,289,226)**	(420,383,200)
Profit after taxation		**189,042,471**	514,148,873
			Re-stated
Earnings per share - basic and diluted	*33*	**4.35**	11.83

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

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

Ferozsons Laboratories Limited

Unconsolidated Statement of Comprehensive Income

For the year ended 30 June 2023

	2023 **Rupees**	2022 Rupees
Profit after taxation	**189,042,471**	514,148,873
Items that will not be reclassified to profit or loss	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**189,042,471**	514,148,873

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

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

Ferozsons Laboratories Limited
Unconsolidated Statement of Changes in Equity
For the year ended 30 June 2023

	Share capital	Capital Reserve: Capital reserve (Note-5)	Capital Reserve: Revaluation surplus on property, plant and equipment (Note-6)	Revenue Reserve: Accumulated profit	Total
	-----	-----	Rupees	-----	-----
Balance as at 01 July 2021	362,242,100	321,843	1,093,377,437	4,716,649,019	6,172,590,399
Total comprehensive income for the year					
Profit after taxation	-	-	-	514,148,873	514,148,873
Surplus transferred to accumulated profit:					
- on account of incremental depreciation on property, plant and equipment charged during the year - *net of tax*	-	-	(40,329,939)	40,329,939	-
Effect of rate change	-	-	(20,314,177)	-	(20,314,177)
Transactions with owners of the Company, recognized directly in equity - Distributions					
- Final dividend for the year ended 30 June 2021 at Rs. 10 per share	-	-	-	(362,242,100)	(362,242,100)
Balance as at 30 June 2022	**362,242,100**	**321,843**	**1,032,733,321**	**4,908,885,731**	**6,304,182,995**
Total comprehensive income for the year					
Profit after taxation	-	-	-	189,042,471	189,042,471
Surplus transferred to accumulated profit:					
- on account of incremental depreciation on property, plant and equipment charged during the year - *net of tax*	-	-	(36,944,186)	36,944,186	-
Effect of rate change	-	-	(27,411,770)	-	(27,411,770)
Transactions with owners of the Company, recognized directly in equity - Distributions					
- Final dividend for the year ended 30 June 2022 at Rs. 5 per share	-	-	-	(181,121,052)	(181,121,052)
- Issuance of bonus shares at 20%	72,448,420	-	-	(72,448,420)	-
	72,448,420	**-**	**-**	**(253,569,472)**	**(181,121,052)**
Balance as at 30 June 2023	**434,690,520**	**321,843**	**968,377,365**	**4,881,302,916**	**6,284,692,644**

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

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

Ferozsons Laboratories Limited
Unconsolidated Statement of Cash Flows
For the year ended 30 June 2023

	Note	2023 Rupees	2022 Rupees
Cash flow from operating activities			
Profit before taxation		**275,331,697**	934,532,073
Adjustments for non - cash and other items			
Depreciation on property, plant and equipment	*14.4*	**379,974,831**	334,432,009
Amortisation of intangible assets	*15.1*	**556,889**	413,300
Trade debts and earnest money written off	*28*	**20,592,272**	10,179,695
Provision / (reversal) of loss allowance	*30.1 & 29*	**38,454,594**	(21,408,864)
Gain on disposal of property, plant and equipment	*14.5*	**(27,779,308)**	(31,910,233)
Finance costs	*31*	**158,362,247**	37,406,319
Gain on re-measurement of short term investments to fair value	*23.1*	**(1,530,043)**	(2,607,824)
Gain on sale of short term investments	*23.1*	**(34,897)**	(4,006,688)
Dividend income	*30.1*	**(111,228,114)**	(83,992,560)
Profit on bank deposits	*30.1*	**(4,117,976)**	(3,976,561)
Share in profit of Farmacia	*30.2*	**(23,973,654)**	(20,600,413)
Workers' Profit Participation Fund	*10.1*	**14,786,880**	51,383,912
Central Research Fund	*10.2*	**2,987,248**	10,155,224
Workers' Welfare Fund	*10.3*	**5,619,014**	20,566,729
		452,669,983	296,034,045
Cash generated from operations before working capital changes		**728,001,680**	1,230,566,118
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		**2,865,213**	(13,158,039)
Stock in trade		**(1,498,860,702)**	(1,141,555,078)
Trade debts - *considered good*		**6,766,554**	258,981,613
Loans and advances - considered good		**(40,046,528)**	(3,660,984)
Deposits and prepayments		**(36,415,927)**	12,981,976
Other receivables		**46,981,516**	(242,768,187)
		(1,518,709,874)	(1,129,178,699)
Increase in current liabilities			
Trade and other payables		**995,221,092**	260,170,911
Contract liabilities		**6,915,243**	67,700,332
Cash generated from operations		**211,428,141**	429,258,662
Taxes paid		**(379,815,496)**	(293,174,444)
Workers' Profit Participation Fund paid	*10.1*	**(21,782,358)**	(44,098,535)
Central Research Fund paid	*10.2*	**(10,155,224)**	(10,697,660)
Net cash (used in) / generated from operating activities		**(200,324,937)**	81,288,023
Cash flow from investing activities			
Fixed capital expenditure incurred		**(378,360,408)**	(623,529,173)
Acquisition of intangibles		**-**	(777,810)
Dividend income received		**111,228,114**	93,506
Proceeds from sale of property, plant and equipment	*14.5*	**41,239,836**	42,966,047
Profit on bank deposits received	*30.1*	**4,117,976**	3,976,561
Short term investments - *net*	*23.1*	**334,258,355**	476,199,826
Net cash generated from / (used in) in investing activities		**112,483,873**	(101,071,043)
Cash flow from financing activities			
Long term loan received		**130,000,000**	-
Long term loan repaid		**(86,574,074)**	(171,000,000)
Finance cost paid		**(134,582,657)**	(21,056,120)
Dividend paid		**(175,481,440)**	(350,598,023)
Net cash used in financing activities		**(266,638,171)**	(542,654,143)
Net decrease in cash and cash equivalents		**(354,479,235)**	(562,437,163)
Cash and cash equivalents at the beginning of the year		**(163,062,882)**	399,374,281
Cash and cash equivalents at the end of the year		**(517,542,117)**	(163,062,882)
Cash and cash equivalents comprise of the following			
Cash and bank balances	*24*	**269,612,088**	180,113,540
Running finance	*12*	**(787,154,205)**	(343,176,422)
		(517,542,117)	(163,062,882)

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

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

1 Reporting entity

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

2 Basis of preparation

2.1 Separate financial statements

These unconsolidated financial statements are the separate financial statements of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investees. Consolidated financial statements of the Company are prepared separately.

The Company has following major investments:

Name of the company / firm	Shareholding
- BF Biosciences Limited (Subsidiary)	**80%**
- Farmacia (Partnership)	**98%**

2.2 Statement of compliance

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

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

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

2.3 Basis of measurement

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

- translation of foreign currency at spot / average rate;
- land, building and machinery at revalued amount as referred in note 6; and

- certain financial instruments at fair value through profit and loss account as referred in note 3.5.

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

2.4 Functional and presentation currency

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

2.5 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a continuous basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and any future periods affected.

Judgments made by the management in the application of approved accounting standards that have significant effect on the unconsolidated financial statements and estimates with a significant risk of material adjustment in the subsequent year are discussed in the ensuing paragraphs.

2.5.1 Property, plant and equipment

The Company reviews the useful lives and residual value of property, plant and equipment on regular basis by considering expected pattern of economic benefits that the Company expects to derive. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

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

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

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

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

2.5.3 Stock in trade

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

2.5.4 Provisions

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

2.5.5 Impairment

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

2.5.6 Taxation

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

2.5.7 Revaluation of property, plant and equipment

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

2.6 Standards, amendments and interpretations and forth coming requirements

2.6.1 Standards, amendments or interpretations which became effective during the year

There are new and amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 July 2022 and are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

2.6.2 New and revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2023:

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

– Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

– Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review

- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company’s liabilities and cash flows, and the company’s exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.

The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

– International Tax Reform – Pillar Two Model Rules (amendments to IAS 12) introduce following new disclosure requirements:

  - Once tax law is enacted but before top-up tax is effective:

    disclose information that is known or can be reasonably estimated and that helps users of its financial statements to understand its exposure to Pillar Two income taxes at the reporting date. If information is not known or cannot be reasonably estimated at the reporting date, then a company discloses a statement to that effect and information about its progress in assessing the Pillar Two exposure.

  - After top-up tax is effective: disclose current tax expense related to top-up tax.

3 Significant accounting policies

The significant accounting policies set out below have been consistently applied to all periods presented in these unconsolidated financial statements.

3.1 Employee benefits

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

3.1.1 Defined contribution plan

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

3.1.2 Compensated absences

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

3.2 Taxation

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

3.2.1 Current taxation

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

The amount of unpaid income tax in respect of the current and prior periods is recognized as liability. Any excess amount paid over what is due in respect of the current or prior periods is recognized as an asset.

3.2.2 Deferred taxation

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

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in unconsolidated other comprehensive income or equity.

3.3 Property, plant and equipment

3.3.1 Owned

Property, plant and equipment of the Company other than freehold land, building on freehold land and plant and machinery are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at revalued amount carried out by external valuers by reference to its current market price less impairment loss, if any. Building on freehold land and plant and machinery are stated at revalued amount carried out by external valuers by reference to its current market price less accumulated depreciation and impairment loss, if any. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs. Revaluation is carried out every five years unless earlier revaluation is necessitated.

Depreciation is provided on a straight line basis and charged to unconsolidated statement of profit or loss to write off the depreciable amount of each asset, except for freehold land, over its estimated useful life at the rates specified in note 14.1 of these unconsolidated financial statements.

Depreciation on depreciable assets is commenced from the date asset is available for use up to the date when asset is retired. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant. The Company’s estimate of the residual value of its property, plant and equipment as at statement of financial position date has not required any adjustment as its impact is considered insignificant.

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

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. All other repairs and maintenance costs are charged to unconsolidated statement of profit or loss as and when incurred.

Gain and loss on sale of an item of property, plant and equipment are determined by comparing the proceeds from sale with the carrying amount of property, plant and equipment, and are recognized net within "other income / other expenses" in unconsolidated statement of profit or loss. When revalued asset is sold, the amount included in the surplus on revaluation of property, plant and equipment, net of deferred tax, is transferred directly to retained earnings.

3.3.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any. It consists of all expenditures and advances connected with specific assets incurred and made during installations and construction period. These are transferred to relevant property, plant and equipment as and when assets are available for use.

3.4 Intangibles

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

3.5 Financial instruments

3.5.1 Recognition and initial measurement

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

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

3.5.2 Classification and subsequent measurement

Financial assets

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

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

Amortized cost

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

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

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

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

Debt Instrument - FVOCI

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

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

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

Equity Instrument - FVOCI

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

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

Fair value through profit or loss (FVTPL)

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

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

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

Financial assets – Business model assessment

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

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

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

Financial liabilities

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

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

3.5.3 Derecognition

Financial assets

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

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

Financial liabilities

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

3.5.4 Trade and other payables

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

3.5.5 Investments

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

3.5.6 Offsetting of financial instruments

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

3.6 Impairment

Financial assets

The Company recognizes loss allowances for ECLs on:

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

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

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Loss allowances for financial assets measured at amortized cost are deducted from the Gross carrying amount of the assets.

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

Non - Financial assets

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

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

3.7 Investments in subsidiaries

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

3.8 Provisions

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

3.9 Foreign currency

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

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

3.10 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at weighted average cost except for items in transits which are stated at cost incurred up to the reporting date less impairment, if any. For items which are slow moving and/or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated net realizable value. The Company reviews the carrying amount of stores, spares parts and loose tools on a regular basis and provision is made for obsolescence.

3.11 Stocks in trade

Stocks are valued at the lower of cost and net realizable value. Cost is determined as follows:

Raw and Packing materials	- at moving average cost;
Work in process	- at moving average cost;
Finished goods	- at moving average cost; and
Finished goods for resale	- at moving average cost of purchase

Cost of finished goods purchased for resale and raw and packing materials comprises of purchase price and other costs incurred in bringing the material to its present location and condition. Cost of work in process comprises of cost of raw materials, labour and appropriate portion of production overheads. Cost of manufactured finished goods comprises of raw and packing material and applicable overheads. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessarily to be incurred in order to make a sale.

3.12 Cash and cash equivalents

Cash and cash equivalents are carried in unconsolidated statement of financial position at amortized cost. For the purpose of unconsolidated statement of cash flow, cash and cash equivalents comprise of cash in hand, cash at banks and outstanding balance of short term borrowing facilities.

3.13 Revenue recognition

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

3.13.1 Sale of goods

Revenue represents the fair value of the consideration received or receivable for sale of products, net of sales tax, sales returns and related discounts. Revenue is recognized when or as performance obligation is satisfied by transferring control of promised goods or services to a customer and control either transfers overtime or point in time.

3.13.2 Other income

Other income mainly comprises income on funds invested, dividend income, exchange gain and changes in the fair value of financial asset at fair value through profit or loss. Income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Foreign currency gains and losses are reported on a net basis.

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

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

3.13.3 Contract liabilities

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

3.14 Borrowing costs

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

3.15 Earnings per share (EPS)

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

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

3.16 Dividend distribution

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

3.17 Leases

At the inception of a contract, the Company assesses whether a contract is or contains lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct cost incurred less any lease incentive received. The right of use asset is subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability, if any.

The right of use assets is depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or cost of the right of use asset reflects that the Company will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment.

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. The Company has used it incremental borrowing rate as the discount rate for leases where rate is not readily available. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement, if there is change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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

Short term leases and leases of low value assets

The Company has elected not to recognize right of use assets and liabilities for some leases of low value assets (warehouse/sales offices). The Company recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

3.18 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and accessing performance of the operating segments, has been identified as the Chief Executive Officer of the Company that make strategic decisions. These unconsolidated financial statements are prepared on the basis of single reportable segment as the Chief Executive Officer views the Company's operations as one reportable segment.

3.19 Deferred grant

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

4 Issued, subscribed and paid up capital	**2023 Rupees**	2022 Rupees
1,441,952 (2022: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	**14,419,520**	14,419,520
119,600 (2022: 119,600) ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged	**1,196,000**	1,196,000
41,907,500 (2022: 34,662,658) ordinary shares of Rs. 10 each issued as fully paid bonus shares	**419,075,000**	346,626,580
	434,690,520	362,242,100

4.1 Movement in number of shares;

Opening number of shares	**36,224,210**	36,224,210
Bonus shares issued during the year	**7,244,842**	-
Closing number of shares	**43,469,052**	36,224,210

KFW Factors (Private) Limited, an associated company holds 11,933,194 (2022: 9,944,329) ordinary shares of Rs. 10 each of the Company, representing 27.45% (2022: 27.45%) of the equity held.

5 Capital reserve

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

6 Surplus on revaluation of property, plant and equipment - *net of tax*	**2023 Rupees**	2022 Rupees
Revaluation surplus as at 01 July	**1,183,498,057**	1,242,449,269
Surplus transferred to accumulated profit on account of incremental depreciation charged during the year - *net of deferred tax*	**(36,944,186)**	(40,329,939)
Related deferred tax liability	**(22,007,025)**	(18,621,273)
	(58,951,211)	(58,951,212)
Revaluation surplus as at 30 June	**1,124,546,846**	1,183,498,057
Less: Related deferred tax liability:		
- On revaluation surplus as at 01 July	**(150,764,736)**	(149,071,832)
- Transferred on account of incremental depreciation charged during the year	**22,007,025**	18,621,273
- tax rate adjustment	**(27,411,770)**	(20,314,177)
	(156,169,481)	(150,764,736)
Revaluation surplus as at 30 June	**968,377,365**	1,032,733,321

6.1 The freehold land, building and plant and machinery were revalued by independent valuers in years 1976, 1989, 2002, 2006, 2011, 2016 and 2020. The latest revaluation was conducted by M/s Asif Associates (Private) Limited (independent valuer and consultant) as at 30 June 2020, that resulted in a further surplus of Rs. 520 million. These revaluations had resulted in a cumulative surplus of Rs. 1,574 million, which has been included in the carrying values of freehold land, building on freehold land and plant and machinery respectively and credited to the surplus on revaluation of property plant and equipment. The basis of revaluation for items of these fixed assets were as follows:

Freehold land

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

Buildings on freehold land

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

Plant and machinery

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

7 Long term loan - *secured*

Facilities	*Note*	Sanctioned Limit	2023	2022	Remaining tenor of principal repayments	Security
HBL Bank Limited - SBP Refinance for Wages and Salaries	*7.1*	**342,000,000**	**-**	78,250,942	8 equal quarterly installments of Rs. 42.75 million each starting from 1st January 2021.	First equitable mortgage charge of Rs. 504 million (2022: 504 million) with 25% margin on land and building of head office of the company situated at 5-km Sundar Raiwind Road, Raiwind Lahore measuring 188 Kanals and 15 Marlas.As per the financing arrangement, the company has to comply the certain covenants imposed by bank including bank prior consent for payouts if any.
Allied Bank Limited - SBP LTFF Renewable Energy	*7.2*	**130,000,000**	**128,925,926**	-	27 equal quarterly installments of Rs. 4.81 million each starting from 30th June 2023.	First Pari Passu hypothecation charge over all present and future fixed assets (Plant & Machinery) of the company with 25% margin.
Total			**128,925,926**	78,250,942		
Less:						
Impact of deferred grant	*8*		**(37,521,932)**	-		
			(37,521,932)	-		
Add:						
Unwinding of loan			**579,380**	5,789,262		
			91,983,374	84,040,204		
Current portion of long term loans			**(23,000,000)**	(84,040,204)		
Long term portion of loans			**68,983,374**	-		

7.1 The Company obtained term finance facility under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan in order to prevent entities from laying-off employees during COVID-19 outbreak. The Company obtained Rs. 342 million for paying salaries for the month of April 2020 to September 2020. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market interest rates of 1 month KIBOR plus 1%. The difference between fair value of loan and loan proceeds was recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan. This outstanding amount of loan has been repaid during the year.

7.2 Term finance facility under "SBP finance scheme for renewable energy" introduced by Government of Pakistan in order to finance the installation/ commissioning of solar power systems to promote the use of renewable energy in the country. The scheme will provide concessionary financing for large renewable energy power projects as well as for small scale renewable energy solutions. The scheme also facilitates installation of renewable energy based solutions/ projects under net metering system introduced by National Electric Powe Regulatory Authority (NEPRA). This loan carries the fixed markup rate of 6% (SBP rate plus 4% (bank's spread)). However, during the transition period (i.e. before conversion to SBP-RE Loan), the applicable rate of mark-up is 3 months KIBOR +1% per annum (30 June 2022: Nil) and is payable on quarterly basis. After the required approvals from SBP (dated 9 June 2023), the loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market interest rates of 3 months KIBOR plus 1% (2022: Nil). The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

8 Deferred grant

	Note	2023 Rupees	2022 Rupees
Balance as at 01 July		**1,459,796**	7,249,058
Recognized during the year	*7*	**37,521,932**	-
Amortization during the year		**(2,039,176)**	(5,789,262)
Unamortized balance of deferred grant		**36,942,552**	1,459,796
Less: current maturity		**(8,796,285)**	(1,459,796)
Balance as at 30 June		**28,146,267**	-

9 Deferred taxation

The liability for deferred taxation comprises of temporary differences relating to:	Note	**2023 Rupees**	2022 Rupees
Deferred tax liability on taxable temporary differences arising in respect of:			
- Accelerated tax depreciation allowances		**170,859,711**	144,211,137
- Surplus on revaluation of property plant and equipment		**156,169,481**	150,764,736
- Unrealized gain on short term investments - mutual funds		**382,510**	741,881
		327,411,702	295,717,754
Deferred tax asset on deductible temporary differences arising in respect of:			
- Loss allowance against trade debts and earnest money		**(43,261,633)**	(24,459,077)
- Compensated absences and other provisions		**(48,274,719)**	(13,539,809)
		(91,536,352)	(37,998,886)
		235,875,350	257,718,868

9.1 Movement in deferred tax balances is as follows:

	2023					2022				
	(Reversal from) / charge to					(Reversal from) / charge to				
		Statement of profit or loss		**Statement of changes in equity**			Statement of profit or loss		Statement of changes in equity	
	Balance as at 01 July	**(Credited) / charged for the year**	**Effect of rate change**	**Equity portion**	**Balance as at 30 June**	Balance as at 01 July	(Credited) / charged for the year	Effect of rate change	Equity portion	Balance as at 30 June
	Rupees					Rupees				
Taxable temporary difference										
Accelerated tax depreciation allowances	**144,211,137**	**428,367**	**26,220,207**	**-**	**170,859,711**	121,601,953	5,836,501	16,772,683.00	-	144,211,137
Surplus on revaluation of property, plant and equipment	**150,764,736**	**(22,007,025)**	**-**	**27,411,770**	**156,169,481**	149,071,832	(18,621,273)	-	20,314,177	150,764,736
Unrealized gain on short term investments - *mutual funds*	**741,881**	**(494,258)**	**134,887**	**-**	**382,510**	3,478,761	(3,216,709)	479,829	-	741,881
	295,717,754	**(22,072,916)**	**26,355,094**	**27,411,770**	**327,411,702**	274,152,546	(16,001,481)	17,252,512	20,314,177	295,717,754
Deductible temporary difference										
Loss allowance against trade debts & earnest money	**(24,459,077)**	**(14,355,451)**	**(4,447,105)**	**-**	**(43,261,633)**	(6,501,755)	6,829,071	(896,794)	(23,889,599)	(24,459,077)
Compensated absences and other provisions	**(13,539,809)**	**(32,273,127)**	**(2,461,783)**	**-**	**(48,274,719)**	(9,721,667)	(2,477,222)	(1,340,920)	-	(13,539,809)
	(37,998,886)	**(46,628,578)**	**(6,908,888)**	**-**	**(91,536,352)**	(16,223,422)	4,351,849	(2,237,714)	(23,889,599)	(37,998,886)
	257,718,868	**(68,701,494)**	**19,446,206**	**27,411,770**	**235,875,350**	257,929,124	(11,649,632)	15,014,798	(3,575,422)	257,718,868

		Note	2023 Rupees	2022 Rupees
10	**Trade and other payables**			
	Trade creditors		**2,533,001,338**	1,499,932,186
	Accrued liabilities		**303,152,254**	359,471,571
	Tax deducted at source		**13,537,660**	10,639,301
	Provision for compensated absences		**45,036,562**	42,864,188
	Workers' Profit Participation Fund	*10.1*	**3,701,495**	10,268,358
	Central Research Fund	*10.2*	**2,987,248**	10,155,224
	Workers' Welfare Fund	*10.3*	**26,185,743**	20,566,729
	Advances from employees against purchase of vehicles		**83,087,986**	67,830,223
	Other payables		**2,081,678**	3,938,917
			3,012,771,964	2,025,666,697

10.1 Workers' Profit Participation Fund

	Note	2023	2022
Balance payable as at 01 July		**10,268,358**	2,982,981
Interest on funds utilized by the Company	*31*	**428,615**	1,115,554
Provision for the year	*29*	**14,786,880**	50,268,358
		25,483,853	54,366,893
Payments made during the year		**(21,782,358)**	(44,098,535)
Balance as at 30 June		**3,701,495**	10,268,358

10.2 Central Research Fund

	Note	2023	2022
Balance as at 01 July		**10,155,224**	10,697,660
Provision for the year	*29*	**2,987,248**	10,155,224
		13,142,472	20,852,884
Payments made during the year		**(10,155,224)**	(10,697,660)
Balance as at 30 June		**2,987,248**	10,155,224

10.3 Workers' Welfare Fund

	Note	2023	2022
Balance as at 01 July		**20,566,729**	20,429,999
Provision for the year	*29*	**5,619,014**	20,566,729
Adjusted during the year		-	(20,429,999)
Balance as at June 30		**26,185,743**	20,566,729

11 Contract liabilities

	Note	2023	2022
Balance as at 1 July		**99,615,324**	31,914,992
Advance received during the year		**60,436,930**	90,940,000
Revenue recognised during the year	*11.1*	**(53,521,687)**	(23,239,668)
Balance as at 30 June		**106,530,567**	99,615,324

11.1 This represents advance received from customers for future sale of goods. During the year, the Company has received advances amounting to Rs. 60.4 million (2022: Rs. 90.94 million) and has recognized revenue amounting to Rs. 53.5 million (2022: Rs. 23.24 million), out of the contract liability as at beginning of the reporting period.

		Note	2023 Rupees	2022 Rupees
12	**Short term borrowings**			
	Short term running finance - *secured*	*12.1*	**787,154,205**	343,176,422

12.1 Particulars of borrowings

	Note	2023	2022
Interest / markup based financing	*12.2*	**493,202,811**	325,711,623
Islamic mode of financing	*12.3*	**293,951,394**	17,464,799
		787,154,205	343,176,422

12.2 Under mark up arrangements

The Company has short term running finance facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs. 2,100 million (2022: Rs. 1,800 million). These facilities carry mark-up at the rates ranging from one to three months KIBOR plus 0% to 1% (2022: one to three months KIBOR plus 0.1% to 1%) per annum on the outstanding balances. Running finance facilities amounting to Rs. 2,000 million (2022: Rs. 1,400 million) can interchangeably be utilized as non-funded facilities.

Out of the aggregate facilities, Rs. 1,000 million (2022: Rs. 850 million) are secured by joint pari passu charge over present and future current assets of the Company and Rs 800 million (2022: Rs. 350 million) is secured by first pari passu on plant and machinery and remaining Rs. 300 (2022: Rs. 600 million) facility is secured by lien on Company's short term investments (money market/cash fund) which should be 110% of the maximum limit allowed for utilization. Under this arrangement, short term investment of Rs. 333.33 million (2022: Rs. 666.67 million) is marked under lien. These facilities are renewable on annual basis latest by 31 January 2024.

12.3 Under Shariah compliant arrangements

The Company has short term borrowing facility i.e. Running Musharakah available from Islamic banks under profit arrangements having sanctioned limit of Rs. 800 million (2022: Rs. 200 million). This facility carries profit rate of one to three months KIBOR plus 0.15% to 0.25% (2022: one month KIBOR plus 0.25%) per annum on the outstanding balance. This facility can interchangeably be utilized as non-funded facility upto Rs 800 million. This facility is secured by joint pari passu charge over current assets of the Company. This facility is renewable on annual basis latest by 30 April 2024.

13 Contingencies and commitments

13.1 Contingencies

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

The Company had filed an appeal against this demand before Commissioner Appeals who partially decided the matter in favor of the Company and has remanded back the remaining matters for fresh consideration. The Company has filed an appeal against this order before the Appellate Tribunal Inland Revenue, which has been subsequently decided in the favor of the Company. Appeal effect proceedings are still pending. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

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

The Company had filed an appeal against this demand before Commissioner Appeals who remanded back the case for fresh consideration. Appeal effect proceedings are still pending. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

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

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

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

Being aggrieved with the order, the Company filed an appeal before CIR(A). During the year 2023, the CIR(A) deleted the demand of Rs.53,674,204 and remanded back the remaining proceedings to DCIR for fresh consideration. Appeal effect proceedings are still pending. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

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

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

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

13.2 Commitments

13.2.1 Letter of credits

13.2.1.1 Under Mark up arrangements

Out of the aggregate facility of Rs. 2,150 (2022: Rs. 1,700 million) for opening letters of credit, the amount utilized as at 30 June 2023 for capital expenditure was Rs. Nil (2022: Nil) and for other than capital expenditure was Rs. 131.60 million (2022: Rs. 313.18 million). These facilities are secured by joint pari passu charge, lien on investment and ranking charge (2022: joint pari passu charge, lien on investment and ranking charge) over all present and future current assets and plant and machinery of the Company.

13.2.1.2 Under Shariah compliant arrangements

The Company has facility i.e. letters of credit of Rs. 650 million (2022: Rs. 400 million) available from Islamic banks. The amount utilized as at 30 June 2023 for capital expenditure was Rs. Nil (2022: Rs. Nil) and for other than capital expenditure was Rs. 67.33 million (2022: Rs. 15.26 million). This facility is secured against lien over import documents.

13.2.2 Guarantees issued by banks on behalf of the Company

13.2.2.1 Under Mark up arrangements

Out of the aggregate facility of Rs. 800 million (2022: Rs. 425 million) for letter of guarantees (which is the sublimit of running finance and letter of credits), the amount utilized as at 30 June 2023 was Rs. 413.69 million (2022: Rs. 127.86 million).

13.2.2.2 Under Shariah compliant arrangements

The Company has facility i.e. letter of guarantee of Rs. 175 million (2022: Rs. 25 million) available from Islamic bank, the amount utilized at 30 June 2023 was Rs. 24.13 million (2022: Rs. 4.49 million).

13.2.3 Guarantees issued by the Company on behalf of the Subsidiary

The Company has approved cross corporate guarantees in favor of lenders / financial institutions of the subsidiary company up to Rs. 3,500 million (2022: Rs. 3,500 million) for a tenor of 10 years. Out of this approved limit, corporate guarantees amounting to Rs. 2,925 million (2022: Rs. 2,925 million) for a tenor of 10 years have been provided to banks / financial institutions till date.

14 Property, plant and equipment	*Note*	**2023 Rupees**	2022 Rupees
Operating fixed assets	*14.1*	**3,233,525,181**	3,137,058,744
Capital work in progress	*14.6*	**276,160,294**	387,701,682
		3,509,685,475	3,524,760,426

14.1 Operating fixed assets

	Note	Owned							
		Freehold land	Buildings on freehold land	Plant and machinery	Office equipment	Furniture and fittings	Computers	Vehicles	Total
		Rupees							
30 June 2023									
Cost / revalued amount									
Balance as at 01 July 2022		828,500,000	806,978,640	1,561,789,451	133,390,468	123,108,959	85,323,200	491,975,885	4,031,066,603
Additions / transfers	*14.1.2*	-	66,920,898	228,449,567	14,116,740	4,264,460	20,683,617	155,466,514	489,901,796
Reclassification		-	-	925,100	(281,600)	(643,500)	-	-	-
Disposals / write offs		-	-	-	(835,139)	-	(1,653,277)	(66,418,300)	(68,906,716)
Balance as at 30 June 2023	*14.1.1*	**828,500,000**	**873,899,538**	**1,791,164,118**	**146,390,469**	**126,729,919**	**104,353,540**	**581,024,099**	**4,452,061,683**
Depreciation									
Balance as at 01 July 2022		-	158,053,377	286,913,629	77,203,806	62,193,502	55,903,585	253,739,960	894,007,859
Charge for the year		-	81,833,667	165,140,139	10,358,581	10,754,542	18,413,652	93,474,250	379,974,831
Reclassification		-	-	839,300	(281,600)	(557,700)	-	-	-
On disposals / write offs		-	-	-	(776,506)	-	(1,587,276)	(53,082,406)	(55,446,188)
Balance as at 30 June 2023		**-**	**239,887,044**	**452,893,068**	**86,504,281**	**72,390,344**	**72,729,961**	**294,131,804**	**1,218,536,502**
Net book value as at 30 June 2023		**828,500,000**	**634,012,494**	**1,338,271,050**	**59,886,188**	**54,339,575**	**31,623,579**	**286,892,295**	**3,233,525,181**
30 June 2022									
Cost / revalued amount									
Balance as at 01 July 2021		828,500,000	787,082,079	1,429,402,901	117,887,700	120,779,794	61,975,995	425,879,370	3,771,507,839
Additions / transfers	*14.1.2*	-	19,896,561	132,386,550	15,858,982	2,991,213	25,321,619	140,893,639	337,348,564
Disposals / write offs		-	-	-	(356,214)	(662,048)	(1,974,414)	(74,797,124)	(77,789,800)
Balance as at 30 June 2022	*14.1.1*	**828,500,000**	**806,978,640**	**1,561,789,451**	**133,390,468**	**123,108,959**	**85,323,200**	**491,975,885**	**4,031,066,603**
Depreciation									
Balance as at 01 July 2021		-	78,520,821	139,065,148	68,541,107	51,429,788	44,325,732	244,427,240	626,309,836
Charge for the year		-	79,532,556	147,848,481	8,947,489	11,055,521	13,382,807	73,665,155	334,432,009
On disposals / write offs		-	-	-	(284,790)	(291,807)	(1,804,954)	(64,352,435)	(66,733,986)
Balance as at 30 June 2022		**-**	**158,053,377**	**286,913,629**	**77,203,806**	**62,193,502**	**55,903,585**	**253,739,960**	**894,007,859**
Net book value as at 30 June 2022		**828,500,000**	**648,925,263**	**1,274,875,822**	**56,186,662**	**60,915,457**	**29,419,615**	**238,235,925**	**3,137,058,744**
Depreciation Rate %		**-**	**10**	**10**	**10**	**10**	**33.33**	**20**	

14.1.1 These include fully depreciated assets amounting to Rs. 200.89 million (2022: Rs. 171.46 million).

14.1.2 Additions in operating fixed assets include transfers from capital work in progress amounting to Rs 433.03 million (2022: Rs. 159.98 million).

14.1.3 In addition to the guarantee as disclosed in note 13.2.3 the Company has also approved securities up to Rs. 2,500 million (2022: Rs. 2,500 million) in favor of financial institutions / lenders of subsidiary company for obtaining loan against import of plant and machinery for a maximum tenor of 5 years out of which security amounting to Rs. 457 million (2022: Rs. 457 million) has been provided till date. The security is provided in terms of first pari passu charge over head office land and building (2022: first pari passu charge over plant and machinery) of the Company.

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

	2023	2022
	Rupees	Rupees
Freehold land	**116,611,635**	116,611,635
Building on freehold land	**378,583,450**	357,006,356
Plant and machinery	**1,181,041,613**	1,095,185,037
	1,676,236,698	1,568,803,028

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

Location	Usage of immovable property	Total area (acres)	Covered Area (square feet)
Main G.T Road, Amangarh, District Nowshera, KPK	Manufacturing facility	29.81	336,222
5-K.M - Sunder Raiwind Road, Raiwind Lahore	Head office	23.59	26,852
197-A, The Mall, Rawalpindi Cantt, Rawalpindi	Registered office	0.66	28,749
Shop no. 2, Ground Floor, Ramzan Medical Centre, Lahore	Vacant shop	0.01	351
Phase II Extension Defence House Authority, Islamabad	Vacant plot	1.03	N/A
House No. 167, Khanuspur Ayubia, KPK	Guest house	0.33	5,000

14.3 As explained in note 6, the latest revaluation was carried as at 30 June 2020. As per the revaluation report, forced sale value of freehold land, buildings on freehold land and plant and machinery was Rs. 741 million, Rs. 652 million and Rs. 1,041 million respectively.

14.4 **Depreciation is allocated as under:**

	Note	**2023**	2022
		Rupees	Rupees
Cost of sales	*26*	**263,223,209**	233,508,579
Administrative expenses	*27*	**46,533,319**	45,608,593
Selling and distribution expenses	*28*	**70,218,303**	55,314,837
		379,974,831	334,432,009

14.5 Disposal of property, plant and equipment

Particulars of assets	Cost	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Relationship with Company	Particulars of purchaser
	---Rupees---						
Vehicles							
Suzuki Alto VXR 660CC	1,579,465	1,553,141	1,263,572	(289,569)	Company Policy	Employee	Mr. Muhammad Yaseen
Honda Civic Oriel UG	4,009,262	1,536,885	2,565,928	1,029,043	Company Policy	Employee	Mr. Shahid Manzoor
Suzuki Alto VXR 660CC	1,579,465	1,526,817	1,263,572	(263,245)	Company Policy	Employee	Mr. Imran Ali
Toyota Corolla GLI	2,944,390	1,324,975	1,931,610	606,635	Company Policy	Employee	Mr. Javed Iqbal
Suzuki Cultus VXR	1,764,120	1,205,482	2,200,000	994,518	Insurance Claim	Others	EFU General Insurance Ltd
Suzuki Alto VXR 660CC	1,428,985	714,493	1,060,150	345,657	Company Policy	Employee	Dr. Sumiya Mushtaq
Suzuki Alto VXR 660CC	1,338,085	646,741	1,044,584	397,843	Company Policy	Employee	Mr. Sikandar Hayat
Suzuki Alto VXR 660CC	1,340,085	580,703	816,775	236,072	Company Policy	Employee	Mr. Ali Farman
Suzuki Alto VXR 660CC	1,340,085	558,368	959,200	400,832	Company Policy	Employee	Miss Maha Asad
	17,323,942	**9,647,605**	**13,105,391**	**3,457,786**			
Various assets having net book less than Rs. 500,000	49,094,358	3,688,289	27,668,039	23,979,750			
Computers							
Various assets having net book less than Rs. 500,000	1,603,577	66,001	460,406	394,405			
Office Equipments							
Various assets having net book less than Rs. 500,000	19,000	-	6,000	6,000			
Assets written off:							
Computers	49,700	-	-	-			
Office Equipment	816,139	58,633	-	(58,633)			
2023 Rupees	**68,906,716**	**13,460,528**	**41,239,836**	**27,779,308**			
2022 Rupees	77,789,800	11,055,814	42,966,047	31,910,233			

14.6	**Capital work in progress**	*Note*	**2023 Rupees**	2022 Rupees
	The movement in capital work in progress is as follows:			
	Balance as at 01 July		**387,701,682**	101,521,073
	Additions during the year		**339,390,408**	446,163,892
	Less: Transfers to operating fixed assets during the period	*14.1.2*	**(433,031,119)**	(159,983,283)
	Reversal of advance	*14.6.1.3*	**(17,900,677)**	-
	Balance as at 30 June	*14.6.1*	**276,160,294**	387,701,682

14.6.1	**Capital work-in-progress comprises of:**			
	Building, civil works & others		**73,780,734**	87,499,137
	Plant and machinery	*14.6.1.1*	**148,893,208**	109,590,300
	Land		**2,400,000**	-
	Advances to suppliers	*14.6.1.2*	**51,086,352**	190,612,245
			276,160,294	387,701,682

14.6.1.1 This represents plant and machinery and equipment in the course of development and installation.

14.6.1.2 These are interest free and given in the normal course of business for plant and machinery, building and vehicles.

14.6.1.3 The reversal is related to advance deposited for purchase of equipments. The company withdrew from the transaction during the year, and the entire advance was refunded by the supplier.

15	**Intangible assets**	*Note*	**2023 Rupees**	2022 Rupees
15.1	**Computer softwares and software license fees**			
	Cost			
	Balance as at 01 July		**14,544,479**	13,766,669
	Addition during the year		**-**	777,810
	Balance as at 30 June	*15.1.1*	**14,544,479**	14,544,479
	Amortisation			
	Balance as at 01 July		**13,541,806**	13,128,506
	Amortisation for the year	*27*	**556,889**	413,300
	Balance as at 30 June		**14,098,695**	13,541,806
	Net book value		**445,784**	1,002,673

15.1.1 These include fully amortized assets amounting to Rs. 13.69 million (2022: Rs. 12.85 million). Intangibles are amortised at 33% (2022: 33%) on straight line basis.

16	**Long term investments - *related parties***	*Note*	**2023 Rupees**	2022 Rupees
	Related parties - at cost			
	Farmacia (Partnership firm):			
	Capital held: 98% (2022: 98%) Managing Partner - Osman Khalid Waheed	*16.1*	**240,312,544**	216,338,890
	BF Biosciences Limited (unlisted subsidiary): 15,199,996 (2022: 15,199,996) fully paid ordinary shares of Rs. 10 each Equity held: 80% (2022: 80%) Chief Executive Officer - *Mrs. Akhter Khalid Waheed*	*16.2*	**151,999,960**	151,999,960
			392,312,504	368,338,850

16.1 This represents Company's 98% share in "Farmacia", a partnership duly registered under the Partnership Act, 1932 and engaged in operating retail pharmacy. The head office of the Firm is situated at Fatima Memorial Hospital, Shadman, Lahore.

16.2 BF Biosciences Limited has been set up for establishing a Biotech Pharmaceutical Plant to manufacture mainly Cancer and Hepatitis related medicines. The Company holds 80% (2022: 80%) of equity of the subsidiary and the remaining 20% is held by Grupo Empresarial Bagó S.A., Spain. The registered office of the Company is situated at 197-A, The Mall, Rawalpindi and the production facility is located at 5 KM- Sunder Raiwind Road Lahore. The net assets of the Subsidiary company as at 30 June 2023 were of Rs. 1,974.21 million (2022: Rs. 1,825.15 million).

16.3 The Company, after obtaining approval from the shareholders in its Annual General Meeting held on 30 September 2022, has provided short term finance facility / security in favor of BF Biosciences Limited amounting to Rs. 500 million (2022: Nil). The facility carries markup at the rate not to be less than average rate charged by the bank(s) of the Company. The utilized amount of facility, related markup and outstanding balance at the Statement of Financial Position date has been disclosed in Note 35.

17	**Stores, spare parts and loose tools**	*Note*	**2023 Rupees**	2022 Rupees
	Stores		**24,903,249**	28,065,945
	Spare parts		**27,783,906**	24,884,839
	Loose tools		**385,949**	391,339
	Stores in transit		**2,081,528**	4,677,722
			55,154,632	58,019,845

18	**Stock in trade**			
	Raw and packing materials	*18.1*	**1,400,272,609**	876,498,555
	Work in process		**157,743,377**	155,665,588
	Finished goods	*18.1*	**1,184,462,133**	1,431,320,397
	Stock in transit	*18.2*	**1,529,272,288**	309,405,165
			4,271,750,407	2,772,889,705

18.1 The amount charged to unconsolidated statement of profit or loss on account of write down of raw material and work in progress to net realizable value amounts to Rs. 66.82 million (2022: Rs. 13.24 million) and finished goods to net realizable value amounts to Rs. 40.97 million (2022: 19.67 million).

18.2 It includes raw and packing material in transit amounting to Rs. 135.64 million (2022: Rs. 177.42 million) and finished goods in transit amounting to Rs. 1,393.64 million (2022: Rs. 131.98 million).

19	**Trade debts**	*Note*	**2023 Rupees**	2022 Rupees
	Export debtors			
	Considered good - *secured*		**49,102,224**	9,820,050
	Considered good - *unsecured*		**4,983,186**	63,848,396
			54,085,410	73,668,446
	Local debtors			
	Considered good - *unsecured*		**945,940,876**	992,171,260
	Considered doubtful - *unsecured*	*19.1*	**96,463,258**	60,303,638
			1,042,404,134	1,052,474,898
	Less: Impairment loss allowance		**(96,463,258)**	(60,303,638)
			1,000,026,286	1,065,839,706

19.1 The movement in impairment loss allowance is as follows:

	Note	2023	2022
Balance as at 01 July		**60,303,638**	23,211,710
Effect of IFRS - 9		**-**	58,622,262
Charge / (Reversal) during the year	29	**36,159,620**	(21,530,334)
Balance as at 30 June		**96,463,258**	60,303,638

20	**Loans and advances**			
	Advances to employees - *secured*	*20.1*	**25,806,621**	18,970,462
	Advances to suppliers - *unsecured*	*20.2*	**63,537,516**	30,745,139
	Others		**1,879,505**	1,461,513
			91,223,642	51,177,114

20.1 Advances given to staff are in accordance with the Company's policy and terms of employment contract. These advances are secured against provident fund. Advances to staff include amount due from executives of the Company of Rs. 2.83 million (2022: Rs. 2.73 million).

20.2 These are interest free in the ordinary course of business.

21	**Deposits and prepayments**	*Note*	**2023 Rupees**	2022 Rupees
	Deposits - *considered good*			
	Earnest Money	*21.1*	**144,907,103**	110,901,201
	Less: Impairment loss allowance	*21.2*	**(19,423,630)**	(17,128,655)
			125,483,473	93,772,546
	Security Margins		**7,725,451**	6,645,649
			133,208,924	100,418,195
	Prepayments		**4,778,859**	1,153,661
			137,987,783	101,571,856

21.1 These are interest free and given in ordinary course of business for acquiring government tenders.

21.2 The movement in impairment loss allowance is as follows:

	Note	**2023 Rupees**	2022 Rupees
Balance as at 01 July		**17,128,655**	-
Effect of IFRS - 9		**-**	17,007,185
Charge during the year	29	**2,294,975**	121,470
Balance as at 30 June		**19,423,630**	17,128,655

	Note	2023 Rupees	2022 Rupees

22 Other receivables

Sales tax refundable - *net*		**188,812,972**	215,887,886
Export rebate		**7,257,753**	8,452,466
Others - considered good, *unsecured*		**13,826,258**	32,538,147
		209,896,983	256,878,499

23 Short term investments

Investments at fair value through profit or loss

	Note	2023 Rupees	2022 Rupees
Mutual fund	*23.1*	**362,396,582**	695,089,997

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

	Note	2023 Rupees	2022 Rupees
Fair value at 01 July		**695,089,997**	1,080,776,249
(Redemption) / acquisition during the year - *net*		**(445,486,469)**	(476,199,818)
Dividend re-invested during the year		**111,228,114**	83,899,054
Realized gain on sale of investments during the year	*30.1*	**34,897**	4,006,688
Unrealized gain on re-measurement of investment during the year	*30.1*	**1,530,043**	2,607,824
Fair value at 30 June	*23.1.1*	**362,396,582**	695,089,997

23.1.1 Mutual fund wise detail is as follows:

	Units		Fair value	
	2023	2022	**2023**	2022
	…………**Number**…………		….……………**Rupees**………………	
HBL Money Market Fund	**3,286,601**	2,883,743	**339,186,410**	296,411,019
MCB Cash Management Optimizer Fund	**10,939**	10,939	**1,109,863**	1,109,225
HBL Cash Fund	**212,407**	433,153	**21,700,510**	43,884,004
Pakistan Cash Management Fund	**7,922**	7,016,903	**399,799**	353,685,749
			362,396,582	695,089,997

24	Cash and bank balances	Note	**2023 Rupees**	2022 Rupees
	Cash in hand		**7,695,413**	6,242,868
	Cash at bank:			
	Current accounts			
	- foreign currency		**175,549,992**	80,405,308
	- local currency	*24.1*	**74,016,210**	84,474,976
			249,566,202	164,880,284
	Deposit accounts - *local currency*	*24.2*	**12,350,473**	8,990,388
			269,612,088	180,113,540

24.1 These include bank accounts of Rs. 0.0024 million (2022: Rs. 0.0024 million) maintained under Shariah compliant arrangements.

24.2 These include deposit accounts of Rs. 12.12 million (2022: Rs. 8.80 million) under mark up arrangements, which carry interest rates ranging from 12.25% - 19.51% (2022: 5.50% - 12.25%) per annum.

These also include deposit account of Rs. 0.203 million (2022: Rs. 0.195 million) under Shariah compliant arrangements, which carries profit rate from 6.50% - 10.00% (2022: 2.95% - 6.01%) per annum.

25	Revenue - *net*	Note	**2023 Rupees**	2022 Rupees
	Gross sales:			
	Local		**10,395,161,748**	8,130,503,268
	Export		**684,292,278**	345,841,617
			11,079,454,026	8,476,344,885
	Less:			
	Sales return		**(175,895,699)**	(150,340,413)
	Discounts		**(938,348,027)**	(505,643,685)
	Sales tax		**(71,819,378)**	(13,946,472)
			(1,186,063,104)	(669,930,570)
	Revenue from contracts with customers - *net*	*25.1*	**9,893,390,922**	7,806,414,315

Disaggregation of Revenue - *net*

25.1 Primary Geographical Markets (Revenue - *net*)

	2023	2022
Pakistan	**9,209,251,465**	7,464,585,903
Sri Lanka	**281,343,644**	160,916,650
Philippines	**61,981,943**	62,980,811
Myanmar	**51,415,640**	28,215,993
Afghanistan	**191,883,772**	15,409,975
Kenya	**32,174,121**	23,550,814
Kyrgyzstan	**16,889,094**	13,397,056
Others	**48,451,243**	37,357,113
	9,893,390,922	7,806,414,315

	Note	**2023 Rupees**	2022 Rupees
26 Cost of sales			
Raw and packing materials consumed	*26.1*	**2,477,220,521**	1,849,184,984
Salaries, wages and other benefits	*26.2*	**484,414,903**	397,515,432
Fuel and power		**91,281,726**	61,799,313
Repair and maintenance		**25,661,547**	26,956,638
Stores, spare parts and loose tools consumed		**94,563,892**	146,000,765
Freight and forwarding		**69,567,008**	51,554,502
Packing charges		**19,059,244**	19,997,389
Rent, rates and taxes		**6,001,031**	5,632,411
Printing and stationery		**6,427,686**	5,538,848
Postage and telephone		**9,627,344**	4,650,023
Insurance		**18,620,761**	15,243,199
Travelling and conveyance		**24,238,164**	14,570,479
Canteen expenses		**24,781,757**	20,137,803
Depreciation on property, plant and equipment	*14.4*	**263,223,209**	233,508,579
Laboratory and other expenses		**20,969,265**	18,085,334
		3,635,658,058	2,870,375,699
Work in process:			
Opening		**155,665,588**	90,888,803
Closing		**(157,743,377)**	(155,665,588)
		(2,077,789)	(64,776,785)
Cost of goods manufactured		**3,633,580,269**	2,805,598,914
Finished stock:			
Opening		**1,431,320,397**	719,606,841
Purchases made during the year		**2,190,665,218**	2,194,913,386
Closing		**(1,184,462,133)**	(1,431,320,397)
		2,437,523,482	1,483,199,830
		6,071,103,751	4,288,798,744

26.1 ***Raw and packing materials consumed***

	2023	2022
Opening	**876,498,555**	584,711,427
Purchases made during the year	**3,000,994,575**	2,140,972,112
	3,877,493,130	2,725,683,539
Closing	**(1,400,272,609)**	(876,498,555)
	2,477,220,521	1,849,184,984

26.2 Salaries, wages and other benefits include Rs. 17.34 million (2022: Rs. 13.80 million) which represents employer's contribution towards provident fund.

27	Administrative expenses	Note	2023 Rupees	2022 Rupees
	Salaries and other benefits	27.1	**322,478,223**	293,264,246
	Directors fees and expenses		**678,170**	470,000
	Rent, rates and taxes		**618,504**	638,855
	Postage and telephone		**15,566,632**	13,490,402
	Printing, stationery and office supplies		**8,329,785**	4,480,459
	Travelling and conveyance		**64,735,665**	39,863,847
	Transportation		**5,935,349**	5,977,030
	Legal and professional charges		**6,695,082**	5,366,966
	Fuel and power		**39,730,542**	8,890,212
	Auditors' remuneration	27.2	**2,471,000**	2,018,375
	Repair and maintenance		**17,418,756**	13,272,364
	Fee and subscriptions		**27,715,116**	22,393,124
	Donations	27.3	**8,078,126**	11,520,725
	Insurance		**8,155,051**	6,273,573
	Depreciation on property, plant and equipment	14.4	**46,533,319**	45,608,593
	Amortisation of intangibles	15.1	**556,889**	413,300
	Canteen expenses		**28,649,288**	12,206,739
	Other expenses		**7,628,585**	5,945,148
			611,974,082	492,093,958

27.1 Salaries and other benefits include Rs. 12.12 million (2022: Rs. 11.35 million) which represents employer's contribution towards provident fund.

27.2	Auditors' remuneration	2023 Rupees	2022 Rupees
	Fee for annual audit	1,460,000	1,300,000
	Audit of consolidated financial statements	90,000	80,000
	Review of half yearly financial statements	350,000	300,000
	Special certificates and others	221,000	180,000
	Out-of-pocket expenses	350,000	158,375
		2,471,000	2,018,375

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

Name of director	Nature of interest in donee	Name of donee	2023 Rupees	2022 Rupees
Mr. Osman Khalid Waheed (Director)	Trustee	National Management Foundation (LUMS)	**2,312,952**	5,600,000

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

	2023 Rupees	2022 Rupees
National Management Foundation (LUMS)	**2,312,952**	5,600,000
Pakistan Pharmaceutical Manufacturers Association (PPMA)	**2,173,913**	-
Parsa Trust	**1,638,396**	3,077,725
Pir Abdul Qadir Shah Jeelani Institute of Medical Sciences	**1,000,000**	-
Rizq Trust	**-**	2,343,000

	Note	2023 Rupees	2022 Rupees

28 Selling and distribution expenses

	Note	2023 Rupees	2022 Rupees
Salaries and other benefits	*28.1*	**998,299,811**	892,866,329
Travelling and conveyance		**490,477,940**	328,454,351
Trade debts and earnest money written off		**20,592,272**	10,179,695
Fuel and power		**57,881,638**	11,332,007
Service charges		**13,420,130**	6,205,331
Rent, rates and taxes		**23,923,268**	13,649,918
Sales promotion		**352,495,472**	283,921,346
Printing and stationary		**6,627,783**	9,109,109
Postage and telephone		**32,949,771**	22,711,916
Fee and subscription		**67,645,420**	44,607,393
Insurance		**35,830,619**	28,904,759
Repairs and maintenance		**34,914,005**	16,859,270
Conferences, seminars and training		**229,746,340**	237,247,462
Patient care activities		**8,266,247**	8,711,968
Depreciation on property, plant and equipment	*14.4*	**70,218,303**	55,314,837
Other expenses		**3,251,852**	1,066,332
		2,446,540,871	1,971,142,023

28.1 Salaries and other benefits include Rs. 34.64 million (2022: Rs. 28.23 million) which represents employer's contribution towards provident fund.

29 Other expenses

	Note	2023 Rupees	2022 Rupees
Exchange Loss - *net*		**470,715,292**	185,101,855
Workers' Profit Participation Fund	*10.1*	**14,786,880**	50,268,358
Central Research Fund	*10.2*	**2,987,248**	10,155,224
Workers' Welfare Fund	*10.3*	**5,619,014**	20,566,729
Loss allowance against trade debts and earnest money	*19.1 & 21.2*	**38,454,594**	-
		532,563,028	266,092,166

30 Other income

	Note	2023 Rupees	2022 Rupees
From financial assets	30.1	**116,911,030**	115,992,497
From non financial assets	30.2	**85,573,724**	67,658,471
		202,484,754	183,650,968

30.1 From financial assets

	Note	2023 Rupees	2022 Rupees
Profit on deposits with banks	30.1.1	**4,117,976**	3,976,561
Dividend income		**111,228,114**	83,992,560
Unrealized gain on re-measurement of short term investments to fair value	23.1	**1,530,043**	2,607,824
Realized gain on sale of short term investments	23.1	**34,897**	4,006,688
Reversal of loss allowance	19.1 & 21.2	**-**	21,408,864
		116,911,030	115,992,497

30.1.1 These include profit of Rs. 0.0128 million (2022: Rs. 0.00011 million) earned on deposits maintained under Shariah compliant arrangements.

30.2 From non financial assets

	Note	2023 Rupees	2022 Rupees
From related party			
Share in profit of Farmacia - *98% owned* partnership firm		**23,973,654**	20,600,413
Markup income on short term loan to BF Biosciences Ltd.		**950,806**	-
Corporate Guarantee Income from BF Biosciences Ltd.		**7,020,000**	7,020,000
Others			
Gain on sale of property, plant and equipment - *net*	14.5	**27,779,308**	31,910,233
Export rebate		**9,770,693**	5,383,817
Commission income		**16,079,263**	2,744,008
		53,629,264	40,038,058
		85,573,724	67,658,471

31 Finance cost

	Note	2023 Rupees	2022 Rupees
Mark-up on financing from conventional banks / institutions:			
Long term financing		**11,157,193**	4,498,275
Short term borrowings		**118,786,193**	21,309,037
		129,943,386	25,807,312
Mark-up on Islamic mode of financing:			
Short term borrowings	31.1	**21,615,265**	4,717,469
Bank charges		**6,374,981**	5,765,984
Interest on Workers' Profit Participation Fund	10.1	**428,615**	1,115,554
		158,362,247	37,406,319

31.1 This represents markup expense incurred under Shariah compliant arrangements against facilities of short term borrowings.

	Note	2023 Rupees	2022 Rupees
32 Taxation			
Current			
- For the year		**159,530,393**	432,541,880
- For prior years		**(23,985,879)**	(15,523,846)
		135,544,514	417,018,034
Deferred			
- For the year		**(68,701,494)**	(11,649,632)
- Change in effective tax rate		**19,446,206**	15,014,798
	9.1	**(49,255,288)**	3,365,166
		86,289,226	420,383,200

32.1 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

	2023 Rupees	2022 Rupees
Profit before taxation	**275,331,697**	934,532,073
	----- (Percentage) -----	
Applicable tax rate as per Income Tax Ordinance, 2001	**29%**	29%
	2023 Rupees	2022 Rupees
Tax on accounting profit	**79,846,192**	271,014,301
Effect of final tax regime	**(29,348,784)**	7,751,213
Effect of separate block regime	**(31,817,146)**	12,259,579
Effect of minimum tax regime	**11,782,550**	(1,106,944)
Effect of permanent difference	**20,146,144**	8,320,163
Effect of super tax	**21,069,330**	112,305,806
Effect of proration	**3,556,968**	5,358,194
Effect of rate change	**19,446,206**	15,014,798
Effect of other accounting and tax differences	**15,593,645**	4,989,936
Prior year tax adjustment	**(23,985,879)**	(15,523,846)
	6,443,034	149,368,899
	86,289,226	420,383,200

32.2 The provision for current taxation represent tax under the normal tax regime at the rate of 29% of taxable income (2022: 29%) and final taxes paid under final tax regime under Income Tax Ordinance, 2001.

33 Earnings per share - *basic and diluted*

		2023	2022 *Re-stated*
Profit after taxation for distribution to ordinary shareholders	***Rupees***	**189,042,471**	514,148,873
Weighted average number of ordinary shares	***Numbers***	**43,469,052**	43,469,052
Basic and diluted earnings per share	***Rupees***	**4.35**	11.83

33.1 Weighted average number of ordinary shares

	2023 Rupees	2022 Rupees *Re-stated*
Outstanding number of shares before bonus issue	**36,224,210**	36,224,210
Add: Element of bonus issue in number of shares at the start of the year.	**7,244,842**	7,244,842
	43,469,052	43,469,052

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

34 Remuneration of Chief Executive, Director and Executives

	2023		
	Chief Executive	**Non Executive Director**	**Executives**
	---------------------**Rupees**---------------------		
Managerial remuneration	**21,290,328**	**-**	**282,261,714**
Utilities and others	**11,709,685**	**-**	**183,540,838**
Medical / Travelling reimbursements	**199,748**	**-**	**27,352,197**
Leave fare assistance / leave encashment	**-**	**-**	**24,979,392**
Bonus / Incentives	**5,625,000**	**-**	**61,475,441**
Contribution to provident fund	**2,129,033**	**-**	**28,123,595**
Meeting Fee	**70,000**	**560,000**	**-**
	41,023,794	**560,000**	**607,733,177**
Numbers	**1**	**6**	**100**

	2022		
	Chief Executive	Non Executive Director	Executives
	---------------------Rupees---------------------		
Managerial remuneration	19,304,836	-	216,393,303
Utilities and others	10,645,164	-	119,016,337
Medical reimbursements	1,308,476	-	38,913,647
Leave fare assistance / leave encashment	2,500,000	-	20,799,080
Bonus / Incentives	4,175,680	-	65,349,260
Contribution to provident fund	1,935,484	-	19,449,770
Meeting Fee	50,000	420,000	-
	39,919,640	420,000	479,921,397
Numbers	1	6	74

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

The Company has 6 (2022: 6) non executive directors. Non executive directors are not paid any remuneration or benefits other than the meeting fee and reimbursement of expenses. Furthermore, the Company has paid Rs. 560,000 (2022: Rs. 420,000) in lieu of meeting fee and Rs. Nil (2022: Nil) against reimbursement of expenses.

35 Related party transactions

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

Name of parties	Relationship	Transactions	2023	2022
			---------Rs.---------	
BF Biosciences Limited	80% owned subsidiary company	Sale of medicines	**437,877,760**	186,776,447
		Payment received against sale of medicine	**437,877,760**	186,776,447
		Short term borrowing extended to BFBL	**170,000,000**	-
		Short term borrowing repaid by BFBL	**170,000,000**	-
		Outstanding amount of short term borrowing	**-**	-
		Expenses incurred by BFBL on behalf of the Company - net	**46,150,073**	-
		Payments made to BFBL - net	**44,761,586**	-
		Receipts received by BFBL on behalf of the Company - net	**1,388,487**	246,488
		Purchase of medicines	**23,594,211**	7,894,190
		Payment made against purchase of medicine	**23,594,211**	7,894,190
		Corporate guarantee income	**7,020,000**	7,020,000
		Payment received against corporate guarantee income	**7,020,000**	7,020,000
		Markup income	**950,806**	-
		Payment received against markup income	**950,806**	-
		Expenses incurred by the Company on behalf of BFBL - net	**-**	13,775,126
		Receipts received from BFBL - net	**-**	14,021,614
Farmacia	98% owned subsidiary partnership firm	Sale of medicines - *net of returns and discounts*	**122,401,534**	31,149,712
		Payment received against sale of medicine	**122,401,534**	31,149,712
		Rentals	**5,931,624**	5,392,386
		Share of profit reinvested	**23,973,654**	20,600,413
Employees provident fund	Post employment benefit fund	Contribution towards employees' provident fund	**64,105,911**	53,368,385
Key Management Personnel	Key management personnel	Remuneration including benefits and perquisites	**49,020,971**	43,747,919
		Advance given against salary	**793,333**	791,666
		Cash Dividend	**8,400**	16,800
		Issuance of bonus shares as dividend	**3,360**	-
KFW Factors (Private) Limited	Common directorship	Cash Dividend	**49,721,645**	99,443,290
		Issuance of bonus shares as dividend	**19,888,658**	-
Osman Khalid Waheed	Chief Executive Officer	Remuneration including benefits and perquisites	**40,953,794**	39,869,640
		Cash Dividend	**12,947,025**	25,894,050
		Issuance of bonus shares as dividend	**5,178,810**	-
		Meeting Fee	**70,000**	50,000
Directors other than CEO	Non-Executive Directors	Rental expense paid for building in use	**6,544,527**	5,031,180
		Cash Dividend	**4,670,330**	9,340,660
		Issuance of bonus shares as dividend	**1,868,132**	-
		Meeting Fee	**560,000**	420,000
Khan and Piracha	Common directorship	Payment made against services received	**455,000**	-
National Management Foundation (LUMS)	Common directorship	Donations	**2,312,752**	5,600,000

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

		Actual production	
		2023	2022
36	**Plant capacity and production**	**---------Packs--------**	
	Tablets and Capsules	**32,745,714**	28,515,735
	Ointments	**4,058,512**	4,196,805
	Liquid and Others	**4,498,624**	4,416,754
		41,302,850	37,129,294

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

		Total employees	
37	**Number of employees**	**2023**	2022
	Total number of employees as at 30 June	**1388**	1366
	Average number of employees during the year	**1377**	1250

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

	2023			
	Liabilities			
	Unclaimed dividend	**Accrued mark up**	**Long term loan**	**Total**
	---------------------- (Rupees) -------------------			
Balance as at 01 July 2022	**91,693,095**	**18,789,481**	**85,500,000**	**195,982,576**
Changes from financing cash flows				
Long term loan received SBP - RE scheme	**-**	**-**	**130,000,000**	**130,000,000**
Long term loan repaid under SBP refinance scheme	**-**	**-**	**(86,574,074)**	**(86,574,074)**
Finance cost paid	**-**	**(135,011,272)**	**-**	**(135,011,272)**
Dividends paid	**(175,481,440)**	**-**	**-**	**(175,481,440)**
Total changes from financing cash flows	**(175,481,440)**	**(135,011,272)**	**43,425,926**	**(267,066,786)**
Non-cash changes				
Dividend approved	**181,121,052**	**-**	**-**	**181,121,052**
Interest / markup expense	**-**	**158,362,247**	**-**	**158,362,247**
Total non-cash changes	**181,121,052**	**158,362,247**	**-**	**339,483,299**
Closing as at 30 June 2023	**97,332,707**	**42,140,456**	**128,925,926**	**268,399,089**

	2022			
	Liabilities			
	Unclaimed dividend	Accrued mark up	Long term loan	Total
	---------------------- (Rupees) -------------------			
Balance as at 01 July 2021	80,049,018	2,439,282	256,500,000	338,988,300
Changes from financing cash flows				
Long term loan received SBP - RE scheme	-	-	-	-
Long term loan repaid under SBP refinance scheme	-	-	(171,000,000)	(171,000,000)
Finance cost paid	-	(21,056,120)	-	(21,056,120)
Dividends paid	(350,598,023)	-	-	(350,598,023)
Total changes from financing cash flows	(350,598,023)	(21,056,120)	(171,000,000)	(542,654,143)
Non-cash changes				
Dividend approved	362,242,100	-	-	362,242,100
Interest / markup expense	-	37,406,319	-	37,406,319
Total non-cash changes	362,242,100	37,406,319	-	399,648,419
Closing as at 30 June 2022	91,693,095	18,789,481	85,500,000	195,982,576

39 Disclosures relating to provident fund

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

	Un-Audited 2023		Audited 2022	
	% of Size of Fund	**Rupees**	% of Size of Fund	Rupees
Ferozsons Laboratories Limited - *Parent Company*	**79%**	**880,702,298**	81%	742,054,954
BF Biosciences Limited - *Subsidiary*	**20%**	**223,069,169**	17%	159,413,506
Farmacia - *Partnership firm*	**1%**	**15,606,275**	2%	18,576,090
	100%	**1,119,377,742**	100%	920,044,550

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

40 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

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

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

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

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

40.1 Credit risk and concentration of credit risk

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

40.1.1 Exposure to credit risk

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

	2023	2022
Financial assets at amortized cost	**Rupees**	Rupees
Long term deposits	**9,717,325**	9,717,325
Trade debts	**1,000,026,286**	1,065,839,706
Loans and advances	**1,879,505**	1,461,513
Deposits and prepayments	**133,208,924**	100,418,195
Other receivables	**21,084,011**	40,990,613
Bank balances	**261,916,675**	173,870,672
Financial assets at fair value through profit or loss		
Short term investments	**362,396,582**	695,089,997
	1,790,229,308	2,087,388,021

40.1.1.1 Concentration of credit risk

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

	2023	2022
	Rupees	Rupees
Customers	**1,000,026,286**	1,065,839,706
Banking companies and financial institutions	**624,313,257**	868,960,669
Others	**165,889,765**	152,587,646
	1,790,229,308	2,087,388,021

40.1.2 Credit quality and impairment

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

40.1.2.1 Counter parties with external credit ratings

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

Institutions	Rating		Rating Agency	2023	2022
	Short term	Long term		---------------------Rupees-------------------	
Bank balances					
Habib Bank Limited	A1+	AAA	JCR-VIS	**132,010,776**	89,807,943
Bank Al-Habib Limited	A1+	AAA	PACRA	**284,474**	4,934,640
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	**124,307,290**	73,282,599
Bank Alfalah Limited	A1+	AA+	PACRA	**2,334,417**	5,148,473
Meezan Bank Limited	A1+	AAA	JCR-VIS	**205,357**	197,649
MCB Bank Limited	A1+	AAA	PACRA	**445,458**	118,508
Allied Bank Limited	A1+	AAA	PACRA	**380,859**	380,860
Bank of Punjab	A1+	AA+	PACRA	**1,948,044**	-
				261,916,675	173,870,672
Short term investments					
HBL Money Market Fund	N/A	AA+(f)	JCR-VIS	**339,186,410**	296,411,019
MCB Cash Management Optimizer Fund	N/A	AA+(f)	PACRA	**1,109,863**	1,109,225
Pakistan Cash Management Fund	N/A	AA+(f)	PACRA	**399,799**	353,685,749
HBL Cash Fund	N/A	AA+(f)	JCR-VIS	**21,700,510**	43,884,004
				362,396,582	695,089,997
Margin against bank guarantee					
Habib Bank Limited	A1+	AAA	JCR-VIS	**1,153,934**	783,934
				1,153,934	783,934
Margin against letter of credit					
Meezan Bank Limited	A1+	AAA	JCR-VIS	**6,571,517**	5,611,793
				6,571,517	5,611,793
				632,038,708	875,356,396

40.1.2.2 *Counter parties without external credit ratings - Trade debts*

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

Management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. The Company has used tow years quarterly data in the calculation of historical loss rates along with the matching quarterly ageing brackets for the computation of roll rates. These rates are multiplied by scalar factors to reflect the effect of forward looking macro-economic factors. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2023 was determined as follows:

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

	Others	
	2023	2022
	--------------------Rupees--------------------	
Current	**290,389,668**	282,619,354
Past due 0 - 90 days	**49,476,346**	27,367,423
Past due 91 - 180 days	**20,383,660**	10,320,031
Past due 181 - 365 days	**4,169,360**	346,600
More than 365 days	**6,056,233**	3,684,818
Less: Impairment loss allowance	**(22,172,226)**	(9,130,379)
	348,303,041	315,207,847

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

0 - 90 days	**258,039,410**	368,649,008
91 - 180 days	**159,885,462**	210,474,729
181 - 365 days	**190,410,654**	108,535,131
More than 365 days	**117,678,751**	114,146,250
Less: Impairment loss allowance	**(74,291,032)**	(51,173,260)
	651,723,245	750,631,858

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

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

40.2 Liquidity risk

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

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in notes 7 and 12 to these unconsolidated financial statements is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

40.2.1 Exposure to liquidity risk

40.2.1.1 Contractual maturities of financial liabilities, including estimated interest payments

The following are the contractual maturities of financial liabilities:

	2023			
	Carrying amount	**Less than one year**	**One to five years**	**More than 5 years**
Financial liabilities at amortized cost	---------------------------------------Rupees----------------------------------			
Long term loan - *secured*	**128,925,926**	**23,000,000**	**105,925,926**	**-**
Trade and other payables	**2,883,271,832**	**2,883,271,832**	**-**	**-**
Unclaimed dividend	**97,332,707**	**97,332,707**	**-**	**-**
Short term borrowings - *secured*	**787,154,205**	**787,154,205**	**-**	**-**
Accrued mark-up	**42,140,456**	**42,140,456**	**-**	**-**
	3,938,825,126	**3,832,899,200**	**105,925,926**	**-**

	2022			
	Carrying amount	Less than one year	One to five years	More than 5 years
Financial liabilities at amortized cost	--------------------------------------Rupees---------------------------------			
Long term loan - *secured*	85,500,000	85,500,000	-	-
Trade and other payables	1,906,206,861	1,906,206,861	-	-
Unclaimed dividend	91,693,095	91,693,095	-	-
Short term borrowings - *secured*	343,176,422	343,176,422	-	-
Accrued mark-up	18,789,481	18,789,481	-	-
	2,445,365,859	2,445,365,859	-	-

40.3 Market risk

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

Market risk comprises of three types of risks:

-currency risk.
-interest rate risk
-other price risk

40.3.1 Currency risk

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

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

The potential currency exposures are discussed below:

Transactional exposure in respect of non functional currency monetary items

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

Transactional exposure in respect of non functional currency expenditure and revenues

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

Exposure to currency risk

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

	2023				
Assets	**Rupees**	**US Dollars**	**Euro**	**UAE Dirham**	**Pound Sterling**
Cash and bank balances	**180,809,923**	**616,256**	**7,499**	**3,510**	**4,655**
Trade debts	**54,085,324**	**188,852**	**-**	**-**	-
Other receivables	**5,197,979**	**18,150**	**-**	**-**	-
	240,093,226	**823,258**	**7,499**	**3,510**	**4,655**
Liabilities					
Trade and other payables	**(2,344,533,453)**	**(8,186,506)**	**-**	**-**	**-**
Net exposure	**(2,104,440,227)**	**(7,363,248)**	**7,499**	**3,510**	**4,655**
Off statement of financial position items					
- Outstanding letters of credit	**(198,926,780)**	**(694,601)**	**-**	**-**	**-**
Net exposure	**(2,303,367,007)**	**(8,057,849)**	**7,499**	**3,510**	**4,655**

	2022				
Assets	Rupees	US Dollars	Euro	UAE Dirham	Pound Sterling
Cash and cash equivalents	85,745,910	402,629	10,819	5,010	3,485
Trade debts	73,668,446	360,451	-	-	-
Other receivables	25,274,046	123,663	-	-	-
	184,688,402	886,743	10,819	5,010	3,485
Liabilities					
Trade and other payables	(1,297,853,639)	(6,350,249)	-	-	-
Net exposure	(1,113,165,237)	(5,463,506)	10,819	5,010	3,485
Off statement of financial position items					
- Outstanding letters of credit	(328,440,239)	(1,607,020)	-	-	-
Net exposure	(1,441,605,476)	(7,070,526)	10,819	5,010	3,485

The following significant exchange rates were applied during the year:

	Reporting date rate		Average rate	
	2023	2022	**2023**	2022
US Dollars	**286.39**	204.38	**256.17**	183.77
Euro	**313.07**	213.81	**272.04**	204.13
UAE Dirham	**77.97**	55.68	**69.75**	50.07
Pound Sterling	**365.01**	248.23	**310.92**	239.22

40.3.1.1 *Sensitivity analysis*

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

	Profit or loss	
	2023	2022
	-------------------Rs.-------------------	
Unconsolidated statement of profit or loss	**(210,444,023)**	(111,316,524)

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

40.3.1.2 *Currency risk management*

Since the maximum amount exposed to currency risk is only 2.23% (2022: 1.23%) of the Company's total assets, any adverse / favorable movement in functional currency with respect to foreign currencies will not have any material impact on the operational results.

40.3.2 Interest rate risk

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

	Effective rate		Carrying amount	
	2023	2022	**2023**	2022
Variable rate instruments	**(in Percentage)**		**(Rupees)**	
<u>Financial assets</u>				
Cash at bank - *deposit accounts*	**6.50% to 19.51%**	2.95% to 12.25%	**12,350,473**	8,990,388
<u>Financial liabilities</u>				
Long term loan - including current portion (secured)	**6.0% to 18.06%**	8.29% to 9.4%	**128,925,926**	85,500,000
Short term borrowing - *secured*	**14.16% to 23.40%**	7.50% to 14.31%	**787,154,205**	343,176,422
Net Exposure			**(903,729,658)**	**(419,686,034)**

<u>Fair value sensitivity analysis for fixed rate instruments</u>

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

<u>Cash flow sensitivity analysis for variable rate instruments</u>

A change of 100 basis points in interest rates at the reporting date would have increased / decreased loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2022.

	Profit or loss	
	100 bps Increase	**100 bps Decrease**
<u>As at 30 June 2023</u>	**Rupees**	
Cash flow sensitivity - *Variable rate financial assets*	**(9,037,297)**	**9,037,297**
<u>As at 30 June 2022</u>		
Cash flow sensitivity - *Variable rate financial assets*	(4,196,860)	4,196,860

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

40.3.3 Other price risk

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

Sensitivity analysis

The table below summarizes the Company's money market price risk as of 30 June 2023 and 2022 and shows the effects of a hypothetical 10% increase and a 10% increase in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. However, money market investments are considered risk free.

	Fair value	**Hypothetical price change**	**Estimated fair value after hypothetical change in prices**	**Hypothetical increase (decrease) in profit / (loss) before tax**
2023	Rupees			
Short term investments				
		10% increase	**398,636,240**	**36,239,658**
Investments at fair value through profit or loss	**362,396,582**	**10% decrease**	**326,156,924**	**(36,239,658)**

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase (decrease) in profit / (loss) before tax
2022	Rupees			
Short term investments				
		10% increase	764,598,997	69,509,000
Investments at fair value through profit or loss	695,089,997	10% decrease	625,580,997	(69,509,000)

40.4 Fair value of financial instruments

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying value of all financial assets and liabilities on the statement of financial position approximate to their fair value.

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

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

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

40.4.1 Valuation of financial instruments

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

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

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

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

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

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

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

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

	Carrying Amount				Fair Value		
	Fair value through statement of profit or loss	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
	----- Rupees -----						
30 June 2023							
Financial assets measured at fair value:	362,396,582	-	-	362,396,582	362,396,582	-	-
Financial assets not measured at fair value							
Long term deposits	-	9,717,325	-	9,717,325	-	-	-
Trade debts	-	1,000,026,286	-	1,000,026,286	-	-	-
Loans and advances	-	1,879,505	-	1,879,505	-	-	-
Deposits and prepayments	-	133,208,924	-	133,208,924	-	-	-
Other receivables	-	21,084,011	-	21,084,011	-	-	-
Cash and bank balances	-	269,612,088	-	269,612,088	-	-	-
	-	1,435,528,139	-	1,435,528,139	-	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
Trade and other payables	-	-	2,883,271,832	2,883,271,832	-	-	-
Unclaimed dividend	-	-	97,332,707	97,332,707	-	-	-
Long term loans - *secured*	-	-	91,983,374	91,983,374	-	-	-
Short term borrowings - *secured*	-	-	787,154,205	787,154,205	-	-	-
Accrued mark-up	-	-	42,140,456	42,140,456	-	-	-
	-	-	3,901,882,574	3,901,882,574	-	-	-

	Carrying Amount				Fair Value		
	Fair Value through statement of profit or loss	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
	Rupees						
30 June 2022							
Financial assets measured at fair value:	695,089,997	-	-	695,089,997	695,089,997	-	-
Financial assets not measured at fair value							
Long term deposits	-	9,717,325	-	9,717,325	-	-	-
Trade debts	-	1,065,839,706	-	1,065,839,706	-	-	-
Loans and advances	-	1,461,513	-	1,461,513	-	-	-
Deposits and prepayments	-	93,772,546	-	93,772,546	-	-	-
Other receivables	-	40,990,613	-	40,990,613	-	-	-
Cash and bank balances	-	180,113,540	-	180,113,540	-	-	-
	-	1,391,895,243	-	1,391,895,243	-	-	-
Financial liabilities measured at fair value:	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
Trade and other payables	-	-	1,906,206,861	1,906,206,861	-	-	-
Unclaimed dividend	-	-	91,693,095	91,693,095	-	-	-
Long term loans - *secured*	-	-	85,500,000	85,500,000	-	-	-
Short term borrowings - *secured*	-	-	343,176,422	343,176,422	-	-	-
Accrued mark-up	-	-	18,789,481	18,789,481	-	-	-
	-	-	2,445,365,859	2,445,365,859	-	-	-

Fair value of property, plant and equipment

Freehold land, buildings on freehold land and plant and machinery have been carried at revalued amounts determined by professional valuers (level 2 in case of land, level 3 for building and plant & machinery) based on their assessment of market value as disclosed in note 6. The valuations are conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's properties. This revaluation was carried out by Asif associates (Private) Limited (Independent valuers and consultants). The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

40.5 Capital management

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

The Company's objectives when managing capital are:

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

(ii) to provide an adequate return to shareholders.

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

	Unit	2023	2022
Total debt	*Rupees*	**916,080,131**	428,676,422
Total equity	*Rupees*	**6,284,692,644**	6,304,182,995
Total capital employed	*Rupees*	**7,200,772,775**	6,732,859,417
Gearing	*Percentage*	**12.72%**	6.37%

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

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

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

41 Non adjusting events after the reporting date

The Board of Directors of the Company in its meeting held on 03 October 2023 has proposed a final cash dividend of Rs. Nil (2022: Rs. 5) per share, amounting to Rs. Nil million (2022: Rs. 181.12 million) and 0% bonus shares (2022: 20% bonus shares) subject to approval of the members in the Annual General Meeting to be held on 28 October 2023.

42 Date of authorization for issue

These unconsolidated financial statements have been authorized for issue by the Board of Directors of the Company on 03 October 2023.

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

CONSOLIDATED FINANCIAL STATEMENTS

KPMG

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Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the members of Ferozsons Laboratories Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Ferozsons Laboratories Limited** ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

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Following are the Key audit matters:

S. No.	Key audit matters	How the matters were addressed in our audit
1	**Revenue recognition** Refer to notes 3.14, 3.14.1 and 27 to the consolidated financial statements. The Group recognized net revenue of Rs. 11.46 billion from the sale of goods to domestic as well as foreign customers during the year ended 30 June 2023. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and gives rise to a risk that revenue is recognized without transferring the control to meet expectations or targets.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • Obtaining an understanding of the process relating to recording of revenue and testing the design, implementation and operating effectiveness of key internal controls; • Assessing the appropriateness of the Group's accounting policies for recording of revenue and compliance of those policies with applicable accounting standards; • Comparing, on a sample basis, specific revenue transactions recorded just before and just after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period; • Scanning for any manual journal entries relating to revenue raised during the year which were considered to be material or met other specific risk-based criteria for inspecting underlying documentation; and • Assessing the adequacy of presentation and disclosures related to the revenue as required under the accounting and reporting standards as applicable in Pakistan.
2	**Capitalization of property, plant and equipment** Refer to notes 3.4 and 16 to the consolidated financial statements. The Group has made significant capital expenditure which primarily pertains to expansion of its manufacturing facilities by installing a second line of production in the existing facility of BF Biosciences Limited ("Subsidiary Company"). In this regard, the Group has incurred fixed capital expenditure amounting to Rs. 2.347 billion amongst which Rs. 2.296 billion pertains to capital work in progress and Rs. 51.077 million pertains to operating fixed assets.	Our audit procedures to assess the capitalization of property, plant and equipment, amongst others, included the following: • Understanding the design and implementation of management controls over capitalization; • Testing, on sample basis, the costs incurred on projects with supporting documentation and contracts; • Assessing the nature of costs incurred for the capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the applicable accounting standards; and

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S. No.	Key audit matters	How the matters were addressed in our audit
	We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria with related implications on depreciation charge for the year.	• Inspecting supporting documents for the date of capitalization when project was ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased from that date.

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2023 but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

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.

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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.

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

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

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore

Date: 06 October 2023

UDIN: AR202310119q1omZp2c4

AR5023

Ferozsons Laboratories Limited

Consolidated Statement of Financial Position

As at 30 June 2023

	Note	2023 Rupees	2022 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
50,000,000 (2022: 50,000,000) ordinary shares of Rs. 10 each		**500,000,000**	500,000,000
Issued, subscribed and paid up capital	*5*	**434,690,520**	362,242,100
Capital reserve	*6*	**321,843**	321,843
Revaluation surplus on property, plant and equipment	*7*	**1,193,114,683**	1,304,895,242
Accumulated profits		**6,289,984,422**	6,100,332,603
Equity attributable to owners of the Company		**7,918,111,468**	7,767,791,788
Non-controlling interests		**445,453,599**	530,676,857
		8,363,565,067	8,298,468,645
Non current liabilities			
Long term loans- *secured*	*8*	**1,841,432,244**	1,537,069,424
Deferred grant	*9*	**531,879,342**	331,334,784
Deferred taxation	*10*	**375,359,287**	408,638,089
		2,748,670,873	2,277,042,297
Current liabilities			
Trade and other payables	*11*	**3,415,513,951**	2,427,106,729
Current portion of long term liabilities	*12*	**518,586,797**	219,552,692
Contract liabilities	*13*	**113,246,014**	123,087,098
Short term borrowings - *secured*	*14*	**1,260,543,747**	492,524,265
Unclaimed dividend		**97,332,707**	91,693,095
Accrued mark-up		**85,967,950**	32,613,579
		5,491,191,166	3,386,577,458
Contingencies and commitments	*15*		
		16,603,427,106	13,962,088,400

	Note	2023 Rupees	2022 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	*16*	**7,975,253,846**	6,113,280,598
Intangible assets	*17*	**1,552,673**	1,002,675
Investment property	*18*	**79,371,992**	79,371,992
Long term deposits		**14,544,325**	14,544,325
		8,070,722,836	6,208,199,590
Current assets			
Stores, spare parts and loose tools	*19*	**138,574,590**	131,728,484
Stock in trade	*20*	**5,057,360,063**	3,128,551,778
Trade debts	*21*	**1,122,799,641**	1,139,908,730
Loans and advances - *considered good*	*22*	**107,787,434**	68,859,298
Deposits and prepayments	*23*	**179,288,362**	125,158,898
Other receivables - *considered good*	*24*	**259,895,721**	432,105,941
Advance income tax - *net*		**552,983,901**	275,392,301
Short term investments	*25*	**544,965,655**	2,036,352,584
Cash and bank balances	*26*	**569,048,903**	415,830,796
		8,532,704,270	7,753,888,810
		16,603,427,106	13,962,088,400

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

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

Ferozsons Laboratories Limited
Consolidated Statement of Profit or Loss
For the year ended 30 June 2023

	Note	2023 Rupees	2022 Rupees
Revenue - *net*	27	**11,457,221,348**	9,329,917,808
Cost of sales	28	**(7,196,032,930)**	(5,346,666,882)
Gross profit		**4,261,188,418**	3,983,250,926
Administrative expenses	29	**(655,276,943)**	(551,124,994)
Selling and distribution expenses	30	**(2,605,330,646)**	(2,133,242,551)
Other expenses	31	**(560,199,693)**	(299,043,460)
Other income	32	**278,408,150**	333,361,268
Profit from operations		**718,789,286**	1,333,201,189
Finance cost	33	**(304,117,871)**	(96,278,493)
Profit before taxation		**414,671,415**	1,236,922,696
Taxation	34	**(118,429,591)**	(447,133,674)
Profit after taxation		**296,241,824**	789,789,022
Attributable to:			
Owners of the Group		**271,267,541**	734,430,755
Non-controlling interests		**24,974,283**	55,358,267
Profit after taxation		**296,241,824**	789,789,022
			Re-stated
Earnings per share - *basic and diluted*	35	**6.24**	16.90

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

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

Ferozsons Laboratories Limited
Consolidated Statement of Comprehensive Income
For the year ended 30 June 2023

	2023 Rupees	2022 Rupees
Profit after taxation	**296,241,824**	789,789,022
Items that will not be reclassified to profit or loss		
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**296,241,824**	789,789,022
Attributable to:		
Owners of the Group	**271,267,541**	734,430,755
Non-controlling interests	**24,974,283**	55,358,267
	296,241,824	789,789,022

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

Ferozsons Laboratories Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2023

	Attributable to Owners of the Company						
		Capital reserve		Revenue reserve			
	Share capital	Capital reserve	Revaluation surplus on property, plant and equipment	Accumulated profits	Total	Non-controlling interests	Total
	Rupees						
Balance as at 01 July 2021	362,242,100	321,843	1,398,041,802	5,654,146,269	7,414,752,014	418,137,531	7,832,889,545
Total comprehensive income for the year							
Profit after taxation	-	-	-	734,430,755	734,430,755	55,358,267	789,789,022
Equity reserve pertaining to convertible loan obtained during the year - *net of tax*	-	-	-	-	-	56,431,787	56,431,787
	-	-	-	734,430,755	734,430,755	111,790,054	846,220,809
Surplus transferred to accumulated profit:							
on account of incremental depreciation on property, plant and equipment charged during the year - *net of tax*	-	-	(73,997,679)	73,997,679	-	-	-
Effect of change in tax rate	-	-	(19,148,881)	-	(19,148,881)	749,272	(18,399,609)
Transactions with owners of the Company, recognized directly in equity - Distributions							
Final dividend for the year ended 30 June 2021 at Rs. 10 per share	-	-	-	(362,242,100)	(362,242,100)	-	(362,242,100)
Balance as at 30 June 2022	**362,242,100**	**321,843**	**1,304,895,242**	**6,100,332,603**	**7,767,791,788**	**530,676,857**	**8,298,468,645**
Total comprehensive income for the year							
Profit after taxation	-	-	-	**271,267,541**	**271,267,541**	**24,974,283**	**296,241,824**
Equity reserve pertaining to convertible loan	-	-	-	**106,163,502**	**106,163,502**	**(106,163,502)**	-
Surplus transferred to accumulated profit:							
on account of incremental depreciation on property, plant and equipment charged during the year - *net* of tax	-	-	**(65,790,246)**	**65,790,246**	-	-	-
Effect of rate change	-	-	**(45,990,313)**	-	**(45,990,313)**	**(4,034,039)**	**(50,024,352)**
Transactions with owners of the Company, recognized directly in equity - Distributions							
Final dividend for the year ended 30 June 2022 at Rs. 5 per share	-	-	-	**(181,121,050)**	**(181,121,050)**	-	**(181,121,050)**
Issuance of bonus shares at 20%	**72,448,420**	-	-	**(72,448,420)**	-	-	-
	72,448,420	-	-	**(253,569,470)**	**(181,121,050)**	-	**(181,121,050)**
Balance as at 30 June 2023	**434,690,520**	**321,843**	**1,193,114,683**	**6,289,984,422**	**7,918,111,468**	**445,453,599**	**8,363,565,067**

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

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

Ferozsons Laboratories Limited

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 Rupees	2022 Rupees
Cash flow from operating activities			
Profit before taxation		**414,671,415**	1,236,922,696
Adjustments for non - cash and other items			
Depreciation on property, plant and equipment	*16.4*	**471,846,625**	420,851,833
Amortisation of intangible assets	*17*	**1,110,336**	413,309
Trade debts and earnest money written off	*30*	**22,180,825**	10,179,695
Provision / (reversal) of loss allowance	*31 & 32.1*	**37,686,417**	(11,156,972)
Gain on disposal of property, plant and equipment	*16.5*	**(28,841,059)**	(35,108,099)
Finance costs	*33*	**302,472,833**	93,946,453
Gain on re-measurement of short term investments to fair value	*32.1*	**(5,005,285)**	(4,591,673)
Gain on sale of short term investments	*32.1*	**(7,983,560)**	(4,097,022)
Dividend income	*32.1*	**(199,830,706)**	(218,662,806)
Profit on deposits with bank	*32.1*	**(6,852,317)**	(13,396,025)
Workers' Profit Participation Fund	*11.1*	**27,321,878**	70,987,650
Central Research Fund	*11.2*	**5,187,240**	13,869,820
Workers' Welfare Fund	*11.3*	**9,757,199**	21,164,283
		629,050,426	344,400,446
Cash generated from operations before working capital changes		**1,043,721,841**	1,581,323,142
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		**(6,846,106)**	(44,882,499)
Stock in trade		**(1,928,808,285)**	(1,108,629,274)
Trade debts		**(42,758,153)**	349,380,427
Loans and advances - *considered good*		**(38,928,136)**	(819,600)
Deposits and prepayments		**(54,129,464)**	34,037,794
Other receivables		**172,210,220**	(408,733,120)
		(1,899,259,924)	(1,179,646,272)
Increase / (decrease) in current liabilities			
Trade and other payables		**998,921,506**	270,354,037
Contract liabilities		**(9,841,084)**	78,042,132
Cash generated from operations		**133,542,339**	750,073,039
Taxes paid		**(479,324,345)**	(356,171,313)
Workers' Profit Participation Fund paid	*11.1*	**(38,910,781)**	(79,400,300)
Central Research Fund paid	*11.2*	**(13,869,820)**	(17,581,082)
Net cash (used in) / generated from operating activities		**(398,562,607)**	296,920,344
Cash flow from investing activities			
Acquisition of property, plant and equipment		**(2,347,280,409)**	(1,753,965,796)
Acquisition of intangibles		**(1,660,334)**	(777,801)
Dividend income received		**199,830,706**	218,662,806
Proceeds from sale of property, plant and equipment	*16.5*	**42,301,595**	47,251,447
Profit on term deposits received		**6,852,317**	13,396,025
Short term investments - *net*		**1,504,375,774**	(87,168,953)
Net cash used in investing activities		**(595,580,351)**	(1,562,602,272)
Cash flow from financing activities			
Long term loan received		**941,015,557**	968,089,000
Long term loan paid		**(137,074,074)**	(188,500,000)
Finance cost paid		**(249,118,462)**	(70,511,554)
Dividend paid		**(175,481,438)**	(350,598,023)
Net cash generated from financing activities		**379,341,583**	358,479,423
Net decrease in cash and cash equivalents		**(614,801,375)**	(907,202,505)
Cash and cash equivalents at the beginning of the year		**(76,693,469)**	830,509,036
Cash and cash equivalents at the end of the year		**(691,494,844)**	(76,693,469)
Cash and cash equivalents comprise of the following:			
Cash and bank balances	*26*	**569,048,903**	415,830,796
Running finance	*14*	**(1,260,543,747)**	(492,524,265)
		(691,494,844)	(76,693,469)

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

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

1 Reporting entity

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

"The Group" consists of the following subsidiaries:

Company / Entity	Country of incorporation	Nature of business	Effective holding %	
			2023	2022
BF Biosciences Limited	Pakistan	Import, manufacturing and sale of pharmaceutical products	**80**	80
Farmacia	Pakistan	Sale and distribution of medicines and other related products	**98**	98

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

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

2 Basis of preparation

2.1 Separate financial statements

These consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Holding Company for the year ended 30 June 2023 and the audited financial statements of the subsidiaries for the year ended 30 June 2023.

2.2 Statement of compliance

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

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

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

2.3 Basis of measurement

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

- translation of foreign currency at spot / average rate;
- land, building and machinery at revalued amount as referred in note 7 to the financial statements; and
- certain financial instruments at fair value through profit and loss account as referred in note 3.7 to the financial statements.

2.4 Functional and presentation currency

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

2.5 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a continuous basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and any future periods affected.

Judgments made by the management in the application of approved accounting standards that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the subsequent year are discussed in the ensuing paragraphs.

2.5.1 Property, plant and equipment

The Group reviews the useful lives and residual value of property, plant and equipment on regular basis by considering expected pattern of economic benefits that the Group expects to derive. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

2.5.2 Stock in trade

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

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

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

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

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

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

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The Group reviews the recoverability of its trade debts, deposits, advances and other receivables to assess amount of loss allowance required on an annual basis.

2.5.4 Provisions

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

2.5.5 Impairment

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

2.5.6 Revaluation of property, plant and equipment

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

2.5.7 Taxation

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

3 Significant accounting policies

The significant accounting policies set out below have been consistently applied to all to all periods presented in these consolidated financial statements.

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies.

3.1.1 Subsidiaries

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

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

3.1.2 Non-controlling interests

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

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

Changes in the Holding Company's interest in a subsidiary that do not result in a loss of control are accounted for as a equity transactions.

3.1.3 Loss of control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in consolidated profit or loss. In addition, any amount previously recognized in other comprehensive income in respect of that subsidiary are reclassified to the consolidated profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee, joint venture or as an available for sale financial asset depending on the level of influence retained.

3.1.4 Transactions eliminated on consolidation

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

3.2 Employee benefits

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

3.2.1 Defined contribution plan

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

3.2.2 Compensated absences

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

3.3 Taxation

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

3.3.1 Current taxation

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

The amount of unpaid income tax in respect of the current and prior periods is recognized as liability. Any excess amount paid over what is due in respect of the current or prior periods is recognized as an asset.

3.3.2 Deferred taxation

Deferred tax is recognized using the statement of financial position liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes. Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in the statement of profit or loss account, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in consolidated other comprehensive income or equity.

3.4 Property, plant and equipment

3.4.1 Owned

Property, plant and equipment of the Group other than freehold land, building on freehold land and plant and machinery are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at revalued amount carried out by external valuers by reference to its current market price less impairment loss, if any. Building on freehold land and plant and machinery are stated at revalued amount carried out by external valuers by reference to its current market price less accumulated depreciation and impairment loss, if any. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs. Revaluation is carried out every five years unless earlier revaluation is necessitated.

Depreciation is provided on a straight line basis and charged to consolidated statement of profit or loss to write off the depreciable amount of each asset, except for freehold land, over its estimated useful life at the rates specified in note 16.1 to these financial statements. Depreciation on depreciable assets is commenced from the date asset is available for use up to the date when asset is retired. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant. The Group's estimate of the residual value of its property, plant and equipment as at statement of financial position date has not required any adjustment as its impact is considered insignificant.

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

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and cost of the item can be measured reliably. All other repairs and maintenance costs are charged to consolidated statement of profit or loss as and when incurred.

Gain and loss on sale of an item of property, plant and equipment are determined by comparing the proceeds from sale with the carrying amount of property, plant and equipment, and are recognized net within "other income / other expenses" in consolidated statement of profit or loss. When revalued asset is sold, the amount included in the surplus on revaluation of property, plant and equipment, net of deferred tax, is transferred directly to consolidated retained earnings.

3.4.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any. It consists of all expenditures and advances connected with specific assets incurred and made during installations and construction period. These are transferred to relevant property, plant and equipment as and when assets are available for use.

3.5 Investment property

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

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

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

3.6 Intangibles

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

3.7 Financial instruments

3.7.1 Recognition and initial measurement

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

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

3.7.2 Classification and subsequent measurement

Financial assets

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

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

Amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Debt Instrument - FVOCI

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

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

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Equity Instrument - FVOCI

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

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

Fair value through profit or loss (FVTPL)

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

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

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

Financial assets – Business model assessment

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

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

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

Financial liabilities

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

The Group's financial liabilities comprise trade and other payables, long term loan, short term borrowings, accrued markup and dividend payable.

3.7.3 Derecognition

Financial assets

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

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

Financial liabilities

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

3.7.4 Trade debts - due from Government of Pakistan

Trade debts are stated initially at the fair value, subsequent to initial recognition. These are stated at their amortized cost as reduced by appropriate provision for impairment, known impaired receivables are written off, while receivables considered doubtful are fully provided for.

The allowance for doubtful accounts is based on the Group's assessment at the collectability of counterparty accounts. The Group regularly reviews its trade debts that remain outstanding past their applicable payment terms and establishes allowance and potential write-offs by considering facts such as historical experience, credit quality, age of the accounts receivable balances and current economic conditions that may affect customers ability to pay.

3.7.5 Offsetting of financial instruments

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

3.7.6 Impairment

Financial assets

The Group recognizes loss allowances for ECLs on:

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

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

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

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

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

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non - Financial assets

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

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

3.8 Trade and other payables

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

3.9 Provisions

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

3.10 Foreign currency

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

3.11 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at weighted average cost except for items in transits which are stated at cost incurred up to the reporting date less impairment, if any. For items which are slow moving and/or identified as surplus to the Group's requirements, adequate provision is made for any excess book value over estimated net realizable value. The Group reviews the carrying amount of stores, spares parts and loose tools on a regular basis and provision is made for obsolescence.

3.12 Stocks in trade

Stocks are valued at the lower of cost and net realizable value. Cost is determined as follows:

Raw and Packing materials	-	at moving average cost;
Work in process	-	at moving average cost;
Finished	-	at moving average cost; and
Finished goods for resale	-	at moving average cost of purchase

Cost of finished goods purchased for resale and raw and packing materials comprises of purchase price and other costs incurred in bringing the material to its present location and condition. Cost of manufactured work in process and finished goods comprises of raw and packing materials and applicable overheads. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessarily to be incurred in order to make a sale.

3.13 Cash and cash equivalents

Cash and cash equivalents are carried in consolidated statement of financial position at amortized cost. For the purpose of consolidated statement of cash flow, cash and cash equivalents comprise of cash in hand, cash at banks and outstanding balance of short term borrowing facilities.

3.14 Revenue recognition

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

3.14.1 Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer which on the basis of current agreement with majority of the customers, is when the goods are delivered to customers and in very few cases when goods are dispatched to the customers, in case of local sales. Further in case of export sale, control is transferred when goods are shipped to the customers or received at customer's country port.

3.14.2 Other income

Other income comprises income on funds invested, dividend income, exchange gain and changes in the fair value of financial asset at fair value through profit or loss. Income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Foreign currency gains and losses are reported on a net basis.

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

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

3.14.3 Contract liabilities

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

3.15 Borrowing costs

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

3.16 Dividend distribution

Dividend distribution to the shareholders is recognized as a liability in these consolidated financial statements in the period in which it is approved.

3.17 Leases

At the inception of a contract, the Group assesses whether a contract is or contains lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The Group recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct cost incurred less any lease incentive received. The right of use asset is subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability, if any. The right of use assets is depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or cost of the right of use asset reflects that the Group will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment.

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 has used it incremental borrowing rate as the discount rate for leases where rate is not readily available. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement, if there is change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in consolidated statement of profit or loss if the carrying amount of the right of use asset has been reduced to zero.

Short term leases and leases of low value assets

The Group has elected not to recognize right of use assets and liabilities for some leases of low value assets and short term nature of the agreement (warehouse/sales offices). The Group recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

3.18 Segment Reporting

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

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

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

Ferozsons

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

BF Biosciences

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

Others

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

3.19 Deferred Grant

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

4 Standards, amendments and interpretations and forth coming requirements

4.1 Standards, amendments or interpretations which became effective during the year

There are new and amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 July 2022 and are considered not to be relevant or have any material effect on the consolidated financial statements of the Group are therefore not stated in these financial statements.

4.2 New and revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2023:

– Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as ‘current’. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity’s right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period.

An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.

– Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a group must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the Group must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, groups will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for groups that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

– Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;

  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a group's financial statements.

– The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

– Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the group applies the amendments.

– Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

– Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

– Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the group's exposure to liquidity risk. Under the amendments, groups also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.

– The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a group might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

International Tax Reform – Pillar Two Model Rules (amendments to IAS 12) introduce following new disclosure requirements:

– Once tax law is enacted but before top-up tax is effective:

disclose information that is known or can be reasonably estimated and that helps users of its financial statements to understand its exposure to Pillar Two income taxes at the reporting date. If information is not known or cannot be reasonably estimated at the reporting date, then a group discloses a statement to that effect and information about its progress in assessing the Pillar Two exposure.

– After top-up tax is effective: disclose current tax expense related to top-up tax.

	2023 Rupees	2022 Rupees
5 Issued, subscribed and paid up capital		
1,441,952 (2022: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	**14,419,520**	14,419,520
119,600 (2022: 119,600) ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged	**1,196,000**	1,196,000
41,907,500 (2022: 34,662,658) ordinary shares of Rs. 10 each issued as fully paid bonus shares	**419,075,000**	346,626,580
	434,690,520	362,242,100

5.1 Movement in number of shares;

Opening number of shares	**36,224,210**	36,224,210
Bonus shares issued during the year	**7,244,842**	-
Closing number of shares	**43,469,052**	36,224,210

KFW Factors (Private) Limited, an associated company holds 11,933,194 (2022: 9,944,329) ordinary shares of Rs. 10 each of the Company, representing 27.45% (2022: 27.45%) of the equity held.

6 Capital reserve

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

7 Surplus on revaluation of property, plant and equipment - *net of tax*	*Note*	**2023 Rupees**	2022 Rupees
Revaluation surplus as at 01 July		**1,641,246,695**	1,756,468,242
Surplus transferred to accumulated profit on account of incremental incremental depreciation charged during the year - *net*	*7.1*	**(72,204,563)**	(81,562,323)
Related deferred tax liability		**(43,011,034)**	(33,659,224)
		(115,215,597)	(115,221,547)
		1,526,031,098	1,641,246,695
Less: Related deferred tax liability:			
- On revaluation as at 01 July		**(275,133,937)**	(290,387,601)
- Tax rate adjustment	*10*	**(50,024,352)**	(18,405,560)
- Transferred on account of incremental depreciation charged during the year		**43,011,034**	33,659,224
		(282,147,255)	(275,133,937)
Revaluation surplus as at 30 June	*7.2*	**1,243,883,843**	1,366,112,758

7.1 Charge of incremental depreciation for the year net of tax attributable to:

Owners of the Group	**(65,790,246)**	(73,997,679)
Non-controlling interests	**(6,414,317)**	(7,564,644)
	(72,204,563)	(81,562,323)

7.2 Balance as at 30 June attributable to:

Owners of the Group	**1,193,114,683**	1,304,895,242
Non-controlling interests	**50,769,160**	61,217,516
	1,243,883,843	1,366,112,758

7.3 The freehold land, building and plant and machinery were revalued by independent valuers in years 1976, 1989, 2002, 2006, 2011, 2016 and 2020. The latest revaluation was conducted by M/s Asif Associates (Private) Limited (independent valuer and consultant) as at 30 June 2020, that resulted in a further surplus of Rs. 934 million. These revaluations had resulted in a cumulative surplus of Rs. 2,274 million, which has been included in the carrying values of free hold land, building on free hold land and plant and machinery respectively and credited to the surplus on revaluation of property plant and equipment. The surplus is adjusted on disposal of revalued assets, if any, and through incremental depreciation, net of deferred tax charged to retained earnings.

Freehold land

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

Buildings on freehold land

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

Plant and machinery

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

8 Long term loans- *secured*

	Note	2023 Rupees	2022 Rupees
Banking companies	*8.1*	**1,318,218,486**	885,277,591
Other financial institutions	*8.2*	**523,213,758**	651,791,833
		1,841,432,244	1,537,069,424

8.1 Banking companies

Lender	Note	Sanctioned Limit	2023	2022	Tenor and basis of principal repayments	Security
		---------- Rupees	----------	----------		
MCB Bank Limited - *TERF*	*8.1.1*	850,000,000	**849,931,000**	531,495,000	32 quarterly installments starting from 23rd July 2023.	First joint pari passu charge over all present and future fixed assets and current assets of Company 1,134 million (2022: 1,134 million) with security margins of 25% (2022: 25%). (to be upgraded to first joint pari passu charge). Alongside, cross corporate guarantee of Ferozsons Laboratories Ltd.
Habib Bank Limited. - *TERF*	*8.1.1*	1,240,000,000	**1,222,580,000**	768,153,000	16 equal semi-annual installments starting from 7th October, 2023.	First pari passu charge of PKR 1,240 million (2022: PKR 1,240 million) on fixed assets including land, building, plant & machinery (of Unit II) of BF Biosciences Ltd. 25% margin i.e. PKR 457 Million (2022: PKR 457 million) is covered by first pari passu charge on plant & machinery of Ferozsons Laboratories Ltd. Alongside, Cross-corporate guarantee of Ferozsons Laboratories Ltd.
HBL Bank Limited - *SBP refinance for Wages and Salaries*	*8.1.2*	35,000,000	**-**	8,196,119	8 equal quarterly installments starting from 1st January, 2021.	Lien on the Company's investments in mutual funds placed with HBL Asset Management Company on 40% (2022: 40%) of total facility amount with margin of 5% (2022: 5%), as 60% of the facility amount will be secured under SBP Risk Sharing Scheme.
HBL Bank Limited - *SBP refinance for Wages and Salaries*	*8.1.3*	342,000,000	**-**	78,250,942	8 equal quarterly installments starting from 1st January 2021.	First equitable mortgage charge of Rs. 504 million (2022: 504 million) with 25% margin on land and building of head office of the company situated at 5-km Sundar Raiwind Road, Raiwind Lahore measuring 188 Kanals and 15 Marlas.As per the financing arrangement, the company has to comply the certain covenants imposed by bank including bank prior consent for payouts if any.
Allied Bank Limited - SBP LTFF Renewable Energy	*8.1.4*	130,000,000	**128,925,926**	-	27 equal quarterly installments starting from 30th June 2023.	First Pari Passu charge hypothecation charge over all present and future fixed assets (Plant & Machinery) of the company with 25% margin.
			2,201,436,926	1,386,095,061		
Add: Unwinding of loan			**162,345,382**	53,489,112		
Less: Impact of deferred grant	*9*		**(832,687,384)**	(454,369,011)		
			1,531,094,924	985,215,162		
Current portion of long term loan	*12*		**(212,876,438)**	(99,937,571)		
			1,318,218,486	885,277,591		

Lender	*Note*	Sanctioned Limit	2023	2022	Tenor and basis of principal repayments	Security
		- - - - - - - Rupees - - - - - - -				
8.2 Other financial institutions						
Karandaaz Pakistan - *Convertible loan*	*8.2*	835,000,000	**793,250,000**	835,000,000	20 equal quarterly installments starting from 30 June 2023.	First Pari Passu charge over all present and future current and fixed assets of Company for the total amount of the facility with 10% (2022: 10%) margin i.e. Rs. 928 million (2022: PKR 928 million). Alongside, Cross-corporate guarantee of Ferozsons Laboratories Ltd.
Add: Unwinding of loan			**74,860,629**	36,438,704		
Less: Adjustment of loan as equity component			**(177,896,871)**	(177,896,871)		
			690,213,758	693,541,833		
Current portion of long term loan	*12*		**(167,000,000)**	(41,750,000)		
			523,213,758	651,791,833		

8.1.1 TERF loan facilities obtained from MCB Bank Limited and Habib Bank Limited will be utilized by the Subsidiary Company for the purpose of installing a second production line in its existing facility which will be used to manufacture the biological and non-biological medicines. These loans are recognized at fair value using the market interest rate of 3 month KIBOR plus 1.50% (2022: 3 month KIBOR plus 1.5%) and the difference between fair values and net disbursement amounts is recognized as deferred grant.

8.1.2 Term finance facility under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan in order to prevent entities from laying-off employees during COVID-19 outbreak. The Subsidiary Company obtained Rs. 35 million for paying salaries for the months of May to September, 2020. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market interest rates of 1 month KIBOR plus 1% and 3 month KIBOR plus 1.50% (2022: 1 month KIBOR plus 1% and 3 month KIBOR plus 1.5%). The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

8.1.3 The Holding Company obtained term finance facility under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan in order to prevent entities from laying-off employees during COVID-19 outbreak. The Company obtained Rs. 342 million for paying salaries for the month of April 2020 to September 2020. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market interest rates of 1 month KIBOR plus 1%. The difference between fair value of loan and loan proceeds was recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan. This outstanding amount of loan has been repaid during the year.

8.1.4 Term finance facility under "SBP finance scheme for renewable energy" introduced by Government of Pakistan in order to finance the installation/ commissioning of solar power systems to promote the use of renewable energy in the country. The scheme will provide concessionary financing for large renewable energy power projects as well as for small scale renewable energy solutions. The scheme also facilitates installation of renewable energy based solutions/ projects under net metering system introduced by National Electric Powe Regulatory Authority (NEPRA). This loan carries the fixed markup rate of 6% (SBP rate plus 4% (bank's spread)). However, during the transition period (i.e. before conversion to SBP-RE Loan), the applicable rate of mark-up is 3 months KIBOR +1% per annum (30 June 2022: Nil) and is payable on quarterly basis. After the required approvals from SBP (dated 9 June 2023), the loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market interest rates of 3 months KIBOR plus 1% (2022: Nil). The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

8.2 Loan facility obtained from Karandaaz Pakistan will be utilized by the company to expand its production capacity by installing a second line of production in its existing facility. Furthermore this includes conversion option (equivalent to 50% of the outstanding principal amount) subject to the fact that all the conditions decided between the parties have been met/ fulfilled/ satisfied or waived. The loan is recognized at fair value using the market interest rate of 3 month KIBOR plus 1.50% (2022: 3 month KIBOR plus 1.5%) and the difference between fair value and disbursement amount was recognized as equity component. During the year, the lender has forfeited its right for conversion of loan to equity.

9	**Deferred grant**	*Note*	**2023 Rupees**	2022 Rupees
	Balance as at 01 July		**409,199,905**	208,971,912
	Recognized during the year		**378,318,373**	246,768,947
	Amortisation during the year		**(116,928,577)**	(46,540,954)
			670,589,701	409,199,905
	Less: current portion	*12*	**(138,710,359)**	(77,865,121)
	Balance as at 30 June		**531,879,342**	331,334,784

10 Deferred taxation

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

	2023	2022
Deferred tax liability on taxable temporary differences arising in respect of:		
- Accelerated tax depreciation allowances	**166,435,967**	139,683,664
- Surplus on revaluation of property plant and equipment	**282,147,255**	275,133,937
- Equity portion of convertible loan	**25,791,507**	36,800,100
- Unrealized gain on short term investments - mutual funds	**685,260**	1,218,873
	475,059,989	452,836,574
Deferred tax asset on deductible temporary differences arising in respect of:		
- Loss allowance against trade debts and earnest money	**(43,261,633)**	(24,459,077)
- Compensated absences and other provisions	**(56,439,069)**	(19,739,408)
	(99,700,702)	(44,198,485)
	375,359,287	408,638,089

10.1 Movement in deferred tax balances is as follows:

	2023				
		(Reversal from) / charge to			
		Statement of profit or loss		**Statement of changes in equity**	
	Balance as at 01 July	**(Credited) / charged for the year**	**Effect of rate change**	**Equity portion**	**Balance as at 30 June**
	-------------------------------------		**(Rupees)**	-------------------------------------	
Taxable temporary difference					
Accelerated tax depreciation allowances	**139,683,664**	**1,286,675**	**25,465,628**	**-**	**166,435,967**
Surplus on revaluation of property, plant and equipment	**275,133,937**	**(43,011,034)**	**-**	**50,024,352**	**282,147,255**
Equity portion of convertible loan	**36,800,100**	**(17,141,943)**	**6,133,350**	**-**	**25,791,507**
Unrealized gain on short term investments - mutual funds	**1,218,873**	**(782,978)**	**249,365**	**-**	**685,260**
	452,836,574	**(59,649,280)**	**31,848,343**	**50,024,352**	**475,059,989**
Deductible temporary differences					
Loss allowance against trade debts & earnest money	**(24,459,077)**	**(14,355,451)**	**(4,447,105)**	**-**	**(43,261,633)**
Compensated absences and other provisions	**(19,739,408)**	**(34,855,428)**	**(1,844,233)**	**-**	**(56,439,069)**
	(44,198,485)	**(49,210,879)**	**(6,291,338)**	**-**	**(99,700,702)**
	408,638,089	**(108,860,159)**	**25,557,005**	**50,024,352**	**375,359,287**

	2022				
		(Reversal from) / charge to			
		Statement of profit or loss		**Statement of changes in equity**	
	Balance as at 01 July	**(Credited) / charged for the year**	**Effect of rate change**	**Equity portion**	**Balance as at 30 June**
	-------------------------------------		(Rupees)	-------------------------------------	
Taxable temporary difference					
Accelerated tax depreciation allowances	109,629,297	13,281,684	16,772,683	-	139,683,664
Surplus on revaluation of property, plant and equipment	290,387,601	(33,659,224)	-	18,405,560	275,133,937
Equity portion of convertible loan	28,969,615	(7,208,460)	-	15,038,945	36,800,100
Unrealized gain on short term investments - mutual funds	3,966,598	(3,227,554)	479,829	-	1,218,873
	432,953,111	(30,813,555)	17,252,512	33,444,505	452,836,574
Deductible temporary differences					
Loss allowance against trade debts & earnest money	(6,501,755)	6,829,071	(896,794)	(23,889,599)	(24,459,077)
Compensated absences and other provisions	(11,220,191)	(5,457,231)	(1,340,920)	(1,721,066)	(19,739,408)
	(17,721,946)	1,371,840	(2,237,714)	(25,610,665)	(44,198,485)
	415,231,165	(29,441,715)	15,014,798	7,833,840	408,638,089

			2023	2022
11	**Trade and other payables**	*Note*	**Rupees**	Rupees
	Trade creditors		**2,715,826,528**	1,656,770,726
	Accrued liabilities		**347,986,809**	462,889,031
	Tax deducted at source		**16,190,488**	14,673,168
	Provision for compensated absences		**52,686,363**	52,693,489
	Workers' Profit Participation Fund	*11.1*	**17,066,707**	28,655,610
	Central Research Fund	*11.2*	**5,187,240**	13,869,820
	Workers' Welfare Fund	*11.3*	**30,921,482**	21,164,283
	Advances from employees against purchase of vehicles		**90,300,779**	71,947,662
	Due to related parties - *unsecured*	*11.4*	**79,037,580**	62,015,348
	Other payables		**60,309,975**	42,427,592
			3,415,513,951	2,427,106,729

11.1 Workers' profit participation fund

Balance payable as at 01 July		**28,655,610**	37,068,260
Provision for the year	*31*	**25,676,840**	68,655,610
Interest on funds utilized by the Company	*33*	**1,645,038**	2,332,040
		55,977,488	108,055,910
Payments made during the year		**(38,910,781)**	(79,400,300)
Balance payable as at 30 June		**17,066,707**	28,655,610

11.2 Central Research Fund

Balance as at 01 July		**13,869,820**	17,581,082
Provision for the year	*31*	**5,187,240**	13,869,820
		19,057,060	31,450,902
Payments made during the year		**(13,869,820)**	(17,581,082)
Balance as at 30 June		**5,187,240**	13,869,820

11.3 Workers' Welfare Fund

Balance as at 01 July		**21,164,283**	22,208,483
Provision for the year	*31*	**9,757,199**	21,164,283
		30,921,482	43,372,766
Adjusted made during the year		**-**	(22,208,483)
Balance as at 30 June		**30,921,482**	21,164,283

11.4 Due to related parties - *unsecured*

Grupo Empresarial Bagó S.A	**29,336,314**	29,336,314
Bagó Laboratories Pte Ltd	**49,701,266**	32,679,034
	79,037,580	62,015,348

12 Current portion of long term liabilities

Long term loans - *secured*	**379,876,438**	141,687,571
Deferred grant	**138,710,359**	77,865,121
	518,586,797	219,552,692

13 Contract liabilities

Balance as at 1 July	**123,087,098**	45,044,966
Advance received during	**67,152,377**	109,650,126
Revenue recognised during	**(76,993,461)**	(31,607,994)
Balance as at 30 June	**113,246,014**	123,087,098

13.1 This represents advance received from customers for future sale of goods. During the year, Group has received advances amounting to Rs. 67.15 million (2022: Rs. 109.65 million) and have recognized revenue amounting to Rs. 76.99 million (2022: Rs. 31.61 million), out of the contract liability as at beginning of the reporting period.

14 Short term borrowings - *secured*

14.1 Particulars of borrowings

	Note	2023 Rupees	2022 Rupees
Interest / markup based financing	*14.2*	**719,758,232**	333,007,553
Islamic mode of financing	*14.3*	**540,785,515**	159,516,712
		1,260,543,747	492,524,265

14.2 Under Mark up arrangements

Holding Company

The Company has short term running finance facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs. 2,100 million (2022: Rs. 1,800 million). These facilities carry mark-up at the rates ranging from one to three months KIBOR plus 0% to 1% (2022: one to three months KIBOR plus 0.1% to 1%) per annum on the outstanding balances. Running finance facilities amounting to Rs. 2,000 million (2022: Rs. 1,400 million) can interchangeably be utilized as non-funded facilities.

Out of the aggregate facilities, Rs. 1,000 million (2022: Rs. 850 million) are secured by joint pari passu charge over present and future current assets of the Company and Rs 800 million (2022: Rs. 350 million) is secured by first pari passu on plant and machinery and remaining Rs. 300 (2022: Rs. 600 million) facility is secured by lien on Company's short term investments (money market/cash fund) which should be 110% of the maximum limit allowed for utilization. Under this arrangement, short term investment of Rs. 333.33 million (2022: Rs. 666.67 million) is marked under lien. These facilities are renewable on annual basis latest by 31 January 2024.

Subsidiary company

The Company has short term borrowing facilities available from various commercial banks under mark-up arrangements having aggregate sanctioned limit of Rs. 610 million (2022: Rs. 635 million). These facilities carry mark-up at the rates ranging from one to three months KIBOR plus 0% to 0.75% per annum (2022: three months KIBOR plus 0% to 0.75%).

The aggregate short term borrowings of Rs. 375 million are secured by pari passu charge of Rs. 500 million (2022: Rs. 421 million) over present and future assets of the Company, whereas Rs. 100 million (2022: Rs. 350 million) is secured by lien on Company's investment in mutual funds placed with Asset Management Companies with margin of 5% and Rs. 135 million is secured by lien over company's USD account. These facilities are renewable latest by 31 January 2024.

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

14.3 **Under Shariah compliant arrangements**

Holding Company

The Company has short term borrowing facility i.e. Running Musharakah available from Islamic banks under profit arrangements having sanctioned limit of Rs. 800 million (2022: Rs. 200 million). This facility carries profit rate of one to three months KIBOR plus 0.15% to 0.25% (2022: one month KIBOR plus 0.25%) per annum on the outstanding balance. This facility can interchangeably be utilized as non-funded facility upto Rs 800 million. This facility is secured by joint pari passu charge over current assets of the Company. This facility is renewable on annual basis latest by 30 April 2024.

Subsidiary company

The Company has short term borrowing facilities i.e. Running Musharakah available from Islamic bank under profit arrangements having aggregate sanctioned limit of Rs. 250 million (2022: Rs. 150 million). These facilities carry mark-up at the rates of one month KIBOR plus 0.25% per annum (2022: one month KIBOR plus 0.25% per annum) on the outstanding balance. This facility can interchangeably be utilized as non-funded. The aggregate short term borrowings are secured by first pari passu charge of Rs. 333.34 million (2022: Rs. 200 million) over current and future current assets and plant and machinery of the Company. This facilities are renewable latest by 30 November 2023.

15 Contingencies and commitments

15.1 Contingencies

Holding Company

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

The Company had filed an appeal against this demand before Commissioner Appeals who partially decided the matter in favor of the Company and has remanded back the remaining matters for fresh consideration. The Company has filed an appeal against this order before the Appellate Tribunal Inland Revenue, which has been subsequently decided in the favor of the Company. Appeal effect proceedings are still pending. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

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

The Company had filed an appeal against this demand before Commissioner Appeals who remanded back the case for fresh consideration. Appeal effect proceedings are still pending. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

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

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

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

Being aggrieved with the order, the Company filed an appeal before CIR(A). During the year 2023, the CIR(A) deleted the demand of Rs.53,674,204 and remanded back the remaining proceedings to DCIR for fresh consideration. Appeal effect proceedings are still pending. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

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

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

15.1.6 The Company, along with other companies of different industries, has challenged the constitutionality of Section 4C of the Income Tax Ordinance 2001 in Islamabad High Court, and provisions appurtenant thereto, introduced vide Finance Act 2022, inter alia, upon grounds that the same unlawfully vitiates vested rights accrued in past and closed transactions; is discriminatory; confiscatory; demonstrably devoid of any intelligible differentia having rational nexus with the object of classification; and amounts to impermissible double taxation. However, 50% amount of super tax has been duly paid by the Company during the current year as per the orders issued by the Honorable Supreme Court.

High Court proceedings in this matter are currently pending. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

Subsidiary Company

15.1.7 On 15 June 2020, the ACIR issued a show-cause notice to the Company u/s 122(9) of the Income Tax Ordinance, 2001 for the tax year 2014. The proceedings were concluded on 29 June 2020, and an order was issued amounting to Rs. 35,992,726 on various contentions. which mainly includes promotional expenses, amortization and finance costs.

The Company had filed an appeal against this demand before Commissioner Appeals who deleted the existing demand and remanded back some matters to the learned officer for re-assessment. The Income Tax Department has filed an appeal against this order before the Appellate Tribunal Inland Revenue, which is currently pending. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

15.1.8 In February 2017, the ACIR issued a show-cause notice to the Company u/s 122(9) of the Income Tax Ordinance, 2001 for the tax year 2015. The proceedings were concluded on 06 October 2020, and an order was issued amounting to Rs. 77,075,217 on various contentions. Which mainly includes expenses apportionment, promotional expenses, amortization and excess deprecation.

The Company had filed an appeal against this demand before Commissioner Appeals which is currently pending. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

15.2 Commitments

15.2.1 Holding Company

15.2.1.1 Letter of credits

15.2.1.1.1 Under Mark up arrangements

Out of the aggregate facility of Rs. 2,150 (2022: Rs. 1,700 million) for opening letters of credit, the amount utilized as at 30 June 2023 for capital expenditure was Rs. Nil (2022: Nil) and for other than capital expenditure was Rs. 131.60 million (2022: Rs. 313.18 million). These facilities are secured by joint pari passu charge, lien on investment and ranking charge (2022: joint pari passu charge, lien on investment and ranking charge) over all present and future current assets and plant and machinery of the Company.

15.2.1.1.2 Under Shariah compliant arrangements

The Company has facility i.e. letters of credit of Rs. 650 million (2022: Rs. 400 million) available from Islamic banks. The amount utilized as at 30 June 2023 for capital expenditure was Rs. Nil (2022: Rs. Nil) and for other than capital expenditure was Rs. 67.33 million (2022: Rs. 15.26 million). This facility is secured against lien over import documents.

15.2.1.2 Guarantees issued by banks on behalf of the Company

15.2.1.2.1 Under Mark up arrangements

Out of the aggregate facility of Rs. 800 million (2022: Rs. 425 million) for letter of guarantees (which is the sublimit of running finance and letter of credits), the amount utilized as at 30 June 2023 was Rs. 413.69 million (2022: Rs. 127.86 million).

15.2.1.2.2 Under Shariah compliant arrangements

The Company has facility i.e. letter of guarantee of Rs. 175 million (2022: Rs. 25 million) available from Islamic bank, the amount utilized at 30 June 2023 was Rs. 24.13 million (2022: Rs. 4.49 million).

15.2.1.3 Guarantees issued by the Company on behalf of the Subsidiary

The Company has approved cross corporate guarantees in favor of lenders / financial institutions of the subsidiary company up to Rs. 3,500 million (2022: Rs. 3,500 million) for a tenor of 10 years. Out of this approved limit, corporate guarantees amounting to Rs. 2,925 million (2022: Rs. 2,925 million) for a tenor of 10 years have been provided to banks / financial institutions till date.

15.2.2 Subsidiary Company

15.2.2.1 Letter of credits

15.2.2.1.1 Under Mark up arrangements

Out of aggregate facility of Rs. 605 million (2022: Rs. 2,840 million) for letter of credits, amount utilized at 30 June 2023 was Rs. 1.00 million (2022: Rs. 1069.7 million). Utilized facility includes commitment of capital nature of Rs. 1.00 million (2022:992.77 million). These facilities are secured by pari passu charge (2022: pari passu charge) over all present and future current assets and plant and machinery of the Company.

15.2.2.1.2 Under Shariah compliant arrangements

The Company has facility i.e. letters of credit of Rs. 250 million (2022: Rs. 150 million) available from Islamic banks. The amount utilized as at 30 June 2023 was Rs. Nil million (2022: Rs. 1.536 million). Lien is also marked over import documents.

15.2.2.2 Guarantees issued by banks on behalf of the Company

15.2.2.2.1 Under Mark up arrangements

Out of the aggregate facility of Rs. 85 million (2022: Rs. 75 million) for letter of guarantees (which is the sublimit of running finance and letter of credits), the amount utilized as at 30 June 2023 was Rs. 12.75 million (2022: Rs. 9.38 million).

15.2.2.2.2 Under Shariah compliant arrangements

The Company has facility i.e. letter of guarantee of Rs. 50 million (2022: Rs. 50 million) available from Islamic banks, the amount utilized at 30 June 2023 was Rs. Nil million (2022: Rs. Nil).

16 Property, plant and equipment

	Note	2023 Rupees	2022 Rupees
Operating assets	*16.1*	**3,814,757,548**	3,776,299,211
Capital work in progress	*16.6*	**4,160,496,298**	2,336,981,387
		7,975,253,846	6,113,280,598

16.1 Operating assets

	Owned							
	Freehold land	**Buildings on freehold land**	**Plant and machinery**	**Office equipment**	**Furniture and fittings**	**Computers**	**Vehicles**	**Total**
	----------	----------	----------	----------	Rupees	----------	----------	----------
30 June 2023								
Cost / revalued amount								
Balance as at 01 July 2022	849,151,127	1,047,949,194	2,062,956,668	147,840,321	131,977,222	98,754,224	538,300,866	4,876,929,622
Additions / transfers	-	68,601,761	248,524,890	18,635,719	4,442,493	22,964,011	160,596,623	523,765,497
Reclassification	-	-	925,100	(281,600)	(643,500)	-	-	-
Disposals / write off	-	-	-	(835,139)	-	(1,883,017)	(68,967,400)	(71,685,556)
Balance as at 30 June 2023	**849,151,127**	**1,116,550,955**	**2,312,406,658**	**165,359,301**	**135,776,215**	**119,835,218**	**629,930,089**	**5,329,009,563**
Depreciation								
Balance as at 01 July 2022	-	207,554,602	389,835,905	87,661,071	69,729,396	62,612,749	283,236,688	1,100,630,411
Charge for the year	-	106,244,032	221,081,156	11,765,219	11,591,200	21,779,624	99,385,394	471,846,625
Reclassification	-	-	839,300	(281,600)	(557,700)	-	-	-
On disposals	-	-	-	(776,506)	-	(1,817,009)	(55,631,506)	(58,225,021)
Balance as at 30 June 2023	-	**313,798,634**	**611,756,361**	**98,368,184**	**80,762,896**	**82,575,364**	**326,990,576**	**1,514,252,015**
Net book value as at 30 June 2023	**849,151,127**	**802,752,321**	**1,700,650,297**	**66,991,117**	**55,013,319**	**37,259,854**	**302,939,513**	**3,814,757,548**
30 June 2022								
Cost / revalued amount								
Balance as at 01 July 2021	849,151,127	1,028,052,630	1,856,773,357	131,853,299	129,325,849	68,755,790	473,139,364	4,537,051,416
Additions / transfers	-	19,896,564	206,183,311	16,343,236	3,313,421	32,188,769	149,643,259	427,568,560
Disposals / write off	-	-	-	(356,214)	(662,048)	(2,190,335)	(84,481,757)	(87,690,354)
Balance as at 30 June 2022	**849,151,127**	**1,047,949,194**	**2,062,956,668**	**147,840,321**	**131,977,222**	**98,754,224**	**538,300,866**	**4,876,929,622**
Depreciation								
Balance as at 01 July 2021	-	103,643,121	188,638,836	78,147,880	58,614,462	49,746,867	276,534,418	755,325,584
Charge for the year	-	103,911,481	201,197,069	9,797,983	11,406,744	14,886,762	79,651,794	420,851,833
On disposals	-	-	-	(284,792)	(291,810)	(2,020,880)	(72,949,524)	(75,547,006)
Balance as at 30 June 2022	-	207,554,602	389,835,905	**87,661,071**	**69,729,396**	**62,612,749**	**283,236,688**	**1,100,630,411**
Net book value as at 30 June 2022	**849,151,127**	**840,394,592**	**1,673,120,763**	**60,179,250**	**62,247,826**	**36,141,475**	**255,064,178**	**3,776,299,211**
Depreciation Rate %	-	**10**	**10**	**10**	**10**	**33.33**	**20**	

16.1.1 These include fully depreciated assets amounting to Rs. 835.99 million (2022: Rs. 796.33 million).

16.1.2 Additions in operating fixed assets include transfers from capital work-in-progress amounting to Rs. 454.79 million (2022: Rs. 233.78 million).

16.1.3 In addition to the guarantee as disclosed in note 15.3.1.3 the Holding Company has also approved securities up to Rs. 2,500 million in favor of financial institutions / lenders of subsidiary company for obtaining loan against import of plant and machinery for a maximum tenor of 5 years out of which security amounting to Rs. 457 million (2022: Rs. 457 million) has been provided till date. The security is provided in terms of first pari passu charge over head office land and building (2022: first pari passu charge over plant and machinery) of the Holding Company.

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

	2023 Rupees	2022 Rupees
Freehold land	**129,623,262**	129,623,262
Building on freehold land	**391,529,679**	370,425,859
Plant and machinery	**1,305,369,706**	1,221,370,667
	1,826,522,647	1,721,419,788

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

Location	**Usage of immovable property**	**Total area (acres)**	**Covered Area (square feet)**
Main G.T Road, Amangarh, District Nowshera, KPK	Manufacturing facility	29.81	336,222
5-K.M - Sunder Raiwind Road, Raiwind Lahore	Head office & biotech plant	25.65	88,101
197-A, The Mall, Rawalpindi Cantt, Rawalpindi	Registered office	0.66	28,749
Shop no. 2, Ground Floor, Ramzan Medical Centre, Lahore	Vacant shop	0.01	351
Phase II Extension Defence House Authority, Islamabad	Vacant plots	1.03	N/A
House No. 167, Khanuspur Ayubia, KPK	Guest house	0.33	5,000
Shahra-e-Faysal, Karachi	Sale office	0.23	6,650

16.3 As explained in note 7.3 to the financial statements, the latest revaluation was carried as at 30 June 2020. As per the revaluation report, forced sale value of freehold land, buildings on freehold land and plant and machinery was Rs. 822.41 million, Rs. 850.13 million and Rs. 1354.80 million, respectively.

16.4 **Depreciation is allocated as under:**

	Note	**2023 Rupees**	2022 Rupees
Cost of sales	*28*	**344,070,995**	310,273,238
Administrative expenses	*29*	**50,552,336**	48,440,612
Selling and distribution expenses	*30*	**77,223,294**	62,137,983
		471,846,625	420,851,833

16.5 Disposal of property, plant and equipment

Particulars of assets	Particulars of purchaser	Relationship with Company	Cost	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal
			------------------------------------Rupees			---------------------------------------	
Vehicles							
Suzuki Alto VXR 660CC	Mr. Muhammad Yaseen	Employee	1,579,465	1,553,141	1,263,572	(289,569)	Company Policy
Honda Civic Oriel UG	Mr. Shahid Manzoor	Employee	4,009,262	1,536,885	2,565,928	1,029,043	Company Policy
Suzuki Alto VXR 660CC	Mr. Imran Ali	Employee	1,579,465	1,526,817	1,263,572	(263,245)	Company Policy
Toyota Corolla GLI	Mr. Javed Iqbal	Employee	2,944,390	1,324,975	1,931,610	606,635	Company Policy
Suzuki Cultus VXR	EFU General Insurance Ltd	Others	1,764,120	1,205,482	2,200,000	994,518	Insurance Claim
Suzuki Alto VXR 660CC	Dr. Sumiya Mushtaq	Employee	1,428,985	714,493	1,060,150	345,657	Company Policy
Suzuki Alto VXR 660CC	Mr. Sikandar Hayat	Employee	1,338,085	646,741	1,044,584	397,843	Company Policy
Suzuki Alto VXR 660CC	Mr. Ali Farman	Employee	1,340,085	580,703	816,775	236,072	Company Policy
Suzuki Alto VXR 660CC	Miss Maha Asad	Employee	1,340,085	558,368	959,200	400,832	Company Policy
			17,323,942	**9,647,605**	**13,105,391**	**3,457,786**	
Various assets having net book value up to Rs. 500,000 each		Other	51,643,458	3,688,289	28,687,681	24,999,392	
Computers							
Various assets having net book value up to Rs. 500,000 each	Not Applicable	Other	1,833,317	66,009	502,523	436,514	
Office equipment							
Various assets having net book value up to Rs. 500,000 each	Not Applicable	Other	19,000	-	6,000	6,000	
Assets written off:							
Computers	Not Applicable	Not Applicable	49,700	-	-	-	Written - off
Office Equipment	Not Applicable	Not Applicable	816,139	58,633	-	(58,633)	Written - off
			865,839	58,633	-	(58,633)	
2023			**71,685,556**	**13,460,536**	**42,301,595**	**28,841,059**	
2022			87,690,355	12,143,348	47,251,447	35,108,099	

		Note	**2023** Rupees	2022 Rupees
16.6	**Capital work-in-progress**			

The movement in capital work in progress is as follows:

	Note	2023 Rupees	2022 Rupees
Balance as at 01 July		**2,336,981,387**	1,010,584,151
Additions during the year		**2,296,202,893**	1,560,177,280
Less: Transfers to operating fixed assets during the year		**(454,787,305)**	(233,780,044)
Reversal of advance		**(17,900,677)**	-
Balance as at 30 June	*16.6.1*	**4,160,496,298**	2,336,981,387

16.6.1 Capital work-in-progress comprises of:

	Note	2023 Rupees	2022 Rupees
Building and civil works		**788,841,673**	530,919,743
Plant and machinery, office equipment	*16.6.1.1*	**3,248,145,869**	1,082,817,236
Land		**2,400,000**	
Advances to suppliers	*16.6.1.2*	**121,108,756**	723,244,408
		4,160,496,298	2,336,981,387

16.6.1.1 This mainly represents cost incurred for development and installation in plant and machinery.

16.6.1.2 This represents advances given by the subsidiary company in order to expand its production capacity by installing a second line of production in its existing facility.

17 Intangible assets

		Note	**2023** Rupees	2022 Rupees
17.1	**Computer softwares and software license fees**			

Cost

	Note	2023 Rupees	2022 Rupees
Balance as at 01 July		**17,398,794**	16,620,984
Addition during the year		**1,660,336**	777,810
Balance as at 30 June	*17.1.1*	**19,059,130**	17,398,794

Amortisation

	Note	2023 Rupees	2022 Rupees
Balance as at 01 July		**16,396,121**	15,982,812
Amortisation for the year	*29*	**1,110,336**	413,309
Balance as at 30 June		**17,506,457**	16,396,121
Net book value		**1,552,673**	1,002,673

17.1.1 These include fully amortized assets amounting to Rs. 16.54 million (2022: Rs. 15.70 million). Intangibles are amortised at 33% (2022: 33%) on straight line basis.

	Note	**2023** Rupees	2022 Rupees
18 Investment property			
Balance as at 30 June	*18.1*	**79,371,992**	79,371,992

18.1 It represents following pieces of land:

- Plot number 69 measuring 177.77 square yards is situated at Civic Centre, Gulberg Greens, Islamabad, having fair value of Rs. 93.32 million.

- Plot number 70 measuring 200 square yards is situated at Civic Centre, Gulberg Greens, Islamabad, having fair value of Rs. 106 million.

The value of these peices of land was determined by M/S Hamid Mukhtar & Co. (Pvt) Limited (Pakistan Banks Association approved valuer). The most significant input into this valuation is market value. The valuation is considered to be level 2 in the fair value heirarchy due to non-observable inputs used in valuation. The different levels have been mentioned in note 42.4.3 to the financial statements.

		Note	2023 Rupees	2022 Rupees
19	**Stores, spare parts and loose tools**			
	Stores		**48,716,971**	49,681,865
	Spare parts		**58,854,357**	50,705,755
	Loose tools		**19,880,510**	18,514,916
	Stores in transit		**11,122,752**	12,825,948
			138,574,590	131,728,484
20	**Stock in trade**			
	Raw and packing materials	*20.1*	**1,833,947,355**	1,008,353,229
	Work in process		**249,627,985**	187,423,025
	Finished goods	*20.1*	**1,326,636,522**	1,545,786,144
	Stock in transit	*20.2*	**1,649,452,282**	388,651,437
			5,059,664,144	3,130,213,835
	Less: Provision for slow moving stock in trade	*20.3*	**(2,304,081)**	(1,662,057)
			5,057,360,063	3,128,551,778

20.1 The amount charged to consolidated statement of profit or loss on account of write down of raw material and work in progress to net realizable value amounts to Rs. 104.17 million (2022: 38.45 million) and finished goods to net realizable value amounts to Rs. 57.24 million (2022: 34.79 million).

20.2 It includes raw and packing material in transit amounting to Rs. 242.85 million (2022: Rs. 255.6 million) and finished goods in transit amounting to Rs. 1,393.64 million (2022: Rs. 131.98 million).

		Note	2023 Rupees	2022 Rupees
20.3	**Movement in Provision for slow moving stock in trade**			
	Provision as at 01 July		**1,662,057**	653,570
	Charge / (Reversal) during the year		**642,024**	1,008,487
	Balance as at 30 June		**2,304,081**	1,662,057

		Note	2023 Rupees	2022 Rupees
21	**Trade debts**			
	Export debtors - *considered good*			
	Secured		**49,102,224**	14,112,030
	Unsecured		**4,983,186**	63,848,396
			54,085,410	77,960,426
	Local debtors			
	Considered good		**1,178,553,334**	1,134,763,665
	Impairment loss allowance	*21.1*	**(109,839,103)**	(72,815,361)
			1,068,714,231	1,061,948,304
			1,122,799,641	1,139,908,730

		Note	2023 Rupees	2022 Rupees
21.1	**Movement in impairment loss allowance against trade debts**			
	Loss allowance as at 01 July		**72,815,361**	24,036,965
	Effect of IFRS - 9		**-**	61,949,695
	Charge / (reversal) during the year	*31*	**37,023,742**	(13,171,299)
	Loss allowance as at 30 June		**109,839,103**	72,815,361

22	Loans and advances - *considered good*	Note	2023 Rupees	2022 Rupees
	Advances to employees - *secured*	*22.1*	**29,646,337**	22,060,349
	Advances to suppliers - *unsecured*	*22.2*	**76,261,592**	45,337,436
	Others		**1,879,505**	1,461,513
			107,787,434	68,859,298

22.1 Advances given to employees are in accordance with the Group's policy and terms of employment contract. These advances are secured against provident fund. The amount includes advances of Rs. 2.83 million (2022: Rs. 2.805 million) given to executives of the holding company.

22.2 Advances given to suppliers are interest free and in the ordinary course of business.

23	Deposits and prepayments	Note	2023 Rupees	2022 Rupees
	Deposits - considered good			
	Earnest Money - considered good	*23.1*	**179,467,376**	132,909,347
	Less: Impairment loss allowance	*23.2*	**(25,792,238)**	(25,194,783)
			153,675,138	107,714,564
	Margins held with bank		**18,558,359**	16,290,673
			172,233,497	124,005,237
	Prepayments		**7,054,865**	1,153,661
			179,288,362	125,158,898

23.1 These represent interest free deposits given in the ordinary course of business for acquiring government tenders.

23.2	The movement in impairment loss allowance is as follows:	Note	2023 Rupees	2022 Rupees
	Balance as at 01 July		**25,194,783**	-
	Effect of initial application of IFRS - 9		**-**	23,180,456
	Charge during the year		**597,455**	2,014,327
	Balance as at 30 June		**25,792,238**	25,194,783

24	Other receivables - *considered good*			
	Due from statutory authorities:			
	Sales tax refundable - *net*	*24.1*	**238,811,710**	391,115,328
	Export rebate	*24.2*	**7,257,753**	8,452,466
	Others considered good - *unsecured*		**13,826,258**	32,538,147
			259,895,721	432,105,941

24.2 These include export rebate receivable against payment of custom duties on export of pharmaceutical products.

25	Short term investments	Note	2023 Rupees	2022 Rupees
	Investments at fair value through profit or loss - *mutual funds*	*25.1*	**544,965,655**	2,036,352,584

25.1 Movement in short term investments is as follows:

	Note	2023	2022
Fair value as at 01 July		**2,036,352,584**	1,940,494,936
Acquisition / re-invested during the year		**116,081,497**	563,368,772
Redemption during the year		**(1,620,457,271)**	(476,199,819)
Realized gain on sale of investments during the year	*32.1*	**7,983,560**	4,097,022
Unrealized gain on re-measurement of investments	*32.1*	**5,005,285**	4,591,673
Fair value as at 30 June		**544,965,655**	2,036,352,584

25.1.1 Mutual fund wise detail is as follows:	Units		Fair value	
	2023	2022	**2023**	2022
	....................Number....................		....................Rupees....................	
HBL Money Market Fund	**3,288,878**	3,224,246	**339,421,408**	331,368,588
MCB Cash Management Optimizer Fund	**10,939**	422,381	**1,109,863**	42,788,205
HBL Cash Fund	**12,584,486**	9,690,286	**43,814,079**	980,915,997
ABL Cash Fund	**216,449**	32,026,317	**125,037,256**	327,594,045
Pakistan Cash Management Fund	**7,922**	7,016,903	**399,799**	353,685,749
Alfalah Investment Money Market Fund	**355,974**	-	**35,183,250**	-
	16,464,648	52,380,133	**544,965,655**	2,036,352,584

25.2 Realized gain of Rs. 7.9 million (2022: Rs. 4.1 million) and dividend of Rs. 199.83 million (2022: 218.7 million) has been recorded in Other income. These investments and related loss is from non shariah compliant arrangement. These are marked under lien as mentioned in note 8 and note 14 to the financial statements.

			2023	2022
26	**Cash and bank balances**	*Note*	**Rupees**	Rupees
	Cash in hand		**14,691,017**	10,505,021
	Cash at bank:			
	Current accounts			
	Local currency	*26.1*	**103,800,498**	122,702,401
	Foreign currency		**396,991,393**	242,503,270
			500,791,891	365,205,671
	Deposit accounts			
	Local currency	*26.2*	**53,565,995**	40,120,104
			569,048,903	415,830,796

26.1 These include balances in bank accounts amounting to Rs. 0.0024 million (2022: Rs. 0.0024 million) maintained under Shariah compliant arrangements.

26.2 These include deposit accounts of Rs. 53.36 million (2022: Rs. 40.12 million) under mark up arrangements, which carry interest rates ranging from 12.25% - 19.51% (2022: 5.50% - 12.25%) per annum.

These also include deposits of Rs. 0.203 million (2022: Rs. 0.195 million) under Shariah compliant arrangements, which carriy profit rates of 6.50% - 10.00% (2022: 2.95% - 6.01%) per annum.

			2023	2022
27	**Revenue - *net***	*Note*	**Rupees**	Rupees
	Gross sales:			
	Local		**12,207,661,083**	9,366,651,697
	Export		**725,836,029**	841,785,667
			12,933,497,112	10,208,437,364
	Less:			
	Sales return		**(217,006,096)**	(184,545,817)
	Discounts		**(1,171,122,720)**	(677,434,192)
	Sales tax		**(88,146,948)**	(16,539,547)
			(1,476,275,764)	(878,519,556)
	Revenue from contracts with customers - net	*27.1*	**11,457,221,348**	9,329,917,808

27.1 Disaggregation of Revenue - net

Primary Geographical Markets (Revenue - net)

	2023	2022
Pakistan	**10,732,159,851**	8,517,172,766
Sri Lanka	**287,064,044**	181,400,650
Afghanistan	**191,883,772**	15,409,975
Philippines	**61,981,943**	85,107,811
Myanmar	**51,415,640**	28,215,993
Kenya	**32,174,121**	23,550,814
Nepal	**30,486,600**	60,319,696
Kyrgyzstan	**16,889,094**	13,397,056
Others	**53,166,283**	84,136,661
Indonesia	**-**	212,111,985
Belarus	**-**	109,094,401
	11,457,221,348	9,329,917,808

28 Cost of sales

	Note	2023 Rupees	2022 Rupees
Raw and packing materials consumed	*28.1*	**2,958,685,390**	2,269,470,630
Salaries, wages and other benefits	*28.2*	**607,336,093**	538,642,863
Fuel and power		**232,493,873**	178,902,427
Repair and maintenance		**40,623,872**	34,439,215
Stores, spare parts and loose tools consumed		**124,171,855**	168,074,736
Freight and forwarding		**77,835,393**	66,267,131
Packing charges		**19,643,510**	20,330,913
Rent, rates and taxes		**6,001,031**	5,632,411
Printing and stationery		**6,427,686**	5,538,848
Postage and telephone		**10,969,735**	5,492,553
Insurance		**30,475,487**	22,494,062
Travelling and conveyance		**41,190,539**	25,400,613
Canteen expenses		**26,860,891**	27,348,842
Depreciation on property, plant and equipment	*16.4*	**344,070,995**	310,273,238
Laboratory and other expenses		**93,589,528**	49,582,444
		4,620,375,878	3,727,890,926
Work in process:			
Opening		**187,423,025**	144,369,687
Closing		**(249,627,985)**	(187,423,025)
		(62,204,960)	(43,053,338)
Cost of goods manufactured		**4,558,170,918**	3,684,837,588
Finished stock:			
Opening		**1,545,786,144**	794,499,368
Purchases made during the year		**2,418,070,366**	2,413,116,070
Closing		**(1,325,994,498)**	(1,545,786,144)
		2,637,862,012	1,661,829,294
		7,196,032,930	5,346,666,882

28.1 Raw and packing materials consumed

	2023 Rupees	2022 Rupees
Opening	**1,006,691,172**	733,876,820
Purchases made during the year	**3,784,279,516**	2,542,284,982
	4,790,970,688	3,276,161,802
Closing	**(1,832,285,298)**	(1,006,691,172)
	2,958,685,390	2,269,470,630

28.2 Salaries, wages and other benefits include Rs. 22.48 million (2022: Rs. 18.08 million), which represents employer's contribution towards provident fund.

29	Administrative expenses	Note	2023 Rupees	2022 Rupees
	Salaries and other benefits	29.1	**347,850,182**	335,633,681
	Directors fees and expenses		**678,170**	470,000
	Rent, rates and taxes		**791,734**	861,884
	Postage and telephone		**16,537,839**	13,922,019
	Printing, stationery and office supplies		**8,547,883**	4,731,908
	Travelling and conveyance		**66,618,259**	40,960,450
	Transportation		**5,935,349**	5,977,030
	Legal and professional charges		**9,868,265**	10,642,537
	Fuel and power		**41,439,109**	10,437,805
	Auditors' remuneration	29.2	**3,866,850**	2,943,760
	Repair and maintenance		**18,128,844**	14,071,905
	Fee and subscriptions		**27,761,311**	22,657,902
	Donations	29.3 & 29.4	**8,078,126**	11,920,725
	Insurance		**9,531,186**	7,428,526
	Depreciation on property, plant and equipment	16.4	**50,552,336**	48,440,612
	Amortization of intangibles		**1,110,336**	413,300
	Canteen expenses		**30,311,475**	13,449,835
	Other expenses		**7,669,689**	6,161,115
			655,276,943	551,124,994

29.1 Salaries and other benefits include Rs. 13.68 million (2022: Rs. 12.85 million), which represents employer's contribution towards provident fund.

29.2	Auditors' remuneration	2023 Rupees	2022 Rupees
	Fee for annual audit	**1,460,000**	1,276,000
	Audit of consolidated financial statements	**90,000**	78,500
	Review of half yearly financial statements	**350,000**	290,000
	Annual audit - BF Biosciences Limited	**749,000**	590,040
	Annual audit - Farmacia	**194,250**	73,720
	Special certificates and others	**363,600**	284,000
	Out-of-pocket expenses	**660,000**	351,500
		3,866,850	2,943,760

29.3 Donations include payment to the following institution in which the director of the Group holds an interest:

Name of director	Name of donee	Nature of interest in donee	2023 Rupees	2022 Rupees
Mr. Osman Khalid Waheed (Director)	National Management Foundation (LUMS)	Trustee	**2,312,952**	6,000,000

29.4 Donations to following organizations exceeds 10% of the Group's total amount of donations:

	2023 Rupees	2022 Rupees
National Management Foundation (LUMS)	**2,312,952**	6,000,000
Pakistan Pharmaceutical Manufacturers Association (PPMA)	**2,173,913**	-
Parsa Trust	**1,638,396**	3,077,725
Pir Abdul Qadir Shah Jeelani Institute of Medical Sciences	**1,000,000**	-
Rizq Trust	**-**	2,343,000

30	Selling and distribution expenses	Note	2023 Rupees	2022 Rupees
	Salaries and other benefits	30.1	**1,038,088,251**	959,875,702
	Travelling and conveyance		**516,396,034**	337,398,994
	Trade debts directly written off		**22,180,825**	10,179,695
	Fuel and power		**57,881,638**	11,332,007
	Rent, rates and taxes		**19,732,415**	9,897,189
	Sales promotion		**385,333,397**	301,071,687
	Printing and stationary		**7,423,831**	9,521,433
	Postage and telephone		**34,693,985**	24,663,397
	Royalty, fee and subscription	30.2	**69,986,790**	49,837,302
	Insurance		**38,139,585**	30,084,138
	Repairs and maintenance		**37,539,445**	18,835,239
	Conferences, seminars and training		**254,026,332**	259,955,241
	Patient care activities		**9,380,920**	8,711,968
	Depreciation on property, plant and equipment	16.4	**77,223,294**	62,137,983
	Other expenses		**3,940,444**	2,380,525
	Service charges on sales		**33,363,460**	37,360,051
			2,605,330,646	2,133,242,551

30.1 Salaries and other benefits include Rs. 37.69 million (2022: Rs. 29.82 million), which represents employer's contribution towards provident fund.

30.2 This includes royalty expense of Rs. Nil (2022: 2.6 million) payable to Grupo Empresarial Bagó S.A - Spain (non controlling share holder of subsidiary company) against sale of patent products.

31	Other expenses	Note	2023 Rupees	2022 Rupees
	Exchange loss		**478,895,641**	185,101,855
	Loss allowance		**40,682,773**	10,251,892
	Workers' Profit Participation Fund	11.1	**25,676,840**	68,655,610
	Workers' Welfare Fund	11.3	**9,757,199**	21,164,283
	Central Research Fund	11.2	**5,187,240**	13,869,820
			560,199,693	299,043,460
32	**Other income**			
	From financial assets	32.1	**222,668,224**	262,156,390
	From non financial assets	32.2	**55,739,926**	71,204,878
			278,408,150	333,361,268

32.1 From financial assets

	Note	2023 Rupees	2022 Rupees
Profit on deposits with banks	32.1.1	**6,852,317**	13,396,025
Dividend income		**199,830,706**	218,662,806
Reversal of loss allowance		**2,996,356**	21,408,864
Unrealized gain on re-measurement of short term investments	25.1	**5,005,285**	4,591,673
Realized gain on sale of short term investments	25.1	**7,983,560**	4,097,022
		222,668,224	262,156,390

32.1.1 These include profit of Rs. 0.0128 million (2022: Rs. 0.0016 milion) earned on deposits maintained under Shariah compliant arrangements.

32.2	From non financial assets	Note	2023 Rupees	2022 Rupees
	Exchange gain	32.2.1	**-**	23,266,260
	Gain on sale of property, plant and equipment - *net*	16.5	**28,841,059**	35,108,099
	Export rebate		**10,819,604**	10,086,511
	Commission income		**16,079,263**	2,744,008
			55,739,926	71,204,878

32.2.1 The exchange gain was a result of actual currency fluctuation.

33	Finance cost	Note	2023 Rupees	2022 Rupees
	Mark-up on financing from conventional banks / institutions:			
	Long term financing		**75,513,971**	52,467,075
	Short term borrowings		**196,739,918**	23,772,353
			272,253,889	76,239,428
	Mark-up on Islamic mode of financing:			
	Short term borrowings	*33.1*	**21,615,265**	4,717,469
	Bank charges		**8,603,679**	12,989,556
	Interest on Workers' Profit Participation Fund	*11.1*	**1,645,038**	2,332,040
			304,117,871	96,278,493

33.1 This represents markup expense incurred under Shariah compliant arrangements against facilities of short term borrowings.

34	Taxation	2023 Rupees	2022 Rupees
	Current		
	- For the year	**226,256,520**	477,084,437
	- For prior years	**(24,523,775)**	(15,523,845)
		201,732,745	461,560,592
	Deferred		
	- For the year	**(108,860,159)**	(29,441,716)
	- Change in effective tax rate	**25,557,005**	15,014,798
		(83,303,154)	**(14,426,918)**
		118,429,591	**447,133,674**

34.1 Tax charge reconciliation

	2023	2022
Numerical reconciliation between tax expense and accounting profit:		
- Profit before taxation	**414,671,415**	1,236,922,696
	- - - - - (Percentage) - - - - -	
Applicable tax rate as per Income Tax Ordinance, 2001	**29%**	29%
	2023 Rupees	2022 Rupees
Tax on accounting profit	**120,254,710**	358,707,582
Effect of final tax regime	**(44,700,127)**	(72,369,274)
Effect of separate block regime	**(32,515,841)**	12,262,832
Effect of MTR	**11,782,550**	(1,106,944)
Effect of rate change	**25,557,005**	15,014,798
Effect of permanent difference	**8,869,670**	14,608,673
Super tax under section 4C	**23,018,924**	114,132,737
Effect of minimum tax	**10,485,236**	4,207,827
Effect of minimum tax on turnover	**-**	4,457,786
Effect of proration	**8,815,079**	9,336,382
Effect of other accounting and tax differences	**11,386,160**	3,405,121
Prior year tax adjustment	**(24,523,775)**	(15,523,846)
	(1,825,119)	88,426,092
	118,429,591	447,133,674

34.2 The Group's current tax provision represents tax under the normal tax regime at the rate of 29% of taxable income (2022: 29%) and final taxes paid under final tax regime under Income Tax Ordinance, 2001.

35 Earnings per share - *basic and diluted*

		2023	2022 *Re-stated*
Profit for the year after taxation attributable to equity holders of the Holding Company	*Rupees*	**271,267,541**	734,430,755
Weighted average number of ordinary shares	*Numbers*	**43,469,052**	43,469,052
Earnings per share	*Rupees*	**6.24**	16.90

35.1 Weighted average number of ordinary shares

	2023 Rupees	2022 Rupees *Re-stated*
Outstanding number of shares before bonus issue	**36,224,210**	36,224,210
Add: Element of bonus issue in number of shares at the start of the year.	**7,244,842**	7,244,842
	43,469,052	43,469,052

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

36 Remuneration of Chief Executive, Executive Director and Executives

	2023		
	Chief Executive	**Non-Executive Directors**	**Executives**
	---------------------Rupees---------------------		
Managerial remuneration	**29,033,119**	**-**	**319,007,093**
Utilities and others	**15,193,935**	**-**	**207,561,009**
Medical reimbursements	**199,748**	**-**	**31,299,542**
Leave Fare Assistance and leave encashment	**-**	**-**	**28,030,550**
Bonus and Incentives	**5,625,000**	**-**	**67,862,467**
Contribution to provident fund	**2,903,310**	**-**	**31,225,687**
Meeting Fee	**70,000**	**560,000**	**-**
	53,025,112	**560,000**	**684,986,348**
Numbers	**2**	**5**	**113**

	2022		
	Chief Executive	Non-Executive Directors	Executives
	---------------------Rupees---------------------		
Managerial remuneration	32,188,943	-	251,366,323
Utilities and others	17,731,423	-	140,729,554
Medical reimbursements	1,308,476	-	41,308,824
Leave Fare Assistance and leave encashment	4,103,863	-	23,825,557
Bonus and Incentives	7,091,794	-	73,922,144
Contribution to provident fund	3,223,895	-	21,598,306
Meeting Fee	50,000	420,000	-
	65,698,394	420,000	552,750,708
Numbers	2	5	84

In addition, the Chief Executive of the Holding Company and Subsidiary Company and some executives are allowed free use of the Group's vehicles.

The Holding Company has 6 (2022: 6) non executive directors. Non executive directors are not paid any remuneration or benefits other than the meeting fee. One of the non executive director of the Holding Company is also the Chief Executive Officer of the Subsidiary Company, hence, at group level 5 non executive directors are disclosed.

37 Related party transactions

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

Name of parties	Relationship	Transactions	2023	2022
			---------Rs.--------	
Grupo Empresarial Bagó S.A - (20% share holder)	Non-Controlling Shareholder	Royalty expense	**-**	2,634,142
Bago Laboratories Pte. Limited	Associated Company	Purchase of medicine	**77,000,756**	81,796,292
		Payment made against purchase of medicine	**83,920,122**	67,638,336
Employees provident fund	Post employment benefit fund	Contribution towards employees' provident fund	**73,854,565**	61,125,429
Key Management Personnel	Key management personnel	Remuneration including benefits and perquisites	**49,020,971**	43,747,919
		Advance given against salary	**793,333**	791,666
		Cash dividend	**8,400**	16,800
		Issuance of bonus shares as dividend	**3,360**	-
KFW Factors (Private) Limited	Common directorship	Cash dividend	**50,210,904**	99,863,707
		Issuance of bonus shares as dividend	**19,888,658**	-
Osman Khalid Waheed	Chief Executive Officer-Holding Company	Remuneration including benefits and perquisites	**40,953,794**	39,869,640
		Cash Dividend	**12,947,025**	25,894,050
		Issuance of bonus shares as dividend	**5,178,810**	-
		Meeting Fee	**70,000**	50,000
Akhtar Khalid Waheed	Chief Executive Officer-Subsidiary Company	Remuneration including benefits and perquisites	**12,001,318**	25,778,754
Directors other than CEOs	Non-Executive Directors	Cash Dividend	**4,670,330**	9,340,660
		Issuance of bonus shares as dividend	**1,868,132**	-
		Meeting Fee	**560,000**	420,000
		Rental expense paid for building in use	**6,544,527**	5,031,180
Khan and Piracha	Common directorship	Payment made against services received	**455,000**	-
National Management Foundation (LUMS)	Common directorship	Donations	**2,312,752**	6,000,000

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

		2023	2022
38	**Plant capacity and production**	---------Packs--------	
	Tablets and Capsules	**32,745,714**	28,515,735
	Ointments	**4,058,512**	4,196,805
	Liquid and Others	**6,666,780**	6,269,367
		43,471,006	38,981,907

The production capacities of plants of the Holding Company and subsidiary company cannot be determined, as they are multi-product production facilities with varying manufacturing processes.

		2023	2022
39	**Number of employees**		
	Total number of employees as at 30 June	**1680**	1545
	Average number of employees during the year	**1612**	1431

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

	2023			
	Liabilities			**Total**
	Unclaimed dividend	**Accrued mark-up**	**Long term loan - *secured***	
	---------- Rupees ----------			
Balance as at 01 July 2022	**91,693,095**	**32,613,579**	**2,087,956,900**	**2,212,263,574**
Changes from financing cash flows				
Inflows from financing arrangement	**-**	**-**	**941,015,557**	**941,015,557**
Outflows from financing arrangement	**-**	**-**	**(137,074,074)**	**(137,074,074)**
Finance cost paid	**-**	**(249,118,462)**	**-**	**(249,118,462)**
Dividends paid	**(175,481,438)**	**-**	**-**	**(175,481,438)**
Total changes from financing cash flows	**(175,481,438)**	**(249,118,462)**	**803,941,483**	**379,341,583**
Non-cash changes				
Dividend approved	181,121,050	-	-	181,121,050
Amortization of long-term loans	-			-
Adjustment of loan as equity component	-	-	-	-
Interest cost on utilization of WPPF	-	(1,645,038)	-	(1,645,038)
Interest / markup expense	-	304,117,871	-	304,117,871
Total non-cash changes	**181,121,050**	**302,472,833**	**-**	**483,593,883**
Closing as at 30 June 2023	**97,332,707**	**85,967,950**	**2,891,898,383**	**3,075,199,040**

	2022			
	Liabilities			Total
	Unclaimed dividend	Accrued mark-up	Long term loan - *secured*	
	---------- Rupees ----------			
Balance as at 01 July 2021	80,049,018	9,178,680	1,347,603,480	1,436,831,178
Changes from financing cash flows				
Inflows from financing arrangement	-	-	968,089,000	968,089,000
Finance cost paid	-	-	(188,500,000)	(188,500,000)
Dividends paid	-	(70,511,554)	-	(70,511,554)
Total changes from financing	(350,598,023)	-	-	(350,598,023)
cash flows	(350,598,023)	(70,511,554)	779,589,000	358,479,423
Non-cash changes				
Dividend approved	362,242,100	-	-	362,242,100
Amortization of long-term loans	-			-
Adjustment of loan as equity component	-	-	(39,235,580)	(39,235,580)
Interest cost on utilization of WPPF	-	(2,332,040)	-	(2,332,040)
Interest / markup expense	-	96,278,493	-	96,278,493
Total non-cash changes	362,242,100	93,946,453	(39,235,580)	416,952,973
Closing as at 30 June 2022	91,693,095	32,613,579	2,087,956,900	2,212,263,574

41 Disclosures relating to provident fund

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

	Un-Audited 2023		Audited 2022	
	% of Total Size Fund	**Rupees**	% of Total Size Fund	Rupees
Ferozsons Laboratories Limited - *Parent Company*	**79%**	**740,598,716**	81%	742,054,954
BF Biosciences Limited - *Subsidiary*	**20%**	**157,759,592**	17%	159,413,506
Farmacia - *Partnership firm*	**1%**	**19,110,105**	2%	18,576,090
	100%	**917,468,413**	100%	920,044,550

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

42 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

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

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

The Group's audit committee oversees how management monitors compliance with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

42.1 Credit risk

Credit risk represents the risk of financial loss if a customer or counter party to a financial instrument fails to discharge its contractual obligations. The Group's credit risk arises from long term deposits, trade debts, other receivables, loans and advances, short term deposits, short term investments and balances with banks. The Group has no significant concentration of credit risk as its exposure is spread over a large number of counter parties.

42.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2023	2022
Financial assets at amortized cost	**Rupees**	Rupees
Long term deposits	**14,544,325**	14,544,325
Trade debts	**1,122,799,641**	1,139,908,730
Loans and advances - *considered good*	**1,879,505**	1,461,513
Short term deposits and margins	**172,233,497**	124,005,237
Other receivables - *considered good*	**13,826,258**	32,538,147
Bank balances	**554,357,886**	405,325,775
Financial assets at fair value through profit or loss		
Short term investments	**544,965,655**	2,036,352,584
	2,424,606,767	3,754,136,311

42.1.2 Concentration of credit risk

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

	2023 Rupees	2022 Rupees
Customers	**1,122,799,641**	1,139,908,730
Banking companies and financial institutions	**1,099,323,541**	2,441,678,359
Others	**202,483,585**	172,549,222
	2,424,606,767	3,754,136,311

42.1.3 Credit quality and impairment

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

Counter parties with external credit ratings

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

Institutions	Rating		Rating	2023	2022
	Short term	Long term	Agency	---Rupees---	
Bank balances					
Habib Bank Limited	A1+	AAA	JCR-VIS	**142,354,577**	109,299,432
Bank Al-Habib Limited	A1+	AAA	PACRA	**284,474**	4,934,640
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	**339,433,431**	232,994,110
Bank Alfalah Limited	A1+	AA+	PACRA	**51,420,604**	27,801,450
Meezan Bank Limited	A1+	AAA	JCR-VIS	**205,356**	197,650
MCB Bank Limited	A1+	AAA	PACRA	**661,568**	1,055,158
Allied Bank Limited	A1+	AAA	PACRA	**17,224,871**	28,218,375
Bank of Punjab	A1+	AA+	PACRA	**1,948,044**	-
Faysal Bank Limited	A1+	AA	PACRA	**824,961**	824,960
				554,357,886	405,325,775
Short term investments					
HBL Money Market Fund	N/A	AA+(f)	JCR-VIS	**339,421,408**	1,234,278,932
MCB Cash Management Optimizer Fund	N/A	AA+(f)	PACRA	**1,109,863**	77,787,419
Pakistan Cash Management Fund	N/A	AA+(f)	PACRA	**399,799**	353,685,749
HBL Cash Fund	N/A	AA+(f)	JCR-VIS	**43,814,079**	43,884,004
Alfalah Investment Money Market Fund	N/A	AM2++	PACRA	**35,183,250**	-
ABL Cash Fund	N/A	AA+(f)	VIS	**125,037,256**	326,716,480
				544,965,655	2,036,352,584
Margin against bank guarantee					
Habib Bank Limited	A1+	AAA	JCR-VIS	**1,153,934**	8,039,410
Meezan Bank Limited	A1+	AAA	JCR-VIS	**10,474,408**	1,931,222
				11,628,342	9,970,632
Margin against letter of credit					
Habib Bank Limited	A1+	AAA	VIS	**-**	7,255,303
Allied Bank Limited	A1+	AAA	PACRA	**-**	-
Meezan Bank Limited	A1+	AAA	JCR-VIS	**8,502,738**	7,543,014
				8,502,738	14,798,317
				1,119,454,621	2,466,447,308

Counter parties without external credit ratings - Trade debts

These mainly include customers which are counter parties to local and foreign trade debts. The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables other than due from Government departments / hospitals. Trade receivables are written off when there is no reasonable expectation of recovery. Management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. The Group has used tow years quarterly data in the calculation of historical loss rates along with the matching quarterly ageing brackets for the computation of roll rates. These rates are multiplied by scalar factors to reflect the effect of forward looking macro-economic factors. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2023 was determined as follows:

	2023	2022
The aging of trade debts other than due from Government at the reporting date was:	---Rupees---	
Current	**310,406,817**	291,998,030
Past due 61 - 90 days	**84,512,157**	62,850,230
Past due 91 - 180 days	**22,611,072**	10,446,142
Past due 181 - 365 days	**6,669,178**	1,605,731
More than 365 days	**10,561,985**	5,381,528
Less: Impairment loss allowance	**(31,984,142)**	(19,239,737)
	402,777,067	353,041,924
The aging of trade debts due from Government at the reporting date was:		
0 - 90 days	**274,174,570**	389,333,191
91 - 180 days	**190,727,546**	217,086,843
181 - 365 days	**211,672,032**	111,674,151
More than 365 days	**121,303,387**	122,348,242
Less: Impairment loss allowance	**(77,854,961)**	(53,575,623)
	720,022,574	786,866,804

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

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

42.1.4 Concentration of credit risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instruments is broadly diversified and all other transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

42.2 Liquidity risk

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

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group’s short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in notes 8 and 14 to these consolidated financial statements is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

42.2.1 Exposure to liquidity risk

42.2.1.1 *Contractual maturities of financial liabilities, including estimated interest payments*

The following are the contractual maturities of financial liabilities:

	2023					2022				
	Carrying amount	**Contractual cashflows**	**Less than one year**	**One to five years**	**More than 5 years**	Carrying amount	Contractual cashflows	Less than one year	One to five years	More than 5 years
			Rupees					Rupees		
Financial liabilities at amortized cost										
Long term loan - *secured*	**2,891,898,383**	**3,173,070,413**	**520,428,396**	**2,210,594,384**	**442,047,633**	2,087,956,900	2,087,956,900	205,829,349	1,386,669,851	495,457,701
Trade and other payables	**3,255,847,255**	**3,255,847,255**	**3,255,847,255**	**-**	**-**	2,276,796,186	2,276,796,186	2,276,796,186	-	-
Unclaimed dividend	**97,332,707**	**97,332,707**	**97,332,707**	**-**	**-**	91,693,095	91,693,095	91,693,095	-	-
Short term borrowings - *secured*	**1,260,543,747**	**1,260,543,747**	**1,260,543,747**	**-**	**-**	492,524,265	492,524,265	492,524,265	-	-
Accrued mark-up	**85,967,950**	**85,967,950**	**85,967,950**	**-**	**-**	32,613,579	32,613,579	32,613,579	-	-
	7,591,590,042	**7,872,762,072**	**5,220,120,055**	**2,210,594,384**	**442,047,633**	4,981,584,025	4,981,584,025	3,099,456,474	1,386,669,851	495,457,701

42.3 Market risk

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

Market risk comprises of three types of risks:

- currency risk.
- interest rate risk
- other price risk

42.3.1 Currency risk

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

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

The potential currency exposures are discussed below:

Transactional exposure in respect of non functional currency monetary items

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

Transactional exposure in respect of non functional currency expenditure and revenues

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

Exposure to currency risk

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

	2023								
	Rupees	**US Dollars**	**Euro**	**UAE Dirham**	**Pound Sterling**	**JPY**	**Aus Dollars**	**CNY**	**CHF**
Cash and cash equivalents	**406,141,548**	**995,362**	**9,034**	**3,510**	**8,065**	**146,000**	**1,000**	**-**	**-**
Trade debts	**54,085,324**	**188,852**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other receivables	**6,718,710**	**23,460**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Contract Liabilities	**(1,714,617)**	**(5,987)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Trade and other payables	**(2,522,893,901)**	**(8,669,182)**	**-**	**-**	**-**	**-**	**-**	**(1,010,570)**	**-**
Net Statement of Financial Position Exposure	**(2,057,662,936)**	**(7,467,495)**	**9,034**	**3,510**	**8,065**	**146,000**	**1,000**	**(1,010,570)**	**-**
Off statement of financial position items									
Outstanding letters of credit	**(199,924,577)**	**(698,085)**	**-**	**-**	**-**	**-**	**-**	**(16,763,895)**	**(11,200)**
Net Exposure	**(2,257,587,513)**	**(8,165,580)**	**9,034**	**3,510**	**8,065**	**146,000**	**1,000**	**(17,774,465)**	**(11,200)**

	2022								
	Rupees	US Dollars	Euro	UAE Dirham	Pound Sterling	JPY	Aus Dollars	CNY	CHF
Cash and cash equivalents	83,272,556	394,000	7,209	-	3,410	146,000	1,000	641,114,422	-
Trade debts	75,035,519	367,140	-	-	-	-	-	133,272,204	-
Other receivables	566,163,400	149,772	1,636,896	-	1,577	-	-	16,022,063	-
Contract Liabilities	-	-	-	-	-	-	-	-	-
Trade and other payables	(1,377,675,214)	(6,706,588)	(32,706)	-	-	-	-	-	-
Net Statement of Financial Position Exposure	(653,203,739)	(5,795,676)	1,611,399	-	4,987	146,000	1,000	790,408,689	-
Off statement of financial position items									
Outstanding letters of credit	(1,486,422,282)	(989,349)	(4,797,710)	(209,328)	-	-	-	(16,763,895)	(11,200)
Net Exposure	(2,139,626,021)	(6,785,025)	(3,186,311)	(209,328)	4,987	146,000	1,000	773,644,794	(11,200)

The following significant exchange rates were applied during the year:

	Reporting date rate		Average rate	
	2023	2022	**2023**	2022
US Dollars	**286.39**	204.38	**256.17**	183.77
Euro	**313.07**	213.81	**272.04**	204.13
UAE Dirham	**77.97**	55.68	**69.75**	50.07
Pound Sterling	**365.01**	248.23	**310.92**	239.22
JPY	**2.04**	1.50	**1.81**	1.52
Australian dollars	**185.74**	118.90	**166.96**	117.04
CHF	**320.16**	171.86	**265.09**	174.40
CNY	**39.71**	24.76	**35.66**	24.62

Sensitivity analysis

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

	Profit or loss	
	2023	2022
	-------------------**Rs.**-------------------	
Statement of profit or loss	**(205,766,294)**	(65,320,374)

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

42.3.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At the reporting date the interest rate profile of the Group's significant interest bearing financial instruments was as follows:

	2023	2022	**2023**	2022
	Effective rate (in Percentage)		**Carrying amount (Rupees)**	
Variable rate instruments				
Financial assets				
Cash at bank - *deposit accounts*	**6.50% to 19.51%**	2.95% to 12.25%	**53,565,995**	40,120,104
Financial liabilities				
Long term loan - *including current portion*	**3% to 18.42%**	8.29% to 9.4%	**2,891,898,383**	2,087,956,900
Short term borrowings - *secured*	**14.16% to 23.40%**	7.50% to 14.31%	**1,260,543,747**	492,524,265
Net Exposure			**4,152,442,130**	2,580,481,165

Cash flow sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / decreased loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2023.

	Profit or loss	
	100 bps Increase	**100 bps Decrease**
As at 30 June 2023	**Rupees**	
Cash flow sensitivity - *Variable rate financial assets*	**41,524,421**	**(41,524,421)**
As at 30 June 2022		
Cash flow sensitivity - *Variable rate financial assets*	25,804,812	(25,804,812)

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

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in profit / mark-up / interest rates at the reporting date would not affect consolidated statement of profit or loss.

42.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio within the eligible stocks in accordance with the risk investment guidelines approved by the investment committee. The Group is exposed to price risk arising from its investment in mutual funds that are classified as fair value through profit or loss. The Group has no investments in equity instruments traded in the market at the reporting date. The Group is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

Sensitivity analysis

The table below summarizes the Group's equity price risk as of 30 June 2023 and 2022 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the Group's equity investment portfolio.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase (decrease) in profit / (loss) before tax
2023	--------------------	**Rupees**	--------------------	
Short term investments				
Investments at fair value through profit or loss	**544,965,655**	**10% increase**	**599,462,221**	**54,496,566**
		10% decrease	**490,469,090**	**(54,496,566)**

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase (decrease) in profit / (loss) before tax
2022	--------------------	Rupees	--------------------	
Short term investments				
Investments at fair value through profit or loss	2,036,352,584	10% increase	2,239,987,842	203,635,258
		10% decrease	1,832,717,326	(203,635,258)

42.4 Fair value of financial instruments

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying value of all financial assets and liabilities on the balance sheet approximate to their fair value.

42.4.1 Fair values versus carrying amounts

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying value of all financial assets and liabilities on the balance sheet approximate to their fair value.

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

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

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

42.4.2 Valuation of financial instruments

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

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

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

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

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

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

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

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

					Fair Value		
	Fair Value through profit or loss	**Financial assets at amortized cost**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**
30 June 2023	-----	-----	-----	**Rupees**	-----	-----	-----
Financial assets measured at fair value:							
Short term investments	**544,965,655**	**-**	**-**	**544,965,655**	**544,965,655**	**-**	**-**
Financial assets not measured at fair value							
Long term deposits	**-**	**14,544,325**	**-**	**14,544,325**	**-**	**-**	**-**
Trade debts - *considered good*	**-**	**1,122,799,641**	**-**	**1,122,799,641**	**-**	**-**	**-**
Loans and advances - *considered good*	**-**	**1,879,505**	**-**	**1,879,505**	**-**	**-**	**-**
Short term deposits	**-**	**172,233,497**	**-**	**172,233,497**	**-**	**-**	**-**
Other receivables	**-**	**13,826,258**	**-**	**13,826,258**	**-**	**-**	**-**
Cash and bank balances	**-**	**569,048,903**	**-**	**569,048,903**	**-**	**-**	**-**
	-	**1,894,332,129**	**-**	**1,894,332,129**	**-**	**-**	**-**
Financial liabilities measured at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value							
Trade and other payables	**-**	**-**	**3,255,847,255**	**3,255,847,255**	**-**	**-**	**-**
Unclaimed dividend	**-**	**-**	**97,332,707**	**97,332,707**	**-**	**-**	**-**
Short term borrowings - secured	**-**	**-**	**1,260,543,747**	**1,260,543,747**	**-**	**-**	**-**
Accrued mark-up	**-**	**-**	**85,967,950**	**85,967,950**	**-**	**-**	**-**
	-	**-**	**4,699,691,659**	**4,699,691,659**	**-**	**-**	**-**

					Fair Value		
	Fair Value through profit or loss	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
30 June 2022	Rupees						
Financial assets measured at fair value:							
Short term investments	2,036,352,584	-	-	2,036,352,584	2,036,352,584	-	-
Financial assets not measured at fair value							
Long term deposits	-	14,544,325	-	14,544,325	-	-	-
Trade debts - *considered good*	-	1,139,908,730	-	1,139,908,730	-	-	-
Loans and advances - *considered good*	-	1,461,513	-	1,461,513	-	-	-
Short term deposits and prepayments	-	124,005,237	-	124,005,237	-	-	-
Other receivables	-	32,538,147	-	32,538,147	-	-	-
Cash and bank balances	-	415,830,796	-	415,830,796	-	-	-
	-	1,728,288,748	-	1,728,288,748	-	-	-
Financial liabilities measured at fair value:	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
Trade and other payables	-	-	2,276,796,186	2,276,796,186	-	-	-
Unclaimed dividend	-	-	91,693,095	91,693,095	-	-	-
Short term borrowings - *secured*	-	-	492,524,265	492,524,265	-	-	-
Accrued mark-up	-	-	32,613,579	32,613,579	-	-	-
	-	-	2,893,627,125	2,893,627,125	-	-	-

Fair value of property, plant and equipment

Freehold land, buildings on freehold land and plant and machinery have been carried at revalued amounts determined by professional valuers (level 2 in case of land, level 3 for building and plant & machinery) based on their assessment of market value as disclosed in note 7. The valuations are conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's properties. This revaluation was carried out by Asif associates (Private) Limited (Independent valuers and consultants). The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

43 Operating Segment

	2023					
	Ferozsons	BF Biosciences	Others	Total	Inter-segment elimination / adjustment	Consolidated Total
Revenue - *net*			Rupees			
Revenue from external customers	9,338,686,263	1,659,159,827	459,375,259	11,457,221,348	-	11,457,221,348
Inter-segment revenue	554,704,659	150,360,011	-	705,064,670	(705,064,670)	-
	9,893,390,922	1,809,519,838	459,375,259	12,162,286,018	(705,064,670)	11,457,221,348
Segment profit before tax	275,331,697	202,197,146	24,462,912	501,991,755	(87,320,340)	414,671,415
Segment assets and liabilities						
Segments assets and liabilities are reconciled to total assets and liabilities as follows:						
Segment assets						
Non-current assets	3,912,161,088	4,075,556,379	89,706,446	8,077,423,913	(6,701,077)	8,070,722,836
Current assets	6,783,262,731	1,591,293,283	162,556,978	8,537,112,992	(4,408,722)	8,532,704,270
	10,695,423,819	5,666,849,662	252,263,424	16,614,536,905	(11,109,799)	16,603,427,106
Segment liabilities						
Non-current liabilities	333,004,991	2,289,688,109	-	2,622,693,100	125,977,773	2,748,670,873
Current liabilities	4,077,726,184	1,402,956,062	10,514,067	5,491,196,313	(5,147)	5,491,191,166
	4,410,731,175	3,692,644,171	10,514,067	8,113,889,413	125,972,626	8,239,862,039
Other segment information						
Depreciation and amortization	380,531,720	34,328,940	1,831,915	416,692,575	56,264,386	472,956,961
Charge / (reversal) of loss allowance on trade receivables	36,159,620	3,860,479	(2,996,357)	37,023,742	-	37,023,742
Finance Cost	158,362,247	153,344,127	382,303	312,088,677	(7,970,806)	304,117,871
Profit on deposits with bank	4,117,976	750,146	1,984,195	6,852,317	-	6,852,317
Capital expenditure during the year	489,901,796	33,312,181	551,520	523,765,497	-	523,765,497
Share of profit from investee	23,973,654	-	-	23,973,654	(23,973,654)	-
Share of profit from investee	23,973,654	-	-	23,973,654	(23,973,654)	-
Equity accounted investees	240,312,544	-	-	240,312,544	(240,312,544)	-

43.1 The revenue reported above represents revenue generated from each segment and inter-segment revenue eliminated.

43.2 Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

43.3 ***Revenue from major customer***

Revenue from one of the distributors of the Ferozsons segment represents approximately Rs. 4,868 million (2022: Rs. 3,926 million) of the Group's total revenues

43.4 ***Geographic information***

The geographic information analyses the Group's revenue and non current assets by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

43.4.1 The analysis of Group's revenue by the Company's country of domicile (Pakistan) and other countries is given in note 27.1 to the financial statements.

43.4.2 All non-current assets of the Group at 30 June 2023 are located and operated in Pakistan.

	2022					
	Ferozsons	BF Biosciences	Others	Total	Inter-segment elimination / adjustment	Consolidated Total
	Rupees					
Revenue - *net*						
Revenue from external customers	7,588,488,156	1,373,099,023	368,330,629	9,329,917,808	-	9,329,917,808
Inter-segment revenue	217,926,159	147,603,591	-	365,529,750	(365,529,750)	-
	7,806,414,315	1,520,702,614	368,330,629	9,695,447,558	(365,529,750)	9,329,917,808
Segment profit before tax	934,532,073	348,760,234	21,020,797	1,304,313,104	(67,390,508)	1,236,922,596
Segment assets and liabilities						
Segments assets and liabilities are reconciled to total assets and liabilities as follows:						
Segment assets						
Non-current assets	3,903,819,274	2,139,856,510	90,986,842	6,134,662,626	73,536,963	6,208,199,590
Current assets	5,322,523,609	2,295,214,875	133,476,748	7,751,215,232	2,673,578	7,753,888,810
	9,226,342,883	4,435,071,385	224,463,590	13,885,877,858	76,210,541	13,962,088,399
Segment liabilities						
Non-current liabilities	257,718,868	1,894,954,229	-	2,152,673,097	124,369,201	2,277,042,298
Current liabilities	2,664,441,019	714,964,438	7,177,146	3,386,582,603	(5,145)	3,386,577,458
	2,922,159,887	2,609,918,667	7,177,146	5,539,255,700	124,364,056	5,663,619,755
Other segment information						
Depreciation and amortization	334,845,309	28,325,018	1,830,819	365,001,146	56,264,386	421,265,532
Impairment loss on trade receivables	(21,408,864)	5,723,945	4,527,947	(11,156,972)	-	(11,156,972)
Finance Cost	37,406,319	65,618,568	273,606	103,298,493	(7,020,000)	96,278,493
Profit on deposits with bank	3,976,561	8,333,136	1,086,328	13,396,025	-	13,396,025
Capital expenditure during the year	427,568,560	89,942,132	277,860	517,788,552	-	517,788,552
Share of profit from investee	20,600,413	-	-	20,600,413	(20,600,413)	-
Share of profit from investee	20,600,413	-	-	20,600,413	(20,600,413)	-
Equity accounted investees	216,338,890	-	-	216,338,890	(216,338,890)	-

44 Capital management

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

The Group's objectives when managing capital are:

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

(ii) to provide an adequate return to shareholders.

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

	2023 Rupees	2022 Rupees
Total debt	**4,152,442,130**	2,580,481,165
Total equity	**7,918,111,468**	7,767,791,788
Total capital employed	**12,070,553,598**	10,348,272,953
Gearing	**34%**	25%

Total debt comprises of long term loans from banking and other financial institutions and short term borrowings.

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

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

45 Group entities

The following table summarizes the information relating to the Group's subsidiaries that have non controlling interest (NCI).

30 June 2023 *Amount in Rupees*	**BF Biosciences Limited**	**Farmacia**	**Intra-Group eliminations**	**Total**
NCI percentage	**20%**	**2%**		
Non current assets	**4,075,556,379**	**89,706,446**		
Revaluation surplus	**251,465,619**	**24,046,807**		
Current assets	**1,591,293,283**	**162,556,978**		
Non-current liabilities	**2,289,688,109**	**-**		
Current liabilities	**1,402,956,062**	**10,514,068**		
Net assets	**2,225,671,110**	**265,796,163**		
Carrying amount of NCI	**445,134,222**	**5,315,923**	**(4,996,546)**	**445,453,599**
Revenue - *net*	**1,809,519,838**	**459,375,258**		
Profit after taxation	**149,052,773**	**24,462,913**		
Other comprehensive income	**-**	**-**		
Total comprehensive income	**149,052,773**	**24,462,913**		
Total comprehensive income allocated to NCI	**29,810,555**	**489,258**	**(5,325,530)**	**24,974,283**
Cash flows from operating activities	**(196,065,930)**	**8,053,193**		
Cash flows from investing activities	**(724,443,780)**	**11,896,730**		
Cash flows from financing activities (dividends to NCI : Nil)	**640,237,646**	**-**		
Net (decrease) / increase in cash and cash equivalents	**(280,272,064)**	**19,949,923**		

30 June 2022 *Amount in Rupees*	**BF Biosciences Limited**	**Farmacia**	**Intra-Group eliminations**	**Total**
NCI percentage	20%	2%		
Non current assets	2,139,856,510	90,986,842		
Revaluation surplus	303,081,713	30,303,672		
Current assets	2,295,214,875	133,665,962		
Non-current liabilities	1,894,954,229	-		
Current liabilities	714,964,438	7,366,359		
Net assets	2,128,234,432	247,590,117		
Carrying amount of NCI	425,646,886	4,951,802	100,078,169	530,676,857
Revenue - *net*	1,520,702,614	368,330,629		
(Loss) / profit after taxation	306,977,758	21,020,797		
Other comprehensive income	-	-		
Total comprehensive income	306,977,758	21,020,797		
Total comprehensive income allocated to NCI	61,395,552	420,416	(6,457,701)	55,358,267
Cash flows from operating activities	178,060,546	14,424,381		
Cash flows from investing activities	(1,462,932,977)	175,937		
Cash flows from financing activities (dividends to NCI : Nil)	925,506,772	-		
Net (decrease) / increase in cash and cash equivalents	(359,365,659)	14,600,318		

46 Non adjusting events after the reporting date

The Board of Directors of the Holding Company in its meeting held on 03 October 2023 has proposed a final cash dividend of Rs. Nil (2022: Rs. 5) per share, amounting to Rs. Nil million (2022: Rs. 181.12 million) and 0% bonus shares (2022: 20% bonus shares) subject to approval of the members in the Annual General Meeting to be held on 28 October 2023.

47 Date of authorization for issue

These consolidated financial statements have been authorized for issue by the Board of Directors of the Holding Company on 03 October 2023.

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

PATTERN OF SHAREHOLDING AS AT 30 JUNE 2023

No. of Shareholders	Shareholding		Total Shares held
	From	TO	
1,413	1	100	36,751
1,073	101	500	283,753
576	501	1,000	436,315
764	1,001	5,000	1,637,358
165	5,001	10,000	1,181,943
58	10,001	15,000	726,440
20	15,001	20,000	351,167
13	20,001	25,000	293,218
17	25,001	30,000	456,553
10	30,001	35,000	324,659
10	35,001	40,000	371,398
7	40,001	45,000	296,720
6	45,001	50,000	290,667
4	50,001	55,000	209,392
4	55,001	60,000	231,873
4	60,001	65,000	255,789
2	65,001	70,000	134,514
2	70,001	75,000	143,998
1	75,001	80,000	79,200
2	80,001	85,000	163,344
4	85,001	90,000	351,601
1	95,001	100,000	100,000
1	105,001	110,000	107,280
1	110,001	115,000	111,360
2	115,001	120,000	237,720
1	120,001	125,000	123,340
2	135,001	140,000	274,039
1	140,001	145,000	144,000
1	155,001	160,000	159,931
1	185,001	190,000	187,400
1	195,001	200,000	197,000
3	225,001	230,000	682,510
1	230,001	235,000	231,770
1	235,001	240,000	235,716
1	255,001	260,000	259,538
1	290,001	295,000	294,229
1	370,001	375,000	373,180
1	405,001	410,000	409,618
1	415,001	420,000	415,197

PATTERN OF SHAREHOLDING AS AT 30 JUNE 2023

No. of Shareholders	Shareholding		Total Shares held
	From	TO	
1	435,001	440,000	437,466
1	480,001	485,000	480,200
1	485,001	490,000	488,300
1	505,001	510,000	507,873
1	515,001	520,000	517,126
1	520,001	525,000	521,731
1	550,001	555,000	554,335
1	590,001	595,000	591,808
2	625,001	630,000	1,256,192
1	705,001	710,000	706,458
1	935,001	940,000	937,939
1	1,300,001	1,305,000	1,303,104
1	1,555,001	1,560,000	1,556,664
1	1,810,001	1,815,000	1,811,417
1	2,120,001	2,125,000	2,124,060
1	2,435,001	2,440,000	2,435,408
1	2,625,001	2,630,000	2,628,636
1	11,805,001	11,810,000	11,809,854
4,196			**43,469,052**

CATEGORIES OF SHAREHOLDER
AS AT 30 JUNE 2023

2.3 Categories of Shareholder	Share held	Percentage
2.3.1 - Directors, CEO, Their Spouse and Minor Childern	4,555,145	10.48
2.3.2 - Associated Companies, Undertakings & Related Parties	16,212,794	37.30
2.3.3 - NIT & ICP	2,124,060	4.89
2.3.4 - Banks, DFIs, NBFCs	236,066	0.54
2.3.5 - Insurance Companies	5,157,540	11.86
2.3.6 - Modarabas and Mutual Funds	2,032,145	4.67
2.3.8 - A. General Public (Local)	11,238,399	25.85
2.3.8 - B. General Public (Foreigner)	540,371	1.24
2.3.9 - A. Other Companies (Local)	1,372,532	3.16
Total	**43,469,052**	**100.00**
Shareholders More Than 10.00%		
M/S. KFW FACTORS (PVT) LTD	11,933,194	27.45

Trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary and their spouses and minor children are as follows:

Mrs. Akhter Khalid Waheed - Purchase	Chairperson	56,600
Mr. Osman Khalid Waheed - Gift received	Cheif Executive Officer	266,062

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting ('AGM') of the members of Ferozsons Laboratories Limited ("the Company") will be held on Saturday, 28 October 2023 at 12:30 P.M. at Blue Lagoon, Masood Akhter Kiani Road, Rawalpindi to transact the following business:

Ordinary Business:

1. To confirm minutes of the Extra Ordinary General Meeting held on 26 June 2023.

2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 June 2023 together with the Directors' and Auditors' reports thereon.

3. To appoint Auditors for the year ending 30 June 2024 and fix their remuneration.

4. To transact any other ordinary business with the permission of the chair.

Special Business:

6. To consider and approve renewal of already extended short-term financing facility / security up to Rs. 500 million in favour of M/S BF Biosciences Limited (subsidiary Company) on need basis. In this respect, following resolutions are proposed to be passed, with or without modification, as Special Resolutions:

   Resolved that the Company be and hereby authorized in terms of Section 199 and all other applicable provisions of Companies Act, 2017 to provide short term financing facility / security in favor of M/S BF Biosciences Limited ("BFBL"), a subsidiary company up to PKR 500,000,000 (Rupees Five Hundred Million Only), provided that the markup rate to be charged by the Company to BFBL on any outstanding amount of short term financing facility shall not be the less than the average rate charged by the bank(s) of the Company and as per terms and conditions disclosed to the members of the Company.

   Further resolved that the Chief Executive Officer together with Chief Financial Officer or with Company Secretary of the Company be and are hereby empowered and authorized to do all the acts, matters, deeds, and take all necessary actions including signing and execution of agreements, completing legal formalities as may be necessary for the purpose of implementing the aforesaid resolutions.

Statements of material facts as required under Companies Act, 2017 and relevant disclosures as required under Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 are hereby annexed with the Annual General Meeting notice.

By order of the Board

Syed Ghausuddin Saif
Company Secretary

Rawalpindi
03 October 2023

NOTES:

1. Book closure:
The Share Transfer Books of the Company will be closed from 21 October 2023 to 28 October 2023 (both days inclusive). Transfers received at the office of the Company's Share Registrar at M/s CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore, at the close of business on 20 October 2023 will be treated in time for the purpose of attendance of AGM and as applicable.

NOTICE OF ANNUAL GENERAL MEETING

2. Participation in the AGM:
Members whose names are appearing in the Register of Members as of close of business on 20 October 2023, are entitled to attend and vote at the AGM. A Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend, speak and vote for him/her. In case of individuals, a proxy must be a Member of the Company.
Copy of the Form of Proxy may be downloaded from the Company's website: http://www.ferozsons-labs.com.
Form of Proxy and the Power of Attorney or any other authority (if any) under which it is signed, or a notarial certified copy/CTC of such power or authority, must be valid and submitted through email on cs@ferozsons-labs.com not less than 48 hours before the time of holding AGM.

Members are requested to submit a copy of their Computerized National Identity Card/Smart National Identity Card (CNIC/SNIC), if not already provided and immediately notify changes in the registered address to our Shares Registrar, CorpTec Associates (Pvt.) Ltd.

3. Guidelines for Central Depository Company of Pakistan Limited ('CDC') Account Holders:

a. For Attending the AGM:
(i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by sharing a copy of his/her CNIC/SNIC or passport through email (as mentioned in the notes) at least 48 hours before the time of holding AGM.

(ii) In case of corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature of the nominee shall be shared through email at cs@ferozsons-labs.com (unless it has been provided earlier) at least 48 hours before the time of holding AGM.

b. For Appointing Proxies:
(i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall share the Form of Proxy as per the above requirement.

(ii) The Form of Proxy shall be witnessed by two persons whose names, addresses and CNIC/SNIC numbers shall be mentioned on the form.

(iii) Copies of CNIC/SNIC or the passport of the beneficial owners and the proxy shall be furnished with the Form of Proxy through email (as mentioned in the notes).

(iv) The proxy shall share a copy of his/her CNIC/SNIC or passport through email (as mentioned in the notes).

(v) In case of a corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with Form of Proxy to the Company through email (as mentioned in the notes).

4. Withholding Tax on Dividend:
Under Section 150 of the Income Tax Ordinance, 2001 following rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as under:

a.	Persons appearing in the Active Tax Payers' List (ATL)	15%
b.	Persons not appearing in the Active Tax Payers' List (ATL)	30%

Members whose names does not appear in the Active Tax Payers List (ATL) provided on the website of FBR (despite the fact that they are filers) are advised to make sure that their names are entered into ATL to avoid higher tax deductions against any future payment of dividend.
In case of joint shareholders, each shareholder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each shareholder or as may be notified by the shareholders in writing to our share registrar. In case no such notification is received, then each shareholder shall be assumed to have an equal number of shares.

5. Exemption from Deduction of Income Tax / Zakat:

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate, are requested to submit a valid tax exemption / reduced rate certificate or necessary documentary evidence as the case may be. Members desiring no deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat. These requests must be submitted to our share registrar M/s CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore.

6. Electronic Dividend Mandate:

Under the Section 242 of the Companies Act, 2017, it is mandatory for all listed Companies to pay cash dividend to its shareholders through electronic mode directly into the bank account designated by the entitled shareholders. In order to receive dividend directly into their bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available on the Company's website and send it duly signed along with a copy of CNIC to the Share Registrar, M/s. CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore in case of physical shares.

In case of shares held in CDC then Electronic Dividend Mandate Form must be directly submitted to shareholder's brokers / participant / CDC account services.

7. Submission of Valid CNIC:

Pursuant to the SECP directives the dividend of shareholders whose valid CNICs are not available with the Share Registrar could be withheld. All shareholders having physical shareholding are therefore advised to submit a photocopy of their valid CNIC immediately, if already not provided, to the Company's Share Registrar without any further delay.

8. Transfer of Physical Shares to CDC Account:

Pursuant to the section 72 of the Companies Act, 2017 listed companies are required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the date of promulgation of the Act.

The Shareholders who hold physical shares are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form.

9. Electronic Voting:

Members can exercise their right to demand a poll subject to meeting requirements of Section 143–145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.

10. Video Conferencing Facility:

In accordance with provisions of the Companies Act, 2017, members can also avail video conference facility.

If the Company receives consent from members holding in aggregate 10% or more shareholding, residing at a geographical location other than the city of the meeting, to participate in the meeting through video conference at least 14 days prior to the date of the Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard, a formal request must be submitted at registered addresses of the Company OR through e-mail at cs@ferozsons-labs.com.

11. Electronic Transmission of Financial Statements and Notices:

Pursuant to various notifications, the Securities and Exchange Commission of Pakistan (SECP) has directed all companies to circulate annual financial statements and notices of annual/extraordinary general meetings through Email/CD/DVD or any other media to their shareholders at their registered addresses.

Shareholders, who wish to receive the hardcopy of the annual financial statements, may email at cs@ferozsons-labs.com. The same shall be provided to the shareholders free of cost within seven working days of receipt of such request.

The financial statements of the Company for the year ended 30 June 2023 have been placed on the Company's website: www.ferozsons-labs.com

Statement of Material Facts Under Companies Act, 2017

Agenda Item 6: Renewal of Already Extended Short-Term Financing Facility / Security in favour of M/S BF Biosciences Limited

BF Biosciences Limited ("BFBL") is an eighty percent owned subsidiary of Ferozsons Laboratories Limited ("the Company"), and is a joint venture between M/S Ferozsons Laboratories Limited and the M/S Grupo Empresarial Bago S.A.

BFBL is currently in expansion phase and in order to meet the challenges posed by increase in Rupee Dollar Parity along with working capital needs, BFBL has requested the Company to renew the already extended short-term financing facility. The facility was latest renewed by members in last Extra Ordinary General Meeting held on 26 June 2023 and is set to expire by 26 June 2024. In order to align the renewal with each Annual General Meeting of the Company, it is proposed to renew the facility again, so that expiry becomes 28 October 2024.

The Board of Directors in their meeting held on 03 October 2023 has recommended the same for approval of shareholders in the coming Annual General Meeting.

None of the Directors of the Company have any direct or indirect interest in this special business except in their capacity as Shareholders or Directors of the Company.

NOTICE OF ANNUAL GENERAL MEETING

Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

INVESTMENT BY WAY OF SHORT-TERM FINANCING FACILITY / SECURITY (AGENDA ITEM NO. 6)

	Sec. 3 (a) - Disclosure for all types of investments	
	(A) – Disclosures regarding associated company	
(i)	Name of associated company or associated undertaking	BF Biosciences Limited
(ii)	Basis of relationship	Subsidiary Company
(iii)	Earnings per share for the last three years	FY 2023: Rs. 7.84 / share FY 2022: Rs. 16.16 / share FY 2021: Rs. 32.00 / share
(iv)	Break-up value per share, based on latest audited accounts	Rs. 103.91/ share as at 30 June 2023
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	**As at 30 June 2023:** Non-Current Assets: Rs. 4,075,556,379 Current Assets: Rs. 1,591,293,283 Non-Cur. Liabilities: Rs. 2,289,688,109 Current Liabilities: Rs. 1,402,956,062 Equity: Rs. 1,974,205,491 Revenue: Rs. 1,809,519,838 Gross Profit: Rs. 449,532,951 Operating Profit: Rs. 355,541,273 Profit After Tax: Rs. 149,052,773
(vi) In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely		
(I)	description of the project and its history since conceptualization;	Not Applicable
(II)	starting date and expected date of completion of work;	Not Applicable
(III)	time by which such project shall become commercially operational;	Not Applicable
(IV)	expected time by which the project shall start paying return on investment;	Not Applicable
(V)	funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	Not Applicable
(B) – General disclosures		
(i)	Maximum amount of investment to be made	PKR 500,000,000 (Five Hundred Million Only)
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	This will enable the Company to lend BFBL at rates higher than its average borrowing costs on BFBL's need basis. As the BFBL is 80% owned subsidiary, the benefits will eventually be accrued to the Company's shareholders.

NOTICE OF ANNUAL GENERAL MEETING

Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds	The Company shall use its internally generated funds as well as its un-utilized financing lines.
	i) justification for investment through borrowings	The rate charged by the Company to BFBL on outstanding balances shall be 0.5% over and above the average borrowing cost of the Company.
	ii) detail of collateral, guarantees provided and assets pledged for obtaining such funds	The Company shall obtain an indemnity from BFBL to re-pay the amount. As the BFBL is a subsidiary company of FLL, FLL is confident that any financing arrangement will be repaid.
	iii) cost benefit analysis	The Company will charge 0.5% over and above the average borrowing cost to BFBL on outstanding balances.
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	As detailed above.
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	The interest (either direct or indirect) in the associated company are as follows: 1) M/S Ferozsons Laboratories Limited holds 15,199,996 shares (i.e., 80%). 2) Mrs. Akhter Khalid Waheed, Chairperson of the Company is serving on the Board of BFBL as Chief Executive Officer and holds 1 share. The member is interested only to the extent of being on the board of both companies. 3) Mr. Osman Khalid Waheed, Chief Executive Officer of the Company is serving on the Board of BFBL Limited as Director and holds 1 share. The member is interested only to the extent of being on the board of both companies. 4) Mrs. Munize Azhar Peracha, Director of the Company is also serving on the Board of BFBL as Director and holds 1 share. The member is interested only to the extent of being on the board of both companies.

Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/ justification for any impairment or write offs;	The Company subscribed shares of BFBL at Rs. 10 per share. Since inception, BFBL has been proved valuation investment. The current breakup value of BFBL is Rs. 103.91 / share. In addition to equity investment, the Company also lent loan of Rs. 425 million in year 2010 which has been successfully repaid as per repayment schedule. Being an un-listed entity, the market value of BFBL cannot be ascertained easily, however, if the value of BFBL is estimated through Discounted Cash Flow Model, its value is significantly higher than its breakup value.
(vii)	Any other important details necessary for the members to understand the transaction	There are no other significant details.
Additional disclosure regarding loans, advances and guarantees		
(i)	Category-wise amount of investment	The limit of short-term financing facility / security to BFBL is PKR 500 million.
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	The current average borrowing cost of Company is One/Three Month KIBOR plus 0.10% to 1% spread.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	The Company will charge 0.5% higher rate than its average borrowing cost on outstanding balances of BFBL.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	Not Applicable
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	The Company shall obtain an indemnity from BFBL to re-pay the amount. As BFBL is a subsidiary company of FLL, FLL is confident that any financing arrangement will be repaid.
(v)	If the investment carries conversion feature i.e., it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	Facility granted for a period of one year, renewable for further periods of one year each. The other terms are mentioned above.

NOTICE OF ANNUAL GENERAL MEETING

Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Name of Investee Company	BF Biosciences Limited
Total Investment Approved:	1. Cross corporate guarantees up to Rs. 3.5 Billion in favor of financial institutions/lenders of Investee company for a tenor of 10 years along with provision of security to the lenders of investee company up to Rs 2.5 Billion for a tenor of 5 years were approved by the members in EOGM held on 12 February 2021. 2. Short term financing facility / security up to Rs. 500 million for a tenor of twelve months.
Amount of investment made to date:	Bank guarantees amounting to Rs. 2.925 Billion and Security in the form of charge over fixed assets amounting to Rs 0.457 Billion have been issued against this approval to date. Furthermore, none of the amounts under short-term financing facility / security is outstanding as of year-end.
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:	Not applicable.
Metrical change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment:	As per latest available audited financial statements for the year ended 30 June 2023, the basic earnings per share is Rs. 7.84 and breakup value per share is Rs. 103.91.

URDU REPORTS

انڈسٹری کا جائزہ اور مستقبل کے امکانات

مالی سال 2022-23 اپنے ساتھ دواسازی کی صنعت کے لیے وجودی چیلنج لے کر آیا۔ ان چیلنجوں میں روپے کی قدر میں 40 فیصد کمی، مالیاتی پالیسی میں 825 بیسس پوائنٹس کی سختی کے باوجود افراط زر میں اضافہ، جس کے نتیجے میں مالیاتی اخراجات میں اضافہ شامل ہے۔ جولائی 2021 سے، شرح سود میں حیران کن طور پر 1500 بیسس پوائنٹس کا اضافہ ہوا ہے، اور روپے کی قدر میں 80 فیصد سے زیادہ کمی واقع ہوئی ہے۔

مزید برآں، یوکرین کی جنگ کی وجہ سے ایندھن کی قیمتوں میں اضافے، اور یوٹیلٹی کی قیمتوں میں اضافے نے صنعت کے مارجن کو مزید نمایاں طور پر کم کر دیا ہے۔ لاگت کے ان دباؤ کے جواب میں، حکومت نے سپلائی کی پائیداری یا صنعت کی بقا کو یقینی بنانے کے لیے قیمتوں میں ضروری ایڈجسٹمنٹ نہیں کی ہے۔ اپریل میں ایک جزوی ایڈہاک قیمت میں اضافہ دیا گیا تھا، جو صنعت کو برداشت کرنے پر مجبور ہونے والے اصل لاگت کے نصف سے بھی کم اثر کے برابر تھا۔ اس کے نتیجے میں، زندگی بچانے والی کئی مصنوعات اب مارکیٹ میں غائب ہیں، اور عام فہم پالیسیوں کی عدم موجودگی میں، مریض انسولین اور ہیپرین جیسی ادویات کے لیے بلیک مارکیٹ کا سہارا لینے پر مجبور ہیں۔

2021-22 میں ٹیکس کے نظام میں عارضی تبدیلی کی وجہ سے، GOP نے "FASTER" نظام متعارف کروانے کے باوجود، ابھی تک انڈسٹری کے بقایا سیلز ٹیکس ریفنڈز پر کارروائی نہیں کی ہے۔ مارک اپ کی بے مثال شرحوں کے وقت، ان ریفنڈز کی پروسیسنگ میں تاخیر نے صنعت پر اس کی صلاحیت سے زیادہ بوجھ ڈالا ہے۔

براہ راست لاگت والی چیزوں پر مبنی قیمتوں کے تعین کے ایک مؤثر طریقہ کار کی فوری ضرورت ہے۔ قیمتوں کے مناسب ضابطے کے بغیر، اعلیٰ معیار کی ادویات اور کمپلائنٹ مینوفیکچررز کے مارکیٹ سے غائب ہونے کا خطرہ بہت زیادہ ہے، جو ممکنہ طور پر جعلی یا کم معیار کی دوائیوں کے لیے راہ ہموار کرتا ہے۔ یہ صورتحال بالآخر مریضوں کے مفادات کو خطرے میں ڈالتی ہے اور درآمدی مصنوعات پر پاکستان کے انحصار کو مزید تیز کرتی ہے۔

ان سخت چیلنجوں کے باوجود، کمپنی کی انتظامیہ نئی مصنوعات کی ترقی کے لیے پرعزم ہے، پائیدار ترقی کو زیادہ سے زیادہ کرنے کے لیے لاگت کو بہتر بنانے کے اقدامات کو لاگو کرنے کے لیے پرعزم ہے، ہم مریضوں کی فلاح و بہبود کے لیے اعلیٰ معیار کی ادویات کی فراہمی کو یقینی بنانے کے لیے پرعزم ہیں۔

اظہار تشکر

ہم کمپنی کے مقاصد کے حصول کے لئے اپنے ملازمین کی اہم کوششوں اور وابستگیوں پر اظہار تشکر کرنا چاہتے ہیں۔ مزید برآں مستقل حمایت اور کمپنی پر اعتماد کے لئے ہم اپنے اعلیٰ عہدیدارن، کاروباری شراکت داروں اور معزز صارفین کا بھی شکریہ ادا کرتے ہیں۔

بورڈ کے لئے/کی طرف سے

مسٹر عثمان خالد وحید
چیف ایگزیکٹو آفیسر

مسز منیزے اظہر پراچہ
ڈائریکٹر

لاہور

3 اکتوبر، 2023

اقتصادی اور سیاسی خطرات

ہمارے ملک میں ہر دم تبدیل ہوتی اقتصادی اور سیاسی صورتحال نے ہماری کمپنی کو بھی اس خطرے سے دو چار کیا ہے۔اس سے نمٹنے کے لئے انتظامیہ مارکیٹ کی اقتصادی صورتحال اور سیاسی فضا کا بغور مشاہدہ کرتی ہے۔اور غیر موافق صورتوں سے نمٹنے کے لئے انتظامیہ کی سطح پر مناسب عمل اور حکمت عملیوں پر بات چیت کی جاتی ہے۔

کرنسی کے خطرات

پاکستانی روپے کی قدر میں کمی مصنوعات کی ان پٹ لاگت کو نمایاں طور پر متاثر کرتی ہے کیونکہ زیادہ تر خام مال درآمد کیا جاتا ہے۔
DRAP کی قیمتوں کے تعین کے کنٹرول / ضوابط کی وجہ سے، ان لاگت میں اضافے کو براہ راست حتمی صارف تک پہنچانا ممکن نہیں ہے۔

مسابقت کے خطرات

مارکیٹ میں غیر قانونی اور غیر معیاری مصنوعات پر کمزور ریگولیٹری کنٹرول کی وجہ سے پاکستان میں ادویات سازی کی صنعت کو غیر صحت مند مقابلے کے خطرات درپیش ہیں۔ان خطرات سے نمٹنے کے لئے آپ کی کمپنی پاکستان فارماسیوٹیکل مینوفیکچررز ایسوسی ایشن کے دیگر ممبران کے ساتھ مل کر بہتر حکومتی ریگولیشنز اور پالیسیوں کے لئے مسلسل قانون سازی کر رہی ہے۔

سپلائی چین کے خطرات

کمپنی کے دن بدن کی عملی سرگرمیوں میں سپلائی چین کا عمل اہم کردار ادا کرتا ہے۔ہم مضبوط پیداواری منصوبہ بندی اور اسے فروخت کی پیش گوئی اور واجب التکمیل نظاموں سے مربوط کر کے خطرات سے نمٹ رہے ہیں۔

- **انفارمیشن ٹیکنالوجی کے خطرات**

کمپنی اپنی مستقبل کی ضروریات کو مدنظر رکھتے ہوئے اپنی IT کے انفراسٹرکچر میں سرمایہ کاری جاری رکھتی ہے۔

مالیاتی خطرات

یہ وہ خطرات ہیں جو براہِ راست کمپنی کی مالیاتی بقا سے تعلق رکھتے ہیں۔ان کی وضاحت مالیاتی دستاویزات کے نوٹس میں دی گئی ہے۔

ایگزیکٹو ڈائریکٹر/ چیف ایگزیکٹو آفیسر اور نان ایگزیکٹیو ڈائریکٹرز کی معاوضہ پالیسی

ایگزیکٹیو ڈائریکٹر/ چیف ایگزیکٹو آفیسر کو معاوضہ پیکج کا استحقاق حاصل ہے۔جس کی تفصیلات مالیاتی دستاویزات کے نوٹ 34 میں وضاحت سے بیان کی گئی ہیں۔جبکہ نان ایگزیکٹو ڈائریکٹرز بشمول آزاد ڈائریکٹرز صرف اجلاس کی شرکت کے لئے فیس اور سفر کے اخراجات کا استحقاق رکھتے ہیں۔

آڈیٹرز

آڈیٹرز میسرز KPMG تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہوئے ہیں۔اور سال 2023-24 میں دوبارہ تعیناتی کے لئے خود کو پیش کرتے ہیں۔بورڈ آڈٹ کمیٹی نے سال 2023-24 کے لئے کمپنی کے آڈیٹرز کے طور پر KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تعیناتی کے لئے سفارش کی ہے۔اس کے ساتھ بورڈ نے آنے والے سالانہ اجلاس عام میں شراکتی حصّہ داروں کے لئے اس کی سفارش کی ہے۔

متعلقہ پارٹی کے ساتھ کاروباری امور کی انجام دہی

30 جون 2023 کو ختم ہونے والے مالی سال کے دوران، متعلقہ پارٹیوں کے ساتھ کاروباری امور کو آڈٹ کمیٹی اور بورڈ کے ساتھ منظوری اور جائزے کے لئے رکھا گیا۔ سال کے دوران ہونے والے اجلاس میں بورڈ نے ان کاروباری امور کی منظوری دی۔ متعلقہ پارٹی کے کاروباری امور کی تفصیل دستاویزات کے نوٹ نمبر 35 میں دی گئی ہے۔

بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیوں کی تشکیل اور میٹنگز

بورڈ آف ڈائریکٹرز کی ساخت، کمیٹیاں اور منعقد ہونے والے اجلاس، کی تفصیلات کے ساتھ جو مالیاتی سال 2022-2023 کے دوران کسی بھی وقت کمپنی کے ڈائریکٹرز رہنے والے افراد کی تفصیل ساتھ لف کر دی گئی ہے۔

حصص داری کی ترتیب

30 جون 2023 ہر حصص داری کی ترتیب ساتھ لف ہے۔ کمپنی کے تمام حصص کی تجارتیں، اگر کوئی ڈائریکٹروں CEO، CFO، کمپنی سیکریٹری، ایگزیکٹوز یا ان کی بیویوں یا چھوٹے بچوں نے کی ہیں وہ بھی لف ہے۔

کمپنی کی سماجی ذمہ داری

ہماری کاروباری حکمت عملی اور برتری کے نظام کے عین مطابق ہم ماحولیاتی تحفظ اور کمیونٹی کی صحت اور تعلیمی کاوشوں میں سرمایہ کاری کے لئے پرعزم ہیں۔

زیر جائزہ سال کے دوران آپ کی کمپنی نے CSR کی مختلف سرگرمیوں کے حوالے سے بالخصوص مندرجہ ذیل تنظیموں میں تعاون کیا ہے۔

- نیشنل مینجمنٹ فاؤنڈیشن
- پارسا ٹرسٹ
- گمبٹ انسٹی ٹیوٹ آف میڈیکل سائنسز
- پاکستان فارماسیوٹیکل مینوفیکچررز ایسوسی ایشن (سیلاب متاثرین کے لیے)

خطرات سے بچاؤ

بورڈ آف ڈائریکٹرز نے کمپنی کو درپیش اہم خطرات کا مضبوطی سے جائزہ لیا ہے۔ بشمول بزنس ماڈل، مستقبل کی کارکردگی اور کاروباری صلاحیت یا سرمائے کے اضافے کے لئے خطرات بیاری خطرات کے بندوبست کی حکمت عملی بنیادی طور پر خطرات کے مقامات کی سمجھ بوجھ، تعین، تجزیہ اور ترجیحی بنیادوں پر نمٹنے پر مشتمل ہے۔ ان خطرات میں کمی لانے کے لئے مختلف حکمت عملیوں کی تشکیل دی گئی ہے۔ اور انہیں اختیار کیا گیا ہے۔

کمپنی کو درپیش بنیادی خطرات میں سے کچھ مندرجہ ذیل ہیں۔

شراکت داری کی رہنمائی کے ضابطے میں درج بہترین حکمت عملی کے تقاضوں کی تعمیل کرتی ہے۔

- کمپنی کی انتظامیہ کی تیار کردہ مالیاتی دستاویزات اپنے معاملات، عملیات کے نتائج، رقوم کی گردش اور ملکیتی منافع میں تبدیلیوں کو درست اور جائزہ طور پر پیش کرتی ہیں۔
- کمپنی کے مناسب انداز میں کھاتے برقرار رکھے گئے ہیں۔
- مالیاتی دستاویزات کی تیاری کے لئے اکاؤنٹنگ کی مناسب پالیسیوں کی عملداری کی گئی ہے۔ اکاؤنٹنگ کے تخمینے معقول اور محتاط فیصلوں پر مبنی ہیں۔
- مالیاتی دستاویزات کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپوٹنگ کے معیارات کے مطابق تیار کی گئی ہیں اور اس سے کسی بھی قسم کے انحراف کو ظاہر کیا گیا ہے۔ اور اسکی وضاحت دی گئی ہے۔
- اندرونی کنٹرول کے نظام اپنے منصوبے میں بہترین ہیں۔ انتظامیہ نے ان کا موثر اطلاق کیا ہے اور اندرونی آڈیٹرز، بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی نے ان کی نگرانی کی ہے۔ بورڈ آڈٹ کمیٹی کے ذریعے قائم کئے گئے اندرونی کنٹرول کے موثر پن کا جائزہ لیتا ہے۔ اور بوقت ضرورت اندرونی کنٹرول کے نظام میں بہتری کے لئے تجویز بھی دیتا ہے۔
- نظام کی صورتحال کو جاری رکھنے کے لئے کمپنی کی قابلیت کے بارے میں کسی قسم کے شکوک وشبہات نہیں ہیں۔
- لسٹ شدہ ریگولیشنز میں تفصیل سے بتائی گئی اجتماعی شراکت داری کی رہنمائی کی بہترین حکمت عملیوں سے کسی قسم کا کوئی احتراف موجود نہیں ہے۔
- گزشتہ سال کے عملیاتی نتائج سے اہم انحراف سالانہ رپورٹ میں تفصیل اور وجوہات کے ساتھ بتادیئے گئے ہیں۔
- کمپنی مستقبل میں کہیں اجتماعی شراکت داری کی تشکیل نو یا اپنے جاری کاموں کو منقطع یا موقوف کرنا باور نہیں کرتی۔
- 30 جون 2023 تک قابل ادا معمول کے تمام بڑے حکومتی محصولات سال کے خاتمے پر ادا کردیئے گئے ہیں۔
- 30 جون 2022 تک تازہ ترین آڈٹ شدہ اکاؤنٹس کی بنیاد پر ملازمین کے پراویڈنٹ فنڈ کی سرمایہ کاری کی قیمت 853 ملین روپے ہے۔

قومی خزانے میں حصّہ

حالیہ مالی سال کے دوران پیدا کی گئی مکمل دولت میں سے آپ کی کمپنی نے قومی خزانے میں مختلف محصولات کے ضمن میں 369 ملین روپے حصّہ دیا جن میں انکم ٹیکس، کسٹم ڈیوٹی ،فیڈرل اور صوبائی سیلز ٹیکس WPPF، WWF، اور سینٹرل ریسرچ فنڈ شامل ہیں۔

پیسے کی وصولی اور ادائیگی کا انتظام

کمپنی کے سرمائے کے بہاؤ کے بندوبست کا نظام باقاعدہ بنیادیوں پر سرمائے کی آمدورفت کرتا ہے اور روزانہ کی بنیاد پر سرمائے کی پوزیشن کی نگرانی کرتا ہے۔

کلیدی عملی اور مالیاتی اعداد وشمار

گزشتہ 6 سالوں کے لئے انفرادی اور مجموعی مالیاتی تفصیلات کے کلیدی عملی اور مالیاتی اعداد وشمار کا خلاصہ ضم کیا گیا ہے۔

سرمایہ کاری کے اخراجات

رواں سال میں کمپنی نے اپنی پیداواری سہولیات کے توازن اور تجدید کے لئے 396 ملین روپے کی سرمایہ کاری کی۔

سال کے اختتام کے بعد ہونے والے واقعات

مالیاتی پوزیشن کی تفصیلات کی تاریخ اور اس رپورٹ کی تاریخ تک کمپنی کی مالیاتی پوزیشن میں تبدیلی لانے والے کسی قسم کے واقعات رونما نہیں ہوئے۔

فی حصص آمدن

30 جون 2023 کو ختم ہونے والے سال کے لئے خالص منافع کی بنیاد پر، آزادانہ حیثیت میں فی حصص آمدنی (EPS) گزشتہ سال فی حصص 11.83 روپے کے مقابلے میں 4.35 روپے فی حصص پر رکھی رہی جبکہ 30 جون 2023 کو ختم ہونے والے سال کے لئے اجتماعی EPS گزشتہ سال 16.90 روپے فی حصص کی نسبت 6.24 روپے فی حصص ہے۔

ڈیویڈنڈ کا اعلان

زیرِ نظر سال کے دوران، کمپنی کو پیداواری مواد کے تبادلے کا نقصان ہوا۔ منفی شرح مبادلہ کے اُتار چڑھاو کو منظّم کرنے کے لیئے ، کمپنی کی انتظامیہ نے ہیجنگ ٹول کے طور پر انوینٹریز میں سرمایہ کاری کی ہے۔

مزکورہ عوامل کو مدِنظر رکھتے ہوئے، بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے مالی سال کے لئے کسی بھی ڈیویڈنڈ کی ادائیگی کی سفارش نہیں کی ہے۔

کوڈ آف کارپوریٹ گورننس کی تعلیل کا اعلامیہ

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی شرائط پر ہماری کمپنی پوری طرح عمل پیرا ہے۔ اور اس تعمیل کا اعلامیہ اور آڈیٹرز رپورٹ ہماری سالانہ رپورٹ میں شامل ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک کی تعمیل کا اعلامیہ

آپ کی کمپنی کا بورڈ آف ڈائریکٹرز اچھے اجتماعی شراکت داری کے بندوبست کی عملداری کے لئے پرعزم ہے۔ کمپنی کی انتظامیہ اجتماعی

فیروزسنز لیبارٹریز لمیٹڈ مالیاتی اور آپریشنل جائزہ

کمپنی کی مجموعی فروخت 11.5 بلین روپے پر بند ہوئی۔ جو پچھلے سال کی نسبت 23 فیصد اضافہ کو ظاہر کرتی ہے۔ آزادانہ ذاتی حیثیت میں کمپنی کی حتمی فروخت 9.9 بلین روپے پر بند ہوئی۔ جو پچھلے سال کی نسبت 27 فیصد اضافے کو ظاہر کرتی ہے۔

مارکیٹ میں جنیرک کی فروخت میں 14 فیصد اضافہ ہوا۔ جبکہ جنیرک اور طبّی آلات کی ادارجاتی فروخت میں 43 فیصد اضافہ ہوا۔ مزید برآں، برآمدی فروخت میں گزشتہ سال کے مقابلے میں 98 فیصد اضافہ ہوا۔

کمپنی کا مجموعی منافع (GP) مارجن اس وقت 39 فیصد ہے، جو پچھلے سال کی اسی مدت کے دوران 45 فیصد تھا۔ (GP) مارجن میں کمی بنیادی طور پر پاکستانی روپے کی قدر میں نمایاں کمی کی وجہ سے سیلز مکس میں تبدیلی اور مصنوعات کی اِن پُٹ لاگت میں اضافے کی عکاسی کرتی ہے۔

فروخت اور تقسیم کے اخراجات میں 24 فیصد اضافہ ہوا۔ یہ اضافہ بنیادی طور پر ایندھن کی اونچی قیمتوں، تنخواہوں میں اضافے اور افراطِ زر کے اثرات کی وجہ سے زیادہ سفری اخراجات کی عکاسی کرتا ہے۔

دیگر اخراجات میں 100 فیصد اضافہ ہوا، جو بنیادی طور پر پاکستانی روپے کی قدر میں نمایاں کمی کی وجہ سے زرِمبادلہ کے نقصان کو ظاہر کرتا ہے۔ دیگر آمدنی میں 10 فیصد اضافہ ہوا، جو بنیادی طور پر سرمایہ کاری کی آمدنی میں اضافے اور (فارمیٹیا) سے منافع میں حصہ داری کی وجہ سے ہے۔

مالیاتی اخراجات میں 323 فیصد کا اضافہ ہوا، جس کی بنیادی وجہ اسٹیٹ بینک آف پاکستان کی پالیسی ریٹ میں 825 بیسس پوائنٹس کے اضافے کے ساتھ ساتھ زیرِ جائزہ سال کے دوران ورکنگ کیپیٹل کی سہولیات کے زیادہ استعمال سے ہے۔

ٹیکس کی موثر شرح گزشتہ سال کے 45 فیصد کے مقابلے میں 31 فیصد پر بند ہوئی۔ گزشتہ سال میں زیادہ شرح سُپر ٹیکس کے نفاذ کی وجہ سے تھی۔

کمپنی کا بعد از ٹیکس خالص منافع 189 ملین روپے پر بند ہوا جو کہ گزشتہ سال 514 ملین روپے حاصل کیا گیا، جو کہ گزشتہ سال کے مقابلے میں 63 فیصد کی کمی کو ظاہر کرتا ہے۔ دیگر اخراجات میں بعد از ٹیکس خالص منافع میں کمی بنیادی طور پر روپے کے ایکسچینج نقصان 471 ملین روپے کی ریکارڈنگ کی وجہ 40 فیصد روپے کی قدر میں کمی واقع ہوئی۔ اگر یہ ایکسچینج نقصان نہ ہوتا تو بعد از ٹیکس خالص منافع 485 ملین روپے پر بند ہوتا۔

بی ایف بائیوسائینسز لمیٹڈ (ماتحت ذیلی کمپنی) کا مالی اور آپریشنل جائزہ

ماتحت کمپنی BF بائیوسائنسز لمیٹڈ کی حتمی فروخت پچھلے سال 1,521 ملین روپے کے مقابلے میں 1,810 ملین روپے پر بند ہوئی۔ جو 19 فیصد اضافے کو ظاہر کرتی ہے۔

توسیعی منصوبے کے بارے میں انتظامیہ یہ بتاتے ہوئے مسرت کا اظہار کرتی ہے کہ اب تک تعمیراتی کام کامیابی سے مکمل ہو چکے ہیں، اور تمام ضروری پلانٹ اور مشینری سائیٹ پر پہنچا دی گئی ہے۔ پہلے سے بھری ہوئی سرنجز لائین مکمل طور پر نصب ہو چکی ہے اور ہم ڈرگ ریگولیٹری اتھارٹی آف پاکستان کے معائنے کے بعد تجارتی پیداوار شروع کر دیں گے۔

فلنگ لائین اور لائیفولائیزر کام کرنے کے مرحلے میں ہیں اور ہمیں یقین ہے کہ کلینڈر سال 2024 کی پہلی سہ ماہی میں انشاءاللہ تجارتی پیداوار شروع ہو جائینگے۔

شراکت داروں کے لئے ڈائریکٹر رپورٹ

(30 جون، 2023 کو سال کے خاتمے پر)

ہم 67 ویں سالانہ رپورٹ پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔ جو کہ 30 جون، 2023 کو ختم ہونے والے مالی سال کے لئے کمپنی کی ذاتی آزاد حیثیت میں آڈٹ شدہ تفصیلات کے ساتھ ساتھ اجتماعی مالیاتی تفصیلات پر مشتمل ہے۔ اجتماعی مالیاتی تفصیل کمپنی کی 80 فیصد مالک ماتحت ذیلی کمپنی BF بایوسائیسنز لمیٹڈ اور کمپنی کے ذاتی ملکیتی 98 فیصد ادویاتی کاروبار کا احاطہ کرتی ہے۔

یہ مالیاتی گوشوارے اور ڈائریکٹرز رپورٹ کو پاکستان میں منظور شدہ قابل اطلاق اکاؤنٹنگ کے معیارات کے ساتھ ساتھ کمپنیز ایکٹ 2017 اور لسٹ شدہ کمپنیز ریگولیشنز 2019 (اجتماعی شراکت داری کی نگرانی کے ضابطے) کے عین مطابق تیار کیا گیا ہے۔

آپ کی کمپنی کے انفرادی اور انضمام کردہ مالیاتی نتائج کا خلاصہ

اس سال کے مالیاتی نتائج اور منافع کی تقسیم کا خلاصہ اور پچھلے سال سے موازانہ نیچے دیا گیا ہے۔

	انفرادی		انضمام کردہ	
	2023	2022	2023	2022
(روپے ہزاروں میں)				
خالص آمدنی	9,893,391	7,806,414	11,457,221	9,329,918
مجموعی منافع	3,822,287	3,517,616	4,261,188	3,983,251
منافع قبل از ٹیکس	275,332	934,532	414,671	1,236,923
منافع بعد از ٹیکس	189,042	514,149	296,242	789,789
فی حصص آمدنی (روپے)	4.35	11.83 دوبارہ بیان کیا	6.24	16.90 دوبارہ بیان کیا

	آزادانہ		اجتماعی	
تخصیصات	2023	2022	2023	2022
کیش منافع حصّہ داری حتمی نقد رقم منافع حصہ داری مالی سال 2023 زیرو روپے فی حصص برائے مالی سال 2022, 5 روپے فی حصص کے حساب سے	–	(181,121)	–	(181,121)
حصص کا بونس: مالی سال 2023 کے لئے حصص کا بونس 0% کے حساب سے (مالی سال 2022: 20%)	–	(72,448)	–	(72,448)

FORM OF **PROXY**

CUT HERE

FEROZSONS LABORATORIES LIMITED

FORM OF PROXY

67th Annual General Meeting

I/We,____of_______________ being a member of **Ferozsons Laboratories Limited** and holder of_______________ ordinary Shares as per share register Folio/CDC Account No.________________hereby appoint Mr./Mrs.____ Folio/CDC Account No.__________________of_________________CNIC No. or Passport No.________________or failing him/her Mr./Mrs.__________________________________ Folio/CDC Account No.__________________of_________________CNIC No. or Passport No.________________who is also a member of the Company as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the 67th Annual General Meeting of the Company to be held on Saturday, 28 October 2023 at 12:30 p.m. or at any adjournment thereof.

Five Rupees Revenue Stamp

____

Signature of Shareholder

(The signature should agree with the specimen registered with the Company)

Dated this ______day of__________2023

Signature of Proxy__________________

1. Witness:

Signature:

Name: __________________

Address: __________________

____

CNIC No. __________________

2. Witness:

Signature:

Name: ___________________

Address: __________________

____

CNIC No. __________________

Note: Proxies, in order to be effective, the instrument of proxy and the power of attorney or any other authority, under which it is signed, must be shared through e-mail on cs@ferozsons-labs.com not less than 48 hours before the time of AGM.

CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their CNIC or Passport with the proxy form before email to the Company.

فیروز سنز لیبارٹریز لمیٹڈ

نمائندگی کا فارم (پراکسی فارم)

67 واں سالانہ اجلاسِ عام

میں / ہم________________________ کا / کی________________ بحثیت رکن **فیروز سنز لیبارٹریز لمیٹڈ** اور بذریعہ حصص رجسٹر کے فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر ____________________ حامل ________________ عام حصص، کمپنی کے ایک دوسرے رکن ____________________ کا / کی ____________________ فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر ______________ شناختی کارڈ نمبر ____________________ یا پاسپورٹ نمبر ____________________ ، یا بصورتِ دیگر کمپنی کے اور رکن ____________________ کا / کی ____________________ فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر ______________ شناختی کارڈ نمبر ____________________ یا پاسپورٹ نمبر ____________________ ، کو میری / ہماری غیر حاضری میں کمپنی کے 67ویں سالانہ اجلاسِ عام میں، جو بتاریخ 28 اکتوبر 2023، دوپہر 12:30 بجے منعقد ہو رہا ہے، یا کسی بھی ملتوی شدہ اجلاس میں حاضری، اظہارِ خیال اور حق رائے دہی کے استعمال کیلئے اپنا نمائندہ (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

پانچ روپے کی ریونیو سٹامپ	______________________________ حصص دار کے دستخط (دستخط کمپنی میں رجسٹرڈ نمونے سے مطابقت رکھتے ہونے چاہئے)

بتاریخ__________ مہینہ____________ 2023

نمائندہ کے دستخط: ____________________

1. گواہ

دستخط:

نام: ______________________________

پتہ: ______________________________

____

شناختی کارڈ نمبر: ______________________

2. گواہ

دستخط:

نام: ______________________________

پتہ: ______________________________

____

شناختی کارڈ نمبر: ______________________

نوٹ:

نمائندگی فارم (پراکسی فارم)، اور مختار نامہ یا دیگر دستاویز جس کے تحت اس پر دستخط کئے گئے ہوں، ای میل ایڈریس cs@ferozsons-labs.com پر سالانہ اجلاسِ عام کے وقت سے کم از کم 48 گھنٹے پہلے ای میل کے ذریعے بھجوا دیں، بصورتِ دیگر یہ فارم موثر تصور نہیں کیا جائے گا۔

سی ڈی سی حصص یافتگان اور انکے نمائندوں (پراکسی) سے درخواست ہے کہ نمائندگی فارم (پراکسی فارم) کمپنی کو ای میل کرنے سے پہلے اس کے ساتھ اپنے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی لف کریں۔

65 YEARS
OF TRUST & DEVOTION

65 YEARS
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