



FEROZSONS
LABORATORIES LIMITED



**PEOPLE
TRUST
US**

**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED
31 MARCH 2024**



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mrs. Akhter Khalid Waheed
Mr. Osman Khalid Waheed
Mrs. Amna Piracha Khan
Mrs. Munize Azhar Peracha
Mr. Shahid Anwar
Mr. Arshad Saeed Husain
Mr. Suleman Ghani

Non-Executive Director
Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Independent Director
Independent Director

Chairperson
Chief Executive Officer

AUDIT COMMITTEE

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

Chairman
Member
Member
Member

INVESTMENT COMMITTEE

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

Chairman
Member
Member

HR & REMUNERATION COMMITTEE

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

Chairman
Member
Member
Member

COMPANY SECRETARY

Syed Ghausuddin Saif

LEGAL ADVISORS

Khan & Piracha

REGISTERED OFFICE

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Email: cs@ferozsons-labs.com

CHIEF FINANCIAL OFFICER

Mr. Muhammad Farhan Rafiq

SHARE REGISTRAR

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HEAD OF INTERNAL AUDIT

Mr. Rizwan Hameed Butt

FACTORY

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Telephone: +92-923-614295, 610159
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Society, Shahrah-e-Faisal,
Karachi, Pakistan
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EXTERNAL AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

INTERNAL AUDITORS

EY Ford Rhodes
Chartered Accountants

HEAD OFFICE

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Telephone: +92-42-36026700
Fax: +92-42-36026701

BANKERS

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

SALES OFFICE, LAHORE

43-AI Noor Building, Bank Square
The Mall, Lahore, Pakistan
Telephone: +92-42-37358194
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DIRECTORS' REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 31 MARCH 2024

We are pleased to present a brief review of the Company's un-audited Standalone and Consolidated condensed interim financial information for the nine months ended 31 March 2024. The consolidated condensed interim financial information incorporates the Company's 80% owned subsidiary BF Biosciences Limited and 98% owned retail venture Farmacia.

Highlights of the Company's Individual and Consolidated Financial Results:

A summary of operating results for the period is given below:

	Individual				Consolidated			
	9 Months 31-Mar-24	9 Months 31-Mar-23	3 Months 31-Mar-24	3 Months 31-Mar-23	9 Months 31-Mar-24	9 Months 31-Mar-23	3 Months 31-Mar-24	3 Months 31-Mar-23

(Rupees in thousands)

Revenue - net	9,559,153	7,294,218	2,848,275	2,688,406	12,042,858	8,364,397	3,744,040	3,124,562
Gross profit	3,633,799	3,068,722	1,143,669	1,125,333	4,865,905	3,355,312	1,671,629	1,241,939
Profit before tax	403,278	353,834	25,307	86,672	872,765	439,176	268,107	99,923
Profit after tax	270,373	223,576	13,319	24,437	558,468	291,568	165,369	39,948
Earnings per share	6.22	5.14	0.31	0.56	11.50	6.38	3.10	0.84

Financial and Operational Review of Ferozsons Laboratories Limited:

The Company's consolidated net sales closed at Rs. 12.04 billion, depicting a growth of 44% over the same period last year. On a standalone basis, the Company's net sales closed at Rs. 9.56 billion, with a growth of 31% over the same period last year.

In-market generic sales have increased by 30%, whereas institutional sales of generics and medical devices increased by 39%. It is encouraging that the bulk of the sales growth is driven by volume increase rather than price increase.

Due to increase in institutional sales, trade debts have been increased by 107% since the payment terms with government institutions are longer compared to private sales.

The gross profit ("GP") margin of the Company stands at 38% against 42% in the same period last year. The decrease in GP margin primarily reflects change in sales mix and increased input costs of products resulting from devaluation of Pakistani Rupee and inflationary pressures in overheads.

In line with increase in topline, selling and distribution expenses have increased by 30% and primarily reflects inflationary adjustments.

Other expenses decreased by 72% which primarily represents reduction in realized exchange loss.

Finance costs increased by 298% which is mainly attributable to the State Bank of Pakistan's policy rate increase, coupled with higher utilization of working capital facilities during the period under review.

The earnings per share ("EPS") for the nine months ended 31 March 2024 closed at Rs. 6.22 compared to Rs. 5.14 in the same period last year.

DIRECTORS' REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 31 MARCH 2024

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

As mentioned in our previous directors' report, inspection by Drug Regulatory Authority of Pakistan (DRAP) for the qualification of our new manufacturing area has been successfully completed. We aim to begin commercial production by July 2024, InshAllah.

Future Outlook

The recent deregulation of non-essential drugs prices marks a pivotal development for the sector. This will ultimately help the pharmaceutical industry ensure availability of quality medicines and will also bring healthier competition, ultimately benefiting patients.

Having said that, the challenges on macroeconomic fronts, including high interest rates, high utilities costs etc. will keep the margins under pressure. Despite the healthy growth of 31% in topline, the same is not reflected in the Company's bottom line. The main contributor to margin erosion is finance cost, which increased by Rs. 258 million (having an EPS impact of approximately Rs. 3.35/share).

As of March 31, the Company has approximately Rs. 1.8 billion receivables outstanding from government institutions, the majority of which are past due. The Company is currently financing these outstanding receivables through utilization of short-term financing facilities.

Post the formation of new government, we expect recoveries to improve in the coming months. However, if these obligations are not settled by the government, finance costs will continue to erode the company's bottom line.

Acknowledgments

We want to acknowledge the considerable efforts and dedication of our employees towards achieving the Company's objectives. 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

بی ایف بائیو سائنسز لمیٹڈ (ذیلی کمپنی) کا مالیاتی اور آپریشنل جائزہ:

جیسا کہ ہمارے سابقہ ڈائریکٹرز کی رپورٹ میں بتایا گیا ہے، ڈرگ ریگولیٹری اتھارٹی آف پاکستان (DRAP) کی جانب سے ہمارے نئے مینوفیکچرنگ ایریا کی اہلیت کے لیے معائنہ کامیابی سے مکمل ہو گیا ہے۔ ہم جولائی 2024 سے کمرشل پیداوار شروع کرنے کا ارادہ رکھتے ہیں، انشاء اللہ۔

مستقبل کا نقطہ نظر

غیر ضروری ادویات کی قیمتوں کی حالیہ ڈی ریگولیشن اس شعبے کے لیے ایک اہم ترقی کی نشاندہی کرتی ہے۔ یہ بالآخر دوا سازی کی صنعت کو معیاری ادویات کی دستیابی کو یقینی بنانے میں مدد دے گا اور صحت مند مقابلہ بھی لائے گا، بالآخر مریضوں کو فائدہ پہنچے گا۔

یہ کہہ کر، میکرو آکنامک محاذوں پر چیلنجز، بشمول بلند شرح سود، اعلیٰ یوٹیلٹیٹی لاکٹ وغیرہ، مارجن کو دباؤ میں رکھیں گے۔ ٹاپ لائن میں 31% کی صحت مند نمو کے باوجود، کمپنی کی باٹم لائن میں یہ ظاہر نہیں ہوتا ہے۔ مارجن کے کٹاؤ میں اہم شراکت دار مالیاتی لاکٹ ہے، جس میں 258 ملین روپے (تقریباً 3.35 روپے فی حصص کا EPS) کا اضافہ ہوا ہے۔

31 مارچ پر، کمپنی کے پاس تقریباً 1.8 بلین روپے سرکاری اداروں سے وصولی واجب الادا ہیں، جن میں سے زیادہ تر واجب الادا سوچے ہیں۔ کمپنی فی الحال قلیل مدتی مالیاتی سہولیات کے استعمال کے ذریعے ان بقایا وصولیوں کو فنانس کر رہی ہے۔

نئی حکومت کے قیام کے بعد، ہم امید کرتے ہیں کہ آنے والے مہینوں میں فنڈز کی رہائی میں بہتری آئے گی۔ تاہم، اگر حکومت کی طرف سے یہ ذمہ داریاں طے نہیں کی جاتی ہیں، تو مالیاتی اخراجات کمپنی کی نئی لائن کو اثر کرتے رہیں گے۔

اظہار تشکر

ہم کمپنی کے مقاصد کو حاصل کرنے کے لیے اپنے ملازمین کی کافی کوششوں اور لگن کو تسلیم کرنا چاہتے ہیں۔ ہم اپنے پرسنل، کاروباری شراکت داروں اور قابل قدر صارفین کا بھی شکریہ ادا کرتے ہیں کہ ان کی کمپنی میں مسلسل حمایت اور اعتماد ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

مسز اختر خالد وحید

چیئر پرسن

جناب عثمان خالد وحید

چیف ایگزیکٹو آفیسر

31 مارچ 2024 کو اختتام پذیر ہونے والے نو ماہ کی مجموعی (کنڈینسڈ) عبوری مالیاتی معلومات کے بارے میں ڈائریکٹرز کا جائزہ

ہم 31 مارچ 2024 کو اختتام پذیر ہونے والے نو ماہ کے لیے کمپنی کی غیر آڈٹ شدہ انفرادی اور مجموعی (کنڈینسڈ) عبوری مالیاتی معلومات کا ایک مختصر جائزہ پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔ مجموعی (کنڈینسڈ) عبوری مالیاتی معلومات میں کمپنی کے 98% ملکیٹی منصوبے فارمیسیا (Farmacia) اور 80% ملکیٹی ذیلی کمپنی BF ہاپو سائنٹس لمیٹڈ کو شامل کیا گیا ہے۔

کمپنی کے انفرادی اور مجموعی مالیاتی نتائج کی جھلکیاں:

اس مدت کے مالیاتی نتائج کا خلاصہ ذیل میں دیا گیا ہے:

انجمی				انفرادی				
9 مہینے		9 مہینے		3 مہینے		9 مہینے		
2023-2024	2024-2023	2023-2024	2024-2023	2023-2024	2024-2023	2023-2024	2024-2023	
(روپے ہزار میں)								
3,124,562	3,744,040	8,364,397	12,042,858	2,688,406	2,848,275	7,294,218	9,559,153	آمدنی - خالص
1,241,939	1,671,629	3,355,312	4,865,905	1,125,333	1,143,669	3,068,722	3,633,799	مجموعی نتائج
99,923	268,107	439,176	872,765	86,672	25,307	353,834	403,278	عمل از گیس نتائج
39,948	165,369	291,568	558,468	24,437	13,319	223,576	270,373	گیس کے بعد نتائج
0.84	3.10	6.38	11.50	0.56	0.31	5.14	6.22	فی شیئر آمدنی

فیروز سنز لیبارٹریز لمیٹڈ کا مالیاتی اور آپریشنل جائزہ:

کمپنی کی مجموعی خالص فروخت 12.04 بلین روپے پر بند ہوئی، جو پچھلے سال کی اسی مدت کے مقابلے میں 44% اضافے کی عکاسی کرتی ہے۔ انفرادی طور پر، کمپنی کی خالص فروخت 9.56 بلین روپے پر بند ہوئی، جو پچھلے سال کی اسی مدت کے مقابلے میں 31% اضافے کی عکاسی کرتی ہے۔

بازار میں عام فروخت میں 30% اضافہ دیکھا گیا ہے، جب کہ عام ادویات اور طبی آلات کی ادارہ جاتی فروخت میں 39% اضافہ ہوا ہے۔ یہ حوصلہ افزا ہے کہ فروخت میں اضافے کا بڑا حصہ قیمتوں میں اضافے کے بجائے حجم میں اضافے سے ہوا ہے۔

ادارہ جاتی فروخت میں اضافے کی وجہ سے تجارتی قرضوں میں 107% اضافہ ہوا ہے کیونکہ سرکاری اداروں کے ساتھ ادائیگی کی شرائط نجی فروخت کے مقابلے میں طویل ہیں۔

کمپنی کا مجموعی منافع ("GP") 38% ہے جو پچھلے سال کی اسی مدت میں 42% تھا۔ GP مارجن میں کمی بنیادی طور پر سلاز مکس میں تبدیلی اور پاکستانی روپے کی قدر میں کمی اور اور ہیز میں افراط زر کے دباؤ کے نتیجے میں مصنوعات کی ان پٹ لاگت میں اضافے کی عکاسی کرتی ہے۔

ٹاپ لائن میں اضافے کے ساتھ، فروخت اور تقسیم کے اخراجات میں 30% اضافہ ہوا ہے جو بنیادی طور پر افراط زر کی ایڈجسٹمنٹ کی عکاسی کرتا ہے۔

دیگر اخراجات میں 72% کمی واقع ہوئی ہے جو بنیادی طور پر زرمبادلہ کے نقصان میں کمی کی نمائندگی کرتا ہے۔

مالیاتی لاگت میں 298% اضافہ ہوا جو بنیادی طور پر اسٹیٹ بینک آف پاکستان کی پالیسی ریٹ میں اضافے اور زیر جائزہ مدت کے دوران ورکنگ کیپیٹل کی سہولیات کے زیادہ استعمال سے منسوب ہے۔

31 مارچ 2024 کو ختم ہونے والے نو ماہ کے لیے فی شیئر آمدنی ("EPS") 6.22 روپے پر بند ہوئی۔ گزشتہ سال کی اسی مدت 5.14 روپے پر بند ہوئی تھی۔



OUR FINANCIAL STATEMENTS

Ferozsons Laboratories Limited

Condensed Interim Unconsolidated Statement of Profit or Loss (Un-audited)

For the nine months and quarter ended 31 March 2024

		Nine months ended		Quarter ended	
		31 March 2024	31 March 2023	31 March 2024	31 March 2023
	Note	Rupees		Rupees	
Revenue - net	11	9,559,152,966	7,294,218,488	2,848,274,988	2,688,405,466
Cost of sales	12	(5,925,354,117)	(4,225,496,463)	(1,704,606,460)	(1,563,072,769)
Gross profit		3,633,798,849	3,068,722,025	1,143,668,528	1,125,332,697
Administrative expenses		(575,357,917)	(472,798,999)	(215,826,134)	(156,509,258)
Selling and distribution expenses		(2,327,675,346)	(1,797,221,041)	(775,755,858)	(558,105,253)
Other expenses		(138,711,540)	(490,698,057)	(2,150,156)	(328,481,060)
Other income		156,363,136	132,625,801	39,752,783	40,873,281
Profit from operations		748,417,182	440,629,729	189,689,163	123,110,407
Finance cost		(345,139,267)	(86,795,679)	(164,382,354)	(36,438,807)
Profit before taxation		403,277,915	353,834,050	25,306,809	86,671,600
Taxation		(132,905,308)	(130,257,764)	(11,987,745)	(62,234,730)
Profit after taxation		270,372,607	223,576,286	13,319,064	24,436,870
Earnings per share - basic and diluted		6.22	5.14	0.31	0.56

The annexed notes from 1 to 17 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited

Condensed Interim Unconsolidated Statement of Comprehensive Income (Un-audited)

For the nine months and quarter ended 31 March 2024

	Nine months ended		Quarter ended	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	----- Rupees -----		----- Rupees -----	
Profit after taxation	270,372,607	223,576,286	13,319,064	24,436,870
<u>Items that will not be reclassified to profit or loss:</u>				
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	270,372,607	223,576,286	13,319,064	24,436,870

The annexed notes from 1 to 17 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited
Condensed Interim Unconsolidated Statement of Changes in Equity (Un-audited)
For the nine months ended 31 March 2024

	Capital reserve		Revenue reserve		Total
	Share capital	Capital reserve	Revaluation surplus on property, plant and equipment	Accumulated profit	
	----- Rupees -----				
Balance as at 01 July 2022 - audited	362,242,100	321,843	1,032,733,321	4,908,885,731	6,304,182,995
Total comprehensive income for the period	-	-	-	223,576,286	223,576,286
<u>Surplus transferred to accumulated profit</u>					
On account of incremental depreciation charged during the period - net of tax	-	-	(30,247,410)	30,247,410	-
<u>Transactions with owners of the Company, recognized directly in Equity - Distributions</u>					
-Final dividend for the year ended 30 June 2022 at Rs. 5 per share	-	-	-	(181,121,050)	(181,121,050)
-Issuance of bonus shares at 20%	72,448,420	-	-	(72,448,420)	-
	72,448,420	-	-	(253,569,470)	(181,121,050)
Balance as at 31 March 2023 - unaudited	434,690,520	321,843	1,002,485,911	4,909,139,957	6,346,638,231
Balance as at 01 July 2023 - audited	434,690,520	321,843	968,377,365	4,881,302,916	6,284,692,644
Total comprehensive income for the period	-	-	-	270,372,607	270,372,607
<u>Surplus transferred to accumulated profit</u>					
On account of incremental depreciation charged during the period - net of tax	-	-	(27,068,811)	27,068,811	-
Balance as at 31 March 2024 - unaudited	434,690,520	321,843	941,308,554	5,178,744,334	6,555,065,251

The annexed notes from 1 to 17 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited
Condensed Interim Unconsolidated Statement of Cash Flows (Un-audited)
For the nine months ended 31 March 2024

	Nine months ended	
	31 March 2024	31 March 2023
----- Rupees -----		
<u>Cash flow from operating activities</u>		
Profit before taxation	403,277,915	353,834,050
<i>Adjustments for non - cash and other items</i>		
Depreciation on property, plant and equipment	310,775,551	279,054,365
Amortisation of intangible assets	15,354,997	423,396
Trade debts directly written off	-	3,390,023
Provision of loss allowance against trade debts	96,268,345	-
Gain on disposal of property, plant and equipment	(40,006,782)	(22,625,296)
Finance cost	345,139,267	86,795,679
Gain on re-measurement of short term investments to fair value	(51,320,085)	(33,641,888)
Dividend income	(3,453,416)	(44,531,289)
Profit on bank deposits	(2,057,991)	(3,030,160)
Share in profit of Farmacia	(8,669,323)	(16,640,845)
Workers' Profit Participation Fund	26,828,478	19,082,012
Central Research Fund	5,419,895	3,854,952
Workers' Welfare Fund	10,194,822	8,724,172
	704,473,758	280,855,121
Cash generated from operations before working capital changes	1,107,751,673	634,689,171
<u>Effect on cash flow due to working capital changes</u>		
<i>(Increase) / decrease in current assets</i>		
Stores, spare parts and loose tools	(29,443,152)	(5,004,898)
Stock in trade	1,050,581	(321,143,196)
Trade debts - considered good	(1,165,184,835)	(330,088,400)
Loans and advances - considered good	(136,631,509)	(79,790,987)
Deposits and prepayments	(122,073,277)	(28,572,122)
Other receivables	(16,059,761)	14,721,825
	(1,468,341,953)	(749,877,778)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	(1,243,297,258)	429,001,363
Contract liabilities	72,722,236	(4,426,517)
	(1,531,165,302)	309,386,239
Cash (used in) / generated from operations		
Taxes paid	(225,606,241)	(241,338,393)
Workers' Profit Participation Fund paid	(4,097,000)	(10,268,358)
Central Research Fund paid	(2,987,248)	(10,155,224)
Net cash (used in) / generated from operating activities	(1,763,855,791)	47,624,264
<u>Cash flow from investing activities</u>		
Fixed capital expenditure incurred	(260,513,419)	(309,123,717)
Intangibles acquired	(8,287,500)	-
Dividend income received	3,453,416	44,531,289
Proceeds from sale of property, plant and equipment	58,553,480	34,158,254
Profit on bank deposits received	2,057,991	3,030,160
Short term investments - net	52,901,089	24,910,480
Net cash used in investing activities	(151,834,943)	(202,493,534)
<u>Cash flow from financing activities</u>		
Long term loan received	91,192,200	130,000,000
Long term loan paid	(32,386,954)	(85,500,000)
Finance cost paid	(228,206,308)	(67,850,685)
Dividend paid	(265,619)	(175,454,522)
Net cash used in financing activities	(169,666,681)	(198,805,207)
Net decrease in cash and cash equivalents	(2,085,357,415)	(353,674,477)
Cash and cash equivalents at the beginning of the period	(517,542,117)	(163,062,882)
Cash and cash equivalents at the end of the period	(2,602,899,532)	(516,737,359)
<i>Cash and cash equivalents comprise of the following</i>		
Cash and bank balances	230,050,923	199,053,695
Running finance	(2,832,950,455)	(715,791,054)
	(2,602,899,532)	(516,737,359)

The annexed notes from 1 to 17 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited

Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)

For the nine months ended 31 March 2024

1 Reporting entity

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

2 Basis of preparation

2.1 Separate financial statements

These condensed interim 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 condensed interim financial statements of the Company are prepared and presented separately.

The Company has following major investments:

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

2.2 Statement of compliance

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

- International Accounting Standard (IAS) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.3 Basis of accounting

2.3.1 These condensed interim unconsolidated financial statements comprises the condensed interim unconsolidated statement of financial position of the Company as at 31 March 2024 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flows together with the notes forming part thereof.

2.3.2 These condensed interim unconsolidated financial statements does not include all of the information required for full annual financial statements and should be read in conjunction with the annual unconsolidated financial statements for the year ended 30 June 2023. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Company’s financial position and performance since the last annual financial statements.

2.3.3 Comparative unconsolidated statement of financial position's numbers are extracted from the annual audited unconsolidated financial statements of the Company for the year ended 30 June 2023, whereas comparative unconsolidated statement of profit or loss, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim unconsolidated financial statements of the Company for the period ended 31 March 2023.

2.3.4 These condensed interim unconsolidated financial statements are unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited.

2.3.5 These condensed interim financial statements are presented in Pak Rupees which is also the Company's functional currency.

2.4 Judgements and estimates

In preparing these interim unconsolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the unconsolidated financial statements as at and for the year ended 30 June 2023.

2.5 Statement of consistency in accounting policies

2.5.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2023.

2.5.2 There were certain other new amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed.

3 Issued, subscribed and paid-up capital

	Un-audited 31 March 2024	Audited 30 June 2023	Un-audited 31 March 2024	Audited 30 June 2023
	(Number of shares)		(Rupees)	
<u>Authorised share capital</u>				
Ordinary shares of Rs. 10 each	150,000,000	50,000,000	1,500,000,000	500,000,000
<u>Issued, subscribed and paid-up share capital</u>				
Voting ordinary shares of Rs. 10 each fully paid up in cash	1,441,952	1,441,952	14,419,520	14,419,520
Voting ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha	119,600	119,600	1,196,000	1,196,000
Voting ordinary shares of Rs. 10 each issued as bonus shares	41,907,500	41,907,500	419,075,000	419,075,000
	43,469,052	43,469,052	434,690,520	434,690,520

KFW Factors (Private) Limited, an associated company holds 11,933,194 (30 June 2023: 11,933,194) ordinary shares of Rs. 10 each of the Company, representing 27.45% (30 June 2023: 27.45%) of the equity held.

4 Long term loans - secured

	Un-audited 31 March 2024	Audited 30 June 2023
	-----Rupees-----	
	<i>Note</i>	
Diminishing Musharaka	4.1	-
SBP finance scheme for renewable energy	4.2	91,983,374
	158,390,217	91,983,374
Current portion of long term loans	(47,342,901)	(23,000,000)
	111,047,316	68,983,374

4.1 This represents financing facility obtained under "Diminishing Musharaka" from First Habib Modaraba amounting to Rs. 91.19 million for the purpose of purchase of vehicles. This loan carries the markup rate of 3 month KIBOR plus 0.9%. The principal amount is payable in sixty equal monthly installments.

4.2 This represents term finance facility obtained under "SBP finance scheme for renewable energy" introduced by Government of Pakistan in order to finance the installation / commissioning of solar power system. This loan carries the fixed markup rate of 6% (SBP rate plus bank's spread). The principal amount is payable in twenty-seven equal quarterly installments.

5 Short term borrowings - secured

All terms and conditions applicable on short term borrowings availed are same as those disclosed in the annual audited financial statements of the Company for the year ended 30 June 2023.

6 Contingencies and commitments

There is no significant change in the status of the contingencies and commitments as reported in the annual audited / un-audited condensed financial statements of the Company for the year / period ended 30 June 2023 / 31 December 2023.

		Un-audited 31 March 2024	Audited 30 June 2023
		-----Rupees-----	
7	Property, plant and equipment		
	Operating fixed assets	3,228,141,177	3,233,525,181
	Capital work-in-progress	160,521,968	276,160,294
		<u>3,388,663,145</u>	<u>3,509,685,475</u>

7.1 Operating fixed assets

Cost

Opening balance at beginning of the period / year	4,452,061,683	4,031,066,603
Additions / transfers during the period / year	323,938,245	489,901,796
Disposals during the period / year	<u>(86,070,239)</u>	<u>(68,906,716)</u>
Closing balance at end of the period / year	4,689,929,689	4,452,061,683

Less: Accumulated depreciation

Opening balance at beginning of the period / year	1,218,536,502	894,007,859
Depreciation for the period / year	310,775,551	379,974,831
On disposals	<u>(67,523,541)</u>	<u>(55,446,188)</u>
Closing balance at end of the period / year	1,461,788,512	1,218,536,502

Operating fixed assets - net book value	<u>3,228,141,177</u>	<u>3,233,525,181</u>
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8 Long term investments - related parties

Related parties - at cost

Farmacia (Partnership firm):

Capital held: 98% (30 June 2023: 98%)	8.1	248,981,867	240,312,544
Managing Partner - Osman Khalid Waheed			

BF Biosciences Limited (unlisted subsidiary):

15,199,996 (30 June 2023: 15,199,996) fully paid ordinary shares of Rs. 10 each	8.2	151,999,960	151,999,960
Equity held: 80% (30 June 2023: 80%)			
Chief Executive Officer - Mrs. Akhter Khalid Waheed			

	<u>400,981,827</u>	<u>392,312,504</u>
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8.1 This represents the Company's 98% share in "Farmacia", a subsidiary partnership duly registered under the Partnership Act, 1932 and engaged in operating retail pharmacy.

8.2 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% (30 June 2023: 80%) of equity of the subsidiary and the remaining 20% is held by Group Empresarial Bagó S.A., Spain.

		Un-audited 31 March 2024	Audited 30 June 2023
		----- Rupees -----	

9 Short term investments

Note

Investments at fair value through profit or loss

Mutual fund	9.1	360,815,578	362,396,582
9.1	These investments are measured at 'fair value through Profit or Loss'		
Fair value at 01 July		362,396,582	695,089,997
Redemption during the period / year - net		(52,901,089)	(334,258,355)
Realized gain on sale of investments during the period / year		-	34,897
Unrealized gain on re-measurement of investment during the period / year		51,320,085	1,530,043
Fair value of investments at 31 March / 30 June	9.1.1	360,815,578	362,396,582

9.1.1 Mutual fund wise detail is as follows:

	Units		Fair value	
	Un-audited 31 March 2024	Audited 30 June 2023	Un-audited 31 March 2024	Audited 30 June 2023
Number.....	Rupees.....	
HBL Money Market Fund	2,805,531	3,286,601	334,634,752	339,186,410
MCB Cash Management Optimizer Fund	10,939	10,939	1,109,863	1,109,863
HBL Cash Fund	239,340	212,407	24,623,665	21,700,510
Pakistan Cash Management Fund	9,003	7,922	447,298	399,799
			360,815,578	362,396,582

9.2 The investments amounting to Rs. 333.33 million (30 June 2023: Rs. 333.33 million) are marked under lien against short term borrowing facilities availed by the Company. Further, the gain earned from these investments is under non shariah compliant arrangement.

10 Cash and bank balances

10.1 These include current account of Rs. 0.0024 million (30 June 2023: Rs. 0.0024 million) maintained under Shariah compliant arrangements.

10.2 These include deposit accounts of Rs. 0.89 million (30 June 2023: Rs. 12.12 million) under mark up arrangements, which carry interest rates ranging from 20.5% to 20.51% (30 June 2023: 12.25% to 19.51%) per annum.

These also include deposit account of Rs. 0.02 million (30 June 2023: Rs. 0.20 million) under Shariah compliant arrangements, which carries profit rate of 10.00% to 11.01% (30 June 2023: 6.50% to 10.00%) per annum.

11 Revenue - net

Gross sales:

Local
Export

Less:

Sales returns
Discounts
Sales tax

Revenue from contracts with customers

Note

(Un-audited) Nine months ended	
31 March 2024	31 March 2023
----- Rupees -----	

10,260,025,942	7,552,797,520
590,211,491	562,888,807
10,850,237,433	8,115,686,327
(43,872,703)	(111,100,990)
(1,168,874,131)	(657,564,598)
(78,337,633)	(52,802,251)
(1,291,084,467)	(821,467,839)
9,559,152,966	7,294,218,488

11.1 Revenue from contracts with customers relates to local (Pakistan) market and foreign market and represents sale of both own manufactured and purchased products.

		(Un-audited) Nine months ended	
		31 March 2024	31 March 2023
		----- Rupees -----	
12	Cost of sales		
		<i>Note</i>	
	Raw and packing materials consumed	<i>12.1</i>	3,175,816,411
	Other manufacturing expenses		1,747,227,063
			1,043,799,130
			4,219,615,541
	<i>Work in process:</i>		
	Opening		157,743,377
	Closing		155,665,588
			(229,958,325)
			(72,214,948)
	Cost of goods manufactured		4,147,400,593
			2,584,438,826
			2,551,314,824
	<i>Finished stock:</i>		
	Opening		1,184,462,133
	Purchases made during the period		1,431,320,397
	Closing		3,217,305,080
			1,569,803,079
			(2,623,813,689)
			(1,326,941,837)
			1,777,953,524
			1,674,181,639
			5,925,354,117
			4,225,496,463
12.1	Raw and packing materials consumed		
	Opening		1,400,272,609
	Purchases made during the period		876,498,555
			2,998,882,293
			4,399,154,902
			2,085,156,920
			2,961,655,475
	Closing		(1,223,338,491)
			(1,214,428,412)
			3,175,816,411
			1,747,227,063

Related party transactions

The Company in the normal course of business carries out transactions with various related parties which include subsidiaries, associated companies, entities over which directors are able to exercise influence, staff retirement fund, directors and key management personnel. Transactions with related parties during the period are as follows:

Name of parties	Relationship	Transactions	(Un-audited) Nine months ended	
			31 March 2024	31 March 2023
Farmacia	98% owned subsidiary partnership firm	Sale of medicines - <i>net of returns and discounts</i>	177,214,368	90,156,975
		Payment received against sale of medicine	177,214,368	90,156,975
		Rentals	4,660,560	4,378,104
		Share of profit reinvested	8,669,323	16,640,845
BF Biosciences Limited	80% owned subsidiary company	Sale of medicines	577,841,572	265,376,496
		Payment received against sale of medicine	577,841,572	265,376,496
		Purchase of medicines	834,290	18,272,099
		Payment made against purchase of medicine	834,290	18,272,099
		Corporate guarantee income	3,510,000	3,510,000
		Payment received against corporate guarantee income	3,510,000	3,510,000
		Expenses incurred by BFBL on behalf of the Company - net	49,089,165	48,069,969
		Receipts received by BFBL on behalf of the Company - net	398,774	-
		Payments made to BFBL - net	48,690,391	48,069,969
Key Management Personnel	Key management personnel	Remuneration including benefits and perquisites	43,867,443	39,118,092
		Advance given against salary	772,524	677,633
		Cash dividend paid	-	8,400
		Issuance of bonus shares as dividend	-	3,360
Employees Provident Fund	Post employment benefit fund	Contribution towards employees' provident fund	54,251,428	47,898,067
KFW Factors (Private) Limited	Common directorship	Cash dividend paid	-	49,721,645
		Issuance of bonus shares as dividend	-	19,888,658
Osman Khalid Waheed	Chief Executive Officer	Remuneration including benefits and perquisites	40,616,278	32,067,741
		Cash dividend paid	-	12,947,025
		Issuance of bonus shares as dividend	-	5,178,810
		Meeting Fee	40,000	30,000
Directors other than CEO	Non-Executive Directors	Cash dividend paid	-	4,670,330
		Issuance of bonus shares as dividend	-	1,868,132
		Meeting Fee	300,000	280,000
		Rental expense paid for building in use	4,589,952	4,128,762
Khan and Piracha	Common directorship	Payment made against services received	-	455,000
National Management Foundation (LUMS)	Common directorship	Donations	427,500	2,312,752
		Event sponsorship	5,000,000	-

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

	31 March 2024 (Un-audited)			31 March 2023 (Un-audited)				
	Unclaimed dividend	Accrued mark-up	Long term loans	Total	Unclaimed dividend	Accrued mark-up	Long term loan	Total
Balance as at 01 July	97,332,707	42,140,456	128,925,926	268,399,089	91,693,095	18,789,481	85,500,000	195,982,576
<u>Changes from financing cash flows</u>								
Dividend paid	(265,619)	-	-	(265,619)	(175,454,522)	-	-	(175,454,522)
Proceeds from long term loan	-	-	91,192,200	91,192,200	-	-	130,000,000	130,000,000
Repayment of long term loan	-	-	(32,386,954)	(32,386,954)	-	-	(85,500,000)	(85,500,000)
Finance cost paid	-	(228,206,308)	-	(228,206,308)	-	(67,850,685)	-	(67,850,685)
Total changes from financing cash flows	(265,619)	(228,206,308)	58,805,246	(169,666,681)	(175,454,522)	(67,850,685)	44,500,000	(198,805,207)
<u>Other changes</u>								
Dividend approved	-	-	-	-	181,121,050	-	-	181,121,050
Interest / markup expense	-	345,139,267	-	345,139,267	-	86,795,679	-	86,795,679
Total liability related other changes	-	345,139,267	-	345,139,267	181,121,050	86,795,679	-	267,916,729
Closing as at 31 March	97,067,088	159,073,415	187,731,172	443,871,675	97,359,623	37,734,475	130,000,000	265,094,098

15 Financial risk management and fair value of financial instruments

15.1 The Company's financial risk management objective and policies are consistent with that disclosed in the annual unconsolidated financial statements of the Company for the year ended 30 June 2023.

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

	Carrying Amount			Fair Value			
	Fair value through profit or loss	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- Rupees -----							
31 March 2024 (Un-audited)							
Financial assets measured at fair value:	360,815,578	-	-	360,815,578	360,815,578	-	-
Financial assets not measured at fair value							
Long term deposits	-	9,717,325	-	9,717,325	-	-	-
Trade debts	-	2,068,942,776	-	2,068,942,776	-	-	-
Loans and advances	-	24,242,987	-	24,242,987	-	-	-
Deposits	-	231,276,771	-	231,276,771	-	-	-
Other receivables	-	59,355,467	-	59,355,467	-	-	-
Cash and bank balances	-	230,050,923	-	230,050,923	-	-	-
	-	2,623,586,249	-	2,623,586,249	-	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
Trade and other payables	-	-	1,626,529,287	1,626,529,287	-	-	-
Unclaimed dividend	-	-	97,067,088	97,067,088	-	-	-
Long term loans - secured	-	-	158,390,217	158,390,217	-	-	-
Short term borrowings - secured	-	-	2,832,950,455	2,832,950,455	-	-	-
Accrued mark-up	-	-	159,073,415	159,073,415	-	-	-
	-	-	4,874,010,462	4,874,010,462	-	-	-

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

16 Subsequent event

There are no subsequent events that require adjustments to the financial statements.

17 Date of authorization for issue

These un-audited condensed interim unconsolidated financial statements were authorized for issue by the Board of Directors of the Company on 25 April 2024.

Chief Executive Officer

Chief Financial Officer

Director



CONSOLIDATED FINANCIAL STATEMENTS

Ferozsons Laboratories Limited
Condensed Interim Consolidated Statement of Financial Position
As at 31 March 2024

EQUITY AND LIABILITIES

Share capital and reserves

Authorized share capital
150,000,000 (30 June 2023: 50,000,000) ordinary
shares of Rs. 10 each

Issued, subscribed and paid up capital
Capital reserve
Revaluation surplus on property, plant and equipment
Accumulated profits
Equity attributable to owners of the Company

Non-controlling interests

Non current liabilities

Long term loans- *secured*
Deferred grant
Deferred taxation

Current liabilities

Trade and other payables
Current portion of long term liabilities
Contract liabilities
Short term borrowings - *secured*
Unclaimed dividend
Accrued mark-up

Contingencies and commitments

	Un-audited 31 March 2024	Audited 30 June 2023
	1,500,000,000	500,000,000
	434,690,520	434,690,520
	321,843	321,843
	1,144,806,446	1,193,114,683
	6,838,108,662	6,289,984,422
	8,417,927,471	7,918,111,468
	504,105,452	445,453,599
	8,922,032,923	8,363,565,067
	1,542,690,278	1,841,432,244
	515,436,107	531,879,342
	294,595,114	375,359,287
	2,352,721,499	2,748,670,873
	2,520,095,474	3,415,513,951
	687,083,046	518,586,797
	210,566,117	113,246,014
	3,064,024,147	1,260,543,747
	97,067,088	97,352,707
	190,147,250	85,967,950
	6,768,983,122	5,491,191,166
	18,043,737,544	16,603,427,106

Note

Rupees

ASSETS

Non-current assets

Property, plant and equipment
Intangible assets
Investment property
Long term deposits

Current assets

Stores, spare parts and loose tools
Stock in trade
Trade debts
Loans and advances - *considered good*
Deposits and prepayments
Other receivables - *considered good*
Advance income tax - *net*
Short term investments
Cash and bank balances

	Un-audited 31 March 2024	Audited 30 June 2023
	7,890,540,999	7,975,253,846
	46,283,759	1,552,673
	79,371,992	79,371,992
	17,544,325	14,544,325
	8,033,741,075	8,070,722,836
	184,460,990	138,574,590
	5,055,902,238	5,057,360,063
	2,335,675,764	1,122,799,641
	312,943,306	107,787,434
	373,090,259	179,288,362
	275,048,791	259,895,721
	413,429,815	552,983,901
	476,626,091	544,965,655
	582,819,215	569,048,903
	10,009,996,469	8,532,704,270
	18,043,737,544	16,603,427,106

Note

Rupees

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited

Condensed Interim Consolidated Statement of Profit or Loss (Un-audited)

For the nine months and quarter ended 31 March 2024

	Note	Nine months ended		Quarter ended	
		31 March	31 March	31 March	31 March
		2024	2023	2024	2023
		Rupees		Rupees	
Revenue - net	10	12,042,857,629	8,364,397,360	3,744,040,006	3,124,562,302
Cost of sales	11	(7,176,952,583)	(5,009,084,925)	(2,072,410,893)	(1,882,622,972)
Gross profit		4,865,905,046	3,355,312,435	1,671,629,113	1,241,939,330
Administrative expenses		(629,952,058)	(516,017,920)	(245,201,131)	(169,680,531)
Selling and distribution expenses		(2,911,232,106)	(1,909,573,523)	(994,165,517)	(602,974,868)
Other expenses		(182,216,664)	(513,181,765)	(7,747,231)	(348,284,971)
Other income		182,047,772	191,470,932	39,347,241	54,139,561
Profit from operations		1,324,551,990	608,010,159	463,862,475	175,138,521
Finance cost		(451,787,271)	(168,833,739)	(195,755,541)	(75,215,825)
Profit before taxation		872,764,719	439,176,420	268,106,934	99,922,696
Taxation		(314,296,863)	(147,608,315)	(102,738,179)	(59,974,602)
Profit after taxation		558,467,856	291,568,105	165,368,755	39,948,094
<i>Attributable to:</i>					
Owners of the Group		499,816,003	277,218,081	134,826,782	36,307,529
Non-controlling interests		58,651,853	14,350,024	30,541,973	3,640,565
Profit after taxation		558,467,856	291,568,105	165,368,755	39,948,094
Earnings per share - basic and diluted		11.50	6.38	3.10	0.84

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited
 Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)
 For the nine months and quarter ended 31 March 2024

	Nine months ended		Quarter ended	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	Rupees		Rupees	
Profit after taxation	558,467,856	291,568,105	165,368,755	39,948,094
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	558,467,856	291,568,105	165,368,755	39,948,094
<i>Attributable to:</i>				
Owners of the Group	499,816,003	277,218,081	134,826,782	36,307,529
Non-controlling interests	58,651,853	14,350,024	30,541,973	3,640,565
	558,467,856	291,568,105	165,368,755	39,948,094

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.

 Chief Executive Officer

 Chief Financial Officer

 Director

Ferozsons Laboratories Limited
Condensed Interim Consolidated Statement of Cash Flows (Un-audited)

For the nine months ended 31 March 2024

	Nine months ended	
	31 March 2024	31 March 2023
	Rupees	
<u>Cash flow from operating activities</u>		
Profit before taxation	872,764,719	439,176,420
<i>Adjustments for non - cash and other items</i>		
Depreciation on property, plant and equipment	379,197,324	347,826,925
Amortization of intangible assets	15,769,914	792,311
Trade debts directly written off	-	4,978,576
Provision of loss allowance against trade debts	96,268,345	3,196,931
Gain on disposal of property, plant and equipment	(42,159,345)	(23,177,226)
Finance costs	451,787,271	167,617,316
Gain on re-measurement of short term investments to fair value	(57,740,627)	(40,509,803)
Gain on sale of short term investments	(317,790)	(5,895,494)
Dividend income	(16,509,042)	(110,228,997)
Profit on deposits with bank	(10,416,321)	(4,573,978)
Workers' Profit Participation Fund	54,310,394	27,470,362
Central Research Fund	10,971,797	5,303,826
Workers' Welfare Fund	20,637,950	10,076,000
	901,799,870	382,876,749
Cash generated from operations before working capital changes	1,774,564,589	822,053,169
Effect on cash flow due to working capital changes		
<i>(Increase) / decrease in current assets</i>		
Stores, spare parts and loose tools	(45,886,400)	(13,132,673)
Stock in trade	1,457,825	(682,720,392)
Trade debts	(1,309,144,468)	(413,705,889)
Loans and advances - considered good	(205,155,872)	(125,327,993)
Deposits and prepayments	(193,801,897)	(80,487,907)
Other receivables	(15,153,070)	135,216,669
	(1,767,683,882)	(1,180,158,185)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	(962,471,126)	476,146,615
Contract liabilities	97,320,103	38,987,054
	(858,270,316)	157,028,653
Cash (used in) / generated from operations	(858,270,316)	157,028,653
Taxes paid	(255,506,426)	(316,973,098)
Workers' Profit Participation Fund paid	(13,680,252)	(22,524,781)
Central Research Fund paid	(5,187,240)	(13,869,820)
Net cash used in operating activities	(1,132,644,234)	(196,339,046)
<u>Cash flow from investing activities</u>		
Acquisition of property, plant and equipment	(315,306,065)	(2,212,187,410)
Acquisition of intangibles	(60,501,167)	(1,660,334)
Dividend income received	16,509,042	110,228,997
Proceeds from sale of property, plant and equipment	62,980,576	34,710,192
Long term deposit - net	(3,000,000)	-
Profit on term deposits received	10,416,321	4,573,978
Short term investments - net	126,397,981	920,628,832
Net cash used in investing activities	(162,503,312)	(1,143,705,745)
<u>Cash flow from financing activities</u>		
Long term loan received	91,192,200	902,863,000
Long term loan paid	(237,881,152)	(94,250,000)
Finance cost paid	(347,607,971)	(119,899,797)
Dividend paid	(265,619)	(175,454,522)
	(494,562,542)	513,258,681
Net cash (used in) / generated from financing activities	(494,562,542)	513,258,681
Net decrease in cash and cash equivalents	(1,789,710,088)	(826,786,110)
Cash and cash equivalents at the beginning of the period	(691,494,844)	(76,693,469)
Cash and cash equivalents at the end of the period	(2,481,204,932)	(903,479,579)
Cash and cash equivalents comprise of the following:		
Cash and bank balances	582,819,215	451,553,772
Running finance	(3,064,024,147)	(1,355,033,351)
	(2,481,204,932)	(903,479,579)

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited

Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)

For the nine months ended 31 March 2024

1 The Group and its operation

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

"The Group" consists of the following subsidiaries:

Company / Entity	County of incorporation	Nature of business	Effective holding %	
			31 March 2024	30 June 2023
BF Biosciences Limited	Pakistan	Import, manufacturing and sale of pharmaceutical products	80	80
Farmacia	Pakistan	Sale and distribution of medicines and other related products	98	98

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

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

2 Basis of consolidation

These consolidated financial information includes the financial statements of Ferozsons Laboratories Limited and its subsidiaries – BF Biosciences Limited and Farmacia ("hereinafter referred as the Group").

Subsidiaries are those entities, including an unincorporated entities such as a partnership that are controlled by another entity (known as the parent). The financial statements of the subsidiaries are included in the consolidated financial information from the date, the control commences, until the date when that control ceases. The financial statements of the subsidiaries have been consolidated on line by line basis. Details of the subsidiaries are given in Note 1.

All material inter-organization balances, transactions and resulting unrealized profits / losses have been eliminated.

3 Basis of preparation

3.1 Statement of compliance

These condensed interim 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; 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.

3.2 Basis of accounting

3.2.1 This condensed interim consolidated financial information comprises the condensed interim consolidated statement of financial position of the Holding Company, as at 31 March 2024 and the related condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows together with the notes forming part thereof.

3.2.2 This condensed interim consolidated financial information do not include all of the information required for annual financial statements, and should be read in conjunction with the consolidated financial statements of the Holding Company as at and for the year ended 30 June 2023.

3.2.3 Comparative consolidated statement of financial position's numbers are extracted from the annual audited consolidated financial statements of the Holding Company for the year ended 30 June 2023, whereas comparative consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows are stated from unaudited condensed interim consolidated financial statements of the Holding Company for the nine months period ended 31 March 2023.

3.2.4 This condensed interim consolidated financial information is unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited.

3.3 Judgements and estimates

In preparing this interim consolidated financial information, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2023.

3.4 Statement of consistency in accounting policies

3.4.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are same as those applied in the preparation of the annual audited consolidated financial statements for the year ended 30 June 2023.

There were certain other new standards and amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Group's operations and are, therefore, not disclosed.

4 Long term loan - secured

There is no change in the sanctioned limits as already disclosed in the annual consolidated financial statements for the year ended 30 June 2023 except for the new loan which has been obtained by the Holding Company during the period as mentioned below:

4.1 The Holding Company obtained financing facility under "Diminishing Musharaka" from First Habib Modaraba amounting to Rs. 91.19 million for the purpose of purchase of vehicles. This loan carries the markup rate of 3 month KIBOR plus 0.9%. The principal amount is payable in sixty equal monthly installments.

5 Short term borrowings - secured

There were no material changes in any of the facilities during the period. All terms and conditions applicable on short term borrowings available are same as those disclosed in the annual consolidated financial statements for the year ended 30 June 2023.

6 Contingencies and commitments

There is no significant change in the status of the contingencies and commitments as reported in the annual audited consolidated financial statements for the year ended 30 June 2023.

		Un-audited 31 March 2024	Audited 30 June 2023
	<i>Note</i>	-----Rupees-----	
7 Property, plant and equipment			
Operating fixed assets	<i>7.1</i>	3,746,950,342	3,814,757,548
Capital work-in-progress		4,143,590,657	4,160,496,298
		<u>7,890,540,999</u>	<u>7,975,253,846</u>
7.1 Operating fixed assets			
<u>Cost</u>			
Opening balance at beginning of the period / year		5,329,009,563	4,876,929,622
Additions / transfers during the period / year		332,211,706	523,765,497
Disposals during the period / year		(93,401,834)	(71,685,556)
Closing balance at end of the period / year		5,567,819,435	5,329,009,563
<u>Less: Accumulated depreciation</u>			
Opening balance at beginning of the period / year		1,514,252,015	1,100,630,411
Depreciation for the period / year		379,197,681	471,846,625
On disposals		(72,580,603)	(58,225,021)
Closing balance at end of the period / year		1,820,869,093	1,514,252,015
Operating fixed assets - net book value		<u>3,746,950,342</u>	<u>3,814,757,548</u>

		Un-audited 31 March 2024	Audited 30 June 2023
	Note	----- Rupees -----	
8 Short term investments			
<u>Investments at fair value through profit or loss</u>			
Mutual fund	8.1	<u>476,626,091</u>	<u>544,965,655</u>
8.1 These investments are measured at 'fair value through Profit or Loss'			
Fair value at 01 July		544,965,655	2,036,352,584
Redemption during the period / year - net		(126,369,803)	(1,504,375,774)
Realized gain on sale of investments during the period / year		317,790	7,983,560
Unrealized gain on re-measurement of investment during the period / year		<u>57,712,449</u>	<u>5,005,285</u>
Fair value at 31 March / 30 June	8.1.1	<u>476,626,091</u>	<u>544,965,655</u>
		<u>Units</u>	<u>Fair value</u>
		Un-audited Audited	Un-audited Audited
		31 March 30 June	31 March 30 June
		2024 2023	2024 2023
	Number.....Rupees.....
8.1.1 Mutual fund wise detail is as follows:			
HBL Money Market Fund		2,807,808	3,288,878
HBL Cash Fund		483,236	428,856
ABL Cash Fund		1,174,067	12,224,156
Pakistan Cash Management Fund		9,003	7,922
Alfalah Investment Money Market Fund		788,600	355,974
MCB Cash Management Optimizer Fund		10,939	10,939
		<u>476,626,091</u>	<u>544,965,655</u>

9 Cash and bank balances

9.1 These include current account of Rs. 0.0024 million (30 June 2023: Rs. 0.0024 million) maintained under Shariah compliant arrangements.

9.2 These include deposit accounts of Rs. 53.52 million (30 June 2023: Rs. 53.36 million) under mark up arrangements, which carry interest rates ranging from 20.5% to 20.51% (30 June 2023: 12.25% - 19.51%) per annum.

These also include deposit account of Rs. 0.22 million (30 June 2023: Rs. 0.203 million) under Shariah compliant arrangements, which carries profit rate ranging from 10.00% to 11.01% (30 June 2023: 6.50% - 10.00%) per annum.

		(Un-audited) Nine months ended	
		31 March	31 March
		2024	2023
		----- Rupees -----	
10	Revenue - net		
	<i>Gross sales:</i>		
	Local	13,048,938,432	8,773,396,163
	Export	629,063,545	616,738,434
		<u>13,678,001,977</u>	<u>9,390,134,597</u>
	<i>Less:</i>		
	Sales returns	(75,225,249)	(146,670,910)
	Discounts	(1,473,974,002)	(817,333,636)
	Sales tax	(85,945,097)	(61,732,691)
		<u>(1,635,144,348)</u>	<u>(1,025,737,237)</u>
	Revenue from contracts with customers	<u><u>12,042,857,629</u></u>	<u><u>8,364,397,360</u></u>

Note

10.1

10.1 Revenue from contracts with customers relates to local (Pakistan) market and foreign market and represents sale of both own manufactured and purchased products.

		(Un-audited) Nine months ended	
		31 March	31 March
		2024	2023
		----- Rupees -----	
11	Cost of sales		
	Raw and packing materials consumed	3,703,688,688	2,135,819,527
	Other manufacturing expenses	1,601,927,450	1,203,096,296
		<u>5,305,616,138</u>	<u>3,338,915,823</u>
	<i>Work in process:</i>		
	Opening	249,627,985	187,423,025
	Closing	(324,930,388)	(395,715,802)
		<u>(75,302,403)</u>	<u>(208,292,777)</u>
	Cost of goods manufactured	<u>5,230,313,735</u>	<u>3,130,623,046</u>
	<i>Finished stock:</i>		
	Opening	1,325,994,498	1,540,438,988
	Purchases made during the period	3,411,389,876	1,732,153,869
	Closing	(2,790,745,526)	(1,394,130,978)
		<u>1,946,638,848</u>	<u>1,878,461,879</u>
		<u><u>7,176,952,583</u></u>	<u><u>5,009,084,925</u></u>
11.1	Raw and packing materials consumed		
	Opening	1,832,285,298	1,006,691,172
	Purchases made during the period	3,550,988,370	2,788,395,011
		<u>5,383,273,668</u>	<u>3,795,086,183</u>
	Closing	(1,679,584,980)	(1,659,266,656)
		<u><u>3,703,688,688</u></u>	<u><u>2,135,819,527</u></u>

Note

12

Related party transactions

The Group's related parties include associated companies, entities over which directors are able to exercise influence, staff retirement fund, directors and key management personnel. Transactions with related parties are as follows:

Name of parties	Relationship	Transactions	(Un-audited) Nine months ended	
			31 March 2024	31 March 2023
Bago Laboratories Pte. Limited	Associated Company	Purchase of medicine	59,900,688	36,721,029
		Payment made against purchase of medicine	94,182,434	72,698,278
Employees Provident Fund	Post employment benefit fund	Contribution towards employees' provident fund	72,889,397	54,697,438
Key Management Personnel	Key management personnel	Remuneration including benefits and perquisites	43,867,443	39,118,092
		Advance given against salary	772,524	677,633
		Cash dividend	-	8,400
		Issuance of bonus shares as dividend	-	3,360
KFW Factors (Private) Limited	Common directorship	Cash dividend	-	49,721,645
		Issuance of bonus shares as dividend	-	19,888,658
		Share of profit of Farmacia reinvested	173,387	339,609
Osman Khalid Waheed	Chief Executive Officer-Holding Company	Remuneration including benefits and perquisites	40,616,278	32,067,741
		Cash Dividend	-	12,947,025
		Issuance of bonus shares as dividend	-	5,178,810
		Meeting fee	40,000	30,000
Akhtar Khalid Waheed	Chief Executive Officer-Subsidiary Company	Remuneration including benefits and perquisites	-	3,871,396
		Cash Dividend	-	30,000
		Issuance of bonus shares as dividend	-	12,000
		Meeting fee	-	40,000
Directors other than CEOs	Non-Executive Directors	Cash Dividend	-	4,640,330
		Issuance of bonus shares as dividend	-	1,856,132
		Meeting fee	300,000	240,000
		Rental expense paid for building in use	4,589,952	4,128,762
Khan and Piracha	Common directorship	Payment made against services received	-	455,000
National Management Foundation / (LUMS)	Common directorship	Donations	427,500	2,312,752
		Event Sponsorship	5,000,000	-

-----Rs.-----

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

	31 March 2024 (Un-audited)		31 March 2023 (Un-audited)					
	Unclaimed dividend	Accrued mark-up	Long term loan	Total	Unclaimed dividend	Accrued mark-up	Long term loan	Total
	----- Rupees -----				----- Rupees -----			
As at 01 July	97,332,707	85,967,950	2,891,898,383	3,075,199,040	91,693,095	32,613,579	2,087,956,900	2,212,263,574
<u>Changes from financing cash flows</u>								
Dividend paid	(265,619)	-	-	(265,619)	(175,454,522)	-	-	(175,454,522)
Repayment of long term loan	-	-	(237,881,152)	(237,881,152)	-	-	(94,250,000)	(94,250,000)
Proceeds from long term loan	-	-	91,192,200	91,192,200	-	-	902,863,000	902,863,000
Finance cost paid	-	(347,607,971)	-	(347,607,971)	-	(119,899,797)	-	(119,899,797)
Total changes from financing cash flows	(265,619)	(347,607,971)	(146,688,952)	(494,562,542)	(175,454,522)	(119,899,797)	808,613,000	513,258,681
<u>Other changes</u>								
Dividend approved	-	-	-	-	181,121,050	-	-	181,121,050
Interest / markup expense	-	451,787,271	-	451,787,271	-	167,617,316	-	167,617,316
Total liability related other changes	-	451,787,271	-	451,787,271	181,121,050	167,617,316	-	348,738,366
As at 31 March	97,067,088	190,147,250	2,745,209,431	3,032,423,769	97,359,623	80,331,098	2,896,569,900	3,074,260,621

14 **Financial risk management and financial instruments - fair value**

14.1 The Group's financial risk management objective and policies are consistent with that disclosed in the annual consolidated financial statements of the Holding Company for the year ended 30 June 2023. The exposure to credit risk relates to trade and other receivables which are majorly due from Government institutions and the Group does not expect these institutions to fail to meet their obligations.

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

	Carrying Amount		Fair Value				
	Fair Value through statement of profit or loss	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- Rupees -----							
31 March 2024 (Un-audited)							
Financial assets measured at fair value:							
Short term investments	476,626,091	-	-	476,626,091	476,626,091	-	-
Financial assets not measured at fair value:							
Long term deposits	-	17,544,325	-	17,544,325	-	-	-
Trade debts - considered good	-	2,335,675,764	-	2,335,675,764	-	-	-
Loans and advances - considered good	-	28,249,170	-	28,249,170	-	-	-
Short term deposits	-	335,564,260	-	335,564,260	-	-	-
Other receivables	-	59,355,467	-	59,355,467	-	-	-
Cash and bank balances	-	582,819,215	-	582,819,215	-	-	-
	-	3,359,208,201	-	3,359,208,201	-	-	-
Financial liabilities measured at fair value:							
	-	-	-	-	-	-	-
Financial liabilities not measured at fair value:							
Trade and other payables	-	-	2,271,968,812	2,271,968,812	-	-	-
Unclaimed dividend	-	-	97,067,088	97,067,088	-	-	-
Short term borrowings - secured	-	-	3,064,024,147	3,064,024,147	-	-	-
Accrued mark-up	-	-	190,147,250	190,147,250	-	-	-
	-	-	5,623,207,297	5,623,207,297	-	-	-

	Carrying Amount		Fair Value				
	Fair Value through statement of profit or loss	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- Rupees -----							
30 June 2023 (Audited)							
Financial assets measured at fair value:							
Short term investments	544,965,655	-	-	544,965,655	544,965,655	-	-
Financial assets not measured at fair value:							
Long term deposits	-	14,544,325	-	14,544,325	-	-	-
Trade debts - considered good	-	1,122,799,641	-	1,122,799,641	-	-	-
Loans and advances - considered good	-	1,879,505	-	1,879,505	-	-	-
Short term deposits	-	172,233,497	-	172,233,497	-	-	-
Other receivables	-	13,826,258	-	13,826,258	-	-	-
Cash and bank balances	-	569,048,903	-	569,048,903	-	-	-
	-	1,894,332,129	-	1,894,332,129	-	-	-
Financial liabilities measured at fair value:							
	-	-	-	-	-	-	-
Financial liabilities not measured at fair value:							
Trade and other payables	-	-	3,255,847,255	3,255,847,255	-	-	-
Unclaimed dividend	-	-	97,332,707	97,332,707	-	-	-
Short term borrowings - secured	-	-	1,260,543,747	1,260,543,747	-	-	-
Accrued mark-up	-	-	85,967,950	85,967,950	-	-	-
	-	-	4,699,691,659	4,699,691,659	-	-	-

15 Subsequent event

There are no subsequent events that require adjustments to the financial statements.

16 Date of authorization for issue

The Board of Directors of the Holding Company in its meeting held on 25 April 2024 has authorized to issue these condensed interim consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director



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