ANNUAL REPORT 2021

FEROZSONS LABORATORIES LIMITED

60 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

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
The Mall, Lahore, Pakistan
Telephone: +92-42-37358194
Fax: +92-42-37313680

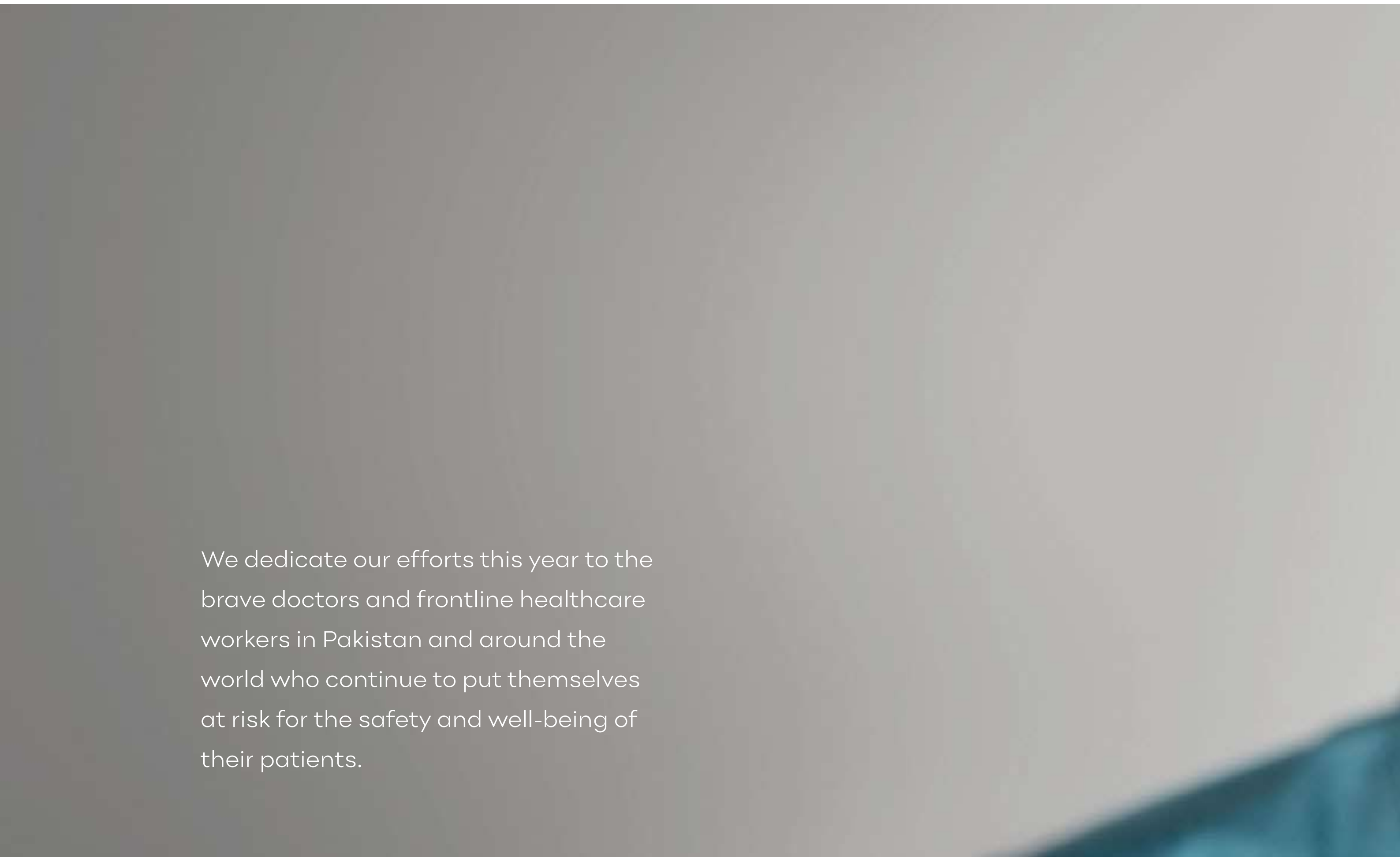
REGISTERED OFFICE

197-A, The Mall,
Rawalpindi, Pakistan
Telephone: +92-51-4252155-57
Fax: +92-51-4252153
Email: cs@ferozsons-labs.com

SALES OFFICE, KARACHI

House No. 9, Block 7/8,
Maqbool Cooperative Housing
Society, Shahrah-e-Faisal,
Karachi, Pakistan
Telephone: +92-21-34386852
Fax: +92-21-34386754

DEDICATED TO OUR HEALTHCARE HEROES



We dedicate our efforts this year to the brave doctors and frontline healthcare workers in Pakistan and around the world who continue to put themselves at risk for the safety and well-being of their patients.

It has been more than a year since COVID-19 was declared a global pandemic by the World Health Organization. In this period, medical professionals worldwide have put their mind and body through the ultimate test of resilience and perseverance.

MESSAGE FROM **THE CEO**

The COVID-19 pandemic has disrupted our sense of normalcy, claiming many lives and causing enormous economic loss. We extend our deepest sympathy to patients, their family members and loved ones who have been impacted by the pandemic. We would also like to express our solidarity with the physicians, surgeons and front-line healthcare workers, who put themselves at risk every day to protect others as they combat the virus.

Ferozsons has been privileged as a company to be on the frontlines in supporting the medical community in its battle against the virus, through the provision of life-saving therapeutics such as Remidia® (remdesivir) and complimentary distribution of medical protective equipment and sanitizers at hospitals across the country. On behalf of the management, I also would like to express our deepest appreciation to all of our colleagues at our plant, offices and in particular those in the field, for ensuring, despite many risks posed by the pandemic to their own safety, that our operations continued smoothly and supplies to the healthcare system did not suffer in any way during this difficult time.

This pandemic has shown us the necessity of adapting to new ways of working. As lock-down restrictions relax, we will continue to place the highest priority on the health and safety of our employees and partners. The unprecedented nature of this pandemic has changed our way of life, but it also presents an opportunity to find new ways of serving the healthcare community, by putting patients first and continuing to help make lives better. In response to the unique challenges posed by the pandemic, we renew our commitment to this mission.

Sincerely,

OSMAN KHALID WAHEED

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

COMPANY AT **A GLANCE**

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 (formerly: Karachi Stock Exchange Limited), and have a consistent record of financial performance. The Company is a multiple time recipient of the KSE Top 25 Companies Award.

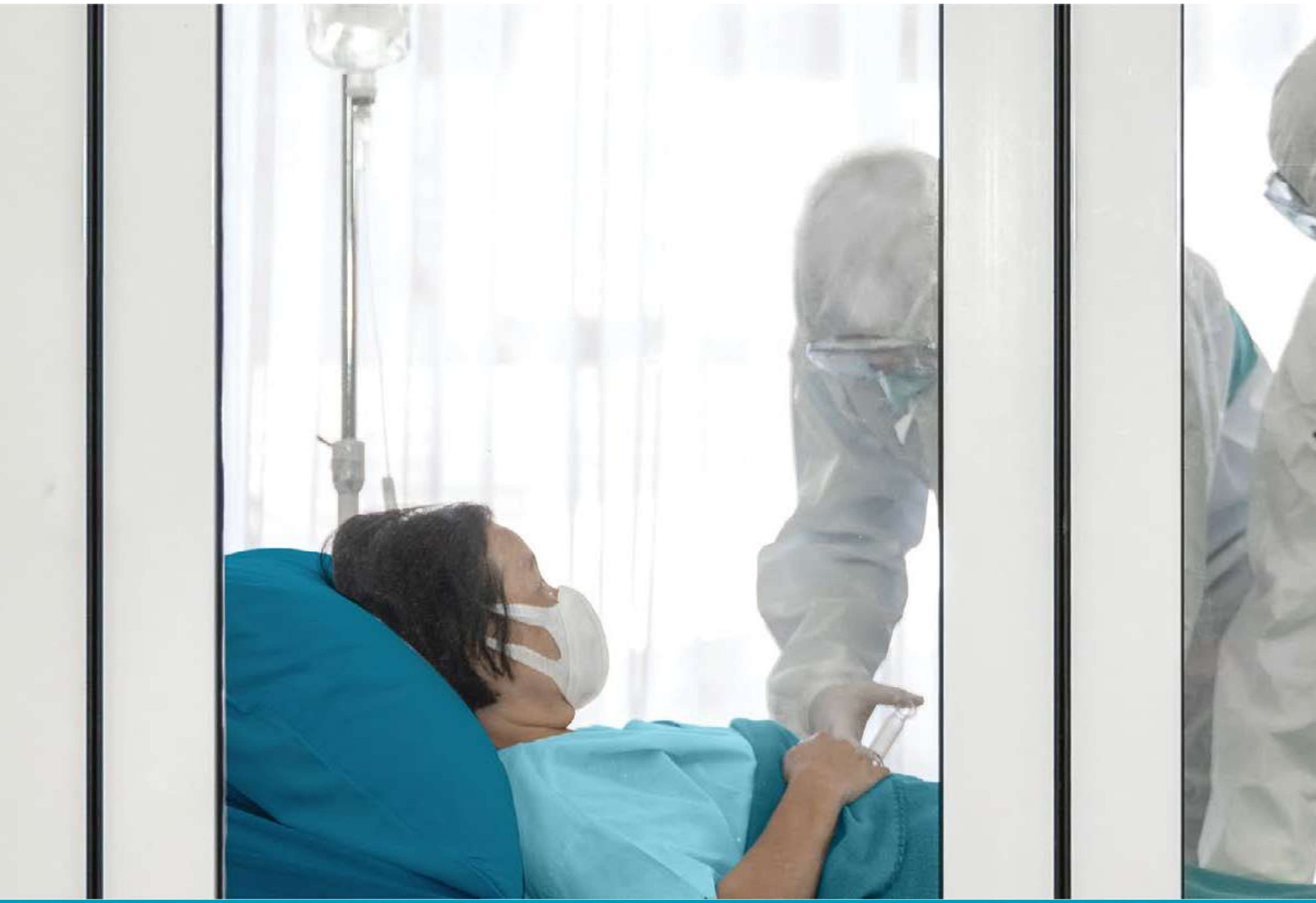
OUR PARTNERS

In 2009, 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 Gilead Sciences Inc., one of the world's most innovative biotech companies in the virology space. We are also proud to be the marketing and distribution partners in Pakistan for the Boston Scientific Corporation, USA for their range of interventional devices, Performance Health Inc., USA and BioGaia of Sweden.

AREAS OF EXPERTISE

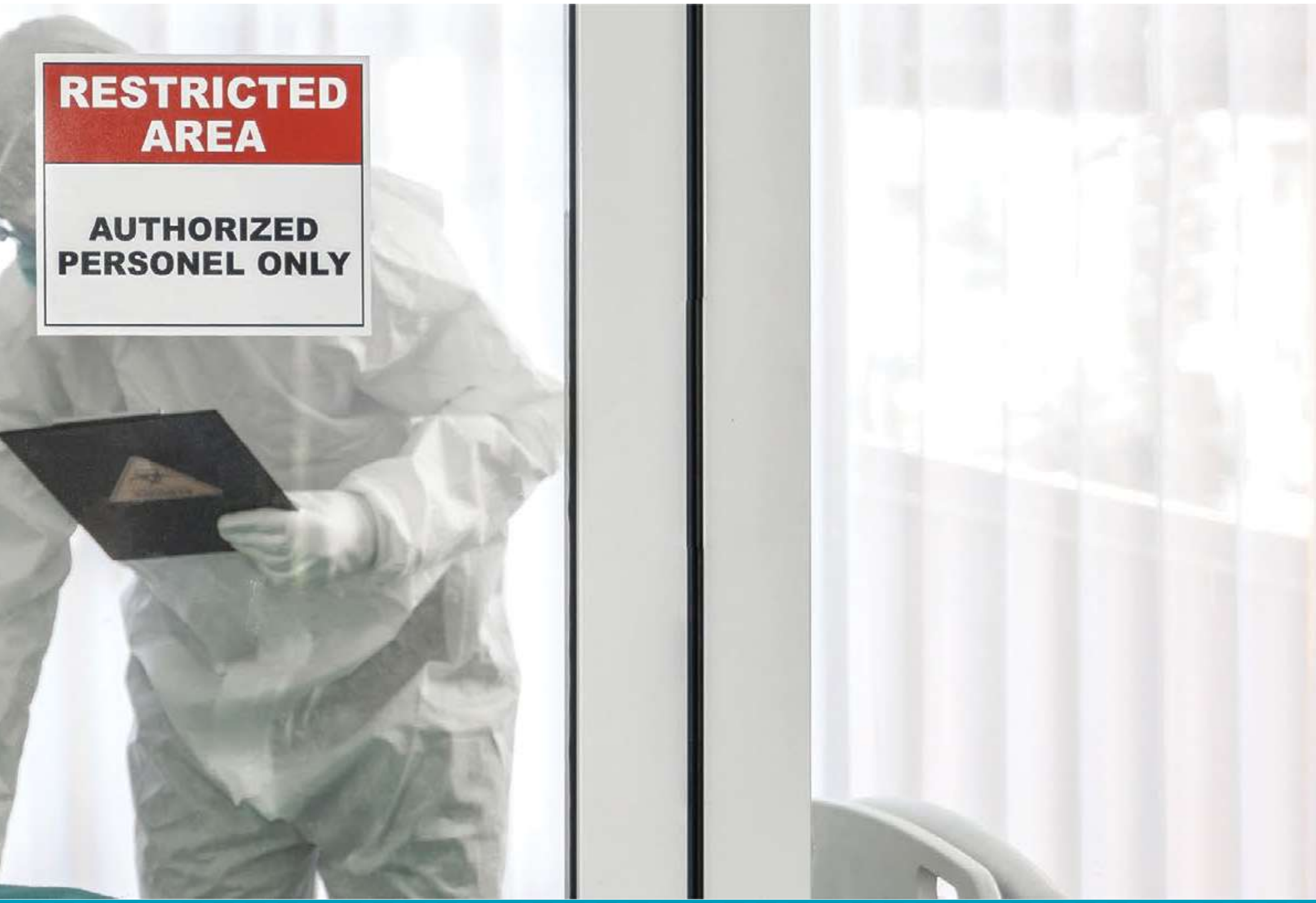
Through our range of branded generics and in-licensed products, Ferozsons has established a leading presence in the areas of cardiology, diabetes, liver disease, gastroenterology, oncology, dermatology and anti-infective treatments, and is expanding in other key therapeutic areas where unmet needs exist such as pediatrics and women's health.

Ferozsons Laboratories Limited has a fully current Good Manufacturing Practices (cGMP) compliant production facility in Nowshera, which is ISO 9001 certified and fully equipped with state-of-the-art manufacturing and testing equipment. Our production capabilities include the manufacturing of tablets, capsules, syrups, suspensions, creams and ointments. Our joint venture facility, BF Biosciences Limited in Lahore, produces specialized injectables in vials and prefilled syringes, and is currently undergoing a major capacity expansion.



According to the Pakistan COVID-19 statistics as of 30 June 2021 approximately 22,321 people have lost their lives in the battle against the virus. Out of these, an estimated 20% were healthcare workers, who sacrificed their lives while saving lives of their patients.

We extend our sincerest condolences to the family members of all those who lost a loved one to COVID-19.



And while we are still in the midst of this pandemic, we urge everyone to get themselves and their family members vaccinated for COVID-19.

At Ferozsons, almost all of our permanent and contractual staff are vaccinated, and we continue to strictly follow all SOPs at our office and factory premises to ensure the safety of everyone.

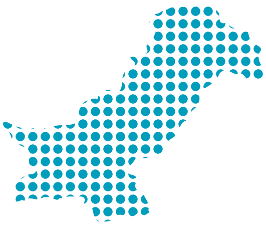
SALUTING OUR
HEALTHCARE HEROES

To pay tribute to the sacrifices of our healthcare heroes and their families, Ferozsons organized a special initiative to recognize the unsung heroes - doctors and frontline healthcare workers - who lost their lives while saving others from the devastation caused by the pandemic.

On 5 May 2021 in partnership with the Capital Development Authority, the Walled City of Lahore Authority and the Karachi Municipal Corporation, Ferozsons helped simultaneously transform the country's national monuments - Faisal Mosque, the Lahore Fort, and Frere Hall into beacons of blue light - representing the colour of the medical uniform - to recognize our national heroes in the war against the pandemic.

THE IMPACT **OF REMDESIVIR**

Making medical treatments accessible lies at the heart of the Ferozsons Excellence Framework. At the start of the pandemic, Ferozsons, through its joint-venture subsidiary, BF Biosciences Limited (BFBL), became one of the five manufacturers to enter into a voluntary licensing agreement with Gilead Sciences Inc., to manufacture and supply Remdesivir in Pakistan and 126 other countries under Gilead's Global Patient Solutions program. The countries consist of nearly all low-income and lower-middle income countries, as well as several upper-middle and high-income countries that face significant obstacles to healthcare access.



DISTRIBUTION OF REMDESIVIR IN PAKISTAN

96,305
VIALS DISTRIBUTED
TILL JUNE 2021

GLOBAL DISTRIBUTION OF REMDESIVIR

178,047
VIALS SENT
TILL JUNE 2021

- Afghanistan
- Angola
- Aruba
- Belarus
- Dominican Republic
- Honduras
- Indonesia
- Kenya
- Mongolia
- Mozambique
- Nigeria
- Philippines
- Sint Maarten
- Tanzania
- Tunisia
- Uganda
- Ukraine
- Uzbekistan


FEROZSONS
LABORATORIES LIMITED

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. Not only have we launched global innovative brands in partnerships, we have also launched a number of high quality generics in the market. Below are three of our launches in the field of Hepatology, Gastroenterology and Diabetes respectively:

Hecolin - Hepatitis E Vaccine

We are proud to report that during this financial year, we have launched the world's first vaccine for Hepatitis E in Pakistan in partnership with Xiamen Innovax Biotech Co. Ltd., China. Hepatitis E is hyper-endemic in Pakistan, and can be lethal if contracted by women during pregnancy, with a mortality rate as high as 38% in the third trimester of pregnancy. Hepatitis E also poses increased risk for the elderly and people already suffering from other forms of hepatitis and liver disease.

Omega-IV

For years the Omega brand has had the trust of physicians and has become a leading brand of choice in the Omeprazole market. For patients who are unable to take oral therapy, we are proud to launch Omega-IV. This launch underlines our commitment to provide the highest quality treatments in the field of Gastroenterology and helping doctors to control the symptoms of GI complications in a large number of patients.

Sitagen-MXR

Taking forward our mission of addressing unmet medical needs, Ferozsons continues to expand its range of medicines for diabetes, and launched Sitagen-MXR, an extended-release metformin tablet coated with an immediate-release layer of sitagliptin, for improved glycemic control in adults with type 2 diabetes mellitus.

As a company committed to **Putting Patients First**, we are extremely proud to be the first licensed distributor/manufacturer of:

Hepatitis C
Sovaldi
2014

COVID-19
Remdesivir
2020

Hepatitis E
Hecolin
2021

OUR COMMUNITY
CARE INITIATIVES

Partnership with Rizq to Eradicate Hunger

Ferozsons has collaborated with Rizq, under the Omega Initiative to combat hunger. The Initiative aims to provide nutrition to underprivileged families and help reduce the number of malnourished people in Pakistan.

Sponsoring Local Publications

Dedicated to the resilience of the medical community, we were privileged to support the publication of Faizan Ahmad's wonderful book, Lahore by Metro.

National Outreach Programme, LUMS

Ferozsons annually supports the Lahore University of Management Sciences (LUMS), Pakistan's premier multidisciplinary University. Our scholarship endowment fund supports need-based scholarships for NOP students.

TCF Sponsorships

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

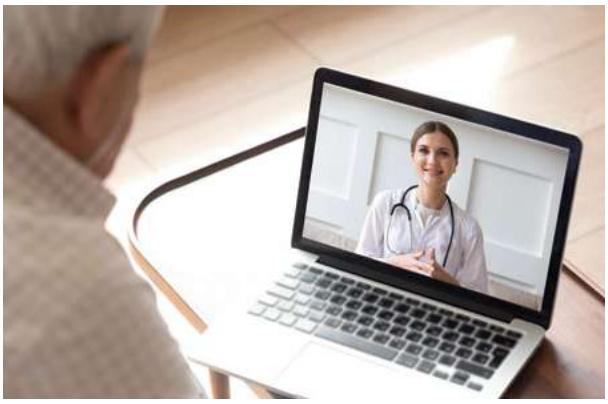
OUR WORK DURING
COVID-19

Portable Ventilators for Rescue 1122 Ambulances

Ferozsons and the American Business Forum donated 17 portable ventilators to Rescue 1122 in an effort to support emergency healthcare workers in their fight against COVID-19.

Masks for the Healthcare Community

As we understand the importance of wearing masks in the combat against COVID-19, Ferozsons has till date distributed thousands of masks within the healthcare community, and continues to provide more as and when required.



Online Practice Management Solution

Ferozsons, in partnership with HospitALL, is developing a Physician-Patient Virtual Counseling Platform called 'CliniCall' that aims to provide a remote healthcare solution for the ongoing coronavirus pandemic making healthcare more accessible for patients.

Mental Health Helpline

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

OUR ENVIRONMENT
PRESERVATION INITIATIVES

Marking the World Environment Day

To underscore the role of the environment in our health and wellbeing, Ferozsons joined hands with the Karachi Municipal Corporation and citizens of Karachi to light up Frere Hall in emerald green on the occasion of World Environment Day. The activity aimed to rally public opinion for the protection and revival of our ecosystems, and renew our commitment to the UN Sustainable Development Goals.

Supporting Youth Initiatives

Our corporate vision aims to create a better, healthier society and help enable people reach their full potential in the communities we work in. We are proud to support Selena Khawaja, 12, who is known as the mountain princess of Pakistan, and is all set to summit Broad Peak, an 8047-meter-high mountain. Broad Peak is the 12th highest peak in the world located on the border of Pakistan and China.

INNOVATING THE WAY
TO A HEPATITIS C FREE PAKISTAN

Time for a Green Pakistan

Climate change, pollution and deforestation pose a clear and present danger to life and public health.

On the occasion of World Hepatitis Day, Ferozsons, in collaboration with TeamUp, SensusDx and the Corporate Coalition for Hepatitis Elimination in Pakistan, organized a first-of-its-kind Hepatitis Hackathon, to generate innovative, out-of-the box ideas for the elimination of Hepatitis C in Pakistan by 2030. The hackathon brought together tech entrepreneurs, public health experts and physicians on a common platform to find solutions to curb the spread of the disease. Over 340 highly innovative proposals from 60 cities across 3 continents were received - covering aspects from diagnosis, treatment, awareness and education for prevention of the disease. As part of the hackathon, an insightful panel discussion was held to discuss how innovative solutions for the prevention, detection and management of HCV can help eliminate this disease from Pakistan.

SUSTAINABLE DEVELOPMENT GOALS

The Company is making continuous efforts for the maximum fulfillment of 'Sustainable Development Goals' as defined by the United Nations General Assembly. Some of our contribution includes:

Goal 2 - 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.

Goal 3 - 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.

Goal 4 - 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.

Goal 5 - 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.

Goal 6 - Clean Water and Sanitation:

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

Goal 8 - 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.

Goal 9 - 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 specialty injectables.

Goal 10 - 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.

Goal 17 - 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 manufacture and supply Remdesivir®, the first treatment for Covid-19 approved by the USFDA, 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.

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 representation on its 7-member Board.

Women employed at C - 1 and C - 2 levels currently constitute 25% and 10% of their cadres respectively. C – 1 level refers to the HoDs reporting directly to the CEO, whereas C - 2 level refers to the employees directly reporting to the HoDs.

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

KEY **OPERATING** AND **FINANCIAL** DATA

FOR THE LAST SIX YEARS

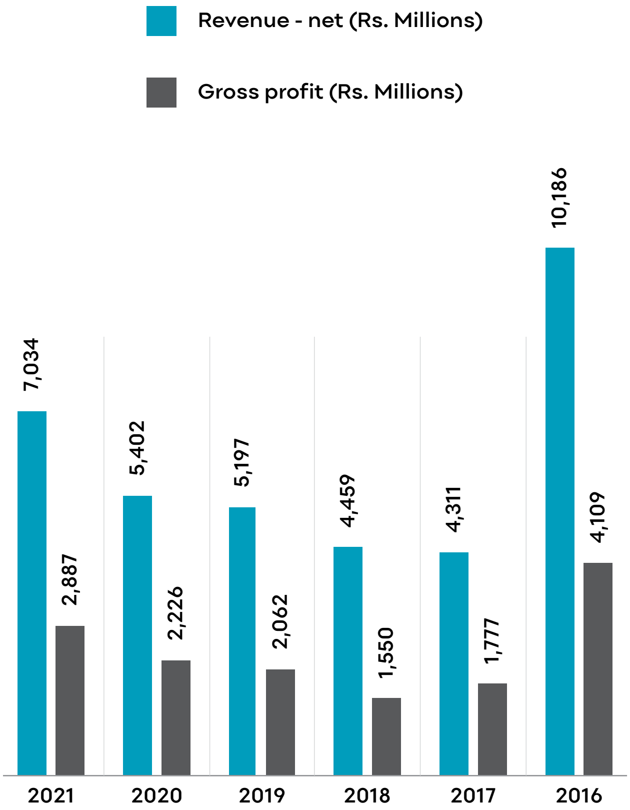
Description	**2021**	2020	2019	2018	2017	2016
UNCONSOLIDATED						
Operating Results	(Rs. Million)					
Revenue - net	**7,034**	5,402	5,197	4,459	4,311	10,186
Gross Profit	**2,887**	2,226	2,062	1,550	1,777	4,109
Profit Before Taxation	**981**	561	419	207	602	2,654
Profit After Taxation	**725**	396	251	95	394	2,104
Financial Position	(Rs. Million)					
Share Capital	**362**	302	302	302	302	302
Accumulated Profit	**4,768**	4,182	3,880	3,735	3,733	3,766
Non Current Assets	**3,605**	3,654	3,043	2,956	2,857	2,659
Non Current Liabiltiies	**343**	377	179	166	167	149
Curent Assets	**5,007**	3,871	3,160	3,009	2,921	3,043
Current Liabilties	**2,044**	1,528	1,086	972	767	652
Summary of Cashflow Statement	(Rs. Million)					
Cash generated from Operations	**1,259**	116	447	430	854	621
Net cash used in Investing activities	**(899)**	(229)	(216)	(331)	(516)	(82)
Net cash used in Financing activities	**(9)**	(22)	(147)	(132)	(454)	(743)
KEY FINANCIAL RATIOS						
Profitability Ratios	(%)					
Gross Profit ratio	**41.1**	41.2	39.7	34.8	41.2	40.3
Net Profit After Tax to Sales	**10.3**	7.3	4.8	2.1	9.1	20.7
Return on Equity	**11.7**	7.0	5.1	2.0	8.1	42.9
Return on Capital Employed	**15.9**	10.3	9.0	4.5	12.8	54.4
Liquidity Ratios	(Times)					
Current Ratio	**2.4**	2.5	2.9	3.1	3.8	4.7
Quick Ratio/Acid Test Ratio	**1.6**	1.3	1.8	1.8	1.8	1.8

	2021	2020	2019	2018	2017	2016
Turnover Ratios		(D=Days)	(T=Times)	(%=Percentage)		
Debtor Turnover Period (D)	**68**	69	62	44	31	14
Inventory Turnover Period (D)	**149**	211	136	153	223	112
Creditors Turnover Period (D)	**143**	108	113	100	90	18
Working Capital Cycle (D)	**74**	172	85	97	164	108
Non-Current Asset Turnover Ratio (T)	**2.0**	1.5	1.7	1.5	1.5	3.8
Operating Cash Flow To Sales Ratio (%)	**17.9**	2.1	8.6	9.6	19.8	6.1
Investment/Market Ratios		(Rs.=Rupees)	(T=Times)	(%=Percentage)		
Earnings per Share (Basic & Diluted) (Rs.)	**20.0**	10.9	8.3	3.2	13.0	69.7
Cash Dividend per Share (Rs.)	**10.0**	4.0	6.0	2.0	7.0	22.0
Bonus Share Issued (%)	**-**	20.0	-	-	-	-
Price Earning Ratio (T)	**17.6**	27.5	13.4	61.6	29.6	14.8
Market Price per Share (Rs.)	**353**	300	112	195	387	1,031
Cash Dividend Payout Ratio (%)	**49.9**	36.6	72.1	63.3	53.7	31.6
Capital Structure Ratios			(Times)			
Interest Cover	**46.1**	21.7	18.9	19.8	38.0	239.0

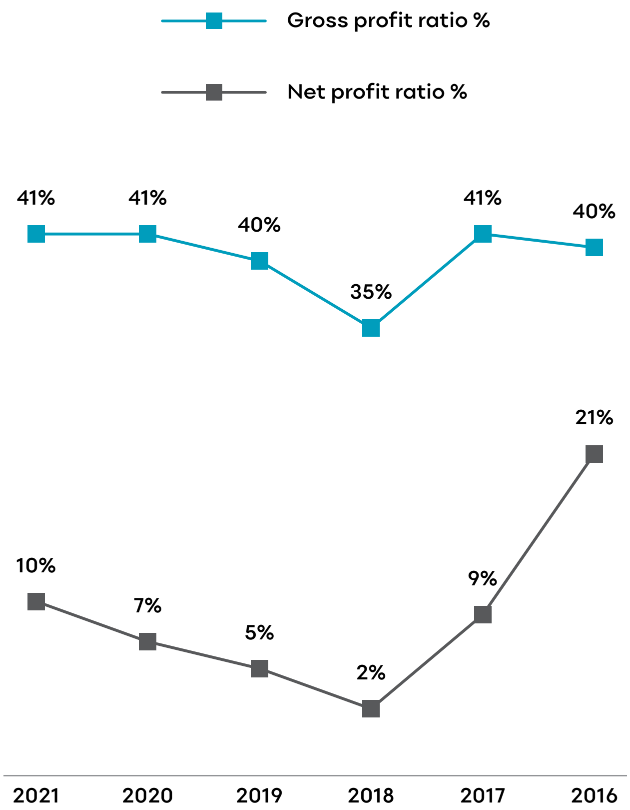
CONSOLIDATED

	2021	2020	2019	2018	2017	2016
Operating Results			(Rs. Million)			
Revenue - net	**8,879**	6,212	5,833	5,057	5,002	11,335
Gross Profit	**3,665**	2,339	2,072	1,573	1,911	4,594
Profit Before Taxation	**1,566**	592	338	86	591	2,859
Profit / (Loss) After Taxation	**1,289**	423	188	(17)	395	2,233
Financial Position			(Rs. Million)			
Share Capital	**362**	302	302	302	302	302
Accumulated Profit	**5,713**	4,645	4,305	4,195	4,265	4,280
Non Current Assets	**4,887**	4,090	3,117	3,168	3,096	3,025
Non Current Liabiltiies	**1,547**	526	217	223	246	269
Curent Assets	**7,072**	4,877	3,987	3,801	3,745	3,838
Current Liabilties	**2,520**	1,793	1,249	1,143	876	821

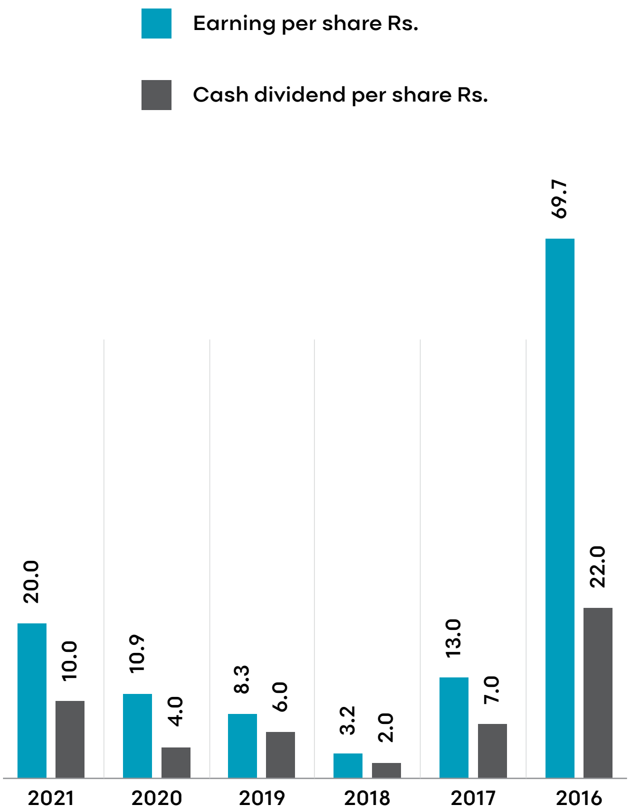
Revenue & Gross Profit



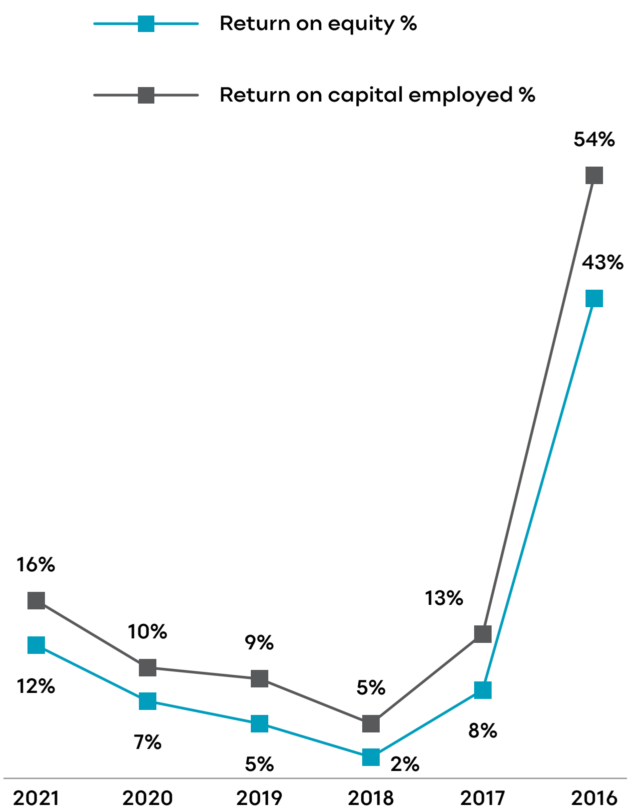
Profitability Ratios



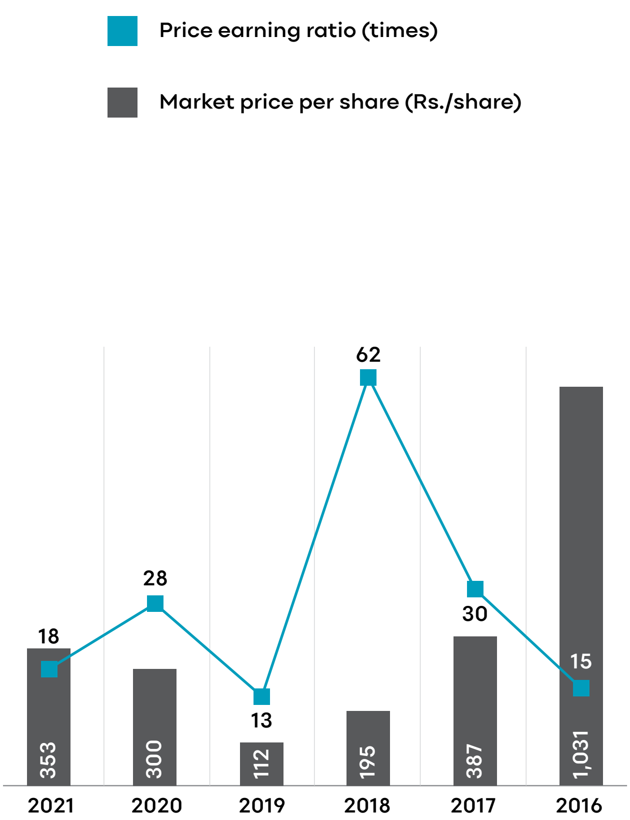
Investors' Ratios



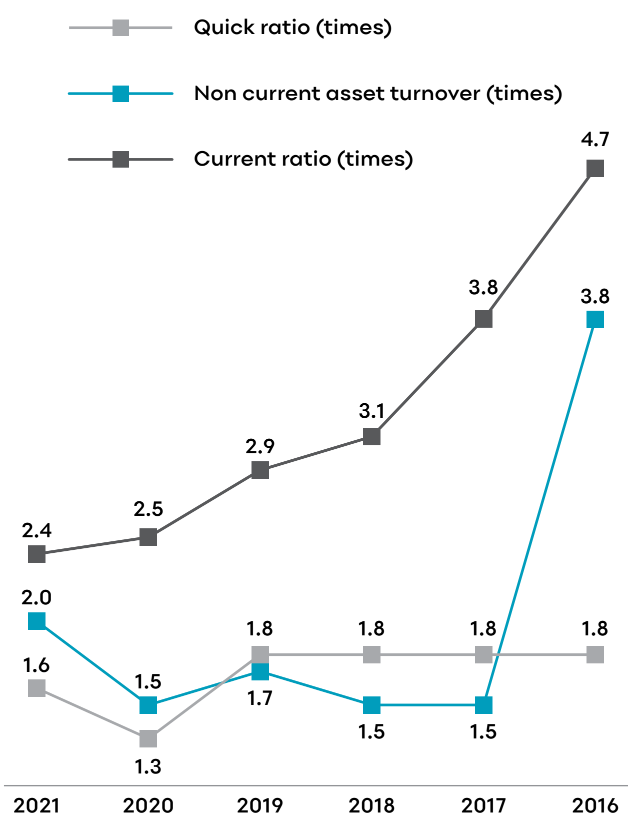
Capital Return Ratios



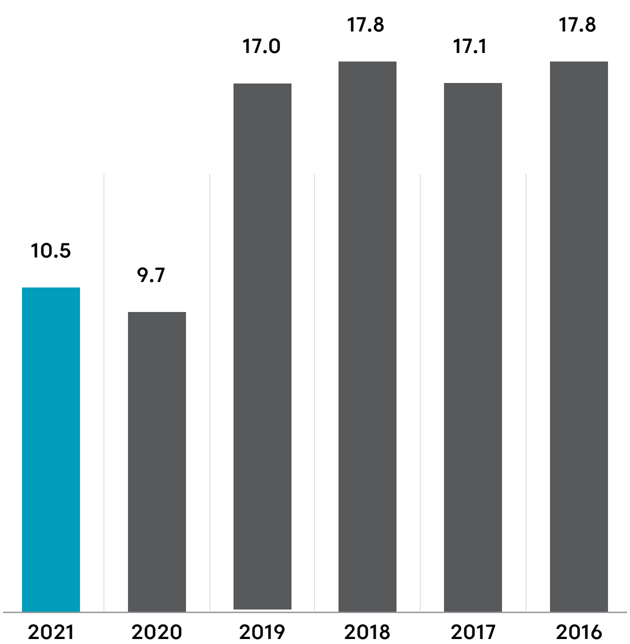
Market Ratios



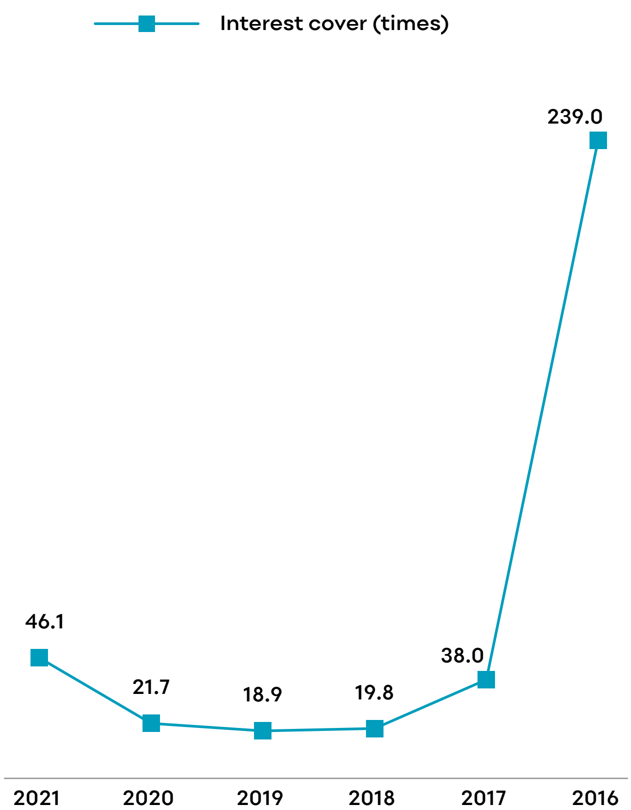
Liquidity & Asset Turnover Ratios



Non Current Assets to Non Current Liabilities (Ratio)



Interest Cover



HORIZONTAL ANALYSIS

	2021	2020	2019	2018	2017	2016
	% Change from preceding year					
FINANCIAL POSITION ANALYSIS						
Share Capital and Reserves	10.8	13.8	2.3	(0.3)	(1.2)	59.4
Non Current Liabilities	(9.0)	110.8	7.9	(0.8)	12.0	271.7
Current Liabilities	33.8	40.6	11.8	26.7	17.8	(48.9)
Total Equity and Liabilities	**14.4**	**21.3**	**4.0**	**3.2**	**1.3**	**29.9**
Non Current Assets	(1.3)	20.1	2.9	3.5	7.4	73.4
Current Assets	29.4	22.5	5.0	3.0	(4.0)	6.6
Total Assets	**14.4**	**21.3**	**4.0**	**3.2**	**1.3**	**29.9**
PROFIT OR LOSS ANALYSIS						
Revenue - net	30.2	3.9	16.5	3.4	(57.7)	129.5
Cost of sales	30.6	1.3	7.8	14.8	(58.3)	151.4
Gross Profit	**29.7**	**7.9**	**33.0**	**(12.7)**	**(56.8)**	**103.3**
Administrative expenses	16.1	(0.5)	16.5	4.8	4.7	43.2
Selling and distribution expenses	18.2	(2.7)	19.8	21.2	(11.5)	39.7
Other expenses	(0.9)	(27.2)	141.8	9.5	(82.2)	221.7
Other income	47.5	(48.9)	41.3	41.5	(27.9)	42.9
Operating Profit	**70.6**	**32.9**	**102.5**	**(64.7)**	**(76.8)**	**143.1**
Finance costs	(19.9)	15.8	112.1	(32.2)	46.1	(20.1)
Profit Before Taxation	**75.0**	**33.9**	**102.0**	**(65.6)**	**(77.3)**	**145.2**
Taxation	55.0	(1.7)	49.9	(46.4)	(62.0)	64.6
Profit After Taxation	**83.3**	**57.6**	**163.1**	**(75.8)**	**(81.3)**	**181.1**

VERTICAL ANALYSIS

	2021	2020	2019	2018	2017	2016
			%			
FINANCIAL POSITION ANALYSIS						
Share Capital and Reserves	72.3	74.7	79.6	80.9	83.7	85.9
Non Current Liabilities	4.0	5.0	2.9	2.8	3.0	2.7
Current Liabilities	23.7	20.3	17.5	16.3	13.3	11.4
Total Equity and Liabilities	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Non Current Assets	41.9	48.6	49.1	49.6	49.4	46.6
Current Assets	58.1	51.4	50.9	50.4	50.6	53.4
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	58.9	58.8	60.3	65.2	58.8	59.7
Gross Profit	**41.1**	**41.2**	**39.7**	**34.8**	**41.2**	**40.3**
Administrative expenses	5.8	6.5	6.8	6.8	6.7	2.7
Selling and distribution expenses	21.7	23.9	25.5	24.8	21.2	10.1
Other expenses	1.3	1.7	2.4	1.1	1.1	2.6
Other income	1.9	1.7	3.5	2.9	2.1	1.2
Operating Profit	**14.2**	**10.8**	**8.5**	**5.0**	**14.3**	**26.1**
Finance costs	0.3	0.5	0.5	0.2	0.4	0.1
Profit Before Taxation	**13.9**	**10.3**	**8.0**	**4.8**	**13.9**	**26.0**
Taxation	3.6	3.1	3.2	2.5	4.8	5.4
Profit After Taxation	**10.3**	**7.2**	**4.8**	**2.3**	**9.1**	**20.6**

CHAIRPERSON'S REVIEW REPORT TO SHARE-HOLDERS FOR THE YEAR ENDED 30 JUNE 2021

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 carried out its roles and responsibilities diligently and contributed to the Company's strategic leadership.

The Board has reviewed the Company's financial statements periodically along with all governance matters such as the transparency of disclosures, policies, corporate plans, budgets and regulatory requirements.

In addition to reviewing strategic and critical business matters, the Board has specifically assessed the risks posed by COVID-19 pandemic to the Company. Appropriate safeguards have been taken to minimize the impacts of pandemic 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 strong 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 under the Listed Companies (Code of Corporate Governance) Regulations, 2019, annual evaluations of the Board of Directors and its subcommittees have been carried out. The purpose of this evaluation is to ensure that the Board has the skills required to provide the strategic leadership of the Company. Improvement areas, if any, identified as part of the evaluation process are addressed accordingly. Based on the latest evaluation, the performance of the Board is considered satisfactory.

I would also like to take this opportunity to thank our outgoing director, Mr. Nihal Cassim for his excellent input and support to the Board over the years and to welcome Mr. Suleman Ghani as independent member on the Board in his stead.

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 next year. I would also like to appreciate the commendable efforts and dedication of our Board Members and CEO in providing strategic leadership to the Company.

Mrs. Akhter Khalid Waheed
Chairperson

Lahore
30 August 2021

DIRECTORS' REPORT TO SHAREHOLDERS
FOR THE YEAR ENDED 30 JUNE 2021

We are pleased to present the 65th Annual Report which includes the audited financial statements of the Company for the financial year ended 30 June 2021 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 are given below:

	Individual		Consolidated	
	2021	2020	**2021**	2020
	(Rupees in thousands)			
Revenue - net	**7,033,622**	5,401,732	**8,879,116**	6,212,343
Gross profit	**2,886,943**	2,225,643	**3,665,266**	2,338,689
Profit before tax	**980,867**	560,530	**1,565,972**	591,938
Profit after tax	**725,235**	395,655	**1,288,460**	422,580
Earnings per share (Rs.)	**20.02**	10.92	**32.39**	11.51
Profit available for appropriation	**4,768,389**	4,181,755	**5,712,629**	4,644,627
Appropriations				
Cash Dividend: Final cash dividend for the FY 2021 @ Rs. 10 /share (FY 2020: @ Rs. 4/share)	**(362,242)**	(120,747)	**(362,242)**	(120,747)
Bonus Shares: Bonus shares for the FY 2021 @ Nil% (FY 2020: 20%)	**-**	(60,374)	**-**	(60,374)

Financial and Operational Review of Ferozsons Laboratories Limited:

The consolidated net sales of the Company closed at Rs. 8,879 million, a growth of 43% over the last year. On a standalone basis, net sales of the Company closed at Rs. 7,034 million, an increase of 30% over the last year. The higher increase in consolidated net sales represents the added sale of Remidia Injections (Remdesivir) in export and local markets, produced by our subsidiary company BF Biosciences Limited, under license from Gilead Sciences, Inc.

In-market generic sales witnessed a growth of 18%, whereas institutional sales of generics and medical devices increased by 49%. Standalone exports sales of the Company also grew by 49% during the year under review.

The gross profit margin for the current year stands at 41.1% compared to 41.2% in the last year. In absolute terms, the gross profit grew by 29.7%. The change in gross profit margin is primarily due to a change in the sales mix, coupled with increase in input costs.

Selling and distribution expenses increased by 18.2%, mainly due to an increase in salaries and promotional expenses, as field activities and touring restrictions eased.

Other expenses decreased by 1%, representing the net impact of reduction in exchange loss and increase in statutory provisions (in line with the profitability) related to CRF, WPPF and WWF.

Other income grew by 47%, mainly due to exchange gain on foreign currency translations.

Finance cost decreased by 20%, mainly due to improved cash flow utilization during the year under review.

The net profit after tax of your Company closed at Rs. 725 million against Rs. 396 million achieved last year.

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

Net sales of the Subsidiary Company BF Biosciences Limited closed at Rs. 1,754.8 million, compared to Rs. 641.1 million last year, representing an increase of 173.7%. The increase in sales primarily represents the added sale of Remidia Injections (Remdesivir), produced under license from Gilead Sciences, Inc., in export and local markets. Since the production capacity of BF Biosciences Limited was largely committed to the production of Remidia in the wake of the pandemic, sales of other products suffered a decline of 14% as a result of production constraints and a reduction in institutional sales for select products.

To meet the production requirements and diversify its product base, the Subsidiary Company has initiated a major expansion by installing a second production line in its existing facility. The expansion is financed by a mix of debt, convertible debt and internally generated funds.

During the year under review, the Subsidiary Company successfully obtained registration of bio-similar Eterna® (Etanercept) and Noxane® (Enoxaparin Sodium) from the Drug Regulatory Authority of Pakistan. These products shall be launched in the coming months subject to the availability of production capacity.

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. 140 million 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 2021, the standalone earnings per share (EPS) stand at Rs. 20.02 per share, compared to Rs. 10.92 per share last year. Whereas consolidated EPS for the year ended 30 June 2021 stand at Rs. 32.39 per share compared to Rs. 11.51 per share last year.

EPS for the last year (both standalone and consolidated) have been restated to account for the impact of bonus shares issued.

Dividend Announcement

The directors have recommended a final cash dividend of 100% i.e. Rs. 10 per share for the year ended 30 June 2021, subject to the approval by the shareholders at the Annual General Meeting to be held on 30 September 2021.

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

Statement of Compliance with the Code of Corporate Governance

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

Corporate & Financial Reporting Framework

The Board of Directors of your 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 therefrom 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 2021 have been cleared subsequent to the year end.

- The values of employees' provident fund investments based on latest audited accounts as at 30 June 2020 are Rs. 618 million.

Contribution to National Exchequer

During the current financial year, out of the total wealth generated, your Company contributed approximately Rs. 494 million to the national exchequer in lieu of various levies including Income Tax, Custom Duty, Federal and Provincial 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 2021 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 2020-21 were directors of the Company is annexed.

Pattern of Shareholding

Pattern of shareholding of the Company in accordance with section 227(2)(f) of the Companies Act, 2017 as at 30 June 2021 is annexed to this report .

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.

Your Company contributed towards various CSR activities during the year under review, mainly to the following organizations:

- National Management Foundation
- Parsa Trust
- Patrons of Expo 2020 Pakistan (NPO)
- Cancer Research and Treatment Foundation
- Kidney Center
- Okara Patient Welfare Association
- Rizq Trust

Risk Management

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.

DIRECTORS' REPORT TO SHAREHOLDERS
FOR THE YEAR ENDED 30 JUNE 2021

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 your 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.

- **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 your 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 Non-Executive Directors

Non-executive directors including the independent director are entitled only for the fee for attending the meetings and re-imbursement of travelling expenses.

Auditors

The Auditors Messrs KPMG Taseer Hadi & Co., Chartered Accountants retire and offer themselves for reappointment for the year 2021-22.

The Board Audit Committee has recommended the appointment of KPMG Taseer Hadi & Co., Chartered Accountants as auditors of the Company for the year 2021-22. Accordingly, the Board has recommended the same for the approval of the shareholders in the upcoming Annual General Meeting.

Industry Review and Future Outlook

Pakistan's pharmaceutical sector has tremendous growth potential and can significantly contribute towards the growth and diversification of its export base.

The Government of Pakistan has taken encouraging steps to support the industry's expansion, including the State Bank of Pakistan's Temporary Economic Refinance Scheme and the move by the Ministries of Commerce and Finance to support a 5% cap on the custom duties on import of plant and machinery by the registered pharmaceutical manufacturers.

However, Sales Tax on imports of plant and machinery, which constitutes 17% to 20% of the import cost, is the largest cost component in terms of import levies. This tax cannot be passed by the industry, since, in the case of pharmaceuticals, there is no GST on the finished product. Keeping in view the growth potential of the industry, any relaxation in the Sales Tax on import of plant and machinery will significantly increase the pace of quality upgradation and expansion in the sector and increase the competitiveness of local companies in the export markets.

DIRECTORS' REPORT TO SHAREHOLDERS
FOR THE YEAR ENDED 30 JUNE 2021

To combat COVID-19, the Provincial Governments took several relief initiatives which were mainly financed by diverting their healthcare budgets, causing delays in payments to suppliers (including pharmaceutical companies). Due to lack of budgets, major suppliers are still awaiting for their overdue payments. At present, your Company has outstanding receivables amounting to Rs. 1.2 billion (approximately) from various government-owned healthcare institutions.

The management is actively pursuing new products to enhance its growth. To strengthen its existing generics base, the Company has launched new products in the Gastroenterology, Diabetes and Anti-Infective therapeutic areas during the year.

The Company has also added Cardiac Rhythm Management and Neuromodulation segments in its medical devices portfolio and is exploring other partnerships in areas where unmet patient needs exist.

Acknowledgements

We want to acknowledge the considerable efforts and sacrifices of the entire medical community in battling the Covid-19 pandemic. We are also thankful for the dedication of our employees towards achievement of the Company's objectives. Despite the challenges presented by the pandemic, our team has bravely continued to work at the plant, office and especially in the field, supporting healthcare practitioners and frontline workers in their noble cause of saving lives.

For and on behalf of the Board

Mr. Osman Khalid Waheed
Chief Executive Officer

Mrs. Akhter Khalid Waheed
Chairperson

Lahore
30 August 2021

DATES AND ATTENDANCE OF BOARD MEETINGS
HELD DURING THE YEAR ENDED 30 JUNE 2021

Dates of Board Meetings held during the Financial Year 2020-2021 are as follows:

- 26 August 2020
- 24 September 2020
- 26 October 2020
- 19 January 2021
- 29 January 2021
- 26 April 2021

Name of Directors	Total No. of Meetings	Attendance in Meetings
Board of Directors Meetings:		
Mrs. Akhter Khalid Waheed	6	6
Mr. Osman Khalid Waheed	6	6
Mrs. Amna Piracha Khan	6	5
Mrs. Munize Azhar Peracha	6	6
Mr. Shahid Anwar	6	6
Mr. Arshad Saeed Husain	6	6
Mr. Suleman Ghani	6	4
Audit Committee Meetings:		
Mr. Arshad Saeed Husain	4	4
Mrs. Amna Piracha Khan	4	4
Mr. Shahid Anwar	4	4
Mr. Suleman Ghani	4	3
HR&R 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

Mrs. Akhter Khalid Waheed
Chairperson

Lahore
30 August 2021

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Chartered Accountants
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Lahore 54000 Pakistan
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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 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

As a part of our audit of 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 2021.

KPMG Taseer Hadi & Co.

Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 09 September 2021

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

Name of company:	**Ferozsons Laboratories Limited**
Year ended:	**30 June 2021**

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 Director	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 at-least two or one-third of the board members (whichever is higher). The fraction 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 Chairperson and in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

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

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

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

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

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

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

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

HR and Remuneration Committee	
Names	**Composition**
Mr. Arshad Seed 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 committees for compliance;

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

Meetings	Frequency
Audit Committee	04
HR and Remuneration Committee	01

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

15. The Board has outsourced the internal audit function to Messrs 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.

Mrs. Akhter Khalid Waheed
Chairperson

Lahore
30 August 2021

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 2021, 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 2021 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.

KPMG TH

KPMG Taseer Hadi & Co.

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matters were 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 revenue of Rs. 7.03 billion from the sale of goods to domestic as well as export customers during the year ended 30 June 2021. 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.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • Obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of relevant key internal controls; • assessing the appropriateness of the Company's accounting policies for recording of sales and compliance of those policies with applicable accounting standards; • comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans, bill of ladings and other relevant underlying documents; • comparing a sample of sale transactions recorded around the year end with the sales orders, sales invoices, delivery challans, bill of ladings and other relevant underlying documentation to assess if the revenue was recorded in the appropriate accounting period; • comparing, on a sample basis, specific sales transactions recorded just before and just after the financial year end to determine whether the sale had been recognized in the appropriate financial period; and • scanning for any manual journal entries relating to sale recorded during the year which were considered to be material or met other specific risk-based criteria for inspecting underlying documentation.
2.	**Valuation of trade debts** Refer to notes 3.5 and 19 to the unconsolidated financial statements. As at 30 June 2021, the Company's gross trade debts amount to Rs. 1336.80 million against which, the Company has recognized expected credit loss ("ECL") of Rs. 4.82 million for the year ended 30 June 2021.	Our audit procedures to assess the valuation of trade debts, amongst others, included the following: • Review the methodology developed and applied by the management to estimate the ECL in relation to trade debts, evaluating the key assumptions used (historical and forward looking), the policies applied to assess ECL in respect of trade debts and testing the mathematical accuracy of the ECL model by re-performing calculations on test basis;

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Sr. No.	Key audit matters	How the matters were addressed in our audit
	The Company has applied the ECL model for determination of loss allowance against trade debts under IFRS 9 (Financial Instruments) other than due from Government institutions Recoverable amount of trade debts due from Government institutions have been estimated under IAS 39 due to exemption granted by the Securities and Exchange Commission of Pakistan vide SRO 985 (1)/ 2019. Determination of ECL provision for trade debts requires significant judgment and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information We have considered this as a key audit matter due to involvement of estimates and judgments in determining the recoverable value	• Involving our specialists to assess the ECL model and significant estimates, assumptions and judgments applied in developing ECL. • In respect of trade debts due from Government institutions, assessing the assumptions and estimates made by the management for the allowances for doubtful debts with reference to our understanding of the debtors' financial condition, the ageing of overdue balances and historical and post year-end cash receipts from the debtors and by performing a retrospective review of the historical accuracy of these estimates. • Assessing, on a sample basis, the accuracy of the data used for ECL computation and for assessing impairment of trade debts due from Government institutions. • Assessing the adequacy of disclosure made in the unconsolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.

Information Other than the Unconsolidated 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 2021 but does not include the unconsolidated financial statements and our auditor's report thereon.

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

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

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

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

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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.

- 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.

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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 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: 09 September 2021

Ferozsons Laboratories Limited

Unconsolidated Statement of Financial Position

As at 30 June 2021

	Note	2021 Rupees	2020 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
50,000,000 (2020: 50,000,000) ordinary shares of Rs. 10 each		**500,000,000**	500,000,000
Issued, subscribed and paid up capital	*4*	**362,242,100**	301,868,410
Capital reserve	*5*	**321,843**	321,843
Revaluation surplus on property, plant and equipment	*6*	**1,093,377,437**	1,135,897,569
Accumulated profit		**4,768,388,867**	4,181,754,531
		6,224,330,247	5,619,842,353
Non current liabilities			
Long term loan - *secured*	*7*	**84,040,204**	90,090,384
Deferred grant	*8*	**1,459,796**	4,409,616
Deferred taxation	*9*	**257,929,124**	282,742,428
		343,429,124	377,242,428
Current liabilities			
Current portion of:			
- Long term loans - *secured*	*7*	**165,210,738**	26,851,809
- Current portion of deferred grant	*8*	**5,789,262**	4,648,191
Trade and other payables	*10*	**1,758,616,108**	1,342,713,857
Contract liabilities	*11*	**31,914,992**	22,811,891
Short term borrowings - *secured*	*12*	**-**	51,017,136
Unclaimed dividend		**80,049,018**	76,964,852
Accrued mark-up		**2,439,282**	2,509,734
		2,044,019,400	1,527,517,470
Contingencies and commitments	*13*		
		8,611,778,771	7,524,602,251

	Note	2021 Rupees	2020 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	*14*	**3,246,719,076**	3,308,834,762
Intangible assets	*15*	**638,163**	423,498
Long term investments - *related parties*	*16*	**347,738,437**	334,863,185
Long term deposits		**9,717,325**	9,787,325
		3,604,813,001	3,653,908,770
Current assets			
Stores, spare parts and loose tools	*17*	**44,861,806**	30,392,651
Stock in trade	*18*	**1,689,956,889**	1,833,184,796
Trade debts	*19*	**1,313,592,150**	1,026,879,355
Loans and advances	*20*	**47,516,130**	42,851,733
Deposits and prepayments	*21*	**131,561,017**	155,899,633
Other receivables	*22*	**14,110,312**	38,117,556
Advance income tax - *net*		**285,216,936**	286,479,315
Short term investments	*23*	**1,080,776,249**	357,590,624
Cash and bank balances	*24*	**399,374,281**	99,297,818
		5,006,965,770	3,870,693,481
		8,611,778,771	7,524,602,251

The annexed notes from 1 to 43 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 2021

	Note	**2021 Rupees**	2020 Rupees
Revenue - *net*	*25*	**7,033,621,586**	5,401,731,645
Cost of sales	*26*	**(4,146,678,936)**	(3,176,088,959)
Gross profit		**2,886,942,650**	2,225,642,686
Administrative expenses	*27*	**(407,879,866)**	(351,414,876)
Selling and distribution expenses	*28*	**(1,524,908,136)**	(1,289,964,218)
Other expenses	*29*	**(88,898,655)**	(89,734,107)
Other income	*30*	**137,351,082**	93,134,095
Profit from operations		**1,002,607,075**	587,663,580
Finance cost	*31*	**(21,739,710)**	(27,133,700)
Profit before taxation		**980,867,365**	560,529,880
Taxation	*32*	**(255,632,107)**	(164,874,799)
Profit after taxation		**725,235,258**	395,655,081
			Re-stated
Earnings per share - basic and diluted	*33*	**20.02**	10.92

The annexed notes from 1 to 43 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 2021

	2021 Rupees	2020 Rupees
Profit after taxation	**725,235,258**	395,655,081
Items that will not be reclassified to profit or loss:		
Surplus on revaluation of property, plant and equipment	-	520,492,028
Related deferred tax on surplus	-	(112,984,497)
Total comprehensive income for the year	**725,235,258**	803,162,612

The annexed notes from 1 to 43 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 2021

	Share capital	Capital Reserve		Revenue Reserve	Total
		Capital reserve	Revaluation surplus on property, plant and equipment	Accumulated profit	
	-----	-----	Rupees	-----	-----
Balance as at 01 July 2019	301,868,410	321,843	755,732,295	3,879,504,557	4,937,427,105
Total comprehensive income for the year					
Profit after taxation	-	-	-	395,655,081	395,655,081
Surplus on revaluation of property, plant and equipment	-	-	520,492,028	-	520,492,028
Related deferred tax on surplus	-	-	(112,984,497)	-	(112,984,497)
	-	-	407,507,531	395,655,081	803,162,612
Surplus transferred to accumulated profit:					
- on account of incremental depreciation on property, plant and equipment charged during the year - *net of tax*	-	-	(27,342,257)	27,342,257	-
Transactions with owners of the Company, recognized directly in equity - Distributions					
- Final dividend for the year ended 30 June 2019 at Rs. 4 per share	-	-	-	(120,747,364)	(120,747,364)
Balance as at 30 June 2020	**301,868,410**	**321,843**	**1,135,897,569**	**4,181,754,531**	**5,619,842,353**
Total comprehensive income for the year					
Profit after taxation	-	-	-	**725,235,258**	**725,235,258**
Surplus transferred to accumulated profit:					
- on account of incremental depreciation on property, plant and equipment charged during the year - *net of tax*	-	-	**(42,520,132)**	**42,520,132**	-
Transactions with owners of the Company, recognized directly in equity - Distributions					
- Final dividend for the year ended 30 June 2020 at Rs. 4 per share	-	-	-	**(120,747,364)**	**(120,747,364)**
- Issue of bonus shares at the rate of 20% (i.e 2 shares for every 10 shares held)	**60,373,690**	-	-	**(60,373,690)**	-
	60,373,690	-	-	**(181,121,054)**	**(120,747,364)**
Balance as at 30 June 2021	**362,242,100**	**321,843**	**1,093,377,437**	**4,768,388,867**	**6,224,330,247**

The annexed notes from 1 to 43 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 2021

	Note	2021 Rupees	2020 Rupees
Cash flow from operating activities			
Profit before taxation		**980,867,365**	560,529,880
Adjustments for non - cash and other items			
Depreciation on property, plant and equipment	*14.4*	**316,278,265**	325,560,923
Amortisation of intangible assets		**420,879**	588,017
Provision of loss allowance against trade debts	*19.1*	**4,817,578**	5,196,175
Gain on disposal of property, plant and equipment	*14.5*	**(36,101,868)**	(23,123,459)
Finance costs	*31*	**21,739,710**	27,133,700
Gain on re-measurement of short term investments to fair value	*23.1*	**(900,733)**	(1,569,035)
Gain on sale of short term investments		**-**	(954,676)
Dividend income	*30.1*	**(38,055,380)**	(42,052,188)
Profit on bank deposits	*30.1*	**(4,252,378)**	(2,549,824)
Share in profit of Farmacia	*30.2*	**(12,875,252)**	(20,317,261)
Workers' Profit Participation Fund	*10.1*	**52,953,418**	30,367,021
Central Research Fund	*10.2*	**10,697,660**	6,134,752
Workers' Welfare Fund	*10.3*	**20,429,999**	11,247,351
		335,151,898	315,661,496
Cash generated from operations before working capital changes		**1,316,019,263**	876,191,376
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		**(14,469,155)**	(9,514,528)
Stock in trade		**143,227,907**	(662,258,945)
Trade debts - *considered good*		**(291,530,373)**	(144,623,225)
Loans and advances - considered good		**(4,664,397)**	(18,451,987)
Deposits and prepayments		**24,338,616**	(4,810,794)
Other receivables		**24,007,244**	17,044,066
		(119,090,158)	(822,615,413)
Increase in current liabilities			
Trade and other payables		**399,540,735**	353,301,818
Contract liability		**9,103,101**	-
Cash generated from operations		**1,605,572,941**	406,877,781
Taxes paid		**(290,430,383)**	(258,522,072)
Workers' Profit Participation Fund paid	*10.1*	**(50,367,021)**	(17,597,332)
Workers' Welfare Fund paid		**-**	(8,872,286)
Central Research Fund paid	*10.2*	**(6,134,752)**	(3,555,017)
Long term deposits - *net*		**70,000**	(2,701,000)
Net cash generated from operating activities		**1,258,710,785**	115,630,074
Cash flow from investing activities			
Fixed capital expenditure incurred		**(265,308,495)**	(404,778,226)
Acquisition of intangibles		**(635,544)**	(280,336)
Dividend income received		**62,178**	42,052,188
Proceeds from sale of property, plant and equipment	*14.5*	**47,247,784**	34,874,319
Profit on bank deposits received	*30.1*	**4,252,378**	2,549,824
Short term investments - *net*		**(684,291,690)**	96,780,700
Net cash used in investing activities		**(898,673,389)**	(228,801,531)
Cash flow from financing activities			
Long term loan received		**216,000,000**	126,000,000
Long term loan paid		**(85,500,000)**	-
Finance cost paid		**(21,780,599)**	(29,056,316)
Dividend paid		**(117,663,198)**	(118,939,327)
Net cash used in financing activities		**(8,943,797)**	(21,995,643)
Net increase / (decrease) in cash and cash equivalents		**351,093,599**	(135,167,100)
Cash and cash equivalents at the beginning of the year		**48,280,682**	183,447,782
Cash and cash equivalents at the end of the year		**399,374,281**	48,280,682
Cash and cash equivalents comprise of the following			
Cash and bank balances	*24*	**399,374,281**	99,297,818
Running finance	*12*	**-**	(51,017,136)
		399,374,281	48,280,682

The annexed notes from 1 to 43 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 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 Pakhtunkhwa.

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 other than due from 'Government of Pakistan' using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The financial assets due from Government of Pakistan continues to be measured under IAS-39 due to the exemption given by the Securities and Exchange Commission of Pakistan (SECP) vide S.R.O. 985 (I)/2019 dated 02 September 2019. SECP has deferred the requirements of IFRS 9 with respect to application of 'Expected Credit Loss Method' in respect of companies holding financial assets due from the Government of Pakistan till 30 June 2021.

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 2020 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 unconsolidated 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 01 July 2021:

– Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2021. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

– COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard’s previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications.

  This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

  The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

  Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to the other terms and conditions of the lease.

– Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 01 January 2022. These amendments in the standards have been added to further clarify when a liability is classified 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 shall apply those amendments retrospectively in accordance with IAS 8.

– Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 01 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

– Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

– Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 01 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing.

  An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

– 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) – The amendments 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 a company 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, 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) – The amendments 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 recognise 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 recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised 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.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends 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.

The above improvements are likely to have no impact on the Company's financial statements.

Annual Improvements to IFRS Standards 2018–2020 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments are effective from annual period beginning on or after 01 January 2022 and are not likely to have an impact on Company's financial statements.

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 account, 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 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 profit or loss account.

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 debts - due from Government of Pakistan

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

3.5.5 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.

3.5.6 Investments

Investment 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.

3.5.7 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).

The financial assets due from Government of Pakistan continue to be measured under IAS-39 due to the exemption given by the Securities and Exchange Commission of Pakistan vide S.R.O. 985 (I)/2019 dated 02 September 2019. The financial assets due from Government of Pakistan are assessed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset due from Government of Pakistan is impaired if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

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 other than that are due from Government.

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 & 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 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 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 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

	2021 Rupees	2020 Rupees
1,441,952 (2020: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	**14,419,520**	14,419,520
119,600 (2020: 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
34,662,658 (30 June 2020: 28,625,289) ordinary shares of Rs. 10 each issued as fully paid bonus shares	**346,626,580**	286,252,890
	362,242,100	301,868,410

4.1 Movement in number of shares;

Opening number of shares	**30,186,841**	30,186,841
Bonus shares issued during the year	**6,037,369**	-
Closing number of shares	**36,224,210**	30,186,841

KFW Factors (Private) Limited, an associated company holds 9,944,329 (2020: 8,286,942) ordinary shares of Rs. 10 each of the Company, representing 27.45% (2020: 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.

	2021 Rupees	2020 Rupees
6 Surplus on revaluation of property, plant and equipment - *net of tax*		
Revaluation surplus as at 01 July	**1,301,400,481**	818,939,882
Revaluation surplus recognized during the year on:		
- Freehold land	**-**	118,500,000
- Building on freehold land	**-**	226,634,567
- Plant and machinery	**-**	175,357,461
	-	520,492,028
Surplus transferred to accumulated profit on account of incremental depreciation charged during the year - *net of deferred tax*	**(42,520,132)**	(27,342,257)
Related deferred tax liability	**(16,431,080)**	(10,689,172)
	(58,951,212)	(38,031,429)
Revaluation surplus as at 30 June	**1,242,449,269**	1,301,400,481
Less: Related deferred tax liability:		
- On revaluation surplus as at 01 July	**(165,502,912)**	(63,207,587)
- Deferred tax on surplus arise during the year	**-**	(112,984,497)
- Transferred on account of incremental depreciation charged during the year	**16,431,080**	10,689,172
	(149,071,832)	(165,502,912)
Revaluation surplus as at 30 June	**1,093,377,437**	1,135,897,569

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 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 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.

		Note	2021 Rupees	2020 Rupees
7	**Long term loan - *secured***			
	Under markup / interest arrangement			
	Long term loan - *HBL*	*7.1*	**116,942,193**	126,000,000
	Addition during the year		**216,000,000**	-
	Payment during the year		**(85,500,000)**	
	Less: amortization of loan as deferred grant		**(10,266,612)**	(9,451,940)
	Add: unwinding of loan		**12,075,361**	394,133
	Balance as at 30 June 2021		**249,250,942**	116,942,193
	Less: current portion of long term loan presented under current liabilities		**(165,210,738)**	(26,851,809)
			84,040,204	90,090,384

Habib Bank Limited	Balance (Rupees)	Number of installments Total	Payment terms	Start date	Repayment date	Markup rate
Long term loan	256,500,000	8	Quarterly	01-Jul-21	01-Oct-22	SBP Rate + 300 bps

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 Septemeber 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 has been recognised 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.

The facility is secured by first exclusive equitable mortgage charge of Rs. 504 million (2020: Rs. 252 million) with 25% margin on land and building of head office of the company. As per the financing arrangement, the company has to comply the certain covenants imposed by bank including bank prior consent for payouts (if any).

		Note	2021 Rupees	2020 Rupees
8	**Deferred grant**			
	Balance as at 01 July		**9,057,807**	-
	Recognised during the year on loan disbursement	*7.1*	**10,266,612**	9,451,940
	Amortisation during the year		**(12,075,361)**	(394,133)
	Unamortised balance of deferred grant		**7,249,058**	9,057,807
	less: current maturity		**(5,789,262)**	(4,648,191)
	Balance as at 30 June		**1,459,796**	4,409,616

9 Deferred taxation

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

	2021	2020
	Rupees	Rupees
Deferred tax liability on taxable temporary differences arising in respect of:		
- Accelerated tax depreciation allowances	**121,601,953**	119,144,876
- Surplus on revaluation of property plant and equipment	**149,071,832**	165,502,912
- Unrealized gain on short term investments - mutual funds	**3,478,761**	3,253,623
Deferred tax asset on deductible temporary differences arising in respect of:		
- Loss allowance against trade debts	**(6,501,755)**	(5,158,983)
- Provision for compensated absences	**(9,721,667)**	-
	257,929,124	282,742,428

Movement in deferred tax balances is as follows:

	2021				2020			
		(Reversal from) / charge to				(Reversal from) / charge to		
	Balance as at 01 July	**Profit or loss**	**Equity**	**Balance as at 30 June**	Balance as at 01 July	Profit or loss	Equity	Balance as at 30 June
	Rupees				Rupees			
Taxable temporary difference								
Accelerated tax depreciation allowances	**119,144,876**	**2,457,077**	**-**	**121,601,953**	115,910,127	3,234,749	-	119,144,876
Surplus on revaluation of property, plant and equipment	**165,502,912**	**(16,431,080)**	**-**	**149,071,832**	63,207,587	(10,689,172)	112,984,497	165,502,912
Unrealized gain on short term investments - *mutual funds*	**3,253,623**	**225,138**	**-**	**3,478,761**	3,509,330	(255,707)	-	3,253,623
	287,901,411	**(13,748,865)**	**-**	**274,152,546**	182,627,044	(7,710,130)	112,984,497	287,901,411
Deductible temporary difference								
Loss allowance against trade debts	**(5,158,983)**	**(1,342,772)**	**-**	**(6,501,755)**	(3,698,538)	(1,460,445)	-	(5,158,983)
Provision for compensated absences	**-**	**(9,721,667)**	**-**	**(9,721,667)**	-	-	-	-
	(5,158,983)	**(11,064,439)**	**-**	**(16,223,422)**	(3,698,538)	(1,460,445)	-	(5,158,983)
	282,742,428	**(24,813,304)**	**-**	**257,929,124**	178,928,506	(9,170,575)	112,984,497	282,742,428

		Note	2021 Rupees	2020 Rupees
10	**Trade and other payables**			
	Trade creditors		**1,189,290,502**	898,257,525
	Accrued liabilities		**407,857,674**	303,965,714
	Tax deducted at source		**8,322,775**	6,153,089
	Provision for compensated absences		**34,879,270**	30,760,061
	Workers' Profit Participation Fund	*10.1*	**2,982,981**	367,021
	Central Research Fund	*10.2*	**10,697,660**	6,134,752
	Workers' Welfare Fund	*10.3*	**20,429,999**	11,247,351
	Advances from employees against purchase of vehicles		**64,631,101**	63,945,893
	Other payables		**19,524,146**	21,882,451
			1,758,616,108	1,342,713,857

10.1 Workers' Profit Participation Fund

	2021 Rupees	2020 Rupees
Balance (payable)/receivable as at 01 July	**(367,021)**	12,402,668
Interest on funds utilized by the Company	**(29,563)**	-
Provision for the year	**(52,953,418)**	(30,367,021)
	(53,350,002)	(17,964,353)
Payments made during the year	**50,367,021**	17,597,332
Balance as at 30 June	**(2,982,981)**	(367,021)

10.2 Central Research Fund

	2021 Rupees	2020 Rupees
Balance as at 01 July	**6,134,752**	3,555,017
Provision for the year	**10,697,660**	6,134,752
	16,832,412	9,689,769
Payments made during the year	**(6,134,752)**	(3,555,017)
Balance as at 30 June	**10,697,660**	6,134,752

10.3 Workers' Welfare Fund

	2021 Rupees	2020 Rupees
Balance as at 01 July	**11,247,351**	8,872,286
Provision for the year	**20,429,999**	11,247,351
Adjusted during the year	**(11,247,351)**	(8,872,286)
Balance as at 30 June	**20,429,999**	11,247,351

11 This represents advance received from customers for future sale of goods. During the year, the Company has recognized revenue amounting to Rs. 16.59 million, out of the contract liability as at 01 July 2020.

		Note	2021 Rupees	2020 Rupees
12	**Short term borrowings**			
	Short term running finance - *secured*		-	51,017,136

12.1 Particulars of borrowings

	Note	2021 Rupees	2020 Rupees
Interest / markup based financing	*12.2*	-	50,806,268
Islamic mode of financing	*12.3*	-	210,868
		-	51,017,136

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. 850 million (2020: Rs. 750 million). These facilities carry mark-up at the rates ranging from one to three months KIBOR plus 0.1% to 1% (2020: one to three months KIBOR plus 0.1% to 1%) per annum on the outstanding balances. Out of the aggregate facilities, Rs. 450 million (2020: Rs. 450 million) are secured by joint pari passu charge over present and future current assets of the Company whereas Rs. 100 million (2020: Rs. Nil) is secured by ranking charge over present and future current assets of the Company and remaining Rs. 300 million (2020: Rs. 300 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 (2020: Rs. 333.33 million) is marked under lien. These facilities are renewable on annual basis latest by 31 January 2022.

12.3 Under Shariah compliant arrangements

The Company has short term borrowing facility i.e. Running Musharakah available from Islamic bank under profit arrangements having sanctioned limit of Rs. 200 million (2020: Rs. 200 million). This facility carries profit rate of one month KIBOR plus 0.25% (2020: one month KIBOR plus 0.25%) per annum on the outstanding balance. This facility can interchangeably be utilized as non-funded. 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 November 2021.

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 the 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 which is currently 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 the 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 and promotional expenses.

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.

13.2 Commitments

13.2.1 Letter of credits

13.2.1.1 Under Mark up arrangements

Out of the aggregate facility of Rs. 1,150 million (2020: Rs. 700 million) for opening letters of credit, the amount utilized as at 30 June 2021 for capital expenditure was Rs. 12.32 million (2020: Rs. 5.05 million) and for other than capital expenditure was Rs. 160.13 million (2020: Rs. 62.95 million). These facilities are secured by joint pari passu charge and ranking charge (2020: joint pari passu charge) over all present and future current assets of the Company.

13.2.1.2 Under Shariah compliant arrangements

The Company has facility i.e. letters of credit of Rs. 200 million (2020: Rs. 200 million) available from Islamic bank. The amount utilized as at 30 June 2021 for capital expenditure was Rs. Nil million (2020: Rs. 13.95 million) and for other than capital expenditure was Rs. 17.51 million (2020: Rs. 78.52 million). Lien is also marked 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. 425 million (2020: Rs. 375 million) for letter of guarantees (which is the sublimit of running finance and letter of credits), the amount utilized as at 30 June 2021 was Rs. 224.6 million (2020: Rs. 87.49 million).

13.2.2.2 Under Shariah compliant arrangements

The Company has facility i.e. letter of guarantee of Rs. 25 million (2020: Rs. 25 million) available from Islamic bank, the amount utilized at 30 June 2021 was Rs. 6.45 million (2020: Rs. 6.45 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 institiutions of the subsidiary company up to Rs. 3,500 million for a tenor of 10 years. Out of this approved limit, corporate gurantees amounting to Rs. 2,925 million for a tenor of 10 years have been provided to banks / financial institutions during the year.

14 Property, plant and equipment	Note	2021 Rupees	2020 Rupees
Operating fixed assets	*14.1*	**3,145,198,003**	3,227,904,469
Capital work in progress	*14.6*	**101,521,073**	80,930,293
		3,246,719,076	3,308,834,762

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 2021									
Cost / revalued amount									
Balance as at 01 July 2020		828,500,000	773,000,000	1,303,595,765	107,337,691	103,613,145	52,898,782	441,308,014	3,610,253,397
Additions / transfers	*14.1.2*	-	14,082,079	125,807,136	11,026,749	17,166,649	14,008,849	62,626,253	244,717,715
Disposals / write off		-	-	-	(476,740)	-	(4,931,636)	(78,054,897)	(83,463,273)
Balance as at 30 June 2021	*14.1.1*	**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**
Depreciation									
Balance as at 01 July 2020		-	-	-	60,824,966	40,992,616	40,831,875	239,699,471	382,348,928
Charge for the year		-	78,520,821	139,065,148	8,163,132	10,437,172	8,423,966	71,668,026	316,278,265
On disposals		-	-	-	(446,991)	-	(4,930,109)	(66,940,257)	(72,317,357)
Balance as at 30 June 2021		**-**	**78,520,821**	**139,065,148**	**68,541,107**	**51,429,788**	**44,325,732**	**244,427,240**	**626,309,836**
Net book value as at 30 June 2021		**828,500,000**	**708,561,258**	**1,290,337,753**	**49,346,593**	**69,350,006**	**17,650,263**	**181,452,130**	**3,145,198,003**
30 June 2020									
Cost / revalued amount									
Balance as at 01 July 2019		710,000,000	835,429,979	1,333,029,194	98,371,799	97,972,024	43,576,209	409,708,284	3,528,087,489
Additions / transfers	*14.1.2*	-	7,604,853	205,530,956	9,683,501	5,641,121	10,460,142	89,225,077	328,145,650
Disposals / write off		-	-	-	(717,609)	-	(1,137,569)	(57,625,347)	(59,480,525)
Revaluation surplus		118,500,000	(70,034,832)	(234,964,385)	-	-	-	-	(186,499,217)
Balance as at 30 June 2020	*14.1.1*	**828,500,000**	**773,000,000**	**1,303,595,765**	**107,337,691**	**103,613,145**	**52,898,782**	**441,308,014**	**3,610,253,397**
Depreciation									
Balance as at 01 July 2019		-	212,633,850	268,273,742	53,500,439	31,842,002	34,324,543	210,934,339	811,508,915
Charge for the year		-	84,035,549	142,048,104	7,871,733	9,150,614	7,634,652	74,820,271	325,560,923
On disposals		-	-	-	(547,206)	-	(1,127,320)	(46,055,139)	(47,729,665)
Elimination of accumulated depreciation on revaluation		-	(296,669,399)	(410,321,846)	-	-	-	-	(706,991,245)
Balance as at 30 June 2020		**-**	**-**	**-**	**60,824,966**	**40,992,616**	**40,831,875**	**239,699,471**	**382,348,928**
Net book value as at 30 June 2020		**828,500,000**	**773,000,000**	**1,303,595,765**	**46,512,725**	**62,620,529**	**12,066,907**	**201,608,543**	**3,227,904,469**
Depreciation Rate %		**-**	**10**	**10**	**10**	**10**	**33.33**	**20**	

14.1.1 These include fully depreciated assets amounting to Rs. 164.76 million (2020: Rs. 127.63 million).

14.1.2 Additions in operating fixed assets include transfers from capital work-in-progress amounting to Rs. 157.75 million (2020: Rs. 222.03 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 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 413.33 million has been provided during the year. The security is provided in terms of first pari passu charge over plant & machinery of the Company.

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

	2021 Rupees	2020 Rupees
Freehold land	**116,611,635**	116,611,635
Building on freehold land	**380,152,487**	408,101,366
Plant and machinery	**1,088,185,620**	1,078,982,283
	1,584,949,742	1,603,695,284

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, Amanghar, 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 free hold 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	**2021 Rupees**	2020 Rupees
Cost of sales	*26*	**220,595,269**	224,483,369
Administrative expenses	*27*	**45,315,968**	48,536,447
Selling and distribution expenses	*28*	**50,367,028**	52,541,116
		316,278,265	325,560,932

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							
Toyota Corolla GLI	2,304,225	1,190,504	2,256,000	1,065,496	Insurance Claim	Third party	EFU General Insurance Ltd
Suzuki Cultus	1,410,880	846,527	1,115,500	268,973	Company Policy	Employee	Mr. Shahid Saleem
Toyota Corolla Altis	2,247,855	749,285	1,371,192	621,907	Company Policy	Employee	Mr. Munawar Hayat
Suzuki Cultus	1,264,700	526,958	847,379	320,421	Insurance Claim	Third party	EFU General Insurance Ltd
	7,227,660	3,313,274	5,590,071	2,276,797			
Various assets having net book less than Rs. 500,000	70,642,025	7,801,348	41,364,013	33,562,665			
Computers							
Various assets having net book less than Rs. 500,000	4,484,390	-	252,200	252,200			
Office equipments							
Various assets having net book less than Rs. 500,000	476,740	29,750	41,500	11,750			
Assets written off:							
Vehicles - CNG Kits	185,212	-	-	-	Written - off		
Computers	447,246	1,544	-	(1,544)	Written - off		
2021 Rupees	**83,463,273**	**11,145,916**	**47,247,784**	**36,101,868**			
2020 Rupees	59,480,525	11,750,860	34,874,319	23,123,459			

	Note	2021 Rupees	2020 Rupees
14.6 Capital work-in-progress			
The movement in capital work in progress is as follows:			
Balance as at 01 July		**80,930,293**	4,297,726
Additions during the year		**178,338,141**	298,661,795
Less: Transfers to operating fixed assets during the period		**(157,747,361)**	(222,029,228)
Balance as at 30 June	*14.6.1*	**101,521,073**	80,930,293

14.6.1 Capital work-in-progress comprises of:

	Note	2021 Rupees	2020 Rupees
Building, civil works & others		**28,450,598**	13,835,545
Plant and machinery	*14.6.1.1*	**22,104,757**	57,564,748
Advances to suppliers	*14.6.1.2*	**50,965,718**	9,530,000
		101,521,073	80,930,293

14.6.1.1 These 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 vehicles.

	Note	2021 Rupees	2020 Rupees
15 Intangible assets			
15.1 Computer softwares and software license fees			
Cost			
Balance as at 01 July		**13,131,125**	12,850,789
Addition during the year		**635,544**	280,336
Balance as at 30 June	*15.1.1*	**13,766,669**	13,131,125
Amortisation			
Balance as at 01 July		**12,707,627**	12,119,610
Amortisation for the year	*27*	**420,879**	588,017
Balance as at 30 June		**13,128,506**	12,707,627
Net book value		**638,163**	423,498

15.1.1 These include fully amortized assets amounting to Rs. 12.85 million (2020: Rs. 11.11 million). Intangibles are amortised at 33% (2020: 33%) on straight line basis.

16	**Long term investments - *related parties***	*Note*	**2021 Rupees**	2020 Rupees
	Related parties - at cost			
	Farmacia (Partnership firm):			
	Capital held: 98% (2020: 98%)	*16.1*	**195,738,477**	182,863,225
	Managing Partner - Osman Khalid Waheed			
	BF Biosciences Limited (unlisted subsidiary):			
	15,199,996 (2020: 15,199,996) fully paid ordinary shares of Rs. 10 each	*16.2*	**151,999,960**	151,999,960
	Equity held: 80% (2020: 80%)			
	Chief Executive Officer - *Mrs. Akhter Khalid Waheed*			
			347,738,437	334,863,185

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% (2020: 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 2021 were of Rs. 1,466.64 million (2020: Rs. 782.37 million).

17	**Stores, spare parts and loose tools**	*Note*	**2021 Rupees**	2020 Rupees
	Stores		**23,191,068**	13,202,021
	Spare parts		**20,603,990**	14,978,954
	Loose tools		**318,504**	206,840
	Stores in transit		**748,244**	2,004,836
			44,861,806	30,392,651
18	**Stock in trade**			
	Raw and packing materials		**584,711,427**	539,746,654
	Work in process		**90,888,803**	93,642,720
	Finished goods	*18.1*	**719,606,841**	1,007,744,405
	Stock in transit	*18.2*	**294,749,818**	192,051,017
			1,689,956,889	1,833,184,796

18.1 The amount charged to unconsolidated statement of profit or loss on account of write down of finished goods and raw material to net realizable value amounts to Rs. 3.80 million (2020: Rs. 1.90 million) and Rs. 4.57 million (2020: nill).

18.2 It includes raw and packing material in transit amounting to Rs. 126.04 million (2020: Rs. 143.89 million) and finished goods in transit amounting to Rs. 168.70 million (2020: Rs. 48.16 million).

19	**Trade debts**	*Note*	**2021 Rupees**	2020 Rupees
	Export debtors			
	Considered good - *secured*		**753,899**	6,127,128
	Considered good - *unsecured*		**37,545,832**	25,508,600
			38,299,731	**31,635,728**
	Local debtors			
	Considered good - *unsecured*		**1,298,504,129**	1,013,637,759
	Less: Provision for expected credit loss	*19.1*	**(23,211,710)**	(18,394,132)
			1,275,292,419	995,243,627
			1,313,592,150	1,026,879,355

19.1 The movement in provision for expected credit loss is as follows:

	2021	2020
Balance as at 01 July	**18,394,132**	13,197,957
Expected credit loss charge for the year	**4,817,578**	5,196,175
Balance as at 30 June	**23,211,710**	18,394,132

20 Loans and advances

Advances - unsecured, considered good

	Note	2021	2020
Advances to employees - *secured*	*20.1*	**22,707,413**	21,236,358
Advances to suppliers - *unsecured*	*20.2*	**23,197,173**	20,503,236
Others		**1,611,544**	1,112,139
		47,516,130	42,851,733

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. 3.32 million (2020: Rs. 5.94 million).

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

21	**Deposits and prepayments**	*Note*	**2021 Rupees**	2020 Rupees
	Deposits - *considered good*			
	Earnest Money	*21.1*	**121,560,902**	147,418,439
	Security Margins		**9,579,125**	7,563,945
			131,140,027	154,982,384
	Prepayments		**420,990**	917,249
			131,561,017	155,899,633

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

	Note	2021 Rupees	2020 Rupees
22 Other receivables			
Sales tax refundable - *net*		**2,280,187**	2,687,308
Export rebate		**6,566,702**	5,236,823
Others considered good - *unsecured*		**5,263,423**	30,193,425
		14,110,312	38,117,556
23 Short term investments			
Investments at fair value through profit or loss			
Mutual fund	*23.1*	**1,080,776,249**	357,590,624

23.1 These investments are measured at 'fair value through Profit or Loss'

	Note	2021 Rupees	2020 Rupees
Fair value at 01 July		**357,590,624**	451,847,651
Acquisition / (redemption) during the year - *net*		**684,291,690**	(96,780,738)
Dividend re-invested during the year		**37,993,202**	-
Realized gain on sale of investments during the year		**-**	954,676
Unrealized gain on re-measurement of investment during the year		**900,733**	1,569,035
Fair value at 30 June	*23.1.1*	**1,080,776,249**	357,590,624

23.1.1 Mutual fund wise detail is as follows:

	Units		Fair value	
	2021	2020	**2021**	2020
	............Number...........		..................Rupees..................	
HBL Money Market Fund	**2,657,148**	2,516,176	**272,620,435**	257,539,370
MCB Cash Management Optimizer Fund	**10,939**	10,939	**1,104,355**	1,102,945
HBL Cash Fund	**7,974,699**	978,434	**807,051,459**	98,948,309
			1,080,776,249	357,590,624

24	**Cash and bank balances**	*Note*	**2021 Rupees**	2020 Rupees
	Cash in hand		**5,282,087**	4,971,375
	Cash at bank:			
	Current accounts			
	- foreign currency		**36,464,388**	14,272,043
	- local currency	*24.1*	**169,958,108**	42,986,682
			206,422,496	57,258,725
	Deposit accounts - *local currency*	*24.2*	**187,669,698**	37,067,718
			399,374,281	99,297,818

24.1 These include bank accounts of Rs. 3.88 million (2020: Rs. 0.002 million) maintained under Shariah compliant arrangements.

24.2 These include deposit accounts of Rs. 187.67 million (2020: Rs. 37.07 million) under mark up arrangements, which carry interest rates ranging from 5.50% - 5.51% (2020: 6.5% - 11.28%) per annum.

These also include deposit account of Rs. 0.000092 million (2020: Rs. 0.000079 million) under Shariah compliant arrangements, which carries profit rate from 2.75% - 2.90% (2020: 3.25% - 7.06%) per annum.

25	**Revenue - *net***		**2021 Rupees**	2020 Rupees
	Gross sales:			
	Local		**7,119,103,649**	5,570,269,813
	Export		**310,951,657**	209,166,945
			7,430,055,306	5,779,436,758
	Less:			
	Sales return		**(48,899,384)**	(47,544,874)
	Discounts		**(341,605,488)**	(325,383,539)
	Sales tax		**(5,928,848)**	(4,776,700)
			(396,433,720)	(377,705,113)
	Revenue from contracts with customers	*25.1*	**7,033,621,586**	5,401,731,645

Disaggregation of Revenue (Net sales)

25.1 Primary Geographical Markets (Net Sales)

Pakistan	**6,722,669,929**	5,192,564,700
Sri Lanka	**149,002,821**	111,706,480
Philippines	**44,691,198**	19,478,050
Myanmar	**30,132,138**	6,987,685
Afghanistan	**24,367,143**	11,530,465
Kenya	**18,500,356**	8,689,831
Kyrgyzstan	**12,193,378**	7,541,327
Others	**32,064,623**	43,233,107
	7,033,621,586	5,401,731,645

26 Cost of sales

	Note	2021 Rupees	2020 Rupees
Raw and packing materials consumed	*26.1*	**1,599,840,039**	1,124,417,922
Salaries, wages and other benefits	*26.2*	**339,770,733**	281,863,768
Fuel and power		**44,876,935**	41,350,477
Repair and maintenance		**17,704,204**	14,597,846
Stores, spare parts and loose tools consumed		**107,897,670**	72,704,635
Freight and forwarding		**45,499,354**	35,344,911
Packing charges		**13,163,600**	13,366,515
Rent, rates and taxes		**5,068,000**	4,646,646
Printing and stationery		**4,713,719**	3,986,987
Postage and telephone		**7,530,601**	4,401,804
Insurance		**14,969,657**	14,465,724
Travelling and conveyance		**11,340,194**	10,942,735
Canteen expenses		**15,956,474**	13,094,538
Depreciation on property, plant and equipment	*14.4*	**220,595,269**	224,483,369
Laboratory and other expenses		**9,331,419**	15,262,398
		2,458,257,868	1,874,930,275
Work in process:			
Opening		**93,642,720**	58,928,282
Closing		**(90,888,803)**	(93,642,720)
		2,753,917	(34,714,438)
Cost of goods manufactured		**2,461,011,785**	1,840,215,837
Finished stock:			
Opening		**1,007,744,405**	587,932,285
Purchases made during the year		**1,397,529,587**	1,755,685,242
Closing		**(719,606,841)**	(1,007,744,405)
		1,685,667,151	1,335,873,122
		4,146,678,936	3,176,088,959

26.1 *Raw and packing materials consumed*

	2021 Rupees	2020 Rupees
Opening	**539,746,654**	370,003,918
Purchases made during the year	**1,644,804,812**	1,294,160,658
	2,184,551,466	1,664,164,576
Closing	**(584,711,427)**	(539,746,654)
	1,599,840,039	1,124,417,922

26.2 Salaries, wages and other benefits include Rs. 11.36 million (2020: Rs. 9.91 million) which represents employer's contribution towards provident fund.

27 Administrative expenses

	Note	2021 Rupees	2020 Rupees
Salaries and other benefits	*27.1*	**247,770,203**	204,140,222
Directors fees and expenses		**530,000**	1,133,612
Rent, rates and taxes		**544,817**	745,214
Postage and telephone		**11,947,022**	8,299,397
Printing, stationery and office supplies		**3,610,594**	2,446,592
Travelling and conveyance		**21,910,744**	22,311,433
Transportation		**4,817,325**	7,556,600
Legal and professional charges		**4,058,745**	5,717,091
Fuel and power		**6,099,120**	5,741,991
Auditors' remuneration	*27.2*	**2,000,000**	2,305,293
Repair and maintenance		**14,423,614**	11,986,253
Fee and subscriptions		**12,402,644**	8,329,958
Donations	*27.3*	**14,629,961**	6,617,621
Insurance		**5,320,233**	5,595,908
Depreciation on property, plant and equipment	*14.4*	**45,315,968**	48,536,447
Amortisation of intangibles	*15.1*	**420,879**	588,044
Canteen expenses		**8,547,931**	6,848,581
Other expenses		**3,530,066**	2,514,619
		407,879,866	351,414,876

27.1 Salaries and other benefits include Rs. 10.11 million (2020: Rs. 8.62 million) which represents employer's contribution towards provident fund.

27.2 Auditors' remuneration

	2021 Rupees	2020 Rupees
Fee for annual audit	**1,276,000**	1,276,000
Audit of consolidated financial statements	**78,500**	78,500
Review of half yearly financial statements	**290,000**	290,000
Special certificates and others	**174,000**	464,000
Out-of-pocket expenses	**181,500**	196,793
	2,000,000	2,305,293

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	2021 Rupees	2020 Rupees
Mr. Osman Khalid Waheed (Director)	Trustee	National Management Foundation (LUMS)	**3,000,000**	3,050,443

27.4 'Donations to following organizations exceeds 10 percent of the Company's total amount of donation:

	2021 Rupees	2020 Rupees
Parsa Trust	**2,590,531**	-
Patron of Expo	**2,500,000**	-
Cancer Research and Treatment Foundation	**1,500,000**	1,500,000
American Business Forum	**-**	500,000
The Pakistan Society of Health System Pharmacist	**-**	800,000

	Note	2021 Rupees	2020 Rupees
28 Selling and distribution expenses			
Salaries and other benefits	*28.1*	**719,012,347**	598,419,131
Travelling and conveyance		**241,797,170**	253,726,462
Earnest money written off		**-**	1,065,159
Fuel and power		**8,507,852**	7,356,843
Service charges		**27,757,649**	7,688,636
Rent, rates and taxes		**11,676,262**	9,589,090
Sales promotion		**270,027,754**	143,100,576
Printing and stationary		**7,480,789**	5,239,183
Postage and telephone		**25,766,939**	19,857,207
Fee and subscription		**40,214,458**	34,829,468
Insurance		**26,216,857**	22,268,779
Repairs and maintenance		**16,441,942**	23,087,228
Conferences, seminars and training		**73,674,230**	103,625,205
Medical research and patient care		**4,745,468**	6,830,016
Depreciation on property, plant and equipment	*14.4*	**50,367,028**	52,541,116
Other expenses		**1,221,391**	740,119
		1,524,908,136	1,289,964,218

28.1 Salaries and other benefits include Rs. 24.15 million (2020: Rs. 21.13 million) which represents employer's contribution towards provident fund.

	Note	2021 Rupees	2020 Rupees
29 Other expenses			
Exchange loss - *net*		**-**	36,788,808
Workers' Profit Participation Fund	*10.1*	**52,953,418**	30,367,021
Workers' Welfare Fund	*10.3*	**20,429,999**	11,247,351
Central Research Fund	*10.2*	**10,697,660**	6,134,752
Loss allowance against trade debts	*19.1*	**4,817,578**	5,196,175
		88,898,655	89,734,107

30	**Other income**	*Note*	**2021** **Rupees**	2020 Rupees
	From financial assets	*30.1*	**43,208,491**	47,125,723
	From non financial assets	*30.2*	**94,142,591**	46,008,372
			137,351,082	93,134,095

30.1 From financial assets

Profit on deposits with banks	*24.2*	**4,252,378**	2,549,824
Dividend income		**38,055,380**	42,052,188
Unrealized gain on re-measurement of short term investments to fair value	*23.1*	**900,733**	1,569,035
Realized gain on sale of short term investments	*23.1*	**-**	954,676
		43,208,491	47,125,723

30.2 From non financial assets

From related party			
Share in profit of Farmacia - *98% owned* partnership firm		**12,875,252**	20,317,261
Corporate Guarantee Income from BF Biosciences Ltd.		**3,510,000**	-
Others			
Gain on sale of property, plant and equipment - *net of write off*	*14.5*	**36,101,868**	23,123,459
Export rebate		**3,083,153**	2,567,652
Exchange gain - *net*	*30.3*	**27,131,489**	-
Commission income		**11,440,829**	-
		77,757,339	25,691,111
		94,142,591	46,008,372

30.3 The exchange gain was incurred due to actual currency fluctuation.

31	**Finance cost**	*Note*	**2021** **Rupees**	2020 Rupees
	Mark-up on financing from conventional banks / institutions:			
	Long term financing		**8,168,054**	217,479
	Short term borrowings		**4,643,746**	15,882,789
			12,811,800	16,100,268
	Mark-up on Islamic mode of financing:			
	Short term borrowings	*31.1*	**2,153,448**	5,675,811
	Bank charges		**6,744,899**	5,357,621
	Interest on Workers' Profit Participation Fund	*10.1*	**29,563**	-
			21,739,710	27,133,700

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

	2021	2020
	Rupees	Rupees
32 Taxation		
Current		
- For the year	**291,255,318**	173,031,919
- For prior years	**(10,809,907)**	1,013,455
Deferred		
- For the year	**(24,813,304)**	(9,170,575)
	255,632,107	164,874,799

32.1 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

	2021	2020
	Rupees	Rupees
Profit before taxation	**980,867,365**	560,529,880
	- - - - - (Percentage) - - - - -	
Applicable tax rate as per Income Tax Ordinance, 2001	**29%**	29%

	2021	2020
	Rupees	Rupees
Tax on accounting profit	**284,451,536**	162,553,665
Effect of final tax regime	**(13,973,007)**	(8,841,647)
Effect of separate block regime	**(5,327,749)**	-
Effect of MTR	**(432,303)**	-
Effect of permanent difference	**7,320,495**	-
Not adjustable for tax purposes	**-**	10,149,326
Effect of proration	**3,915,544**	-
Effect of other accounting and tax differences	**(9,512,502)**	-
Prior year tax adjustment	**(10,809,907)**	1,013,455
	(28,819,429)	2,321,134
	255,632,107	164,874,799

32.2 The provision for current taxation represent tax under the normal tax regime at the rate of 29% of taxable income (2020: 29%) and final taxes paid under final tax regime under Income Tax Ordinance, 2001.

33 Earnings per share - *basic and diluted*

		2021	2020
Profit after taxation for distribution to ordinary shareholders	***Rupees***	**725,235,258**	395,655,081
Weighted average number of ordinary shares	***Numbers***	**36,224,210**	36,224,210
			Re-stated
Basic and diluted earnings per share	***Rupees***	**20.02**	10.92

33.1 Weighted average number of ordinary shares

	2021 Rupees	2020 Rupees
Outstanding number of shares before bonus issue	**30,186,841**	30,186,841
Add: Element of bonus issue in number of shares at the start of the year.	**6,037,369**	6,037,369
	36,224,210	36,224,210

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

	2021		
	Chief Executive	**Non Executive Director**	**Executives**
	--------------------Rupees--------------------		
Managerial remuneration	**12,931,140**	**-**	**173,663,993**
Utilities and house rent	**7,112,127**	**-**	**93,152,802**
Medical reimbursements	**128,603**		**10,772,393**
Leave fare assistance / leave encashment	**1,670,272**	**-**	**15,946,134**
Bonus / incentives	**3,064,720**	**-**	**34,747,655**
Contribution to provident fund	**1,293,114**	**-**	**15,637,836**
Meeting fee	**60,000**	**470,000**	**-**
	26,259,976	**-**	**343,920,813**
Numbers	**1**	**6**	**56**

	2020		
	Chief Executive	Non Executive Director	Executives
	--------------------Rupees--------------------		
Managerial remuneration	11,659,498	-	126,354,517
Utilities and house rent	6,412,724	-	72,842,817
Medical reimbursements	128,685	-	7,500,862
Leave fare assistance / leave encashment	1,532,360	-	11,042,467
Bonus / incentives	2,748,628	-	27,744,344
Contribution to provident fund	1,165,950	-	11,877,752
Meeting fee	60,000	1,073,612	-
	23,707,845	1,073,612	257,362,759
Numbers	1	6	47

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

The Company has 6 (2020: 6) non executive directors. Non executive directors are not paid any remuneration or benefits other than the meeting fee and 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	2021	2020
			---------Rs.--------	
Farmacia	98% owned subsidiary partnership firm	Sale of medicines - *net of returns and discounts*	**24,918,832**	29,891,732
		Payment received against sale of medicine	**24,918,832**	29,891,732
		Rentals	**4,902,171**	4,456,518
		Share of profit reinvested	**12,875,252**	20,317,261
BF Biosciences Limited	80% owned subsidiary company	Sale of medicines	**59,410,031**	37,274,618
		Payment received against sale of medicine	**59,410,031**	37,274,618
		Purchase of medicines	**8,944,344**	4,499,000
		Payment made against purchase of medicine	**8,944,344**	4,499,000
		Corporate guarantee income	**3,510,000**	-
		Payment received against corporate guarantee income	**3,510,000**	-
		Expenses incurred by BF on behalf of the Company - *net*	**8,884,641**	5,285,099
		Receipts received by the Company on behalf of BF - *net*	**4,117,799**	-
		Receipts received by BF on behalf of the Company - *net*	**-**	431,610
		Payment made to BF	**13,002,440**	4,853,489
Employees provident fund	Post employment benefit fund	Contribution towards employees' provident fund	**45,621,796**	39,662,026
Key Management Personnel	Key management personnel	Remuneration including benefits and perquisites	**39,438,177**	33,388,155
		Advance given against salary	**1,667,036**	900,000
		Cash dividend paid	**5,600**	5,600
		Issuance of bonus shares as dividend	**2,800**	-
KFW Factors (Private) Limited	Common directorship	Cash dividend paid	**33,147,768**	33,147,768
		Issuance of bonus shares as dividend	**16,573,870**	-
Osman Khalid Waheed	Chief Executive Officer	Remuneration including benefits and perquisites	**26,199,976**	23,647,845
		Cash Dividend paid	**8,631,352**	7,964,408
		Issuance of bonus shares as dividend	**4,315,670**	-
		Meeting Fee	**60,000**	60,000
Directors other than CEO	Non-Executive Directors	Cash Dividend paid	**3,113,556**	4,263,388
		Issuance of bonus shares as dividend	**1,556,770**	-
		Meeting Fee	**470,000**	1,073,612
		Rental expense paid for building in use	**4,537,500**	4,092,000
Khan and Piracha	Common directorship	Payment made against services received	**49,000**	267,500
National Management Foundation (LUMS)	Common directorship	Donations	**3,000,000**	3,050,443

36 Plant capacity and production	Actual production 2021	2020
	---------Packs--------	
Tablets And Capsules	**27,696,661**	24,897,149
Ointments	**4,288,904**	2,723,284
Liquid And Others	**3,347,607**	3,425,659
	35,333,172	31,046,092

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

37 Number of employees	Total employees 2021	2020
Total number of employees as at 30 June	**1127**	1059
Average number of employees during the year	**1093**	1056

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

	2021			
	Liabilities			
	Unclaimed dividend	**Accrued mark up**	**Long term loan**	**Total**
	---------------------- (Rupees) -------------------			
Balance as at 01 July 2020	**76,964,852**	**2,509,734**	**126,000,000**	**205,474,586**
Changes from financing cash flows				
Long term loan under SBP refinance scheme - *net*	**-**	**-**	**130,500,000**	**130,500,000**
Finance cost paid	**-**	**(21,780,599)**	**-**	**(21,780,599)**
Dividends paid	**(117,663,198)**	**-**	**-**	**(117,663,198)**
Total changes from financing cash flows	**(117,663,198)**	**(21,780,599)**	**130,500,000**	**(8,943,797)**
Non-cash changes				
Dividend approved	**120,747,364**	**-**	**-**	**120,747,364**
Interest cost on utilization of WPPF	**-**	**(29,563)**	**-**	**(29,563)**
Interest / markup expense	**-**	**21,739,710**	**-**	**21,739,710**
Total non-cash changes	**120,747,364**	**21,710,147**	**-**	**142,457,511**
Closing as at 30 June 2021	**80,049,018**	**2,439,282**	**256,500,000**	**338,988,300**

	2020			
	Liabilities			
	Unclaimed dividend	Accrued mark up	Long term loan	Total
	--------------------- (Rupees) ------------------			
Balance as at 01 July 2019	75,156,815	4,432,350	-	79,589,165
Changes from financing cash flows				
Inflows from financing arrangement	-	-	126,000,000	126,000,000
Finance cost paid	-	(29,056,316)	-	(29,056,316)
Dividends paid	(118,939,327)	-	-	(118,939,327)
Total changes from financing cash flows	(118,939,327)	(29,056,316)	126,000,000	(21,995,643)
Non-cash changes				
Dividend approved	120,747,364	-	-	120,747,364
Interest / markup expense	-	27,133,700	-	27,133,700
Total non-cash changes	120,747,364	27,133,700	-	147,881,064
Closing as at 30 June 2020	76,964,852	2,509,734	126,000,000	205,474,586

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 2021		Audited 2020	
	% of Size of Fund	**Rupees**	% of Size of Fund	Rupees
Ferozsons Laboratories Limited - *Parent Company*	**81%**	**641,006,077**	81%	527,874,615
BF Biosciences Limited - *Subsidiary*	**17%**	**132,203,367**	17%	112,235,588
Farmacia - *Partnership firm*	**2%**	**15,867,873**	2%	13,358,208
	100%	**789,077,317**	100%	653,468,411

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:

	2021	2020
Financial assets at amortized cost	**Rupees**	Rupees
Long term deposits	**9,717,325**	9,787,325
Trade debts	**1,313,592,150**	1,026,879,355
Loans and advances	**1,611,544**	1,112,139
Deposits	**131,140,027**	154,982,384
Other receivables	**14,110,312**	30,193,425
Bank balances	**394,092,194**	94,326,443
Financial assets at fair value through profit or loss		
Short term investments	**1,080,776,249**	357,590,624
	2,945,039,801	1,674,871,695

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:

	2021	2020
	Rupees	Rupees
Customers	**1,313,592,150**	1,026,879,355
Banking companies and financial institutions	**1,474,868,443**	451,917,067
Others	**156,579,208**	196,075,273
	2,945,039,801	1,674,871,695

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.

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**	**2021**	2020
	Short term	**Long term**		**---------------------Rupees**	**-------------------**
Bank balances					
Habib Bank Limited	A1+	AA	PACRA	**146,896,930**	22,679,405
Bank Al-Habib Limited	A1+	AA+	PACRA	**165,179,650**	17,923,089
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	**48,192,496**	32,506,854
Bank Alfalah Limited	A1+	AA+	PACRA	**23,779,778**	20,419,009
Meezan Bank Limited	A1+	AAA	JCR-VIS	**3,881,380**	2,457
MCB Bank Limited	A1+	AAA	PACRA	**5,781,032**	489,431
Allied Bank Limited	A1+	AAA	PACRA	**380,928**	306,198
				394,092,194	94,326,443
Short term investments					
HBL Money Market Fund	N/A	AA+(f)	JCR-VIS	**272,620,435**	257,539,370
MCB Cash Management Optimizer Fund	N/A	AA+(f)	PACRA	**1,104,355**	1,102,945
HBL Cash Fund	N/A	AA+(f)	JCR-VIS	**807,051,459**	98,948,309
				1,080,776,249	357,590,624
Margin against bank gaurantee					
Habib Bank Limited	A1+	AAA	JCR-VIS	**783,934**	783,934
Meezan Bank Limited	A1+	AA+	JCR-VIS	**196,168**	196,168
				980,102	980,102
Margin against letter of credit					
Meezan Bank Limited	A1+	AA+	JCR-VIS	**8,349,022**	6,413,843
				8,349,022	6,413,843
				1,484,197,567	459,311,012

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 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 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 2021 was determined as follows:

	Others	
	2021	2020
The aging of trade debts at the reporting date was:	--------------------**Rupees**--------------------	
Current	**631,029,109**	184,318,570
Past due 61 - 90 days	**175,607,810**	157,892,132
Past due 91 - 180 days	**163,273,681**	178,117,743
Past due 181 - 365 days	**223,523,698**	193,395,779
More than 365 days	**143,369,562**	331,549,263
Less: Provision for expected credit loss	**(23,211,710)**	(18,394,132)
	1,313,592,150	1,026,879,355

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.

Exposure to liquidity risk

Contractual maturities of financial liabilities, including estimated interest payments

The following are the contractual maturities of financial liabilities:

	2021			
	Carrying amount	**Less than one year**	**One to five years**	**More than 5 years**
Financial liabilities at amortized cost	--------------------------------------**Rupees**----------------------------------			
Long term loan - *secured*	**256,500,000**	**176,707,437**	**86,451,232**	**-**
Trade and other payables	**1,651,551,592**	**1,651,551,592**	**-**	**-**
Unclaimed dividend	**80,049,018**	**80,049,018**	**-**	**-**
Short term borrowings - *secured*	**-**	**-**	**-**	**-**
Accrued mark-up	**2,439,282**	**2,439,282**	**-**	**-**
	1,990,539,892	**1,910,747,329**	**86,451,232**	**-**

	2020			
	Carrying amount	Less than one year	One to five years	More than 5 years
Financial liabilities at amortized cost	--------------------------------------Rupees----------------------------------			
Long term loan - *secured*	126,000,000	31,500,000	94,500,000	-
Trade and other payables	1,233,006,121	1,233,006,121	-	-
Unclaimed dividend	76,964,852	76,964,852	-	-
Short term borrowings - *secured*	51,017,136	51,017,136	-	-
Accrued mark-up	2,509,734	2,509,734	-	-
	1,489,497,843	1,394,997,843	94,500,000	-

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:

			2021		
Assets	**Rupees**	**US Dollars**	**Euro**	**UAE Dirham**	**Pound Sterling**
Cash and bank balances	**39,163,801**	**225,760**	**13,089**	**4,785**	**3,695**
Trade receivables	**38,299,730**	**242,327**	**-**	**-**	**-**
Other receivables	**5,515,935**	**34,900**	**-**	**-**	**-**
	82,979,466	**502,987**	**13,089**	**4,785**	**3,695**
Liabilities					
Trade and other payables	**(1,025,304,065)**	**(6,487,213)**	**-**	**-**	**-**
Net Statement of financial position exposure	**(942,324,599)**	**(5,984,226)**	**13,089**	**4,785**	**3,695**
Off statement of financial position items					
- Outstanding letters of credit	**(190,271,825)**	**(902,717)**	**(252,620)**	**-**	**-**
Net exposure	**(1,132,596,424)**	**(6,886,943)**	**(239,531)**	**4,785**	**3,695**

			2020		
Assets	Rupees	US Dollars	Euro	UAE Dirham	Pound Sterling
Cash and cash equivalents	16,900,754	81,666	13,089	4,125	2,515
Trade receivables	29,547,055	175,823	-	-	-
Other receivables	30,749,117	182,976	-	-	-
	77,196,926	440,465	13,089	4,125	2,515
Liabilities					
Trade and other payables	(798,085,521)	(4,733,979)	(12,912)	(2,296)	-
Net exposure	(720,888,595)	(4,293,514)	177	1,829	2,515
Off statement of financial position items					
- Outstanding letters of credit	**(155,441,550)**	**(880,428)**	**-**	**-**	**(36,250)**
Net exposure	**(876,330,145)**	**(5,173,942)**	**177**	**1,829**	**(33,735)**

The following significant exchange rates were applied during the year:

	Reporting date rate		Average rate	
	2021	2020	**2021**	2020
US Dollars	**158.05**	168.05	**159.53**	161.53
Euro	**188.42**	188.61	**190.06**	179.29
UAE Dirham	**43.34**	45.75	**43.51**	43.98
Pound Sterling	**218.93**	206.50	**215.35**	201.97

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	
	2021	2020
	-------------------**Rs.**-------------------	
Statement of profit or loss	**(94,232,460)**	(72,088,860)

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 1.09% (2020: 0.96%) 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	
	2021	2020	**2021**	2020
Variable rate instruments	**(in Percentage)**		**(Rupees)**	
Financial assets				
Cash at bank - *deposit accounts*	**2.75% to 5.51%**	6.5% to 11.28%	**187,669,698**	37,067,718
Financial liabilities				
Long term loan - *including current portion*	**8.29% to 9.40%**	8.44% to 9.40%	**256,500,000**	126,000,000
Short term borrowing - *secured*	**7.42% to 8.53%**	8.46% to 14.81%	**-**	51,017,136
Net Exposure			**256,500,000**	177,017,136

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / decreased loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

	Profit or loss	
	100 bps Increase	**100 bps Decrease**
As at 30 June 2021	**Rupees**	
Cash flow sensitivity - *Variable rate financial assets*	**2,565,000**	**(2,565,000)**
As at 30 June 2020		
Cash flow sensitivity - *Variable rate financial assets*	1,770,171	(1,770,171)

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 2021 and 2020 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. However money market investments are considered risk free.

	Fair value	**Hypothetical price change**	**Estimated fair value after hypothetical change in prices**	**Hypothetical increase (decrease) in profit / (loss) before tax**
2021	---------Rupees---------			
Short term investments				
		10% increase	**1,188,853,874**	**108,077,625**
Investments at fair value through profit or loss	**1,080,776,249**	**10% decrease**	**972,698,624**	**(108,077,625)**

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase (decrease) in profit / (loss) before tax
2020	---------Rupees---------			
Short term investments				
		10% increase	393,349,686	35,759,062
Investments at fair value through profit or loss	357,590,624	10% decrease	321,831,562	(35,759,062)

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 posistion date 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 2021							
Financial assets measured at fair value:	1,080,776,249	-	-	1,080,776,249	1,080,776,249	-	-
Financial assets not measured at fair value							
Long term deposits	-	9,717,325	-	9,717,325	-	-	-
Trade debts	-	1,313,592,150	-	1,313,592,150	-	-	-
Loans and advances	-	1,611,544	-	1,611,544	-	-	-
Deposits	-	131,140,027	-	131,140,027	-	-	-
Other receivables	-	14,110,312	-	14,110,312	-	-	-
Cash and bank balances	-	399,374,281	-	399,374,281	-	-	-
	-	1,869,545,639	-	1,869,545,639	-	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
Trade and other payables	-	-	1,651,551,592	1,651,551,592	-	-	-
Unclaimed dividend	-	-	80,049,018	80,049,018	-	-	-
Long term loans - *secured*	-	-	250,710,738	250,710,738			
Short term borrowings - *secured*	-	-	-	-	-	-	-
Accrued mark-up	-	-	2,439,282	2,439,282	-	-	-
	-	-	1,984,750,630	1,984,750,630	-	-	-

	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 2020							
Financial assets measured at fair value:	357,590,624	-	-	357,590,624	357,590,624	-	-
Financial assets not measured at fair value							
Long term deposits	-	9,787,325	-	9,787,325	-	-	-
Trade debts	-	1,026,879,355	-	1,026,879,355	-	-	-
Loans and advances	-	1,112,139	-	22,348,497	-	-	-
Deposits	-	154,982,384	-	154,982,384	-	-	-
Other receivables	-	30,193,425	-	30,193,425	-	-	-
Cash and bank balances	-	99,297,818	-	99,297,818	-	-	-
	-	1,322,252,446	-	1,343,488,804	-	-	-
Financial liabilities measured at fair value:	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
Trade and other payables	-	-	1,233,006,121	1,233,006,121	-	-	-
Unclaimed dividend	-	-	76,964,852	76,964,852	-	-	-
Long term loans - *secured*	-	-	126,000,000	126,000,000			
Short term borrowings - *secured*	-	-	51,017,136	51,017,136	-	-	-
Accrued mark-up	-	-	2,509,734	2,509,734	-	-	-
	-	-	1,489,497,843	1,489,497,843	-	-	-

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	2021	2020
Total debt	*Rupees*	**256,500,000**	177,017,136
Total Equity	*Rupees*	**6,224,330,247**	5,619,842,353
Total capital employed	*Rupees*	**6,480,830,247**	5,796,859,489
Gearing	*Percentage*	3.96%	3.05%

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 Impact of COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. During the year, the Government of the Punjab from time to time announced a temporary smart lock downs as a measure to reduce the spread of the COVID-19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Management is actively monitoring the impact of the pandemic on its financial condition, liquidity, operations, supply chain, and workforce, which at this point is not considered to be significant. However, during the year the Company obtained another tranch of term loan / SBP COVID-19 relief facility, under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan, total amounting to Rs. 342 million, for paying salaries and wages for the month of April 2020 to September 2020 as explained in note 8 to these financial statements. Further, management believes that the Company has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future when they become due. From the very outset of COVID-19, the management has adopted various policies and practices to minimize adverse impact of COVID-19 on the business and is continuously monitoring the situation in order to proactively address any challenges which may arise from COVID-19.

42 Non adjusting events after the reporting date

The Board of Directors of the Company in its meeting held on 30 August 2021 has proposed a final cash dividend of Rs. 10 (2020: Rs. 4) per share, amounting to Rs. 362.24 million (2020: Rs. 120.75 million) and 0% bonus shares (2020: 20%) subject to approval of the members in the Annual General Meeting to be held on 30 September 2021.

43 Date of authorization for issue

These unconsolidated financial statements have been authorized for issue by the Board of Directors of the Company on 30 August 2021.

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

CONSOLIDATED 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 Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Ferozsons Laboratories Limited** ("the Company") and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 30 June 2021, 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 2021 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 matter was 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 revenue of Rs. 8.88 billion from the sale of goods to domestic as well as foreign customers during the year ended 30 June 2021. 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.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • Obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of key internal controls; • assessing the appropriateness of the Group's accounting policies for recording of sales and compliance of those policies with applicable accounting standards; • comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, outward gate passes and other relevant underlying documents.; • comparing, on a sample basis, specific sale 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; and • scanning for any manual journal entries relating to sales raised during the year which were considered to be material or met other specific risk-based criteria for inspecting underlying documentation.
2	**Valuation of trade debts** Refer to notes 3.7 and 21 to the consolidated financial statements. As at 30 June 2021, the Group's gross trade debts amount to Rs. 1,564.12 million against which, the Group has recognized expected credit loss ("ECL") of Rs. 4.85 million for the year ended 30 June 2021. The Group has applied the ECL model for determination of loss allowance against trade debts under IFRS 9 (Financial instruments) other than due from Government institutions. Recoverable amount of trade debts due from Government institutions have been estimated under IAS 39 due to exemption granted by the Securities and Exchange Commission of Pakistan vide SRO 985 (I)/2019.	Our audit procedures to assess valuation of trade debts, amongst others, included the following: • reviewing the methodology developed and applied by the management to estimate the ECL in relation to trade debts, evaluating the key assumptions used (historical and forward looking), the policies applied to assess ECL in respect of trade debts and testing the mathematical accuracy of the ECL model by re-performing calculations on test basis; • involving KPMG specialists to assist us in reviewing and evaluating the appropriateness of the assumptions used (historical and forward looking) and judgements made by the management to assess ECL in respect of trade debts of the Group

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S. No.	Key audit matters	How the matter was addressed in our audit
	Determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. We have considered this as a key audit matter due to involvement of estimates and judgements in determining the recoverable value.	• in respect of trade debts due from Government institutions, assessing the assumptions and estimates made by the management for the allowances for doubtful debts with reference to our understanding of the debtor's financial condition, the ageing of overdue balances and historical and post year-end cash receipts from the debtors and by performing a retrospective review of the historical accuracy of these estimates. • assessing on a sample basis, the accuracy of data used for ECL computation and for assessing impairment of trade debts due from Government institutions; and • assessing the adequacy of disclosure made in the consolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.
3	**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 pertaining 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. 1,206.37 million amongst which Rs. 1,105.96 million pertains to capital work in progress and Rs. 100.41 million pertains to operating fixed assets. 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.	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 and testing control over authorization of capital expenditure and accuracy of its recording in the system; • 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 • 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 Consolidated 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 2021 but does not include the consolidated financial statements and our auditor's report thereon.

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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.

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.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore

Date: 09 September 2021

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Ferozsons Laboratories Limited
Consolidated Statement of Financial Position
As at 30 June 2021

EQUITY AND LIABILITIES	Note	2021 Rupees	2020 Rupees
Share capital and reserves			
Authorized share capital			
50,000,000 (2020: 50,000,000) ordinary shares of Rs. 10 each		**500,000,000**	500,000,000
Issued, subscribed and paid up capital	*5*	**362,242,100**	301,868,410
Capital reserve	*6*	**321,843**	321,843
Revaluation surplus on property, plant and equipment	*7*	**1,398,041,802**	1,473,713,362
Accumulated profits		**5,712,629,125**	4,644,626,609
Equity attributable to owners of the Company		**7,473,234,870**	6,420,530,224
Non-controlling interests		**419,174,160**	227,894,083
		7,892,409,030	6,648,424,307
Non current liabilities			
Long term loans- *secured*	*8*	**957,100,775**	95,070,451
Deferred grant	*9*	**174,130,601**	4,679,549
Deferred taxation	*10*	**415,231,165**	426,227,602
		1,546,462,541	525,977,602
Current liabilities			
Trade and other payables	*11*	**2,168,801,469**	1,599,500,767
Current portion of long term liabilities	*12*	**216,372,103**	33,250,000
Contract liabilities	*13*	**45,044,966**	29,790,606
Short term borrowings - *secured*	*14*	**-**	51,017,136
Unclaimed dividend		**80,049,018**	76,964,852
Accrued mark-up		**9,178,680**	2,546,447
		2,519,446,236	1,793,069,808
Contingencies and commitments	*15*		
		11,958,317,807	8,967,471,717

ASSETS	Note	2021 Rupees	2020 Rupees
Non-current assets			
Property, plant and equipment	*16*	**4,792,309,703**	3,995,871,086
Intangible assets	*17*	**638,172**	423,507
Investment property	*18*	**79,371,992**	79,371,992
Long term deposits		**14,544,325**	14,334,325
		4,886,864,192	4,090,000,910
Current assets			
Stores, spare parts and loose tools	*19*	**86,845,985**	65,536,483
Stock in trade	*20*	**2,019,922,504**	2,049,992,236
Trade debts	*21*	**1,540,081,880**	1,092,779,921
Loans and advances - *considered good*	*22*	**68,039,698**	65,063,099
Deposits and prepayments	*23*	**159,196,692**	276,619,444
Other receivables - *considered good*	*24*	**23,372,821**	39,271,254
Advance income tax - *net*		**402,990,063**	376,107,745
Short term investments	*25*	**1,940,494,936**	760,707,781
Cash and bank balances	*26*	**830,509,036**	151,392,844
		7,071,453,615	4,877,470,807
		11,958,317,807	8,967,471,717

The annexed notes from 1 to 48 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 2021

	Note	2021 Rupees	2020 Rupees
Revenue - *net*	*27*	**8,879,115,654**	6,212,342,451
Cost of sales	*28*	**(5,213,850,128)**	(3,873,653,990)
Gross profit		**3,665,265,526**	2,338,688,461
Administrative expenses	*29*	**(465,372,022)**	(393,802,573)
Selling and distribution expenses	*30*	**(1,651,851,954)**	(1,347,222,717)
Other expenses	*31*	**(131,669,896)**	(99,849,746)
Other income	*32*	**193,296,852**	122,649,758
Profit from operations		**1,609,668,506**	620,463,183
Finance cost	*33*	**(43,697,040)**	(28,525,046)
Profit before taxation		**1,565,971,466**	591,938,137
Taxation	*34*	**(277,511,969)**	(169,358,407)
Profit after taxation		**1,288,459,497**	422,579,730
Attributable to:			
Owners of the Group		**1,173,452,010**	416,969,060
Non-controlling interests		**115,007,487**	5,610,670
Profit after taxation		**1,288,459,497**	422,579,730
			Re-stated
Earnings per share - *basic and diluted*	*35*	**32.39**	11.51

The annexed notes from 1 to 48 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 2021

	2021 **Rupees**	2020 Rupees
Profit after taxation	**1,288,459,497**	422,579,730
Items that will not be reclassified to profit or loss		
Surplus on revaluation of property, plant and equipment	**-**	933,886,668
Related deferred tax on surplus	**-**	(226,333,713)
Total comprehensive income for the year	**1,288,459,497**	1,130,132,685
Attributable to:		
Owners of the Group	**1,173,452,010**	1,071,738,320
Non-controlling interests	**115,007,487**	58,394,365
	1,288,459,497	1,130,132,685

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

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

Ferozsons Laboratories Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2021

	Note	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 interest	Total
		Rupees						
Balance as at 01 July 2019		301,868,410	321,843	862,636,602	4,304,712,411	5,469,539,266	169,499,718	5,639,038,984
Total comprehensive income for the year								
Profit after taxation		-	-	-	416,969,060	416,969,060	5,610,670	422,579,730
Surplus on revaluation of property, plant and equipment		-	-	861,384,347	-	861,384,347	72,502,322	933,886,669
Related deferred tax on surplus		-	-	(206,615,085)	-	(206,615,085)	(19,718,627)	(226,333,712)
		-	-	654,769,262	416,969,060	1,071,738,322	58,394,365	1,130,132,687
Surplus transferred to accumulated profit:								
- on account of incremental depreciation on property, plant and equipment charged during the year - *net* of tax		-	-	(43,692,502)	43,692,502	-	-	-
Transactions with owners of the Company, recognized directly in equity - Distributions								
Final dividend for the year ended 30 June 2019 at Rs. 4 per share		-	-	-	(120,747,364)	(120,747,364)	-	(120,747,364)
Balance as at 30 June 2020		**301,868,410**	**321,843**	**1,473,713,362**	**4,644,626,609**	**6,420,530,224**	**227,894,083**	**6,648,424,307**
Total comprehensive income for the year								
Profit after taxation		-	-	-	**1,173,452,010**	**1,173,452,010**	**115,007,487**	**1,288,459,497**
Equity reserve pertaining to convertible loan obtained during the period - *net of tax*	*8.2.1*	-	-	-	-	-	**76,272,590**	**76,272,590**
		-	-	-	**1,173,452,010**	**1,173,452,010**	**191,280,077**	**1,364,732,087**
Surplus transferred to accumulated profit:								
- on account of incremental depreciation on property, plant and equipment charged during the year - *net* of tax		-	-	**(75,671,560)**	**75,671,560**	-	-	-
Transactions with owners of the Company, recognized directly in equity - Distributions								
- Final dividend for the year ended 30 June 2020 at Rs. 4 per share		-	-	-	**(120,747,364)**	**(120,747,364)**	-	**(120,747,364)**
- Issue of bonus shares at the rate of 20% (i.e 2 shares for every 10 shares held)		**60,373,690**	-	-	**(60,373,690)**	-	-	-
		60,373,690	-	-	**(181,121,054)**	**(120,747,364)**	-	**(120,747,364)**
Balance as at 30 June 2021		**362,242,100**	**321,843**	**1,398,041,802**	**5,712,629,125**	**7,473,234,870**	**419,174,160**	**7,892,409,030**

The annexed notes from 1 to 48 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 2021

	Note	2021 Rupees	2020 Rupees
Cash flow from operating activities			
Profit before taxation		**1,565,971,466**	591,938,137
Adjustments for non - cash and other items			
Depreciation on property, plant and equipment	16.4	**397,991,735**	378,938,054
Amortisation of intangible assets		**420,879**	588,017
Provision of loss allowance against trade debts	21.1	**4,853,974**	5,288,914
Gain on disposal of property, plant and equipment	16.5	**(38,171,408)**	(23,778,459)
Finance costs	33	**43,697,040**	28,525,046
Gain on re-measurement of short term investments to fair value	32.1	**(1,334,230)**	(3,131,383)
Gain on sale of short term investments	32.1	**(1,114,414)**	(699,063)
Dividend income	32.1	**(74,605,865)**	(52,521,192)
Profit on deposits with bank	32.1	**(7,288,944)**	-
Workers' Profit Participation Fund	11.1	**87,026,357**	33,586,141
Central Research Fund	11.2	**17,581,082**	6,785,079
Workers' Welfare Fund	11.3	**22,208,483**	12,470,617
		451,264,689	386,051,771
Cash generated from operations before working capital changes		**2,017,236,155**	977,989,908
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		**(21,309,502)**	(16,273,945)
Stock in trade		**30,069,732**	(721,841,910)
Trade debts		**(452,155,933)**	(147,280,391)
Loans and advances - *considered good*		**(2,976,599)**	(38,655,437)
Deposits and prepayments		**117,422,752**	(110,055,244)
Other receivables		**15,898,433**	16,929,715
		(313,051,117)	(1,017,177,212)
Increase in current liabilities			
Trade and other payables		**515,284,714**	470,018,274
Contract liability		**15,254,360**	-
Cash generated from operations		**2,234,724,112**	430,830,970
Taxes paid		**(358,014,843)**	(297,866,828)
Workers' Profit Participation Fund paid		**(53,573,801)**	(17,597,332)
Workers' Welfare Fund paid		**-**	(8,872,286)
Central Research Fund paid	11.2	**(6,785,079)**	(3,555,017)
Long term deposits - *net*		**(210,000)**	(2,701,000)
Net cash generated from operating activities		**1,816,140,389**	100,238,507
Cash flow from investing activities			
Fixed capital expenditure incured		**(1,206,373,207)**	(426,984,217)
Acquisition of intangibles		**(635,544)**	(280,336)
Dividend income received		**392,769**	52,521,192
Proceeds from sale of property, plant and equipment	16.5	**50,114,216**	35,529,319
Profit on term deposits received		**7,288,944**	-
Short term investments - *net*		**(1,103,125,415)**	108,067,703
Net cash used in investing activities		**(2,252,338,237)**	(231,146,339)
Cash flow from financing activities			
Long term loan received		**1,410,559,000**	133,000,000
Long term loan paid		**(94,250,000)**	-
Finance cost paid		**(32,314,626)**	(30,439,792)
Dividend paid		**(117,663,198)**	(118,939,327)
Net cash used in financing activities		**1,166,331,176**	(16,379,119)
Net (decrease) / increase in cash and cash equivalents		**730,133,328**	(147,286,951)
Cash and cash equivalents at the beginning of the year		**100,375,708**	247,662,659
Cash and cash equivalents at the end of the year		**830,509,036**	100,375,708
Cash and cash equivalents comprise of the following:			
Cash and bank balances	26	**830,509,036**	151,392,844
Running finance	14	**-**	(51,017,136)
		830,509,036	100,375,708

The annexed notes from 1 to 48 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 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 Pakhtunkhwa.

"The Group" consists of the following subsidiaries:

Company / Entity	Country of incorporation	Nature of business	Effective holding %	
			2021	2020
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 76-B, Shah Jamal, 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 2021 and the audited financial statements of the subsidiaries for the year ended 30 June 2021.

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 other than due from 'Government of Pakistan' using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The financial assets due from Government of Pakistan continues to be measured under IAS-39 due to the exemption given by the Securities and Exchange Commission of Pakistan (SECP) vide S.R.O. 985 (I)/2019 dated 02 September 2019. SECP has deferred the requirements of IFRS 9 with respect to application of 'Expected Credit Loss Method' in respect of companies holding financial assets due from the Government of Pakistan till 30 June 2021.

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 unconsolidated 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 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).

The financial assets due from Government of Pakistan continue to be measured under IAS-39 due to the exemption given by the Securities and Exchange Commission of Pakistan vide S.R.O. 985 (I)/2019 dated 02 September 2019. The financial assets due from Government of Pakistan are assessed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset due from Government of Pakistan is impaired if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably

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 other than that are due from Government (note 3.7.4). 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 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 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 Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance. The chief operating decision maker, who is responsible for allocating resources and accessing performance of the operating segments, have been identified as the Chief Executive Officers, who make strategic decisions. Segment results that are reported to the CODMs include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

Ferozsons

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

BF Biosciences

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

Others

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

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 2020 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 2021:

– Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2021. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

– COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard’s previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications.

– This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

– The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

– Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
  - there is no substantive change to the other terms and conditions of the lease.

– Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 01 January 2022. These amendments in the standards have been added to further clarify when a liability is classified 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 shall apply those amendments retrospectively in accordance with IAS 8.

– Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 01 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

– Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 01 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing.

  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.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments 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 a company 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, 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) – The amendments 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 recognise 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 recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised 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.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends 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.

The above improvements are likely to have no impact on the Company's financial statements.

Annual Improvements to IFRS Standards 2018–2020 Cycle - the improvements address amendments to following approved accounting standards:

– IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

– IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

– IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments are effective from annual period beginning on or after 01 January 2022 and are not likely to have an impact on Group's financial statements.

	2021	2020
5 Issued, subscribed and paid up capital	**Rupees**	Rupees
1,441,952 (2020: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	**14,419,520**	14,419,520
119,600 (2020: 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
34,662,658 (2020: 28,625,289) ordinary shares of Rs. 10 each issued as fully paid bonus shares	**346,626,580**	286,252,890
	362,242,100	301,868,410

5.1 Movement in number of shares;

Opening number of shares	**30,186,841**	30,186,841
Bonus shares issued during the year	**6,037,369**	-
Closing number of shares	**36,224,210**	30,186,841

KFW Factors (Private) Limited, an associated company holds 9,944,329 (2020: 8,286,942) ordinary shares of Rs. 10 each of the Holding Company, representing 27.45% (2020: 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*	**2021 Rupees**	2020 Rupees
Revaluation surplus as at 01 July		**1,871,683,840**	1,004,614,243
Revaluation surplus recognized during the year on:			
- Freehold land		**-**	127,575,000
- Building on freehold land		**-**	426,305,692
- Plant and machinery		**-**	380,005,976
		-	933,886,668
Surplus transferred to accumulated profit on account of incremental incremental depreciation charged during the year - *net*	*7.1*	**(83,054,930)**	(47,780,063)
Related deferred tax liability		**(32,160,668)**	(19,037,008)
		(115,215,598)	(66,817,071)
		1,756,468,242	1,871,683,840
Less: Related deferred tax liability:			
- On revaluation as at 01 July		**(322,548,269)**	(115,251,564)
- Deferred tax on surplus during the year		**-**	(226,333,713)
- Transferred on account of incremental depreciation charged during the year		**32,160,668**	19,037,008
		(290,387,601)	(322,548,269)
Revaluation surplus as at 30 June	*7.2*	**1,466,080,641**	1,549,135,571

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

	2021	2020
Owners of the Group	**(75,671,560)**	(43,692,502)
Non-controlling interests	**(7,383,370)**	(4,087,561)
	(83,054,930)	(47,780,063)

7.2 Balance as at 30 June attributable to:

	2021	2020
Owners of the Group	**1,398,041,802**	1,473,713,362
Non-controlling interests	**68,038,839**	75,422,209
	1,466,080,641	1,549,135,571

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	2021 Rupees	2020 Rupees
Banking companies	*8.1*	**559,348,250**	95,070,451
Other financial institutions	*8.2*	**397,752,525**	-
		957,100,775	95,070,451

Lender	Note	Sanctioned Limit	2021	2020	Tenure and basis of principal repayments	Security
		---------- Rupees ----------				
8.1 Banking companies						
MCB Bank Limited - *TERF*	*8.1.1*	850,000,000	**232,159,000**	-	32 equal quarterly installments starting from 23rd July 2023.	First joint pari passu charge over all present and future fixed assets and current assets of the subsidiary company 1,133 million with security margins of 25%. (to be upgraded to first joint pari passu charge).
Habib Bank Limited. - *TERF*	*8.1.1*	1,240,000,000	**434,400,000**	-	16 equal semi-annual installments starting from 30th September, 2023.	First pari passu charge of PKR 1,240 million on fixed assets including land, building and plant & machinery (Unit II) of the subsidiary company, with 25% margin i.e. PKR 413.33 million will be covered by first pari passu charge on plant & machinery of Holding company; cross-corporate guarantee of Holding Company in favor of HBL.
HBL Bank Limited - *SBP refinance for Wages and Salaries*	*8.1.2*	35,000,000	**25,696,119**	7,000,000	8 equal quarterly installments starting from 1st January, 2021.	Lien on the Subsidiary Company's investments in mutual funds placed with HBL Asset Management Company on 40% of total facility amount with margin of 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	**247,442,193**	126,000,000	8 equal quarterly installments starting from 1st January, 2021.	First exclusive equitable mortgage charge of Rs. 504 million (2020: Rs. 252 million) with 25% margin on land and building of head office of the Holding Company. As per the financing arrangement, the Holding Company has to comply with certain covenants imposed by bank including, obtaining prior consent before sactioning payouts, if any.
			939,697,312	133,000,000		
Add: Unwinding of loan			**19,048,406**	396,292		
Less: Impact of deferred grant	*9*		**(217,866,676)**	(10,007,979)		
			740,879,042	123,388,313		
Current portion of long term loan	*12*		**(181,530,792)**	(28,317,862)		
			559,348,250	95,070,451		
8.2 Other financial institutions						
Karandaaz Pakistan - *Convertible loan*	*8.2.1*	835,000,000	**500,000,000**	-	20 equal quarterly installments starting from 30 June 2023.	First Pari Passu charge over all present and future current and fixed assets of the Subsidiary Company for the total amount of the facility with 10% margin and corporate guarantee from parent entity.
Add: Unwinding of loan			**4,178,664**	-		
Less: Adjustement of loan as equity component			**(106,426,139)**	-		
			397,752,525	-		
Current portion of long term loan	*12*		**-**	-		
			397,752,525	-		

8.1.1 TERF loan facilities obtained from MCB Bank Limited and Habib Bank Limited will be utilized by the 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% 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%. The difference between fair value of loan and loan proceeds has been recognised 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 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 Holding Company obtained Rs. 342 million for paying salaries for the month of April 2020 to Septemeber 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 has been recognised 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.

8.2.1 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% and the difference between fair value and disbursement amount is recognized as equity component.

8.3 These loans carry mark-up at the rates ranging from 1.93% to 3% (2020: 2% to 3%).

	Note	2021 Rupees	2020 Rupees
9 Deferred grant			
Balance as at 01 July		**9,611,687**	-
Recognized during the year		**217,866,676**	10,007,979
Amortisation during the year		**(18,506,451)**	(396,292)
		208,971,912	9,611,687
Less: current portion	*12*	**(34,841,311)**	(4,932,138)
Balance as at 30 June		**174,130,601**	4,679,549

10 Deferred taxation

	2021			
		(Reversal from) / charge to		
	Opening	**Profit or loss**	**Equity**	**Closing**
	(Rupees)			
Taxable temporary difference				
Accelerated tax depreciation allowances	**105,630,056**	**3,999,241**	**-**	**109,629,297**
Surplus on revaluation of property, plant and equipment	**322,548,269**	**(32,160,668)**	**-**	**290,387,601**
Equity portion of convertible loan	**-**	**(1,183,933)**	**30,153,548**	**28,969,615**
Unrealized gain on short term investments - mutual funds	**3,644,210**	**322,388**	**-**	**3,966,598**
	431,822,535	**(29,022,972)**	**30,153,548**	**432,953,111**
Deductible temporary differences				
Provision for slow moving Stocks'	**(435,950)**	**250,775**	**-**	**(185,175)**
Provisions for compensated absenses	**-**	**(11,035,016)**	**-**	**(11,035,016)**
Equity reserve on convertible loan	**-**	**-**	**-**	**-**
Loss allowance against trade debts	**(5,158,983)**	**(1,342,772)**	**-**	**(6,501,755)**
	(5,594,933)	**(12,127,013)**	**-**	**(17,721,946)**
	426,227,602	**(41,149,986)**	**30,153,548**	**415,231,165**

	2020			
		(Reversal from) / charge to		
	Opening	Profit or loss	Equity	Closing
	(Rupees)			
Taxable temporary difference				
Accelerated tax depreciation allowances	102,787,623	2,842,433	-	105,630,056
Surplus on revaluation of property, plant and equipment	115,251,564	(19,037,008)	226,333,713	322,548,269
Unrealized gain on short term investments - mutual funds	2,692,015	952,195	-	3,644,210
	220,731,202	(15,242,380)	226,333,713	431,822,535
Deductible temporary differences				
Provisions	(364,573)	(71,377)	-	(435,950)
Loss allowance against trade debts	(3,698,539)	(1,460,444)	-	(5,158,983)
	(4,063,112)	(1,531,821)	-	(5,594,933)
	216,668,090	(16,774,201)	226,333,713	426,227,602

11	**Trade and other payables**	*Note*	**2021 Rupees**	2020 Rupees
	Trade creditors		**1,354,438,527**	998,524,764
	Accrued liabilities		**490,435,592**	312,805,626
	Tax deducted at source		**11,707,681**	8,913,925
	Provision for compensated absences		**39,514,697**	33,275,396
	Workers' Profit Participation Fund	*11.1*	**37,068,260**	3,586,141
	Central Research Fund	*11.2*	**17,581,082**	6,785,079
	Workers' Welfare Fund	*11.3*	**22,208,483**	12,470,617
	Advances from employees against purchase of vehicles		**67,934,377**	66,181,467
	Due to related parties - *unsecured*	*11.4*	**38,034,357**	84,235,439
	Other payables		**89,878,413**	72,722,313
			2,168,801,469	1,599,500,767

11.1 Workers' profit participation fund

Balance payable / (receivable) as at 01 July		**3,586,141**	(12,402,668)
Provision for the year	*31*	**87,026,357**	33,586,141
Interest on funds utilized by the Group	*33*	**29,563**	-
		90,642,061	21,183,473
Payments made during the year		**(53,573,801)**	(17,597,332)
Balance payable as at 30 June		**37,068,260**	3,586,141

11.2 Central Research Fund

Balance as at 01 July		**6,785,079**	3,555,017
Provision for the year	*31*	**17,581,082**	6,785,079
		24,366,161	10,340,096
Payments made during the year		**(6,785,079)**	(3,555,017)
Balance as at 30 June		**17,581,082**	6,785,079

11.3 Workers' Welfare Fund

Balance as at 01 July		**12,470,617**	8,872,286
Provision for the year	*31*	**22,208,483**	12,470,617
		34,679,100	21,342,903
Adjusted made during the year		**(12,470,617)**	(8,872,286)
Balance as at 30 June		**22,208,483**	12,470,617

11.4 Due to related parties - *unsecured*

Grupo Empresarial Bagó S.A	**26,702,172**	20,796,730
Bagó Laboratories Pte Ltd	**11,332,185**	63,438,709
	38,034,357	84,235,439

12 Current portion of long term liabilities

Long term loans - *secured*	**181,530,792**	28,317,862
Deferred grant	**34,841,311**	4,932,138
	216,372,103	33,250,000

13 This represents advance received from customers for future sale of goods. During the year, Group has recognized revenue amounting to Rs. 22.65 million, out of the contract liability as at 01 July 2020.

	Note	**2021 Rupees**	2020 Rupees
14 Short term borrowings - *secured*			
14.1 Particulars of borrowings			
Interest / markup based financing	*14.2*	-	50,806,268
Islamic mode of financing	*14.3*	-	210,868
		-	51,017,136

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. 850 million (2020: Rs. 750 million). These facilities carry mark-up at the rates ranging from one to three months KIBOR plus 0.1% to 1% (2020: one to three months KIBOR plus 0.1% to 1%) per annum on the outstanding balances. Out of the aggregate facilities, Rs. 450 million (2020: Rs. 450 million) are secured by joint pari passu charge over present and future current assets of the Company whereas Rs. 100 million (2020: Rs. Nil) is secured by ranking charge over present and future current assets of the Company and remaining Rs. 300 million (2020: Rs. 300 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 (2020: Rs. 333.33 million) is marked under lien. These facilities are renewable on annual basis latest by 31 January 2022.

Subsidiary company

The Company has short term borrowing facilities available from various commercial banks under mark-up arrangements having aggregate sanctioned limit of Rs. 635 million (2020: Rs. 550 million). These facilities carry mark-up at the rates ranging from one months KIBOR plus One to Three months KIBOR plus 0.1% to 1% per annum (2020: one to three months KIBOR plus 0.1% to 1%). Running finance facilities include interchange limits of non-funded facilities amounting to Rs. 225 million.

The aggregate short term borrowings are secured by first pari passu charge of Rs. 421 million over current and future assets and lien on Company's investment in mutual funds placed with Asset Management Companies with margin of 5%. These facilities are renewable latest by 30 November 2021.

The facilities for opening letters of credits and guarantees as at 30 June 2021 amount to Rs. 650 million (2020: Rs. 625 million), including interchange limits of funded facilities amounting to Rs. 425 million (2020: Rs. 340 million), of which the unutilized amount as of this date was Rs. 260.51 million (2020: Rs. 368.92 million).

As per the financing arrangements, the subsidiary 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 Musharika available from Islamic bank under profit arrangements having sanctioned limit of Rs. 200 million (2020: Rs. 200 million). This facility carries profit rate of one month KIBOR plus 0.25% (2020: one month KIBOR plus 0.25%) per annum on the outstanding balance. This facility can interchangeably be utilized as non-funded. 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 November 2021.

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 the 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 which is currently 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 the 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 and promotional expenses.

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.

Subsidiary Company

15.1.3 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.

15.1.4 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. 1,150 million (2020: Rs. 700 million) for opening letters of credit, the amount utilized as at 30 June 2021 for capital expenditure was Rs. 12.32 million (2020: Rs. 5.05 million) and for other than capital expenditure was Rs. 160.13 million (2020: Rs. 62.95 million). These facilities are secured by joint pari passu charge and ranking charge (2020: joint pari passu charge) over all present and future current assets of the Company.

15.2.1.1.2 *Under Shariah compliant arrangements*

The Company has facility i.e. letters of credit of Rs. 200 million (2020: Rs. 200 million) available from Islamic bank. The amount utilized as at 30 June 2021 for capital expenditure was Rs. Nil million (2020: Rs. 13.95 million) and for other than capital expenditure was Rs. 17.51 million (2020: Rs. 78.52 million). Lien is also marked 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. 425 million (2020: Rs. 375 million) for letter of guarantees (which is the sublimit of running finance and letter of credits), the amount utilized as at 30 June 2021 was Rs. 224.6 million (2020: Rs. 87.49 million).

15.2.1.2.2 ***Under Shariah compliant arrangements***

The Company has facility i.e. letter of guarantee of Rs. 25 million (2020: Rs. 25 million) available from Islamic bank, the amount utilized at 30 June 2021 was Rs. 6.45 million (2020: Rs. 6.45 million).

15.2.1.3 **Guarantees issued by the Holding Company on behalf of the Subsidiary**

The Holding Company has approved cross corporate guarantees in favor of lenders / financial institiutions of the subsidiary company up to Rs. 3,500 million for a tenor of 10 years. Out of this approved limit, cross corporate gurantees amounting to Rs. 2,925 million for a tenor of 10 years have been provided to banks / financial institutions during the year.

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. 2,640 million (2020: Rs.565 million) for letter of credits, amount utilized at 30 June 2021 was Rs. 1,419.10 million (2020: Rs. 247.7). Utilized facility includes commitment of capital nature of Rs. 1,384.55 million. These facilities are secured by joint pari passu charge and ranking charge (2020: joint pari passu charge) over all present and future current assets of the Company.

15.2.2.1.2 ***Under Shariah compliant arrangements***

The Company has facility i.e. letters of credit of Rs. 100 million (2020: Rs. NIL) available from Islamic banks. The amount utilized as at 30 June 2021 was Rs. 15.805 million (2020: Rs. NIL). 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. 75 million (2020: Rs. 60 million) for letter of guarantees (which is the sublimit of running finance and letter of credits), the amount utilized as at 30 June 2021 was Rs. 8.74 million (2020: Rs. 8.3 million).

15.2.2.2.2 ***Under Shariah compliant arrangements***

The Company has facility i.e. letter of guarantee of Rs. 50 million (2020: Rs. NIL) available from Islamic banks, the amount utilized at 30 June 2021 was Rs. NIL million (2020: Rs. NIL).

16 Property, plant and equipment

	Note	2021 Rupees	2020 Rupees
Operating assets	*16.1*	**3,781,725,552**	3,898,409,478
Capital work in progress	*16.6*	**1,010,584,151**	97,461,608
		4,792,309,703	3,995,871,086

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 2021								
Cost / revalued amount								
Balance as at 01 July 2020	849,151,127	1,013,970,551	1,695,870,765	118,969,240	111,739,652	58,314,453	485,415,235	4,333,431,023
Additions / transfers	-	14,082,079	160,902,592	13,360,799	17,586,197	15,451,948	71,867,049	293,250,664
Disposals / write off	-	-	-	(476,740)	-	(5,010,611)	(84,142,920)	(89,630,271)
Balance as at 30 June 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**
Depreciation								
Balance as at 01 July 2020	-	-	-	69,597,525	47,727,364	45,731,614	271,965,042	435,021,545
Charge for the year	-	103,643,121	188,638,836	8,997,346	10,887,098	9,024,337	76,800,717	397,991,735
On disposals	-	-	-	(446,991)	-	(5,009,084)	(72,231,341)	(77,687,416)
Balance as at 30 June 2021	-	**103,643,121**	**188,638,836**	**78,147,880**	**58,614,462**	**49,746,867**	**276,534,418**	**755,325,864**
Net book value as at 30 June 2021	**849,151,127**	**924,409,509**	**1,668,134,521**	**53,705,419**	**70,711,387**	**19,008,923**	**196,604,946**	**3,781,725,552**
30 June 2020								
Cost / revalued amount								
Balance as at 01 July 2019	721,576,127	980,792,695	1,787,196,249	109,764,797	105,555,322	48,714,515	453,811,578	4,207,411,283
Additions / transfers	-	7,604,853	208,808,433	9,922,052	6,184,330	10,737,507	90,563,162	333,820,337
Disposals / write off	-	-	-	(717,609)	-	(1,137,569)	(58,959,505)	(60,814,683)
Revaluation surplus	127,575,000	25,573,003	(300,133,917)	-	-	-	-	(146,985,914)
Balance as at 30 June 2020	**849,151,127**	**1,013,970,551**	**1,695,870,765**	**118,969,240**	**111,739,652**	**58,314,453**	**485,415,235**	**4,333,431,023**
Depreciation								
Balance as at 01 July 2019	-	313,709,560	494,614,126	61,310,386	38,075,624	38,763,133	239,547,068	1,186,019,897
Charge for the year	-	90,553,439	181,995,458	8,834,345	9,651,740	8,095,801	79,807,271	378,938,054
On disposals	-	-	-	(547,206)	-	(1,127,320)	(47,389,297)	(49,063,823)
Elimination of accumulated depreciation on revaluation	-	(404,262,999)	(676,609,584)	-	-	-	-	(1,080,872,583)
Balance as at 30 June 2020	-	-	-	**69,597,525**	**47,727,364**	**45,731,614**	**271,965,042**	**435,021,545**
Net book value as at 30 June 2020	**849,151,127**	**1,013,970,551**	**1,695,870,765**	**49,371,715**	**64,012,288**	**12,582,839**	**213,450,193**	**3,898,409,478**
Depreciation Rate %	-	**10**	**10**	**10**	**10**	**33.33**	**20**	

16.1.1 These include fully depreciated assets amounting to Rs. 777.26 million (2020: Rs. 706.43 million).

16.1.2 Additions in operating fixed assets include transfers from capital work-in-progress amounting to Rs. 192.84 million (2020: Rs. 225.31 million).

16.1.3 In addition to the guarantee as disclosed in note 15.2.1.3 to the financial statements, 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. The security is provided in terms of first pari passu charge over plant & 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:

	2021 **Rupees**	2020 Rupees
Freehold land	**129,623,262**	129,623,262
Building on freehold land	**395,694,683**	422,693,751
Plant and machinery	**1,159,908,970**	1,134,706,016
	1,685,226,915	1,687,023,029

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, Amanghar, 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	**2021** **Rupees**	2020 Rupees
Cost of sales	*28*	**293,059,643**	273,891,246
Administrative expenses	*29*	**47,453,245**	50,862,169
Selling and distribution expenses	*30*	**57,478,847**	54,184,639
		397,991,735	378,938,054

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							
Toyota Corolla GLI	EFU General Insurance Ltd	Other	2,304,225	1,190,504	2,256,000	1,065,496	Insurance Claim
Suzuki Cultus	Mr. Shahid Saleem	Employee	1,410,880	846,527	1,115,500	268,973	Company Policy
Toyota Corolla Altis	Mr. Munawar Hayat	Employee	2,247,855	749,285	1,371,192	621,907	Company Policy
Suzuki Cultus	EFU General Insurance Ltd	Other	1,264,700	526,958	847,379	320,421	Insurance Claim
Various assets having net book value up to Rs. 500,000 each		Other	75,982,771	8,598,240	44,227,445	35,629,205	
			83,210,431	11,911,514	49,817,516	37,906,002	
Computers							
Various assets having net book value up to Rs. 500,000 each	Not Applicable	Other	4,563,365	-	255,200	255,200	
Office equipment							
Various assets having net book value up to Rs. 500,000 each	Not Applicable	Other	476,740	29,750	41,500	11,750	
Assets written off:							
Computers	Not Applicable	Not Applicable	447,246	1,544	-	(1,544)	Written - off
Vehicles - CNG Kits	Not Applicable	Not Applicable	932,489	-	-	-	Written - off
			1,379,735	1,544	-	(1,544)	
2021 Rupees			**89,630,271**	**11,942,808**	**50,114,216**	**38,171,408**	
2020 Rupees			60,814,683	11,750,860	35,529,319	23,778,459	

16.6	Capital work-in-progress	Note	2021 Rupees	2020 Rupees
	The movement in capital work in progress is as follows:			
	Balance as at 01 July		**97,461,608**	4,297,727
	Additions during the year		**1,105,965,360**	318,470,586
	Less: Transfers to operating fixed assets during the year		**(192,842,817)**	(225,306,705)
	Balance as at 30 June	*16.6.1*	**1,010,584,151**	97,461,608

16.6.1 Capital work-in-progress comprises of:

	Note	2021 Rupees	2020 Rupees
Building and civil works		**171,570,982**	13,835,545
Plant and machinery & others	*16.6.1.1*	**125,926,185**	74,096,063
Advances to suppliers	*16.6.1.2*	**713,086,984**	9,530,000
		1,010,584,151	97,461,608

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 group in order to expand its production capacity by installing a second line of production in its existing facility. Also included are interest free advances given to suppliers against vehicles in normal course of business.

17 Intangible assets

17.1	Computer softwares and software license fees	Note	2021 Rupees	2020 Rupees
	Cost			
	Balance as at 01 July		**15,985,440**	15,705,104
	Addition during the year		**635,544**	280,336
	Balance as at 30 June	*17.1.1*	**16,620,984**	15,985,440
	Amortisation			
	Balance as at 01 July		**15,561,933**	14,973,916
	Amortisation for the year	*29*	**420,879**	588,017
	Balance as at 30 June		**15,982,812**	15,561,933
	Net book value		**638,172**	423,507

17.1.1 These include fully amortized assets amounting to Rs. 15.71 million (2020: Rs. 13.96 million). Intangibles are amortised at 33% (2020: 33%) on straight line basis.

18	Investment property	Note	2021 Rupees	2020 Rupees
	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 situated at Civic Centre, Gulberg Greens, Islamabad having fair value of Rs. 60 million forced sale value of Rs. 54 million

- Plot number 70 measuring 200 square yards situated at Civic Centre, Gulberg Greens, Islamabad having fair value of Rs. 70 million and forced sale value of Rs. 63 million.

The value of these pieces of land was determined by M/S Ali and Ali Engineers and Valuers (Pakistan Banks Association approved valuer). The most significant input into this valuation is market value. 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	2021 Rupees	2020 Rupees
19	**Stores, spare parts and loose tools**			
	Stores		**36,383,142**	23,533,408
	Spare parts		**36,029,493**	29,770,546
	Loose tools		**12,340,603**	10,227,693
	Stores in transit		**2,092,747**	2,004,836
			86,845,985	65,536,483
20	**Stock in trade**			
	Raw and packing materials	*20.1*	**734,530,390**	633,498,787
	Work in process		**144,369,687**	154,578,524
	Finished goods	*20.1*	**794,499,215**	1,061,494,872
	Stock in transit	*20.2*	**347,176,782**	201,923,328
			2,020,576,074	2,051,495,511
	Less: Provision for slow moving stock in trade	*20.3*	**(653,570)**	(1,503,275)
			2,019,922,504	2,049,992,236

20.1 The amount charged to consolidated statement of profit or loss on account of write down of raw material and finished goods to net realizable value amounts to Rs. 5.36 million (2020: 4.02 million) and Rs. 4.44 million (2020: Nil), respectively.

20.2 It includes raw and packing material in transit amounting to Rs. 178.47 million (2020: Rs. 153.76 million) and finished goods in transit amounting to Rs. 168.7 million (2020: Rs. 48.16 million).

		Note	2021 Rupees	2020 Rupees
20.3	**Movement in Provision for slow moving stock in trade**			
	Provision as at 01 July		**1,503,275**	1,257,147
	(Reversal) / provided during the year		**(849,705)**	246,128
	Closing provision as at 30 June		**653,570**	1,503,275

		Note	2021 Rupees	2020 Rupees
21	**Trade debts**			
	Export debtors - *considered good*			
	Secured		**753,899**	6,127,128
	Unsecured		**186,618,783**	28,316,312
			187,372,682	34,443,440
	Local debtors			
	Considered good		**1,376,746,163**	1,077,519,472
	Loss allowance against trade debts	*21.1*	**(24,036,965)**	(19,182,991)
			1,352,709,198	1,058,336,481
			1,540,081,880	1,092,779,921

		Note	2021 Rupees	2020 Rupees
21.1	**Movement in loss allowance against trade debts**			
	Loss allowance as at 01 July		**19,182,991**	13,894,077
	Loss allowance during the year	*31*	**4,853,974**	5,288,914
	Loss allowance as at 30 June		**24,036,965**	19,182,991

22	Loans and advances - *considered good*	Note	2021 Rupees	2020 Rupees
	Advances to employees - *secured*	*22.1*	**25,320,558**	24,057,695
	Advances to suppliers - *unsecured*	*22.2*	**41,107,596**	39,893,265
	Others		**1,611,544**	1,112,139
			68,039,698	65,063,099

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. 3.40 million (2020: Rs. 5.95 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	2021 Rupees	2020 Rupees
	Deposits - *considered good*			
	Earnest money	*23.1*	**142,732,028**	167,879,986
	Security margins		**16,043,674**	107,822,209
			158,775,702	275,702,195
	Prepayments		**420,990**	917,249
			159,196,692	276,619,444

23.1 These represent interest free deposits given in the ordinary course of business for acquiring government tenders.

24	Other receivables - *considered good*	Note	2021 Rupees	2020 Rupees
	Due from statutory authorities:			
	Sales tax refundable - *net*		**2,464,661**	2,640,214
	Export rebate	*24.1*	**15,644,737**	6,437,615
	Others considered good - *unsecured*		**5,263,423**	30,193,425
			23,372,821	39,271,254

24.1 These include export rebate receivable against payment of custom duties on export of pharmaceutical products.

25	Short term investments	Note	2021 Rupees	2020 Rupees
	Investments at fair value through profit or loss - *mutual funds*	*25.1*	**1,940,494,936**	760,707,781

25.1 Movement in short term investments is as follows:

	Note	2021	2020
Fair value as at 01 July		**760,707,781**	490,830,304
Acquisition / re-invested during the year		**1,427,089,213**	548,246,302
Redemption during the year		**(249,750,702)**	(282,199,271)
Realized gain on sale of investments during the year	*32.1*	**1,114,414**	699,063
Unrealized gain on re-measurement of investments	*32.1*	**1,334,230**	3,131,383
Fair value as at 30 June		**1,940,494,936**	760,707,781

25.1.1 Mutual fund wise detail is as follows:

	Units		Fair value	
	2021	2020	**2021**	2020
	....…………..Number………………		....…………..Rupees………………	
HBL Money Market Fund	**2,970,895**	2,589,813	**304,810,536**	265,076,470
MCB Cash Management Optimizer Fund	**389,087**	222,730	**39,281,916**	22,457,873
HBL Cash Fund	**13,809,849**	3,611,640	**1,397,577,404**	365,242,589
ABL Cash Fund	**19,529,031**	10,603,390	**198,825,080**	107,930,849
	36,698,862	17,027,573	**1,940,494,936**	760,707,781

25.2 Realized gain of Rs. 1.11 million (2020: Rs. 0.70 million) and dividend of Rs. 74.61 million (2020: 52.52 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.

26	**Cash and bank balances**	*Note*	**2021 Rupees**	2020 Rupees
	Cash in hand		**10,052,062**	9,639,405
	Cash at bank:			
	Current accounts			
	Local currency	*26.1*	**206,378,568**	72,693,620
	Foreign currency		**95,454,126**	20,278,967
			301,832,694	92,972,587
	Deposit accounts			
	Local currency	*26.2*	**518,624,280**	48,780,852
			830,509,036	151,392,844

26.1 These include balances in bank accounts amounting to Rs. 3.88 million (2020: Rs. 0.002 million) maintained under Shariah compliant arrangements.

26.2 These include deposit accounts of Rs. 518.62 million (2020: Rs. 48.78 million) under mark up arrangements, which carry interest rates ranging from 5.50% - 5.51% (2020: 6.5% - 11.28%) per annum.

These also include deposits of Rs. 0.000092 million (2020: Rs. 0.000079 million) under Shariah compliant arrangements, which carry profit rates of 2.75% - 2.90% (2020: 3.25% - 7.06%) per annum.

27	**Revenue - *net***	*Note*	**2021 Rupees**	2020 Rupees
	Gross sales:			
	Local		**8,258,115,763**	6,434,694,472
	Export		**1,221,751,813**	235,270,721
			9,479,867,576	6,669,965,193
	Less:			
	Sales return		**(72,548,273)**	(66,193,194)
	Discounts		**(520,117,428)**	(382,856,355)
	Sales tax		**(8,086,221)**	(8,573,193)
			(600,751,922)	(457,622,742)
	Revenue from contracts with customers	*27.1*	**8,879,115,654**	6,212,342,451

27.1 Disaggregation of Revenue (Net sales)

Primary Geographical Markets:

Pakistan	**7,665,270,199**	5,978,626,030
Indonesia	**539,584,772**	-
Philippines	**173,780,666**	19,478,050
Sri Lanka	**152,377,742**	111,706,480
Ukraine	**109,655,348**	-
Belarus	**31,896,881**	-
Myanmar	**35,599,327**	23,978,164
Kenya	**28,424,022**	8,689,831
Afghanistan	**24,677,223**	11,530,465
Singapore	**20,889,540**	-
Nepal	**13,161,151**	7,559,000
Kyrgyzstan	**12,193,378**	7,541,327
Dominican Republic	**11,837,000**	-
Others	**59,768,405**	43,233,104
	8,879,115,654	6,212,342,451

	Note	2021 Rupees	2020 Rupees

28 Cost of sales

	Note	2021 Rupees	2020 Rupees
Raw and packing materials consumed	*28.1*	**2,059,064,280**	1,369,566,717
Salaries, wages and other benefits	*28.2*	**474,597,778**	364,348,293
Fuel and power		**137,494,019**	104,566,464
Repair and maintenance		**27,596,669**	21,173,179
Stores, spare parts and loose tools consumed		**127,572,268**	84,926,667
Freight and forwarding		**56,270,321**	38,311,797
Packing charges		**13,772,613**	13,995,801
Rent, rates and taxes		**5,068,000**	4,646,646
Printing and stationery		**4,713,719**	3,986,987
Postage and telephone		**8,613,784**	4,869,643
Insurance		**20,560,180**	18,736,527
Travelling and conveyance		**18,765,231**	16,353,875
Canteen expenses		**21,353,804**	18,137,453
Depreciation on property, plant and equipment	*16.4*	**293,059,643**	273,891,246
Laboratory and other expenses		**52,546,702**	29,461,071
		3,321,049,011	2,366,972,366
Work in process:			
Opening		**154,578,524**	94,961,552
Closing		**(144,369,687)**	(154,578,524)
		10,208,837	(59,616,972)
Cost of goods manufactured		**3,331,257,848**	2,307,355,394
Finished stock:			
Opening		**1,061,494,872**	644,180,006
Purchases made during the year		**1,615,596,776**	1,983,613,462
Closing		**(794,499,368)**	(1,061,494,872)
		1,882,592,280	1,566,298,596
		5,213,850,128	3,873,653,990

28.1 Raw and packing materials consumed

	2021 Rupees	2020 Rupees
Opening	**631,995,512**	426,791,896
Purchases made during the year	**2,160,945,588**	1,574,770,333
	2,792,941,100	2,001,562,229
Closing	**(733,876,820)**	(631,995,512)
	2,059,064,280	1,369,566,717

28.2 Salaries, wages and other benefits include Rs. 15.21 million (2020: Rs. 12.78 million), which represents employer's contribution towards provident fund.

29 Administrative expenses	Note	2021 Rupees	2020 Rupees
Salaries and other benefits	*29.1*	**291,422,512**	237,618,109
Directors fees and expenses		**530,000**	1,133,612
Rent, rates and taxes		**708,545**	908,869
Postage and telephone		**12,250,678**	8,537,208
Printing, stationery and office supplies		**3,839,491**	2,650,232
Travelling and conveyance		**22,205,307**	22,550,323
Transportation		**4,817,325**	7,556,600
Legal and professional charges		**9,176,271**	6,405,398
Fuel and power		**7,253,520**	7,085,256
Auditors' remuneration	*29.2*	**2,611,100**	2,957,418
Repair and maintenance		**15,095,518**	12,801,266
Fee and subscriptions		**12,999,209**	8,525,268
Donations	*29.3 & 29.4*	**14,832,461**	6,617,621
Insurance		**6,402,225**	6,674,615
Depreciation on property, plant and equipment	*16.4*	**47,453,245**	50,862,169
Amortization of intangibles		**420,879**	588,053
Canteen expenses		**9,316,380**	7,739,872
Entertainment		**207,890**	-
Other expenses		**3,829,466**	2,590,684
		465,372,022	393,802,573

29.1 Salaries and other benefits include Rs. 11.83 million (2020: Rs. 10.20 million), which represents employer's contribution towards provident fund.

29.2 Auditors' remuneration	2021 Rupees	2020 Rupees
Fee for annual audit	**1,276,000**	1,276,000
Audit of consolidated financial statements	**78,500**	78,500
Review of half yearly financial statements	**290,000**	290,000
Annual audit - BF Biosciences Limited	**315,000**	315,000
Annual audit - Farmacia	**83,975**	125,000
Special certificates and others	**286,125**	576,125
Out-of-pocket expenses	**281,500**	296,793
	2,611,100	2,957,418

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	2021 Rupees	2020 Rupees
Mr. Osman Khalid Waheed (Director)	National Management Foundation (LUMS)	Trustee	**3,000,000**	3,050,443

29.4 Donations to following organizations exceeds 10 percent of the Group's total amount of donation:	2021 Rupees	2020 Rupees
Parsa Trust	**2,590,531**	-
Patron of Expo	**2,500,000**	-
Cancer Research and Treatment Foundation	**1,500,000**	1,500,000

30 Selling and distribution expenses

	Note	2021 Rupees	2020 Rupees
Salaries and other benefits	*30.1*	**785,266,396**	624,336,072
Travelling and conveyance		**245,626,991**	256,897,398
Earnest money written off		**-**	1,065,159
Fuel and power		**8,507,852**	7,356,843
Rent, rates and taxes		**8,276,095**	6,281,110
Sales promotion		**286,525,936**	147,303,895
Printing and stationary		**7,739,622**	5,508,903
Postage and telephone		**26,989,281**	20,642,321
Royalty, fee and subscription	*30.2*	**46,870,505**	41,267,177
Insurance		**27,966,355**	23,013,217
Repairs and maintenance		**17,012,760**	23,567,586
Conferences, seminars and training		**74,422,816**	107,114,475
Medical research and patient care		**4,745,468**	6,830,016
Depreciation on property, plant and equipment	*16.4*	**57,478,847**	54,184,639
Other expenses		**2,330,437**	1,327,725
Service charges on sales		**52,092,593**	20,526,181
		1,651,851,954	1,347,222,717

30.1 Salaries and other benefits include Rs. 25.27 million (2020: Rs. 22.19 million), which represents employer's contribution towards provident fund.

30.2 This includes royalty expense of Rs. 5.91 million (2020: 5.91 million) payable to Grupo Empresarial Bagó S.A - Spain (non controlling share holder of subsidiary) against sale of patented products.

31 Other expenses

	Note	2021 Rupees	2020 Rupees
Exchange loss		**-**	41,718,995
Loss allowance against trade debts	*21.1*	**4,853,974**	5,288,914
Workers' Profit Participation Fund	*11.1*	**87,026,357**	33,586,141
Workers' Welfare Fund	*11*	**22,208,483**	12,470,617
Central Research Fund	*11.2*	**17,581,082**	6,785,079
		131,669,896	99,849,746

32 Other income

	Note	2021 Rupees	2020 Rupees
From financial assets	*32.1*	**84,343,453**	95,129,324
From non financial assets	*32.2*	**108,953,399**	27,520,434
		193,296,852	122,649,758

32.1 From financial assets

	Note	2021 Rupees	2020 Rupees
Profit on deposits with banks	*32.1.1*	**7,288,944**	5,279,302
Income on maturity of Government Securities		**-**	33,498,384
Dividend income		**74,605,865**	52,521,192
Unrealized gain on re-measurement of short term investments	*25.1*	**1,334,230**	3,131,383
Realized gain on sale of short term investments	*25.1*	**1,114,414**	699,063
		84,343,453	95,129,324

32.1.1 These include profit of Rs. 0.0000013 million (2020: Nil) earned on deposits maintained under Shariah compliant arrangements.

32.2 From non financial assets

	Note	2021 Rupees	2020 Rupees
Exchange gain	*32.2.1*	**47,227,085**	-
Gain on sale of property, plant and equipment - *net*	*16.5*	**38,171,408**	23,778,459
Export rebate		**12,114,077**	3,741,975
Commission income		**11,440,829**	-
		108,953,399	27,520,434

32.2.1 The exchange gain was a result of actual currency fluctuation.

33	Finance cost	Note	2021 Rupees	2020 Rupees
	Mark-up on financing from conventional banks / institutions:			
	Long term financing		**19,523,084**	220,409
	Short term borrowings		**9,731,774**	16,267,020
			29,254,858	16,487,429
	Mark-up on Islamic mode of financing:			
	Short term borrowings	*33.1*	**2,153,448**	5,675,811
	Bank charges		**12,259,171**	6,361,806
	Interest on Workers' Profit Participation Fund	*11.1*	**29,563**	-
			43,697,040	28,525,046

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

34	Taxation	2021 Rupees	2020 Rupees
	Current		
	- For the year	**329,961,208**	185,240,654
	- For prior years	**(11,299,253)**	891,955
	Deferred		
	- For the year	**(41,149,986)**	(16,774,202)
		277,511,969	169,358,407

34.1 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

	2021	2020
- Profit before taxation	**1,565,971,466**	591,938,137
	- - - - - (Percentage) - - - - -	
Applicable tax rate as per Income Tax Ordinance, 2001	**29%**	**29%**

	2021 Rupees	2020 Rupees
Tax on accounting profit	**454,131,725**	171,662,060
Effect of final tax regime	**(158,885,945)**	(8,655,332)
Effect of separate block regime	**(4,962,665)**	(13,642,052)
Effect of MTR	**(432,303)**	-
Effect of tax credit	**489,346**	121,500
Effect of permanent difference	**7,320,495**	-
Not adjustable for tax purposes	**8,981,201**	10,619,584
Effect of proration	**12,145,813**	21,891
Effect of other accounting and tax differences	**(25,570,064)**	8,217,301
Prior year tax adjustment	**(15,705,634)**	1,013,455
	(176,619,756)	(2,303,653)
	277,511,969	169,358,407

34.2 The Group's current tax provision represents tax under the normal tax regime at the rate of 29% of taxable income (2020: 29%) and final taxes paid under final tax regime under Income Tax Ordinance, 2001.

35 Earnings per share - *basic and diluted*

		2021	2020 *Restated*
Profit for the year after taxation attributable to equity holders of the Holding Company	*Rupees*	**1,173,452,010**	416,969,060
Weighted average number of ordinary shares	*Numbers*	**36,224,210**	36,224,210
			Rstated
Earnings per share	*Rupees*	**32.39**	11.51

35.1 Weighted average number of ordinary shares

	2021 Rupees	2020 Rupees
Outstanding number of shares before bonus issue	**30,186,841**	30,186,841
Add: Element of bonus issue in number of shares at the start of the year.	**6,037,369**	6,037,369
	36,224,210	36,224,210

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

36 Remuneration of Chief Executive, Executive Director and Executives

	2021		
	Chief Executive	**Non-Executive Directors**	**Executives**
	---------------------Rupees---------------------		
Managerial remuneration	**24,997,824**	**-**	**205,858,963**
Utilities and house rent	**12,542,135**	**-**	**110,438,913**
Medical reimbursements	**128,603**	**-**	**12,896,608**
Leave fare assistance / leave encashment	**3,128,329**	**-**	**18,032,925**
Bonus / incentives	**5,740,054**	**-**	**39,570,112**
Contribution to provident fund	**2,499,785**	**-**	**17,866,655**
Meeting fee	**120,000**	**410,000**	**-**
	49,156,730	**410,000**	**404,664,176**
Numbers	**2**	**5**	**66**

	2020		
	Chief Executive	Non-Executive Directors	Executives
	---------------------Rupees---------------------		
Managerial remuneration	22,729,846	-	147,330,421
Utilities and house rent	11,394,381	-	84,095,766
Medical reimbursements	1,205,791	-	7,500,862
Leave fare assistance / leave encashment	2,870,027	-	12,632,394
Bonus / incentives	4,876,735	-	31,272,066
Contribution to provident fund	2,272,985	-	13,091,553
Meeting Fee	152,000	981,612	-
	45,501,765	981,612	295,923,062
Numbers	2	5	54

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 (2020: 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	2021	2020
			---------Rs.--------	
Grupo Empresarial Bagó S.A - (20% share holder)	Non-Controlling Shareholder	Royalty expense	**5,905,442**	5,912,237
Bago Laboratories Pte. Limited	Associated Company	Purchase of medicine	**64,247,683**	190,147,680
		Payment made against purchase of medicine	**114,177,212**	137,681,198
Employees provident fund	Post employment benefit fund	Contribution towards employees' provident fund	**52,318,022**	45,165,257
Key Management Personnel	Key management personnel	Remuneration including benefits and perquisites	**39,438,177**	33,388,155
		Advance given against salary	**1,667,036**	900,000
		Cash dividend paid	**5,600**	5,600
		Issuance of bonus shares as dividend	**2,800**	-
KFW Factors (Private) Limited	Common directorship	Cash dividend paid	**33,147,768**	33,147,768
		Issuance of bonus shares as dividend	**16,573,870**	-
		Share of profit of Farmacia reinvested	**262,760**	414,638
Osman Khalid Waheed	Chief Executive Officer-Holding Company	Remuneration including benefits and perquisites	**26,199,976**	23,647,845
		Cash Dividend paid	**8,631,352**	7,964,408
		Issuance of bonus shares as dividend	**4,315,670**	-
		Meeting Fee	**60,000**	60,000
Akhtar Khalid Waheed	Chief Executive Officer-Subsidiary Company	Remuneration including benefits and perquisites	**22,836,754**	21,701,920
		Cash Dividend paid	**20,000**	20,000
		Issuance of bonus shares as dividend	**10,000**	-
		Meeting Fee	**60,000**	92,000
Directors other than CEOs	Non-Executive Directors	Cash Dividend paid	**3,093,556**	4,243,388
		Issuance of bonus shares as dividend	**1,546,770**	-
		Meeting Fee	**410,000**	981,612
		Rental expense paid for building in use	**4,537,500**	4,092,000
Khan and Piracha	Common directorship	Payment made against services received	**1,092,350**	267,500
National Management Foundation (LUMS)	Common directorship	Donations	**3,000,000**	3,050,443

38 Plant capacity and production

	2021	2020
	---------Packs--------	
Tablets And Capsules	**27,696,661**	24,897,149
Ointments	**4,288,904**	2,723,284
Liquid And Others	**4,176,383**	4,120,171
	36,161,948	31,740,604

The production capacities of the Holding and Subsidiary Company's plants cannot be determined, as they are multi-product production facilities with varying manufacturing processes.

39 Number of employees

	2021	2020
Total number of employees as at 30 June	**1252**	1180
Average number of employees during the year	**1217**	1175

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

	2021			
	Liabilities			
	Unclaimed dividend	**Accrued mark-up**	**Long term loan - *secured***	**Total**
	------------- (Rupees) -------------			
Balance as at 01 July 2020	76,964,852	2,546,447	133,000,000	212,511,299
Changes from financing cash flows				
Inflows from financing arrangement	-	-	1,410,559,000	1,410,559,000
Outflows from financing arrangement	-	-	(94,250,000)	(94,250,000)
Finance cost paid	-	(32,314,626)	-	(32,314,626)
Dividends paid	(117,663,198)	-	-	(117,663,198)
Total changes from financing cash flows	**(117,663,198)**	**(32,314,626)**	**1,316,309,000**	**1,166,331,176**
Non-cash changes				
Dividend approved	120,747,364	-	-	120,747,364
Ammortization of long-term loans	-	(4,720,618)	4,720,618	-
Adjustement of loan as equity component	-	-	(106,426,139)	(106,426,139)
Interest cost on utilization of WPPF	-	(29,563)	-	(29,563)
Interest / markup expense	-	43,697,040	-	43,697,040
Total non-cash changes	**120,747,364**	**38,946,859**	**(101,705,521)**	**57,988,703**
Closing as at 30 June 2021	**80,049,018**	**9,178,680**	**1,347,603,479**	**1,436,831,178**

	2020			
	Liabilities			
	Unclaimed dividend	Accrued mark-up	Long term loan - *secured*	Total
	------------- (Rupees) -------------			
Balance as at 01 July 2019	75,156,815	4,461,193	-	79,618,008
Changes from financing cash flows				
Inflows from financing arrangement	-	-	133,000,000	133,000,000
Finance cost paid	-	(30,439,792)	-	(30,439,792)
Dividends paid	(118,939,327)	-	-	(118,939,327)
Total changes from financing cash flows	(118,939,327)	(30,439,792)	133,000,000	(16,379,119)
Non-cash changes				
Dividend approved	120,747,364	-	-	120,747,364
Interest / markup expense	-	28,525,046	-	28,525,046
Total non-cash changes	120,747,364	28,525,046	-	149,272,410
Closing as at 30 June 2020	76,964,852	2,546,447	133,000,000	212,511,299

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 2021		Audited 2020	
	% of Total Size Fund	**Rupees**	% of Total Size Fund	Rupees
Ferozsons Laboratories Limited - *Parent Company*	**81%**	**641,006,077**	81%	527,874,615
BF Biosciences Limited - *Subsidiary*	**17%**	**132,203,367**	17%	112,235,588
Farmacia - *Partnership firm*	**2%**	**15,867,873**	2%	13,358,208
	100%	**789,077,317**	100%	653,468,411

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:

	2021	2020
Financial assets at amortized cost	**Rupees**	Rupees
Long term deposits	**14,544,325**	14,334,325
Trade debts	**1,540,081,880**	1,092,779,921
Loans and advances - *considered good*	**1,611,544**	1,112,139
Short term deposits and margins	**158,775,702**	275,702,195
Other receivables - *considered good*	**5,263,423**	30,193,425
Bank balances	**820,456,974**	141,753,439
Financial assets at fair value through profit or loss		
Short term investments	**1,940,494,936**	760,707,781
	4,481,228,784	2,316,583,225

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:

	2021 Rupees	2020 Rupees
Customers	**1,540,081,880**	1,092,779,921
Banking companies and financial institutions	**2,760,951,910**	902,461,220
Others	**180,194,994**	321,342,084
	4,481,228,784	2,316,583,225

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 Agency	2021	2020
	Short term	Long term		------------------------Rupees	----------------------
Bank balances					
Habib Bank Limited	A1+	AA	PACRA	**185,499,785**	26,250,227
Bank Al-Habib Limited	A1+	AA+	PACRA	**165,179,650**	18,470,601
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	**107,979,904**	45,212,021
Bank Alfalah Limited	A1+	AA+	PACRA	**33,211,833**	41,025,018
Meezan Bank Limited	A1+	AAA	JCR-VIS	**6,655,313**	8,102,802
MCB Bank Limited	A1+	AAA	PACRA	**306,181,031**	1,208,054
Allied Bank Limited	A1+	AAA	PACRA	**14,924,498**	659,756
Faysal Bank Limited	A1+	AA	PACRA	**824,960**	824,960
				820,456,974	141,753,439
Short term investments					
HBL Money Market Fund	N/A	AA(f)	JCR-VIS	**304,810,536**	265,076,470
MCB Cash Management Optimizer Fund	N/A	AA+(f)	PACRA	**39,281,916**	22,457,873
HBL Cash Fund	N/A	AA+(f)	JCR-VIS	**1,397,577,404**	365,242,589
ABL Cash Fund	N/A	AA+(f)	JCR-VIS	**198,825,080**	107,930,849
				1,940,494,936	760,707,781
Margin against bank gaurantee					
Habib Bank Limited	A1+	AAA	JCR-VIS	**783,934**	783,934
Meezan Bank Limited	A1+	AA+	JCR-VIS	**196,168**	196,168
				980,102	980,102
Margin against letter of credit					
Habib Bank Limited	AA	A1+	PACRA	**4,943,229**	12,754,148
Allied Bank Limited	AAA	A1+	PACRA	**1,053,894**	70,760,157
Meezan Bank Limited	AAA	A1+	JCR-VIS	**8,458,122**	22,871,803
				14,455,245	106,386,108
				2,776,387,257	1,009,827,430

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. On adoption of IFRS 9, management uses an provision 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 three 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 2021 was determined as follows:

The aging of trade debts at the reporting date was:

	2021 Rupees	2020 Rupees
Not past due yet	**803,703,954**	218,162,689
Past due 61 - 90 days	**209,109,100**	171,513,436
Past due 91 - 180 days	**172,383,156**	185,303,926
Past due 181 - 365 days	**226,981,393**	196,956,945
More than 365 days	**151,941,242**	340,025,916
Less: Loss allowance on trade debts	**(24,036,965)**	(19,182,991)
	1,540,081,880	1,092,779,921

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.

The following are the contractual maturities of financial liabilities:

	2021					2020				
	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*	**1,347,603,479**	**1,645,313,191**	**220,686,286**	**806,498,572**	**618,128,333**	133,000,000	133,000,000	33,250,000	99,750,000	-
Trade and other payables	**2,012,301,586**	**2,012,301,586**	**2,012,301,586**	**-**	**-**	1,430,004,490	1,430,004,490	1,430,004,490	-	-
Unclaimed dividend	**80,049,018**	**80,049,018**	**80,049,018**	**-**	**-**	76,964,852	76,964,852	76,964,852	-	-
Short term borrowings - *secured*	**-**	**-**	**-**	**-**	**-**	51,017,136	51,017,136	51,017,136	-	-
Accrued mark-up	**9,178,680**	**9,178,680**	**9,178,680**	**-**	**-**	2,546,447	2,546,447	2,546,447	-	-
	3,449,132,763	**3,746,842,475**	**2,322,215,570**	**806,498,572**	**618,128,333**	1,693,532,925	1,693,532,925	1,593,782,925	99,750,000	-

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:

	2021								
	Rupees	**US Dollars**	**Euro**	**UAE Dirham**	**Pound Sterling**	**JPY**	**Aus Dollars**	**CNY**	**CHF**
Cash and cash equivalents	**100,562,758**	**604,866**	**15,249**	**4,785**	**7,105**	**146,000**	**1,000**	**-**	**-**
Trade and other receivables	**192,888,425**	**1,220,427**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Advance to Suppliers	**613,218,175**	**29,612**	**2,432,262**	**-**	**552**	**-**	**-**	**6,063,420**	**-**
Contract Liabilities	**(4,666,268)**	**(29,524)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Trade and other payables	**(1,112,709,350)**	**(6,861,413)**	**(150,000)**	**-**	**-**	**-**	**-**	**-**	**-**
Net Statement of Financial Position Exposure	**(210,706,259)**	**(5,036,033)**	**2,297,511**	**4,785**	**7,657**	**146,000**	**1,000**	**6,063,420**	**-**
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	**(1,697,128,541)**	**(6,025,382)**	**(2,500,199)**	**(204,543)**	**7,657**	**146,000**	**1,000**	**(10,700,475)**	**(11,200)**

	2020								
	Rupees	US Dollars	Euro	UAE Dirham	Pound Sterling	JPY	Aus Dollars	CNY	CHF
Cash and cash equivalents	25,351,854	81,666	159,089	45,741	4,675	3,410	1,000	-	-
Trade and other receivables	63,103,884	358,799	-	16,708	-	-	-	-	-
Trade and other payables	(927,877,426)	(4,733,979)	(12,912)	(774,637)	-	-	-	-	-
Net Statement of Financial Position Exposure	(839,421,688)	(4,293,514)	146,177	(712,188)	4,675	3,410	1,000	-	-
Off statement of financial position items									
Outstanding letters of credit	(348,735,777)	(1,939,918)	(53,971)	-	(36,250)	-	-	-	-
Net Exposure	(1,188,157,465)	(6,233,433)	92,207	(712,188)	(31,575)	3,410	1,000	-	-

The following significant exchange rates were applied during the year:

	Reporting date rate		Average rate	
	2021	2020	**2021**	2020
US Dollars	**158.05**	168.05	**159.53**	161.53
Euro	**188.42**	188.61	**190.06**	179.29
UAE Dirham	**43.34**	45.75	**43.51**	43.98
Pound Sterling	**218.93**	206.50	**215.35**	201.97
JPY	**1.43**	1.56	**1.52**	1.24
Australian dollars	**118.90**	115.18	**117.04**	98.17
CHF	**171.86**	-	**174.40**	-
CNY	**24.76**	-	**24.62**	-

Sensitivity analysis

A 10% strengthening of the Pakistani Rupee against foreign currencies at the reporting date would have (increased) / decreased loss / profit by the amounts shown below, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. This analysis assumes that all other variables, in particular interest rates remain constant. The analysis is performed on the same basis as for the previous year.

	Profit or loss	
	2021	2020
	-------------------**Rs.**-------------------	
Statement of profit or loss	**(21,080,617)**	(83,942,169)

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:

	2021	2020	**2021**	2020
	Effective rate		**Carrying amount**	
Variable rate instruments	**(in Percentage)**		**(Rupees)**	
Financial assets				
Cash at bank - *deposit accounts*	**2.75% to 5.59%**	6.5% to 11.28%	**518,624,280**	48,780,852
Financial liabilities				
Long term loan - *including current portion*	**8.29% to 9.4%**	8.44% to 9.4%	**1,347,603,479**	133,000,000
Short term borrowings - *secured*	**7.42% to 8.92%**	8.46% to 14.81%	**-**	51,017,136
Net Exposure			**1,347,603,479**	184,017,136

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 2021.

	Profit or loss	
	100 bps Increase	**100 bps Decrease**
As at 30 June 2021	**Rupees**	
Cash flow sensitivity - *Variable rate financial assets*	**13,476,035**	**(13,476,035)**
As at 30 June 2020		
Cash flow sensitivity - *Variable rate financial assets*	1,840,171	(1,840,171)

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 2021 and 2020 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**
2021	----------------------	----------Rupees----------	----------------------	
Short term investments				
Investments at fair value through profit or loss	**1,940,494,936**	**10% increase**	**2,134,544,430**	**194,049,494**
		10% decrease	**1,746,445,442**	**(194,049,494)**

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase (decrease) in profit / (loss) before tax
2020	----------------------	----------Rupees----------	----------------------	
Short term investments				
Investments at fair value through profit or loss	760,707,781	10% increase	836,778,559	76,070,778
		10% decrease	684,637,003	(76,070,778)

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 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.

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 2021							
Financial assets measured at fair value:							
Short term investments	**1,940,494,936**	-	-	-	**1,940,494,936**	-	-
Financial assets not measured at fair value							
Long term deposits	-	**14,544,325**	-	**14,544,325**	-	-	-
Trade debts - *considered good*	-	**1,540,081,880**	-	**1,540,081,880**	-	-	-
Loans and advances - *considered good*	-	**1,611,544**	-	**1,611,544**	-	-	-
Short term deposits	-	**158,775,702**	-	**158,775,702**	-	-	-
Other receivables	-	**5,263,423**	-	**5,263,423**	-	-	-
Cash and bank balances	-	**830,509,036**	-	**830,509,036**	-	-	-
	-	**2,550,785,910**	-	**2,550,785,910**	-	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
Trade and other payables	-	-	**2,012,301,586**	**2,012,301,586**	-	-	-
Unclaimed dividend	-	-	**80,049,018**	**80,049,018**	-	-	-
Accrued mark-up	-	-	**9,178,680**	**9,178,680**	-	-	-
	-	-	**2,101,529,284**	**2,101,529,284**	-	-	-

					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 2020							
Financial assets measured at fair value:							
Short term investments	760,707,781	-	-	760,707,781	760,707,781	-	-
Financial assets not measured at fair value							
Long term deposits	-	14,334,325	-	14,334,325	-	-	-
Trade debts - *considered good*	-	1,092,779,921	-	1,092,779,921	-	-	-
Loans and advances - *considered good*	-	26,370,626	-	26,370,626	-	-	-
Short term deposits and prepayments	-	275,702,195	-	275,702,195	-	-	-
Other receivables	-	30,193,425	-	30,193,425	-	-	-
Cash and bank balances	-	151,392,844	-	151,392,844	-	-	-
	-	1,590,773,336	-	2,351,481,117	-	-	-
Financial liabilities measured at fair value:	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
Trade and other payables	-	-	1,430,004,490	1,430,004,490	-	-	-
Unclaimed dividend	-	-	76,964,852	76,964,852			
Short term borrowings - *secured*	-	-	51,017,136	51,017,136	-	-	-
Accrued mark-up	-	-	2,546,447	2,546,447	-	-	-
	-	-	1,560,532,925	1,560,532,925	-	-	-

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 Group's properties. This revaluation was carried out by Asif associates (Private) Limited (Independent valuers and consultants). The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

43 Operating Segment

	2021					
	Ferozsons	BF Biosciences	Others	Total	Inter-segment elimination / adjustment	Consolidated Total
<u>Revenue - *net*</u>						
Revenue from external customers	6,949,292,723	1,534,338,785	395,484,146	8,879,115,654	-	8,879,115,654
Inter-segment revenue	84,328,863	220,459,361	-	304,788,224	(304,788,224)	-
	7,033,621,586	1,754,798,146	395,484,146	9,183,903,878	(304,788,224)	8,879,115,654
Segment profit before tax	980,867,365	645,607,365	13,138,012	1,639,612,742	(73,641,275)	1,565,971,467

Segment assets and liabilities

Segments assets and liabilities are reconciled to total assets and liabilities as follows:

	Ferozsons	BF Biosciences	Others	Total	Inter-segment elimination / adjustment	Consolidated Total
Segment assets						
Non-current assets	3,604,813,001	1,039,110,302	92,539,801	4,736,463,104	150,401,088	4,886,864,192
Current assets	5,006,965,770	1,955,648,127	115,640,683	7,078,254,580	(6,800,965)	7,071,453,615
	8,611,778,771	2,994,758,429	208,180,484	11,814,717,684	143,600,123	11,958,317,807
Segment liabilities						
Non-current liabilities	343,429,124	1,061,723,599	-	1,405,152,723	141,309,818	1,546,462,541
Current liabilities	2,044,019,400	466,397,014	9,029,822	2,519,446,236	-	2,519,446,236
	2,387,448,524	1,528,120,613	9,029,822	3,924,598,959	141,309,818	4,065,908,777
Other segment information						
Depreciation and amortization	316,699,144	23,434,750	2,014,334	342,148,228	56,264,386	398,412,614
Impairment loss on trade receivables	4,817,578	-	36,396	4,853,974	-	4,853,974
Finance Cost	21,739,710	25,269,864	197,466	47,207,040	3,510,000	50,717,040
Profit on deposits with bank	4,252,378	2,556,857	479,709	7,288,944	-	7,288,944
Capital expenditure during the year	265,308,495	941,064,712	-	1,206,373,207	-	1,206,373,207
Share of profit from investee	12,875,252	-	-	12,875,252	(12,875,252)	-
Equity accounted investees	195,738,477	-	-	195,738,477	(195,738,477)	-

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. 3,630 million (2020: Rs. 3,012 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 2021 are located and operated in Pakistan.

	2020					
	Ferozsons	BF Biosciences	Others	Total	Inter-segment elimination / adjustment	Consolidated Total
Revenue - *net*						
Revenue from external customers	5,334,565,295	582,208,002	295,569,154	6,212,342,451	-	6,212,342,451
Inter-segment revenue	67,166,350	58,915,970	-	126,082,319	(126,082,319)	-
	5,401,731,645	641,123,972	295,569,154	6,338,424,770	(126,082,319)	6,212,342,451
Segment profit before tax	560,529,880	59,940,021	20,731,899	641,201,800	(49,263,663)	591,938,137
Segment assets and liabilities						
Segments assets and liabilities are reconciled to total assets and liabilities as follows:						
Segment assets						
Non-current assets	3,653,908,770	135,557,187	94,554,131	3,884,020,088	205,980,822	4,090,000,910
Current assets	3,870,693,481	912,159,602	96,990,493	4,879,843,576	(2,372,769)	4,877,470,807
	7,524,602,251	1,047,716,789	191,544,624	8,763,863,664	-	8,967,471,717
Segment liabilities						
Non-current liabilities	377,242,429	5,250,000	-	382,492,429	143,485,173	525,977,602
Current liabilities	1,527,517,470	260,093,526	5,532,028	1,793,143,024	(73,216)	1,793,069,808
	1,904,759,899	265,343,526	5,532,028	2,175,635,453	-	2,319,047,410
Other segment information						
Depreciation and amortization	326,148,976	22,362,794	2,228,694	350,740,464	28,785,643	379,526,107
Impairment losses on trade receivables	5,196,175	-	92,739	5,288,914	-	5,288,914
Finance Cost	27,133,700	1,175,169	216,177	28,525,046	-	28,525,046
Profit on deposits with bank	2,549,824	1,333,990	1,395,488	5,279,302	-	5,279,302
Capital expenditure during the year	404,778,226	22,206,001	-	426,984,227	-	426,984,227
Share of profit from investee	20,317,261	-	-	20,317,261	(20,317,261)	-
Equity accounted investees	182,863,225	-	-	182,863,225	(182,863,225)	-

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.

	2021 **Rupees**	2020 Rupees
Total debt	**1,347,603,479**	184,017,136
Total Equity	**7,473,234,870**	6,420,530,224
Total capital employed	**8,820,838,349**	6,604,547,360
Gearing	**15%**	3%

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 2021 *Amount in Rupees*	**BF Biosciences Limited**	**Farmacia**	**Intra-Group eliminations**	**Total**
NCI percentage	**20%**	**2%**		
Non current assets	**1,039,110,303**	**92,539,801**		
Revaluation surplus	**336,576,251**	**36,126,953**		
Current assets	**1,955,648,127**	**115,640,683**		
Non-current liabilities	**1,061,723,659**	**-**		
Current liabilities	**466,397,013**	**9,029,875**		
Net assets	**1,803,214,008**	**235,277,562**		
Carrying amount of NCI	**360,642,802**	**4,705,551**	**53,825,807**	**419,174,160**
Revenue - *net*	**1,754,798,146**	**395,484,147**		
Profit after taxation	**607,991,904**	**13,138,012**		
Other comprehensive income	**-**	**-**		
Total comprehensive income	**607,991,904**	**13,138,012**		
Total comprehensive income allocated to NCI	**121,598,381**	**262,760**	**(6,853,654)**	**115,007,487**
Cash flows from operating activities	**569,973,010**	**1,014,800**		
Cash flows from investing activities	**(1,339,755,377)**	**(14,713,908)**		
Cash flows from financing activities (dividends to NCI : Nil)	**1,162,521,203**	**-**		
Net increase / (decrease) in cash and cash equivalents	**392,738,836**	**(13,699,108)**		

30 June 2020 *Amount in Rupees*	**BF Biosciences Limited**	**Farmacia**	**Intra-Group eliminations**	**Total**
NCI percentage	20%	2%		
Non current assets	135,557,187	94,554,131		
Revaluation surplus	373,096,944	40,141,058		
Current assets	912,159,602	96,990,493		
Non-current liabilities	5,250,000	-		
Current liabilities	260,093,526	5,532,028		
Net assets	1,155,470,208	226,153,654		
Carrying amount of NCI	231,094,042	4,523,073	(7,723,032)	227,894,083
Revenue - *net*	628,286,427	295,569,154		
Profit after taxation	47,108,576	20,731,899		
Other comprehensive income	259,904,367	40,141,058		
Total comprehensive income	307,012,943	60,872,957		
Total comprehensive income allocated to NCI	61,402,589	1,217,459	(4,225,683)	58,394,365
Cash flows from operating activities	(20,204,561)	6,083,784		
Cash flows from investing activities	(4,879,307)	1,047,532		
Cash flows from financing activities (dividends to NCI : Nil)	5,832,701	-		
Net (decrease) / increase in cash and cash equivalents	(19,251,167)	7,131,316		

46 Impact of COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. During the year, the Government of the Punjab from time to time announced a temporary smart lock downs as a measure to reduce the spread of the COVID-19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Management is actively monitoring the impact of the pandemic on its financial condition, liquidity, operations, supply chain, and workforce, which at this point is not considered to be significant. However, during the year Group obtained further long term loan, under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan, total amounting to Rs. 377 million, for paying salaries and wages as explained in note 8 to these financial statements. Further, management believes that the Group has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future when they become due. From the very outset of COVID-19, the management has adopted various policies and practices to minimize adverse impact of COVID-19 on the business and is continuously monitoring the situation in order to proactively address any challenges which may arise from COVID-19.

47 Non adjusting events after the reporting date

The Board of Directors of the Holding Company in its meeting held on 30 August 2021 has proposed a final cash dividend of Rs. 10 (2020: Rs. 4) per share, amounting to Rs. 362.24 million (2020: Rs. 120.75 million) and bonus shares at the rate 0% (2020: at the rate of 20%) subject to the approval of the members in the Annual General Meeting to be held on 30 September 2021.

48 Date of authorization for issue

These consolidated financial statements have been authorized for issue by the Board of Directors of the Holding Company on 30 August 2021.

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

PATTERN OF SHAREHOLDING AS AT 30 JUNE 2021

No. of Shareholders	Shareholding		Total Shares held
	From	To	
1,491	1	100	42,981
1,194	101	500	321,236
611	501	1,000	446,705
743	1,001	5,000	1,588,301
156	5,001	10,000	1,107984
51	10,001	15,000	608,907
17	15,001	20,000	298,769
26	20,001	25,000	584,598
15	25,001	30,000	411,497
10	30,001	35,000	331,400
12	35,001	40,000	453,803
6	40,001	45,000	254,650
5	45,001	50,000	238,482
4	50,001	55,000	211,475
5	55,001	60,000	291,094
1	60,001	65,000	61,320
1	65,001	70,000	68,037
3	70,001	75,000	221,668
1	75,001	80,000	76,740
1	80,001	85,000	85,000
2	100,001	105,000	204,784
1	110,001	115,000	114,900
3	115,001	120,000	355,333
1	165,001	170,000	167,500
1	180,001	185,000	180,400
3	185,001	190,000	566,374
1	190,001	195,000	193,142
1	195,001	200,000	196,430
1	215,001	220,000	216,282
1	290,001	295,000	290,503
1	340,001	345,000	341,349
1	350,001	355,000	354,555
1	400,001	405,000	400,167
1	420,001	425,000	423,228
1	425,001	430,000	425,197
2	430,001	435,000	865,715
1	440,001	445,000	443,437
1	490,001	495,000	493,174
2	520,001	525,000	1,046,828
1	670,001	675,000	672,049
1	780,001	785,00	781,616
1	1,085,001	1,090,000	1,085,920
1	1,285,001	1,290,000	1,287,796
1	1,775,001	1,780,000	1,777,970
1	1,795,001	1,800,000	1,795,050
1	1,805,001	1,810,000	1,807,789
1	2,190,001	2,195,000	2,190,530
1	9,840,001	9,845,000	9,841,545
4,388			**36,224,210**

CATEGORIES OF SHAREHOLDER

Categories of Shareholder	Share held	Percentage
Directors, CEO, their Spouse and Minor Childern	3,527,071	9.74
Associated Companies, Undertakings & Related Parties	9,944,329	27.45
NIT & ICP	1,796,952	4.96
Banks, DFIs, NBFCs	66,341	0.18
Insurance Companies	4,892,785	13.51
Modarabas and Mutual Funds	680,820	1.88
A. General Public (Local)	13,634,891	37.64
B. General Public (Foreign)	451,742	1.25
A. Other Companies (Local)	1,229,279	3.39
Total	**36,224,210**	**100**
Shareholders holding 10% or more:		
M/S. KFW Factors (Private) Limited	9,944,329	27.45

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 65th Annual General Meeting of Ferozsons Laboratories Limited will be held on Thursday, 30 September 2021 at 3:00 p.m. through video conferencing at the registered office of the Company to transact the following business:

Ordinary Business:

1. To confirm the Minutes of the Extraordinary General Meeting held on 12 February 2021.

2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 June 2021 together with the Directors' and Auditors' reports thereon.

3. To consider and approve final cash dividend of 100% i.e. Rs. 10 per share as recommended by the Board of Directors for the year ended 30 June 2021.

4. To appoint Auditors for the year ending 30 June 2022 and fix their remuneration.

5. To transact any other ordinary business with the permission of the chair.

By order of the Board

Syed Ghausuddin Saif
Company Secretary

Rawalpindi
30 August 2021

Notes:

1. CLOSURE OF SHARE TRANSFER BOOKS:

The Share Transfer Books of the Company will be closed from 24 September 2021 to 30 September 2021 (both days inclusive). Transfers received at the Company's Share Registrar, Messrs CorpTec Associates (Private) Limited, 503-E, Johar Town, Lahore, at the close of business on 23 September 2021 will be treated in time for the purpose of above entitlement to the transferees.

2. PARTICIPATION IN THE AGM THROUGH VIDEO LINK FACILITY:

In order to ensure the health and safety of the shareholders and management during the fourth wave of Covid-19 and in line with the direction issued to listed companies by the Securities and Exchange Commission of Pakistan, vide its Circular No. 4 dated 15 February 2021 and Circular No. 6 dated 03 March 2021, the AGM proceedings shall be held through video link facility. Only those persons whose names appear in the Register of Members of the Company as at 23 September 2021 are entitled to attend and vote at the Annual General Meeting.

A member entitled to attend and vote at this meeting is also entitled to appoint another member, as a proxy to attend and vote on his/her behalf. In order the proxy to be valid, 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. The Proxy form is annexed.

NOTICE OF ANNUAL GENERAL MEETING

3. PROCEDURE FOR ATTENDING THE AGM THROUGH VIDEO LINK FACILITY:

Shareholders interested to participate in the meeting through video link are requested to email their Name, Folio Number, Cell Number and Number of Shares held in their name with subject "Registration for Ferozsons Laboratories Limited AGM - 2021" along with valid copy of both sides of Computerized National Identify Card (CNIC) at cs@ferozsons-labs.com. The video link and login credentials will be shared with only those members/designated proxies whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address cs@fersozsons-labs.com.

4. GUIDELINES FOR CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED ('CDC') ACCOUNT HOLDERS:

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

A. For attending the AGM:

(i) In case of individuals, the account holders or sub-account holders whose securities and their registration details are uploaded as per the regulations, shall authenticate his / her identity by sharing a copy of his / her Computerized National Identity Card (CNIC) or Passport through e-mail (as mentioned in the notes) at least 48 hours before the time of the 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 e-mail (as mentioned in the notes) (unless it has been provided earlier) at least 48 hours before the time of the AGM.

B. For appointing proxies:

(i) In case of individuals, the account holder or sub account holder whose registration details are uploaded as per CDC regulations, shall submit the proxy form as per the above requirement.

(ii) The proxy form shall be witnessed by two persons whose names, address and CNIC number shall be mentioned on the form.

(iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(iv) The proxy shall share a copy of his / her Computerized National Identity Card (CNIC) or Passport through e-mail (as mentioned in the notes) at least 48 hours before the time of the AGM.

(v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature along with proxy form shall be shared through e-mail (as mentioned in the notes) (unless it has not been provided earlier) at least 48 hours before the time of the AGM.

5. WITHHOLDING TAX ON DIVIDEND:

The Government of Pakistan through Finance Act, 2021 under Section 150 of the Income Tax Ordinance, 2001 whereby 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 are not entered into the Active Tax Payers List (ATL) provided on the website of the 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 as may be notified by the shareholders, in writing as follows, to our share registrar or if no such notification is received, each shareholder shall be assumed to have an equal number of shares:

Folio/ CDS ID/ A/C #	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC No.	Shareholding propotion (No. of Shares)	Name and CNIC No.	Shareholding propotion (No. of Shares)

The required information must reach the shares registrar of the Company by the close of business on 23 September 2021 otherwise it will be assumed that the shares are equally held by principal shareholder and joint shareholders.

6. EXEMPTION FROM DEDUCTION OF INCOME TAX / ZAKAT:

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate, are requested to submit a valid tax exemption / reduced rate certificate or necessary documentary evidence as the case may be. Members desiring no deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.

7. ELECTRONIC DIVIDEND MANDATE:

Under the Section 242 of the Companies Act, 2017, it is mandatory for all listed Companies to pay cash dividend to its shareholders through electronic mode directly into the bank account designated by the entitled shareholders. In order to receive dividend directly into their bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available on the Company's website and send it duly signed along with a copy of CNIC to the Share Registrar, Messrs CorpTec Associates (Private) Limited in case of physical shares.

In case of shares held in CDC then Electronic Dividend Mandate Form must be directly submitted to shareholder's brokers / participant / CDC account services.

8. SUBMISSION OF VALID CNIC:

Pursuant to the SECP directives the dividend of shareholders whose valid CNICs are not available with the Share Registrar could be withheld. All shareholders having physical shareholding are therefore advised to submit a photocopy of their valid CNIC immediately, if already not provided, to the Company's Share Registrar without any further delay.

9. UNCLAIMED DIVIDEND:

Shareholders, who by any reason, could not claim their dividend, if any, are advised to contact our Share Registrar, Messrs CorpTec Associates (Private) Limited, 503-E, Johar Town, Lahore to collect / enquire about their unclaimed dividend.

10. 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 within the stipulated period notified by the SECP.

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.

11. 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.

12. CONSENT FOR VIDEO CONFERENCING FACILITY:

Pursuant to Section 132(2) of the Companies Act, 2017, if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility, please submit such request to the Company Secretary.

13. ELECTRONIC TRANSMISSION OF FINANCIAL STATEMENTS AND NOTICES:

Pursuant to notification vide SRO 787(1)/2014 dated 08 September 2014, the 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, shall email at cs@ferozsons-labs.com. The same shall be provided to the shareholders free of cost within seven days of receipt of such request.

14. PLACEMENT OF FINANCIAL STATEMENTS ON COMPANY'S WEBSITE:

The financial statements of the Company for the year ended 30 June 2021 have been placed on the website of the Company www.ferozsons-labs.com

NOTICE OF ANNUAL GENERAL MEETING

Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Name of Investee Company	BF Biosciences Limited
Total Investment Approved:	Cross corporate guarantees up to Rs. 3.5 Billion in favor of financial institutions/lenders of Investee company for a tenor of 10 years along with provision of security to the lenders of investee company up to Rs 2.5 Billion was approved by the members in EOGM held on 12 February 2021.
Amount of investment made to date:	Bank guarantees amounting to Rs. 2.9 Billion and Security in the form of charge over fixed assets amounting to Rs 0.413 Billion have been issued against this approval to date.
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:	Not applicable
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 2021 the basic earnings per share is Rs. 32 and breakup value per share is Rs. 77.

تاہم، پلانٹ اور مشینری کی درآمد پر سیلز ٹیکس، جو درآمدی لاگت کا 17 سے 20 فیصد ہے، درآمدی لیوی کے لحاظ سے لاگت کا سب سے بڑا جزو ہے۔ یہ ٹیکس انڈسٹری منظور نہیں کر سکتی، کیونکہ دواسازی کے معاملے میں، تیار شدہ مصنوعات پر کوئی جی ایس ٹی نہیں ہے۔ صنعت کی ترقی کے امکانات کو مدنظر رکھتے ہوئے، پلانٹ اور مشینری کی درآمد پر سیلز ٹیکس میں کسی قسم کی نرمی سیکٹر میں معیاری اپ گریڈیشن اور توسیع کی رفتار میں نمایاں اضافہ کرے گی اور برآمدی منڈیوں میں مقامی کمپنیوں کی مسابقت میں اضافہ کرے گی۔

COVID-19 سے نمٹنے کے لیے، صوبائی حکومتوں نے کئی ریلیف اقدامات کیے جن کی بنیادی طور پر ان کی صحت کی دیکھ بھال کے بجٹ کو موڑ کر مالی اعانت فراہم کی گئی، جس سے سپلائرز (بشمول دواساز کمپنیوں) کو ادائیگی میں تاخیر ہوئی۔ بجٹ کی کمی کی وجہ سے، بڑے سپلائرز اب بھی اپنی زائد المیعاد ادائیگیوں کے منتظر ہیں۔ فی الوقت، آپ کی کمپنی کے پاس مختلف سرکاری ملکیت کے صحت کے اداروں سے 1.2 ارب روپے (تقریباً) کی وصولی باقی ہے۔

انتظامیہ فعال طور پر اس کی ترقی کو بڑھانے کے لیے نئی مصنوعات کی پیروی کر رہی ہے۔ اپنے موجودہ جنرک بیس کو مضبوط بنانے کے لیے، کمپنی نے سال کے دوران معدے، ذیابیطس اور اینٹی انفیکٹیو تھراپیٹک علاقوں میں نئی مصنوعات لانچ کی ہیں۔

کمپنی نے اپنے میڈیکل ڈیوائسز پورٹ فولیو میں کارڈیک ریڈم مینجمنٹ اور نیورو موڈولیشن سیگمنٹس کو بھی شامل کیا ہے، اور ایسے علاقوں میں دیگر شراکت داریوں کی تلاش کر رہی ہے جہاں مریضوں کی غیر ضروری ضرورتیں موجود ہیں۔

اعتراف

ہم کووِڈ19 وبائی مرض سے لڑنے میں پوری طبی برادری کی قابل ذکر کوششوں اور قربانیوں کو تسلیم کرنا چاہتے ہیں۔ ہم کمپنی کے مقاصد کے حصول کے لیے اپنے ملازمین کی لگن کے لیے بھی شکر گزار ہیں۔ وبائی امراض کے پیش کردہ چیلنجوں کے باوجود، ہماری ٹیم نے بہادری سے پلانٹ، دفتر اور خاص طور پر میدان میں کام جاری رکھا ہے، صحت کی دیکھ بھال کرنے والے اور فرنٹ لائن ورکرز کو ان کی جان بچانے کے نیک مقصد میں مدد فراہم کی ہے۔

بورڈ کے جانب سے

مسٹر عثمان خالد وحید	**مسز اختر خالد وحید**
چیف ایگزیکٹو آفیسر	**چیئرپرسن**

لاہور

30 اگست 2021

معاشی اور سیاسی خطرات: ملک میں مسلسل تبدیل ہوتے معاشی اور سیاسی حالات کی وجہ سے ہماری کمپنی کو بھی خطرات کا سامنا ہے۔ یہ خطرہ کم کرنے کیلئے انتظامیہ مالی مارکیٹ کے حالات اور سیاسی منظر نامے پر گہری نظر رکھتی ہے اور ناساز گار حالات کا ادراک کرنے کیلئے مینجمنٹ کی سطح پر مناسب فعل اور حکمت عملیاں ڈسکس کی جاتی ہیں۔

مسابقت کے خطرات: ہماری مارکیٹ میں غیر قانونی اور غیر معیاری ادویات پر کمزور قانونی گرفت کی وجہ سے پاکستانی فارماسیوٹیکل انڈسٹری کو نقصان دہ مسابقتی خطرات کا سامنا ہے۔ اس کو خطرے کو کم کرنے کیلئے آپکی کمپنی پاکستان فارماسیوٹیکل مینوفیکچرز ایسوسی ایشن کے دیگر ارکان کے ساتھ مل کر گورنمنٹ کے قوانین اور پالیسیوں کو بہتر بنانے کیلئے مسلسل لابنگ کر رہی ہے۔

سلسلہِ فراہمی (سپلائی چین) کے خطرات: کمپنی کے روزمرہ کے آپریشنز میں سلسلہِ فراہمی (سپلائی چین) کا پروسیس بہت اہمیت کا حامل ہے۔ اس خطرے کو کم کرنے کیلئے ہم پروڈکشن کی جامع منصوبہ بندی کرتے ہیں اور اسے فروخت کی پیش بینی اور آرڈرنگ سسٹم کے ساتھ ہم آہنگ کرتے ہیں۔

انفارمیشن ٹیکنالوجی کے خطرات: مستقبل کی ضروریات کو مدنظر رکھتے ہوئے کمپنی IT انفراسٹرکچر میں مسلسل سرمایہ کاری کرتی رہتی ہے۔

مالیاتی خطرات: یہ وہ خطرات ہیں جو براہِ راست کمپنی کی مالیاتی بقا سے تعلق رکھتے ہیں۔ ان خطرات کو مالیاتی گوشواروں کے نوٹس میں تفصیل سے بیان کیا گیا ہے۔

نان ایگزیکٹو ڈائریکٹرز کے معاوضے کی پالیسی

نان ایگزیکٹو ڈائریکٹرز بشمول خود مختار (انڈیپنڈنٹ) ڈائریکٹرز کو صرف میٹنگز میں شرکت کی فیس ادا کی جاتی ہے اور سفری اخراجات کی ادائیگی کی جاتی ہے۔

آڈیٹرز

آڈیٹرز میسرز KPMG تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہوتے ہیں اور انہوں نے مالی سال 30 جون 2022 کیلئے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔

بورڈ کی آڈٹ کمیٹی نے KPMG تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو سال 22-2021 کیلئے کمپنی کا آڈیٹر مقرر کرنے کی تجویز دی ہے۔ چنانچہ بورڈ نے بھی آئندہ سالانہ اجلاسِ عام میں حصص داروں کی منظوری کیلئے انھی آڈیٹرز کو تجویز کیا ہے۔

انڈسٹری کا جائزہ اور مستقبل کے امکانات کا جائزہ

پاکستان کا دواسازی کا شعبہ ترقی کی زبردست صلاحیت رکھتا ہے اور اپنے برآمدی اڈے کی ترقی اور تنوع میں نمایاں کردار ادا کر سکتا ہے۔

حکومت پاکستان نے صنعت کی توسیع کے لیے حوصلہ افزا اقدامات کیے ہیں، بشمول اسٹیٹ بینک آف پاکستان کی عارضی اقتصادی ری فنانس اسکیم، اور تجارت اور مالیات کی وزارتوں کی جانب سے رجسٹرڈ دواساز مینوفیکچررز کے ذریعہ درآمدی پلانٹ اور مشینری پر کسٹم ڈیوٹی پر 5 فیصد کی حد کی حمایت۔

متعلقہ پارٹی لین دین

30 جون 2021 پر اختتام شدہ سال کے دوران متعلقہ پارٹیوں سے ہونے والے معاملات بورڈ اور آڈٹ کمیٹی کے سامنے جائزے اور منظوری کیلئے پیش کئے گئے۔ سال کے دوران ہونے والی میٹنگز میں بورڈ نے ان معاملات کی منظوری دی۔ متعلقہ پارٹی لین دین کی تفصیل مالیاتی گوشواروں کے نوٹ نمبر 35 میں دی گئی ہے۔

بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیوں کی تشکیل اور میٹنگز

30 جون 2021 پر اختتام شدہ سال کے دوران بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیوں کی تشکیل اور ہونے والی میٹنگز کی تفصیل، اور سال کے دوران کسی بھی وقت کمپنی کے ڈائریکٹر رہنے والے افراد کی تفصیل ساتھ لف کر دی گئی ہے۔

حصص داری کی ترتیب

30 جون 2021 پر حصص داری کی ترتیب ساتھ لف کر دی گئی ہے۔ ڈائریکٹرز، CEO، CFO، کمپنی سیکریٹری، ایگزیکٹوز (افسران)، اور انکے شریک حیات یا چھوٹے بچوں کی جانب سے کی گئی کمپنی کے شئیرز میں خرید و فروخت (اگر کوئی کی گئی ہو تو) کی معلومات بھی ساتھ لف کر دی گئی ہیں۔

کمپنی کی سماجی ذمہ داری

اپنے کاروباری ضابطہِ اخلاق اور امتیازی فریم ورک کے عین مطابق، ہم ماحولیاتی تحفظ اور سماج کی صحت اور تعلیم میں سرمایہ کاری کرنے کیلئے پُر عزم ہیں۔

آپکی کمپنی نے اس سال سماجی ذمہ داری کی کئی سرگرمیوں (CSR activities) میں شرکت کی اور یہ شرکت زیادہ تر درج ذیل تنظیموں کے ساتھ کی گئی:

- نیشنل منیجمنٹ فاؤنڈیشن (National Management Foundation)
- پارسا ٹرسٹ (Parsa Trust)
- پیٹرونز آف ایکسپو 2020 پاکستان (Patrons of Expo 2020 Pakistan - NPO)
- کینسر ریسرچ اینڈ ٹریٹمنٹ فاؤنڈیشن (Cancer Research and Treatment Foundation)
- کڈنی سنٹر (Kidney Centre)
- اوکاڑہ پیشنٹ ویلفئیر ایسوسی ایشن (Okara Patient Welfare Association)
- رزق ٹرسٹ (Rizq Trust)

خطرات سے بچاؤ

خطرات سے بچنے کا ہمارے طریقہ کار بنیادی طور پر خطرے والے حصوں کو سمجھنا، پہچاننا اور پھر ترجیح کی بنیاد پر درجہ بندی کرنا ہے۔ خطرات کم کرنے کیلئے کئی طرح کی حکمت عملیاں تیار کی جاتی ہیں اور ان پر عمل کیا جاتا ہے۔

بنیادی طور پر ہماری کمپنی کو درج ذیل خطرات کا سامنا ہے:

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک کی تعمیل کا اعلامیہ

آپ کی کمپنی کا بورڈ آف ڈائریکٹرز کمپنی کو چلانے کی بہترین روایات کے اصولوں کی پیروی کیلئے پر عزم ہے۔ کمپنی کی انتظامیہ کوڈ آف کارپوریٹ گورننس میں بتائی گئی بہترین روایات کی مسلسل تعمیل کر رہی ہے۔

- انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات کی صورتحال، سرگرمیوں کے نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔
- کمپنی کے اکاؤنٹس کے موزوں کھاتے تیار رکھے گئے ہیں۔
- کمپنی کے مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی موزوں پالیسیوں کا مسلسل اطلاق کیا گیا ہے جو کہ پاکستان میں اکاؤنٹنگ کے منظور شدہ معیارات سے مطابقت رکھتی ہیں۔
- ان مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو مالیاتی رپورٹنگ کے بین الاقوامی معیارات (IFRS) کو اختیار کیا گیا ہے، اور ان معیارات سے کئے گئے انحراف (اگر کوئی ہو) کی مناسب انداز میں نشاندہی اور وضاحت کی گئی ہے۔
- اندرونی کنٹرولز کا نظام مستحکم ہے اور انتظامیہ نے اس کا مؤثر اطلاق کیا ہے، اور اندرونی آڈیٹرز، بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی نے اس کی نگرانی کی ہے۔ بورڈ، آڈٹ کمیٹی کے ذریعے، اندرونی کنٹرولز کے مؤثرپن کا جائزہ لیتا ہے اور، اگر ضروری ہو، اندرونی کنٹرول کے نظام میں مزید بہتری لانے کیلئے تجاویز دیتا ہے۔
- بطور ایک چلتے ادارے کمپنی کے کاروبار جاری رکھنے کی اہلیت پر کوئی قابلِ ذکر خدشات موجود نہیں ہیں۔
- لسٹڈ ضوابط میں بتائی گئی کارپوریٹ گورننس کی بہترین روایات سے کوئی نمایاں انحراف نہیں کیا گیا۔
- اس رپورٹ میں شامل ڈائریکٹرز رپورٹ / چیئرمین کی جائزہ رپورٹ اور مالیاتی گوشواروں کے نوٹس میں پچھلے سال کے مقابلے میں مالیاتی نتائج میں ہونے والی اہم تبدیلیوں کی مناسب انداز میں نشاندہی اور وضاحت کر دی گئی ہے۔
- کمپنی قابلِ قیاس مستقبل کے دوران کسی کارپوریٹ تنظیمِ نو یا آپریشن کی بندش پر غور نہیں کر رہی۔
- 30 جون 2021 تک کے گورنمنٹ کے نافذ کردہ ایسے تمام محصولات، جو عمومی کاروباری معاملات میں نافذ کئے جاتے ہیں، سال کے اختتام کے بعد ادا کئے جا چکے ہیں۔
- تازہ ترین آڈٹ شدہ اکاؤنٹس کے مطابق 30 جون 2021 پر ملازمین کی پروویڈنٹ فنڈ کی سرمایہ کاری کی قدر 618 ملین روپے ہے۔

قومی خزانے میں حصہ

اس مالی سال کے دوران، کمپنی نے مختلف ٹیکسوں اور محصولات کی مد میں (جیسے کہ انکم ٹیکس، کسٹم ڈیوٹی، وفاقی اور صوبائی سیلز ٹیکس، ورکرز ویلفیئر فنڈ، ورکرز پرافٹ پارٹیسپیشن فنڈ اور سنٹرل ریسرچ فنڈ) پیدا کردہ دولت میں سے 494 ملین روپے قومی خزانے میں جمع کروائے۔

پیسے کی وصولی اور ادائیگی کا انتظام

پیسے کی وصولی اور ادائیگی کے انتظام کیلئے کمپنی باقاعدگی سے موصول ہونے والی رقم اور ادا کی جانے والی رقم کا تخمینہ لگاتی ہے اور نقد رقم (کیش) کی صورتحال پر روزانہ کی بنیاد پر نظر رکھتی ہے۔

پیداوار کی ضروریات کو پورا کرنے اور اپنی مصنوعات کی بنیاد کو متنوع بنانے کے لیے، ماتحت کمپنی نے اپنی موجودہ سہولت میں دوسری پروڈکشن لائن لگا کر بڑی توسیع شروع کی ہے۔ توسیع کو قرض، بدلنے والے قرض اور اندرونی طور پر تیار کردہ فنڈز کے ساتھ ملایا جاتا ہے۔

زیر جائزہ سال کے دوران، ذیلی کمپنی نے ڈرگ ریگولیٹری اتھارٹی آف پاکستان سے بائیو جیسی Etanercept (Eterna®) اور Enoxaparin (Noxane® Sodium) کی رجسٹریشن کامیابی سے حاصل کی۔ یہ مصنوعات آنے والے مہینوں میں پیداواری صلاحیت کی دستیابی سے مشروط ہوں گی۔

کلیدی عملی اور مالیاتی اعداد و شمار

گزشتہ چھ سالوں کے انفرادی اور مجموعی مالیاتی تفصیلات کے کلیدی عملی اور مالیاتی اعداد و شمار کا خلاصہ ضم کیا گیا ہے۔

سرمایہ کاری کے اخراجات

سال کے دوران، کمپنی نے روپے کی سرمایہ کاری کی۔ اس کی مینوفیکچرنگ سہولیات کے توازن اور جدید کاری کے لیے 140 ملین۔

سال کے اختتام کے بعد ہونے والے واقعات

کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی تبدیلی اس رپورٹ کی تاریخ اور تاریخ کی تاریخ کے درمیان نہیں ہوئی ہے۔

فی حصص آمدن

30 جون، 2021 کو ختم ہونے والے سال کے خالص منافع کی بنیاد پر، انفرادی طور پر فی حصص آمدن (EPS) 20.02 روپے ہے جو کہ پچھلے سال 10.92 روپے تھی۔ جبکہ اس سال کی انضمام کردہ فی حصص آمدن 32.39 روپے ہے جو کہ پچھلے سال 11.51 روپے تھی۔ گزشتہ سال کی فی حصص آمدن (انفرادی اور انضمام کردہ، دونوں) میں پچھلے سال جاری کئے گئے بونس شئیرز کی وجہ سے ترمیم کی گئی ہے۔

ڈیویڈنڈ کا اعلان

30 جون 2021 پر ختم ہونے والے سال کیلئے ڈائریکٹرز نے 100 فیصد حتمی نقد ڈیویڈنڈ 10 روپے فی شئیرز جاری کرنے کی سفارش کی ہے، جو کہ 30 اگست 2021 پر ہونے والے سالانہ اجلاسِ عام میں شئیر ہولڈرز کی منظوری سے مشروط ہے۔

کمپنیز ایکٹ، 2017 کی تعمیل میں منافع کی اس تقسیم کو بعد کے مالیاتی گوشواروں میں شمار کیا جائے گا۔

کوڈ آف کارپوریٹ گورننس کی تعمیل کا اعلامیہ

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی شرائط پر ہماری کمپنی پوری طرح عمل پیرا ہے اور اس تعمیل کا اعلامیہ اور آڈیٹرز رپورٹ ہماری سالانہ رپورٹ میں شامل ہیں۔

فیروز سنز لیبارٹریز لمیٹڈ کا مالیاتی اور آپریشنل جائزہ:

کمپنی کی مجموعی خالص فروخت 8,879 ملین روپے پر بند ہوئی، جس میں پچھلے سال کی نسبت 43 فیصد اضافہ ہوا۔ انفرادی طور پر کمپنی کی خالص فروخت 7,034 ملین روپے رہی، جس میں پچھلے سال کی نسبت 30 فیصد اضافہ ہوا۔ مجموعی خالص فروخت میں زیادہ اضافہ برآمدات اور مقامی منڈیوں میں ریمیڈیا انجیکشنز (ریمڈیسیویر) کی اضافی فروخت کی نمائندگی کرتا ہے، جو ہماری ماتحت کمپنی بی ایف بائیو سائنسز لمیٹڈ کی طرف سے تیار کی گئی ہے، جو گلیڈ سائنسز، انکارپوریٹڈ کے لائسنس کے تحت ہے۔

مارکیٹ میں عام فروخت میں 18 فیصد کا اضافہ دیکھا گیا، جبکہ عام اور طبی آلات کی ادارہ جاتی فروخت میں 49 فیصد اضافہ ہوا۔ جائزہ کے تحت سال کے دوران کمپنی کی انفرادی برآمدات میں 49 فیصد اضافہ ہوا۔

موجودہ سال کا مجموعی منافع 41.1 فیصد ہے جو گزشتہ سال 41.2 فیصد تھا۔ رقم کے لحاظ سے، مجموعی منافع میں 29.7 فیصد اضافہ ہوا۔ مجموعی منافع کے مارجن میں تبدیلی کاروباری اخراجات میں اضافے کے ساتھ بنیادی طور پر سیلز مکس میں تبدیلی کی وجہ سے ہے۔

فروخت اور تقسیم کے اخراجات میں 18.2 فیصد اضافہ ہوا، جس کی بنیادی وجہ تنخواہوں اور تشہیری اخراجات میں اضافے کی وجہ سے، اور فیلڈ سرگرمیوں اور دوروں کی پابندیوں میں نرمی ہے۔

دیگر اخراجات میں 1 فیصد کی کمی واقع ہوئی ہے، جو کہ سی آر ایف، ڈبلیو پی پی ایف اور ڈبلیو ڈبلیو ایف سے متعلقہ زرمبادلہ کے نقصان اور قانونی دفعات (منافع کے مطابق) میں اضافے کے خالص اثرات کی نمائندگی کرتی ہے۔

دیگر آمدنی میں 47 فیصد اضافہ ہوا، جس کی بنیادی وجہ غیر ملکی کرنسی کے تبادلہ پر زرمبادلہ ہے۔

مالیاتی لاگت میں 20 فیصد کمی واقع ہوئی جس کی بنیادی وجہ زیر نظر سال کے دوران کیش فلو کے استعمال میں بہتری ہے۔

آپ کی کمپنی کا ٹیکس کے بعد خالص منافع 725 ملین روپے رہا جو کہ گزشتہ سال 396 ملین روپے تھا۔

BF Biosciences Limited (ماتحت کمپنی) کا مالی اور آپریشنل جائزہ:

ماتحت کمپنی BF Biosciences Limited کی خالص فروخت 1,754.8 ملین روپے پر بند ہوئی، جو کہ پچھلے سال 641.1 ملین روپے تھی، جس میں 173.7 فیصد اضافہ ہوا۔ فروخت میں اضافہ بنیادی طور پر اضافی فروخت ریمیڈیا انجیکشن (ریمڈیسیویر) کی نمائندگی کرتا ہے، جو برآمد اور مقامی مارکیٹوں میں گلیڈ سائنسز، انکارپوریٹڈ کے لائسنس کے تحت تیار کیا گیا ہے۔ چونکہ بی ایف بائیو سائنسز کی پیداواری صلاحیت بڑے پیمانے پر وبائی امراض کے پیش نظر ریمیڈیا کی پیداوار کے لیے پرعزم تھی، اس لیے دیگر مصنوعات کی فروخت میں 14 فیصد کی کمی کا سامنا کرنا پڑا جس کے نتیجے میں پیداواری رکاوٹیں اور منتخب مصنوعات کے لیے انسٹیٹیوشنل فروخت میں کمی واقع ہوئی۔

شئیر ہولڈرز کی خدمت میں ڈائریکٹرز کی رپورٹ

30جون2021پر اختتام شدہ سال سے متعلق

ہم انتہائی مسرت سے 65ویں سالانہ رپورٹ پیش کرتے ہیں جس میں آپ کی کمپنی کے پڑتال شدہ(آڈٹ شدہ) مالیاتی گوشوارے (30جون 2021 پر ختم ہونے والے سال سے متعلق) شامل ہیں اور ان کے ساتھ ذیلی کمپنیوں، BFبائیو سائنسز لمیٹڈ اور فارمیشیار ہیلتھ وینچر، کے انضمام کردہ مالیاتی گوشوارے بھی شامل ہیں۔

یہ مالیاتی گوشوارے کمپنیز ایکٹ، 2017اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تقاضوں کے ساتھ، پاکستان میں قابل اطلاق اکاؤنٹنگ کے معیار کے مطابق تیار کئے گئے ہیں۔

آپ کی کمپنی کے انفرادی اور انضمام کردہ مالیاتی نتائج کا خلاصہ

اس سال کے مالیاتی نتائج اور منافع کی تقسیم کا خلاصہ اور پچھلے سال سے موازنہ نیچے دیا گیا ہے:

	انفرادی		انضمام کردہ	
	2021	2020	2021	2020
	(ہزار روپے)			
فروخت-خالص	7,033,622	5,401,732	8,879,116	6,212,343
گراس منافع	2,886,943	2,225,643	3,665,266	2,338,689
قبل از ٹیکس منافع	980,867	560,530	1,565,972	591,938
بعد از ٹیکس منافع	725,235	395,655	1,288,460	422,580
فی حصص آمدن(روپے)	20.02	10.92	32.39	11.51
تقسیم کیلئے موجود منافع	4,768,389	4,181,755	5,712,629	4,644,627
تقسیم:				
نقد ڈیویڈنڈ:				
مالیاتی سال 2021 کیلئے ختمی نقد ڈیویڈنڈ @10روپے فی حصص (مالیاتی سال 2020: @4روپے فی حصص)	(362,242)	(120,747)	(362,242)	(120,747)
بونس شئیرز:				
مالیاتی سال 2021 کیلئے بونس شئیرز @ ٪ 0 (مالیاتی سال 2020: ٪ 20)	-	(60,374)	-	(60,374)

FEROZSONS LABORATORIES LIMITED

FORM OF PROXY

65th 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 65th Annual General Meeting of the Company to be held on Thursday, 30 September 2021 at 3:00 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_________2021

Signature of Proxy________________

CUT HERE

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)

65واں 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 65ویں سالانہ اجلاسِ عام میں، جو بتاریخ 30 ستمبر 2021، سہ پہر 3:00 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 چاہیئے)

بتاریخ__________مہینہ__________2021 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۔

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60 YEARS
OF TRUST & DEVOTION