FEROZSONS
LABORATORIES LIMITED

CELEBRATING 75 YEARS OF PAKISTAN

ANNUAL REPORT 2022

65 YEARS
OF TRUST & DEVOTION

65 YEARS

OF TRUST & DEVOTION

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CORPORATE **INFORMATION**

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

INVESTMENT COMMITTEE

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

HR & REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Syed Ghausuddin Saif

CHIEF FINANCIAL OFFICER

Mr. Muhammad Farhan Rafiq

HEAD OF INTERNAL AUDIT

Mr. Rizwan Hameed Butt

EXTERNAL AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

INTERNAL AUDITORS

EY Ford Rhodes
Chartered Accountants

BANKERS

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

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
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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

CODE OF BUSINESS CONDUCT

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

PRINCIPAL ACTIVITIES

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

LEGISLATIVE & POLITICAL ENVIRONMENT

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

Exchange rate devaluation and inconsistent healthcare policy regimes due to political instability in the country have affected the pharmaceutical industry as it has affected all other businesses. We have worked with the industry associations to mitigate these effects and constantly liaised with government bodies to quickly adapt to the changing policy framework.

Osman Khalid Waheed

CEO and Director
Ferozsons Laboratories Limited

USHERING IN THE NEXT 75 YEARS FOR AN INDEPENDENT, HEALTHY PAKISTAN

MESSAGE FROM THE CEO

As we celebrate 75 years of our Nation's independence, we pay tribute to our founding fathers, the Constitution that binds us together, and to all those who have made tremendous sacrifices for our freedom. During the Covid-19 Pandemic, our doctors and frontline health workers played a heroic role in keeping Pakistanis safe and healthy. These healthcare heroes risked their own lives every day to protect the citizens of this homeland, and deserve our utmost gratitude and respect.

As we usher in the new financial year, I would also like to thank all the members of the Ferozsons Family for their untiring efforts to serve patients. During the year, we have launched global innovative brands like the Hecolin Vaccine for Hepatitis E, and a number of high-quality branded generics including Azobar, Ciniqua, Empagen, Ertuvia, Noxane, Omega Rapid and Ubetril. I am happy to share that we are geared to launch many more promising new products to enhance our market share across multiple therapeutic areas.

Our commercial growth is based on our excellence framework which embodies the Ferozsons value system. Putting Patients First is part of the Ferozsons DNA and is our differentiated advantage in the market.

In the years to come, Ferozsons will build on the foundations laid by its founders and will gain new strength and momentum through innovative marketing, the launch of new products, and the consolidation of our patient-centric approach.

DEVOTED TO THE HEALTH OF ALL PAKISTANIS


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

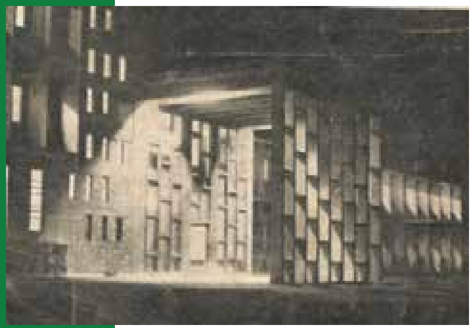
OUR VALUES

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

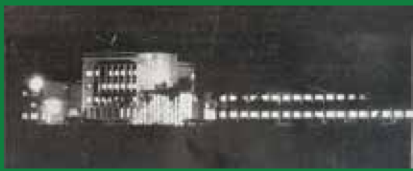
Trustworthiness
We work hard every day to earn the trust of patients, healthcare providers, employees, business partners and stakeholders.

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.



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



Ferozsons Laboratories Limited Nowshera (Pakistan)

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

The Company's vigour in the field of export prompted mainly by its desire to earn much needed foreign exchange for the development and stability of the country is reflected in the fact that its products are now exported to more than 25 countries of the world

OUR HISTORY

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

In 1960, we became the first Pakistani pharmaceutical Company to be listed on the Pakistan Stock Exchange (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.

Patients treated during the year

Therapeutic area-wise

814,377
ANTI FUNGAL

392,249
ANTI VIRAL

606,417
ANTIBIOTICS

534,134
CARDIOMETABOLIC

1,570,591
COUGH

1,819,139
DERMATOLOGY

43,560
DIABETES

32,733
UROLOGY

50,494
ONCOLOGY

194,778
ORTHOPAEDIC

54,669
PROBIOTICS

2,796,681
GASTROINTESTINAL (GI) AND LIVER

WE ARE COMMITTED TO PAKISTAN

As one of the first pharmaceutical companies established in the newly formed state of Pakistan, Ferozsons Laboratories Limited has been serving the nation since 1956 with breakthrough pharmaceuticals and medical technologies.

In partnership with some of the world's leading companies, we have helped cure Hepatitis C, and produced treatments for COVID-19, Cancer, Hepatitis B, Heart Disease and Diabetes.

To help protect our nation's mothers and future generations, we have introduced the world's first vaccine against Hepatitis E, a water-borne virus that is hyperendemic in Pakistan and causes high fatalities in pregnant women.

On the Nation's 75th Anniversary, we renew our pledge to serve patients in Pakistan and around the world, providing access to world-class vaccines, treatment and cure.


PUTTING
PATIENTS
FIRST

REPRESENTING PAKISTAN INTERNATIONALLY

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

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

OUR EXPERTISE

Through our range of branded generics and in-licensed products, the Company has established a leading presence in the areas of cardiology, diabetes, gastroenterology, hepatology, 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.

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

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 pre-filled syringes and is currently undergoing a major capacity expansion.

OUR DISEASE AWARENESS INITIATIVES

KARACHI MONUMENTS ILLUMINATED TO CELEBRATE WORLD HEART DAY

The Karachi Municipal Corporation (KMC), and NICVD, the country's leading institute for cardiovascular diseases, partnered with Ferozsons Laboratories Limited to light up Karachi, the city of lights, in red to celebrate World Heart Day.

To raise awareness and promote heart-healthy activities, Karachi's iconic landmarks were lit red in support of World Heart Day to signify that the citizens of Karachi and the nation stand with the medical fraternity to reduce the burden of cardiovascular diseases in Pakistan. The landmarks being illuminated included NICVD, Frere Hall, KMC Tower, and Ayesha Manzil.

FEROZSONS PARTNERED WITH LEADING DIABETES INSTITUTIONS TO LAUNCH 'STOP DIABETES' CAMPAIGN ACROSS PAKISTAN

To create awareness about diabetes, this World Diabetes Day, the Pakistan Endocrine Society (PES), Diabetic Association of Pakistan (DAP), and Baqai Institute of Diabetology & Endocrinology (BIDE) collaborated with Ferozsons Laboratories Limited, to launch a nationwide initiative to light up four iconic monuments – Delhi Gate, Faisal Mosque, Frere Hall and Peshawar Museum into beacons of blue light on the 14th of November.

The initiative took place with the collaboration and generous support of the Walled City of Lahore Authority (WCLA), Karachi Metropolitan Corporation (KMC), Capital Development Authority (CDA), Islamabad, and Directorate of Archeology & Museums, KPK.

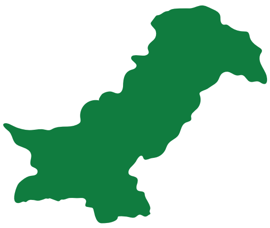
PINKTOBER – FEROZSONS RALLIES FOR BREAST CANCER AWARENESS

Ferozsons Laboratories Limited, organized nationwide awareness walks and illuminated the company's headquarter in pink to commemorate Pinktober as part of its "Let's Embattle Together" initiative against cancer.

Most breast cancer patients are either unaware of the disease and its symptoms or just ignore the problem until cancer has reached a much worse stage. It's immensely important for us to talk about the disease and combat the taboo around it.

THE IMPACT OF REMDESIVIR

Making medical treatments accessible lies at the heart of the Ferozsons Excellence Framework. In the midst of the pandemic, last year in 2021, Ferozsons, through its joint-venture subsidiary, BF Biosciences Limited (BFBL), became one of 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 consisted of nearly all low-income and lower-middle income countries, as well as several upper-middle- and high-income countries that faced significant obstacles to healthcare access.



DISTRIBUTION OF REMDESIVIR IN PAKISTAN

124,354

VIALS DISTRIBUTED SINCE INCEPTION TILL JUNE 2022

GLOBAL DISTRIBUTION OF REMDESIVIR

345,138

VIALS SENT SINCE INCEPTION TILL JUNE 2022

Afghanistan
Angola
Aruba
Belarus
Dominican Republic
Honduras
Guatemala
Indonesia
Jamaica
Kenya
Mauritius
Mongolia
Mozambique
Nepal
Nigeria
Philippines
Sint Maarten
Tanzania
Timor-Leste
Tunisia
Uganda
Ukraine
Uzbekistan

NEW BRANDS IN OUR PORTFOLIO

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

AZOBAR

In line with our commitment to fulfilling unmet medical needs, we are proud to report that we have launched our Azithromycin brand, Azobar, which is an antibiotic medication used for the treatment of a number of bacterial infections.

EMPAGEN

We are proud to report the launch of our Empagliflozin brand, Empagen, which is used along with diet and exercise, and sometimes with other medications, to lower blood sugar levels in people with type 2 diabetes.

NOXANE

The launch of our Enoxaparin brand, Noxane, will play a vital role to strengthen our cardiometabolic portfolio. Noxane is an anticoagulant used to prevent and treat harmful blood clots. This helps to reduce the risk of a stroke or heart attack. This medication helps keep your blood flowing smoothly by lowering the activity of clotting proteins in the blood.

CINIQUA

Ferozsons has launched its Duloxetine brand, Ciniqua, in order to support physicians who are supporting patients dealing with depression and anxiety. It is also used for pain caused by nerve damage associated with diabetes (diabetic peripheral neuropathy). It is also used to treat fibromyalgia (muscle pain and stiffness) and chronic (long-lasting) pain that is related to muscles and bones.

ERTUVIA

Taking forward our mission of addressing unmet medical needs and ensuring the best possible standards, we are happy to announce that Ferozsons has become the first Company in Pakistan to launch Ertugliflozin into the market under the brand name of Ertuvia. Ertuvia is a prescription pill used in adults with type 2 diabetes to improve blood sugar (glucose) control along with diet and exercise. This launch underlines our commitment to provide latest treatments in the field of Diabetes and is in line with our founding motto of putting patients first as it will help doctors to better control diabetes in a large number of patients.

OMEGA-RAPID

For years the Omega brand has been able to garner 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-Rapid sachets. This launch underlines our commitment to provide latest treatments in the field of Gastroenterology and is in line with our founding motto of putting patients first as it will help doctors to better control the symptoms of GERD in a large number of patients.

UBETRIL

Sacubitril/Valsartan is one of the leading treatments used worldwide for heart failure. Our Sacubitril/Valsartan brand, Ubetril, contains 2 active ingredients that work in different ways. The first ingredient, valsartan, has been used for years to treat Heart Failure. Valsartan reduces blood vessel tightening and the buildup of sodium and fluid. The second ingredient, sacubitril, works unlike any other Heart Failure treatment by relaxing blood vessels and decreasing sodium and fluid in the body. The launch of Ubetril will help us ensure high-quality treatment is available to the cardiac patients across Pakistan.

OUR COMMUNITY CARE INITIATIVES

PARTNERSHIP WITH RIZQ TO ERADICATE HUNGER

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

SPONSORING LOCAL WRITERS AND PUBLICATIONS

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

NATIONAL OUTREACH PROGRAMME

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

TCF 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.

MENTAL HEALTH HELPLINE

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

COMBATTING VIRAL HEPATITIS IN PRISONS

A tripartite MOU between the Punjab Hepatitis Control Program, the Punjab Inspectorate General of Prisons, and Ferozsons Laboratories Limited was signed to combat viral hepatitis and ensure the health and well-being of the prisoners. Under the MOU, standardized Hepatitis clinics will be established at 43 prisons across Punjab which will cater approx. 52,000 population of prisoners. The signing ceremony was held at the Governor's House in Lahore.

LIMBS FOR LIFE – AN INITIATIVE TO END AVOIDABLE FOOT AMPUTATIONS

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

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

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

CELEBRATING INDEPENDENCE DAY

To revive the spirit of freedom and to celebrate Independence Day, Ferozsons Laboratories Limited, illuminated the iconic monument of Frere Hall, Karachi into a beacon of Emerald Green light on the 14th of August, 2021. The activity took place with the collaboration and support from the Karachi Metropolitan Corporation (KMC). This activity primarily aimed to celebrate the spirit of freedom and honor the sacrifices of 1947.

The leadership team from the Pakistan Society of Interventional Cardiology (PSIC) also graced the event and expressed their resolve to uplift the ethical interventional practices in Pakistan to international standards and serve the nation tirelessly.

SUSTAINABLE DEVELOPMENT GOALS

1 ZERO HUNGER

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

2 GOOD HEALTH AND WELL-BEING

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

3 QUALITY EDUCATION

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

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

4 GENDER EQUALITY

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

5 CLEAN WATER AND SANITATION

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

6 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.

7 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.

8 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.

9 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 & INCLUSION REPORTING

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

Women employed at C - 1 and C - 2 levels currently constitute 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.

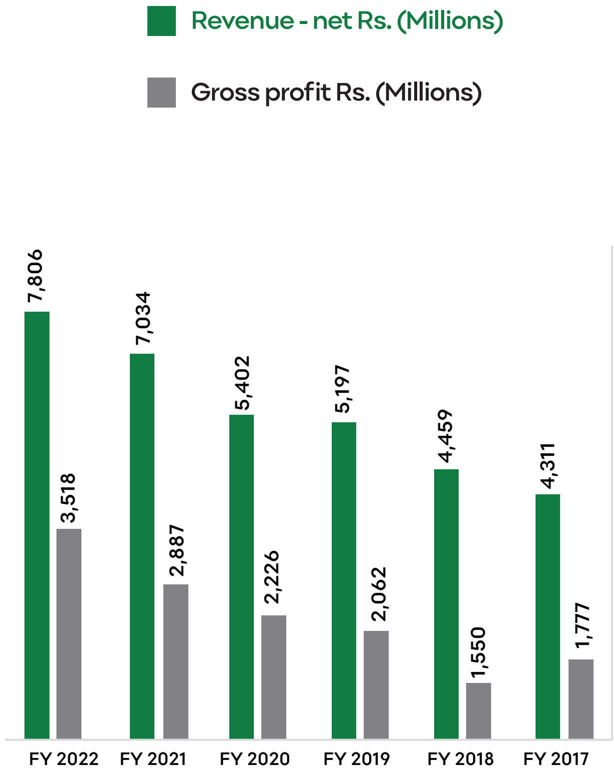
KEY **OPERATING** AND **FINANCIAL** DATA FOR THE LAST SIX YEARS

Description	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
UNCONSOLIDATED						
Operating Results			Rs. Million			
Revenue - net	7,806	7,034	5,402	5,197	4,459	4,311
Gross profit	3,518	2,887	2,226	2,062	1,550	1,777
Profit before taxation	935	981	561	419	207	602
Profit after taxation	514	725	396	251	95	394
Financial Position			Rs. Million			
Share capital	362	362	302	302	302	302
Accumulated profit	4,909	4,768	4,182	3,880	3,735	3,733
Non current assets	3,904	3,605	3,654	3,043	2,956	2,857
Non current liabiltiies	258	343	377	179	166	167
Curent assets	5,323	5,007	3,871	3,160	3,009	2,921
Current liabilties	2,664	2,044	1,528	1,086	972	767
Summary of Cashflow Statement			Rs. Million			
Net cash generated from operating activities	81	1,259	116	447	430	854
Net cash used in investing activities	(101)	(899)	(229)	(216)	(331)	(516)
Net cash used in financing activities	(543)	(9)	(22)	(147)	(132)	(454)
Key Financial Ratios						
Profitability Ratios			%			
Gross profit ratio	45.1	41.1	41.2	39.7	34.8	41.2
Net profit after tax to sales	6.6	10.3	7.3	4.8	2.1	9.1
Return on equity	8.2	11.7	7.0	5.1	2.0	8.1
Return on capital employed	15.4	15.9	10.3	9.0	4.5	12.8
Liquidity Ratios			Times			
Current ratio	2.0	2.4	2.5	2.9	3.1	3.8
Quick ratio/acid test ratio	0.9	1.6	1.3	1.8	1.8	1.8
Turnover Ratios	(D=Days)	(T=Times)	(%=Percentage)			
Debtor turnover period (D)	50	68	69	62	44	31
Inventory turnover period (D)	236	149	211	136	153	223
Creditors turnover period (D)	127	143	108	113	100	90
Working capital cycle (D)	159	74	172	85	97	164
Non current asset turnover ratio (T)	2.0	2.0	1.5	1.7	1.5	1.5
Operating cash flow to sales ratio (%)	1.0	17.9	2.1	8.6	9.6	19.8
Investment/Market Ratios	(Rs.=Rupees)	(T=Times)	(%=Percentage)			
Earnings per share (basic & diluted) (Rs.)	14.2	20.0	10.9	8.3	3.2	13.0
Cash dividend per share (Rs.)	5.0	10.0	4.0	6.0	2.0	7.0
Price earning ratio (T)	18.9	17.6	27.5	13.4	61.6	29.6
Market price per share (Rs.)	269	353	300	112	195	387
Bonus share issued (%)	20.0	-	20.0	-	-	-
Cash dividend payout ratio (%)	35.2	49.9	36.6	72.1	63.3	53.7

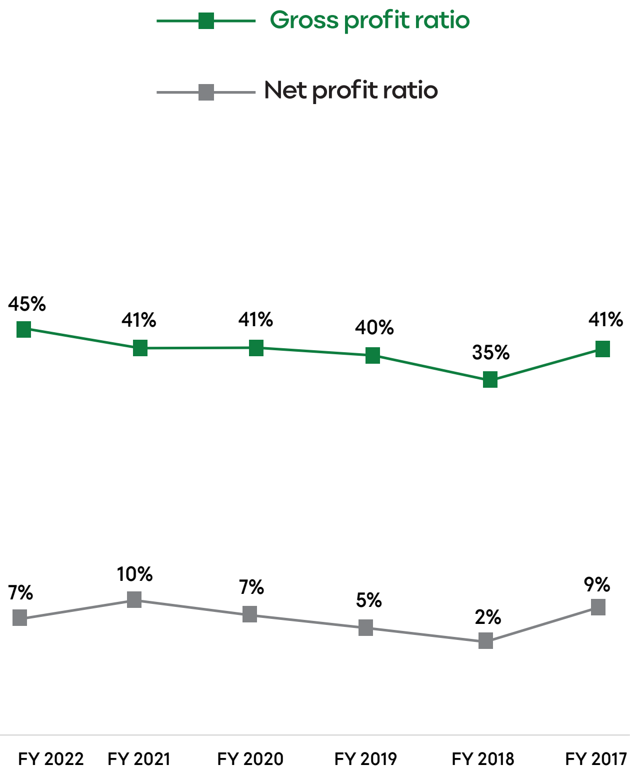
KEY **OPERATING** AND **FINANCIAL** DATA FOR THE LAST SIX YEARS

Description	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Capital Structure Ratios			**Times**			
Interest cover	26.0	46.1	21.7	18.9	19.8	38.0
CONSOLIDATED						
Operating Results			**Rs. Million**			
Revenue - net	9,330	8,879	6,212	5,833	5,057	5,002
Gross profit	3,983	3,665	2,339	2,072	1,573	1,911
Profit before taxation	1,237	1,566	592	338	86	591
Profit / (loss) after taxation	790	1,289	423	188	(17)	395
Financial Position			**Rs. Million**			
Share capital	362	362	302	302	302	302
Accumulated profit	6,100	5,713	4,645	4,305	4,195	4,265
Non current assets	6,208	4,887	4,090	3,117	3,168	3,096
Non current liabiltiies	2,277	1,547	526	217	223	246
Curent assets	7,754	7,072	4,877	3,987	3,801	3,745
Current liabilties	3,387	2,520	1,793	1,249	1,143	876

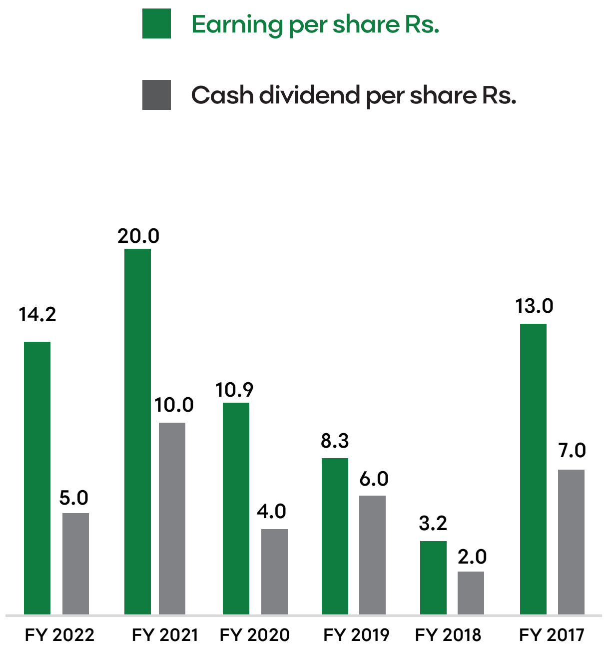
Revenue & Gross Profit (Rs. Million)



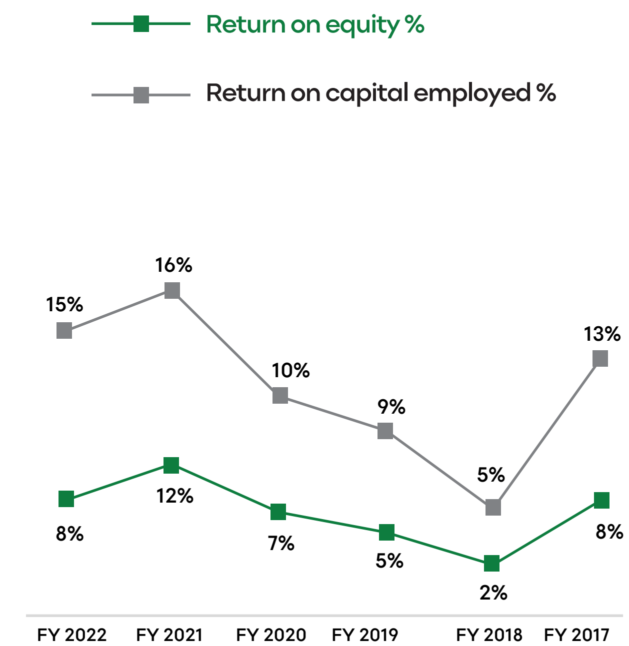
Profitability Ratios (%)



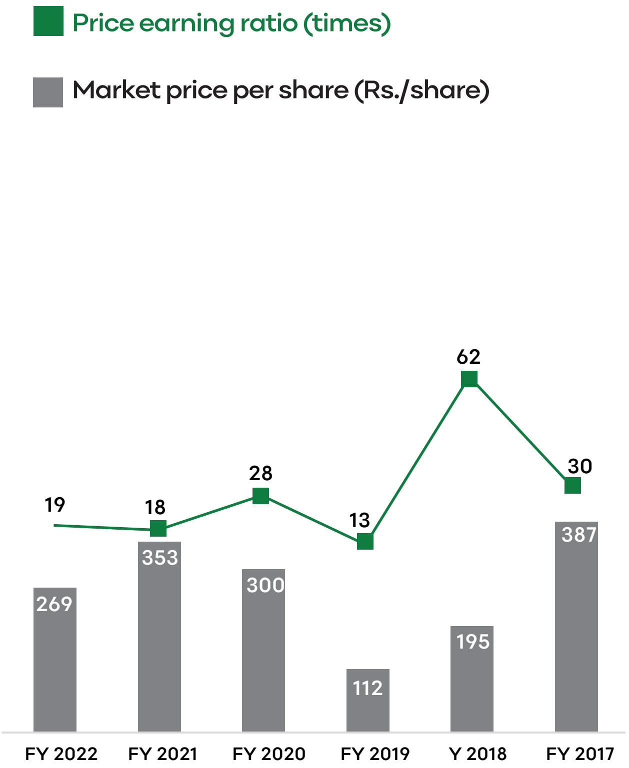
Investors' Ratios



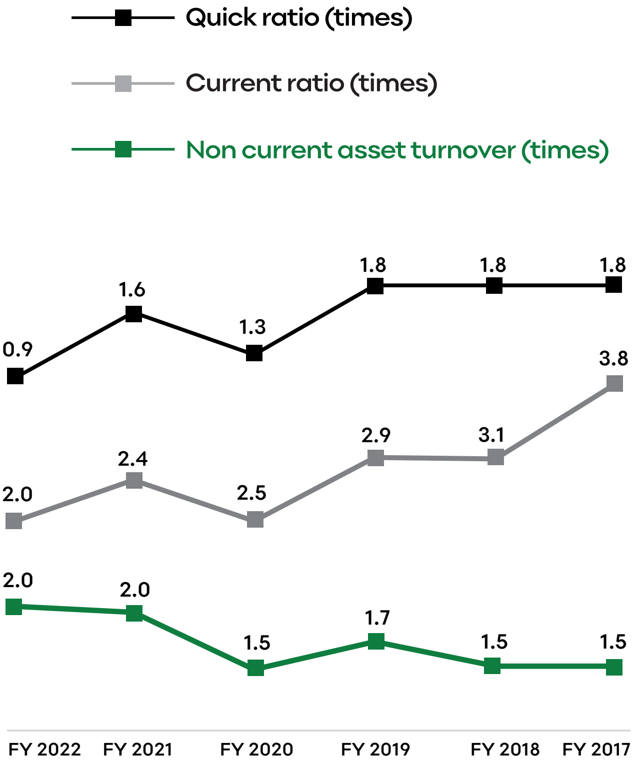
Capital Return Ratios



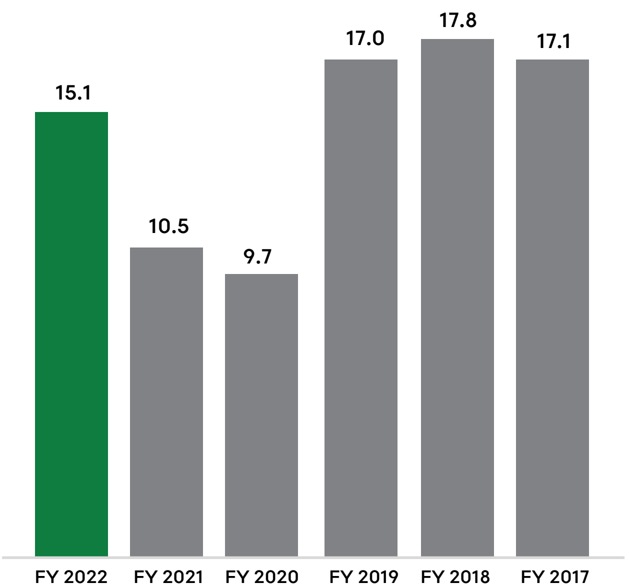
Market Ratios



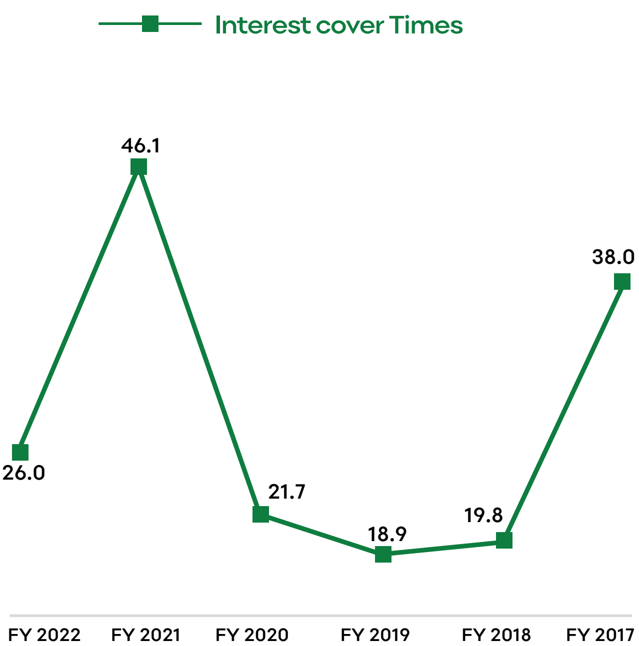
Liquidity & asset turnover Ratios



Non Current Assets to Non Current Liabilities (Ratio)



Interest Cover (Times)



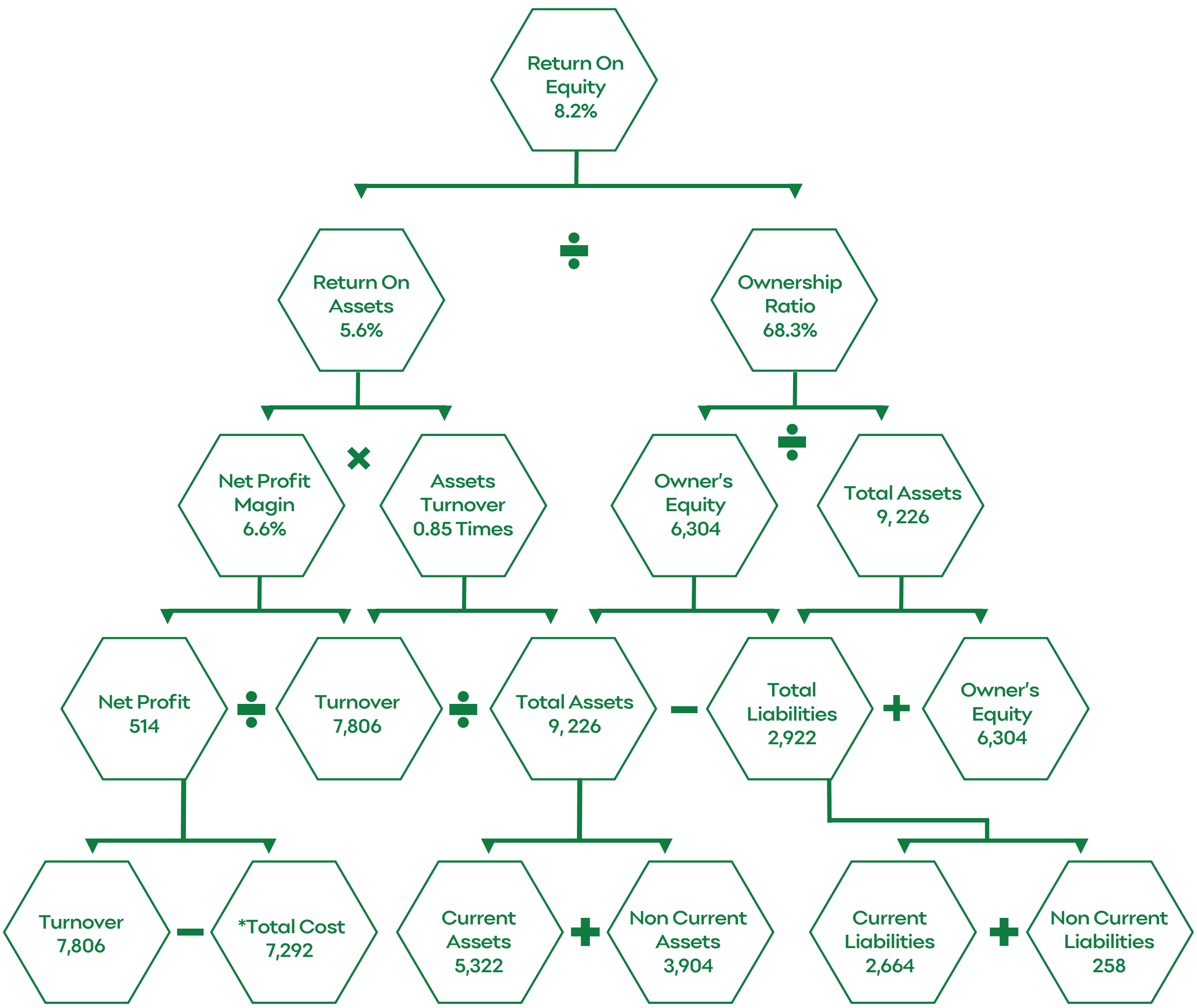
HORIZONTAL
ANALYSIS

Description	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
	% Change from preceding year					
Financial Position Analysis						
Share capital and reserves	1.3	10.8	13.8	2.3	(0.3)	(1.2)
Non current liabilities	(25.0)	(9.0)	110.8	7.9	(0.8)	12.0
Current liabilities	30.4	33.8	40.6	11.8	26.7	17.8
Total Equity and Liabilities	**7.1**	**14.4**	**21.3**	**4.0**	**3.2**	**1.3**
Non current assets	8.3	(1.3)	20.1	2.9	3.5	7.4
Current assets	6.3	29.4	22.5	5.0	3.0	(4.0)
Total Assets	**7.1**	**14.4**	**21.3**	**4.0**	**3.2**	**1.3**
Profit or Loss Analysis						
Revenue - net	11.0	30.2	3.9	16.5	3.4	(57.7)
Cost of sales	3.4	30.6	1.3	7.8	14.8	(58.3)
Gross Profit	**21.8**	**29.7**	**7.9**	**33.0**	**(12.7)**	**(56.8)**
Administrative expenses	20.6	16.1	(0.5)	16.5	4.8	4.7
Selling and distribution expenses	29.3	18.2	(2.7)	19.8	21.2	(11.5)
Other expenses	199.3	(0.9)	(27.2)	141.8	9.5	(82.2)
Other income	33.7	47.5	(48.9)	41.3	41.5	(27.9)
Operating Profit	**(3.1)**	**70.6**	**32.9**	**102.5**	**(64.7)**	**(76.8)**
Finance costs	72.1	(19.9)	15.8	112.1	(32.2)	46.1
Profit Before Taxation	**(4.7)**	**75.0**	**33.9**	**102.0**	**(65.6)**	**(77.3)**
Taxation	64.4	55.0	(1.7)	49.9	(46.4)	(62.0)
Profit After Taxation	**(29.1)**	**83.3**	**57.6**	**163.1**	**(75.8)**	**(81.3)**

VERTICAL ANALYSIS

Description	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
	----------------------------% ----------------------------					
Financial Position Analysis						
Share capital and reserves	68.3	72.3	74.7	79.6	80.9	83.7
Non current liabilities	2.8	4.0	5.0	2.9	2.8	3.0
Current liabilities	28.9	23.7	20.3	17.5	16.3	13.3
Total Equity and Liabilities	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Non current assets	42.3	41.9	48.6	49.1	49.6	49.4
Current assets	57.7	58.1	51.4	50.9	50.4	50.6
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	54.9	58.9	58.8	60.3	65.2	58.8
Gross Profit	**45.1**	**41.1**	**41.2**	**39.7**	**34.8**	**41.2**
Administrative expenses	6.3	5.8	6.5	6.8	6.8	6.7
Selling and distribution expenses	25.3	21.7	23.9	25.5	24.8	21.2
Other expenses	3.4	1.3	1.7	2.4	1.1	1.1
Other income	2.4	1.9	1.7	3.5	2.9	2.1
Operating Profit	**12.5**	**14.2**	**10.8**	**8.5**	**5.0**	**14.3**
Finance costs	0.5	0.3	0.5	0.5	0.2	0.4
Profit Before Taxation	**12.0**	**13.9**	**10.3**	**8.0**	**4.8**	**13.9**
Taxation	5.4	3.6	3.1	3.2	2.5	4.8
Profit After Taxation	**6.6**	**10.3**	**7.2**	**4.8**	**2.3**	**9.1**

DUPONT ANALYSIS
FOR THE YEAR ENDED 30 JUNE 2022
Rupees Million



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

CHAIRPERSON'S REVIEW REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2022

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

Review of Overall Performance and Effectiveness of the Board

The Board has diligently carried out its roles and responsibilities 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 change in macroeconomic factors to the Company. Appropriate safeguards have been taken to minimize the impacts of these adverse fluctuations on the Company.

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

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

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

Acknowledgement

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

Mrs. Akhter Khalid Waheed
Chairperson

Lahore
31 August 2022

DIRECTORS' REPORT TO SHAREHOLDERS
FOR THE YEAR ENDED 30 JUNE 2022

We are pleased to present the 66th Annual Report which includes the audited standalone financial statements of the Company for the financial year ended 30 June 2022 along with the consolidated financial statements. The consolidated financial statements incorporate the Company's 80% owned subsidiary BF Biosciences Limited and 98% owned retail venture Farmacia.

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

Highlights of the Company's Individual and Consolidated Financial Results
A summary of the financial results and appropriations compared to last year is given below:

	Individual		Consolidated	
	2022	2021	**2022**	2021
	(Rupees in thousands)			
Revenue – net	**7,806,414**	7,033,622	**9,329,918**	8,879,116
Gross profit	**3,517,616**	2,886,943	**3,983,251**	3,665,266
Profit before tax	**934,532**	980,867	**1,236,923**	1,565,972
Profit after tax	**514,149**	725,235	**789,789**	1,288,459
Earnings per share (Rs.)	**14.19**	20.02	**20.27**	32.39
Profit available for appropriation	**4,908,886**	4,768,389	**6,100,333**	5,712,629
Appropriations				
Cash Dividend: Final cash dividend for the FY 2022 @ Rs. 5 /share (FY 2021: @ Rs. 10/share)	**(181,121)**	(362,242)	**(181,121)**	(362,242)
Bonus Shares: Bonus shares for the FY 2022 @ 20% (FY 2021: 0%)	**(72,448)**	-	**(72,448)**	-

Financial and Operational Review of Ferozsons Laboratories Limited:
The Company's consolidated net sales closed at Rs. 9,330 million, depicting a growth of 5% over the last year. On a standalone basis, the Company's net sales closed at Rs. 7,806 million, representing a growth of 11% over the previous year.

In-market generic sales witnessed a growth of 20%, whereas institutional sales of generics and medical devices declined by 1%.

The gross profit margin for the current year stands at 45% compared to 41% in last year. The slight improvement in GP margin is primarily due the fact that our current stock is valued at historical average USD parity, which does not incorporate the recent Pak. Rupee devaluation impact. The Company has booked exchange loss of Rs. 185 million in other expenses as well.

Selling and distribution expenses increased by 29%. The increase mainly represents an increase in salaries, CMEs and field activities expenses as these activities were halted last year due to COVID pandemic.

DIRECTORS' REPORT TO SHAREHOLDERS
FOR THE YEAR ENDED 30 JUNE 2022

Other income grew by 34%, mainly due to an increase in investment income and share of profit from Farmacia.

Finance costs increased by 72%, mainly due to higher utilization of running finance facilities to manage working capital requirements. The effective tax rate closed at 45% compared to 26% last year, mainly due to the super tax levy introduced by the Government of Pakistan through Finance Act, 2022.

The net profit after tax of the Company closed at Rs. 514 million against Rs. 725 million achieved last year, depicting a decline of 29% from the previous year.

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

Net sales of the Subsidiary Company BF Biosciences Limited closed at Rs. 1,521 million, compared to Rs. 1,755 million last year, representing a decrease of 13%. The reduction primarily represents a decline in Remidia (Remdesivir) sales in export and local markets. Besides Remidia, overall sales have increased by 94%, mainly contributed by institutional and export sales.

Regarding the expansion project, the management is pleased to inform that 80% of the civil works have been completed to date. A significant proportion of the plant and machinery have also arrived at our site. The last remaining machinery is currently under Factory Acceptance Test and is expected to be shipped by mid of September 2022. The management is hopeful that the said equipment will arrive on site by October 2022 as well. As such we expect to be fully commissioned to commence commercial production before the end of the calendar year

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. 152 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 2022, the standalone earnings per share (EPS) stands at Rs. 14.19 per share, compared to Rs. 20.02 per share last year. Whereas consolidated EPS for the year ended 30 June 2022 stand at Rs. 20.27 per share compared to Rs. 32.39 per share last year.

Dividend Announcement

The directors have recommended a final cash dividend of 50% i.e. Rs. 5 per share, and bonus shares at the rate of 20% (i.e. twenty (20) shares for every hundred (100) shares) for the year ended 30 June 2022, subject to the approval by the shareholders at the Annual General Meeting to be held on 30 September 2022.

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 practices set out in the Code of Corporate Governance.

- The financial statements prepared by the management of the Company fairly present its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements. Accounting estimates are based on reasonable and prudent judgment.
- The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The systems of internal controls are sound in design and have been effectively implemented by the management and monitored by the internal auditors, Board of Directors and the Audit Committee. The Board reviews the effectiveness of established internal controls through the Audit Committee and suggest, whenever required, further improvement in the internal control system.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance as detailed in the Listing Regulations.
- Significant deviations from last year's operating results have been explained in detail together with the reasons thereof in the Annual Report.
- The Company does not envisage corporate restructuring or discontinuation of its operations in the foreseeable future.
- All major Government levies in the normal course of business, payable as on 30 June 2022 have been cleared subsequent to the year end.
- The values of employees' provident fund investments based on latest audited accounts as at 30 June 2021 are Rs. 751 million.

Contribution to National Exchequer
During the current financial year out of the total wealth generated, your Company contributed approximately Rs. 674 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 2022 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 2021-22 were directors of the Company is annexed.

DIRECTORS' REPORT TO SHAREHOLDERS
FOR THE YEAR ENDED 30 JUNE 2022

Pattern of Shareholding
The pattern of shareholding as at 30 June 2022 is annexed. All trades in the shares of the Company, if any, carried out by the Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children are also annexed.

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

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

- National Management Foundation
- Parsa Trust
- Rizq Trust
- Lahore Literary Festival

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

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

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

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

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

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

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

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

DIRECTORS' REPORT TO SHAREHOLDERS
FOR THE YEAR ENDED 30 JUNE 2022

Auditors
The Auditors Messer KPMG Taseer Hadi & Co., Chartered Accountants retire and offer themselves for reappointment for the year 2022-23.

The Board Audit Committee has recommended appointment of KPMG Taseer Hadi & Co., Chartered Accountants as auditors of the Company for the year 2022-23. Accordingly, the Board has recommended the same for the approval of the shareholders in the upcoming Annual General Meeting.

Industry Review and Future Outlook
During the year under review, Pakistan's pharmaceutical sector grew by 17%. The industry has significant growth prospects and tremendous export potential. However, a combination of poor regulations and excessive price controls prevents the industry from becoming a global player. The recent change in macroeconomic factors has worsened the climate for the industry significantly. The increase in monetary policy rate by 800 bps and the devaluation of PKR by 30% will significantly impact sustainability unless price adjustments are urgently granted to address the crisis. At the time of writing this report, multiple essential drugs have become unavailable in the market.

Along with the adverse change in macroeconomics factors, the Government of Pakistan (GOP) further exacerbated the situation by introducing multiple taxation measures, including a super tax levy and sales tax on raw materials import (through a change in industry's status from Exempt to Zero-rated). To facilitate industry, the GOP has introduced a FASTER system to ensure timely refund of these input taxes to pharmaceutical companies. However, refund claims of the majority companies remain pending due to procedural delays on the part of Federal Board of Revenue. Your Company also holds a refund claim of Rs. 216 million as of reporting date. The delay in processing these refunds will further attract finance costs at a time when interest rates have risen significantly.

In the Finance Act, 2022, GOP again changed the industry's status from Zero-rated to Reduced rate, whereby non-adjustable 1% input and output sales tax has been levied on the industry's 'Active Pharmaceutical Ingredients' (APIs) and 'Finished Goods' imports respectively. This additional sales tax cannot be claimed nor transferred to the end consumers.

There is a desperate need for an effective pricing mechanism that responds to changes in dollar-rupee parity together and import prices of APIs for pharmaceutical products. In the absence of common-sense measures and a managed deregulation, more medicines are likely to disappear from the market. In such an environment, the patient, the industry and the State, all lose.

The Company's management, in these testing times, continues to pursue development of new products and adopt cost optimization measures to ensure sustainable growth. During the year, the Company has launched new products in Diabetes and Cardiology, and is continuously exploring other avenues where unmet patient needs exist.

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

For and on behalf of the Board of Directors

Mr. Osman Khalid Waheed
Chief Executive Officer

Mrs. Akhter Khalid Waheed
Chairperson

Lahore
31 August 2022

DATES AND ATTENDANCE OF BOARD MEETINGS HELD DURING THE YEAR ENDED 30 JUNE 2022

Dates of Board Meetings were held during the Financial Year 2021-2022 are as follows:

- 27 July 2021
- 30 August 2021
- 25 October 2021
- 31 January 2022
- 26 April 2022

Name of Directors	No. of Meetings	Attendance
Board of Directors Meetings:		
Mrs. Akhter Khalid Waheed	5	5
Mr. Osman Khalid Waheed	5	5
Mrs. Amna Piracha Khan	5	5
Mrs. Munize Azhar Peracha	5	5
Mr. Shahid Anwar	5	5
Mr. Arshad Saeed Husain	5	5
Mr. Suleman Ghani	5	3
Audit Committee Meetings:		
Mr. Arshad Saeed Husain	4	4
Mrs. Amna Piracha Khan	4	4
Mr. Shahid Anwar	4	4
Mr. Suleman Ghani	4	2
HR & Remuneration Committee Meetings:		
Mr. Arshad Saeed Husain	2	2
Mr. Osman Khalid Waheed	2	2
Mrs. Munize Azhar Peracha	2	2
Mr. Shahid Anwar	2	2

For and on behalf of the Board

Mr. Osman Khalid Waheed
Chief Executive Officer

Mrs. Akhter Khalid Waheed
Chairperson

Lahore
31 August 2022

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

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ferozsons Laboratories Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Ferozsons Laboratories Limited** ("the Company") for the year ended 30 June 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2022.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore

Date: 09 September 2022

UDIN: CR202210119dMRekB9my

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

Name of Company: **Ferozsons Laboratories Limited**
Year ended: **30 June 2022**

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

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

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

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

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

Meetings	Frequency
Audit Committee	4
HR and Remuneration Committee	2

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

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

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

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

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

Mr. Osman Khalid Waheed
Chief Executive Officer

Mrs. Munize Azhar Peracha
Director

Lahore
31 August 2022

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 2022, 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 2022 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

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Following are the Key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	**Revenue Recognition** Refer to notes 3.14, 3.14.1 and 25 to the unconsolidated financial statements The Company recognized net revenue of Rs. 7.806 billion from the sale of goods to domestic as well as export customers during the year ended 30 June 2022. 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 3.1, 3.6 and 19 to the unconsolidated financial statements. As at 30 June 2022, the Company's gross trade debts amount to Rs. 1.126 billion against which, the Company has recognized expected credit loss ("ECL") of Rs. 60.30 million for the year ended 30 June 2022. The Company has applied the ECL model for determination of loss allowance against trade debts under IFRS 9 (Financial Instruments).	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; • Involving our specialists to assess the ECL model and significant estimates, assumptions and judgments applied in developing ECL.

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Sr. No.	Key audit matters	How the matters were addressed in our audit
	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.	• Assessing, on a sample basis, the accuracy of the data used for ECL computation; and • 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 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 2022 but does not include the unconsolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

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.

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

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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 2022

UDIN: AR202210119LdbDgQeiF

AR5022

Ferozsons Laboratories Limited
Unconsolidated Statement of Financial Position
As at 30 June 2022

EQUITY AND LIABILITIES	Note	2022 Rupees	2021 Rupees
Share capital and reserves			
Authorized share capital			
50,000,000 (2021: 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**	362,242,100
Capital reserve	*5*	**321,843**	321,843
Revaluation surplus on property,			
plant and equipment	*6*	**1,032,733,321**	1,093,377,437
Accumulated profit		**4,908,885,731**	4,768,388,867
		6,304,182,995	6,224,330,247
Non current liabilities			
Long term loan - *secured*	*7*	**-**	84,040,204
Deferred grant	*8*	**-**	1,459,796
Deferred taxation	*9*	**257,718,868**	257,929,124
		257,718,868	343,429,124
Current liabilities			
Current portion of:			
- Long term loans - *secured*	*7*	**84,040,204**	165,210,738
- Current portion of deferred grant	*8*	**1,459,796**	5,789,262
Trade and other payables	*10*	**2,025,666,697**	1,758,616,108
Contract liabilities	*11*	**99,615,324**	31,914,992
Short term borrowings - *secured*	*12*	**343,176,422**	-
Unclaimed dividend		**91,693,095**	80,049,018
Accrued mark-up		**18,789,481**	2,439,282
		2,664,441,019	2,044,019,400
Contingencies and commitments	*13*		
		9,226,342,882	8,611,778,771

ASSETS	Note	2022 Rupees	2021 Rupees
Non-current assets			
Property, plant and equipment	*14*	**3,524,760,426**	3,246,719,076
Intangible assets	*15*	**1,002,673**	638,163
Long term investments - *related parties*	*16*	**368,338,850**	347,738,437
Long term deposits		**9,717,325**	9,717,325
		3,903,819,274	3,604,813,001
Current assets			
Stores, spare parts and loose tools	*17*	**58,019,845**	44,861,806
Stock in trade	*18*	**2,772,889,705**	1,689,956,889
Trade debts	*19*	**1,065,839,706**	1,313,592,150
Loans and advances	*20*	**51,177,114**	47,516,130
Deposits and prepayments	*21*	**101,571,856**	131,561,017
Other receivables	*22*	**256,878,499**	14,110,312
Advance income tax - *net*		**140,943,346**	285,216,936
Short term investments	*23*	**695,089,997**	1,080,776,249
Cash and bank balances	*24*	**180,113,540**	399,374,281
		5,322,523,608	5,006,965,770
		9,226,342,882	8,611,778,771

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 2022

	Note	**2022 Rupees**	2021 Rupees
Revenue - *net*	*25*	**7,806,414,315**	7,033,621,586
Cost of sales	*26*	**(4,288,798,744)**	(4,146,678,936)
Gross profit		**3,517,615,571**	2,886,942,650
Administrative expenses	*27*	**(492,093,958)**	(407,879,866)
Selling and distribution expenses	*28*	**(1,971,142,023)**	(1,524,908,136)
Other expenses	*29*	**(266,092,166)**	(88,898,655)
Other income	*30*	**183,650,968**	137,351,082
Profit from operations		**971,938,392**	1,002,607,075
Finance cost	*31*	**(37,406,319)**	(21,739,710)
Profit before taxation		**934,532,073**	980,867,365
Taxation	*32*	**(420,383,200)**	(255,632,107)
Profit after taxation		**514,148,873**	725,235,258
Earnings per share - basic and diluted	*33*	**14.19**	20.02

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 2022

	2022 Rupees	2021 Rupees
Profit after taxation	**514,148,873**	725,235,258
Items that will not be reclassified to profit or loss	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**514,148,873**	725,235,258

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 2022

	Share capital	Capital Reserve		Revenue Reserve	Total
		Capital reserve (Note-5)	Revaluation surplus on property, plant and equipment (Note-6)	Accumulated profit	
	----------------------------------	----------------------------------	Rupees	----------------------------------	
Balance as at 01 July 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 - as reported	**362,242,100**	**321,843**	**1,093,377,437**	**4,768,388,867**	**6,224,330,247**
Adjustment of IFRS 9 - net of tax - note 3.1	-	-	-	(51,739,848)	(51,739,848)
Adjusted balance as at 01 July 2021	**362,242,100**	**321,843**	**1,093,377,437**	**4,716,649,019**	**6,172,590,399**
Total comprehensive income for the year					
Profit after taxation	-	-	-	514,148,873	514,148,873
Surplus transferred to accumulated profit:					
- on account of incremental depreciation on property, plant and equipment charged during the year - *net of tax*	-	-	(40,329,939)	40,329,939	-
Effect of rate change	-	-	(20,314,177)	-	(20,314,177)
Transactions with owners of the Company, recognized directly in equity - Distributions					
- Final dividend for the year ended 30 June 2021 at Rs. 10 per share	-	-	-	(362,242,100)	(362,242,100)
Balance as at 30 June 2022	**362,242,100**	**321,843**	**1,032,733,321**	**4,908,885,731**	**6,304,182,995**

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 2022

	Note	2022 Rupees	2021 Rupees
Cash flow from operating activities			
Profit before taxation		**934,532,073**	980,867,365
Adjustments for non - cash and other items			
Depreciation on property, plant and equipment	*14.4*	**334,432,009**	316,278,265
Amortisation of intangible assets		**413,300**	420,879
Trade debts directly written off	*28*	**10,179,695**	-
(Reversal) / provision of loss allowance	*30.1*	**(21,408,864)**	4,817,578
Gain on disposal of property, plant and equipment	*14.5*	**(31,910,233)**	(36,101,868)
Finance cost	*31*	**37,406,319**	21,739,710
Gain on re-measurement of short term investments to fair value	*23.1*	**(2,607,824)**	(900,733)
Gain on sale of short term investments		**(4,006,688)**	-
Dividend income	*30.1*	**(83,992,560)**	(38,055,380)
Profit on bank deposits	*30.1*	**(3,976,561)**	(4,252,378)
Share in profit of Farmacia	*30.2*	**(20,600,413)**	(12,875,252)
Workers' Profit Participation Fund	*10.1*	**51,383,912**	52,953,418
Central Research Fund	*10.2*	**10,155,224**	10,697,660
Workers' Welfare Fund	*10.3*	**20,566,729**	20,429,999
		296,034,045	335,151,898
Cash generated from operations before working capital changes		**1,230,566,118**	1,316,019,263
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		**(13,158,039)**	(14,469,155)
Stock in trade		**(1,141,555,078)**	143,227,907
Trade debts - *considered good*		**258,981,613**	(291,530,373)
Loans and advances - considered good		**(3,660,984)**	(4,664,397)
Deposits and prepayments		**12,981,976**	24,338,616
Other receivables		**(242,768,187)**	24,007,244
		(1,129,178,699)	(119,090,158)
Increase in current liabilities			
Trade and other payables		**260,170,911**	399,540,735
Contract liability		**67,700,332**	9,103,101
Cash generated from operations		**429,258,662**	1,605,572,941
Taxes paid		**(293,174,444)**	(290,430,383)
Workers' Profit Participation Fund paid	*10.1*	**(44,098,535)**	(50,367,021)
Central Research Fund paid	*10.2*	**(10,697,660)**	(6,134,752)
Long term deposits - *net*		**-**	70,000
Net cash generated from operating activities		**81,288,023**	1,258,710,785
Cash flow from investing activities			
Fixed capital expenditure incurred		**(623,529,173)**	(265,308,495)
Acquisition of intangibles		**(777,810)**	(635,544)
Dividend income received		**93,506**	62,178
Proceeds from sale of property, plant and equipment	*14.5*	**42,966,047**	47,247,784
Profit on bank deposits received	*30.1*	**3,976,561**	4,252,378
Short term investments - *net*	*23.1*	**476,199,826**	(684,291,690)
Net cash used in investing activities		**(101,071,043)**	(898,673,389)
Cash flow from financing activities			
Long term loan received		**-**	216,000,000
Long term loan paid	7	**(171,000,000)**	(85,500,000)
Finance cost paid		**(21,056,120)**	(21,780,599)
Dividend paid		**(350,598,023)**	(117,663,198)
Net cash used in financing activities		**(542,654,143)**	(8,943,797)
Net (decrease) / increase in cash and cash equivalents		**(562,437,163)**	351,093,599
Cash and cash equivalents at the beginning of the year		**399,374,281**	48,280,682
Cash and cash equivalents at the end of the year		**(163,062,882)**	399,374,281
Cash and cash equivalents comprise of the following			
Cash and bank balances	*24*	**180,113,540**	399,374,281
Running finance	*12*	**(343,176,422)**	-
		(163,062,882)	399,374,281

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

2 Basis of preparation

2.1 Separate financial statements

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

The Company has following major investments:

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

2.2 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017:

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

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

2.3 Basis of measurement

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

- translation of foreign currency at spot / average rate;

- land, building and machinery at revalued amount as referred in note 6; and

- certain financial instruments at fair value through profit and loss account as referred in note 3.6.

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

2.4 Functional and presentation currency

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

2.5 Use of estimates and judgments

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

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

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

2.5.1 Property, plant and equipment

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

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

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

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

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

2.5.3 Stock in trade

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

2.5.4 Provisions

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

2.5.5 Impairment

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

2.5.6 Taxation

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

2.5.7 Revaluation of property, plant and equipment

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

2.6 Standards, amendments and interpretations and forth coming requirements

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

There are new and amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 July 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 1 July 2022:

– Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. 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.

The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

– 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. This amendment enables the fair value measurement of biological assets on a post-tax basis.

– Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs 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.

– 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.

– Classification of liabilities as current or non-current (Amendments to IAS 1) apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.

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

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

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

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

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

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

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

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 Change in accounting policy - IFRS 9

The Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 985 (I)/2019 dated 02 September 2019 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.This exemption was waived off from 1 July 2021. Accordingly the Company has applied the ECL model on financial assets due from the Government for the first time from 01 July 2021 using the modified retrospective approach.

3.1.1 Impact of change in measurement of financial assets due to adoption of IFRS 9 for trade debts due from Government

Under the modified retrospective approach, comparative information is not restated and the cumulative effect of applying IFRS 9 is recognized in retained earnings (accumulated profit) at the date of initial application, as described below.

Description	*Note*	**Balance as at 30 June 2021 (As Reported)**	**Adjustment of IFRS 9**	**Adjusted balance as at 01 July 2021**
Trade debts - Government	*19.1*	1,175,714,189	(58,622,262)	1,117,091,927
Earnest money - Government	*21.2*	121,650,902	(17,007,185)	104,643,717
Deferred tax liability	*9*	257,929,124	(23,889,599)	234,039,525
Accumulated profit - net of tax	*SOCE*	4,768,388,867	(51,739,848)	4,716,649,019

3.1.2 Impairment

The adoption of IFRS 9 for financial assets due from the Government has changed the Company's impairment model by replacing the IAS 39 'incurred loss model' with a forward looking 'expected credit loss' (ECL) model when assessing the impairment of financial assets. The detailed policy with regards to the impairment of financial assets is described note 3.7

Impact of ECL

The Company has applied IFRS 9 in respect of trade receivable due from the Government using the modified retrospective approach as described in note 3.1.1.

3.2 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:

3.2.1 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.

3.2.2 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.

3.3 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.

3.3.1 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, 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 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.

3.4.2 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 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.

3.6 Financial instruments

3.6.1 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.

3.6.2 Classification and subsequent measurement

Financial assets

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

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

Amortized cost

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

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

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

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

Debt Instrument - FVOCI

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

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

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

Equity Instrument - FVOCI

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

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

Fair value through profit or loss (FVTPL)

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

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

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

Financial assets – Business model assessment

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

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

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

Financial liabilities

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

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

3.6.3 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.

3.6.4 Trade and other payables

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

3.6.5 Investments

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

3.6.6 Offsetting of financial instruments

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

3.7 Impairment

Financial assets

The Company recognizes loss allowances for ECLs on:

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

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

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

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

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

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

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

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

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

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

Non - Financial assets

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

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

3.8 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.

3.9 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.

3.10 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 unconsolidated 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 transit 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.

3.12 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 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.

3.13 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.

3.14 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 Company expects to be entitled in exchange for those goods excluding sales tax, 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 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.

3.14.2 Other income

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

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

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

3.14.3 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.

3.15 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 unconsolidated statement of profit or loss as incurred.

3.16 Earnings per share (EPS)

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

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

3.17 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.

3.18 Leases

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

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company has used it incremental borrowing rate as the discount rate for leases where rate is not readily available. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.

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

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

Short term leases and leases of low value assets

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

3.19 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.

3.20 Deferred grant

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

		2022	2021
4	**Issued, subscribed and paid up capital**	**Rupees**	Rupees
	1,441,952 (2021: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	**14,419,520**	14,419,520
	119,600 (2021: 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 (2021: 34,662,658) ordinary shares of Rs. 10 each issued as fully paid bonus shares	**346,626,580**	346,626,580
		362,242,100	362,242,100

4.1 Movement in number of shares;

	2022	2021
Opening number of shares	**36,224,210**	30,186,841
Bonus shares issued during the year	**-**	6,037,369
Closing number of shares	**36,224,210**	36,224,210

KFW Factors (Private) Limited, an associated company holds 9,944,329 (2021: 9,944,329) ordinary shares of Rs. 10 each of the Company, representing 27.45% (2021: 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.

	2022	2021
6 Surplus on revaluation of property, plant and equipment - *net of tax*	**Rupees**	Rupees
Revaluation surplus as at 01 July	**1,242,449,269**	1,301,400,481
Surplus transferred to accumulated profit on account of incremental depreciation charged during the year - *net of deferred tax*	**(40,329,939)**	(42,520,132)
Related deferred tax liability	**(18,621,273)**	(16,431,080)
	(58,951,212)	(58,951,212)
Revaluation surplus as at 30 June	**1,183,498,057**	1,242,449,269
Less: Related deferred tax liability:		
- On revaluation surplus as at 01 July	**(149,071,832)**	(165,502,912)
- Transferred on account of incremental depreciation charged during the year	**18,621,273**	16,431,080
- tax rate adjustment	**(20,314,177)**	-
	(150,764,736)	(149,071,832)
Revaluation surplus as at 30 June	**1,032,733,321**	1,093,377,437

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

Freehold land

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

Buildings on freehold land

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

Plant and machinery

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

		2022	2021
7 Long term loan - *secured*	*Note*	**Rupees**	Rupees
Under markup / interest arrangement			
Long term loan - *HBL*	*7.1*	**249,250,942**	116,942,193
Addition during the year		**-**	216,000,000
Payment during the year		**(171,000,000)**	(85,500,000)
Less: amortization of loan as deferred grant		**-**	(10,266,612)
Add: unwinding of loan		**5,789,262**	12,075,361
Balance as at 30 June		**84,040,204**	249,250,942
Less: current portion of long term loan presented under current liabilities		**(84,040,204)**	(165,210,738)
		-	84,040,204

Habib Bank Limited	Balance (Rupees)	Number of installments Total	Payment terms	Start date	Repayment date	Markup rate
Long term loan	85,500,000	8	Quarterly	1-Jan-21	1-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 September 2020. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market interest rates of 1 month KIBOR plus 1%. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

The facility is secured by first exclusive equitable mortgage charge of Rs. 504 million (2021: Rs. 504 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.

		2022	2021
8 Deferred grant	*Note*	**Rupees**	Rupees
Balance as at 01 July		**7,249,058**	9,057,807
Recognized during the year on loan disbursement	*7.1*	**-**	10,266,612
Amortization during the year		**(5,789,262)**	(12,075,361)
Unamortized balance of deferred grant		**1,459,796**	7,249,058
less: current maturity		**(1,459,796)**	(5,789,262)
Balance as at 30 June		**-**	1,459,796

9 Deferred taxation

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

	2022 Rupees	2021 Rupees
Deferred tax liability on taxable temporary differences arising in respect of:		
- Accelerated tax depreciation allowances	**144,211,137**	121,601,953
- Surplus on revaluation of property plant and equipment	**150,764,736**	149,071,832
- Unrealized gain on short term investments - mutual funds	**741,881**	3,478,761
Deferred tax asset on deductible temporary differences arising in respect of:		
- Loss allowance against trade debts and earnest money	**(24,459,077)**	(6,501,755)
- Provision for compensated absences	**(13,539,809)**	(9,721,667)
	257,718,868	257,929,124

Movement in deferred tax balances is as follows:

	2022				2021			
		(Reversal from) / charge to				(Reversal from) / charge to		
	Balance as at 01 July	**Profit or loss (Note- 32)**	**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	**121,601,953**	**22,609,184**	**-**	**144,211,137**	119,144,876	2,457,077	-	121,601,953
Surplus on revaluation of property, plant and equipment	**149,071,832**	**(18,621,273)**	**20,314,177**	**150,764,736**	165,502,912	(16,431,080)	-	149,071,832
Unrealized gain on short term investments - *mutual funds*	**3,478,761**	**(2,736,880)**	**-**	**741,881**	3,253,623	225,138	-	3,478,761
	274,152,546	**1,251,031**	**20,314,177**	**295,717,754**	287,901,411	(13,748,865)	-	274,152,546
Deductible temporary difference								
Loss allowance against trade debts & earnest money	**(6,501,755)**	**5,932,277**	**(23,889,599)**	**(24,459,077)**	(5,158,983)	(1,342,772)	-	(6,501,755)
Provision for compensated absences	**(9,721,667)**	**(3,818,142)**	**-**	**(13,539,809)**	-	(9,721,667)	-	(9,721,667)
	(16,223,422)	**2,114,135**	**(23,889,599)**	**(37,998,886)**	(5,158,983)	(11,064,439)	-	(16,223,422)
	257,929,124	**3,365,166**	**(3,575,422)**	**257,718,868**	282,742,428	(24,813,304)	-	257,929,124

10	**Trade and other payables**	*Note*	**2022 Rupees**	2021 Rupees
	Trade creditors		**1,504,380,991**	1,189,290,502
	Accrued liabilities		**355,022,766**	407,857,674
	Tax deducted at source		**10,639,301**	8,322,775
	Provision for compensated absences		**42,864,188**	34,879,270
	Workers' Profit Participation Fund	*10.1*	**10,268,358**	2,982,981
	Central Research Fund	*10.2*	**10,155,224**	10,697,660
	Workers' Welfare Fund	*10.3*	**20,566,729**	20,429,999
	Advances from employees against purchase of vehicles		**67,830,223**	64,631,101
	Other payables		**3,938,916**	19,524,146
			2,025,666,697	1,758,616,108

10.1 Workers' Profit Participation Fund

Balance payable as at 01 July		**(2,982,981)**	(367,021)
Interest on funds utilized by the Company	*31*	**(1,115,554)**	(29,563)
Provision for the year	*29*	**(50,268,358)**	(52,953,418)
		(54,366,893)	(53,350,002)
Payments made during the year		**44,098,535**	50,367,021
Balance as at 30 June		**(10,268,358)**	(2,982,981)

10.2 Central Research Fund

Balance as at 01 July		**10,697,660**	6,134,752
Provision for the year	*29*	**10,155,224**	10,697,660
		20,852,884	16,832,412
Payments made during the year		**(10,697,660)**	(6,134,752)
Balance as at 30 June		**10,155,224**	10,697,660

10.3 Workers' Welfare Fund

Balance as at 01 July		**20,429,999**	11,247,351
Provision for the year	*29*	**20,566,729**	20,429,999
Adjusted during the year		**(20,429,999)**	(11,247,351)
Balance as at 30 June		**20,566,729**	20,429,999

11 This represents advance received from customers for future sale of goods. During the year, the Company has received advances amounting to Rs. 90.94 million (2021: Rs. 25.69 million) and has recognized revenue amounting to Rs. 23.24 million (2021: Rs. 16.59 million), out of the contract liability as at beginning of the reporting period.

12	**Short term borrowings**	*Note*	**2022 Rupees**	2021 Rupees
	Short term running finance - *secured*	*12.1*	**343,176,422**	-

12.1 Particulars of borrowings

Interest / markup based financing	*12.2*	**325,711,623**	-
Islamic mode of financing	*12.3*	**17,464,799**	-
		343,176,422	-

12.2 Under mark up arrangements

The Company has short term running finance facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs. 1,800 million (2021: Rs. 850 million). These facilities carry mark-up at the rates ranging from one to three months KIBOR plus 0.1% to 1% (2021: one to three months KIBOR plus 0.1% to 1%) per annum on the outstanding balances. Running finance facilities amounting to Rs. 1,400 million can interchangeably be utilized as non-funded facilities. Out of the aggregate facilities, Rs. 850 million (2021: Rs. 450 million) are secured by joint pari passu charge over present and future current assets of the Company and Rs 350 million (2021: Nil) is secured by first pari passu on plant and machinery and remaining Rs. 600 million (2021: 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. 666.67 million (2021: Rs. 333.33 million) is marked under lien. These facilities are renewable on annual basis latest by 31 January 2023.

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 (2021: Rs. 200 million). This facility carries profit rate of one month KIBOR plus 0.25% (2021: 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 2022.

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. 1,700 million (2021: Rs. 1,150 million) for opening letters of credit, the amount utilized as at 30 June 2022 for capital expenditure was Rs. nil (2021: Rs. 12.32 million) and for other than capital expenditure was Rs. 313.18 million (2021: Rs. 160.13 million). These facilities are secured by joint pari passu charge and ranking charge (2021: joint pari passu charge, lien on investment and ranking charge) over all present and future current assets and plant and machinery of the Company.

13.2.1.2 Under Shariah compliant arrangements

The Company has facility i.e. letters of credit of Rs. 400 million (2021: Rs. 200 million) available from Islamic bank. The amount utilized as at 30 June 2022 for capital expenditure was Rs. Nil million (2021: Rs. Nil Million) and for other than capital expenditure was Rs. 15.26 million (2021: Rs. 17.51 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 (2021: Rs. 425 million) for letter of guarantees (which is the sublimit of running finance and letter of credits), the amount utilized as at 30 June 2022 was Rs. 127.86 million (2021: Rs. 224.6 million).

13.2.2.2 Under Shariah compliant arrangements

The Company has facility i.e. letter of guarantee of Rs. 25 million (2021: Rs. 25 million) available from Islamic bank, the amount utilized at 30 June 2022 was Rs. 4.49 million (2021: 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 institutions of the subsidiary company up to Rs. 3,500 million for a tenor of 10 years. Out of this approved limit, corporate guarantees amounting to Rs. 2,925 million for a tenor of 10 years have been provided to banks / financial institutions till date.

14 Property, plant and equipment

	Note	**2022 Rupees**	2021 Rupees
Operating fixed assets	*14.1*	**3,137,058,744**	3,145,198,003
Capital work in progress	*14.6*	**387,701,682**	101,521,073
		3,524,760,426	3,246,719,076

14.1 Operating fixed assets

	Note	Freehold land	Buildings on freehold land	Plant and machinery	Office equipment	Furniture and fittings	Computers	Vehicles	Total
		Owned							
		Rupees							
30 June 2022									
Cost / revalued amount									
Balance as at 01 July 2021		828,500,000	787,082,079	1,429,402,901	117,887,700	120,779,794	61,975,995	425,879,370	3,771,507,839
Additions / transfers	*14.1.2*	-	19,896,561	132,386,550	15,858,982	2,991,213	25,321,619	140,893,639	337,348,564
Disposals / write off		-	-	-	(356,214)	(662,048)	(1,974,414)	(74,797,124)	(77,789,800)
Balance as at 30 June 2022	*14.1.1*	**828,500,000**	**806,978,640**	**1,561,789,451**	**133,390,468**	**123,108,959**	**85,323,200**	**491,975,885**	**4,031,066,603**
Depreciation									
Balance as at 01 July 2021		-	78,520,821	139,065,148	68,541,107	51,429,788	44,325,732	244,427,240	626,309,836
Charge for the year		-	79,532,556	147,848,481	8,947,489	11,055,521	13,382,807	73,665,155	334,432,009
On disposals		-	-	-	(284,790)	(291,807)	(1,804,954)	(64,352,435)	(66,733,986)
Balance as at 30 June 2022		**-**	**158,053,377**	**286,913,629**	**77,203,806**	**62,193,502**	**55,903,585**	**253,739,960**	**894,007,859**
Net book value as at 30 June 2022		**828,500,000**	**648,925,263**	**1,274,875,822**	**56,186,662**	**60,915,457**	**29,419,615**	**238,235,925**	**3,137,058,744**
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**
Depreciation Rate %		**-**	**10**	**10**	**10**	**10**	**33.33**	**20**	

14.1.1 These include fully depreciated assets amounting to Rs. 171.46 million (2021: Rs. 164.76 million).

14.1.2 Additions in operating fixed assets include transfers from capital work in progress amounting to Rs. 159.98 million (2021: Rs. 157.75 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 457 million has been provided till date. 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 freehold land and plant and machinery would have been as follows:

	2022	2021
	Rupees	Rupees
Freehold land	**116,611,635**	116,611,635
Building on freehold land	**357,006,356**	380,152,487
Plant and machinery	**1,095,185,037**	1,088,185,620
	1,568,803,028	1,584,949,742

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

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

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

14.4 **Depreciation is allocated as under:**

	Note	**2022**	2021
		Rupees	Rupees
Cost of sales	*26*	**233,508,579**	220,595,269
Administrative expenses	*27*	**45,608,593**	45,315,968
Selling and distribution expenses	*28*	**55,314,837**	50,367,028
		334,432,009	316,278,265

14.5 Disposal of property, plant and equipment

Particulars of assets	Cost	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Relationship with Company	Particulars of purchaser
	---Rupees---						
Vehicles							
Suzuki Alto	1,338,085	914,358	1,300,000	385,642	Insurance Claim	Third party	EFU General Insurance Ltd
Suzuki Cultus	1,412,880	612,248	910,800	298,552	Company Policy	Employee	Mr. Burhan Sikandar
Suzuki Alto	1,338,085	735,946	1,338,085	602,139	Insurance Claim	Third party	Adamjee Insurance Company Ltd
	4,089,050	2,262,552	3,548,885	1,286,333			
Various assets having net book value less than Rs. 500,000	70,708,074	8,182,137	39,194,162	31,012,025			
Computers							
Various assets having net book value less than Rs. 500,000	1,286,801	7,502	158,000	150,498			
Furniture & Fittings							
Various assets having net book value less than Rs. 500.000	662,048	370,241	57,000	(313,241)			
Office Equipments							
Various assets having net book value less than Rs. 500,000	44,000	17,966	8,000	(9,966)			
Assets written off:							
Computers	687,613	161,958	-	(161,958)			
Office Equipment	312,214	53,458	-	(53,458)			
2022 Rupees	**77,789,800**	**11,055,814**	**42,966,047**	**31,910,233**			
2021 Rupees	83,463,273	11,145,916	47,247,784	36,101,868			

		Note	2022 Rupees	2021 Rupees
14.6	**Capital work in progress**			
	The movement in capital work in progress is as follows:			
	Balance as at 01 July		**101,521,073**	80,930,293
	Additions during the year		**446,163,892**	178,338,141
	Less: Transfers to operating fixed assets during the period	*14.1.2*	**(159,983,283)**	(157,747,361)
	Balance as at 30 June	*14.6.1*	**387,701,682**	101,521,073
14.6.1	**Capital work-in-progress comprises of:**			
	Building, civil works & others		**87,499,137**	28,450,598
	Plant and machinery	*14.6.1.1*	**109,590,300**	22,104,757
	Advances to suppliers	*14.6.1.2*	**190,612,245**	50,965,718
			387,701,682	101,521,073

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

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

		Note	2022 Rupees	2021 Rupees
15	**Intangible assets**			
15.1	**Computer softwares and software license fees**			
	Cost			
	Balance as at 01 July		**13,766,669**	13,131,125
	Addition during the year		**777,810**	635,544
	Balance as at 30 June	*15.1.1*	**14,544,479**	13,766,669
	Amortisation			
	Balance as at 01 July		**13,128,506**	12,707,627
	Amortisation for the year	*27*	**413,300**	420,879
	Balance as at 30 June		**13,541,806**	13,128,506
	Net book value		**1,002,673**	638,163

15.1.1 These include fully amortized assets amounting to Rs. 12.85 million (2021: Rs. 12.85 million). Intangibles are amortised at 33% (2021: 33%) on straight line basis.

16 Long term investments - *related parties*

	Note	2022 Rupees	2021 Rupees
Related parties - at cost			
Farmacia (Partnership firm):			
Capital held: 98% (2021: 98%) Managing Partner - Mr. Osman Khalid Waheed	*16.1*	**216,338,890**	195,738,477
BF Biosciences Limited (unlisted subsidiary):			
15,199,996 (2021: 15,199,996) fully paid ordinary shares of Rs. 10 each Equity held: 80% (2020: 80%) Chief Executive Officer - Mrs. Akhter Khalid Waheed	*16.2*	**151,999,960**	151,999,960
		368,338,850	347,738,437

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% (2021: 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 2022 were of Rs. 1,825.15 million (2021: Rs. 1,466.64 million).

17 Stores, spare parts and loose tools

	Note	2022 Rupees	2021 Rupees
Stores		**28,065,945**	23,191,068
Spare parts		**24,884,839**	20,603,990
Loose tools		**391,339**	318,504
Stores in transit		**4,677,722**	748,244
		58,019,845	44,861,806

18 Stock in trade

	Note	2022 Rupees	2021 Rupees
Raw and packing materials	*18.1*	**876,498,555**	584,711,427
Work in process		**155,665,588**	90,888,803
Finished goods	*18.1*	**1,431,320,397**	719,606,841
Stock in transit	*18.2*	**309,405,165**	294,749,818
		2,772,889,705	1,689,956,889

18.1 The amount charged to unconsolidated statement of profit or loss on account of write down of raw material and finished goods to net realizable value amounts to Rs. 13.24 million (2021: 4.57 million) and Rs. 19.67 million (2021: Rs. 3.80 million).

18.2 It includes raw and packing material in transit amounting to Rs. 177.42 million (2021: Rs. 126.04 million) and finished goods in transit amounting to Rs. 131.98 million (2021: Rs. 168.70 million).

19	**Trade debts**	*Note*	**2022 Rupees**	2021 Rupees
	Export debtors			
	Considered good - *secured*		**9,820,050**	753,899
	Considered good - *unsecured*		**63,848,396**	37,545,832
			73,668,446	38,299,731
	Local debtors			
	Considered good - *unsecured*		**1,052,474,898**	1,298,504,129
	Less: Impairment loss allowance	*19.1*	**(60,303,638)**	(23,211,710)
			992,171,260	1,275,292,419
			1,065,839,706	1,313,592,150

19.1 The movement in impairment loss allowance is as follows:

Balance as at 01 July		**23,211,710**	18,394,132
Effect of IFRS - 9	*3.1*	**58,622,262**	-
(Reversal) / Charge during the year		**(21,530,334)**	4,817,578
Balance as at 30 June		**60,303,638**	23,211,710

20	**Loans and advances**			
	Advances - unsecured, considered good			
	Advances to employees - *secured*	*20.1*	**18,970,462**	22,707,413
	Advances to suppliers - *unsecured*	*20.2*	**30,745,139**	23,197,173
	Others		**1,461,513**	1,611,544
			51,177,114	47,516,130

20.1 Advances given to staff are in accordance with the Company's policy and terms of employment contract. These advances are secured against provident fund. Advances to staff include amount due from executives of the Company of Rs. 2.73 million (2021: Rs. 3.32 million).

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

21	**Deposits and prepayments**	*Note*	**2022 Rupees**	2021 Rupees
	Deposits - *considered good*			
	Earnest Money	*21.1*	**110,901,201**	121,560,902
	Less: Impairment loss allowance	*21.2*	**(17,128,655)**	**-**
			93,772,546	121,560,902
	Security Margins		**6,645,649**	9,579,125
			100,418,195	131,140,027
	Prepayments		**1,153,661**	420,990
			101,571,856	**131,561,017**

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

21.2 The movement in impairment loss allowance is as follows:

	Note	**2022 Rupees**	2021 Rupees
Balance as at 01 July		**-**	-
Effect of IFRS - 9	*3.1*	**17,007,185**	-
Charge during the year		**121,470**	-
Balance as at 30 June		**17,128,655**	-

	Note	**2022** Rupees	2021 Rupees
22 Other receivables			
Sales tax refundable - *net*	*22.1*	**215,887,886**	2,280,187
Export rebate		**8,452,466**	6,566,702
Others - considered good, *unsecured*		**32,538,147**	5,263,423
		256,878,499	14,110,312

22.1 This represents sales tax (input) levied on purchases due to change in pharma industry's tax status i.e from 'Exempt' to 'Zero-rated' during the year.

23 Short term investments

<u>Investments at fair value through profit or loss</u>

	Note	**2022** Rupees	2021 Rupees
Mutual fund	*23.1*	695,089,997	1,080,776,249

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

	Note	**2022** Rupees	2021 Rupees
Fair value at 01 July		**1,080,776,249**	357,590,624
(Redemption) / acquisition during the year - *net*		**(476,199,818)**	684,291,690
Dividend re-invested during the year		**83,899,054**	37,993,202
Realized gain on sale of investments during the year	*30.1*	**4,006,688**	-
Unrealized gain on re-measurement of investment during the year	*30.1*	**2,607,824**	900,733
Fair value at 30 June	*23.1.1*	**695,089,997**	1,080,776,249

23.1.1 Mutual fund wise detail is as follows:

	Units		Fair value	
	2022	2021	**2022**	2021
	............Number............		..................Rupees..................	
HBL Money Market Fund	**2,883,743**	2,657,148	**296,411,019**	272,620,435
MCB Cash Management Optimizer Fund	**10,939**	10,939	**1,109,225**	1,104,355
HBL Cash Fund	**433,153**	7,974,699	**43,884,004**	807,051,459
Pakistan Cash Management Fund	**7,016,903**	-	**353,685,749**	-
			695,089,997	1,080,776,249

		Note	**2022** Rupees	2021 Rupees
24	**Cash and bank balances**			
	Cash in hand		**6,242,868**	5,282,087
	Cash at bank:			
	Current accounts			
	- foreign currency		**80,405,308**	36,464,388
	- local currency	*24.1*	**84,474,976**	169,958,108
			164,880,284	206,422,496
	Deposit accounts - *local currency*	*24.2*	**8,990,388**	187,669,698
			180,113,540	399,374,281

24.1 These include bank accounts of Rs. 0.0024 million (2021: Rs. 3.88 million) maintained under Shariah compliant arrangements.

24.2 These include deposit accounts of Rs. 8.80 million (2021: Rs. 187.67 million) under mark up arrangements, which carry interest rates ranging from 5.50% - 12.25% (2021: 5.50% - 5.51%) per annum.

These also include deposit account of Rs. 0.195 million (2021: Rs. 0.000092 million) under Shariah compliant arrangements, which carries profit rate from 2.95% - 6.01% (2021: 2.75% - 2.90%) per annum.

		Note	**2022** Rupees	2021 Rupees
25	**Revenue - *net***			
	Gross sales:			
	Local		**8,130,503,268**	7,119,103,649
	Export		**345,841,617**	310,951,657
			8,476,344,885	7,430,055,306
	Less:			
	Sales return		**(150,340,413)**	(48,899,384)
	Discounts		**(505,643,685)**	(341,605,488)
	Sales tax		**(13,946,472)**	(5,928,848)
			(669,930,570)	(396,433,720)
	Revenue from contracts with customers	*25.1*	**7,806,414,315**	7,033,621,586

Disaggregation of Revenue (Net sales)

25.1 **Primary Geographical Markets (Net Sales)**

	2022	2021
Pakistan	**7,464,585,903**	6,722,669,929
Sri Lanka	**160,916,650**	149,002,821
Philippines	**62,980,811**	44,691,198
Myanmar	**28,215,993**	30,132,138
Afghanistan	**15,409,975**	24,367,143
Kenya	**23,550,814**	18,500,356
Kyrgyzstan	**13,397,056**	12,193,378
Others	**37,357,113**	32,064,623
	7,806,414,315	7,033,621,586

		Note	2022 Rupees	2021 Rupees
26	**Cost of sales**			
	Raw and packing materials consumed	*26.1*	**1,849,184,984**	1,599,840,039
	Salaries, wages and other benefits	*26.2*	**397,515,432**	339,770,733
	Fuel and power		**61,799,313**	44,876,935
	Repair and maintenance		**26,956,638**	17,704,204
	Stores, spare parts and loose tools consumed		**146,000,765**	107,897,670
	Freight and forwarding		**51,554,502**	45,499,354
	Packing charges		**19,997,389**	13,163,600
	Rent, rates and taxes		**5,632,411**	5,068,000
	Printing and stationery		**5,538,848**	4,713,719
	Postage and telephone		**4,650,023**	7,530,601
	Insurance		**15,243,199**	14,969,657
	Travelling and conveyance		**14,570,479**	11,340,194
	Canteen expenses		**20,137,803**	15,956,474
	Depreciation on property, plant and equipment	*14.4*	**233,508,579**	220,595,269
	Laboratory and other expenses		**18,085,334**	9,331,419
			2,870,375,699	2,458,257,868
	Work in process:			
	Opening		**90,888,803**	93,642,720
	Closing		**(155,665,588)**	(90,888,803)
			(64,776,785)	2,753,917
	Cost of goods manufactured		**2,805,598,914**	2,461,011,785
	Finished stock:			
	Opening		**719,606,841**	1,007,744,405
	Purchases made during the year		**2,194,913,386**	1,397,529,587
	Closing		**(1,431,320,397)**	(719,606,841)
			1,483,199,830	1,685,667,151
			4,288,798,744	4,146,678,936

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

	2022 Rupees	2021 Rupees
Opening	**584,711,427**	539,746,654
Purchases made during the year	**2,140,972,112**	1,644,804,812
	2,725,683,539	2,184,551,466
Closing	**(876,498,555)**	(584,711,427)
	1,849,184,984	1,599,840,039

26.2 Salaries, wages and other benefits include Rs. 13.80 million (2021: Rs. 11.36 million) which represents employer's contribution towards provident fund.

27 Administrative expenses

	Note	2022 Rupees	2021 Rupees
Salaries and other benefits	*27.1*	**293,264,246**	247,770,203
Directors fees and expenses		**470,000**	530,000
Rent, rates and taxes		**638,855**	544,817
Postage and telephone		**13,490,402**	11,947,022
Printing, stationery and office supplies		**4,480,459**	3,610,594
Travelling and conveyance		**39,863,847**	21,910,744
Transportation		**5,977,030**	4,817,325
Legal and professional charges		**5,366,966**	4,058,745
Fuel and power		**8,890,212**	6,099,120
Auditors' remuneration	*27.2*	**2,018,375**	2,000,000
Repair and maintenance		**13,272,364**	14,423,614
Fee and subscriptions		**22,393,124**	12,402,644
Donations	*27.3*	**11,520,725**	14,629,961
Insurance		**6,273,573**	5,320,233
Depreciation on property, plant and equipment	*14.4*	**45,608,593**	45,315,968
Amortisation of intangibles	*15.1*	**413,300**	420,879
Canteen expenses		**12,206,739**	8,547,931
Other expenses		**5,945,148**	3,530,066
		492,093,958	407,879,866

27.1 Salaries and other benefits include Rs. 11.35 million (2021: Rs. 10.11 million) which represents employer's contribution towards provident fund.

27.2 Auditors' remuneration

	2022 Rupees	2021 Rupees
Fee for annual audit	**1,300,000**	1,276,000
Audit of consolidated financial statements	**80,000**	78,500
Review of half yearly financial statements	**300,000**	290,000
Special certificates and others	**180,000**	174,000
Out-of-pocket expenses	**158,375**	181,500
	2,018,375	2,000,000

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	2022 Rupees	2021 Rupees
Mr. Osman Khalid Waheed (Director)	Trustee	National Management Foundation (LUMS)	**5,600,000**	3,000,000

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

	2022 Rupees	2021 Rupees
National Management Foundation (LUMS)	**5,600,000**	-
Parsa Trust	**3,077,725**	2,590,531
Rizq Trust	**2,343,000**	-
Patron of Expo	**-**	2,500,000
Cancer Research and Treatment Foundation	**-**	1,500,000

	Note	2022 Rupees	2021 Rupees

28 Selling and distribution expenses

	Note	2022 Rupees	2021 Rupees
Salaries and other benefits	*28.1*	**892,866,329**	719,012,347
Travelling and conveyance		**328,454,351**	241,797,170
Trade debts directly written off		**10,179,695**	-
Fuel and power		**11,332,007**	8,507,852
Service charges		**6,205,331**	27,757,649
Rent, rates and taxes		**13,649,918**	11,676,262
Sales promotion		**283,921,346**	270,027,754
Printing and stationary		**9,109,109**	7,480,789
Postage and telephone		**22,711,916**	25,766,939
Fee and subscription		**44,607,393**	40,214,458
Insurance		**28,904,759**	26,216,857
Repairs and maintenance		**16,859,270**	16,441,942
Conferences, seminars and training		**237,247,462**	73,674,230
Medical research and patient care		**8,711,968**	4,745,468
Depreciation on property, plant and equipment	*14.4*	**55,314,837**	50,367,028
Other expenses		**1,066,332**	1,221,391
		1,971,142,023	1,524,908,136

28.1 Salaries and other benefits include Rs. 28.23 million (2021: Rs. 24.15 million) which represents employer's contribution towards provident fund.

29 Other expenses

	Note	2022 Rupees	2021 Rupees
Exchange loss - *net*		**185,101,855**	-
Workers' Profit Participation Fund	*10.1*	**50,268,358**	52,953,418
Central Research Fund	*10.2*	**10,155,224**	10,697,660
Workers' Welfare Fund	*10.3*	**20,566,729**	20,429,999
Loss allowance against trade debts	*19.1*	**-**	4,817,578
		266,092,166	88,898,655

			2022	2021
30	**Other income**	*Note*	**Rupees**	Rupees
	From financial assets	*30.1*	**115,992,497**	43,208,491
	From non financial assets	*30.2*	**67,658,471**	94,142,591
			183,650,968	137,351,082

30.1 From financial assets

	Note	2022 Rupees	2021 Rupees
Profit on deposits with banks	*30.1.1*	**3,976,561**	4,252,378
Dividend income		**83,992,560**	38,055,380
Unrealized gain on re-measurement of short term investments to fair value	*23.1*	**2,607,824**	900,733
Realized gain on sale of short term investments	*23.1*	**4,006,688**	-
Reversal of loss allowance	*19.1 & 21.2*	**21,408,864**	-
		115,992,497	43,208,491

30.1.1 These include profit of Rs. 109 (2021: Rs. 1.3) earned on deposits maintained under Shariah compliant arrangements.

30.2 From non financial assets

	Note	2022 Rupees	2021 Rupees
From related party			
Share in profit of Farmacia - *98% owned* partnership firm		**20,600,413**	12,875,252
Corporate Guarantee Income from BF Biosciences Ltd.		**7,020,000**	3,510,000
Others			
Gain on sale of property, plant and equipment - *net of write off*		**31,910,233**	36,101,868
Export rebate		**5,383,817**	3,083,153
Exchange gain - *net*	*30.3*	**-**	27,131,489
Commission income		**2,744,008**	11,440,829
		40,038,058	77,757,339
		67,658,471	94,142,591

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

			2022	2021
31	**Finance cost**	*Note*	**Rupees**	Rupees
	Mark-up on financing from conventional banks / institutions:			
	Long term financing		**4,498,275**	8,168,054
	Short term borrowings		**21,309,037**	4,643,746
			25,807,312	12,811,800
	Mark-up on Islamic mode of financing:			
	Short term borrowings	*31.1*	**4,717,469**	2,153,448
	Bank charges		**5,765,984**	6,744,899
	Interest on Workers' Profit Participation Fund	*10.1*	**1,115,554**	29,563
			37,406,319	21,739,710

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

	Note	2022	2021
		Rupees	Rupees
32 Taxation			
Current			
- For the year		**432,541,880**	291,255,318
- For prior years		**(15,523,846)**	(10,809,907)
Deferred			
- For the year	*9*	**3,365,166**	(24,813,304)
		420,383,200	255,632,107

32.1 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

	2022	2021
	Rupees	Rupees
Profit before taxation	**934,532,073**	980,867,365
	- - - - - (Percentage) - - - - -	
Applicable tax rate as per Income Tax Ordinance, 2001	**33%**	29%

	2022	2021
	Rupees	Rupees
Tax on accounting profit	**308,395,584**	284,451,536
Effect of final tax regime	**(9,272,205)**	(13,973,007)
Effect of separate block regime	**(15,889,309)**	(5,327,749)
Effect of minimum tax regime	**20,485,649**	(432,303)
Effect of permanent difference	**9,467,771**	7,320,495
Poverty alleviation tax	**112,305,806**	-
Effect of proration	**5,358,194**	3,915,544
Effect of other accounting and tax differences	**5,055,557**	(9,512,502)
Prior year tax adjustment	**(15,523,846)**	(10,809,907)
	111,987,616	(28,819,429)
	420,383,200	255,632,107

32.2 The provision for current taxation represent tax under the normal tax regime at the rate of 39% of taxable income (2021: 29%) and final taxes paid under final tax regime under Income Tax Ordinance, 2001.

33 Earnings per share - *basic and diluted*

		2022	2021
Profit after taxation for distribution to ordinary shareholders	*Rupees*	**514,148,873**	725,235,258
Weighted average number of ordinary shares	*Numbers*	**36,224,210**	36,224,210
Basic and diluted earnings per share	*Rupees*	**14.19**	20.02

33.1 Weighted average number of ordinary shares

	2022 Rupees	2021 Rupees
Outstanding number of shares before bonus issue	**36,224,210**	30,186,841
Add: Element of bonus issue in number of shares at the start of the year.	**-**	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

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

	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	470,000	343,920,813
Numbers	**1**	**6**	**56**

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

The Company has 6 (2021: 6) non executive directors. Non executive directors are not paid any remuneration or benefits other than the meeting fee and reimbursement of expenses. Furthermore, the Company has paid Rs. 420,000 (2021: Rs. 470,000) in lieu of meeting fee and Rs. Nil (2021: Nil) against reimbursement of expenses.

35 Related party transactions

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

Name of parties	Relationship	Transactions	2022	2021
			---------Rs.--------	
Farmacia	98% owned subsidiary partnership firm	Sale of medicines - *net of returns and discounts*	**31,149,712**	24,918,832
		Payment received against sale of medicine	**31,149,712**	24,918,832
		Rentals	**5,392,386**	4,902,171
		Share of profit reinvested	**20,600,413**	12,875,252
BF Biosciences Limited	80% owned subsidiary company	Sale of medicines	**186,776,447**	59,410,031
		Payment received against sale of medicine	**186,776,447**	59,410,031
		Purchase of medicines	**7,886,501**	8,944,344
		Payment made against purchase of medicine	**7,894,190**	8,944,344
		Collection of advance tax	**7,688**	-
		Corporate guarantee income	**7,020,000**	3,510,000
		Payment received against corporate guarantee income	**7,020,000**	3,510,000
		Expenses incurred by BFBL on behalf of the Company - net	**-**	8,884,641
		Expenses incurred by the Company on behalf of BFBL - net	**13,775,126**	-
		Receipts received by the Company on behalf of BFBL - net	**-**	4,117,799
		Receipts received by BFBL on behalf of the Company - net	**246,488**	-
		Receipts received from BFBL - net	**14,021,614**	-
		Payment made to BFBL - net	-	13,002,440
Employees provident fund	Post employment benefit fund	Contribution towards employees' provident fund	**53,368,385**	45,621,796
Key Management Personnel	Key management personnel	Remuneration including benefits and perquisites	**43,747,919**	39,438,177
		Advance given against salary	**791,666**	1,667,036
		Cash Dividend	**16,800**	5,600
		Issuance of bonus shares as dividend	**-**	2,800
KFW Factors (Private) Limited	Common directorship	Cash Dividend	**99,443,290**	33,147,768
		Issuance of bonus shares as dividend	**-**	16,573,870
Osman Khalid Waheed	Chief Executive Officer	Remuneration including benefits and perquisites	**39,869,640**	26,199,976
		Cash Dividend	**25,894,050**	8,631,352
		Issuance of bonus shares as dividend	**-**	4,315,670
		Meeting Fee	**50,000**	60,000
Directors other than CEO	Non-Executive Directors	Cash Dividend	**9,340,660**	3,113,556
		Issuance of bonus shares as dividend	**-**	1,556,770
		Meeting Fee	**420,000**	470,000
		Rental expense paid for building in use	**5,031,180**	4,537,500
Khan and Piracha	Common directorship	Payment made against services received	**-**	49,000
National Management Foundation (LUMS)	Common directorship	Donations	**5,600,000**	3,000,000

36 Plant capacity and production

	Actual production 2022	2021
	---------Packs--------	
Tablets And Capsules	**28,515,735**	27,696,661
Ointments	**4,196,805**	4,288,904
Liquid And Others	**4,416,754**	3,347,607
	37,129,294	35,333,172

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 2022	2021
Total number of employees as at 30 June	**1366**	1127
Average number of employees during the year	**1250**	1093

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

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

	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 / markup expense	-	21,710,147	-	21,710,147
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

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 2022		Audited 2021	
	% of Size of Fund	**Rupees**	% of Size of Fund	Rupees
Ferozsons Laboratories Limited - *Parent Company*	**81%**	**740,598,716**	81%	641,114,422
BF Biosciences Limited - *Subsidiary*	**17%**	**157,759,592**	17%	133,272,204
Farmacia - *Partnership firm*	**2%**	**19,110,105**	2%	16,022,063
	100%	**917,468,413**	100%	790,408,689

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:

	2022	2021
Financial assets at amortized cost	**Rupees**	Rupees
Long term deposits	**9,717,325**	9,717,325
Trade debts	**1,065,839,706**	1,313,592,150
Loans and advances	**1,461,513**	1,611,544
Deposits	**100,418,195**	131,140,027
Other receivables	**40,990,613**	14,110,312
Bank balances	**173,870,672**	394,092,194
Financial assets at fair value through profit or loss		
Short term investments	**695,089,997**	1,080,776,249
	2,087,388,021	2,945,039,801

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:

	2022	2021
	Rupees	Rupees
Customers	**1,065,839,706**	1,313,592,150
Banking companies and financial institutions	**868,960,669**	1,474,868,443
Others	**152,587,646**	156,579,208
	2,087,388,021	2,945,039,801

40.1.2 Credit quality and impairment

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

40.1.2.1 Counter parties with external credit ratings

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

Institutions	**Rating**		**Rating Agency**	**2022**	2021
	Short term	**Long term**		**----Rupees----**	
Bank balances					
Habib Bank Limited	A1+	AAA	JCR-VIS	**89,807,943**	146,896,930
Bank Al-Habib Limited	A1+	AAA	PACRA	**4,934,640**	165,179,650
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	**73,282,599**	48,192,496
Bank Alfalah Limited	A1+	AA+	PACRA	**5,148,473**	23,779,778
Meezan Bank Limited	A1+	AAA	JCR-VIS	**197,649**	3,881,380
MCB Bank Limited	A1+	AAA	PACRA	**118,508**	5,781,032
Allied Bank Limited	A1+	AAA	PACRA	**380,859**	380,928
				173,870,672	394,092,194
Short term investments					
HBL Money Market Fund	N/A	AA+(f)	JCR-VIS	**296,411,019**	272,620,435
MCB Cash Management Optimizer Fund	N/A	AA+(f)	PACRA	**1,109,225**	1,104,355
Pakistan Cash Management Fund	N/A	AA+(f)	PACRA	**353,685,749**	-
HBL Cash Fund	N/A	AA+(f)	JCR-VIS	**43,884,004**	807,051,459
				695,089,997	1,080,776,249
Margin against bank guarantee					
Habib Bank Limited	A1+	AAA	JCR-VIS	**783,934**	783,934
Meezan Bank Limited	A1+	AAA	JCR-VIS	**-**	196,168
				783,934	980,102
Margin against letter of credit					
Meezan Bank Limited	A1+	AAA	JCR-VIS	**5,611,793**	8,349,022
				5,611,793	8,349,022
				875,356,396	1,484,197,567

40.1.2.2 Counter parties without external credit ratings - Trade debts

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

Management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. The Company has used tow years quarterly data in the calculation of historical loss rates along with the matching quarterly ageing brackets for the computation of roll rates. These rates are multiplied by scalar factors to reflect the effect of forward looking macro-economic factors. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2022 was determined as follows:

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

	Others	
	2022	2021
	--------------------**Rupees**--------------------	
Current	**282,619,354**	127,450,402
Past due 0 - 90 days	**27,367,423**	13,815,305
Past due 91 - 180 days	**10,320,031**	6,930,486
Past due 181 - 365 days	**346,600**	3,159,751
More than 365 days	**3,684,818**	9,733,728
Less: Impairment loss allowance	**(9,130,379)**	(23,211,710)
	315,207,847	137,877,961

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

0 - 90 days	**368,649,008**	709,719,009
91 - 180 days	**210,474,729**	118,925,885
181 - 365 days	**108,535,131**	215,365,921
More than 365 days	**114,146,250**	131,703,375
Less: Impairment loss allowance	**(51,173,260)**	-
	750,631,858	1,175,714,189

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

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

40.2 Liquidity risk

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

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

40.2.1 Exposure to liquidity risk

40.2.1.1 Contractual maturities of financial liabilities, including estimated interest payments

The following are the contractual maturities of financial liabilities:

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

	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	-

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:

			2022		
Assets	**Rupees**	**US Dollars**	**Euro**	**UAE Dirham**	**Pound Sterling**
Cash and bank balances	**85,745,910**	**402,629**	**10,819**	**5,010**	**3,485**
Trade debts	**73,668,446**	**360,451**	**-**	**-**	-
Other receivables	**25,274,046**	**123,663**	**-**	**-**	-
	184,688,402	**886,743**	**10,819**	**5,010**	**3,485**
Liabilities					
Trade and other payables	**(1,297,853,639)**	**(6,350,249)**	**-**	**-**	**-**
Net exposure	**(1,113,165,237)**	**(5,463,505)**	**10,819**	**5,010**	**3,485**
Off statement of financial position items					
- Outstanding letters of credit	**328,440,239**	**1,607,020**	**-**	**-**	**-**
Net exposure	**(784,724,998)**	**(3,856,485)**	**10,819**	**5,010**	**3,485**

			2021		
Assets	Rupees	US Dollars	Euro	UAE Dirham	Pound Sterling
Cash and cash equivalents	39,163,801	225,760	13,089	4,785	3,695
Trade debts	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 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

The following significant exchange rates were applied during the year:

	Reporting date rate		Average rate	
	2022	2021	**2022**	2021
US Dollars	**204.38**	158.05	**183.77**	159.53
Euro	**213.81**	188.42	**204.13**	190.06
UAE Dirham	**55.68**	43.34	**50.07**	43.51
Pound Sterling	**248.23**	218.93	**239.22**	215.35

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	
	2022	2021
	-------------------**Rupees**-------------------	
Unconsolidated statement of profit or loss	**(111,316,524)**	(94,232,460)

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 1.23% (2021: 1.09%) 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	
	2022	2021	**2022**	2021
Variable rate instruments	**(in Percentage)**		**(Rupees)**	
Financial assets				
Cash at bank - *deposit accounts*	**2.95% to 12.25%**	2.75% to 5.51%	**8,990,388**	187,669,698
Financial liabilities				
Long term loan - including current portion (secured)	**8.29% to 9.4%**	8.29% to 9.4%	**85,500,000**	256,500,000
Short term borrowing - *secured*	**7.50% to 14.31%**	7.42% to 8.53%	**343,176,422**	-
Net Exposure			**(419,686,034)**	**(68,830,302)**

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 2022.

	Profit or loss	
	100 bps Increase	**100 bps Decrease**
As at 30 June 2022	**Rupees**	
Cash flow sensitivity - *Variable rate financial assets*	**(4,196,860)**	**4,196,860**
As at 30 June 2021		
Cash flow sensitivity - *Variable rate financial assets*	(688,303)	688,303

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 2022 and 2021 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
2022			**Rupees**	
Short term investments				
		10% increase	**764,598,997**	**69,509,000**
Investments at fair value through profit or loss	**695,089,997**	**10% decrease**	**625,580,997**	**(69,509,000)**

	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)

40.4 Fair value of financial instruments

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

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

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

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

40.4.1 Valuation of financial instruments

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

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

Level 2: Valuation techniques based on observable inputs.

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

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

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

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

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

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

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

	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	-	121,560,902	-	121,560,902	-	-	-
Other receivables	-	14,110,312	-	14,110,312	-	-	-
Cash and bank balances	-	399,374,281	-	399,374,281	-	-	-
	-	1,859,966,514	-	1,859,966,514	-	-	-
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	-	-	-

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	2022	2021
Total debt	*Rupees*	**428,676,422**	256,500,000
Total Equity	*Rupees*	**6,304,182,995**	6,224,330,247
Total capital employed	*Rupees*	**6,732,859,417**	6,480,830,247
Gearing	*Percentage*	**6.37%**	3.96%

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 previous years, the Government of Pakistan, from time to time announced a temporary smart lock downs as a measure to reduce the spread of the COVID–19, however, no lock down was announced during the year. 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 significant. The Company, during the last year, obtained term loan / SBP COVID-19 relief facility, under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan, of Rs. 378 million, for paying salaries. Balance amount of the loan is appearing in note 8 to these financial statements. 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 31 August 2022 has proposed a final cash dividend of Rs. 5 (2021: Rs. 10) per share, amounting to Rs. 181.12 million (2021: Rs. 362.24 million) and 20% bonus shares (2021: 0%) subject to approval of the members in the Annual General Meeting to be held on 30 September 2022.

43 Date of authorization for issue

These unconsolidated financial statements have been authorized for issue by the Board of Directors of the Company on 31 August 2022.

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

CONSOLIDATED FINANCIAL STATEMENTS

KPMG

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

To the members of Ferozsons Laboratories Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Ferozsons Laboratories Limited** ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 30 June 2022, 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 2022 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.

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 3.15, 3.15.1 and 27 to the consolidated financial statements. The Group recognized net revenue of Rs. 9.33 billion from the sale of goods to domestic as well as foreign customers during the year ended 30 June 2022.	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;

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S. No.	Key audit matters	How the matter was addressed in our audit
	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.	• 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 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 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 3.2, 3.8.6 and 21 to the consolidated financial statements. As at 30 June 2022, the Group's gross trade debts amount to Rs. 1.213 billion against which, the Group has recognized expected credit loss ("ECL") of Rs. 72.82 million for the year ended 30 June 2022. The Group has applied the ECL model for determination of loss allowance against trade debts under IFRS 9 (Financial instruments) 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.	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 our specialists to assess the ECL model and significant estimates, assumptions and judgments applied in developing ECL. • assessing on a sample basis, the accuracy of data used for ECL computation; and • assessing the adequacy of disclosure made in the consolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.

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S. No.	Key audit matters	How the matter was addressed in our audit
3	**Capitalization of property, plant and equipment** Refer to notes 3.5 and 16 to the consolidated financial statements. The Group has made significant capital expenditure which primarily pertains to expansion of its manufacturing facilities by installing a second line of production in the existing facility of BF Biosciences Limited ("Subsidiary Company"). In this regard, the Group has incurred fixed capital expenditure amounting to Rs. 1.754 billion amongst which Rs. 1.560 billion pertains to capital work in progress and Rs. 193.79 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; • 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 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 2022 but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore

Date: 09 September 2022

UDIN: AR2022101194FdOi3BSc

AR5122

Ferozsons Laboratories Limited
Consolidated Statement of Financial Position
As at 30 June 2022

EQUITY AND LIABILITIES	Note	2022 Rupees	2021 Rupees
Share capital and reserves			
Authorized share capital			
50,000,000 (2021: 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**	362,242,100
Capital reserve	*6*	**321,843**	321,843
Revaluation surplus on property, plant and equipment	*7*	**1,304,895,242**	1,398,041,802
Accumulated profits		**6,100,332,603**	5,712,629,125
Equity attributable to owners of the Company		**7,767,791,788**	7,473,234,870
Non-controlling interests		**530,676,857**	419,174,160
		8,298,468,645	7,892,409,030
Non current liabilities			
Long term loans- *secured*	*8*	**1,537,069,424**	957,100,775
Deferred grant	*9*	**331,334,784**	174,130,601
Deferred taxation	*10*	**408,638,089**	415,231,165
		2,277,042,297	1,546,462,541
Current liabilities			
Trade and other payables	*11*	**2,427,106,729**	2,168,801,469
Current portion of long term liabilities	*12*	**219,552,692**	216,372,103
Contract liabilities	*13*	**123,087,098**	45,044,966
Short term borrowings - *secured*	*14*	**492,524,265**	-
Unclaimed dividend		**91,693,095**	80,049,018
Accrued mark-up		**32,613,579**	9,178,680
		3,386,577,458	2,519,446,236
Contingencies and commitments	*15*		
		13,962,088,400	11,958,317,807

ASSETS	Note	2022 Rupees	2021 Rupees
Non-current assets			
Property, plant and equipment	*16*	**6,113,280,598**	4,792,309,703
Intangible assets	*17*	**1,002,675**	638,172
Investment property	*18*	**79,371,992**	79,371,992
Long term deposits		**14,544,325**	14,544,325
		6,208,199,590	4,886,864,192
Current assets			
Stores, spare parts and loose tools	*19*	**131,728,484**	86,845,985
Stock in trade	*20*	**3,128,551,778**	2,019,922,504
Trade debts	*21*	**1,139,908,730**	1,540,081,880
Loans and advances - *considered good*	*22*	**68,859,298**	68,039,698
Deposits and prepayments	*23*	**125,158,898**	159,196,692
Other receivables - *considered good*	*24*	**432,105,941**	23,372,821
Advance income tax - *net*		**275,392,301**	402,990,063
Short term investments	*25*	**2,036,352,584**	1,940,494,936
Cash and bank balances	*26*	**415,830,796**	830,509,036
		7,753,888,810	7,071,453,615
		13,962,088,400	11,958,317,807

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 2022

	Note	2022 Rupees	2021 Rupees
Revenue - *net*	27	**9,329,917,808**	8,879,115,654
Cost of sales	28	**(5,346,666,882)**	(5,213,850,128)
Gross profit		**3,983,250,926**	3,665,265,526
Administrative expenses	29	**(551,124,994)**	(465,372,022)
Selling and distribution expenses	30	**(2,133,242,551)**	(1,651,851,954)
Other expenses	31	**(299,043,460)**	(131,669,896)
Other income	32	**333,361,268**	193,296,852
Profit from operations		**1,333,201,189**	1,609,668,506
Finance cost	33	**(96,278,493)**	(43,697,040)
Profit before taxation		**1,236,922,696**	1,565,971,466
Taxation	34	**(447,133,674)**	(277,511,969)
Profit after taxation		**789,789,022**	1,288,459,497
Attributable to:			
Owners of the Group		**734,430,755**	1,173,452,010
Non-controlling interests		**55,358,267**	115,007,487
Profit after taxation		**789,789,022**	1,288,459,497
Earnings per share - *basic and diluted*	35	**20.27**	32.39

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 2022

	2022 Rupees	2021 Rupees
Profit after taxation	**789,789,022**	1,288,459,497
Items that will not be reclassified to profit or loss		
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**789,789,022**	1,288,459,497
Attributable to:		
Owners of the Group	**734,430,755**	1,173,452,010
Non-controlling interests	**55,358,267**	115,007,487
	789,789,022	1,288,459,497

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 2022

	Note	Attributable to Owners of the Company						
			Capital reserve		Revenue reserve			
		Share capital	Capital reserve (note-6)	Revaluation surplus on property, plant and equipment (note 7)	Accumulated profits	Total	Non-controlling interest	Total
		---------- Rupees ----------						
Balance as at 01 July 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		-	-	-	-	-	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 - as reported		**362,242,100**	**321,843**	**1,398,041,802**	**5,712,629,125**	**7,473,234,870**	**419,174,160**	**7,892,409,030**
Adjustment of IFRS - 9 - net of tax - note 3.2.1		-	-	-	(58,482,856)	(58,482,856)	(1,036,629)	(59,519,485)
Adjusted balance as at 01 July 2021		**362,242,100**	**321,843**	**1,398,041,802**	**5,654,146,269**	**7,414,752,014**	**418,137,531**	**7,832,889,544**
Total comprehensive income for the year								
Profit after taxation		-	-	-	**734,430,755**	**734,430,755**	**55,358,267**	**789,789,022**
Equity reserve pertaining to convertible loan obtained during the period - *net of tax*	*8.2.1*	-	-	-	-	-	**56,431,787**	**56,431,787**
		-	-	-	**734,430,755**	**734,430,755**	**111,790,054**	**846,220,809**
Surplus transferred to accumulated profit:								
- on account of incremental depreciation on property, plant and equipment charged during the year - *net* of tax		-	-	(73,997,679)	73,997,679	-	-	-
Effect of change in tax rate		-	-	(19,148,881)	-	(19,148,881)	749,272	(18,399,609)
Transactions with owners of the Company, recognized directly in equity - Distributions								
- -Final dividend for the year ended 30 June 2021 at Rs. 10 per share		-	-	-	(362,242,100)	(362,242,100)	-	(362,242,100)
Balance as at 30 June 2022		**362,242,100**	**321,843**	**1,304,895,242**	**6,100,332,603**	**7,767,791,788**	**530,676,857**	**8,298,468,644**

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 2022

	Note	2022 Rupees	2021 Rupees
Cash flow from operating activities			
Profit before taxation		**1,236,922,696**	1,565,971,466
Adjustments for non - cash and other items			
Depreciation on property, plant and equipment	*16.4*	**420,851,833**	397,991,735
Amortisation of intangible assets		**413,309**	420,879
Trade debts directly written off	*30*	**10,179,695**	-
Provision of loss allowance against trade debts	*31 & 32.1*	**(11,156,972)**	4,853,974
Gain on disposal of property, plant and equipment	*16.5*	**(35,108,099)**	(38,171,408)
Finance costs	*33*	**93,946,453**	43,697,040
Gain on re-measurement of short term investments to fair value	*32.1*	**(4,591,673)**	(1,334,230)
Gain on sale of short term investments	*32.1*	**(4,097,022)**	(1,114,414)
Dividend income	*32.1*	**(218,662,806)**	(74,605,865)
Profit on deposits with bank	*32.1*	**(13,396,025)**	(7,288,944)
Workers' Profit Participation Fund	*11.1*	**70,987,650**	87,026,357
Central Research Fund	*11.2*	**13,869,820**	17,581,082
Workers' Welfare Fund	*11.3*	**21,164,283**	22,208,483
		344,400,446	451,264,689
Cash generated from operations before working capital changes		**1,581,323,142**	2,017,236,155
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		**(44,882,499)**	(21,309,502)
Stock in trade		**(1,108,629,274)**	30,069,732
Trade debts		**349,380,427**	(452,155,933)
Loans and advances - *considered good*		**(819,600)**	(2,976,599)
Deposits and prepayments		**34,037,794**	117,422,752
Other receivables		**(408,733,120)**	15,898,433
		(1,179,646,272)	(313,051,117)
Increase in current liabilities			
Trade and other payables		**270,354,037**	515,284,714
Contract liability		**78,042,132**	15,254,360
Cash generated from operations		**750,073,039**	2,234,724,112
Taxes paid		**(356,171,313)**	(358,014,843)
Workers' Profit Participation Fund paid		**(79,400,300)**	(53,573,801)
Central Research Fund paid	*11.2*	**(17,581,082)**	(6,785,079)
Long term deposits - *net*		**-**	(210,000)
Net cash generated from operating activities		**296,920,344**	1,816,140,389
Cash flow from investing activities			
Acquisition of property, plant and equipment		**(1,753,965,796)**	(1,206,373,207)
Acquisition of intangibles		**(777,801)**	(635,544)
Dividend income received		**218,662,806**	392,769
Proceeds from sale of property, plant and equipment	*16.5*	**47,251,447**	50,114,216
Profit on term deposits received		**13,396,025**	7,288,944
Short term investments - *net*		**(87,168,953)**	(1,103,125,415)
Net cash used in investing activities		**(1,562,602,272)**	(2,252,338,237)
Cash flow from financing activities			
Long term loan received		**968,089,000**	1,410,559,000
Long term loan paid		**(188,500,000)**	(94,250,000)
Finance cost paid		**(70,511,554)**	(32,314,626)
Dividend paid		**(350,598,023)**	(117,663,198)
Net cash generated from financing activities		**358,479,423**	1,166,331,176
Net (decrease) / increase in cash and cash equivalents		**(907,202,505)**	730,133,328
Cash and cash equivalents at the beginning of the year		**830,509,036**	100,375,708
Cash and cash equivalents at the end of the year		**(76,693,469)**	830,509,036
Cash and cash equivalents comprise of the following:			
Cash and bank balances	*26*	**415,830,796**	830,509,036
Running finance	*14*	**(492,524,265)**	-
		(76,693,469)	830,509,036

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

"The Group" consists of the following subsidiaries:

Company / Entity	Country of incorporation	Nature of business	Effective holding %	
			2022	2021
BF Biosciences Limited	Pakistan	Import, manufacturing and sale of pharmaceutical products	**80**	80
Farmacia	Pakistan	Sale and distribution of medicines and other related products	**98**	98

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

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

2 Basis of preparation

2.1 Separate financial statements

These consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Holding Company for the year ended 30 June 2022 and the audited financial statements of the subsidiaries for the year ended 30 June 2022.

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 3.8 to the financial statements.

2.4 Functional and presentation currency

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

2.5 Use of estimates and judgments

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

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

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

2.5.1 Property, plant and equipment

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

2.5.2 Stock in trade

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

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

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

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

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

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

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

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

2.5.4 Provisions

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

2.5.5 Impairment

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

2.5.6 Revaluation of property, plant and equipment

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

2.5.7 Taxation

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

3 Significant accounting policies

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

3.1 Basis of consolidation

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

3.1.1 Subsidiaries

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

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

3.1.2 Non-controlling interests

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

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

Changes in the Holding Company's interest in a subsidiary that do not result in a loss of control are accounted for as 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 Change in accounting policy - IFRS 9

The Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 985 (I)/2019 dated 02 September 2019 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.This exemption was waived off from 1 July 2021. Accordingly the Group has applied the ECL model on financial assets due from the Government for the first time from 01 July 2021 using the modified retrospective approach.

3.2.1 Impact of change in measurement of financial assets due to adoption of IFRS 9 for trade debts due from Government

Under the modified retrospective approach, comparative information is not restated and the cumulative effect of applying IFRS 9 is recognized in retained earnings (accumulated profit) at the date of initial application, as described below.

Description	*Note*	**Balance as at 30 June 2021**	**Adjustment of IFRS 9**	**Adjusted balance as at 01 July 2021**
Trade debts - Government	*21*	1,179,292,854	(61,949,695)	1,117,343,159
Earnest Money - Government	*23*	142,732,028	(23,180,456)	119,551,572
Deferred tax liability	*10*	415,231,165	(25,610,665)	389,620,500
Accumulated Profit - net of tax	*SOCE*	5,712,629,125	(58,482,856)	5,654,146,269
NCI	*SOCE*	419,174,160	(1,036,629)	418,137,531

3.3 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:

3.3.1 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.

3.3.2 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.

3.4 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.

3.4.1 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.

3.4.2 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.

3.5 Property, plant and equipment

3.5.1 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.

3.5.2 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.

3.6 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.

3.7 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.

3.8 Financial instruments

3.8.1 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.

3.8.2 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

- 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.

3.8.3 Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expires, 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 expired. 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.

3.8.4 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.

3.8.5 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.

3.8.6 Impairment

<u>Financial assets</u>

The Group recognizes loss allowances for ECLs on:

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

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

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

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

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

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

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

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

Non - Financial assets

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

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

3.9 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.

3.10 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.

3.11 Foreign currency

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

3.12 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.

3.13 Stocks in trade

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

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

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

3.14 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.

3.15 Revenue recognition

Revenue from contracts with customers is recognized, when a performance obligation has been fulfilled by transferring control of goods to the customers, at an amount that reflects the consideration to which the 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:

3.15.1 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.

3.15.2 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.

3.15.3 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.

3.16 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.

3.17 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.

3.18 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.

3.19 Segment Reporting

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

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

Ferozsons

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

BF Biosciences

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

Others

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

3.20 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 2022:

– Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. 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.

– 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 Group's financial statements.

- The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.

– 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 the Group 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 Group 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 Group'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.

	2022 Rupees	2021 Rupees
5 Issued, subscribed and paid up capital		
1,441,952 (2021: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	**14,419,520**	14,419,520
119,600 (2021: 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 (2021: 28,625,289) ordinary shares of Rs. 10 each issued as fully paid bonus shares	**346,626,580**	346,626,580
	362,242,100	362,242,100

5.1 Movement in number of shares:

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

KFW Factors (Private) Limited, an associated company holds 9,944,329 (2021: 9,944,329) ordinary shares of Rs. 10 each of the Holding Company, representing 27.45% (2021: 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.

		Note	**2022** Rupees	2021 Rupees
7	**Surplus on revaluation of property, plant and equipment - *net of tax***			
	Revaluation surplus as at 01 July		**1,756,468,242**	1,871,683,840
	Surplus transferred to accumulated profit on account of incremental incremental depreciation charged during the year - *net*	*7.1*	**(81,562,323)**	(83,054,930)
	Related deferred tax liability		**(33,659,224)**	(32,160,668)
			(115,221,547)	(115,215,598)
			1,641,246,695	1,756,468,242
	Less: Related deferred tax liability:			
	- On revaluation as at 01 July		**(290,387,601)**	(322,548,269)
	- Tax rate adjustment	*10*	**(18,405,560)**	-
	- Transferred on account of incremental depreciation charged during the year		**33,659,224**	32,160,668
			(275,133,937)	(290,387,601)
	Revaluation surplus as at 30 June	*7.2*	**1,366,112,758**	1,466,080,641

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

	2022 Rupees	2021 Rupees
Owners of the Group	**(73,997,679)**	(75,671,560)
Non-controlling interests	**(7,564,644)**	(7,383,370)
	(81,562,323)	(83,054,930)

7.2 Balance as at 30 June attributable to:

	2022 Rupees	2021 Rupees
Owners of the Group	**1,304,895,242**	1,398,041,802
Non-controlling interests	**61,217,516**	68,038,839
	1,366,112,758	1,466,080,641

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	2022 Rupees	2021 Rupees
Banking companies	*8.1*	**889,456,255**	559,348,250
Other financial institutions	*8.2*	**647,613,169**	397,752,525
		1,537,069,424	957,100,775

Lender	Note	Sanctioned Limit	2022	2021	Tenor and basis of principal repayments	Security
		---------------Rupees---------------				
8.1 Banking companies						
MCB Bank Limited - *TERF*	*8.1.1*	850,000,000	**531,495,000**	232,159,000	32 equal quarterly installments starting from June, 2023.	First joint pari passu charge over all present and future fixed assets and current assets of Subsidiary Company 1,134 million (2021: 1,134 million) with security margins of 25% (2021: 25%). (to be upgraded to first joint pari passu charge). Alongside, cross corporate guarantee of the Holding Company.
Habib Bank Limited. - *TERF*	*8.1.1*	1,240,000,000	**768,153,000**	434,400,000	16 equal semi-annual installments starting from September, 2023.	First pari passu charge of PKR 1,240 million (2021: PKR 1,240 million) on fixed assets including land, building, plant & machinery (of Unit II) of the Subsidiary Company 25% margin i.e. PKR 457 Million (PKR 457 million) is covered by first pari passu charge on plant & machinery of the Holding Company. Alongside, Cross-corporate guarantee of the Holding Company.
HBL Bank Limited - *SBP refinance for Wages and Salaries*	*8.1.2*	35,000,000	**8,196,119**	25,696,119	8 equal quarterly installments starting from January, 2021.	Lien on the Subsidiary Company's investments in mutual funds placed with HBL Asset Management Company on 40% (2021: 40%) of total facility amount with margin of 5% (2021: 5%), as 60% of the facility amount will be secured under SBP Risk Sharing Scheme.
HBL Bank Limited - *SBP refinance for Wages and Salaries*	*8.1.3*	342,000,000	**78,250,942**	247,442,193	8 equal quarterly installments starting from January, 2021.	The facility is secured by first exclusive equitable mortgage charge of Rs. 504 million (2021: Rs. 504 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 the certain covenants imposed by bank including bank prior consent for payouts if any.
			1,386,095,061	939,697,312		
Add: Unwinding of loan			**46,516,068**	19,048,406		
Less: Impact of deferred grant	*9*		**(443,217,303)**	(217,866,676)		
			989,393,826	740,879,042		
Current portion of long term loan	*12*		**(99,937,571)**	(181,530,792)		
			889,456,255	559,348,250		
8.2 Other financial institutions						
Karandaaz Pakistan - *Convertible loan*	*8.2.1*	835,000,000	**835,000,000**	500,000,000	20 equal quarterly installments starting from 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% (2021: 10%) margin i.e. Rs. 928 million (2021: PKR 928 million). Alongside, Cross-corporate guarantee of the Holding Company.
Add: Unwinding of loan			**32,260,040**	4,178,664		
Less: Adjustment of loan as equity component			**(177,896,871)**	(106,426,139)		
			689,363,169	**397,752,525**		
Current portion of long term loan	*12*		**(41,750,000)**	-		
			647,613,169	397,752,525		

8.1.1 TERF loan facilities obtained from MCB Bank Limited and Habib Bank Limited will be utilized by the Subsidiary Company for the purpose of installing a second production line in its existing facility which will be used to manufacture the biological and non-biological medicines. These loans are recognized at fair value using the market interest rate of 3 month KIBOR plus 1.50% (2021: 3 month KIBOR plus 1.5%) and the difference between fair values and net disbursement amounts is recognized as deferred grant.

8.1.2 Term finance facility under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan in order to prevent entities from laying-off employees during COVID-19 outbreak. The Subsidiary Company obtained Rs. 35 million for paying salaries for the months of May to September, 2020. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market interest rates of 1 month KIBOR plus 1% and 3 month KIBOR plus 1.50% (2021: 1 month KIBOR plus 1% and 3 month KIBOR plus 1.5%). The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

8.1.3 The Holding Company obtained term finance facility under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan in order to prevent entities from laying-off employees during COVID-19 outbreak. The Holding Company obtained Rs. 342 million for paying salaries for the month of April 2020 to September 2020. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market interest rates of 1 month KIBOR plus 1% (2021: 1 month KIBOR plus 1%). The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.
The facility is secured by first exclusive equitable mortgage charge of Rs. 504 million (2021: Rs. 504 million) with 25% margin on land and building of head office of the Parent 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.

8.2.1 Loan facility obtained from Karandaaz Pakistan will be utilized by the Subsidiary Company to expand its production capacity by installing a second line of production in its existing facility. Furthermore this includes conversion option (equivalent to 50% of the outstanding principal amount) subject to the fact that all the conditions decided between the parties have been met/ fulfilled/ satisfied or waived. The loan is recognized at fair value using the market interest rate of 3 month KIBOR plus 1.50% (2021: 3 month KIBOR plus 1.5%) 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% (2021: 1.93% to 3%).

		Note	2022 Rupees	2021 Rupees
9	**Deferred grant**			
	Balance as at 01 July		**208,971,912**	9,611,687
	Recognized during the year		**246,768,947**	217,866,676
	Amortisation during the year		**(46,540,954)**	(18,506,451)
			409,199,905	208,971,912
	Less: current portion	*12*	**(77,865,121)**	(34,841,311)
	Balance as at 30 June		**331,334,784**	174,130,601

		2022			
			(Reversal from) / charge to		
		Opening	**Profit or loss**	**Equity**	**Closing**
10	**Deferred taxation**	**(Rupees)**			
	Taxable temporary difference				
	Accelerated tax depreciation allowances	**109,629,297**	**30,054,367**	**-**	**139,683,664**
	Surplus on revaluation of property, plant and equipment	**290,387,601**	**(33,659,224)**	**18,405,560**	**275,133,937**
	Equity portion of convertible loan	**28,969,615**	**(7,208,461)**	**15,038,945**	**36,800,100**
	Unrealized gain on short term investments - mutual funds	**3,966,598**	**(2,747,725)**	**-**	**1,218,873**
		432,953,111	**(13,561,043)**	**33,444,505**	**452,836,574**
	Deductible temporary differences				
	Provision for slow moving Stocks'	**(185,175)**	**(247,207)**	**-**	**(432,382)**
	Provisions for compensated absences	**(11,035,016)**	**(5,061,869)**	**-**	**(16,096,885)**
	Equity reserve on convertible loan	**-**	**-**	**-**	**-**
	Loss allowance against trade debts	**(6,501,755)**	**4,443,202**	(25,610,665)	**(27,669,218)**
		(17,721,946)	**(865,874)**	**(25,610,665)**	**(44,198,485)**
		415,231,165	**(14,426,918)**	**7,833,840**	**408,638,089**

	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 absences	-	(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	(41,149,985)	30,153,548	415,231,165

11	Trade and other payables	Note	2022 Rupees	2021 Rupees
	Trade creditors		**1,656,770,726**	1,354,438,527
	Accrued liabilities		**462,889,031**	490,435,592
	Tax deducted at source		**14,673,168**	11,707,681
	Provision for compensated absences		**52,693,489**	39,514,697
	Workers' Profit Participation Fund	*11.1*	**28,655,610**	37,068,260
	Central Research Fund	*11.2*	**13,869,820**	17,581,082
	Workers' Welfare Fund	*11.3*	**21,164,283**	22,208,483
	Advances from employees against purchase of vehicles		**71,947,662**	67,934,377
	Due to related parties - *unsecured*	*11.4*	**62,015,348**	38,034,357
	Other payables		**42,427,592**	89,878,413
			2,427,106,729	2,168,801,469

11.1 Workers' profit participation fund

	Note	2022	2021
Balance payable as at 01 July		**37,068,260**	3,586,141
Provision for the year	*31*	**68,655,610**	87,026,357
Interest on funds utilized by the Group	*33*	**2,332,040**	29,563
		108,055,910	90,642,061
Payments made during the year		**(79,400,300)**	(53,573,801)
Balance payable as at 30 June		**28,655,610**	37,068,260

11.2 Central Research Fund

	Note	2022	2021
Balance as at 01 July		**17,581,082**	6,785,079
Provision for the year	*31*	**13,869,820**	17,581,082
		31,450,902	24,366,161
Payments made during the year		**(17,581,082)**	(6,785,079)
Balance as at 30 June		**13,869,820**	17,581,082

11.3 Workers' Welfare Fund

	Note	2022	2021
Balance as at 01 July		**22,208,483**	12,470,617
Provision for the year	*31*	**21,164,283**	22,208,483
		43,372,766	34,679,100
Adjusted made during the year		**(22,208,483)**	(12,470,617)
Balance as at 30 June		**21,164,283**	22,208,483

11.4 Due to related parties - *unsecured*

	2022	2021
Grupo Empresarial Bagó S.A	**29,336,314**	26,702,172
Bagó Laboratories Pte Ltd	**32,679,034**	11,332,185
	62,015,348	38,034,357

12 Current portion of long term liabilities

	2022	2021
Long term loans - *secured*	**141,687,571**	181,530,792
Deferred grant	**77,865,121**	34,841,311
	219,552,692	216,372,103

13 This represents advance received from customers for future sale of goods. During the year, Group has received advances amounting to Rs. 116.96 million (2021: Rs. 37.9 million) and have recognized revenue amounting to Rs. 38.91 million (2021: Rs. 22.65 million), out of the contract liability as at beginning of the reporting period.

14	Short term borrowings - *secured*	*Note*	**2022** **Rupees**	2021 Rupees

14.1 Particulars of borrowings

		2022 Rupees	2021 Rupees
Interest / markup based financing	*14.2*	333,007,553	-
Islamic mode of financing	*14.3*	159,516,712	-
		492,524,265	-

14.2 Under Mark up arrangements

Holding Company

The Company has short term running finance facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs. 1,800 million (2021: Rs. 850 million). These facilities carry mark-up at the rates ranging from one to three months KIBOR plus 0.1% to 1% (2021: one to three months KIBOR plus 0.1% to 1%) per annum on the outstanding balances. Running finance facilities amounting to Rs. 1,400 million can interchangeably be utilized as non-funded facilities. Out of the aggregate facilities, Rs. 850 million (2021: Rs. 450 million) are secured by joint pari passu charge over present and future current assets of the Company and Rs 350 million (2021: Nil) is secured by first pari passu on plant and machinery and remaining Rs. 600 million (2021: 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. 666.67 million (2021: Rs. 333.33 million) is marked under lien. These facilities are renewable on annual basis latest by 31 January 2023.

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 (2021: Rs. 635 million). These facilities carry mark-up at the rates ranging from three months KIBOR plus 0% to 0.75% per annum (2021: one to three months KIBOR plus 0.1% to 1%). The aggregate short term borrowings are secured by first pari passu charge of Rs. 421 million over present and future assets of the Company whereas Rs. 350 million is secured by lien on Company's investment in mutual funds placed with Asset Management Companies with margin of 5%. These facilities are renewable latest by 31 January 2023.

14.3 Under Shariah compliant arrangements

Holding Company

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 (2021: Rs. 200 million). This facility carries profit rate of one month KIBOR plus 0.25% (2021: 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 2022.

Subsidiary Company

The Company has short term borrowing facilities i.e. Running Musharakah available from Islamic bank under profit arrangements having aggregate sanctioned limit of Rs. 150 million (2021: 100). These facilities carry mark-up at the rates of one month KIBOR plus 0.25% per annum (2021: one month KIBOR plus 0.25%) on the outstanding balance. This facility can interchangeably be utilized as non-funded. The aggregate short term borrowings are secured by first pari passu charge of Rs. 200 million over current and future assets of the Company. This facilities are renewable latest by 30 November 2022.

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. 1,700 million (2021: Rs. 1,150 million) for opening letters of credit, the amount utilized as at 30 June 2022 for capital expenditure was Rs. nil (2021: Rs. 12.32 million) and for other than capital expenditure was Rs. 313.18 million (2021: Rs. 160.13 million). These facilities are secured by joint pari passu charge and ranking charge (2021: joint pari passu charge, lien on investment and ranking charge) over all present and future current assets and plant and machinery of the Company.

15.2.1.1.2 Under Shariah compliant arrangements

The Company has facility i.e. letters of credit of Rs. 400 million (2021: Rs. 200 million) available from Islamic bank. The amount utilized as at 30 June 2022 for capital expenditure was Rs. Nil million (2021: Rs. Nil Million) and for other than capital expenditure was Rs. 15.26 million (2021: Rs. 17.51 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 (2021: Rs. 425 million) for letter of guarantees (which is the sublimit of running finance and letter of credits), the amount utilized as at 30 June 2022 was Rs. 127.86 million (2021: Rs. 224.6 million).

15.2.1.2.2 Under Shariah compliant arrangements

The Company has facility i.e. letter of guarantee of Rs. 25 million (2021: Rs. 25 million) available from Islamic bank, the amount utilized at 30 June 2022 was Rs. 4.49 million (2021: Rs. 6.45 million).

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

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

15.2.2 Subsidiary Company

15.2.2.1 Letter of credits

15.2.2.1.1 Under Mark up arrangements

Out of aggregate facility of Rs. 2,840 million (2021: Rs. 2,640 million) for letter of credits, amount utilized at 30 June 2022 was Rs. 1,069.7 million (2021: Rs. 1,419.10). Utilized facility includes commitment of capital nature of Rs. 992.77 million (2021: 1,384.55). These facilities are secured by first pari passu charge (2021: first pari passu charge) over all present and future fixed and 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. 150 million (2021: Rs. 100 million) available from Islamic banks. The amount utilized as at 30 June 2022 was Rs. 1.536 million (2021: Rs. 15.805 million). Lien is also marked over import documents. These facilities are secured by first pari passu charge over all present and future fixed and current assets (excluding land, building and plant and machinery of line-II) of the Company.

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 (2021: Rs. 75 million) for letter of guarantees (which is the sublimit of running finance and letter of credits), the amount utilized as at 30 June 2022 was Rs. 9.38 million (2021: Rs. 8.74 million).

15.2.2.2.2 Under Shariah compliant arrangements

The Company has facility i.e. letter of guarantee of Rs. 50 million (2021: Rs. 50 million) available from Islamic banks, the amount utilized at 30 June 2022 was Rs. Nil million (2021: Rs. Nil).

16 Property, plant and equipment

	Note	2022 Rupees	2021 Rupees
Operating assets	*16.1*	**3,776,299,211**	3,781,725,552
Capital work in progress	*16.6*	**2,336,981,387**	1,010,584,151
		6,113,280,598	4,792,309,703

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 2022								
Cost / revalued amount								
Balance as at 01 July 2021	849,151,127	1,028,052,630	1,856,773,357	131,853,299	129,325,849	68,755,790	473,139,364	4,537,051,416
Additions / transfers	-	19,896,564	206,183,311	16,343,236	3,313,421	32,188,769	149,643,259	427,568,560
Disposals / write off	-	-	-	(356,214)	(662,048)	(2,190,335)	(84,481,757)	(87,690,354)
Balance as at 30 June 2022	**849,151,127**	**1,047,949,194**	**2,062,956,668**	**147,840,321**	**131,977,222**	**98,754,224**	**538,300,866**	**4,876,929,622**
Depreciation								
Balance as at 01 July 2021	-	103,643,121	188,638,836	78,147,880	58,614,462	49,746,867	276,534,418	755,325,584
Charge for the year	-	103,911,481	201,197,069	9,797,983	11,406,744	14,886,762	79,651,794	420,851,833
On disposals	-	-	-	(284,792)	(291,810)	(2,020,880)	(72,949,524)	(75,547,006)
Balance as at 30 June 2022	-	**207,554,602**	**389,835,905**	**87,661,071**	**69,729,396**	**62,612,749**	**283,236,688**	**1,100,630,411**
Net book value as at 30 June 2022	**849,151,127**	**840,394,592**	**1,673,120,763**	**60,179,250**	**62,247,826**	**36,141,475**	**255,064,178**	**3,776,299,211**
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**
Depreciation Rate %	-	**10**	**10**	**10**	**10**	**33.33**	**20**	

16.1.1 These include fully depreciated assets amounting to Rs. 796.33 million (2021: Rs. 777.26 million).

16.1.2 Additions in operating fixed assets include transfers from capital work-in-progress amounting to Rs. 233.78 million (2021: Rs. 192.84 million).

16.1.3 In addition to the guarantee as disclosed in note 15.2.1.3 the Holding Company has also approved securities up to Rs. 2,500 million in favor of financial institutions / lenders of subsidiary company for obtaining loan against import of plant and machinery for a maximum tenure of 5 years out of which security amounting to 457 million has been provided till date. 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:

	2022	2021
	Rupees	Rupees
Freehold land	**129,623,262**	129,623,262
Building on freehold land	**370,425,859**	395,694,683
Plant and machinery	**1,221,370,667**	1,159,908,970
	1,721,419,787	1,685,226,915

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

Location	**Usage of immovable property**	**Total area (acres)**	**Covered Area (square feet)**
Main G.T Road, Amangarh, District Nowshera, KPK	Manufacturing facility	29.81	336,222
5-K.M - Sunder Raiwind Road, Raiwind Lahore	Head office & biotech plant	25.65	88,101
197-A, The Mall, Rawalpindi Cantt, Rawalpindi	Registered office	0.66	28,749
Shop no. 2, Ground Floor, Ramzan Medical Centre, Lahore	Vacant shop	0.01	351
Phase II Extension Defence Housing 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	**2022**	2021
		Rupees	Rupees
Cost of sales	*28*	**310,273,238**	293,059,643
Administrative expenses	*29*	**48,440,612**	47,453,245
Selling and distribution expenses	*30*	**62,137,983**	57,478,847
		420,851,833	397,991,735

16.5 Disposal of property, plant and equipment

Particulars of assets	Particulars of purchaser	Relationship with Group	Cost	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal
			------------------	------------------Rupees	------------------	------------------	
Vehicles							
Suzuki Alto	EFU General Insurance Ltd	Third party	1,338,085	914,357	1,300,000	385,643	Insurance Claim
Suzuki Cultus	Mr. Burhan Sikandar	Employee	1,412,880	612,248	910,800	298,552	Group Policy
Suzuki Alto	Adamjee Insurance Company Ltd	Third party	1,338,085	735,946	1,338,084	602,138	Insurance Claim
Various assets having net book value up to Rs. 500,000 each		Other	80,392,707	9,269,672	43,440,563	34,170,891	
			84,481,757	11,532,223	46,989,447	35,457,224	
Computers							
Various assets having net book value up to Rs. 500,000 each	Not Applicable	Other	1,502,723	7,502	197,000	189,498	
Furniture and fixtures							
Various assets having net book amount up to Rs. 500,000 each		Other	662,048	370,241	57,000	(313,241)	
Office equipment							
Various assets having net book value up to Rs. 500,000 each	Not Applicable	Other	44,000	17,966	8,000	(9,966)	
Assets written off:							
Computers	Not Applicable	Not Applicable	687,613	161,958	-	(161,958)	Written - off
Office Equipment	Not Applicable	Not Applicable	312,214	53,458	-	(53,458)	Written - off
			999,827	215,416	-	(215,416)	
2022			**87,690,355**	**12,143,348**	**47,251,447**	**35,108,099**	
2021			89,630,271	11,942,808	50,114,216	38,171,408	

16.6	**Capital work-in-progress**	*Note*	**2022 Rupees**	2021 Rupees
	The movement in capital work in progress is as follows:			
	Balance as at 01 July		**1,010,584,151**	97,461,608
	Additions during the year		**1,560,177,280**	1,105,965,360
	Less: Transfers to operating fixed assets during the year		**(233,780,044)**	(192,842,817)
	Balance as at 30 June	*16.6.1*	**2,336,981,387**	1,010,584,151

16.6.1	**Capital work-in-progress comprises of:**			
	Building and civil works		**530,919,743**	171,570,982
	Plant and machinery, office equipment	*16.6.1.1*	**1,082,817,236**	125,926,185
	Advances to suppliers	*16.6.1.2*	**723,244,408**	713,086,984
			2,336,981,387	1,010,584,151

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 employees against vehicles in normal course of business.

17 Intangible assets

17.1	**Computer softwares and software license fees**	*Note*	**2022 Rupees**	2021 Rupees
	Cost			
	Balance as at 01 July		**16,620,984**	15,985,440
	Addition during the year		**777,810**	635,544
	Balance as at 30 June	*17.1.1*	**17,398,794**	16,620,984
	Amortisation			
	Balance as at 01 July		**15,982,812**	15,561,933
	Amortisation for the year	*29*	**413,309**	420,879
	Balance as at 30 June		**16,396,121**	15,982,812
	Net book value		**1,002,673**	638,172

17.1.1 These include fully amortized assets amounting to Rs. 12.85 million (2021: Rs. 15.71 million). Intangibles are amortised at 33% (2021: 33%) on straight line basis.

18	**Investment property**	*Note*	**2022 Rupees**	2021 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. 90 million.

- Plot number 70 measuring 200 square yards situated at Civic Centre, Gulberg Greens, Islamabad having fair value of Rs. 105 million.

The value of these peices of land was determined by M/S Ali and Ali Engineers and Valuers (Pakistan Banks Association approved valuer). The most significant input into this valuation is market value. 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	2022 Rupees	2021 Rupees
19 Stores, spare parts and loose tools			
Stores		**49,681,865**	36,383,142
Spare parts		**50,705,755**	36,029,493
Loose tools		**18,514,916**	12,340,603
Stores in transit		**12,825,948**	2,092,747
		131,728,484	86,845,985

	Note	2022 Rupees	2021 Rupees
20 Stock in trade			
Raw and packing materials	*20.1*	**1,008,353,229**	734,530,390
Work in process		**187,423,025**	144,369,687
Finished goods	*20.1*	**1,545,786,144**	794,499,215
Stock in transit	*20.2*	**388,651,437**	347,176,782
		3,130,213,835	2,020,576,074
Less: Provision for slow moving stock in trade	*20.3*	**(1,662,057)**	(653,570)
		3,128,551,778	2,019,922,504

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. 38.45 million (2021: 5.36 million) and Rs. 34.79 million (2021: 4.44), respectively.

20.2 It includes raw and packing material in transit amounting to Rs. 255.6 million (2021: Rs. 178.47 million) and finished goods in transit amounting to Rs. 131.98 million (2021: Rs. 167.7 million).

	Note	2022 Rupees	2021 Rupees
20.3 Movement in Provision for slow moving stock in trade			
Provision as at 01 July		**653,570**	1,503,275
Charge / (Reversal) during the year		**1,008,487**	(849,705)
Balance as at 30 June		**1,662,057**	653,570

	Note	2022 Rupees	2021 Rupees
21 Trade debts			
Export debtors - *considered good*			
Secured		**14,112,030**	753,899
Unsecured		**63,848,396**	186,618,783
		77,960,426	187,372,682
Local debtors			
Considered good		**1,134,763,665**	1,376,746,163
Impairment loss allowance	*21.1*	**(72,815,361)**	(24,036,965)
		1,061,948,304	1,352,709,198
		1,139,908,730	1,540,081,880

	Note	2022 Rupees	2021 Rupees
21.1 Movement in impairment loss allowance against trade debts			
Loss allowance as at 01 July		**24,036,965**	19,182,991
Effect of IFRS - 9		**61,949,695**	-
(Reversal) / Charge during the year	*31*	**(13,171,299)**	4,853,974
Loss allowance as at 30 June		**72,815,361**	24,036,965

22	**Loans and advances - *considered good***	*Note*	**2022 Rupees**	2021 Rupees
	Advances to employees - *secured*	*22.1*	**22,060,349**	25,320,558
	Advances to suppliers - *unsecured*	*22.2*	**45,337,436**	41,107,596
	Others		**1,461,513**	1,611,544
			68,859,298	68,039,698

22.1 Advances given to employees are in accordance with the Group's policy and terms of employment contract. These advances are secured against provident fund. The amount includes advances of Rs. 2.805 million (2021: Rs. 3.4 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*	**2022 Rupees**	2021 Rupees
	Deposits - considered good			
	Earnest Money - considered good	*23.1*	**132,909,347**	142,732,028
	Less: Impairment loss allowance	*23.2*	**(25,194,783)**	-
			107,714,564	142,732,028
	Margins held with bank for imports		**16,290,673**	16,043,674
			124,005,237	158,775,702
	Prepayments		**1,153,661**	420,990
			125,158,898	159,196,692

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

23.2	The movement in impairment loss allowance is as follows:	*Note*	**2022 Rupees**	2021 Rupees
	Balance as at 01 July		**-**	-
	Effect of initial application of IFRS - 9	*3.2.1*	**23,180,456**	-
	Charge during the year		**2,014,327**	-
	Balance as at 30 June		**25,194,783**	-

24	**Other receivables - *considered good***			
	Due from statutory authorities:			
	Sales tax refundable - *net*	*24.1*	**391,115,328**	2,464,661
	Export rebate	*24.2*	**8,452,466**	15,644,737
	Others considered good - *unsecured*		**32,538,147**	5,263,423
			432,105,941	23,372,821

24.1 This represents sales tax (input) levied on purchases due to change in pharma industry's tax status i.e from 'Exempt' to 'Zero-rated' during the year.

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

25	**Short term investments**	*Note*	**2022 Rupees**	2021 Rupees
	Investments at fair value through profit or loss - *mutual funds*	*25.1*	**2,036,352,584**	1,940,494,936

25.1 **Movement in short term investments is as follows:**

Fair value as at 01 July		**1,940,494,936**	760,707,781
Acquisition / re-invested during the year		**563,368,772**	1,427,089,213
Redemption during the year		**(476,199,819)**	(249,750,702)
Realized gain on sale of investments during the year	*32.1*	**4,097,022**	1,114,414
Unrealized gain on re-measurement of investments	*32.1*	**4,591,673**	1,334,230
Fair value as at 30 June		**2,036,352,584**	1,940,494,936

25.1.1 Mutual fund wise detail is as follows:

	Units		**Fair value**	
	2022	2021	**2022**	2021
	....…………..**Number**………………		....…………..**Rupees**………………	
HBL Money Market Fund	**3,224,246**	2,970,895	**331,368,588**	304,810,536
MCB Cash Management Optimizer Fund	**422,381**	389,087	**42,788,205**	39,281,916
HBL Cash Fund	**9,690,286**	13,809,849	**980,915,997**	1,397,577,404
ABL Cash Fund	**32,026,317**	19,529,031	**327,594,045**	198,825,080
Pakistan Cash Management Fund	**7,016,903**	-	**353,685,749**	-
	52,380,133	36,698,862	**2,036,352,584**	1,940,494,936

25.2 Realized gain of Rs. 4.1 million (2021: Rs. 1.11 million) and dividend of Rs. 218.7 million (2021: 74.61 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*	**2022 Rupees**	2021 Rupees
	Cash in hand		**10,505,021**	10,052,062
	Cash at bank:			
	Current accounts			
	Local currency	*26.1*	**122,702,401**	206,378,568
	Foreign currency		**242,503,270**	95,454,126
			365,205,671	301,832,694
	Deposit accounts			
	Local currency	*26.2*	**40,120,104**	518,624,280
			415,830,796	830,509,036

26.1 These include balances in bank accounts amounting to Rs. 0.0024 million (2021: Rs. 3.38 million) maintained under Shariah compliant arrangements.

26.2 These include deposit accounts of Rs. 40.12 million (2021: Rs. 518.62 million) under mark up arrangements, which carry interest rates ranging from 5.50% - 5.51% (2021: 5.5% - 5.51%) per annum.

These also include deposits of Rs. 0.195 million (2021: Rs. 0.000092 million) under Shariah compliant arrangements, which carriy profit rates of 2.75% - 2.90% (2021: 2.75% - 2.9%) per annum.

27	**Revenue - *net***	*Note*	**2022 Rupees**	2021 Rupees
	Gross sales:			
	Local		**9,366,651,697**	8,258,115,763
	Export		**841,785,667**	1,221,751,813
			10,208,437,364	9,479,867,576
	Less:			
	Sales return		**(184,545,817)**	(72,548,273)
	Discounts		**(677,434,192)**	(520,117,428)
	Sales tax		**(16,539,547)**	(8,086,221)
			(878,519,556)	(600,751,922)
	Revenue from contracts with customers	*27.1*	**9,329,917,808**	8,879,115,654

27.1 Disaggregation of Revenue (Net sales)

Primary Geographical Markets:

	2022	2021
Pakistan	**8,517,172,766**	7,665,270,199
Indonesia	**212,111,985**	539,584,772
Philippines	**85,107,811**	173,780,666
Sri Lanka	**181,400,650**	152,377,742
Ukraine	**-**	109,655,348
Belarus	**109,094,401**	31,896,881
Myanmar	**28,215,993**	35,599,327
Kenya	**23,550,814**	28,424,022
Afghanistan	**15,409,975**	24,677,223
Singapore	**-**	20,889,540
Nepal	**60,319,696**	13,161,151
Kyrgyzstan	**13,397,056**	12,193,378
Dominican Republic	**-**	11,837,000
Others	**84,136,661**	59,768,405
	9,329,917,808	8,879,115,654

	Note	**2022 Rupees**	2021 Rupees
28 Cost of sales			
Raw and packing materials consumed	*28.1*	**2,269,470,630**	2,059,064,280
Salaries, wages and other benefits	*28.2*	**538,642,863**	474,597,778
Fuel and power		**178,902,427**	137,494,019
Repair and maintenance		**34,439,215**	27,596,669
Stores, spare parts and loose tools consumed		**168,074,736**	127,572,268
Freight and forwarding		**66,267,131**	56,270,321
Packing charges		**20,330,913**	13,772,613
Rent, rates and taxes		**5,632,411**	5,068,000
Printing and stationery		**5,538,848**	4,713,719
Postage and telephone		**5,492,553**	8,613,784
Insurance		**22,494,062**	20,560,180
Travelling and conveyance		**25,400,613**	18,765,231
Canteen expenses		**27,348,842**	21,353,804
Depreciation on property, plant and equipment	*16.4*	**310,273,238**	293,059,643
Laboratory and other expenses		**49,582,444**	52,546,702
		3,727,890,926	3,321,049,011
Work in process:			
Opening		**144,369,687**	154,578,524
Closing		**(187,423,025)**	(144,369,687)
		(43,053,338)	10,208,837
Cost of goods manufactured		**3,684,837,588**	3,331,257,848
Finished stock:			
Opening		**794,499,368**	1,061,494,872
Purchases made during the year		**2,413,116,070**	1,615,596,776
Closing		**(1,545,786,144)**	(794,499,368)
		1,661,829,294	1,882,592,280
		5,346,666,882	5,213,850,128

28.1 Raw and packing materials consumed

Opening	**733,876,820**	631,995,512
Purchases made during the year	**2,542,284,982**	2,160,945,588
	3,276,161,802	2,792,941,100
Closing	**(1,006,691,172)**	(733,876,820)
	2,269,470,630	2,059,064,280

28.2 Salaries, wages and other benefits include Rs. 18.08 million (2021: Rs. 15.21 million), which represents employer's contribution towards provident fund.

29 **Administrative expenses**	Note	**2022 Rupees**	2021 Rupees
Salaries and other benefits	29.1	**335,633,681**	291,422,512
Directors fees and expenses		**470,000**	530,000
Rent, rates and taxes		**861,884**	708,545
Postage and telephone		**13,922,019**	12,250,678
Printing, stationery and office supplies		**4,731,908**	3,839,491
Travelling and conveyance		**40,960,450**	22,205,307
Transportation		**5,977,030**	4,817,325
Legal and professional charges		**10,642,537**	9,176,271
Fuel and power		**8,892,212**	7,253,520
Auditors' remuneration	29.2	**2,943,760**	2,611,100
Repair and maintenance		**14,071,905**	15,095,518
Fee and subscriptions		**22,657,902**	12,999,209
Donations	29.3 & 29.4	**11,920,725**	14,832,461
Insurance		**7,428,526**	6,402,225
Depreciation on property, plant and equipment	16.4	**48,440,612**	47,453,245
Amortization of intangibles		**413,300**	420,879
Canteen expenses		**13,449,835**	9,524,270
Electricity charges		**1,545,593**	-
Other expenses		**6,161,115**	3,829,466
		551,124,994	465,372,022

29.1 Salaries and other benefits include Rs. 12.85 million (2021: Rs. 11.83 million), which represents employer's contribution towards provident fund.

29.2 Auditors' remuneration	**2022 Rupees**	2021 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	**590,040**	315,000
Annual audit - Farmacia	**73,720**	83,975
Special certificates and others	**284,000**	286,125
Out-of-pocket expenses	**351,500**	281,500
	2,943,760	2,611,100

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**	**2022 Rupees**	2021 Rupees
Mr. Osman Khalid Waheed (Director)	National Management Foundation (LUMS)	Trustee	**6,000,000**	3,000,000

29.4 Donations to following organizations exceeds 10 percent of the Group's total amount of donation:

	2022 Rupees	2021 Rupees
Parsa Trust	**3,077,725**	2,590,531
Patron of Expo	**-**	2,500,000
Cancer Research and Treatment Foundation	**-**	1,500,000
Rizq Trust	**2,343,000**	-
National Management Foundation (LUMS)	**6,000,000**	-

30 Selling and distribution expenses	Note	2022 Rupees	2021 Rupees
Salaries and other benefits	30.1	**959,875,702**	785,266,396
Travelling and conveyance		**337,398,994**	245,626,991
Trade debts directly written off		**10,179,695**	-
Fuel and power		**11,332,007**	8,507,852
Rent, rates and taxes		**9,897,189**	8,276,095
Sales promotion		**301,071,687**	286,525,936
Printing and stationary		**9,521,433**	7,739,622
Postage and telephone		**24,663,397**	26,989,281
Royalty, fee and subscription	30.2	**49,837,302**	46,870,505
Insurance		**30,084,138**	27,966,355
Repairs and maintenance		**18,835,239**	17,012,760
Conferences, seminars and training		**259,955,241**	74,422,816
Medical research and patient care		**8,711,968**	4,745,468
Depreciation on property, plant and equipment	16.4	**62,137,983**	57,478,847
Other expenses		**2,380,525**	2,330,437
Service charges on sales		**37,360,051**	52,092,593
		2,133,242,551	1,651,851,954

30.1 Salaries and other benefits include Rs. 29.82 million (2021: Rs. 25.27 million), which represents employer's contribution towards provident fund.

30.2 This includes royalty expense of Rs. 6.2 million (2021: 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	2022 Rupees	2021 Rupees
Exchange loss - holding company		**185,101,855**	-
Loss allowance - subsidiaries		**10,251,892**	4,853,974
Workers' Profit Participation Fund	11.1	**68,655,610**	87,026,357
Workers' Welfare Fund	11	**21,164,283**	22,208,483
Central Research Fund	11.2	**13,869,820**	17,581,082
		299,043,460	131,669,896

32 Other income

From financial assets	32.1	**262,156,390**	84,343,453
From non financial assets	32.2	**71,204,878**	108,953,399
		333,361,268	193,296,852

32.1 From financial assets

Profit on deposits with banks	32.1.1	**13,396,025**	7,288,944
Dividend income		**218,662,806**	74,605,865
Reversal of loss allowance - holding company		**21,408,864**	-
Unrealized gain on re-measurement of short term investments	25.1	**4,591,673**	1,334,230
Realized gain on sale of short term investments	25.1	**4,097,022**	1,114,414
		262,156,390	84,343,453

32.1.1 These include profit of Rs. 1,558 (2021: Rs. 1.3) earned on deposits maintained under Shariah compliant arrangements.

32.2 From non financial assets	Note	2022 Rupees	2021 Rupees
Exchange gain - subsidiaries	32.2.1	**23,266,260**	47,227,085
Gain on sale of property, plant and equipment - *net*	16.5	**35,108,099**	38,171,408
Export rebate		**10,086,511**	12,114,077
Commission income		**2,744,008**	11,440,829
		71,204,878	108,953,399

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

33	Finance cost	Note	2022 Rupees	2021 Rupees
	Mark-up on financing from conventional banks / institutions:			
	Long term financing		**52,467,075**	19,523,084
	Short term borrowings		**23,772,353**	9,731,774
			76,239,428	29,254,858
	Mark-up on Islamic mode of financing:			
	Short term borrowings	*33.1*	**4,717,469**	2,153,448
	Bank charges		**12,989,556**	12,259,171
	Interest on Workers' Profit Participation Fund	*11.1*	**2,332,040**	29,563
			96,278,493	43,697,040

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

34	Taxation	2022 Rupees	2021 Rupees
	Current		
	- For the year	**477,084,437**	329,961,208
	- For prior years	**(15,523,845)**	(11,299,253)
	Deferred		
	- For the year	**(14,426,918)**	(41,149,986)
		447,133,674	277,511,969

34.1 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

	2022	2021
- Profit before taxation	**1,236,922,696**	1,565,971,466
	- - - - - (Percentage) - - - - -	
Applicable tax rate as per Income Tax Ordinance, 2001	**39%**	29%

	2022 Rupees	2021 Rupees
Tax on accounting profit	**482,399,851**	454,131,725
Effect of final tax regime	**(89,392,691)**	(158,885,945)
Effect of separate block regime	**(15,886,056)**	(4,962,665)
Effect of minimum tax regime	**20,485,649**	(432,303)
Effect of tax credit	**-**	489,346
Effect of permanent difference	**9,467,771**	7,320,495
Not adjustable for tax purposes	**-**	8,981,201
Poverty alleviation tax	**79,256,713**	-
Effect of minimum tax	**4,207,827**	-
Effect of minimum tax on turnover	**4,457,786**	-
Effect of proration	**9,336,382**	12,145,813
Effect of other accounting and tax differences	**(41,675,713)**	(25,570,064)
Prior year tax adjustment	**(15,523,845)**	(15,705,634)
	(35,266,178)	(176,619,756)
	447,133,674	277,511,969

34.2 The Group's current tax provision represents tax under the normal tax regime at the rate of 39% of taxable income (2021: 29%) and final taxes paid under final tax regime under Income Tax Ordinance, 2001.

35 Earnings per share - *basic and diluted*

		2022	2021
Profit for the year after taxation attributable to equity holders of the Holding Company	*Rupees*	**734,430,755**	1,173,452,010
Weighted average number of ordinary shares	*Numbers*	**36,224,210**	36,224,210
Earnings per share	*Rupees*	**20.27**	32.39

35.1 Weighted average number of ordinary shares

	2022 Rupees	2021 Rupees
Outstanding number of shares before bonus issue	**36,224,210**	30,186,841
Add: Element of bonus issue in number of shares at the start of the year.	**-**	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

	2022		
	Chief Executive	**Non-Executive Directors**	**Executives**
	---------------------Rupees---------------------		
Managerial remuneration	**32,188,943**	**-**	**251,366,323**
Utilities and house rent	**17,731,423**	**-**	**140,729,554**
Medical reimbursements	**1,308,476**	**-**	**41,308,824**
Leave Fare Assistance and leave encashment	**4,103,863**	**-**	**23,825,557**
Bonus and Incentives	**7,091,794**	**-**	**73,922,144**
Contribution to provident fund	**3,223,895**	**-**	**21,598,306**
Meeting Fee	**50,000**	**420,000**	**-**
	65,698,394	**420,000**	**552,750,708**
Numbers	**2**	**5**	**84**

	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 and leave encashment	3,128,329	-	18,032,925
Bonus and 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

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 (2021: 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	2022	2021
			---------Rs.--------	
Grupo Empresarial Bagó S.A - (20% share holder)	Non-Controlling Shareholder	Royalty expense	**2,634,142**	5,905,442
Bago Laboratories Pte. Limited	Associated Company	Purchase of medicine	**81,796,292**	64,247,683
		Payment made against purchase of medicine	**67,638,336**	114,177,212
Employees provident fund	Post employment benefit fund	Contribution towards employees' provident fund	**61,125,429**	52,318,022
Key Management Personnel	Key management personnel	Remuneration including benefits and perquisites	**43,747,919**	39,438,177
		Advance given against salary	**791,666**	1,667,036
		Cash dividend	**16,800**	5,600
		Issuance of bonus shares as dividend	-	2,800
KFW Factors (Private) Limited	Common directorship	Cash dividend	**99,863,707**	33,147,768
		Issuance of bonus shares as dividend	-	16,573,870
		Share of profit of Farmacia reinvested	-	262,760
Osman Khalid Waheed	Chief Executive Officer-Holding Company	Remuneration including benefits and perquisites	**39,869,640**	26,199,976
		Cash Dividend	**25,894,050**	8,631,352
		Issuance of bonus shares as dividend	-	4,315,670
		Meeting Fee	**50,000**	60,000
Akhtar Khalid Waheed	Chief Executive Officer-Subsidiary Company	Remuneration including benefits and perquisites	**25,778,754**	22,836,754
		Cash Dividend	-	20,000
		Issuance of bonus shares as dividend	-	10,000
		Meeting Fee	-	60,000
Directors other than CEOs	Non-Executive Directors	Cash Dividend	**9,340,660**	3,093,556
		Issuance of bonus shares as dividend	-	1,546,770
		Meeting Fee	**420,000**	410,000
		Rental expense paid for building in use	**5,031,180**	4,537,500
Khan and Piracha	Common directorship	Payment made against services received	-	1,092,350
National Management Foundation (LUMS)	Common directorship	Donations	**6,000,000**	3,000,000

		2022	2021
38	**Plant capacity and production**	**---------Packs--------**	
	Tablets And Capsules	**28,515,735**	27,696,661
	Ointments	**4,196,805**	4,288,904
	Liquid And Others	**6,561,532**	4,176,383
		39,274,072	36,161,948

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

		2022	2021
39	**Number of employees**	**2022**	2021
	Total number of employees as at 30 June	**1545**	1252
	Average number of employees during the year	**1431**	1217

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

	2022			
	Liabilities			
	Unclaimed dividend	**Accrued mark-up**	**Long term loan - *secured***	**Total**
	Rupees			
Balance as at 01 July 2021	**80,049,018**	**9,178,680**	**1,347,603,480**	**1,436,831,178**
Changes from financing cash flows				
Inflows from financing arrangement	**-**	**-**	**968,089,000**	**968,089,000**
Outflows from financing arrangement	**-**	**-**	**(188,500,000)**	**(188,500,000)**
Finance cost paid	-	**(70,511,554)**	**-**	**(70,511,554)**
Dividends paid	**(350,598,023)**	**-**	**-**	**(350,598,023)**
Total changes from financing cash flows	**(350,598,023)**	**(70,511,554)**	**779,589,000**	**358,479,423**
Non-cash changes				
Dividend approved	362,242,100	-	-	362,242,100
Amortization of long-term loans	-			-
Adjustment of loan as equity component	-	-	(39,235,580)	(39,235,580)
Interest cost on utilization of WPPF	-	(2,332,040)	-	(2,332,040)
Interest / markup expense	-	96,278,493	-	96,278,493
Total non-cash changes	**362,242,100**	**93,946,453**	**(39,235,580)**	**416,952,973**
Closing as at 30 June 2022	**91,693,095**	**32,613,579**	**2,087,956,900**	**2,212,263,574**

	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
Finance cost paid	-	-	(94,250,000)	(94,250,000)
Dividends paid	-	(32,314,626)	-	(32,314,626)
Total changes from financing	(117,663,198)	-	-	(117,663,198)
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
Amortization of long-term loans	-	(4,720,618)	4,720,618	-
Adjustment 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	1,347,603,480	1,436,831,178

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 2022		Audited 2021	
	% of Total Size Fund	**Rupees**	% of Total Size Fund	Rupees
Ferozsons Laboratories Limited - *Holding Company*	**81%**	**740,598,716**	81%	641,114,422
BF Biosciences Limited - *Subsidiary*	**17%**	**157,759,592**	17%	133,272,204
Farmacia - *Partnership firm*	**2%**	**19,110,105**	2%	16,022,063
	100%	**917,468,413**	100%	790,408,689

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:

	2022	2021
Financial assets at amortized cost	**Rupees**	Rupees
Long term deposits	**14,544,325**	14,544,325
Trade debts	**1,139,908,730**	1,540,081,880
Loans and advances - *considered good*	**1,461,513**	1,611,544
Short term deposits and margins	**124,005,237**	158,775,702
Other receivables - *considered good*	**32,538,147**	5,263,423
Bank balances	**405,325,775**	820,456,974
Financial assets at fair value through profit or loss		
Short term investments	**2,036,352,584**	1,940,494,936
	3,754,136,311	4,481,228,784

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:

	2022	2021
	Rupees	Rupees
Customers	1,139,908,730	1,540,081,880
Banking companies and financial institutions	2,441,678,359	2,760,951,910
Others	172,549,222	180,194,994
	3,754,136,311	4,481,228,784

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	2022	2021
	Short term	Long term		----Rupees----	
Bank balances					
Habib Bank Limited	A1+	AAA	PACRA	109,299,432	185,499,785
Bank Al-Habib Limited	A1+	AA+	PACRA	4,934,640	165,179,650
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	232,994,110	107,979,904
Bank Alfalah Limited	A1+	AA+	VIS-PACRA	27,801,450	33,211,833
Meezan Bank Limited	A1+	AAA	JCR-VIS	197,650	6,655,313
MCB Bank Limited	A1+	AAA	PACRA	1,055,158	306,181,031
Allied Bank Limited	A1+	AAA	PACRA	28,218,375	14,924,498
Faysal Bank Limited	A1+	AA	PACRA	824,960	824,960
				405,325,775	820,456,974
Short term investments					
HBL Money Market Fund	N/A	AA(f)	JCR-VIS	1,234,278,932	304,810,536
MCB Cash Management Optimizer Fund	N/A	AA+(f)	PACRA	77,787,419	39,281,916
Pakistan Cash Management Fund	N/A	AA+(f)	PACRA	353,685,749	-
HBL Cash Fund	N/A	AA+(f)	JCR-VIS	43,884,004	1,397,577,404
ABL Cash Fund	N/A	AA+(f)	JCR-VIS	326,716,480	198,825,080
				2,036,352,584	1,940,494,936
Margin against bank gaurantee				-	
Habib Bank Limited	A1+	AAA	JCR-VIS	8,039,410	783,934
Meezan Bank Limited	A1+	AA+	JCR-VIS	1,931,222	196,168
				9,970,632	980,102
Margin against letter of credit					
Habib Bank Limited	A1+	AAA	PACRA	7,255,303	4,943,229
Allied Bank Limited	A1+	AAA	PACRA	-	1,053,894
Meezan Bank Limited	A1+	AAA	JCR-VIS	7,543,014	8,458,122
				14,798,317	14,455,245
				2,466,447,308	2,776,387,257

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 2022 was determined as follows:

	2022	2021
The aging of trade debts other than due from Government at the reporting date was:	----Rupees----	
Current	291,998,030	304,132,580
Past due 61 - 90 days	62,850,230	28,527,960
Past due 91 - 180 days	10,446,142	8,502,879
Past due 181 - 365 days	1,605,731	4,087,479
More than 365 days	5,381,528	10,368,201
Less: Impairment loss allowance	(19,239,737)	(24,036,965)
	353,041,924	331,582,133
The aging of trade debts due from Government at the reporting date was:		
0 - 90 days	389,333,191	724,359,015
91 - 180 days	217,086,843	124,695,940
181 - 365 days	111,674,151	217,733,176
More than 365 days	122,348,242	141,711,617
Less: Impairment loss allowance	(53,575,623)	-
	786,866,804	1,208,499,747

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:

	2022					2021				
	Carrying amount	**Contractual cashflows**	**Less than one year**	**One to five years**	**More than 5 years**	Carrying amount	Contractual cashflows	Less than one year	One to five years	More than 5 years
			Rupees					Rupees		
Financial liabilities at amortized cost										
Long term loan - *secured*	**2,087,956,900**	**2,087,956,900**	**205,829,349**	**1,386,669,851**	**495,457,701**	1,347,603,479	1,645,313,191	220,686,286	806,498,572	618,128,333
Trade and other payables	**2,276,796,186**	**2,276,796,186**	**2,276,796,186**	**-**	**-**	2,012,301,586	2,012,301,586	2,012,301,586	-	-
Unclaimed dividend	**91,693,095**	**91,693,095**	**91,693,095**	**-**	**-**	80,049,018	80,049,018	80,049,018	-	-
Short term borrowings - *secured*	**492,524,265**	**492,524,265**	**492,524,265**	**-**	**-**	-	-	-	-	-
Accrued mark-up	**32,613,579**	**32,613,579**	**32,613,579**	**-**	**-**	9,178,680	9,178,680	9,178,680	-	-
	4,981,584,025	**4,981,584,025**	**3,099,456,474**	**1,386,669,851**	**495,457,701**	3,449,132,763	3,746,842,475	2,322,215,570	806,498,572	618,128,333

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:

	2022								
	Rupees	**US Dollars**	**Euro**	**UAE Dirham**	**Pound Sterling**	**JPY**	**Aus Dollars**	**CNY**	**CHF**
Cash and cash equivalents	**83,272,556**	**394,000**	**7,209**	**-**	**3,410**	**146,000**	**1,000**	**641,114,422**	**-**
Trade debts	**75,035,519**	**367,140**	**-**	**-**	**-**	**-**	**-**	**133,272,204**	**-**
Other receivables	**566,163,400**	**149,772**	**1,636,896**	**-**	**1,577**	**-**	**-**	**16,022,063**	**-**
Trade and other payables	**(1,377,675,214)**	**(6,706,588)**	**(32,706)**	**-**	**-**	**-**	**-**	**-**	**-**
Net Statement of Financial Position Exposure	**(653,203,739)**	**(5,795,676)**	**1,611,399**	**-**	**4,987**	**146,000**	**1,000**	**790,408,689**	**-**
Off statement of financial position items									
Outstanding letters of credit	**(1,486,422,282)**	**(989,349)**	**(4,797,710)**	**(209,328)**	**-**	**-**	**-**	**(16,763,895)**	**(11,200)**
Net Exposure	**(2,139,626,021)**	**(6,785,025)**	**(3,186,311)**	**(209,328)**	**4,987**	**146,000**	**1,000**	**773,644,794**	**(11,200)**

	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 debts	192,888,425	1,220,427	-	-	-	-	-	-	-
Other receivables	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)

The following significant exchange rates were applied during the year:

	Reporting date rate		Average rate	
	2022	2021	**2022**	2021
US Dollars	**204.38**	158.05	**183.77**	159.53
Euro	**213.81**	188.42	**204.13**	190.06
UAE Dirham	**55.68**	43.34	**50.07**	43.51
Pound Sterling	**248.23**	218.93	**239.22**	215.35
JPY	**1.43**	1.43	**1.52**	1.52
Australian dollars	**118.90**	118.90	**117.04**	117.04
CHF	**171.86**	171.86	**174.40**	174.40
CNY	**24.76**	24.76	**24.62**	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	
	2022	2021
	-------------------Rupees-------------------	
Statement of profit or loss	**(65,320,374)**	(21,070,626)

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:

	2022	2021	**2022**	2021
	Effective rate (in Percentage)		**Carrying amount (Rupees)**	
Variable rate instruments				
Financial assets				
Cash at bank - *deposit accounts*	**2.95% to 12.25%**	2,75% to 5.59%	**40,120,104**	518,624,280
Financial liabilities				
Long term loan - *including current portion*	**8.29% to 9.40%**	8.29% to 9.40%	**2,087,956,900**	1,347,603,479
Short term borrowings - *secured*	**7.50% to 14.31%**	7.42% to 8.92%	**492,524,265**	-
Net Exposure			**2,580,481,165**	1,347,603,479

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 2022	-------------------Rupees-------------------	
Cash flow sensitivity - *Variable rate financial assets*	**25,804,812**	**(25,804,812)**
As at 30 June 2021		
Cash flow sensitivity - *Variable rate financial assets*	13,476,035	(13,476,035)

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 2022 and 2021 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**
2022	-----Rupees-----			
Short term investments				
Investments at fair value through profit or loss	**2,036,352,584**	**10% increase**	**2,239,987,842**	**203,635,258**
		10% decrease	**1,832,717,326**	**(203,635,258)**

	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)

42.4 Fair value of financial instruments

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

42.4.1 Fair values versus carrying amounts

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

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

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

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

42.4.2 Valuation of financial instruments

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

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

Level 2: Valuation techniques based on observable inputs.

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

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

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

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

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

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

					Fair Value		
	Fair Value through profit or loss	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
30 June 2022	Rupees						
Financial assets measured at fair value:							
Short term investments	2,036,352,584	-	-	-	2,036,352,584	-	-
Financial assets not measured at fair value							
Long term deposits	-	14,544,325	-	14,544,325	-	-	-
Trade debts - *considered good*	-	1,139,908,730	-	1,139,908,730	-	-	-
Loans and advances - *considered good*	-	1,461,513	-	1,461,513	-	-	-
Short term deposits	-	124,005,237	-	124,005,237	-	-	-
Other receivables	-	32,538,147	-	32,538,147	-	-	-
Short term investments	-	2,036,352,584	-	2,036,352,584	-	-	-
Cash and bank balances	-	415,830,796	-	415,830,796	-	-	-
	-	3,764,641,332	-	3,764,641,332	-	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
Trade and other payables	-	-	2,276,796,186	2,276,796,186	-	-	-
Unclaimed dividend	-	-	91,693,095	32,613,579	-	-	-
Accrued mark-up	-	-	32,613,579	32,613,579	-	-	-
	-	-	2,893,627,125	2,834,547,609	-	-	-

					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	Rupees						
Financial assets measured at fair value:							
Short term investments	1,940,494,936	-	-	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 and prepayments	-	158,775,702	-	158,775,702	-	-	-
Other receivables	-	5,263,423	-	5,263,423	-	-	-
Short term investment	-	1,940,494,936	-	1,940,494,936	-	-	-
Cash and bank balances	-	830,509,036	-	830,509,036	-	-	-
	-	4,491,280,846	-	4,491,280,846	-	-	-
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			
Short term borrowings - *secured*	-	-	-	-	-	-	-
Accrued mark-up	-	-	9,178,680	9,178,680	-	-	-
	-	-	2,101,529,284	2,101,529,284	-	-	-

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

	2022					
	Ferozsons	BF Biosciences	Others	Total	Inter-segment elimination / adjustment	Consolidated Total
Revenue - *net*			Rupees			
Revenue from external customers	7,588,488,156	1,373,099,023	368,330,629	9,329,917,808	-	9,329,917,808
Inter-segment revenue	217,926,159	147,603,591	-	365,529,750	(365,529,750)	-
	7,806,414,315	1,520,702,614	368,330,629	9,695,447,558	(365,529,750)	9,329,917,808
Segment profit before tax	934,532,073	348,760,234	21,020,797	1,304,313,104	(67,390,508)	1,236,922,596
Segment assets and liabilities						
Segments assets and liabilities are reconciled to total assets and liabilities as follows:						
Segment assets						
Non-current assets	3,903,819,274	2,139,856,510	90,986,842	6,134,662,626	73,536,963	6,208,199,590
Current assets	5,322,523,609	2,295,214,875	133,476,748	7,751,215,232	2,673,578	7,753,888,810
	9,226,342,883	4,435,071,385	224,463,590	13,885,877,858	76,210,541	13,962,088,399
Segment liabilities						
Non-current liabilities	257,718,868	1,894,954,229	-	2,152,673,097	124,369,201	2,277,042,298
Current liabilities	2,664,441,019	714,964,438	7,177,146	3,386,582,603	(5,145)	3,386,577,458
	2,922,159,887	2,609,918,667	7,177,146	5,539,255,700	124,364,056	5,663,619,755
Other segment information						
Depreciation and amortization	334,845,309	28,325,018	1,830,819	365,001,146	56,264,386	421,265,532
Impairment loss on trade receivables	(21,408,864)	5,723,945	4,527,947	(11,156,972)	-	(11,156,972)
Finance Cost	37,406,319	65,618,568	273,606	103,298,493	(7,020,000)	96,278,493
Profit on deposits with bank	3,976,561	8,333,136	1,086,328	13,396,025	-	13,396,025
Capital expenditure during the year	427,568,560	89,942,132	277,860	517,788,552	-	517,788,552
Share of profit from investee	20,600,413	-	-	20,600,413	(20,600,413)	-
Share of profit from investee	20,600,413	-	-	20,600,413	(20,600,413)	-
Equity accounted investees	216,338,890	-	-	216,338,890	(216,338,890)	-

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. 3,926 million (2021: Rs. 3,630 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 2022 are located and operated in Pakistan.

	2021					
	Ferozsons	BF Biosciences	Others	Total	Inter-segment elimination / adjustment	Consolidated Total
	---------- Rupees ----------					
Revenue - *net*						
Revenue from external customers	6,949,292,723	1,534,338,785	395,484,147	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	395,484,147	9,183,903,879	(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:						
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	-	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	-	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 losses 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)	-

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.

	2022	2021
	Rupees	Rupees
Total debt	**2,580,481,165**	1,347,603,479
Total Equity	**7,767,791,788**	7,473,234,870
Total capital employed	**10,348,272,953**	8,820,838,349
Gearing	**25%**	15%

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 2022 *Amount in Rupees*	**BF Biosciences Limited**	**Farmacia**	**Intra-Group eliminations**	**Total**
NCI percentage	**20%**	**2%**		
Non current assets	**2,139,856,510**	**90,986,842**		
Revaluation surplus	**303,081,713**	**30,303,672**		
Current assets	**2,295,214,875**	**133,665,962**		
Non-current liabilities	**1,894,954,229**	**-**		
Current liabilities	**714,964,438**	**7,366,359**		
Net assets	**2,128,234,432**	**247,590,117**		
Carrying amount of NCI	**425,646,886**	**4,951,802**	**100,078,169**	**530,676,857**
Revenue - *net*	**1,520,702,614**	**368,330,629**		
Profit after taxation	**306,977,758**	**21,020,797**		
Other comprehensive income	**-**	**-**		
Total comprehensive income	**306,977,758**	**21,020,797**		
Total comprehensive income allocated to NCI	**61,395,552**	**420,416**	**(6,457,701)**	**55,358,267**
Cash flows from operating activities	**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 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	(137,454,270)	227,894,083
Revenue - *net*	1,754,798,146	395,484,147		
(Loss) / 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 (decrease) / increase in cash and cash equivalents	392,738,836	(13,699,108)		

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 previous years, the Government of Pakistan, from time to time announced a temporary smart lock downs as a measure to reduce the spread of the COVID–19, however, no lock down was announced during the year. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Group 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 significant. The Group also availed financing under State Bank of Pakistan (SBP) Temporary Economic Refinance Facility (TERF), for setting up a new manufacturing plant and for Balancing, Modernization and Replacement ("BMR") of existing plant and machinery, amounting to Rs. 633.08 million.

47 Non adjusting events after the reporting date

The Board of Directors of the Holding Company in its meeting held on 31 August 2022 has proposed a final cash dividend of Rs. 5 (2021: Rs. 10) per share, amounting to Rs. 181.12 million (2021: Rs. 362.24 million) and 20% bonus shares (2021: 0%) subject to approval of the members in the Annual General Meeting to be held on 30 September 2022.

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 31 August 2022.

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

PATTERN OF SHAREHOLDING AS AT 30 JUNE 2022

No. of Shareholders	Shareholding		Total Shares held
	From	TO	
14,59	1	100	41,622
933	101	500	246,605
526	501	1,000	382,689
612	1,001	5,000	1,279,660
124	5,001	10,000	889,679
43	10,001	15,000	516,757
15	15,001	20,000	262,618
18	20,001	25,000	401,373
13	25,001	30,000	357,997
10	30,001	35,000	328,420
4	35,001	40,000	145,754
6	40,001	45,000	254,350
3	45,001	50,000	146,895
3	50,001	55,000	159,075
4	55,001	60,000	232,094
1	60,001	60,001	61,320
1	65,001	70,000	68,037
2	70,001	75,000	146,668
1	90,001	95,000	92,800
2	95,001	100,000	198,200
1	100,001	105,000	102,784
1	110,001	115,000	113,200
4	115,001	120,000	475,333
1	125,001	130,000	129,100
1	140,001	145,000	141,100
2	185,001	190,000	378,370
2	190,001	195,000	383,531
1	195,001	200,000	196,430
1	215,001	220,000	216,282
1	335,001	340,000	335,503
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
2	430,001	435,000	865,715
1	440,001	445,000	443,437
1	460,001	465,000	461,946
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	785,000	781,616
1	1,085,001	1,090,000	1,085,920
1	1,285,001	1,290,000	1,287,796
1	1,770,001	1,775,000	1,770,050
1	1,805,001	1,810,000	1,807,789
1	2,190,001	2,195,000	2,190,530
1	3,270,001	3,275,000	3,272,270
1	9,840,001	9,845,000	9,841,545
3,815			**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	13,732,384	37.91
NIT & ICP	1,772,644	4.89
Banks, DFIs, NBFCs	255,449	0.71
Insurance Companies	6,148,555	16.97
Modarabas and Mutual Funds	574,290	1.59
A. General Public (Local)	8,747,195	24.15
B. General Public (Foreigner)	449,644	1.24
A. Other Companies (Local)	1,016,978	2.81
Total	**36,224,210**	**100**
Shareholders More Than 10.00%		
M/S. KFW FACTORS (PVT) LTD	9,944,329	27.45

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 66th Annual General Meeting of FEROZSONS LABORATORIES LIMITED will be held on Friday, 30 September 2022 at 11:30 a.m. at Registered Office, 197-A, the Mall, Rawalpindi and through Video Link Facility to transact the following business:

Ordinary Business:

1. To confirm the Minutes of the Annual General Meeting held on 30 September 2021.

2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 June 2022 together with the Directors' and Auditors' reports thereon.

3. To consider and approve final cash dividend of 50% (i.e. Rs. 5 per share) as recommended by the Board of Directors for the year ended 30 June 2022.

4. To appoint Auditors for the year ending 30 June 2023 and fix their remuneration.

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

Special Business:

6. To consider and approve the bonus shares at the rate of 20% (i.e. 20 shares for every 100 shares) as recommended by the Board of Directors. In this connection, the following resolutions (with or without modifications) are proposed to be passed:

Resolved that a sum of Rs. 72,448,420 be capitalized out of the free reserves of the Company for issuance of 7,244,842 ordinary shares of Rs. 10 each as fully paid bonus shares.

Further resolved that the bonus shares shall rank pari passu in all aspects with the existing shares of the Company. However, these shares shall not be eligible for final cash dividend declared by the Company for the year ended 30 June 2022.

Further resolved that fractional entitlements of the members shall be consolidated into whole shares and sold in the stock market and the sale proceeds shall be donated to a charitable institution.

7. To consider and approve short-term financing facility / security up to Rs. 500 million in favour of M/S BF Biosciences Limited (subsidiary Company) on need basis and to consider, and if thought fit, to pass with or without modification the following resolutions as a Special Resolutions:

Resolved that Ferozsons Laboratories Limited ("FLL" or "the Company") be and hereby authorized in terms of Section 199 and all other applicable provisions of Companies Act, 2017 to provide short term financing facility / security in favor of M/S BF Biosciences Limited ("BFBL"), a subsidiary company up to PKR 500,000,000 (Rupees Five Hundred Million Only), provided that the markup rate to be charged by the Company to BFBL on any outstanding amount of short term financing facility shall not be the less than the average rate charged by the bank(s) of the Company and as per terms and conditions disclosed to the members of the Company.

Further resolved that the Chief Executive Officer together with Chief Financial Officer or with Company Secretary of the Company be and are hereby empowered and authorized to do all the acts, matters, deeds, and take all necessary actions including signing and execution of agreements, completing legal formalities as may be necessary for the purpose of implementing the aforesaid resolutions.

By order of the Board

Syed Ghausuddin Saif
Company Secretary

Rawalpindi
31 August 2022

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. CLOSURE OF SHARE TRANSFER BOOKS:

The Share Transfer Books of the Company will remain closed from 23 September 2022 to 30 September 2022 (both days inclusive). Transfers received at the Company's Share Registrar, M/s CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore, at the close of business on 22 September 2022 will be treated in time for the purpose of above entitlement to the transferees.

2. PARTICIPATION IN THE AGM THROUGH VIDEO LINK FACILITY:

The Securities & Exchange Commission of Pakistan (SECP) through its Circular No. 6 dated March 03, 2021 has allowed listed companies to arrange participation of shareholders in Annual General Meeting through Video Link Facility in addition to physical attendance by the members as well.

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 - 2022"** 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.

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.

All CDC accountholders shall authenticate their identity by showing original CNIC at the time of attending meeting. In the case of a corporate entity, a certified copy of the resolution of Board of Directors / valid Power of Attorney, having the name and specimen signature of the nominee should be produced at the time of meeting.

Only those persons whose names appear in the Register of Members of the Company as at 22 September 2022 are entitled to attend and vote at the Annual General Meeting.

3. WITHHOLDING TAX ON DIVIDEND:

Under Section 150 of the Income Tax Ordinance, 2001 following rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as under:

a.	Persons appearing in the Active Tax Payers' List (ATL)	15%
b.	Persons not appearing in the Active Tax Payers' List (ATL)	30%

Members whose names does not appear in the Active Tax Payers List (ATL) provided on the website of FBR (despite the fact that they are filers) are advised to make sure that their names are entered into ATL to avoid higher tax deductions against any future payment of dividend.

In case of joint shareholders, each shareholder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each shareholder or as may be notified by the shareholders in writing to our share registrar. In case no such notification is received, then each shareholder shall be assumed to have an equal number of shares.

4. 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.

5. 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 accounts, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available on the Company's website and send it duly signed along with a copy of CNIC to the Share Registrar, M/s. CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore in case of physical shares.

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

6. 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.

7. TRANSFER OF PHYSICAL SHARES TO CDC ACCOUNT:
Pursuant to the section 72 of the Companies Act, 2017 listed companies are required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the date of promulgation of the Act.

The Shareholders who hold physical shares are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form.

8. 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.

9. 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 at cs@ferozsons-labs.com.

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

10. ELECTRONIC TRANSMISSION OF FINANCIAL STATEMENTS AND NOTICES:
Pursuant to notification vide SRO 787(1)/2014 dated 8 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.

The financial statements of the Company for the year ended 30 June 2022 have been placed on the Company's website: www.ferozsons-labs.com

NOTICE OF ANNUAL GENERAL MEETING

Statement of Material Facts Under Section 134(3) of the Companies Act, 2017

The statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on 30 September 2022.

Pertaining to Item No. 6: Bonus Shares

The Board of Directors in their meeting held on 31 August 2022, has recommended to issue 20% fully paid bonus shares (i.e. 20 shares for each 100 shares held by the members) by capitalizing a sum of Rs. 72,448,420 from free reserves of the Company. The directors are of the view that the Company's financial position and its reserves justify the capitalization of free reserves.

The Directors of the Company are not directly or indirectly interested in this special business, except to the extent of entitlements of bonus shares on their shareholdings.

Pertaining to Item No. 7: Short Term Financing Facility / Security

BF Biosciences Limited ("BFBL") is an eighty percent owned subsidiary of Ferozsons Laboratories Limited ("the Company"), and is a joint venture between M/S Ferozsons Laboratories Limited and the M/S Grupo Empresarial Bago S.A.

BFBL is currently in expansion phase and in order to meet the challenges posed by increase in Rupee Dollar Parity, COVID lockdowns in China and Russian-Ukraine conflict, BFBL has requested the Company to extend a short-term financing facility up to Rs. 500 million to support its cash flows / working capital on need basis.

The Board of Directors in their meeting held on 31 August 2022 has recommended the same for approval of shareholders in the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Information Under Regulation 3 of "The Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

INVESTMENT BY WAY OF SHORT TERM FINANCING FACILITY / SECURITY

Sec. 3 (a) - Disclosure for all types of investments		
(A) – Disclosures regarding associated company		
(i)	Name of associated company or associated undertaking	BF Biosciences Limited
(ii)	Basis of relationship	Subsidiary Company
(iii)	Earnings per share for the last three years	FY 2022: Rs. 16.16 / share FY 2021: Rs. 32.00 / share FY 2020: Rs. 2.48 / share
(iv)	Break-up value per share, based on latest audited accounts	Rs. 96.06/ share as at 30 June 2022
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	As at 30 June 2022: Non-Current Assets: Rs. 2,139,856,510 Current Assets: Rs. 2,295,214,875 Non-Cur. Liabilities: Rs.1,894,954,228 Current Liabilities: Rs. 714,964,438 Equity: Rs. 1,825,152,718 Revenue: Rs. 1,520,702,614 Gross Profit: Rs. 457,773,078 Operating Profit: Rs. 414,378,802 Profit After Tax: Rs. 306,977,758
(vi) In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely		
(I)	description of the project and its history since conceptualization;	Not Applicable
(II)	starting date and expected date of completion of work;	Not Applicable
(III)	time by which such project shall become commercially operational;	Not Applicable
(IV)	expected time by which the project shall start paying return on investment;	Not Applicable
(V)	funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	Not Applicable
(B) – General disclosures		
(i)	Maximum amount of investment to be made	PKR 500,000,000 (Five Hundred Million Only)

NOTICE OF ANNUAL GENERAL MEETING

Information Under Regulation 3 of "The Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	This will enable the Company to lend BFBL at rates higher than its average borrowing costs on BFBL's need basis. As the BFBL is 80% owned subsidiary, the benefits will eventually be accrued to the Company's shareholders.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds	The Company shall use its internally generated funds as well as its un-utilized financing lines.
	i) justification for investment through borrowings	The rate charged by the Company to BFBL on outstanding balances shall be 0.5% over and above the average borrowing cost of the Company.
	ii) detail of collateral, guarantees provided and assets pledged for obtaining such funds	The Company shall obtain an indemnity from BFBL to re-pay the amount. As the BFBL is a subsidiary company of FLL, FLL is confident that any financing arrangement will be repaid.
	iii) cost benefit analysis	The Company will charge 0.5% over and above the average borrowing cost to BFBL on outstanding balances. Further, the markup shall be paid by BFBL to the Company after every six months.
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	As detailed above.
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	The interest (either direct or indirect) in the associated company are as follows: 1) M/S Ferozsons Laboratories Limited holds 15,199,996 shares (i.e. 80%). 2) Mrs. Akhter Khalid Waheed, Chairperson of the Company is serving on the Board of BFBL as Chief Executive Officer and holds 1 share. The member is interested only to the extent of being on the board of both companies. 3) Mr. Osman Khalid Waheed, Chief Executive Officer of the Company is serving on the Board of BFBL Limited as Director and holds 1 share. The member is interested only to the extent of being on the board of both companies. 4) Mrs. Munize Azhar Peracha, Director of the Company is also serving on the Board of BFBL as Director and holds 1 share. The member is interested only to the extent of being on the board of both companies.

Information Under Regulation 3 of
"The Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs;	The Company subscribed shares of BFBL at Rs. 10 per share. Since inception, BFBL has been proved valuation investment. The current breakup value of BFBL is Rs. 96.06 / share. In addition to equity investment, the Company also lent loan of Rs. 425 million in year 2010 which has been successfully repaid as per repayment schedule. Being an un-listed entity, the market value of BFBL cannot be ascertained easily, however, if the value of BFBL is estimated through Discounted Cash Flow Model, its value is significantly higher than its breakup value.
(vii)	Any other important details necessary for the members to understand the transaction	There are no other significant details.
Additional disclosure regarding loans, advances and guarantees		
(i)	Category-wise amount of investment	The limit of short-term financing facility / security to BFBL is PKR 500 million.
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	The current average borrowing cost of Company is One/ Three Month KIBOR plus 0.10% to 1% spread.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	The Company will charge 0.5% higher rate than its average borrowing cost on outstanding balances of BFBL.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	The Company shall obtain an indemnity from BFBL to re-pay the amount. As BFBL is a subsidiary company of FLL, FLL is confident that any financing arrangement will be repaid.
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	Facility granted for a period of one year, renewable for four further periods of one year each. Markup shall be paid after every six months. The other terms are mentioned above.

NOTICE OF ANNUAL GENERAL MEETING

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

Name of Investee Company	BF Biosciences Limited
Total Investment Approved:	Cross corporate guarantees up to Rs. 3.5 Billion in favor of financial institutions/lenders of Investee company for a tenor of 10 years along with provision of security to the lenders of investee company up to Rs 2.5 Billion for a tenor of 5 years were approved by the members in EOGM held on 12 February 2021.
Amount of investment made to date:	Bank guarantees amounting to Rs. 2.925 Billion and Security in the form of charge over fixed assets amounting to Rs 0.457 Billion have been issued against this approval to date.
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:	Not applicable
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment:	As per latest available audited financial statements for the year ended 30 June 2022 the basic earnings per share is Rs. 16.16 and breakup value per share is Rs.96.06.

انڈسٹری کا جائزہ اور مستقبل کے امکانات

زیر جائزہ سال کے دوران پاکستان کے فارماسیوٹیکل سیکٹر نے 17 فی صد تک ترقی کی اس صنعت میں نشوونما کے اہم آثار اور برآمدات کے وسیع امکانات ہیں۔ تاہم کمزور ضابطہ سازی اور قیمتوں پر بہت زیادہ کنٹرول مل کر صنعت کی بین الاقوامی کارکردگی کو روکتے ہیں۔ حال ہی میں بڑے اقتصادی عوامل میں تبدیلی صنعت کی فضا کو نمایاں طور پر برے اثرات مرتب کئے ہیں۔ مالیاتی پالیسی کی شرح میں 800 پوائنٹس کا اضافہ اور پاکستان کرنسی کی تنزلی 30 فیصد شرح مالیاتی توازن پر اہم اثر ڈالیں گے۔ جب تک کہ بحران سے نمٹنے کے لئے قیمتوں میں فوری تبدیلی کی اجازت نہیں دی جاتی۔ یہ رپورٹ لکھتے وقت مارکیٹ سے متعدد ضروری ادویات غائب ہوچکی ہیں۔ بڑے اقتصادی عوامل میں نقصان دہ تبدیلی کے ساتھ، حکومت نے ٹیکس میں متعدد اقدامات کر کے صورتحال میں اشتعال پیدا کر دیا ہے۔ بشمول خام مال کی درآمد پر سپر ٹیکس محصول اور سیلز ٹیکس صنعت کی صورتحال میں صفر شرح تبدیلی کے ذریعے صنعت کی سہولت کاری کے لئے حکومت پاکستان نے فارماسیوٹیکل کمپنیوں کو داخل شدہ ٹیکسوں پر بروقت واپس ادائیگی کو یقینی بنانے کے لئے نظام متعارف کرایا ہے۔ تاہم فیڈرل بورڈ آف ریونیو کی طرف سے طریق کار کی وجہ سے اکثر کمپنیوں کی واپس ادائیگی کے دعوے التوا کا شکار رہتے ہیں۔ ان واپسی ادائیگیوں میں تاخیر سے ایسے وقت میں جب شرح منافع اہم طور پر بڑھ چکا ہے۔ مالیاتی اخراجات پر اثر پڑے گا۔

فنانس ایکٹ 2022 میں دوبارہ حکومت پاکستان نے صنعتی صورتحال کو صفر شرح سے صفر شرح میں کمی سے تبدیل کر دیا ہے۔ جب کہ صنعت کے فعال مصنوعاتی اجزاء (APIs) اور تشکیل شدہ مصنوعات کی درآمد پر بالترتیب 1 فی صد نا قابل تبدیل اندراج اور خروج سیلز ٹیکس محصول کی مد میں لیا گیا ہے۔

اس اضافی سیلز ٹیکس کا دعوی نہیں کیا جا سکتا نہ ہی آخری صارفین تک منتقل کیا جا سکتا ہے۔ قیمتوں کے ایسے موثر میکنزم کی شدید ضرورت ہے جو ڈالر اور روپے کی قدر میں تبدیلیوں اور ادویاتی مصنوعات کے لئے فعال مصنوعاتی اجزاء (APIs) کی درآمدی قیمتوں پر رد عمل ظاہر کرے۔

عام سمجھ بوجھ کے اقدامات کی غیر موجودگی اور ضابطوں کی منظم آزادیوں کی وجہ سے مارکیٹ سے مزید ادویات غائب ہوسکتی ہیں۔ ایسے ماحول میں صنعت اور ریاست سب کا نقصان ہوتا ہے۔ ان دشوار ایام میں آپ کو کمپنی کی انتظامیہ ترقی کے توازن کو برقرار رکھنے کے لئے نئی مصنوعات کی پیداوار اور قیمتوں میں استحکام لانے کے اقدامات جاری رکھے ہوئے ہے۔

اس سال کمپنی نے ذیابطیس اور دل کے امراض کے لئے نئی مصنوعات متعارف کرائی ہیں اور دیگر مواقع تلاش کر رہی ہے۔ جہاں مریضوں کے لئے پورے نہ کئے جا سکنے والے اہداف موجود ہوں۔

اظہار تشکر

ہم کمپنی کے مقاصد کے حصول کے لئے اپنے ملازمین کی اہم کوششوں اور وابستگیوں پر اظہار تشکر کرنا چاہتے ہیں۔ مزید برآں مستقل حمایت اور کمپنی پر اعتماد کے لئے ہم اپنے اعلیٰ عہدیداران، کاروباری شراکت داروں اور معزز صارفین کا بھی شکریہ ادا کرتے ہیں۔

بورڈ کے لئے / کی طرف سے

مسٹر عثمان خالد وحید
چیف ایگزیکٹو آفیسر

مسز منیزے اظہر پراچہ
ڈائریکٹر

لاہور

31 اگست، 2022

اقتصادی اور سیاسی خطرات

ہمارے ملک میں ہر دم تبدیل ہوتی اقتصادی اور سیاسی صورتحال نے ہماری کمپنی کو بھی اس خطرے سے دوچار کیا ہے۔ اس سے نمٹنے کے لئے انتظامیہ مارکیٹ کی اقتصادی صورتحال اور سیاسی فضا کا بغور مشاہدہ کرتی ہے۔ اور غیر موافق صورتوں سے نمٹنے کے لئے انتظامیہ کی سطح پر مناسب عمل اور حکمت عملیوں پر بات چیت کی جاتی ہے۔

مسابقت کے خطرات

مارکیٹ میں غیر قانونی اور غیر معیاری مصنوعات پر کمزور ریگولیٹری کنٹرول کی وجہ سے پاکستان میں ادویات سازی کی صنعت کو غیر صحت مند مقابلے کے خطرات درپیش ہیں۔ ان خطرات سے نمٹنے کے لئے آپ کی کمپنی پاکستان فارماسیوٹیکل مینوفیکچررز ایسوسی ایشن کے دیگر ممبران کے ساتھ مل کر بہتر حکومتی ریگولیشنز اور پالیسیوں کے لئے مسلسل قانون سازی کر رہی ہے۔

سپلائی چین کے خطرات

کمپنی کے دن بدن کی عملی سرگرمیوں میں سپلائی چین کا عمل اہم کردار ادا کرتا ہے۔ ہم مضبوط پیداواری منصوبہ بندی اور اسے فروخت کی پیش گوئی اور واجب التکمیل نظاموں سے مربوط کر کے خطرات سے نمٹ رہے ہیں۔

- **انفارمیشن ٹیکنالوجی کے خطرات**

کمپنی اپنی مستقبل کی ضروریات کو مدنظر رکھتے ہوئے اپنی IT کے انفراسٹرکچر میں سرمایہ کاری جاری رکھتی ہے۔

مالیاتی خطرات

یہ وہ خطرات ہیں جو براہِ راست کمپنی کی مالیاتی بقا سے تعلق رکھتے ہیں۔ ان کی وضاحت مالیاتی دستاویزات کے نوٹس میں دی گئی ہے۔

ایگزیکٹو ڈائریکٹر/ چیف ایگزیکٹو آفیسر اور نان ایگزیکٹیو ڈائریکٹرز کی معاوضہ پالیسی

ایگزیکٹیو ڈائریکٹر/ چیف ایگزیکٹو آفیسر کو معاوضہ پیکج کا استحقاق حاصل ہے۔ جس کی تفصیلات مالیاتی دستاویزات کے نوٹ میں وضاحت سے بیان کی گئی ہیں۔ جبکہ نان ایگزیکٹو ڈائریکٹرز بشمول آزاد ڈائریکٹرز صرف اجلاس کی شرکت کے لئے فیس اور سفر کے اخراجات کا استحقاق رکھتے ہیں۔

آڈیٹرز

آڈیٹرز میسرز KPMG تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہوئے ہیں۔ اور سال 23-2022 میں دوبارہ تعیناتی کے لئے خود کو پیش کرتے ہیں۔ بورڈ آڈٹ کمیٹی نے سال 23-2022 کے لئے کمپنی کے آڈیٹرز کے طور پر KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تعیناتی کے لئے سفارش کی ہے۔ اس کے ساتھ بورڈ نے آنے والے سالانہ اجلاس عام میں شراکتی حصہ داروں کے لئے اس کی سفارش کی ہے۔

متعلقہ پارٹی کے ساتھ کاروباری امور کی انجام دہی

30 جون 2022 کو ختم ہونے والے سال کے دوران، متعلقہ پارٹیوں کے ساتھ کاروباری امور کو آڈٹ کمیٹی اور بورڈ کے ساتھ منظوری اور جائزے کے لئے رکھا گیا۔ سال کے دوران ہونے والے اجلاس میں بورڈ نے ان کاروباری امور کی منظوری دی۔ متعلقہ پارٹی کے کاروباری امور کی تفصیل دستاویزات کے نوٹ میں دی گئی ہے۔

بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیوں کی تشکیل اور میٹنگز

بورڈ آف ڈائریکٹرز کی ساخت، کمیٹیاں اور منعقد ہونے والے اجلاس، کی تفصیلات کے ساتھ جو مالیاتی سال 2021-2022 کے دوران کسی بھی وقت کمپنی کے ڈائریکٹرز رہنے والے افراد کی تفصیل ساتھ لف کر دی گئی ہے۔

حصص داری کی ترتیب

30 جون 2022 ہر حصص داری کی ترتیب ساتھ لف ہے۔ کمپنی کے تمام حصص کی تجارتیں، اگر کوئی ڈائریکٹروں CEO، CFO، کمپنی سیکریٹری، ایگزیکٹوز یا ان کی بیویوں یا چھوٹے بچوں نے کی ہیں وہ بھی لف ہے۔

کمپنی کی سماجی ذمہ داری

ہماری کاروباری حکمت عملی اور برتری کے نظام کے عین مطابق ہم ماحولیاتی تحفظ اور کمیونٹی کی صحت اور تعلیمی کاوشوں میں سرمایہ کاری کے لئے پرعزم ہیں۔ زیر جائزہ سال کے دوران آپ کی کمپنی نے CSR کی مختلف سرگرمیوں کے حوالے سے بالخصوص مندرجہ ذیل تنظیموں میں تعاون کیا ہے۔

- نیشنل مینجمنٹ فاؤنڈیشن
- پارسا ٹرسٹ
- رزق ٹرسٹ
- لاہور ادبی تہوار

خطرات سے بچاؤ

بورڈ آف ڈائریکٹرز نے کمپنی کو درپیش اہم خطرات کا مضبوطی سے جائزہ لیا ہے۔ بشمول بزنس ماڈل، مستقبل کی کارکردگی اور کاروباری صلاحیت یا سرمائے کے اضافے کے لئے خطرات ہماری خطرات کے بندوبست کی حکمت عملی بنیادی طور پر خطرات کے مقامات کی سمجھ بوجھ، تعین، تجزیہ اور ترجیحی بنیادوں پر نمٹنے پر مشتمل ہے۔ ان خطرات میں کمی لانے کے لئے مختلف حکمت عملیوں کی تشکیل دی گئی ہے۔ اور انہیں اختیار کیا گیا ہے۔

کمپنی کو درپیش بنیادی خطرات میں سے کچھ مندرجہ ذیل ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک کی تعمیل کا اعلامیہ:

آپ کی کمپنی کا بورڈ آف ڈائریکٹرز اچھے اجتماعی شراکت داری کے بندوبست کی عملداری کے لئے پرعزم ہے۔کمپنی کی انتظامیہ اجتماعی شراکت داری کی رہنمائی کے ضابطے میں درج بہترین حکمت عملی کے تقاضوں کی تعمیل کرتی ہے۔

- کمپنی کی انتظامیہ کی تیار کردہ مالیاتی دستاویزات اپنے معاملات،عملیات کے نتائج،رقوم کی گردش اور ملکیتی منافع میں تبدیلیوں کو درست اور جائزہ طور پر پیش کرتی ہیں۔
- کمپنی کے مناسب انداز میں کھاتے برقرار رکھے گئے ہیں۔
- مالیاتی دستاویزات کی تیاری کے لئے اکاؤنٹنگ کی مناسب پالیسیوں کی عملداری کی گئی ہے۔اکاؤنٹنگ کے تخمینے معقول اور محتاط فیصلوں پر مبنی ہیں۔
- مالیاتی دستاویزات کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپونٹنگ کے معیارات کے مطابق تیار کی گئی ہیں اور اس سے کسی بھی قسم کے انحراف کو ظاہر کیا گیا ہے۔اور اسکی وضاحت دی گئی ہے۔
- اندرونی کنٹرول کے نظام اپنے منصوبے میں بہترین ہیں۔انتظامیہ نے ان کا موثر اطلاق کیا ہے اور اندرونی آڈیٹرز،بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی نے ان کی نگرانی کی ہے۔بورڈ آڈف کمیٹی کے ذریعے قائم کئے گئے اندرونی کنٹرول کے موثر پن کا جائزہ لیتا ہے۔اور بوقت ضرورت اندرونی کنٹرول کے نظام میں بہتری کے لئے تجویز بھی دیتا ہے۔
- نظام کی صورتحال کو جاری رکھنے کے لئے کمپنی کی قابلیت کے بارے میں کسی قسم کے شکوک وشبہات نہیں ہیں۔
- لسٹ شدہ ریگولیشنز میں تفصیل سے بتائی گئی اجتماعی شراکت داری کی رہنمائی کی بہترین حکمت عملیوں سے کسی قسم کا کوئی احتراف موجود نہیں ہے۔
- گزشتہ سال کے عملیاتی نتائج سے اہم انحراف سالانہ رپورٹ میں تفصیل اور وجوہات کے ساتھ بتادیئے گئے ہیں۔
- کمپنی مستقبل میں کہیں اجتماعی شراکت داری کی تشکیل نو یا اپنے جاری کاموں کو منقطع یا موقوف کرنا باور نہیں کرتی۔
- 30 جون 2022 تک قابل ادا معمول کے تمام بڑے حکومتی محصولات سال کے خاتمے پر ادا کردیئے گئے ہیں۔
- 30 جون 2021 تک تازہ ترین آڈٹ شدہ اکاؤنٹس کی بنیاد پر ملازمین کے پراویڈنٹ فنڈ کی سرمایہ کاری کی قیمت 638 ملین روپے ہے۔

قومی خزانے میں حصّہ

حالیہ مالی سال کے دوران پیدا کی گئی مکمل دولت میں سے آپ کی کمپنی نے قومی خزانے میں مختلف محصولات کے ضمن میں 751 ملین روپے حصّہ دیا جن میں انکم ٹیکس،کسٹم ڈیوٹی ،فیڈرل اور صوبائی سیلز ٹیکس WPPF،WWF،اور سینٹرل ریسرچ فنڈ شامل ہیں۔

پیسے کی وصولی اور ادائیگی کا انتظام

کمپنی کے سرمائے کے بہاؤ کے بندوبست کا نظام باقاعدہ بنیادیوں پر سرمائے کی آمدورفت کرتا ہے اور روزانہ کی بنیاد پر سرمائے کی پوزیشن کی نگرانی کرتا ہے۔

کلیدی عملی اور مالیاتی اعداد و شمار

گزشتہ 6 سالوں کے لئے انفرادی اور مجموعی مالیاتی تفصیلات کے کلیدی عملی اور مالیاتی اعداد و شمار کا خلاصہ ضم کیا گیا ہے۔

سرمایہ کاری کے اخراجات

رواں سال میں کمپنی نے اپنی پیداواری سہولیات کے توازن اور تجدید کے لئے 152 ملین روپے کی سرمایہ کاری کی۔

سال کے اختتام کے بعد ہونے والے واقعات

مالیاتی پوزیشن کی تفصیلات کی تاریخ اور اس رپورٹ کی تاریخ تک کمپنی کی مالیاتی پوزیشن میں تبدیلی لانے والے کسی قسم کے واقعات رونما نہیں ہوئے۔

فی حصص آمدن

30 جون 2022 کو ختم ہونے والے سال کے لئے خالص منافع کی بنیاد پر، آزادانہ حیثیت میں فی حصص آمدنی (EPS) گزشتہ سال فی حصص 20.02 روپے کے مقابلے میں 14.19 روپے فی حصص پر رکھی رہی جبکہ 30 جون 2022 کو ختم ہونے والے سال کے لئے اجتماعی EPS گزشتہ سال 32.39 روپے فی حصص کی نسبت 20.27 روپے فی حصص ہے۔

ڈیویڈنڈ کا اعلان

ڈائریکٹرز نے 30 جون 2022 کو ختم ہونے والے سال کے لئے حتمی رقم خالص حصّہ داری منافع کے لئے 50 فی صد یعنی فی حصص 5 روپے کی تجویز کی ہے۔ اور 20 فی صد کے حساب سے بونس حصص کی تجویز دی ہے۔ (ہر 100 حصص پر 20 حصص) اسکی حتمی منظوری 30 ستمبر 2022 کو منعقد ہونے والی سالانہ جنرل میٹنگ میں حصص کے شرکت دار دیں گے کمپنیز ایکٹ، 2017 کے عین مطابق بعد از اں مالیاتی

تفصیلات میں ان تخصیصات کو ملحوظ خاطر رکھا جائے گا۔

کوڈ آف کارپوریٹ گورننس کی تعلیل کا اعلامیہ

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورنس) ریگولیشنز 219 کی شرائط پر ہماری کمپنی پوری طرح عمل پیرا ہے۔ اور اس تعمیل کا اعلامیہ اور آڈیٹرز رپورٹ ہماری سالانہ رپورٹ میں شامل ہیں۔

فیروزسنز لیبارٹریز لمیٹڈ مالیاتی اور آپریشنل جائزہ

کمپنی کی مجموعی فروخت 9,330 ملین روپے پر بند ہوئی۔ جو پچھلے سال کی نسبت 5 فیصد اضافہ کو ظاہر کرتی ہے۔آزادانہ ذاتی حیثیت میں کمپنی کی حتمی فروخت 7,806 ملین روپے پر بند ہوئی۔ جو پچھلے سال کی نسبت 11 فیصد اضافے کو ظاہر کرتی ہے۔ مارکیٹ میں جنیرک کی فروخت میں 20 فیصد اضافہ دیکھا گیا۔جبکہ جنیرک اور طبّی آلات کی ادارجاتی فروخت میں 1 فی صد کمی ہوئی۔ پچھلے سال 41 فی صد کے مقابلے میں رواں سال میں مجموعی منافع کی حد 45 فی صد پر کھڑی رہی۔ مجموعی منافع کی حد میں معمولی اضافے کی وجہ یہ ہے کہ ہمارا کرنٹ سٹاک امریکی ڈالر کی اوسط کے ہم قدرہ۔ جو حالیہ روپے کی قدر میں کمی کے اثر سے تشکیل نہیں پاتا۔ کمپنی نے دیگر اخراجات میں 185 ملین روپے کرنسی کے تبادلے کا نقصان بھی اٹھایا ہے۔

فروخت اور تقسیم کے اخراجات میں 29 فی صد تک اضافہ ہوا یہ اضافہ تنخواہوں میں اضافے، CMEs اور فیلڈ کی سرگرمیوں کے اخراجات کو ظاہر کرتا ہے۔ جو کہ پچھلے سال کووڈ کی وبا کی وجہ سے نہیں ہو سکتی تھیں۔

دیگر آمدنی میں 34 فیصد اضافہ ہوا جو کہ سرمایہ کاری اور ریٹیل وینچر (فارمیشیا) سے ملنے والے منافع کی وجہ سے ہے۔ مالیاتی لاگت میں 72 فی صد اضافہ ہوا۔جس کی وجہ کام میں لائے گئے سرمائے کے تقاضوں کے بندوبست کے لئے مالیاتی سہولیات کو جاری رکھنے کے لئے اضافہ ہے۔ پچھلے سال 26 فی صد کے مقابلے میں موثر ٹیکس کی شرح 45 فی صد پر ختم ہوئی جس کی نمایاں وجہ حکومت کا متعارف کرایا گیا سپر ٹیکس محصول ہے۔ جو فنانس ایکٹ، 2022 کے ذریعے لاگو کیا گیا۔ پچھلے سال 725 ملین روپے کی نسبت کمپنی بعد از ٹیکس منافع 514 ملین روپے پر ختم ہوا۔ جو گذشتہ سال کے مقابلے میں 29 فی صد کمی ظاہر کرتا ہے۔

BF بایوسائینسز لمیٹڈ (ماتحت ذیلی کمپنی) کا مالی اور آپریشنل جائزہ:

ماتحت کمپنی BF بایوسائیسنز لمیٹڈ کی حتمی فروخت پچھلے سال 1754 ملین روپے کے مقابلے میں 1520 ملین روپے پر بند ہوئی۔ جو 13 فیصد کمی کو ظاہر کرتا ہے۔ یہ کمی (Remidia (Remdesivir کی مقامی مارکیٹ اور برآمد میں کمی کی وجہ سے ہوئی۔ Remidia کے علاوہ مجموعی فروخت میں 94 فی صد اضافہ ہوا۔ جس کا سبب ادارجاتی اور برآمدی فروخت ہے۔ توسیعی مصنوبے کے بارے میں انتظامیہ یہ بتاتے ہوئے مسرت کا اظہار کرتی ہے۔ کہ اب تک تعمیراتی کام کا 80 فیصد حصّہ تکمیل پا چکا ہے۔ مرکز پر پلانٹ اور مشینری کا اہم حصّہ پہنچ چکا ہے۔ باقی رہنے والی مشینری کا فیکٹری ٹیسٹ ہو رہا ہے۔ اور توقع ہے کہ ستمبر 2022 کے درمیان تک روانہ کردی جائے گی۔ انتظامیہ پر امید ہے کہ مشینری اکتوبر 2022 تک پہنچ جائے گی۔ ہم سال کے اختتام سے قبل مکمل طور پر توقع رکھتے ہیں کہ تجارتی پیداوار شروع کردیں گے۔

شراکت داروں کے لئے ڈائریکٹر رپورٹ

(30 جون، 2022 کو سال کے خاتمے پر)

ہم 66ویں سالانہ رپورٹ پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔ جو کہ 30 جون، 2022 کو ختم ہونے والے مالی سال کے لئے کمپنی کی ذاتی آزاد حیثیت میں آڈٹ شدہ تفصیلات کے ساتھ ساتھ اجتماعی مالیاتی تفصیلات پر مشتمل ہے۔ اجتماعی مالیاتی تفصیل کمپنی کی 80 فیصد مالک ماتحت ذیلی کمپنی BF بایوسائینسز لمیٹڈ اور کمپنی کے ذاتی ملکیتی 98 فیصد دوایاتی کاروبار کا احاطہ کرتی ہے۔

یہ مالیاتی گوشوارے اور ڈائریکٹرز رپورٹ کو پاکستان میں منظور شدہ قابل اطلاق اکاؤنٹنگ کے معیارات کے ساتھ ساتھ کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز ریگولیشنز 2019 (اجتماعی شراکت داری کی نگرانی کے ضابطے) کے عین مطابق تیار کیا گیا ہے۔

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

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

	انفرادی		انضمام کردہ	
(روپے ہزاروں میں)	2022	2021	2022	2021
خالص آمدنی	7,806,414	7,033,622	9,329,918	8,879,116
مجموعی منافع	3,517,616	2,886,943	3,983,251	3,665,266
منافع قبل از ٹیکس	934,532	980,867	1,236,923	1,565,972
منافع بعد از ٹیکس	514,149	725,235	789,789	1,288,459
فی حصص آمدنی (روپے)	14.19	20.02	20.27	32.39
تقسیم کے لیے موجود منافع	4,908,886	4,768,389	6,100,333	5,712,629

	انفرادی		انضمام کردہ	
تخصیصات	2022	2021	2022	2021
کیش منافع حصّہ داری حتمی نقد رقم منافع حصہ داری برائے مالی سال 2022, 5 روپے فی حصص کے حساب سے (2021: 10 روپے)	(181,121)	(362,242)	(181,211)	(362,242)
مالی سال 2022 کے لئے حصص کا بونس 20% کے حساب سے (مالی سال 2021: 0%)	(72,448)		(72,448)	

CUT HERE

FEROZSONS LABORATORIES LIMITED

FORM OF PROXY

66th 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 66th Annual General Meeting of the Company to be held on Friday, 30 September 2022 at 11:30 a.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_________2022 Signature of Proxy________________

1. Witness:

Signature:

Name: ________________

Address: ________________

____

CNIC No. ________________

2. Witness:

Signature:

Name: ________________

Address: ________________

____

CNIC No. ________________

Note: Proxies, in order to be effective, the instrument of proxy and the power of attorney or any other authority, under which it is signed, must be shared through e-mail on cs@ferozsons-labs.com not less than 48 hours before the time of AGM.

CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their CNIC or Passport with the proxy form before email to the Company.

فیروز سنز لیبارٹریز لمیٹڈ

نمائندگی کا فارم (پراکسی فارم)

66واں 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 66ویں سالانہ اجلاسِ عام میں، جو بتاریخ 30 ستمبر 2022، صبح 11:30 بجے منعقد ہو رہا ہے، یا کسی بھی ملتوی شدہ اجلاس میں حاضری، اظہارِ خیال اور حق رائے دہی کے استعمال کیلئے اپنا نمائندہ (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

پانچ روپے کی ریونیو سٹامپ

____

حصص دار کے دستخط

(دستخط کمپنی میں رجسٹرڈ نمونے سے مطابقت رکھتے ہونے چاہیئے)

بتاریخ__________مہینہ____________2022

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۔