

A close-up photograph of two hands, one slightly larger than the other, gently holding a vibrant green ribbon. The ribbon is looped and extends across the frame from the hands towards the right edge. The background is plain white.

SEARLE

Research in the service of mankind

MENTAL WELLNESS

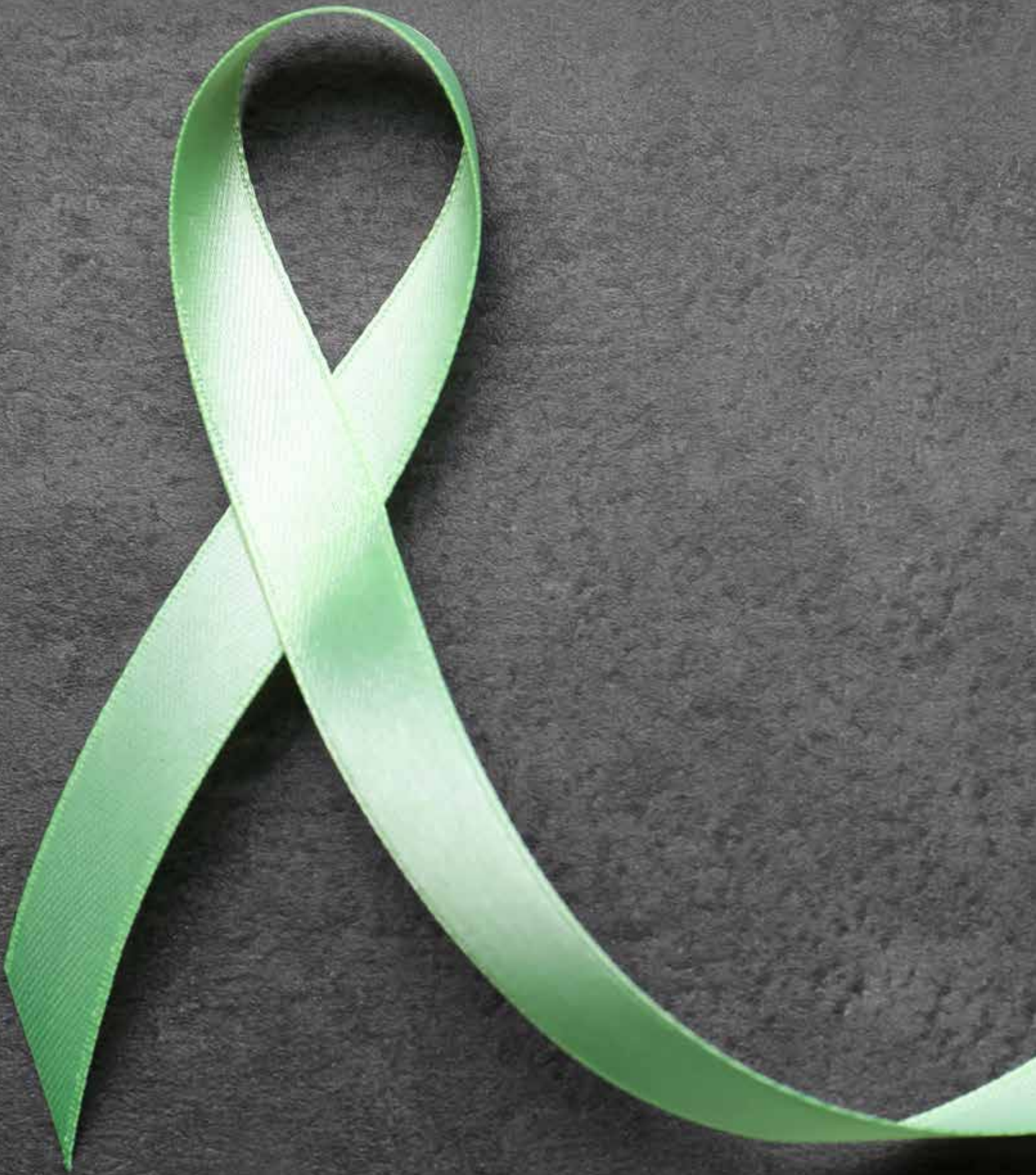
Empowering minds,
Inspiring souls

ANNUAL REPORT **2023**

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Our Vision

To lead in improving the quality of human life

Our Mission

Provide its customers with the best possible products and services in the healthcare and consumer industry.

Ever evolving in-step with the changing market place to maintain its leadership role.

Being responsible corporate citizen contributing to society and protecting the environment.

Promotes team spirit amongst its employees whilst maintaining their individuality, in a culture where people are encouraged to think and strive to achieve their true potential.

Work today for a better and secure tomorrow for all its stake holders through innovation, new product development and sound business practices which would grow and live beyond each one of us.

VALUES



Passion

- Source of energy in the workplace
- Demonstrates entrepreneurial drive
- Shows grit



Integrity

- Creates transparency
- Acts fairly & honestly



Partnership

- Collaborates selflessly
- Behaves respectfully
- Seeks to create value for IBL Group, its partners and society



Excellence

- Takes ownership of current role and beyond
- Delivers quality work
- Strives for continuous improvement



Company Information

Board of Directors

Mr. Adnan Asdar Ali	Chairman
Mr. Munis Abdullah	
Mr. S. Nadeem Ahmed	Chief Executive Officer
Mr. Zubair Razzak Palwala	
Mr. Mufti Zia Ul Islam	
Dr. Atta Ur Rahman	
Mrs. Shaista Khaliq Rehman	

Committees of the Board

Audit Committee

Mrs. Shaista Khaliq Rehman	Chairperson
Mr. Adnan Asdar Ali	Member
Dr. Atta Ur Rahman	Member

Human Resource &

Remuneration Committee

Mrs. Shaista Khaliq Rehman	Chairperson
Mr. Adnan Asdar Ali	Member
Dr. Atta Ur Rahman	Member

Chief Financial Officer

Mr. Mobeen Alam

Company Secretary

Mr. Zubair Razzak Palwala

Auditors

A. F. Ferguson & Co.

Legal Advisors

Mohsin Tayebaly & Co.

Bankers

Albaraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Bank of Punjab
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited



Registered Office

One IBL Centre, 2nd Floor, Plot # 1
Block 7 & 8, D.M.C.H.S, Tipu Sultan Road
Off Shakra-e-Faisal, Karachi
Tel:+92 21 37170200 - 01

Share Registrar

CDC Share Registrar Services Limited
Head Office, CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shakrah-e-Faisal
Karachi - 74400



Mental Health – Breaking the Stigma

In recent years, there has been an increasing acknowledgement of the important role good health and mental wellness plays in our communities as depression and suicide have become the leading causes of disability and death especially among young adults and middle-aged females.

Despite progress in mental health awareness and related campaigns, people with mental health conditions often experience severe human rights violations, discrimination, and stigma causing them to suffer in silence instead of seeking treatment for their conditions.

What is mental health

A state of mental well-being that enables people to cope with the stresses of life, to realise their abilities, to learn well and work well, and to contribute to their communities. It is more than just the absence of a mental disorder rather an integral component of good health and well-being.



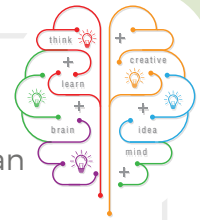
Mental health has intrinsic & instrumental value which help us connect, function, cope & thrive

CONNECT

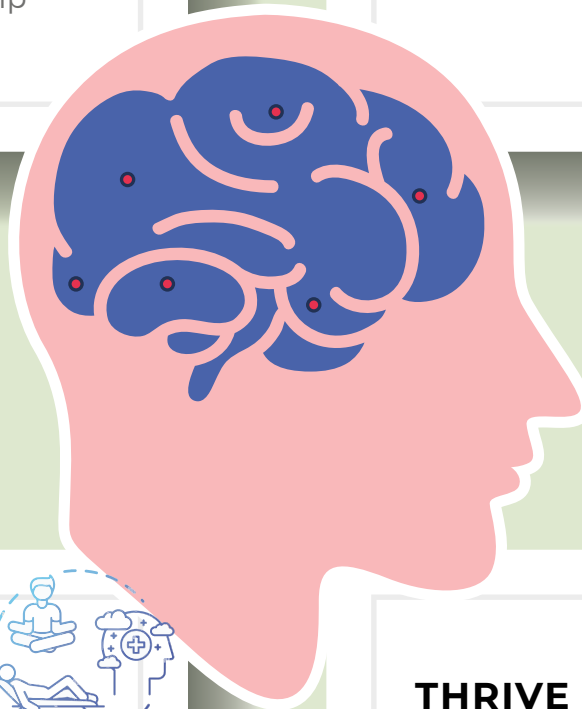


- Contribute towards communities
- Maintain healthy relationships
- Have a sense of belonging
- Ability to empathise
- Willingness to help others

FUNCTION



- Work towards an education
- Make healthy & conscious life choices
- Apply cognitive skills
- Learn & apply new skills
- Being productive



COPE



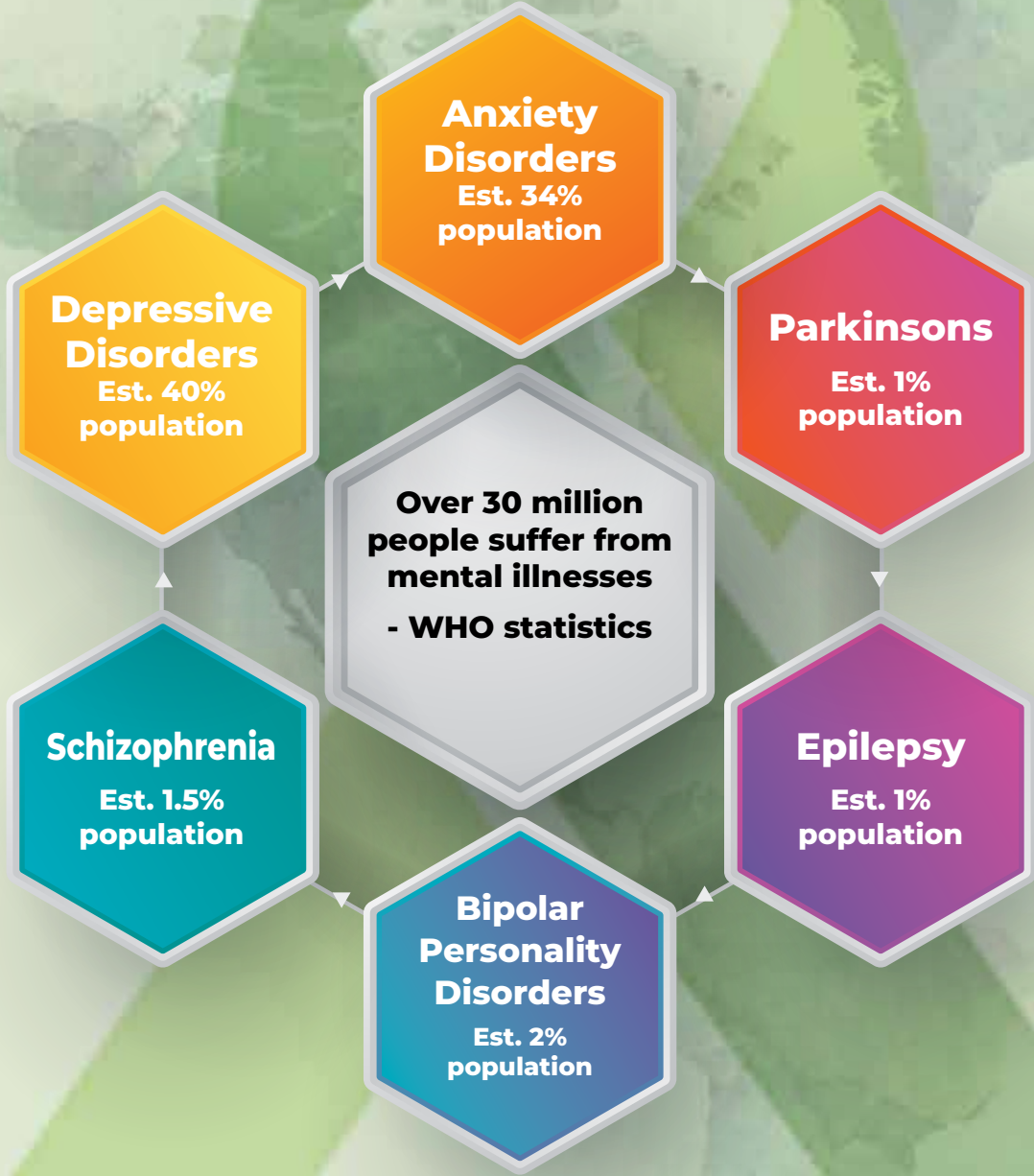
- Stress management
- Flexibility & adaptability
- Open to new ideas
- Ability to make complex choices
- Be able to regulate emotions
- Feel good

THRIVE



- Gain purpose in life
- Realise & develop our own talents and abilities
- Embrace our own passion & interests
- Focus on learning, progressing and advancing

Making Mental Health a Priority in Pakistan



Many mental health conditions can be effectively treated at relatively low cost, yet the gap between people needing care and those with access to care remains substantial.

As Searle is committed to improving the quality of life, we understand how vital it is to address mental health issues for which we have a wide range of high-quality low-cost products that don't just focus on the basic end of the spectrum.

Parkinson's Disease



Major depressive disorders / Anti-depressants



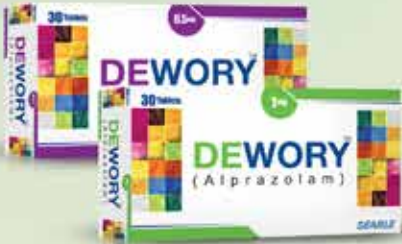
Bipolar disorders



Epilepsy



Treatment of social Anxiety disorders, Panic disorders, Obsessive-compulsive disorders



Acute and Chronic Schizophrenia



Employee Wellness Activities – We Care

Employees are the heart and soul of any organisation so when their health is compromised, the entire organization's health is compromised. We at Searle constantly strive to ensure that the workplace environment is inclusive, supportive, and healthy for all employees.



Ongoing initiatives to ensure mental wellness of our employees includes constructive engagement activities, training sessions for stress and anxiety management, depression awareness campaigns for employees, celebrating employee appreciation day and cricket tournaments.

CLAIM Sessions – Tension Nahi Lene Ka!

Sessions on stress management are regularly conducted by our in-house trainers which emphasize the following aspects:

- What is causing anxiety, depression, and/or stress
- Impact of it on our lives
- Healthy ways to relieve anxiety & cope with depression and stress
- Meditation



LEGO Fridays

Participants from different departments engage in a constructive environment with tools to express themselves to ensure:

- Values are reiterated through play mechanism
- Brings in energized focus
- Teamwork
- Thrives creative problem-solving



Employee Appreciation Day

To celebrate our employees, motivate them and resonate feelings of inclusivity our theme for Employee Appreciation Day revolved around “Sharing a Comment with your Co-worker”.





Women’s Mental Health Program

Searle in collaboration with Habitt organised a session on “Women’s Mental Health” for addressing depression in women conducted by Professor Dr. Unaiza Niaz, who is an internationally recognised Psychiatrist.

The thought-provoking conversation, filled with real-life scenarios was well taken by the employees. The females had a fresh spurt of positivity after the engaging session

Epilepsy Awareness Day Celebration 2023

SEARLE



International
Epilepsy Day

2023

The Searle Company Limited celebrated **International Epilepsy Day** across **Pakistan** to raise awareness about epilepsy and its impact on individuals, families and communities

#ENDSTIGMA





International Epilepsy Day

#ENDSTIGMA

DID YOU KNOW?

Stigma and discrimination against people with epilepsy are widespread and substantially impair quality of life, social wellbeing and healthcare seeking.



International Epilepsy Day

#ENDSTIGMA

DID YOU KNOW?

50% of adults with epilepsy experience social stigma as a result of their epilepsy.*

* Fowler UK, Jorczak A, Buck G, Jorgensen M, Morlock B. Quality of life of people with epilepsy in European. *Epilepsia*. 2007;48(1):113-121.



International Epilepsy Day

#ENDSTIGMA

DID YOU KNOW?

Epilepsy is one of the most common neurological diseases worldwide, affecting around 50 million people of all ages



International Epilepsy Day

#ENDSTIGMA

Epilepsy is considered to be resolved for individuals who had an age-dependent epilepsy syndrome but are now past the applicable age or those who have remained seizure-free for the last 10 years, with no seizure medicines for the last 5 years.



International Epilepsy Day

#ENDSTIGMA

DID YOU KNOW?

While seizures may limit certain activities, many people with epilepsy can lead active, fulfilling lives. People with epilepsy can work, go to school, drive, and enjoy a variety of hobbies with the right treatment and support.



International Epilepsy Day

#ENDSTIGMA

DID YOU KNOW?

Epilepsy is a treatable condition. Up to 70% of people with epilepsy could become seizure free with appropriate diagnosis and use of cost-effective, and commonly available, antiseizure medicines. (#IGAP)



RESEARCH & UPDATE IN NEUROLOGY

RUN is a forum which is organized by Searle across Pakistan, where all neurologist gathered zone wise, In this platform neurological cases has been discussed under the supervision of Head of Departments.





MORCET
(ESCITALOPRAM)

DON'T HIDE YOUR
DEPRESSION
BEHIND A
Smile

Depression is a common illness worldwide and most of the patients have a variety of different types of depression. But a lot of individuals prefer to hide their depression behind a smile due to several reasons like, Fear of Burdening Others, Embarrassment, Denial and Concern About Appearing Weak. And the most effected people for the depressive person is him or herself.

Product Portfolio

Pharmaceutical range includes therapeutic areas such as Cardiovascular, Respiratory Care, Gastroenterology, Pain Management, CNS, Orthocare, Neuropsychiatry, Probiotics, Antibiotics and Nutritional Care.



Nuberol
For Fever & Pain



Nuberol Forte
Let's Educate Pakistan



Hydryllin
Silver & Gold
Never gets Rusted
Never gets Old



Extor
I need you



Tramal
The Original Tramadol
Excellence in Pain Management



Pedital
Quality Decision for your
Loved ones



Metrozine
30 Years of Experience



Sustac
Working together for
Risk prevention



Ezium
Make Life Eazy with Ezium



Gravinate
A Trusted Companion to cure Nausea & Vomiting



Spiromide
More than just a diuretic



Dextop
Fight Heartburn associated with GERD



Metodine
For Mild to moderate intestinal infections, the Drug of choice



Rotec
For A Week or Longer therapy



Metodine DF
A Chocolatey way to restore GI rhythm



Selanz
Not a Metabolism Dependent Inhibitor of CYP2C19



Relispa
Fastest Symptomatic Relief



Lumark
Low marks to epilepsy, full marks to life



VITRUM
A to Z say Milay Bharpure Zindagi



BYSCARD
Synergic add-on anti-hypertensive for diabetic hypertensives



TRAMAL PLUS
Effective Analgesia Without NSAIDs Like Side Effects



Ventek

A better Choice!
For non sedative allergy relief



Hylxia

Goodbye Side effects



Adronil

Established efficacy & Safety in
Spine Osteoporosis



Ostegem

Deposits Calcium where it
is required the Most



Ecotect

Pakistan's 1st Ready to
Use Synbiotic



EMSYN

Protect what matters



Enfagrow A+

High-quality supplement
formulated



Canderel

Low calorie sweetener



Vitamin Water

Immunity ka Boost,
Flavours ka Burst



Decadron
The Power of One



Venofer
IV Irons may lead to Severe Reactions.
Know the Difference.
Go Safe



Aldomet
The Most Trusted PIH Brand



Sinemet
Pakistan's # 1 anti-Parkinson's drug



Noroxin
Still Sensitive antibiotic in acute UTI



Ferinject
FDA approved High Dose IV Iron for ID/IDA, requiring No Test Dose



Renitec
24 hours blood pressure control



Janumet
Be confident in a treatment Choice that helps your patients achieve their HbA1c Goals



Andrex
Unlocking Wellness, Fulfilling Life



Maltofer
The Iron with a Difference



Established Finger Like Biosimilarity





Bufexo 40mg Tab 20'S
Below 6, Reduce the Risk



Bufexo 80mg Tab 20'S
Below 6, Reduce the Risk



Vocinti Tablet 10mg, 20mg
Fast Potent and Sustainable PCAB



Goblet Capsule 75mg, 100mg
Let's GO



Vitrumod Tablet
Restore Energy, Immunity and Vitality



Vitrum OD Kids Chewable
Sharper, Stronger, Healthier

Notice of 58th Annual General Meeting

Notice is hereby given that the 58th Annual General Meeting (AGM) of the members of The Searle Company Limited will be held on Friday, October 27, 2023 at 04:30 p.m. through video link facility from 3rd Floor, One IBL Center, Plot No. 1, Block 7 & 8, Tipu Sultan Road, Off Shahrah-e-Faisal, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of extra ordinary general meeting held on July 26, 2023.
2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2023 together with the Directors' and Independent Auditors' reports thereon.

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

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



4. To appoint external auditors of the Company and to fix their remuneration for the year ending June 30, 2024. The present auditors, M/s. A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, have offered themselves and consented for re-appointment, and the Board of Directors has recommended their appointment.
5. To elect seven (7) directors of the Company as fixed by the Board of Directors, in accordance with the provisions of Section 159(1) of the Companies Act, 2017, for the next term of three (3) years. The names of retiring Directors are as follows:

- | | | | |
|------|---------------------------|------|----------------------------|
| i. | Mr. Adnan Asdar Ali | v. | Dr. Atta Ur Rahman |
| ii. | Mr. Munis Abdullah | vi. | Mr. Mufti Zia Ul Islam |
| iii. | Mr. S. Nadeem Ahmed | vii. | Mrs. Shaista Khaliq Rehman |
| iv. | Mr. Zubair Razzak Palwala | | |

The retiring Directors are eligible for re-election.

SPECIAL BUSINESS

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

“RESOLVED that the transactions carried out by the Company with different Related Parties, during the year ended June 30, 2023, as disclosed in note 42 of the unconsolidated financial statements of the Company for the said period and specified in the Statement of Material Information under Section 134(3), be and are hereby ratified and confirmed.

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

Notice of 58th Annual General Meeting

FURTHER RESOLVED that the related party transactions, for the period ending June 30, 2024, shall be deemed to have been approved by the members, and shall subsequently be placed before the members in the next Annual General Meeting for ratification and confirmation.”

OTHER BUSINESS

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

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

By order of the Board



Zubair Razzak Palwala
Director & Company Secretary

Karachi: October 6, 2023

Notice of 58th Annual General Meeting

NOTES:

A. Participation in the AGM through Video Link Facility

The Company intends to convene the Annual General Meeting (AGM) through video link facility managed from 3rd Floor, One IBL Centre, Plot No. 1, Block 7 & 8, Tipu Sultan Road, Off Shahrah-e-Faisal, Karachi. The AGM through video link facility is being held in line with Company's austerity measures in the wake of the current macroeconomic situation and recent Pink Eye or Conjunctivitis spread in the city. For the foregoing reasons, the Company plans to convene the AGM electronically with a view to providing larger participation of members across the country and lowering attendance costs for shareholders.

Shareholders interested in attending / participating in the AGM through video link facility are hereby advised to get themselves registered with the Company by providing the following information through email sent to cdcsr@cdcsrsl.com or WhatsApp at 0321-8200864 at the earliest, but not later than 48 hours before the time of the AGM i.e. before 4:30 p.m. on October 25, 2023.

Name of Shareholder	CNIC No.	Folio No./CDC Account No.	No. of shares	Cell No.	Email address

The online meeting link and login credentials will be shared with only those members who provide their intent to attend the meeting containing all the required particulars as mentioned above on or before October 26, 2023 by 4:30 p.m.

All members are entitled to attend, speak and vote at the AGM. A member may appoint a proxy to attend, speak and vote on his/her behalf. The proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company's Registered Office: 2nd Floor, One IBL Centre, Plot No. 1, Block 7 & 8, Tipu Sultan Road, Off Shahrah-e-Faisal, Karachi-75530 not less than 48 hours before the meeting.

An individual beneficial owner of the shares must provide his/her original CNIC or Passport, Account and Participant's ID numbers to prove his / her identity. In case of corporate entity, the Board of Directors' Resolution and/or Power of Attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

B. Book closure

The share transfer books will remain closed from October 21, 2023 to October 27, 2023 (both days inclusive). Transfers received in order at the office of Company's Share Registrar, M/s. CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi-74400 at the close of business on October 20, 2023 shall be considered in time for the purpose of attending the Annual General Meeting.

C. Change of Address

Members are requested to notify changes in their address, if any, immediately to the Company's Share Registrar, CDC Share Registrar Services Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi-74400.

D. Request for Video conference facility

Members can also avail video conference facility at Lahore and Islamabad. In this regard, please fill the following form and submit to registered address of the Company at least ten days before holding of the AGM.

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a particular geographical location, to participate in the meeting through video conference at least 10 days prior to day of AGM, the Company will arrange a video conference facility in the city subject to availability of such facility in that city.

I/We, _____ of _____ being a member of The Searle Company Limited, holder of _____ ordinary shares as per registered folio # _____ hereby opt for video conference facility at _____.

Signature of Member

Notice of 58th Annual General Meeting

The Company will intimate members regarding venue of video conference facility at least five days before the date of AGM along with the complete information necessary to enable them to access the facility.

E. Polling on Special Business Resolutions:

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

Accordingly, members of the Company will be allowed to exercise their right to vote through electronic voting facility or voting by post for the special business in its forthcoming AGM to be held on 27th day of October 2023 at 4:30 p.m. in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

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

1. Procedure for E-Voting:

- I. Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on October 19, 2023.
- II. The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited (being the e-voting service provider).
- III. Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- IV. E-Voting lines will start from October 20, 2023, 09:00 a.m. and shall close on October 26, 2023 at 5:00 P.M. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a Member, he / she shall not be allowed to change it subsequently.

2. Procedure for Voting Through Postal Ballot:

The members shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC), should reach the Chairman of the meeting through post on the Company's registered address at 2nd Floor, One IBL Centre, Plot No. 1, Block 7 & 8D.M.C.H.S., Tipu Sultan Road, Karachi or email at muhammad.suleman@searlecompany.com no later than one day before the AGM on October 27, 2023, during working hours. The signature on the ballot paper shall match the signature on CNIC.

The schedule and procedure of postal ballot / E-Voting will be placed on the Company's website i.e. www.searlecompany.com at least seven (7) days of the meeting.

F. Unclaimed Dividend and Bonus Shares:

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

Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividend unclaimed for a period of three years from the date due and payable shall be

Notice of 58th Annual General Meeting

deposited to the credit of the Federal Government and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan.

G. Annual Audited Accounts through QR enabled code and weblink:

pursuant to the SECP Notification vide S.R.O. 389(I)/2023 dated March 21, 2023, the Company in the Extra Ordinary General Meeting held on July 26, 2023 obtained the approval of the shareholders to circulate Annual Report (including the audited financial statements, auditor's report, Directors' report, Chairman's review report) to the members of the Company through QR enabled code and weblink. Accordingly, Financial Statements of the Company has been uploaded on the website of the Company, which can be downloaded from the following link / QR code:

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

H. Election of Directors

Any member, who seeks to contest the election of Directors, whether he/she is retiring Director or otherwise, shall file with the Company at its registered office 2nd Floor, One IBL Centre, Block 7 & 8, D.M.C.H.S., Tipu Sultan Road, off Shahrah-e-Faisal, Karachi not later than fourteen (14) days before the meeting, the following documents:

- i) Notice of his/ her intention to offer himself/herself for election of Directors in terms of Section 159 (3) of the Companies Act, 2017 in the following categories as per new amendments through SECP's SRO dated July 07, 2023, in Regulation 7A of the Listed Companies (Code of Corporate Governance) Regulations, 2019:
 - Female Director
 - Independent Director
 - Other Director
- ii) His/her Folio No./CDC Investor Account No./CDC Participation ID No./Sub-Account No.
- iii) Consent to act as a Director in Form-28 under Section 167 of the Companies Act, 2017.
- iv) A detailed profile along with correspondence address and contact information for placement on Company's website as required under SECP's SRO 1196(I)/2019 dated October 3, 2019.
- v) The members who intend to contest election as Independent Directors shall submit a declaration under clause 6(3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 that he/she qualifies the criteria of eligibility and independence notified under Section 166 of the Companies Act, 2017 and Regulations issued thereunder and that their names are listed on the data bank referred in Section 166(1) of the Companies Act, 2017.
- vi) Detail of other Directorship(s) and office(s) held.
- vii) Attested copy of valid CNIC / Passport and National Tax Number (NTN).
- viii) A declaration confirming that:
 - a) He/she is aware of duties and powers of Directors under the relevant laws, Memorandum & Articles of Association of the Company, the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the listing regulations of Pakistan Stock Exchange Limited;
 - b) He/she is not serving as a Director in more than seven (7) listed companies including this Company; and
 - c) He/she is not ineligible to become a Director of a listed company under Section 153 of the Companies Act, 2017 and any other applicable laws and regulations.

Additional Documents for Candidates Intending to Contest the Election as an Independent Director

Independent Director(s) will be elected in terms of section 159 of the Companies Act 2017 and they shall meet the criteria laid down in section 166(2) of the Companies Act, 2017 and the Companies (Manner and Selection of Independent Director) Regulations, 2018.

- (i) Declaration of Independence under Regulation 6(3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019;
- (ii) Undertaking on non-judicial stamp paper that he/she meets the requirements of Regulation 4(1) of the Companies (Manner and election of Independent Directors) Regulations, 2018.

Notice of 58th Annual General Meeting

The final list of contesting directors will be circulated not later than seven (7) days before the date of the AGM in terms of Section 159(4) of the Companies Act, 2017. Further, the website of the Company will also be updated with the required information.

The qualification of a Director shall be holding shares in the Company of the nominal value of PKR 5,000/- in terms of Articles 49 of the Articles of Association of the Company.

If the number of persons who offer themselves to be elected is more than the number of Directors fixed under Section 159(1) of the Companies Act, 2017, then the Company shall provide members with the option of e-voting or voting by postal ballot in accordance with the provisions of Companies (Postal Ballot) Regulations, 2018.

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

This statement sets out the material facts concerning the Special Business listed at agenda item 6 to be transacted at the Annual General Meeting of The Searle Company Limited (the "Company") to be held on October 27, 2023.

- Item 6 of the notice - ratification and approval (to the extent applicable) of the related party transactions/arrangements conducted / to be conducted by the Company.

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

As some/majority of the Directors of the Company may be deemed to be interested in certain arrangements / transactions with related parties, including due to their shareholding or common directorships in related entities/parties, and to promote transparency, an approval from the members was sought during the 58th AGM of the Company, where the members authorized the Board of Directors to approve such related party transactions conducted by the Company from time to time (and on a case to case basis) during the financial year ended June 30, 2023, and such transactions were deemed to be approved by the members. All the related party transactions have been disclosed in Note 42 to the unconsolidated financial statements for the year ended June 30, 2023. Such transactions were to be placed before the members in next AGM for their ratification / confirmation. Accordingly, these transactions are being placed before the AGM for ratification / confirmation by the members.

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

Notice of 58th Annual General Meeting

Name of Related Parties	Nature of Transactions	PKR '1000
International Brands (Private) Limited	- Corporate service charges	135,169
	- Rent income	16,792
	- Income from provision of amenities	13,779
	- Expenses	3,329
IBL Healthcare Limited	- Revenue	473,611
	- Dividend income	46,811
	- Rent income	3,974
	- Income from provision of amenities	4,015
	- Others	226
	- Bank guarantee	5,488
	- Royalty	41,200
Searle Biosciences (Private) Limited	- Revenue	188,570
	- Dividend income	97,000
	- Facility management fee	170,000
	- Reimbursement of expenses	99,303
Searle Pakistan Limited	- Revenue	322,786
	- Rent income	9,583
	- Income from provision of amenities	2,030
	-Dividend income	409,502
	- Sales promotion expenses	9,769
	- Material loan given	2,696
	- Material loan obtained	7,350
	- Purchases	387,881
- Retention amount	4,325	
Nextar Pharma (Private) Limited	-Purchase of property plant & equipment	18,959
	-Reimbursement of expenses	21,626
	-Purchases	1,622

Notice of 58th Annual General Meeting

Name of Related Parties	Nature of Transactions	PKR '1000
IBL Operations (Private) Limited	-Revenue	18,048,664
	-Rent income	7,217
	-Income from provision of amenities	5,378
	-Carriage and duties	64,552
	-Discounts claimed	401,269
	-Rent expense	67,404
	-Merchandise expense	34,936
	-Internet services	311
	-Incentive to field force staff	17,784
	-Salaries and wages	6,057
	-Inventory claims	610,521
	-Purchases	9,934
	-Others	6,306
-Donations	8,913	
Universal Ventures (Private) Limited	-Disposal of land	510,000
United Brands Limited	-Purchases	484
IBL Frontier Markets (Private) Limited	-Reimbursement of expenses	5,372
	-Purchases	5,493
	-Income from provision of amenities	23,821
IBL Unisys (Private) Limited	-Rent income	2,242
	-Income from provision of amenities	1,567
	-IT services	7,519
	-Purchases	2,031
Prime Health (Private) Limited	-Product sample expense	4,509
	-Travelling expense	440
Searle I.V Solutions (Private) Limited	-Purchases	126,475
IBL Logistics (Private) Limited	-Carriage and duties	183,605
	-Repair and maintenance	257
	-Purchases	646
United Retail (Private) Limited	-Donation	4,935
	-Salaries and wages	6,963
	-Purchases	1,892

Notice of 58th Annual General Meeting

Name of Related Parties	Nature of Transactions	PKR '1000
Universal Retail (Private) Limited	-Rent income	29,684
	-Income from provision of amenities	103,953
	-Expenses paid by the Company	1,898
AKAR Hospital	-Donation	29,388
Multinet Private Limited	-Internet services	8,450
The Hunar Foundation	-Donation	6,000
Karachi Relief trust	-Donation	8,000
Rashid Abdullah Foundation	-Donation	8,850
The Citizen Foundation	-Donation	10,000
Staff retirement benefits:	-Contributions to Provident Fund	179,419
	-Benefits paid	200,044
Key management employees' compensation:	-Salaries and other employee benefits paid	340,285
	-Contributions to Provident Fund	26,761

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

The nature of relationship with these related parties has also been indicated in the Note 42 to the unconsolidated financial statements of the Company for the year ended June 30, 2023. The Directors are interested in the resolution only to the extent of their common directorships and shareholdings (to the extent applicable) in such related parties.

Accordingly, the members are requested to ratify and confirm the transactions with related parties as disclosed in the unconsolidated financial statements of the Company for the year ended June 30, 2023.

Furthermore, the Company will be entering into arrangements and conducting transactions with its related parties including, but not limited to, those stipulated in the resolution, during the year ending June 30, 2024. As some or a majority of the Directors of the Company may be deemed to be interested in certain arrangements or transactions, inter alia, due to their shareholding or common directorships in related entities, and in order to promote transparent business practices, an approval from the members is being sought to authorize the Company to conduct such related party transactions and enter into arrangements with related parties, and further to authorize and grant power to the Board of Directors to approve related party transactions to be conducted by the Company during the financial year ending June 30, 2024 (irrespective of composition of the Board and interest of the Directors). The related party transactions as aforesaid for the year ending June 30, 2024 shall be deemed to have been approved by the members.

The members should note that it is not possible for the Company or the Directors to accurately predict the nature of related party arrangements / transactions, or the specific related parties with whom the transactions will be carried out. The transactions that may be carried out by the Company include, but are not limited to, the purchase and sale of goods and materials including chemicals or availing or rendering of services or share subscription. The members should also note that, for the Special Resolutions described in the Notice of AGM, it is not possible for the Company to predict the quantum of related party transactions / arrangements to be undertaken in the period ending June 30, 2024; accordingly, the members are also requested to authorize the Board of Directors to determine the quantum of the related party transactions / arrangements that may be undertaken from time to time. The Company will present the actual figures for subsequent ratification and confirmation by the members, at the next AGM.

Based on the aforesaid the members are requested to pass the Special Resolutions (with or without modification)

Notice of 58th Annual General Meeting

as stated in the Notice.

The Directors are interested in the resolutions only to the extent of their shareholdings and / or common directorships (to the extent applicable) in such related parties.

STATEMENT UNDER SECTION 166(3) OF THE COMPANIES ACT, 2017

Pursuant to the requirements of Section 166(3) of the Companies Act, 2017, independent directors will be elected through the process of election of directors in terms of Section 159 of the Act and they shall meet the criteria laid down under Section 166 (2) of the Act.

No Directors have direct or indirect interest in the above said business other than as shareholders of the Company and that they are eligible to contest the election for directorship.

Chairman's Review

For the year ended June 30, 2023

To my fellow shareholders,

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

The fiscal year 2022-23 in Pakistan witnessed significant challenges arising from ongoing economic and political instability. The persistent depreciation of the Pakistani Rupee against the US Dollar led to unprecedented inflation. Additionally, the situation was further complicated by a consistent rise in the policy rate and soaring fuel prices.

Despite grappling with mounting costs due to these multifaceted challenges, the company demonstrated remarkable financial resilience. It achieved a turnover of PKR 21.64 billion, representing a substantial 22% growth, and reported a profit of PKR 302 million. Notably, the pharmaceutical sector's heavy reliance on imported active pharmaceutical ingredients (APIs) and the extreme volatility in exchange rates adversely affected the company's profit margin. This impact was further amplified by the high inflation, escalating policy rates, and rising energy costs, as previously detailed.

OVERVIEW

In recent years, Pakistan's pharmaceutical and healthcare industry has grappled with a series of obstacles, including a substantial devaluation of the Pakistani rupee and unparalleled inflationary pressures. These issues have strained the sector, as companies grapple to manage escalating costs. The depreciation of the PKR has escalated the prices of imported raw materials and finished products, while inflation has augmented the overall cost of operations.

Even with these obstacles, the pharmaceutical and healthcare industry in Pakistan is expanding. The nation's sizable population, increasing awareness of healthcare and emerging middle class offer an immense opportunity for growth to companies in this field.

The industry grew by 15% in last 12 months (as per IMS) and is estimated to be around \$3.04 billion (PKR 763 billion). The vast majority of this market is dominated by local companies, which account for approximately 74% of the total market share. Multinational companies make up the remaining 26% of the market. Of these top companies, the top 25 constitute approximately 74% of the total market, while the top 50 companies account for around 90%.

The Pakistani pharmaceutical market is highly competitive, with a large number of local and generic companies vying for market share. Growth in sales of national companies has been higher than the

multinationals as the market is essentially a low-cost generic market with large number of new generic medicines launched at higher unit price. There are approximately 650 companies operating in the Pakistani pharmaceutical market, out of which less than 26% are multinational companies. The pharmaceutical industry contributes approximately 1% to the GDP of Pakistan annually.

Searle has successfully navigated through these adverse conditions, resulting in an increase in turnover. The company has adhered firmly to its mission of contributing to a secure tomorrow by ensuring that patients have consistent access to its products. This has been made possible through the relentless efforts of the management to counterbalance cost pressures, tactically distributing resources, intensifying field interactions, and securing increased prices.

Our storied legacy is built on consistently delivering remarkable value to all associated parties. Our dedication to upholding a dominant position in various therapeutic areas through the provision of high-quality products is unwavering. The exceptional commitment and skill of our workforce continue to propel our intensified endeavors to make a profound and enduring improvement in human life quality.

BUILDING OUR LEGACY TO INNOVATE AND GROW

Continuing our legacy of innovation and growth, Searle has acquired a manufacturing facility in Lahore for manufacturing of IV solutions. It will enable Searle to diversify its existing portfolio of product and expand its footprint.

Our seasoned and experienced management team has a track record of navigating a relatively turbulent regulatory environment and has delivered a 6-year sales CAGR of 12.36%. This growth has largely been organic (new drug introductions), which has been facilitated by its sustainable competitive advantages in the form of the following steps:

- i) Aggressive investment in capacity building of its sales force;
- ii) Digitalization of sales and distribution channels;
- iii) Nationwide distribution expertise of an entity within the same group (IBL Operations)); and
- iv) Capitalizing the increased healthcare expenditure mindset of the public at large due to COVID-19.

FINANCIAL PERFORMANCE

Searle has consistently exhibited remarkable financial performance over the past few years, and this trend continued through the year ending June 30, 2023, marked by a growth in revenue. Despite the challenges faced during this period, Searle built upon its financial achievements of previous years. I'm delighted to present the following financial highlights:

- The Company's sales saw an increase of 3.9 Bn, equating to a 22% growth.
- Profit from operations reached PKR 3.7 billion.
- Profit after tax amounted to PKR 302 million.

These figures underscore Searle's resilience and ability to maintain an upward trajectory in its financial performance, even in challenging times.

KEY INITIATIVES

Searle is unwavering in its ambition to augment its presence in both local and international pharmaceutical markets. Our strategic emphasis lies in enriching our specialty generic branded collections and pinpointing unique and differentiated products. We are particularly attentive to expanding in sectors like Cardiovascular, Cold & Cough, Diabetes, Infant Formula, Probiotics, and Antibiotics. These concerted efforts are integral to reinforcing Searle's standing as a dominant force in the pharmaceutical industry.

At Searle, the commitment to quality is paramount. Our primary objective lies in ensuring unceasing adherence to CGMP & Regulatory standards whilst amplifying our product range and output. Investments have been channeled into acquiring advanced manufacturing apparatus and the systematic enhancement of our facilities. We are in the ongoing process of refining our operational protocols and elevating the expertise of our personnel to satisfy international regulatory requirements across all our manufacturing establishments. Our core aspiration is to secure the provision of medications that are both efficacious and safe for patient consumption.

Searle is devoted to ongoing enhancement, and this is evidenced in our integration of top-tier SAP systems. The incorporation of SAP S4 Hana is strategically aimed at augmenting our control over inventory, facilitating nimble financial decisions, and elevating performance management. Our commitment is rooted in optimizing operational efficiency to achieve superior results.

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

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

There were seven meetings of the Board of Directors held in year ended June 30, 2023. In addition, there were six meetings of the Audit Committee of the Board and one meeting of Human Resources and Remuneration Committee.

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 an annual evaluation of the Board of Directors of the Company was carried out for the financial year ended 30 June 2023.

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

- **Corporate governance structure and Compliance with regulations:** The Company has a well-developed and transparent corporate governance system, with regular oversight by the Board.
- **Board Composition:** The Board comprises members with rich professional experience in various domains, having strong financial & analytical abilities and independent perspectives.
- **Strategic planning:** The Board actively engaged with the management to monitor the Company's performance against its established strategy, goals and targets. Further, the Board has a strategic view of how the organization will evolve over the next three to five years.
- **Execution of duties:** All Board members and members of Board Committees diligently performed their duties by thoroughly reviewing, discussing and approving business plans, financial statements and associated documents.

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

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

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

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

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



Adnan Asdar Ali
Chairman
September 28, 2023

کمپنیز ایکٹ 2017 کے سیکشن 192 کے تحت بورڈ کی کارکردگی کا جائزہ

بورڈ کارپوریٹ گورننس کے بلند ترین معیار کے مطابق کام کرنے کے لئے کوشاں ہے۔ سال کے دوران بورڈ اور اس کی کمیٹیوں کا کام کمپنی پر لاگو تمام قانونی اور ریگولیٹری شرائط پر عملدرآمد کو یقینی بنانے پر توجہ مرکوز رکھنا ہے۔

30 جون 2023 کو ختم ہونے والے سال میں بورڈ آف ڈائریکٹرز کے 7 اجلاس منعقد کیے گئے۔ اس کے علاوہ بورڈ کی آڈٹ کمیٹی کے 6 اجلاس اور ہیومن ریسورسز و ری میوزیشن کمیٹی کا ایک اجلاس منعقد کیا گیا۔

جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت لازم ہے کہ کمپنی کے بورڈ آف ڈائریکٹرز کی سالانہ جانچ 30 جون 2023 کو ختم ہونے والے مالیاتی سال کے لئے کی گئی تھی۔

میں بمسرت اس بات کی اطلاع دے رہا ہوں کہ بورڈ کی مجموعی کارکردگی درج ذیل عناصر کی بنیاد پر کی گئی جانچ کے مطابق اطمینان بخش پائی گئی ہے:

- کارپوریٹ گورننس اسٹریکچر اور کپلائنس مع ریگولیشنز: کمپنی ایک انتہائی منظم اور شفاف کارپوریٹ گورننس سسٹم مع بورڈ کی جانب سے مستقل نگرانی کی حامل ہے۔

- بورڈ کی تشکیل: بورڈ مختلف شعبوں میں انتہائی پیشہ ورانہ تجربے کے حامل ممبران پر مشتمل ہے جو مستحکم فنانشل اور مشاہداتی صلاحیتوں کے ساتھ آزادانہ تصورات اور جائزوں کے حامل ہیں۔

- اسٹریٹیجک پلاننگ: بورڈ مؤثر طور پر انتظامیہ کے ساتھ اپنی قائم کردہ حکمت عملی، اہداف اور ٹارگٹس کے حصول کے لئے سرگرم عمل رہتا ہے۔ مزید برآں بورڈ ایک اسٹریٹیجک نظریہ کا حامل ہے کہ کس طرح ادارے کو آئندہ 3 سے 5 سالوں کے دوران مزید فروغ دیا جائے گا۔

- فرائض کی تکمیل: تمام بورڈ ممبران اور بورڈ کی کمیٹیوں کے ممبران اپنے فرائض انتہائی ذمہ داری کے ساتھ نہایت غور و فکر، آپس میں مستحکم مشوروں اور منظور کردہ کاروباری منصوبوں، مالیاتی حسابات اور منسلک دستاویزات کے تحت انجام دیتے ہیں۔


ریسورس مینجمنٹ: بورڈ درست اور موزوں ہدایات اور بروقت بنیاد پر نگرانی کے فرائض وسائل کے بہترین استعمال کو یقینی بنانے کے لئے فراہم کرتا رہتا ہے۔

میں سرل کے بورڈ آف ڈائریکٹرز اور لیڈرشپ ٹیم کی جانب سے آپ سب کے بے مثال تعاون پر آپ کا شکریہ گزار ہوں۔ شکریہ کا ایک خصوصی لفظ ان تمام 2,300 سے زائد ملازمین کے لئے ہے جنہوں نے ہمارے مشترکہ مشن اور بلند ترقیاتی معیار کے ساتھ ہر قدم پر ہمارا ساتھ دیا ہے۔ یہ ہم سب کے لئے ایک قابل اعزاز بات ہے کہ ہم ایسی کمپنی کا حصہ ہیں جو روزانہ قیمتی جانوں کے لئے معیاری پروڈکٹس کو فروغ دے رہی ہے۔

گزشتہ سال پر نظر ڈالتے ہوئے میں اپنی مشترکہ کامیابیوں پر فخر کے ساتھ یہ کہنا چاہوں گا کہ آنے والے سال میں ہم مزید بہتر کام کرنے کے لئے پرعزم ہیں، استحکام، شفافیت اور احترام کے ساتھ کام کرنے کا عزم ہماری غیر متزلزل قیادت کی اولین ترجیح رہے گی۔

میں اپنے سی ای او جناب ندیم احمد کی بے مثال قیادت اور ان کی قائدانہ صلاحیت کو لازماً خراج تحسین پیش کروں گا جس کی وجہ سے سرل کا سفر بلند تر ترقی اور منافع کو بہتر سے بہتر بنانے کی جانب گامزن ہے۔ اعزاز اور امتیاز کا یہ نشان ہماری آپریشنل کارکردگی کے ہر ایک پہلو سے پوری طرح عیاں ہے اور ہمارے لیے یہ ایک بڑا اعزاز ہے کہ اہم اس ماہر اور مخلص ٹیم کا حصہ ہیں۔

آخر میں میں بورڈ کو ان کی انتھک کاوشوں اور کمپنی کے لئے ان کی بے مثال رفاقت پر خراج تحسین پیش کرتا ہوں۔



عدنان اصدر علی

چیئرمین

کراچی: 28 ستمبر 2023

انفرادیت اور ترقی کے لئے ہماری میراث کی تعمیر

انفرادیت اور ترقی کی ہماری میراث کا سلسلہ برقرار رکھتے ہوئے سرل نے IV سولوشنز کی تیاری کے لئے لاہور میں مینوفیکچرنگ سہولت حاصل کر لی ہے۔ یہ سہولت سرل کو اپنی پروڈکٹس کے موجودہ پورٹ فولیو میں توسیع دینے اور اس کے قدم مزید جمانے میں معاونت فراہم کرے گی۔

ہماری پیشہ ورانہ اور تجربہ کار انتظامی ٹیم ایک متعلقہ فعال ریگولیٹری ماحول کو چلانے کا ایک ثابت شدہ ریکارڈ کی حامل ہے اور اس نے 12.36 فیصد کے CAGR کی 6 سالہ سیلز فراہم کی ہے۔ یہ گروتھ وسیع طور پر آرگینک (نئی دواؤں کے تعارف) پر مشتمل ہے جن سے درج ذیل اقدامات کی صورت میں اس کے پائیدار مسابقتی فوائد سے فائدہ اٹھایا گیا ہے:

- ۱- اس کی سیلز فورس کی گنجائش بڑھانے میں متاثر کن سرمایہ کاری
- ۲- سیلز اور ڈسٹری بیوشن چینلز کی ڈیجیٹلائزیشن
- ۳- اپنے گروپ (آئی بی ایل) کے اندر ایک ادارے کی ملک گیر ڈسٹری بیوشن مہارت: اور
- ۴- COVID-19 (کورونائرس) کے باعث عوام الناس کے صحت کے دیکھ بھال کے شعور میں اضافہ۔

مالیاتی کارکردگی

سرل نے گزشتہ چند سالوں کے دوران مستقل طور پر بہترین مالیاتی کارکردگی کا مظاہرہ کیا ہے اور یہ رمضان 30 جون 2023 کو ختم ہونے والے سال کے دوران بھی ریونیو میں ایک گروتھ کے ذریعے جاری رہا۔ اس مدت کے دوران درپیش چیلنجز کے باوجود سرل نے گزشتہ سالوں کی اپنی مالیاتی کامیابیوں کو مزید مستحکم کیا۔ اس سلسلے میں درج ذیل مالیاتی کامیابیوں کو پیش کرتے ہوئے میں انتہائی خوشی محسوس کر رہا ہوں۔

- کمپنی کی سیلز 3.9 بلین تک بڑھ گئی جو 22 فیصد گروتھ کے مساوی ہے۔
- آپریشنز سے منافع جات 3.7 بلین روپے تک پہنچ گئے۔
- منافع بعد از ٹیکس کا حجم 302 ملین پاک روپے رہا۔

یہ اعداد و شمار سرل کی کامیابی اور اس کی صلاحیت کو ظاہر کرتے ہیں جو چیلنجنگ کی صورت حال میں بھی اس کی بہترین مالیاتی کارکردگی کو بہتری کی جانب برقرار رکھ سکتی ہے۔

کلیدی اقدامات

سرل مقامی اور انٹرنیشنل دونوں دوا سازی کی صنعتوں میں اپنی موجودگی کو موثر انداز میں قائم کرنے کے اپنے عزم پر قائم ہے۔ ہمارا اسٹریٹیجک ولولہ ہماری خصوصی طور پر عام برانڈڈ کلینڈر کو فروغ دینے اور منفرد و امتیازی پروڈکٹس کو متعارف کرانے میں پوشیدہ ہے۔ ہم خصوصی طور پر ان شعبوں جیسا کہ کارڈیو ویکولر، سردی، کھانسی، ذیابیطیس، بچوں کے فارمولوں، پرو بائیو ٹیکس اور اینٹی بائیو ٹیکس کی توسیع پر توجہ دیتے ہیں۔ یہ انتھک کاوشیں سرل کو فارماسیوٹیکل کی صنعت میں ایک مستحکم و سرکردہ فورس کے طور پر قائم رکھنے کی کوششوں کا حصہ ہیں۔

سرل میں ہم معیار کے لئے ہمارا عزم سب سے اولین ترجیح ہے۔ ہمارا بنیادی مقصد سی جی ایم پی اور ریگولیٹری معیار کو یقینی بنانے میں مضمر ہے جبکہ ہماری پروڈکٹ کی رینج اور آؤٹ پٹ میں اس کو پہلی ترجیح دی جاتی ہے۔ جدید ترین مینوفیکچرنگ آلات کے حصول اور ہماری سہولتوں کے موثر نظام کو چلانے اور اس میں توسیع کے لئے سرمایہ کاری جاری رہتی ہے۔ ہم اپنے آپریشنل پروڈکٹس کی ریفاٹنگ کے عمل اور ہماری تمام مینوفیکچرنگ سہولتوں میں تمام بین الاقوامی قوانین کی شرائط کو پورا کرنے اور اس کے اطمینان کے لئے اپنے ملازمین کی مہارت میں اضافے کے لئے کوششیں جاری رکھتے ہیں۔ ہماری بنیادی خواہش ادویات کی محفوظ فراہمی ہے جو کہ مریض کے استعمال کیلئے موثر اور محفوظ ہوتی ہے۔

سرل اپنی توسیع کے راستے پر گامزن رہنے کیلئے پُر عزم ہے اور اس بات کا ثبوت ہمارا مربوط ٹاپ۔ ٹیئر SAP سسٹم ہے۔ SAPS4Hana کی تشکیل انویسٹری پر اپنے کنٹرول کو مزید مستحکم بنانے، اہم مالیاتی فیصلوں کو سہولت پہنچانے اور انتظامی کارکردگی کو بہتر بنانے کے لئے ہماری حکمت عملی کے مقاصد کے طور پر کی گئی۔ بہترین اور شاندار نتائج کے حصول کے لئے ہم اپنی آپریشنل کارکردگی کو بہتر بنانے کے لئے پُر عزم ہیں۔

چیسر مین کی جائزہ رپورٹ 30 جون 2023 کو ختم ہونے والے سال کیلئے

میرے عزیز حصص یافتگان

مجھے کمپنیز ایکٹ 2017 کے سیکشن 192 کے تحت جائزہ رپورٹ پیش کرتے ہوئے بہت خوشی محسوس ہو رہی ہے۔

پاکستان میں مالی سال 2022-23 کو جاری معاشی اور سیاسی عدم استحکام کی وجہ سے درپیش چیلنجوں کا سامنا رہا۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں مستقل کمی کے نتیجے میں مہنگائی مسلسل بڑھی۔ اس کے ساتھ ساتھ پالیسی ریٹ بھی مستقل طور پر بڑھنے اور فیول کے نرخوں میں غیر معمولی اضافے کی وجہ سے صورت حال مزید پیچیدہ ہوتی چلی گئی۔

ان کثیر نوعیتی چیلنجوں کے باعث بڑھتے ہوئے اخراجات کے باوجود کمپنی نے قابل قدر مالیاتی نظم و ضبط کا مظاہرہ کیا۔ اس نے 21.64 بلین روپے کا ٹرن اوور حاصل کیا جس سے 22 فیصد کی نمو ظاہر ہوتی ہے، اس کے علاوہ 302 ملین روپے کا منافع حاصل کیا گیا۔ قابل ذکر امر یہ ہے کہ دواسازی کی صنعت کا بڑا انحصار درآمد کردہ ایکٹو فارماسیوٹیکل انگریڈینٹس (APIs) پر ہے اور زرمبادلہ کے ریٹس میں انتہائی اتار چڑھاؤ سے کمپنی کے منافع جات کی شرح بری طرح متاثر ہوئی۔ مزید مضر اثرات بلند تر افراط زر، بڑھتے ہوئے پالیسی ریٹس اور توانائی کے نرخوں میں اضافے کی وجہ سے پڑے، جیسا کہ پہلے ذکر کیا جا چکا ہے۔

ایک جائزہ

حالیہ سالوں میں پاکستان کی دواسازی کی صنعت اور ہیلتھ کیئر انڈسٹری کو مستقل طور پر طرح طرح کی رکاوٹوں اور مسائل بشمول پاکستانی روپے کی قدر میں نمایاں کمی اور غیر متوازی افراط زر کے دباؤ کا سامنا کرنا پڑا۔ ان مسائل نے سیکٹر کو کافی جکڑے رکھا جیسا کہ کمپنیز کو بڑھتے ہوئے اخراجات کے بندوبست میں مشکلات درپیش رہیں۔ پاک روپے کی قدر میں کمی کی وجہ سے درآمد شدہ خام مال اور تیار کردہ پروڈکٹس کی قیمتوں پر نمایاں فرق پڑا، جبکہ افراط زر اور مہنگائی کی وجہ سے آپریٹنگز کے مجموعی اخراجات بڑھ گئے۔

ان تمام رکاوٹوں کے باوجود پاکستان میں دواسازی اور ہیلتھ کیئر انڈسٹری مزید فروغ پا رہی ہے۔ ملک کی بڑھتی ہوئی آبادی، صحت کی دیکھ بھال کے بارے میں شعور کا بڑھنا اور ابھرتی ہوئی مڈل کلاس کی وجہ سے اس شعبے میں کمپنیز کیلئے گروتھ کے شاندار مواقع پیدا ہو چکے ہیں۔

گزشتہ بارہ ماہ میں انڈسٹری کو 15 فیصد فروغ حاصل ہوا (بمطابق آئی ایم ایس) اور اس کا تخمینہ 3.04 بلین امریکی ڈالر (763 بلین پاک روپے) لگایا گیا ہے۔ اس مارکیٹ کی بڑی اکثریت پر مقامی کمپنیز کا تسلط ہے جو کہ کل مارکیٹ کے لگ بھگ 74 فیصد شیئرز کی حامل ہیں۔ ملٹی نیشنل کمپنیاں مارکیٹ کے باقی ماندہ 26 فیصد پر مشتمل ہیں۔ ان ٹاپ کمپنیز کی ٹاپ 25 مجموعی مارکیٹ کے لگ بھگ 74 فیصد پر مشتمل ہیں جبکہ ٹاپ 50 کمپنیاں لگ بھگ 90 فیصد اکاؤنٹ کی حامل ہیں۔

پاکستان کی دواسازی کی صنعت بڑے پیمانے پر مقامی اور عمومی کمپنیوں کے بڑے حصے پر مشتمل ہونے کی وجہ سے انتہائی مسابقتی ہے۔ ملکی کمپنیوں کی سبز میں گروتھ ملٹی نیشنل کمپنیوں کے مقابلے میں زائد ہے کیونکہ مارکیٹ کم لاگت کی عمومی مارکیٹ پر بلند تریونٹ پرائس پر متعارف کرائی گئی بڑی تعداد میں نئی عمومی ادویات پر مشتمل ہے۔ پاکستان کی فارماسیوٹیکل مارکیٹ میں لگ بھگ 650 کمپنیاں کام کر رہی ہیں جس میں 26 فیصد سے کم ملٹی نیشنل کمپنیاں ہیں۔ دواسازی کی صنعت پاکستان کی جی ڈی پی کے لئے سالانہ لگ بھگ 1 فیصد کی شراکت کرتی ہے۔

سرل نے ان کٹھن صورتحال میں بھی کامیابی کے ساتھ سفر جاری رکھتے ہوئے اپنے ٹرن اوور میں اضافہ کیا۔ کمپنی آنے والے کل کو محفوظ بنانے کے لئے اس امر کو یقینی بنانے کے ذریعے اپنے مشن پر پورے عزم کے ساتھ گامزن ہے کہ مریضوں کے لئے اس کی پروڈکٹس تک رسائی مستقل طور پر جاری رہے۔ بڑھتے ہوئے اخراجات کے دباؤ سے نمٹنے ہوئے وسائل کی مناسب تقسیم، فیلڈ میں متاثر کن روابط اور بڑھتے ہوئے نرخوں کو محفوظ تر بنانے کے تحت یہ انتظامیہ کی انتھک کوششوں کے ذریعے ہی ممکن بنایا جاسکا ہے۔

ہماری روایتی میراث تمام منسلک کمپنیوں کے لئے مستقل طور پر قابل قدر منافع جات کی فراہمی پر تعمیر کی گئی ہے۔ انتہائی اعلیٰ معیار کی پروڈکٹس کی فراہمی کے ذریعے علاج معالجے کے مختلف شعبوں میں سرکردہ پوزیشن برقرار رکھنے لیے ہمارا عزم غیر متزلزل ہے۔ ہماری افرادی قوت کی مہارت اور امتیازی لگن مستقل طور پر ہماری کوششوں کو مزید جلا بخشنے کے لئے ہمہ وقت تیار ہے تاکہ انسانی زندگی کے معیار میں مزید بہتری لائی جاسکے۔

Directors' Report to the members

The Directors take pleasure in presenting the annual report together with the audited financial statements of your company for the year ended June 30, 2023.

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

This report is to be submitted to the members at the 58th Annual General Meeting of the Company to be held on October 27, 2023

OVERVIEW

During the year ended June 30, 2023, Pakistan's pharmaceutical sector faced unprecedented challenges. Major depreciation of the Pakistani rupee against US dollar severely impacted production costs, given that the Active Pharmaceutical Ingredients (APIs) are sourced from abroad. Furthermore, the cost of fuel and electricity soared substantially following the removal of subsidies to meet the conditions to enter into IMF program initiated to provide immediate economic support and stability to our country. This also contributed to rising production costs for the industry.

OPERATING RESULTS

Searle is an organization deeply committed to enhancing the quality of life for our customers through the delivery of exceptional healthcare solutions. Our unwavering dedication is directed towards the well-being of both our patients and stakeholders, and we take immense pride in the positive impact of our endeavors.

Over the past six years, Searle has achieved remarkable revenue growth with a compounded annual growth rate (CAGR) of 12.36%. This robust expansion in revenue can be attributed to consistent volume growth and a diverse portfolio of products.

Despite the prevailing turbulent and volatile economic conditions, Searle has demonstrated remarkable sales growth for the fiscal year ending on June 30, 2023. The Company achieved total revenue of Rs. 21.64 billion, reflecting a substantial 22% increase compared to the previous year.

However, our profitability for the year was significantly challenged due to various macroeconomic factors. Notably, the continuous depreciation of the Pakistani

currency against the US dollar and rising interest rates had a pronounced adverse effect.

During the current year alone, the PKR depreciated by 50%. Given the pharmaceutical industry's reliance on foreign-sourced raw materials, particularly Active Pharmaceutical Ingredients (APIs), the cost of these inputs escalated significantly, adversely impacting our gross margins. Our gross margins contracted by 4.70%, declining from 48.80% in the previous year to 44.10% in the current year. While the annual price increase permitted for the pharmaceutical industry is capped at 70% for essential medicines and 100% for non-essential medicines on CPI with cap on 10%, this increase did not align with the rising operational costs. To address these unprecedented challenges, the Federal Cabinet granted a one-time price increase of 20% which resulted in 14% for essential drugs and 20% for non-essential drugs during the last quarter. The positive effects of this adjustment are expected to become more apparent in the coming year.

Furthermore, in response to inflationary pressures, the State Bank of Pakistan (SBP) increased interest rates, significantly impacting our profitability. The interest rate rose to 22% from 15% at the beginning of the year, resulting in a 74% increase in our finance costs.

Despite these unprecedented challenges, which are largely beyond our control, we have diligently fulfilled our obligations to our stakeholders to the best of our ability. We remain resolute in our commitment to overcoming these challenges with resilience and determination in the days ahead.

	June 30,	
	2023	2022
	(Rupees in thousand)	
Revenue	21,641,282	17,737,282
Cost of sales	(12,097,595)	(9,080,705)
Gross Profit	9,543,687	8,656,577
Operating expenses	(6,708,164)	(6,118,419)
Other operating expenses	(65,315)	(149,077)
Other income	987,731	1,865,180
Profit from operations	3,757,939	4,254,261
Finance cost	(3,348,104)	(1,924,800)
Profit before tax	409,835	2,329,461
Income tax expense	(107,698)	(238,744)
Profit after taxation	302,137	2,090,717

The Company was able to sustain its revenue growth due to its doctor coverage, maturing product portfolio, introduction of new brands, richer product mix and branding efforts.

EARNINGS PER SHARE

Basic earnings per share after taxation for the period was Rs. 0.77 (2022: Rs. 5.36). There is no dilution effect on the basic earnings per share of the Company, as the Company had no convertible dilutive potential ordinary shares outstanding as at June 30, 2023.

DIVIDEND

The Board of Directors has not recommended any dividend for the year ended June 30, 2023. During the previous year ended June 30, 2022, the Company declared stock dividend of 25%.

SUBSIDIARIES OF THE COMPANY

Following are the subsidiary companies:

Listed Company

- IBL HealthCare Limited

Unlisted Companies

- Searle Pakistan Limited
- Searle Pharmaceuticals (Private) Limited
- Searle Laboratories (Private) Limited
- Searle Biosciences (Private) Limited
- IBL Future Technologies (Private) Limited
- Nextar Pharma (Private) Limited *

FINANCIAL STATEMENTS AND AUDITORS

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

The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as the Auditors of the Company for the financial year ending June 30, 2024, at a mutually agreed fee.

HOLDING COMPANY

International Brands (Private) Limited is the holding company of Searle, which holds 55.04% shareholding in the Company.

Principal place of business	Percentage of effective holding	
	June 30, 2023	June 30, 2022
Pakistan	74.19%	74.19%
	90.61%	100.00%
	100.00%	100.00%
	100.00%	100.00%
	100.00%	100.00%
	87.20%	87.20%

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

PATTERN OF SHAREHOLDING

The pattern of shareholding along with categories of shareholders as at June 30, 2023 as required under section 227 of the Companies Act, 2017 and Listing Regulations is presented on pages 250 to 253 of the annual report 2023.

BUSINESS CONDUCT

Searle's business practices are based on integrity, transparency and compliance with applicable laws and regulations.

Our values and expectations are more than just words. Together they help guide us to our goal to be one of the world's most innovative, best performing and trusted healthcare companies. They shape our culture and guide our actions and decision making, so we can maintain the trust of the people who rely on us each and every day – our patients and consumers.

It's up to all of us, every day, to keep Searle the kind of company we can all be proud to be a part of. We seek to understand and meet our customers' needs, whilst seeking continuous improvement in all spheres of business operations.

We do the right thing for our patients and consumers and strive for the highest quality. We work with our partners to improve healthcare and find new medicines and vaccines. Regardless of our role, we understand how our work affects patients and consumers.

PRODUCT QUALITY

Consumers trust and confidence on Searle's products is our most valuable asset. We recognize that pharmaceutical manufacturing bears many inherent risks and that any mistake in product design or production can be severe, even fatal, therefore,

the maintenance of quality is our utmost priority and moral responsibility.

We are committed to our duty towards safeguarding the patient's well-being and assure that all operations associated with manufacture of medicinal products are of a standard that ensures the patient's expectations of safety and efficacy.

CORPORATE AND SOCIAL RESPONSIBILITY

The horizon of our duties does not end with the creation of wealth for our stakeholders. At Searle, our aim has always been to make useful contributions to the economy we operate in. One of the primary areas of focus has been creation of employment opportunities to support a large industrial and sales workforce.

The Company operates in a socially responsible manner. Accordingly, the Company's CSR program has a wide scope encompassing initiatives in the areas of healthcare, education, child welfare and other social welfare activities.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT

We, at Searle, recognize the importance of safe and secure environment and consider it our duty to ensure that people who work for us know how to work safely and without any risks to their health. The health and safety of our employees and visitors is a high priority for the Company. Therefore, hazards associated with operations are continuously identified, assessed and managed to eliminate or reduce risks.

INFORMATION TECHNOLOGY

To cater to the growing business needs of the Company, and in line with our continuous endeavors to regularly upgrade information systems, we continued with our policy to invest more and more in information technology. We have successfully deployed the most powerful business management system 'SAP' to further strengthen our business operations.

WEBSITE

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

RELATED PARTY TRANSACTIONS

All related party transactions, during the year 2023, were placed before the Audit Committee and the Board for their review and approval. These transactions were duly approved by the Audit Committee and the Board in their respective meetings. All these transactions were in line with the transfer pricing methods and the policy with related parties approved by the board previously. The Company also maintains a full record of all such transactions, along with the terms and conditions. For further details, please refer note 42 in the financial statements.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

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

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

Name	Shares Purchased	Shares Disposed
Mr. Moujood UI Hassan	1,500	-
Mrs. Mahboob Khan	-	500,000
International Brands (Pvt) Ltd.	-	5,000,000

DIRECTORS' TRAINING PROGRAM (DTP)

Currently, five directors have attained DTP certification. The company has planned to arrange DTP Certification for the remaining of the directors over the next one year.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

and experienced for the purpose and are conversant with the policies and procedures of the Company.

CODE OF CONDUCT

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

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

on reasonable and prudent judgment.

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

	2023	2022	2021	2020	2019	2018	2017 (Re-stated)	2016
ASSETS EMPLOYED								
Property, plant and equipment	6,544,520	6,660,249	5,577,984	3,707,635	2,879,439	1,714,141	1,235,640	808,692
Right of use assets	60,090	69,750	79,410	121,515	-	-	-	-
Intangible assets	40,399	58,965	94,214	131,438	164,913	189,068	207,732	69,885
Investment properties-at cost	2,864,868	2,753,904	2,490,049	2,203,890	2,458,041	2,456,565	2,460,614	2,483,919
Long-term investments- subsidiaries	18,816,311	18,816,311	17,436,311	1,686,186	1,686,186	1,686,186	1,486,186	2,636,202
Long-term loans and deposits	7,513	7,637	7,721	7,754	7,666	7,548	1,791	1,949
Deferred assets			-	-	-	-	443	-
Non-current assets classified as held for sale			-	-	-	-	600,278	-
Net current assets	5,627,115	8,153,595	8,822,872	9,597,938	7,470,720	6,337,546	4,636,991	2,984,954
Total assets employed	33,960,816	36,520,411	34,508,561	17,456,356	14,666,965	12,391,054	10,629,675	8,985,601
FINANCED BY								
Issued, subscribed and paid-up capital	3,900,659	3,120,526	2,400,405	2,124,253	2,124,253	1,847,177	1,539,314	1,227,523
Reserves and unappropriated profit	20,051,031	20,324,319	19,336,033	13,300,048	11,342,852	9,893,014	8,385,533	6,952,694
Shareholder's equity	23,951,690	23,444,845	21,736,438	15,424,301	13,467,105	11,740,191	9,924,847	8,180,217
Surplus on revaluation of fixed assets	3,798,093	3,592,613	2,751,216	1,446,517	1,050,800	574,331	443,511	296,961
Long-term and deferred liabilities	6,211,033	9,482,953	10,020,907	585,538	149,060	76,532	261,317	508,423
Total capital employed	33,960,816	36,520,411	34,508,561	17,456,356	14,666,965	12,391,054	10,629,675	8,985,601
Turnover	21,641,282	17,737,282	16,569,596	16,567,219	14,537,198	12,675,110	10,753,751	9,561,490
Profit before tax	409,835	2,329,461	2,734,669	3,304,478	2,830,180	3,233,223	2,874,933	2,520,295
Profit after tax	302,137	2,090,717	2,122,924	2,455,077	2,641,946	3,049,164	2,638,745	2,089,388
Profit after tax as % of turnover	1.40	11.79	12.81	14.82	18.17	24.06	24.54	21.85
Profit after tax as % of capital employed	0.89	5.72	6.15	14.06	18.01	24.61	24.82	23.25
Dividends								
Cash (%)	NIL	NIL	20	25	25	50	100	50
Stock (%)	NIL	25	30	NIL	NIL	15	30	24

COMPOSITION OF THE BOARD OF DIRECTORS

There have been seven directors on the Board. The composition of the board as at June 30, 2023 is as follows:

	Category	Names
I	Independent Director	Dr. Atta Ur Rahman
		Mrs. Shaista Khaliq Rehman
ii	Non-executive Directors	Mr. Adnan Asdar Ali
		Mr. Munis Abdullah
		Mr. Mufti Zia Ul Islam
lii	Executive Directors	Mr. Syed Nadeem Ahmed
		Mr. Zubair Razzak Palwala

No person other than those mentioned above, have at any time during the year ended June 30, 2023 served as the director of the company.

MEETINGS OF THE BOARD OF DIRECTORS

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

Name of director	Meetings attended
Mr. Adnan Asdar Ali	6
Mrs. Shaista Khaliq Rehman	7
Mr. Syed Nadeem Ahmed	7
Mr. Zubair Razzak Palwala	7
Dr. Atta Ur Rahman	6
Mr. Munis Abdullah	7
Mr. Mufti Zia Ul Islam	7

AUDIT COMMITTEE

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

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

Name of director	Meetings attended
Mrs. Shaista Khaliq Rehman	6
Mr. Adnan Asdar Ali	5
Dr. Atta Ur Rehman	5

HUMAN RESOURCE AND REMUNERATION COMMITTEE (HR & R)

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

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

Name of director	Meetings attended
Mrs. Shaista Khaliq Rehman	1
Mr. Adnan Asdar Ali	1
Dr. Atta Ur Rehman	1

DIRECTORS REMUNERATION

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

- Non-executive directors are only entitled to receive fees in lieu of remuneration in respect of the board and committee meetings attended by them.
- The board is authorized to determine the remuneration of its Directors for attending meetings of the board and committee.

SUBSEQUENT EVENTS

The Board of Directors of the Company in the meeting held on September 28, 2023 has approved the following appropriation:

	2023	2022
		(Rupees '000)
Issue of 25 bonus shares for every 100 shares (June 30, 2022: 30 for every 100 shares) held	-	780,132

- During the year, the Board of Directors of the Company in the meeting held on October 03, 2022, resolved to acquire the 100% shareholding of Steller Ventures (Private) Limited (SVPL) from Universal Ventures (Private) Limited (UVPL) - a related party of the Company. The valuation of SVPL was conducted by KPMG and they arrived at a value of Rs. 3,750 million.

- Subsequent to the year ended June 30, 2023, the shareholders in the extraordinary general meeting of the Company held on July 26, 2023, authorized the Company to acquire 12,100,000 ordinary shares, having face value of Rs. 10 each of SVPL, constituting 100% of the issued and paid up share capital of SVPL from UVPL for an aggregate amount of Rs. 3,750 million. The said transaction will be settled against the receivable from UVPL as disclosed in note 15, the balance will be settled in cash by UVPL.
- Further the Board of Directors of the Company in their meeting held on May 25, 2023, resolved to acquire the 100% shareholding of Searle IV (Private) Limited (Searle IV) from IBL Operations (Private) Limited (IBL Ops) - a related party of the Company. The valuation of SVPL was conducted by KPMG and they arrived at a value of Rs. 3,500 million. The said transaction has been presented before the shareholders subsequent to the year end, in the extraordinary general meeting held on July 26, 2023, the shareholders authorised the Company to acquire 5,400,000 ordinary shares, having face value of Rs. 100 each of Searle IV, constituting 100% of the issued and paid up share capital of Searle IV from IBL Ops for an aggregate amount of Rs. 3,500 million. The said transaction will be funded from the right issue being offered by the Company subsequent to the year ended June 30, 2023.
- On May 25, 2023, the Board of Directors of the Company has approved to increase the authorized share capital of the Company from 6 billion divided into 600 million ordinary shares of Rs. 10 each to 7 billion divided into 700 million ordinary shares of of Rs. 10 each, by the creation of 100 million additional ordinary shares at nominal value of Rs. 10 each to rank pari passu in every respect with the existing ordinary shares of the Company. The said resolution has been presented and approved by the shareholders subsequent to the year end, in the extraordinary general meeting held on July 26, 2023.

VALUE OF INVESTMENTS

The value of investment of provident fund based on their un-audited / audited accounts as on June 30, 2023 and June 30, 2022 respectively was as follows:

	2023	2022
	Rs '000	
Provident Fund	599,877	711,953

FUTURE OUTLOOK

Searle is unwavering in its ambition to expand its market presence and sustain both organic and inorganic growth, despite the prevailing socio-economic, political, and environmental headwinds. However, the company faces risks to its future profitability due to ongoing uncertainties such as fluctuating exchange rates, rising inflation, escalating global commodity prices, and heightened costs in fuel and logistics. In light of these challenges, our strategic focus is shifting towards bolstering our specialty generic branded offerings and pursuing innovative products.

On the regulatory front, the company grapples with challenges stemming from restrictive drug pricing mechanisms and a less-than-ideal approval framework. These obstacles not only hamper the timely introduction of new products but also adversely affect patient care and treatment outcomes. Moreover, the current procedure for approving hardship cases needs reconsideration, as delayed price adjustments during periods of hyperinflation have a detrimental impact on the company's gross profit. Additionally, the rising interest rates are increasing our financing costs, thereby putting pressure on our cash flow cycle.

It's worth noting that Searle boasts a robust organic product pipeline with over 200 items at various stages of regulatory approval. The company has established a strong footing in local markets, excelling in therapeutic areas like cardiovascular diseases, respiratory ailments, diabetes, infant nutrition, probiotics, and antibiotics. In the long term, the company aims to delve into emerging sectors such as

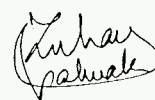
bio-similars, medical devices, nutraceuticals, genomic sciences and now intravenous. As part of this long-term vision, the recently acquired manufacturing facility at Lahore will play a pivotal role in diversifying our product portfolio. Searle is broadening its reach by exporting to the GCC, CIS, and other international regions.

At Searle, our team is deeply committed and eager to actively participate in the company's advancement. We're grateful that our partners, suppliers, and customers share this enthusiasm and drive, and we look forward to their continued passion in future collaborations. Rest assured, Searle is dedicated to fostering long-term, sustainable growth for all stakeholders involved

For and on behalf of the Board



Syed Nadeem Ahmed
Chief Executive Officer



Zubair Palwala
Director

Karachi: September 28, 2023

کو متعارف کرانے اور ان کو توسیع دینے پر ہے۔

ریگولیٹری صورتحال پر کمپنی سخت ڈرگ پرائسنگ میکنزم سے درپیش چیلنجز اور بہترین سے کم منظوری کے فریم ورک کو اپنائے گی۔ راہ میں حاصل یہ رکاوٹیں نہ صرف نئی پروڈکٹس کو بروقت متعارف کرنے میں مشکلات پیدا کرتی ہیں بلکہ متاثرہ مریض کی دیکھ بھال اور علاج معالجے کے نتائج پر بھی مضر اثرات مرتب کرتی ہیں۔ مزید برآں منظور کیے جانے والے کٹھن کیسز کے لئے موجودہ طریقہ کار پر از سر نو غور و خوض کی ضرورت ہے، جیسا کہ بلند تر مہنگائی کے ادوار کے دوران تاخیر سے کی گئی پرائس ایڈجسٹمنٹ سے کمپنی کے منافع جات پر نقصان دہ اثرات پڑے تھے۔ اس کے علاقہ بڑھتے ہوئے شرح سود سے ہمارے فنانشنگ اخراجات بھی بڑھے ہیں جن کے ذریعے ہمارے کیش فلو کے سائیکل پر دباؤ پڑ رہا ہے۔

یہ امر نہایت قابل ذکر ہے کہ سرل کی جانب سے پائپ لائن میں موجود 200 سے زائد آئٹمز پر مشتمل بے مثال آرگینک پروڈکٹ ریگولیٹری منظوری کے مختلف مراحل میں ہیں۔ کمپنی نے مقامی مارکیٹوں میں نہایت مضبوطی کے ساتھ قدم جمارکھے ہیں اور علاج کے مختلف شعبوں مثلاً دل کے امراض، سانس کی بیماریاں، ذیابیطس، بچوں کی نیوٹریشن، پروبائیوٹکس اور اینٹی بائیوٹکس میں اسے امتیازی مقام حاصل ہے۔ طویل مدت میں کمپنی کے مقاصد میں ابھرتے ہوئے سیکٹرز جیسا کہ بائیو-سمیلرز، میڈیکل ڈیوائسز، نیوٹراسیوٹیکلز، جینومک سائنسز اور اب انٹراوینس میں جگہ بنانا شامل ہے۔ اپنے طویل مدتی ویژن کے حصے کے طور پر لاہور میں حال ہی میں حاصل کی گئی مینوفیکچرنگ فینسیلٹی ہماری پروڈکٹ کے پورٹ فولیو میں توسیع کے ضمن میں ایک اہم کردار ادا کرے گی۔ سرل جی سی سی، سی آئی ایس اور دیگر بین الاقوامی خطوں میں برآمدات کے ذریعے اپنے دائرہ کار کو پھیلا رہا ہے۔

سرل میں ہماری ٹیم کمپنی کی جدت طرازی میں بھرپور اور موثر شراکت کیلئے پوری طرح کاربند ہے۔ ہم اپنے شراکت کاروں، سپلائرز اور صارفین کے اس کامیابی اور ترقی کے ضمن میں ان کے شکر گزار ہیں اور ہم مستقبل میں بھی ان کی شراکت کیلئے مستقل تعاون کی امید کرتے ہیں۔ آخر میں اس امر کی یقینی دہانی کراتے ہیں کہ سرل اپنے ساتھ شامل تمام اسٹیک ہولڈرز کیلئے طویل مدتی اور پائیدار گروتھ کیلئے ہمیشہ کوشاں ہے۔

برائے اور بورڈ کی جانب سے



زبیر رزاق پال والا
ڈائریکٹر



سید ندیم احمد
چیف ایگزیکٹو آفیسر

کراچی: 28 ستمبر 2023

- سال کے دوران کمپنی کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ 03 اکتوبر 2022 میں قرار دیا تھا کہ کمپنی کی ایک منسلک پارٹی یونیورسل وینچرز (پرائیویٹ) لمیٹڈ (UVPL) سے اسٹیبلر وینچرز (پرائیویٹ) لمیٹڈ (SVPL) کی 100 فیصد شیئر ہولڈنگ حاصل کی جائے۔ ایس وی پی لیل کی قدر و قیمت کا جائزہ کے پی ایم جی کی جانب سے لیا تھا اور انہوں نے 3,750 ملین روپے مالیت طے کی۔

30 جون 2023 کو ختم ہونے والے سال کے لئے بعد از آس شیئر ہولڈرز نے کمپنی کے غیر معمولی اجلاس عام منعقدہ 26 جولائی 2023 میں کمپنی کو اختیار دیا کہ وہ ایس وی پی لیل کے ہر ایک 10 روپے کی ظاہری مالیت کے حامل 12,100,000 عمومی شیئرز 3,750 ملین روپے کی مجموعی مالیت پر یو پی وی لیل سے حاصل کریں جو ایس وی پی لیل کے 100 فیصد جاری کردہ اور ادا شدہ شیئر کیپٹل پر مشتمل ہیں مذکورہ ٹرانزیکشن یو پی وی لیل سے قابل وصول رقم کے عوض نمٹائی جائے گی، جیسا کہ نوٹ 15 میں واضح کر دیا گیا ہے، باقی ماندہ یو پی وی لیل کی جانب سے نقد کی صورت میں طے کر لی جائے گی۔

- مزید برآں کمپنی کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ 25 مئی 2023 میں قرار دیا تھا کہ کمپنی کی ایک منسلک پارٹی آئی بی لیل آپریشنز (پرائیویٹ) لمیٹڈ سے سرل IV (پرائیویٹ) لمیٹڈ (Searle IV) کی 100 فیصد شیئر ہولڈنگ حاصل کی جائے۔ ایس وی پی لیل کی قدر و قیمت کا جائزہ کے پی ایم جی کی جانب سے لیا تھا اور انہوں نے 3,500 ملین روپے مالیت طے کی۔

سال کے آخر میں بعد از آس مذکورہ ٹرانزیکشن کا معاملہ شیئر ہولڈرز کے روبرو غیر معمولی اجلاس عام منعقدہ 26 جولائی 2023 میں رکھا گیا تھا اور اس میں شیئر ہولڈرز نے کمپنی کو اختیار دیا کہ وہ Searle IV کے ہر ایک 100 روپے کی ظاہری مالیت کے حامل 5,400,000 عمومی شیئرز 3,500 ملین روپے کی مجموعی مالیت پر آئی بی لیل آپریشنز سے حاصل کریں جو Searle IV کے 100 فیصد جاری کردہ اور ادا شدہ شیئر کیپٹل پر مشتمل ہیں مذکورہ ٹرانزیکشن 30 جون 2023 کو ختم ہونے والے سال کے لئے بعد از آس کمپنی کی جانب سے پیش کردہ رائٹ ایشو کے ذریعے فنڈ سے پوری کی جائے گی۔

- 25 مئی 2023 کو کمپنی کے بورڈ آف ڈائریکٹرز نے کمپنی کے مجاز شیئر کیپٹل کو ہر ایک 10 روپے کی عمومی مالیت کے نئے 100 ملین عمومی شیئرز کی تشکیل کے ذریعے اسے 6 بلین روپے منقسم ہر ایک 10 روپے مالیت کے 600 ملین عمومی شیئرز سے بڑھا کر 7 بلین روپے منقسم 10 روپے مالیت کے 700 ملین عمومی شیئرز تک بڑھانے کی منظوری دی اور یہ کہ نئے شیئرز ہر لحاظ سے کمپنی کے موجودہ عمومی شیئرز کے مساوی ہوں گے۔ مذکورہ قرارداد سال کے آخر میں بعد از آس شیئر ہولڈرز کی جانب سے غیر معمولی اجلاس منعقدہ 26 جولائی 2023 میں پیش کر کے منظور کر لی گئی۔

سرمایہ کاریوں کی قدر و قیمت

30 جون 2023 اور 30 جون 2022 کو پراویڈنڈ فنڈ کی سرمایہ کاری کی قدر و قیمت ان کے غیر آڈٹ شدہ/آڈٹ شدہ حسابات کی بنیاد پر بالترتیب درج ذیل کے مطابق تھی:

2022

2023

(پاکستانی روپے ہزاروں میں)

711,953

599,877

پراویڈنڈ فنڈ

مستقبل پر ایک نظر

سرل موجودہ سماجی، معاشی، سیاسی اور ماحولیاتی رکاوٹوں اور مشکلات کے باوجود اپنی مارکیٹ میں موجودگی کو توسیع دینے اور آرگینک اور ان آرگینک دونوں میں گروتھ کیلئے غیر متزلزل طور پر کوشاں ہے۔ تاہم کمپنی کو جاری غیر یقینی صورتحال مثلاً زر مبادلہ کے نرخوں میں اتار چڑھاؤ، بڑھتی ہوئی مہنگائی اور افراط زر، دنیا بھر میں اشیائے صرف کے بڑھتے ہوئے نرخ اور ایندھن و لاجسٹکس میں انتہائی زیادہ اخراجات کے باعث اس کے مستقبل کے منافع جات کو خطرات کا سامنا ہو گا۔ ان چیلنجز کو مد نظر رکھتے ہوئے ہماری زیادہ توجہ اپنی خصوصی عمومی برانڈڈ آفرنگز اور منفرد و جدید پروڈکٹس

آڈٹ کمیٹی

کمیٹی 3 نان۔ ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ کمیٹی کے چیئر پرسن ایک انڈیپینڈنٹ ڈائریکٹر ہیں۔ سال کے دوران، آڈٹ کمیٹی کے 6 اجلاس منعقد ہوئے جس کی تفصیلات درج ذیل کے مطابق ہیں:

ڈائریکٹرز کے نام	شرکت کردہ اجلاس
مسز شائستہ خالق رحمن	6
جناب عدنان اصدر علی	5
ڈاکٹر عطاء الرحمان	5

ہیومن ریسورس اور ریویو نیشن کمیٹی (ایچ آر اینڈ آر)

کمیٹی 3 نان۔ ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ کمیٹی کی چیئر پرسن ایک انڈیپینڈنٹ ڈائریکٹر ہے۔ سال کے دوران آڈٹ کمیٹی کا ایک اجلاس منعقد کیا گیا جس میں شرکت درج ذیل کے مطابق ہے:

ڈائریکٹرز کے نام	شرکت کردہ اجلاس
مسز شائستہ خالق رحمن	1
جناب عدنان اصدر علی	1
ڈاکٹر عطاء الرحمان	1

ڈائریکٹرز کا مشاہرہ

- ڈائریکٹرز کے مشاہرے کی نمایاں خصوصیات اور کلیدی عناصر درج ذیل کے مطابق ہیں:
- نان۔ ایگزیکٹو ڈائریکٹرز صرف ان کی جانب سے بورڈ اور کمیٹی کے اجلاسوں میں شرکت کے سلسلے میں مشاہرے کی وصولی کا استحقاق رکھتے ہیں۔
 - بورڈ اپنے ڈائریکٹرز کے لئے بورڈ اور کمیٹیوں کے اجلاسوں میں شرکت کا معاوضہ طے کرنے کے لئے بااختیار ہے۔

بعد ازاں ہونے والے واقعات

کمپنی کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ 28 ستمبر 2023 میں درج ذیل تناسب کی منظوری دی تھی۔

2022 2023
(پاکستانی روپے ہزاروں میں)

780,132	-	ہر موجودہ 100 شیئرز کیلئے 25 بونس شیئرز کا اجراء (30 جون 2022): ہر 100 شیئرز کے لئے)
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3,049,164 2,641,946 2,455,077 2,122,924 2,090,717 302,137

منافع بعد از ٹیکس

24.06	18.17	14.82	12.81	11.79	1.40	منافع بعد از ٹیکس بمطابق ٹرن اوور کا فیصد
24.61	18.01	14.06	6.15	5.72	0.89	منافع بعد از ٹیکس بمطابق زیر عمل سرمائے کا فیصد
						منافع منقسمہ
50	25	25	20	NIL	NIL	نقد (فیصد)
15	NIL	NIL	30	25	NIL	اسٹاک (فیصد)

بورڈ آف ڈائریکٹرز کی تشکیل

بورڈ میں 7 ڈائریکٹر موجود ہیں۔ بورڈ کی تشکیل 30 جون 2022 کے مطابق مندرجہ ذیل ہے:

نام	کیٹیگری
ڈاکٹر عطاء الرحمن مسز شائستہ خالق رحمن	i انڈیپینڈنٹ ڈائریکٹر
جناب عدنان اصدر علی جناب مونس عبد اللہ جناب مفتی ضیاء الاسلام	ii نان-ایگزیکٹو ڈائریکٹرز
جناب سید ندیم احمد جناب زبیر رزاق پال والا	iii ایگزیکٹو ڈائریکٹرز

کسی بھی فرد نے، ماسوائے درج بالا افراد کے 30 جون 2023 کو ختم ہونے والے سال کے دوران کسی بھی وقت کمپنی کے ڈائریکٹر کے طور پر فرائض انجام نہیں دیئے۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران، بورڈ آف ڈائریکٹرز کے 7 اجلاس منعقد ہوئے۔ بورڈ ممبران کی اجلاسوں میں شرکت درج ذیل کے مطابق ہیں:

ڈائریکٹر کے نام	شرکت کردہ اجلاس
جناب عدنان اصدر علی	6
مسز شائستہ خالق رحمن	7
جناب سید ندیم احمد	7
جناب زبیر رزاق پال والا	7
ڈاکٹر عطاء الرحمن	6
جناب مونس عبد اللہ	7
جناب مفتی ضیاء الاسلام	7

- کمپنی کے حسابات کی باقاعدہ کتب مرتب کی گئی ہیں۔
- موزوں ترین اکاؤنٹنگ پالیسیز مستقل طور پر مالیاتی حسابات اور اکاؤنٹنگ کے تخمینہ جات کی تیاری میں لاگو کی جاتی ہیں جو مناسب ترین اور محتاط فیصلوں پر مبنی ہوتی ہیں۔
- بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز، جیسا کہ پاکستان میں رائج ہیں، پر مالیاتی حسابات کی تیاری میں عمل کیا جاتا ہے۔
- کمپنی ایک مستحکم اندرونی کنٹرول سسٹم کی حامل ہے جو کسی بھی غلط بیانی یا نقصان کے خلاف مناسب یقین دہانی فراہم کرتا ہے۔ اندرونی کنٹرول سسٹم پر باقاعدگی سے نظر ثانی کی جاتی ہے۔
- اس امر میں کوئی شبہ نہیں ہے کہ کمپنی میں مستقل طور پر ترقی کرنے کی صلاحیت موجود ہے۔
- کارپوریٹ گورننس کے بہترین طریقہ کار سے کوئی بھی ایسی اہم روگردانی نہیں کی جاتی جیسا کہ لسٹنگ ریگولیشنز میں مفصل طور پر درج ہے۔
- ٹرانسفر پرائسنگ کے بہترین طریقہ کار کو بھی قطعی نظر انداز نہیں کیا جاتا۔
- 6 سالوں کے لئے اہم آپرینٹنگ اور ماحولیاتی تفصیل درج ذیل کے مطابق ہے۔

2018	2019	2020	2021	2022	2023	
						لاگو کردہ اثاثہ جات
1,714,141	2,879,439	3,707,635	5,577,984	6,660,249	6,544,520	املاک، پلائٹس اور لیکوئیٹنٹ
-	-	121,515	79,410	69,750	60,090	اثاثہ جات کا صحیح استعمال
189,068	164,913	131,438	94,214	58,965	40,399	غیر معمولی اثاثہ جات
2,456,565	2,458,041	2,203,890	2,490,049	2,753,904	2,864,868	مالیت پر جائیدادوں میں سرمایہ کاری
1,686,186	1,686,186	1,686,186	17,436,311	18,816,311	18,816,311	طویل مدتی سرمایہ کاری۔ ذیلی اداروں
7,548	7,666	7,754	7,721	7,637	7,513	طویل مدتی قرضے اور ڈپازٹس
-	-	-	-	-	-	ڈیفرڈ اثاثہ جات
-	-	-	-	-	-	نان کرنٹ اثاثہ جات کلاسیفائیڈ جیسا کہ فروخت کے لئے موجود ہیں
6,337,546	7,470,720	9,597,938	8,822,872	8,153,595	5,627,115	خالص کرنٹ اثاثہ جات
12,391,054	14,666,965	17,456,356	34,508,561	36,520,411	33,960,816	مجموعی زیر عمل اثاثہ جات
						سرمایہ کاری کا ذریعہ
1,847,177	2,124,253	2,124,253	2,400,405	3,120,526	3,900,659	جاری کردہ، سبسکرائبڈ اور ادا شدہ سرمایہ
9,893,014	11,342,852	13,300,048	19,336,033	20,324,319	20,051,031	ریزروز اور غیر منقولہ شدہ منافع جات
11,740,191	13,467,105	15,424,301	21,736,438	23,444,845	23,951,690	شیرنرز ہولڈرز کی لیکویٹی
574,331	1,050,800	1,446,517	2,751,216	3,592,613	3,798,093	فکسڈ اثاثہ جات کی دوبارہ قدر و قیمت پر اضافہ
76,532	149,060	585,538	10,020,907	9,482,953	6,211,033	طویل مدتی غیر معمولی شدہ مالیاتی قرضہ جات
12,391,054	14,666,965	17,456,356	34,508,561	36,520,411	33,960,816	مجموعی لاگو شدہ سرمایہ
12,675,110	14,537,198	16,567,219	16,569,596	17,737,282	21,641,282	ٹران اوور
3,233,223	2,830,180	3,304,478	2,734,669	2,329,461	409,835	منافع عمل از ٹیکس

متعلقہ پارٹی ٹرانزیکشنز

سال 2023 کے دوران متعلقہ پارٹی کے ساتھ تمام ٹرانزیکشنز آڈٹ کمیٹی اور بورڈ کے روبرو ان کے چارجز اور منظوری کے لئے پیش کر دی گئی تھیں۔ یہ ٹرانزیکشنز آڈٹ کمیٹی اور بورڈ کے جانب سے ان کے متعلقہ اجلاسوں میں باقاعدہ منظور کی گئی تھیں۔ یہ تمام ٹرانزیکشنز ٹرانسفر پرائسنگ کے طریقہ کار اور اس سے قبل بورڈ کی جانب سے منظور کردہ متعلقہ پارٹیز کے ساتھ پالیسی کے عین مطابق تھیں۔ کمپنی نے ایسی تمام ٹرانزیکشنز بشمول شرائط و ضوابط کا مکمل ریکارڈ بھی مرتب کر رکھا ہے۔ مزید تفصیلات کے لئے براہ مہربانی مالیاتی حسابات میں نوٹ 42 ملاحظہ فرمائیں۔

کوڈ آف کارپوریٹ گورننس پر عملدرآمد

اسٹاک ایکسچینج نے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ لسٹڈ کمپنیز ریگولیشنز اپنے لسٹنگ رولز میں شامل کیے ہیں، کمپنی نے اسی کوڈ کو رائج کیا ہے اور اس کی روح کے مطابق اس پر عملدرآمد کیا جاتا ہے۔

ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری اور ایگزیکٹوز وغیرہ کی جانب سے شیئرز کی ٹریڈنگ

پاکستان اسٹاک ایکسچینج لمیٹڈ میں کمپنی کے شیئرز کی خرید و فروخت ہوتی ہے، ڈائریکٹرز، سی ای او، کمپنی سیکریٹری اور سی ایف او اور ایگزیکٹوز، ان کے شریک حیات اور نابالغ بچے، ماسوائے درج ذیل ڈائریکٹرز اور ایگزیکٹوز کمپنی کے شیئرز کی کوئی خرید و فروخت انجام نہیں دے رہے۔

نام	خریدے گئے شیئرز	فروخت کئے گئے شیئرز
جناب موجود الحسن	1,500	500,000
مسٹر محبوب خان	-	5,000,000
انٹرنیشنل برانڈز (پرائیویٹ) لمیٹڈ	-	-

ڈائریکٹرز کی ٹریڈنگ کا پروگرام (ڈی ٹی پی)

موجودہ طور پر پانچ ڈائریکٹرز ڈی ٹی پی سرٹیفیکیشن حاصل کر چکے ہیں۔ کمپنی نے منصوبہ بنایا ہے کہ باقیماندہ ڈائریکٹرز کے لئے اگلے ایک سال میں ڈی ٹی پی سرٹیفیکیشن کا انتظام کیا جائے گا۔

اندرونی مالیاتی کنٹرول کی مناسبت

کمپنی کے اثاثہ جات کے تحفظ کے لئے کمپنی کی جانب سے مناسب اندرونی کنٹرول کو یقینی بنانے کیلئے قوانین اور ضوابط پر عملدرآمد کے ساتھ قابل بھروسہ رپورٹنگ کی غرض سے بورڈ آف ڈائریکٹرز نے اندرونی آڈٹ کے امور گرانٹ تھورنٹن انجمن رجن، چارٹرڈ اکاؤنٹنٹس کو تفویض کر دیئے ہیں جو اس مقصد کے لئے موزوں ترین کوالیفائیڈ اور تجربہ کار تصور کیے جاتے ہیں اور کمپنی کی پالیسیوں اور طریقہ کار سے بھی بخوبی واقف ہیں۔

ضابطہ اخلاق

کمپنی کے بورڈ آف ڈائریکٹرز نے ایک ضابطہ اخلاق رائج کیا ہے، تمام ملازمین کو اس بارے میں مطلع اور آگاہ کر دیا گیا ہے کہ کاروبار اور ضوابط سے متعلق ضابطہ اخلاق کے ان رولز پر عملدرآمد کرنا لازم ہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

- کمپنی کی انتظامیہ کی جانب سے تیار کیے گئے مالیاتی حسابات اس کے امور، اس کے آپریشنز کے نتائج، کیش فلوز اور لیکویٹی میں تبدیلیوں کو شفاف انداز میں پیش کرتے ہیں۔

ہم سرل کو ایسی کمپنی کی صورت میں رکھیں جس کا حصہ بننے پر ہم فخر محسوس کریں۔ ہم اس امر کو بخوبی سمجھتے ہیں اور اپنے صارفین کی ضروریات کو پورا کرنے کی کوشش کرتے ہیں چونکہ ہم کاروباری آپریشنز کے تمام پہلوؤں میں مستقل بہتری کے لئے کوشاں رہتے ہیں۔

ہم اپنے مریضوں اور صارفین کے لئے ہر درست اقدام کرتے ہیں اور بہترین معیار کے لئے کوشش جاری رکھتے ہیں۔ ہم اپنے شراکت کاروں کے ساتھ، ہیلتھ کیئر کو بہتر بنانے کے لئے کام کرتے ہیں اور نئی ادویات اور ویکسینز تیار کرتے ہیں، اپنے کردار کو مد نظر رکھتے ہوئے ہم اس امر کو بخوبی سمجھتے ہیں کہ کس طرح ہمارا کام مریضوں اور صارفین کو متاثر کرے گا۔

پروڈکٹ کا معیار

سرل کی مصنوعات پر صارفین کا اعتماد اور بھروسہ ہی ہمارا سب سے قیمتی اثاثہ ہے۔ ہم اس امر کو تسلیم کرتے ہیں کہ فارماسیوٹیکل مینوفیکچرنگ کو بہت سے خطرات کا سامنا کرنا پڑتا ہے اور یہ کہ پروڈکٹ کے ڈیزائن یا پروڈکشن میں کوئی بھی غلطی نقصان دہ حتیٰ کہ جان لیوا بھی ہو سکتی ہے، لہذا معیار کو برقرار رکھنا ہماری سب سے اولین ترجیح اور اخلاقی ذمہ داری ہے۔

ہم مریضوں کی بہبود کے تحفظ کے ضمن میں اپنے فرائض کو تندہی سے انجام دینے کیلئے کوشاں ہیں اور یقین دلاتے ہیں کہ ادویات سے متعلق پروڈکٹس کی تیاری سے منسلک تمام آپریشنز ایک بہترین معیار کے حامل ہیں جو سیفٹی اور موثر ہونے کے ضمن میں مریضوں کی توقعات پر پورا اترتے ہیں۔

کارپوریٹ اور سماجی ذمہ داری

ہمارے فرائض کا دائرہ کار ہمارے اسٹیک ہولڈرز کیلئے منافع جات اکٹھے کرنے تک محدود نہیں ہے۔ سرل میں ہمارا مقصد اس معیشت کے لئے کارآمد شراکت کرنا ہے جہاں ہم کام کر رہے ہیں، ہماری توجہ کے بنیادی مقاصد میں سے ایک ملازمت کے مواقع پیدا کرنا ہے تاکہ وسیع تر صنعتی اور سیلز ورک فورس کی معاونت کی جاسکے۔

کمپنی سماجی طور پر ذمہ دار ادارے کی حیثیت سے کار فرما ہے۔ اس کے مطابق کمپنی کا سی ایس آر پروگرام ہیلتھ کیئر، تعلیم، بچوں کی فلاح و بہبود اور دیگر سماجی بہبود کی سرگرمیوں کے شعبوں میں وسیع تر اقدامات پر مشتمل ہے۔

آکیو پشیل، ہیلتھ، سیفٹی اور اینوائرنمنٹ

سرل میں ہم ایک محفوظ ماحول کی اہمیت کو اچھی طرح تسلیم کرتے ہیں اور اس کو اپنی ذمہ داری تصور کرتے ہیں کہ اس امر کو یقینی بنائیں جو لوگ ہمارے لیے کام کرتے ہیں، ان کیلئے ان کی صحت کو لاحق کسی بھی خطرے کے بغیر کام کرنے کا محفوظ ماحول کس طرح فراہم کیا جائے۔ ہمارے ملازمین اور وزیٹرز کی صحت اور سیفٹی کمپنی کیلئے انتہائی اہم ترجیح ہے۔ لہذا آپریشنز سے منسلک خطرات کی مستقل طور پر جانچ کی جاتی ہے اور جائزہ لیا جاتا ہے تاکہ ان کے تدارک کے ساتھ خطرات کو کم کیا جائے۔

انفارمیشن ٹیکنالوجی

کمپنی کی بڑھتی ہوئی کاروباری ضروریات پوری کرنے اور باقاعدگی سے اپنے انفارمیشن سسٹمز سے آپ گریڈ کرنے کی کوششوں کے تحت ہم انفارمیشن ٹیکنالوجی میں زیادہ سے زیادہ انویسٹ کرتے رہتے ہیں، ہم نے کامیابی کے ساتھ انتہائی پاور فل مینجمنٹ سسٹم 'SAP' نافذ کیا ہے تاکہ اپنے کاروباری آپریشنز کو مزید مستحکم کیا جائے۔

ویب سائٹ

ہمارے تمام اسٹیک ہولڈرز اور عوام الناس کمپنی کی ویب سائٹ www.searlecompany.com پر وزٹ کر سکتے ہیں، جو انویسٹرز کے لئے سالانہ، ششماہی اور سہ ماہی مالیاتی حسابات سے متعلق معلومات پر مشتمل ایک وقف کردہ سیکشن ہے۔

مالیاتی حسابات اور آڈیٹرز

موجودہ آڈیٹرز میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس سبکدوش ہو رہے ہیں اور اہل ہونے کی بناء پر انہوں نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارشات پر 30 جون 2024 کو ختم ہونے والے مالی سال کے لئے باہمی طے شدہ معاوضے پر ان کی بطور کمپنی کے آڈیٹرز تقرری کی توثیق کی ہے۔

ہولڈنگ کمپنی

انٹرنیشنل برانڈز (پرائیویٹ) لمیٹڈ سرل کی ہولڈنگ کمپنی ہے جو کمپنی میں 55.04 فیصد شیئر ہولڈنگ کی حامل ہے۔

کمپنی کے ذیلی ادارے

درج ذیل کمپنی کے ذیلی ادارے ہیں:

کاروبار کا مرکزی مقام	موثر العمل
فیصد ہولڈنگ کی عمر	فیصد ہولڈنگ کی عمر
جون 30 2022	جون 30 2023
74.19%	74.19%
100.00%	90.61%
100.00%	100.00%
100.00%	100.00%
100.00%	100.00%
100.00%	100.00%
87.20%	87.20%

پاکستان

لسٹڈ کمپنی

- آئی بی ایل، ہیلتھ کیئر لمیٹڈ

غیر لسٹڈ کمپنیاں

- سرل پاکستان لمیٹڈ
- سرل فارماسیوٹیکلز (پرائیویٹ) لمیٹڈ
- سرل لیبارٹریز (پرائیویٹ) لمیٹڈ
- سرل بائیوسائنسز (پرائیویٹ) لمیٹڈ
- آئی بی ایل فوچر ٹیکنالوجیز (پرائیویٹ) لمیٹڈ
- نیکسٹر فارما (پرائیویٹ) لمیٹڈ

شیئر ہولڈنگ کا بیڑن

شیئر ہولڈنگ کا بیڑن بشمول شیئر ہولڈرز کی کیٹیگریز برطابق 30 جون 2023 جیسا کہ کمپنیز ایکٹ، 2017 کے سیکشن 227 کے تحت درکار ہے اور لسٹنگ ریگولیشنز سالانہ رپورٹ کے صفحات 250 تا 253 پر پیش کیے گئے ہیں۔

کاروبار کا انداز

سرل کے کاروبار کا طریقہ مروجہ قوانین اور ضوابط کے مطابق انتہائی مربوط، شفافیت اور کمپلائنس پر مبنی ہے۔

ہماری اقدار اور توقعات الفاظوں سے بہت زیادہ ہیں۔ ہماری رہنمائی میں مدد کرنے کے ساتھ یہ ہمیں دنیا میں انتہائی منفرد بنانے، بہترین کارکردگی اور قابل اعتماد ہیلتھ کیئر کمپنی بننے کے اہداف میں بھی معاون ہیں۔ یہ ہمارے کلچر کی تشکیل اور ہماری اقدامات اور فیصلے لینے میں بھی ہماری مددگار ہیں تاکہ ہم ان افراد، ہمارے مریض اور صارفین پر اپنا اعتماد برقرار رکھ سکیں جو ہر روز اور ہر معاملے میں ہم پر انحصار کرتے ہیں۔ یہ ہم سب پر منحصر کہ

مزید براں مہنگائی کے دباؤ کی وجہ سے اسٹیٹ بینک آف پاکستان (SBP) نے شرح سود بڑھایا جس کی وجہ سے ہمارے منافع پر بھی نمایاں اثرات مرتب ہوئے۔ سال کے آغاز پر شرح سود 15 فیصد تھی جو بڑھ کر 22 فیصد تک پہنچ چکی ہے، جس کے نتیجے میں ہمارے فنانشل چارجز 74 فیصد تک بڑھے۔

ان غیر معمولی بحرانوں کے باوجود، جن میں سے بیشتر ہمارے اختیار سے باہر ہیں، ہم نے اپنی ذمہ داری کو بہتر طور پر نبھاتے ہوئے اپنے اسٹیک ہولڈرز کیلئے اپنی ذمہ داریاں پوری جانفشانی کے ساتھ پوری کرنے کی کوشش کی ہے آنے والے دنوں میں بھی اسی عزم اور تسلسل کے ساتھ ان چیلنجوں کو پورا کرنے کے عزم پر کاربند رہیں گے۔

June 30,		
2022	2023	
(پاکستانی روپے ہزاروں میں)		
17,737,282	21,641,282	آمدنی
(9,089,252)	(12,097,595)	فروخت کے اخراجات
8,648,030	9,543,687	مجموعی آمدنی
(6,109,872)	(6,708,731)	آپریٹنگ اخراجات
(149,077)	(65,315)	دیگر آپریٹنگ اخراجات
1,865,180	988,298	دیگر آمدنی
4,254,261	3,757,939	آپریٹنگ سے آمدنی
(1,924,800)	(3,348,104)	مالیاتی اخراجات
2,329,461	409,835	آمدنی قبل از ٹیکس
(238,744)	(107,698)	انکم ٹیکس اخراجات
2,090,717	302,137	آمدنی بعد از ٹیکس

کمپنی اپنے ڈاکٹر کورتن، میچورنگ پروڈکٹ پورٹ فولیو، نئے برانڈز کے تعارف، بہترین پروڈکٹ مکس اور برانڈنگ کی کوششوں کے باعث اپنے ریونیو گروتھ کو برقرار رکھنے کی صلاحیت رکھتی تھی۔

آمدنی فی شیئر

اس مدت کے لئے بنیادی آمدنی فی شیئر 0.77 روپے تھی (2022 میں 5.36 روپے)۔ کمپنی کی بنیادی آمدنی فی شیئر پر اس کمی کو کوئی براہ راست اثر نہیں پڑا کیونکہ کمپنی کے پاس 30 جون 2023 کے مطابق باقیماندہ عمومی شیئرز کے لئے کوئی قابل منتقل کمی نہ تھی۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے سال کیلئے کسی منافع منقسمہ کی سفارش نہیں کی ہے، 30 جون 2022 کو ختم ہونے والے گزشتہ سال کے لئے کمپنی نے 25 فیصد کے اسٹاک منافع منقسمہ کا اعلان کیا تھا۔

ڈائریکٹرز سالانہ رپورٹ برائے حصص یافتگان

ڈائریکٹرز سالانہ رپورٹ مع سال محتمتہ 30 جون 2023 کو ختم ہونے والے سال کے لئے آپ کی کمپنی کے آڈٹ شدہ مالیاتی حسابات پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

یہ معلومات کمپنیز ایکٹ، 2017 کے سیکشن 227 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے باب XII کے مطابق جمع کرائی گئی ہے۔

یہ رپورٹ کمپنی کے 58 ویں سالانہ اجلاس عام بروز 27 اکتوبر 2023 میں حصص یافتگان کو پیش کی جائے گی۔

جائزہ

30 جون 2023 کو ختم ہونے والے سال کے دوران پاکستان کی دواسازی کی صنعت کو غیر معمولی بحرانوں کا سامنا کرنا پڑا۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں نمایاں کمی نے پیداواری لاگت پر نہایت منفی اثرات مرتب کیے بالخصوص ایکٹو فارماسیوٹیکل انگریڈینٹس (APIs) پر جو بیرون ملک سے منگوائے جاتے ہیں۔ مزید برآں معاشی بحالی اور ہمارے ملک کے استحکام کیلئے لازمی IMF پروگرام میں داخلے کے لئے اس کی شرائط پوری کرنے کی غرض سے سبسڈیز واپس لینے کے نتیجے میں ایندھن اور بجلی کی لاگت بڑھنے سے مشکلات پیش آئیں۔ اور اس کے نتیجے میں صنعت کے لئے پیداواری لاگت مزید بڑھ گئی۔

آپریٹنگ نتائج

سرل امتیازی ہیلتھ کیسز مصنوعات کی فراہمی کے ذریعے اپنے صارفین کیلئے معیار زندگی بہتر بنانے کے عزم پر کاربند رہنے والا ادارہ ہے۔ ہمارے مریضوں اور اسٹیک ہولڈرز دونوں کی فلاح و بہبود اور بہتری کے ضمن میں ہمارا غیر متزلزل عزم اس امر کا گواہ ہے اور ہم اپنی کوششوں اور عزم کے مثبت اثرات دیکھتے آئے ہیں۔

گزشتہ 6 سال سے زائد عرصے سے سرل نے 12.36 فیصد کے کمپاؤنڈڈ انڈیکس گروتھ ریٹ (CAGR) کے ساتھ ایک بہترین ریونیو گروتھ حاصل کیا ہے۔ ریونیو میں یہ شاندار توسیع مستقل گروتھ ریٹ اور پروڈکٹس کے پورٹ فولیو میں پھیلاؤ کے سبب ممکن ہو سکی ہے۔

ملک میں موجود غیر یقینی صورتحال اور معاشی اُتار چڑھاؤ کے باوجود سرل نے 30 جون 2023 کو ختم ہونے والے سال کے لئے بہترین سیلز گروتھ کا مظاہرہ کیا ہے۔ کمپنی نے 21.64 بلین روپے کا مجموعی ریونیو حاصل کیا جو گزشتہ سال کے مقابلے میں 22 فیصد کے نمایاں اضافے کو ظاہر کرتا ہے۔

تاہم سال کے لئے ہمارا منافع مختلف میکرو اکنامک عناصر کے باعث خاصا دشوار رہا۔ بالخصوص امریکی ڈالر کے مقابلے میں پاکستانی کرنسی کی قدر میں مسلسل کمی اور شرح سود بڑھنے کی وجہ سے مضر اثرات مرتب ہوئے۔

صرف سال رواں کے دوران روپے کی قدر 50 فیصد تک کم ہو گئی۔ چونکہ دواسازی کی صنعت کا انحصار غیر ملکی خام مال پر زیادہ ہے، بالخصوص ایکٹو فارماسیوٹیکل انگریڈینٹس (APIs) پر، لہذا ان اشیاء کی لاگت نمایاں طور پر بڑھی اور ہماری مجموعی شرح منافع متاثر رہی۔ ہماری مجموعی شرح منافع میں 4.66 فیصد تک کمی آئی اور یہ گزشتہ سال کے 48.76 فیصد سے کم ہو کر سال رواں میں 44.10 فیصد رہی۔ حالانکہ دواسازی کی صنعت کیلئے CPI پر سالانہ قیمتوں میں ضروری ادویات کیلئے 70 فیصد تک اور غیر ضروری دواؤں کیلئے 100 فیصد مع 10 فیصد اضافے کی اجازت دے دی گئی تھی تاہم یہ اضافہ بڑھتے ہوئے آپریٹنگ اخراجات کے مقابلے میں مساوی نہ تھا۔ ان غیر معمولی بحرانوں سے نمٹنے کیلئے وفاقی کابینہ نے یکسخت قیمتیں 20 فیصد بڑھانے کی منظوری دی جس کے نتیجے میں آخری سہ ماہی کے دوران ضروری ادویات کی قیمت 14 فیصد اور غیر ضروری دواؤں کے نرخ 20 فیصد تک بڑھ گئے۔ اس اضافہ کے مثبت اثرات ممکنہ طور پر آنے والے سال کے دوران زیادہ بہتر طور پر واضح ہو سکیں گے۔



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF THE SEARLE COMPANY 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 The Searle Company Limited for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

As a part of our audit of the 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 June 30, 2023.

A. F. Ferguson & Co
Chartered Accountants
Karachi

Dated: October 06, 2023
UDIN: CR202310073bVq3MuHn9

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>*

■ KARACHI ■ LAHORE ■ ISLAMABAD

Statement of Compliance

with Listed Companies (Code Of Corporate Governance) Regulations, 2019 for the year ended June 30, 2023

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

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

a. Male	Six (06)
b. Female	One (01)

2. The composition of the Board is as follows:

Category	Number	Names
i) Independent directors*		
Male	01	Dr. Atta Ur Rehman
Female	01	Mrs. Shaista Khaliq Rehman
ii) Non-Executive directors	03	Mr. Adnan Asdar Ali Mr. Munis Abdullah Mr. Mufti Zia Ul Islam
iii) Executive directors	02	Mr. S. Nadeem Ahmed Mr. Zubair Razzak Palwala

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

- 3 The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
- 4 The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
- 5 The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
- 6 All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
- 7 The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
- 8 The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- 9 Following Directors attended Directors' Training Program till June 30, 2023.

Names of Directors:

Syed Nadeem Ahmed

Zubair Razzak Palwala

Munis Abdullah

Shaista Khaliq Rehman

Mufti Zia Ul Islam

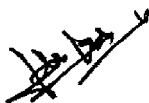
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

Audit Committee	HR and Remuneration Committee
Mrs. Shaista Khaliq Rehman - Chairperson	Mrs. Shaista Khaliq Rehman - Chairperson
Dr. Atta Ur Rehman	Dr. Atta Ur Rehman
Mr. Adnan Asdar Ali	Mr. Adnan Asdar Ali

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings of the committee were as per following:
 - a) Audit Committee: Quarterly (five meetings during the financial year ended June 30, 2023)
 - b) HR and Remuneration Committee: Yearly (one meeting during the financial year ended June 30, 2023)
15. The Board has outsourced the internal audit function to Grant Thornton Anjum Rahman, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33, and 36 of Regulations have been complied with;
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (if applicable):

S. No.	Requirement	Reg. No.	Explanation
1	All the Directors have obtained DTP certification till June 30, 2023.	19	Currently, 5 out of 7 directors have obtained DTP certification. The Company will arrange training for the remaining directors to comply with the requirement.
2	The Board may constitute a separate committee, designed as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	29(1)	The responsibilities as prescribed for the nomination committee are being performed by the HR and Remuneration Committee.
3	The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	30(1)	The Board has not constituted a separate risk management committee however the risk is managed at respective department level which is also supervised by the department head.
4	The company may post on its website key elements of its significant policies including but not limited to the following: (i) communication and disclosure policy; (ii) code of conduct for members of Board of directors, senior management and other employees; (iii) risk management policy; (iv) internal control policy; (v) whistle blowing policy; (vi) corporate social responsibility/ sustainability/ environmental, social and governance related policy.	35(1)	As the regulation provides concession with respect to disclosure of key elements of significant policies on the website, only those policies which were considered necessary, have been posted.
5	All directors of a company shall attend its general meeting(s), (ordinary and extra-ordinary unless precluded from doing so due to any reasonable cause.	10 (6)	Six (6) Directors attended the 57 th AGM of the company. Dr. Atta Ur Rehman did not attend the meeting due to personal reasons.

On behalf of the Board



Adnan Asdar Ali
Chairman/ Director



Syed Nadeem Ahmed
Chief Executive Officer

Dated: September 28, 2023

INDEPENDENT AUDITOR'S REPORT

To the members of The Searle Company Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of The Searle Company Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2023, and the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and 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, unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
--------	-------------------	---

(i)	Revenue from contracts with customers	
-----	--	--

(Refer note 2.14 & 29 to the unconsolidated financial statements)

The Company's revenue is generated from sales of pharmaceutical and other consumer products. The Company recognized revenue of Rs. 21.64 billion from the sale of goods to domestic as well as export customers during the year ended June 30, 2023. Sales to related parties represent 82.41% of total sales.

Revenue recognition includes determination of sales prices in accordance with the regulated price regime of the Government and transfer of control of products sold to customers. Taking into account that revenue recognition is a high risk area, we considered this as a key audit matter.

Our audit procedures included the following:

- obtained an understanding of determination of sales prices in accordance with policies of Drug Regulatory Authority of Pakistan (DRAP);
- tested on sample basis selling prices of regulated pharmaceutical products to ensure compliance with DRAP pricing policies;
- obtained an understanding of and testing the design and effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period;
- inspected contracts to obtain an understanding of contract terms particularly relating to timing and the customer's acceptance of the products and assessing the Company's accounting policies for recognition of revenue with reference to the requirements of the prevailing accounting standards; and
- compared on sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation, including the relevant sales contracts, the customer's acknowledgement of acceptance to assess whether revenue had been recognized in the appropriate period.

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S. No. Key audit matters

How the matter was addressed in our audit

(ii) Litigation relation to product pricing matters

(Refer Note 29.3 to the unconsolidated financial statements)

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

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

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

Our audit procedures included the following:

- obtained and reviewed details of the pending litigations and discussed the same with the Company's management;
- reviewed correspondence of the Company with the relevant authorities including judgments or orders passed by the competent authorities/ courts of law in relation to the issues involved or matters which have similarities with the issues involved;
- obtained confirmations from the Company's external legal counsels for their views on open legal cases; and
- reviewed disclosures made in respect of litigations in the unconsolidated financial statements.

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S. No. Key audit matters How the matter was addressed in our audit

(iii) Tax Contingencies

(Refer Note 28.1 to the unconsolidated financial statements)

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

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

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

Our audit procedures included the following:

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

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

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

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

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

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

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

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

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

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

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

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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.

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Report on Other Legal and Regulatory Requirements

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

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) 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 Syed Muhammad Hasnain.



A. F. Ferguson & Co
Chartered Accountants
Karachi

Date: October 06, 2023
UDIN: AR202310073lgsAPNU4p

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UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

	Note	2023	2022
-----Rupees '000-----			
ASSETS			
Non-current assets			
Property, plant and equipment	3	6,544,520	6,660,249
Right-of-use assets	4	60,090	69,750
Investment properties - at cost	5	2,864,868	2,753,904
Intangible assets	6	40,399	58,965
Long-term investments - subsidiaries	8	18,816,311	18,816,311
Long-term loans	9	117	241
Long-term deposits	10	7,396	7,396
		28,333,701	28,366,816
Current assets			
Inventories	11	2,716,235	2,086,581
Trade receivables	12	11,570,051	9,318,228
Loans and advances	13	1,071,375	860,099
Trade deposits and short-term prepayments	14	156,539	116,414
Other receivables	15	4,524,797	5,334,392
Short-term investment - at amortised cost	16	100,000	100,000
Taxation - payments less provisions		1,934,114	1,344,943
Refunds due from government - sales tax		196,712	220,669
Cash and bank balances	17	196,782	82,875
		22,466,605	19,464,201
Total assets		50,800,306	47,831,017
EQUITY AND LIABILITIES			
EQUITY			
Share capital			
Issued, subscribed and paid-up capital	18	3,900,659	3,120,527
Capital reserves			
Share premium		6,049,419	6,049,419
Revaluation surplus on property, plant and equipment	19	3,717,069	3,592,613
Revenue reserves			
General reserve	20	280,251	280,251
Unappropriated profit		13,721,361	13,994,648
Total equity		27,668,759	27,037,458
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	7	238,725	288,902
Employee benefit obligations	21	57,567	57,513
Long-term borrowings	22	5,917,063	9,049,521
Lease liabilities	23	78,702	87,017
		6,292,057	9,482,953
Current liabilities			
Trade and other payables	24	6,423,005	2,566,762
Short-term borrowings	25	10,092,552	8,488,095
Contract liabilities	26	96,043	27,394
Unpaid dividend	27	183,736	185,078
Unclaimed dividend		37,526	38,134
Current portion of lease liabilities	23	6,628	5,143
		16,839,490	11,310,606
Total liabilities		23,131,547	20,793,559
Contingencies and commitments	28		
Total equity and liabilities		50,800,306	47,831,017

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.


Chief Executive


Director


Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2023

	Note	2023	2022
		-----Rupees '000-----	
Revenue from contracts with customers	29	21,641,282	17,737,282
Cost of sales	30	(12,097,595)	(9,080,705)
Gross profit		9,543,687	8,656,577
Distribution costs	31	(5,474,092)	(4,897,085)
Administrative expenses	32	(1,234,072)	(1,221,334)
Other expenses	33	(65,315)	(149,077)
Other income	34	987,731	1,865,180
Profit from operations		3,757,939	4,254,261
Finance cost	35	(3,348,104)	(1,924,800)
Profit before income tax		409,835	2,329,461
Income tax expense	36	(107,698)	(238,744)
Profit for the year		302,137	2,090,717
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations	21	6,705	(7,638)
Surplus on revaluation of property, plant and equipment - net of deferred tax	19	322,459	946,806
		329,164	939,168
Total comprehensive income for the year		631,301	3,029,885
			(Restated)
Basic and diluted earnings per share (Rupees)	37	0.77	5.36

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.


Chief Executive


Director


Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2023

	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves		Total reserves	Total
		Share pre- mium	Revaluation surplus on property, plant & equipment	General reserve	Unappropri- ated profit		
-----Rupees '000-----							
Balance as at July 1, 2021	2,400,405	6,049,419	2,751,216	280,251	13,006,363	22,087,249	24,487,654
Total comprehensive income for the year ended June 30, 2022							
Profit for the year ended June 30, 2022	-	-	-	-	2,090,717	2,090,717	2,090,717
Other comprehensive income for the year ended June 30, 2022	-	-	946,806	-	(7,638)	939,168	939,168
Transfer of incremental depreciation - net of deferred tax	-	-	(105,409)	-	105,409	-	-
	-	-	841,397	-	2,188,488	3,029,885	3,029,885
Transactions with owners							
Bonus shares issued during the year in the ratio of 30 shares for every 100 shares held	720,122	-	-	-	(720,122)	(720,122)	-
Final dividend for the year ended June 30, 2022 @ Rs. 2 per share	-	-	-	-	(480,081)	(480,081)	(480,081)
Balance as at June 30, 2022	3,120,527	6,049,419	3,592,613	280,251	13,994,648	23,916,931	27,037,458
Total comprehensive income for the year ended June 30, 2023							
Profit for the year ended June 30, 2023	-	-	-	-	302,137	302,137	302,137
Other comprehensive income for the year ended June 30, 2023	-	-	322,459	-	6,705	329,164	329,164
Transfer of incremental depreciation - net of deferred tax	-	-	(154,963)	-	154,963	-	-
	-	-	167,496	-	463,805	631,301	631,301
Transfer of revaluation surplus on disposal of land held at revaluation model to retained earnings			(43,040)		43,040	-	-
Transactions with owners							
Bonus shares issued during the year in the ratio of 25 shares for every 100 shares held	780,132	-	-	-	(780,132)	(780,132)	-
Balance as at June 30, 2023	3,900,659	6,049,419	3,717,069	280,251	13,721,361	23,768,100	27,668,759

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.


Chief Executive


Director


Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2023

	Note	2023	2022
-----Rupees '000-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	4,897,374	3,714,438
Employee benefit obligations paid		(3,265)	(10,687)
Finance cost paid		(2,932,748)	(1,746,634)
Payments to workers' welfare fund and workers' profit participation fund		(168,484)	(195,443)
Income tax paid		(894,132)	(783,903)
Increase in long-term loans		124	84
Net cash flows from operating activities		898,869	977,855
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(323,719)	(358,667)
Proceeds from disposal of property, plant and equipment		6,280	2,477
Proceeds from disposal of investment properties		8,768	-
Purchase of investment properties		(182,946)	(335,941)
Further equity injection in subsidiary		-	(1,380,000)
Dividend received - subsidiaries		1,268,768	-
Deferred payment to UVPL - related party		-	(260,712)
Net cash flows from investing activities		777,151	(2,332,843)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,950)	(462,734)
Repayment of salary refinancing		(134,865)	(267,750)
Repayment of demand finance facility		-	(113,333)
Repayment of long-term borrowing		(1,740,250)	-
Payments against lease liabilities		(18,442)	(20,017)
Net cash flows generated from financing activities		(1,895,507)	(863,834)
Net decrease in cash and cash equivalents		(219,487)	(2,218,822)
Cash and cash equivalents at beginning of the year		(7,566,126)	(5,346,410)
Unrealised exchange gain / (loss) on cash and cash equivalents		4,118	(894)
Cash and cash equivalents at end of the year	39	(7,781,495)	(7,566,126)

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.


Chief Executive


Director


Chief Financial Officer

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

1. THE COMPANY AND ITS OPERATIONS

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

International Brands (Private) Limited is the Parent Company, which holds 55.04% (2022: 56.32%) shareholding in the Company.

Following are the subsidiary companies:

Listed Company	Principal place of business	Effective % age of holding	
		2023	2022
- IBL HealthCare Limited	Pakistan	74.19%	74.19%
Unlisted Companies			
- Searle Pakistan Limited		90.61%	100.00%
- Searle Pharmaceuticals (Private) Limited		100.00%	100.00%
- Searle Laboratories (Private) Limited		100.00%	100.00%
- Searle Biosciences (Private) Limited		100.00%	100.00%
- IBL Future Technologies (Private) Limited		100.00%	100.00%
- Nextar Pharma (Private) Limited *	87.20%	87.20%	

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

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

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

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

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

- 1.3** These unconsolidated financial statements are separate financial statements of the Company in which investments in subsidiaries have been accounted for at cost less accumulated impairment losses, if any. The consolidated financial statements of the Company and its subsidiaries have been presented separately. Details of the Company's investment in subsidiaries are stated in note 8 to these unconsolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these unconsolidated financial statements are set out below:

2.1 Basis of preparation

2.1.1 Statement of compliance

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

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

2.1.2 Use of critical accounting estimates and judgements

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

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

- a) Income tax - note 2.4
- b) Revaluation of property, plant and equipment - note 2.6
- c) Pricing of revenue from contracts with customers - note 2.14
- d) Impairment of long term investments - subsidiaries - note 2.10
- e) Residual value, useful lives and impairment of property, plant and equipment - note 2.6
- f) Allowance for impairment of trade debts - note 2.22
- g) Provision for staff retirement benefits - note 2.3
- h) Useful life of intangibles - note 2.8

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

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

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

2.1.3 Changes in accounting standards, interpretations and pronouncements

a) Amendments to accounting and reporting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2022. However, these do not have any significant impact on the Company's financial reporting.

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

There is a standard, certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2023. However, these are considered either not to be relevant or to have any significant impact on the Company's unconsolidated financial standards and operations and, therefore, have not been disclosed in these unconsolidated financial statements.

2.2 Overall valuation policy

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

2.3 Staff retirement benefits

2.3.1 Defined benefit plan

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

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

The Company operates an approved unfunded gratuity scheme covering all unionised employees with five or more years of service with the Company. The provision has been made in accordance with actuarial valuations carried out as of June 30, 2023 using the projected unit credit method.

2.3.2 Defined contribution plan

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

2.3.2.3 Compensated absences

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

2.4 Income tax

2.4.1 Current

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

2.4.2 Deferred

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

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

2.5 Share capital

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

2.6 Property, plant and equipment

2.6.1 Operating Assets

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

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

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

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

2.6.2 Capital work-in-progress

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

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

2.7 Lease liability and right-of-use asset

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

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

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

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

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

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

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

2.8 Intangible assets

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

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

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

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

2.9 Investment property

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

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

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

2.10 Investment in subsidiary companies

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

2.11 Inventories

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

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

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

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

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

2.12 Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer note 2.22 for a description of the Company's impairment policies.

2.13 Cash and cash equivalents

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

2.14 Revenue recognition

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

- Revenue from sale of goods is recognised when control is transferred to the customers.
- Income from toll manufacturing is recognised when services are rendered.
- Dividend income, other than those from investments measured using equity method, is recognised when the right to receive payment is established.
- Interest income and rental income is recognised on accrual basis.

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

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

Discounts are offered on the basis of contracts with customers.

2.15 Borrowing and their cost

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

2.16 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.17 Foreign currencies

The unconsolidated financial statements are presented in Pak Rupees which is the Company's functional and presentation currency. The figures are rounded off to the nearest Rupees in thousand.

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

2.18 Research and development cost

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

2.19 Trade and other payables

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

2.20 Provisions

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

2.21 Impairment of non-financial asset

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

2.22 Financial Instruments - Initial recognition and subsequent measurement

Initial Recognition

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

Classification of financial assets

The Company classifies its financial instruments in the following categories:

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

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

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

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

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

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

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

Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

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

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

Subsequent measurement

i) Financial assets at FVTOCI

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

ii) Financial assets and liabilities at amortised cost

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

iii) Financial assets and liabilities at FVTPL

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

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

Impairment of financial asset

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

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

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

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

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

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

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

Derecognition

i) Financial assets

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

ii) Financial liabilities

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

2.23 Off-setting of financial assets and liabilities

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

2.24 Dividend distribution

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

2.25 Government Grants

Government grants relating to costs are deferred and recognised in the Statement of profit or loss and other comprehensive income over the period necessary to match these with the costs that they are intended to compensate.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

2.26 Segment reporting

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

2.27 Contingent liabilities

Contingent liabilities are disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, at one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation can not be measured with sufficient reliability.

2.28 Share premium

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

2.29 Contract liabilities

A contract liability is recognised if a payment is received from a customer before the Company transfers the related goods. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods to the customer).

2023 2022
-----Rupees '000-----

3. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 3.1	6,286,725	6,509,268
Capital work-in-progress - at cost - note 3.12	257,795	150,981
	6,544,520	6,660,249

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

3.1 Operating assets

	Owned assets							Total
	Leasehold land - notes 3.2, 3.3, 3.4, 3.5 & 3.6	Building on leasehold land - notes 3.2, 3.3, 3.4, 3.5 & 3.6	Plant and machinery - notes 3.2, 3.3, 3.4, 3.5 & 3.6	Office equipment - notes 3.6 & 3.7	Furniture and fixtures	Vehicles - notes 3.2, 3.3, 3.4 & 3.5	Air - conditioning systems - notes 3.2, 3.3, 3.4 & 3.5	
	Rupees '000							
Net carrying value basis								
Year ended June 30, 2023								
Opening net book value	3,731,356	677,307	1,743,283	39,744	51,110	48,650	217,818	6,509,268
Additions	3,472	75,192	81,263	9,235	6,722	7,426	33,595	216,905
Transfers from investment property	-	-	-	-	-	-	-	-
Revaluation surplus - note 3.2	112,547	253,444	66,603	-	-	24,874	12,077	469,545
Disposals - note 3.11	(452,937)	(283)	(80)	(440)	-	-	(48)	(453,788)
Depreciation charge - note 3.8	-	(49,195)	(298,370)	(22,899)	(7,803)	(37,200)	(39,738)	(455,205)
Closing net book value	3,394,438	956,465	1,592,699	25,640	50,029	43,750	223,704	6,286,725
Gross carrying value basis								
As at June 30, 2023								
Cost or fair value	3,394,438	956,465	1,592,699	205,141	100,465	43,750	223,704	6,516,662
Accumulated depreciation	-	-	-	(179,501)	(50,436)	-	-	(229,937)
Closing net book value	3,394,438	956,465	1,592,699	25,640	50,029	43,750	223,704	6,286,725
Net carrying value basis								
Year ended June 30, 2022								
Opening net book value	2,948,230	564,659	1,477,534	51,366	50,300	47,775	185,335	5,325,199
Additions	154,275	74,434	181,539	14,183	8,707	-	27,333	460,471
Transfers from investment property	-	-	8,351	-	-	-	-	8,351
Revaluation surplus	628,851	80,063	313,033	-	-	29,832	39,377	1,091,156
Disposals	-	-	-	(58)	-	-	-	(58)
Depreciation charge	-	(41,849)	(237,174)	(25,747)	(7,897)	(28,957)	(34,227)	(375,851)
Closing net book value	3,731,356	677,307	1,743,283	39,744	51,110	48,650	217,818	6,509,268
Gross carrying value basis								
As at June 30, 2022								
Cost or fair value	3,731,356	677,307	1,743,283	198,320	93,743	48,650	217,818	6,710,477
Accumulated depreciation	-	-	-	(158,576)	(42,633)	-	-	(201,209)
Net book value	3,731,356	677,307	1,743,283	39,744	51,110	48,650	217,818	6,509,268
Depreciation rate	-	5% & 20%	10%, 20% & 33%	10%, 20% & 33%	10%, 20% & 33%	20%	10% & 20%	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

- 3.2** During the year, the Company revalued its operating assets classified under leasehold land, building on leasehold land, plant and machinery, vehicles and air-conditioning systems which resulted in revaluation surplus amounting to Rs. 112.55 million (2022: Rs. 628.85 million), Rs. 253.44 million (2022: Rs. 80.06 million), Rs. 66.6 million (2022: Rs. 313.03 million), Rs. 24.87 million (2022: 29.83 million) and Rs. 12.08 million (2022: Rs. 39.38 million) respectively.
- 3.3** Following assets have been revalued on the basis of present market values (level 2) for similar sized plots in the vicinity for land and replacement values of similar types of buildings, plant and machinery, vehicles and air-conditioning system during the year, details are as follows:

Assets	Location	Area square yards
Valuer: Pee Dee & Associates (Private) Limited		
Leasehold land	Plot # 5-B, Block 7& 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi	505
Leasehold land	E-58A, North Western Industrial Zone, Port Qasim Authority, Karachi	7,366
Leasehold land	E-44 & E-45, North Western Industrial Zone, Port Qasim Authority, Karachi	7,366
Leasehold land	Plot # F- 319, S.I.T.E, Karachi	25,362
Building on leasehold land, air-conditioning system, plant and machinery	E-44 & E-45, North Western Industrial Zone, Port Qasim Authority, Karachi	N/A
Building on leasehold land, air-conditioning system, plant and machinery	Plot # F- 319, S.I.T.E, Karachi	N/A
Vehicles	N/A	N/A

- 3.4** Forced sale value of the revalued assets as at June 30, 2023 are as follows:

	2023	2022
	-----Rupees '000-----	
- Leasehold land	2,488,851	2,365,755
- Building on leasehold land	681,494	533,975
- Plant and machinery	1,120,690	1,172,395
- Vehicles	35,000	36,488
- Air-conditioning systems	157,144	148,328

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

3.5 The previous valuation was carried out by an independent valuer Pee Dee & Associates (Private) Limited and Asrem (Private) Limited on June 30, 2022.

3.6 This represents owner occupied portion of investment property (One IBL Center) being used by the Company. The owner occupied portion has been determined on the basis of total covered area occupied by the Company i.e. 20,184 square fts (2022: 20,184 square fts), in terms of percentage 13.91% (2022: 13.91%). The net book value of the owner occupied portion is Rs. 317.73 million (2022: Rs. 387.58 million), having a fair value of Rs. 1,311.02 million (2022: Rs. 1,226.45 million).

3.7 This includes purchase of office equipment from the related party IBL Unisys (Private) Limited amounting to Rs. 2.03 million (2022: Rs. Nil).

	2023	2022
	-----Rupees '000-----	
3.8 Depreciation for the year has been allocated as follows:		
Cost of sales - note 30	358,512	163,858
Distributions cost - note 31	31,754	38,471
Administrative expenses - note 32	64,939	173,522
	<u>455,205</u>	<u>375,851</u>

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

	Leasehold land	Building on leasehold land	Plant and machinery	Air- conditioning systems	Vehicles	Total
	-----Rupees '000-----					
Cost	580,675	805,801	1,753,448	287,997	49,558	3,477,479
Accumulated depreciation	-	(271,028)	(989,663)	(127,620)	(47,302)	(1,435,613)
NBV as at June 30, 2023	<u>580,675</u>	<u>534,773</u>	<u>763,785</u>	<u>160,377</u>	<u>2,256</u>	<u>2,041,866</u>
NBV as at June 30, 2022	<u>987,100</u>	<u>495,618</u>	<u>818,257</u>	<u>156,351</u>	<u>-</u>	<u>2,457,326</u>

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

Location	Usage	Total Area (acres) Square yards
- F-319, S.I.T.E area, Karachi - note 3.10.1	Manufacturing facility	25,362
- E-58-A North Western Industrial Zone, Port Qasim Authority, Karachi	Land	7,366
- Plot # 5-B, Block 7& 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi	Land	505

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

3.10.1 Leasehold land, building on leasehold land, plant and machinery, office equipment, furniture and fixtures, vehicles and air-conditioning systems of plot # F-319, S.I.T.E, Karachi are subject to a first charge against the short term running facilities of Rs. 8,050 million obtained from various commercial banks. This charge existed at June 30, 2023. The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

3.11 Following item of property plant & equipment having net book value in excess of Rs. 500,000 was disposed off during the year.

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchaser	Relationship with buyer
-----Rupees '000-----								
Land	452,937	-	452,937	510,000	57,063	Authorisation of members	Universal Ventures (Private) Limited	Associated companies

3.11.1 On July 14, 2022, the Board of Directors authorized the Company to enter into a transaction with its related party i.e. Universal Ventures (Private) Limited (UVPL) for the sale of the property located at plot # B - 168, S.I.T.E, Nooriabad, District Jamshoro, Sindh measuring approximately 25 acres for a total sale consideration of Rs. 510 million free from all claims, liens, burdens, disputes, liabilities, encumbrances, demands and dues whatsoever. The proceed has been recorded as receivable from (UVPL) refer note - 15.10. The aforementioned transaction was approved by the members by authorising the board of directors, in the annual general meeting held on October 28, 2022, to approve the transactions to be carried out with related parties for the year ended June 30, 2023.

3.12 Capital work-in-progress - at cost

	Balance as at July 1, 2022	Additions during the year	Transfers to operating assets	Balance as at June 30, 2023	Balance as at July 1, 2021	Additions during the year	Transfers to operating assets	Balance as at June 30, 2022
------(Rupees '000)-----								
Civil works	77,739	66,755	(72,716)	71,778	8,312	89,014	(19,587)	77,739
Plant and machinery - note 3.12.1	52,508	247,545	(130,654)	169,399	81,282	130,331	(159,105)	52,508
	130,247	314,300	(203,370)	241,177	89,594	219,345	(178,692)	130,247
Advances against purchase of building, plant and machinery - note	-	300	-	300	145,000	105,000	(250,000)	-
Advances to suppliers	20,734	5,868	(10,284)	16,318	18,191	5,179	(2,636)	20,734
	<u>150,981</u>	<u>320,468</u>	<u>(213,654)</u>	<u>257,795</u>	<u>252,785</u>	<u>329,524</u>	<u>(431,328)</u>	<u>150,981</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

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

2023 2022
-----Rupees '000-----

4. RIGHT-OF-USE ASSETS

Plant and machinery

Balance as at July 01	69,750	79,410
Depreciation for the year - note 4.1	(9,660)	(9,660)
Closing as at June 30 - note 4.2	<u>60,090</u>	<u>69,750</u>

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

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

2023 2022
-----Rupees '000-----

5. INVESTMENT PROPERTIES - AT COST

Operating assets - notes 5.1 & 5.2	2,417,797	2,482,475
Investment property under work-in-progress - at cost - note 5.6	447,071	271,429
	<u>2,864,868</u>	<u>2,753,904</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

5.1 Operating assets

	Owned assets								Total
	Leasehold land	Building on leasehold land	Office equipment	Electrical equipment	Lifts & elevators	Generators	Furniture & fixtures	Air - conditioning system	
----- Rupees '000 -----									
Gross carrying value basis									
Year ended June 30, 2023									
Opening net book value	1,910,008	359,312	12,727	46,353	29,421	38,227	41,409	45,018	2,482,475
Additions	7,304	-	-	-	-	-	-	-	7,304
Transfers to property, plant and equipment - note 3.6	-	-	-	-	-	-	-	-	-
Disposals	-	(1,081)	(294)	(436)	-	-	-	(268)	(2,079)
Depreciation charge	-	(24,718)	(4,070)	(9,948)	(5,729)	(5,578)	(8,187)	(11,673)	(69,903)
Closing net book value	1,917,312	333,513	8,363	35,969	23,692	32,649	33,222	33,077	2,417,797
Net carrying value basis									
As at June 30, 2023									
Cost	1,917,312	490,935	39,251	95,949	56,636	55,384	80,979	113,734	2,850,180
Accumulated depreciation	-	(157,422)	(30,888)	(59,980)	(32,944)	(22,735)	(47,757)	(80,657)	(432,383)
Net book value	1,917,312	333,513	8,363	35,969	23,692	32,649	33,222	33,077	2,417,797
Gross carrying value basis									
Year ended June 30, 2022									
Opening net book value	1,887,132	296,940	11,487	54,987	12,341	10,734	46,078	50,877	2,370,576
Additions	22,876	84,296	6,718	1,274	24,351	35,695	3,298	5,477	183,985
Transfers to property, plant and equipment	-	-	-	-	(3,184)	(5,167)	-	-	(8,351)
Depreciation charge	-	(21,924)	(5,478)	(9,908)	(4,087)	(3,035)	(7,967)	(11,336)	(63,735)
Closing net book value	1,910,008	359,312	12,727	46,353	29,421	38,227	41,409	45,018	2,482,475
Net carrying value basis									
As at June 30, 2022									
Cost	1,910,008	492,791	41,357	98,664	56,636	55,384	80,979	115,398	2,851,217
Accumulated depreciation	-	(133,479)	(28,630)	(52,311)	(27,215)	(17,157)	(39,570)	(70,380)	(368,742)
Net book value	1,910,008	359,312	12,727	46,353	29,421	38,227	41,409	45,018	2,482,475
Depreciation rate	-	5%	20%	10%	10%	10%	10%	10%	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

5.2 Leasehold land and other assets (comprises of building on leasehold land, office equipment, electrical equipment, lifts and elevators, generators, furniture and fixtures and air-conditioning) on One IBL Centre classified under investment property and property, plant and equipment has been valued under the market value basis by an independent valuer, Pee Dee & Associates (Private) Limited. Market value of One IBL Centre based on the valuation as of June 30, 2023 was Rs. 9.60 billion (2022: Rs. 8.92 billion). The said property has been provided as security for Musharaka facility - refer note 22.1 and 22.3.

The valuation of leasehold land and building on Plot # 24-/5 - A , Block 7 and 8 Delhi mercantile muslim co-operative housing society have been carried out by an independent valuer i.e. Pee Dee & Associates as at June 30, 2023. Market values for leasehold land and building on leasehold land is Rs. 275 million (2022: Rs. 250 million) and Rs. 5.27 million (2022: Rs. 5.9 million) respectively.

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

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

5.4 The rental income in respect of One IBL Centre property amounting to Rs. 85.73 million (2022: Rs. 83.33 million) has been recognized in statement of profit or loss and other comprehensive income and included in 'other income' - refer note 34.

The direct operating expenses pertaining to One IBL Centre property comprising maintenance and utility costs amounting to Rs. 77.36 million (2022: Rs. 37.74 million) which is netted with income from provision of amenities which is specified in 'other income' - refer note 34.

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

5.6 Movement in investment property under work in progress at One IBL Building Center - at cost	2023	2022
	-----Rupees '000-----	
Balance as at July 01	271,429	119,473
Additions during the year - note 5.6.1	175,642	313,052
Transfers to operating assets - investment properties	-	(161,096)
Balance as at June 30	447,071	271,429

5.6.1 This includes furniture and fixtures purchased from related parties - United Retail (Private) Limited, IBL Logistics (Private) Limited and IBL Frontier Market (Private) Limited amounting to Rs. Nil (2022: Rs. 0.03 million), Rs. 0.20 million (2022: Rs. 3.27 million) and Rs. 5.5 million (2022: Rs. 2.39 million) respectively.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

- 5.7** Investment property comprising leasehold land, building on leasehold land, generators, lift and elevators, air-conditioner, electrical equipment, furniture and fittings and office equipment with a carrying amount of Rs. 2.16 billion are subject to first charge against musharaka loan from Habib Bank Limited (Musharaka agent). This charge existed as at June 30, 2023 refer note - 22.1 to 22.4.

6. INTANGIBLE ASSETS	2023	2022
	-----Rupees '000-----	
Operating intangible assets - note 6.1	<u>40,399</u>	<u>58,965</u>

6.1 Operating intangible assets

	Distribu- tion rights	Brand name and logo - note 6.1.1	Product license - note 6.1.2	Software licenses - note 6.1.3	Total
	-----Rupees '000-----				
Net carrying value basis					
Year ended June 30, 2023					
Opening net book value	-	-	44,650	14,315	58,965
Additions	-	-	-	-	-
Amortisation charge - note 6.2	-	-	(11,163)	(7,403)	(18,566)
Closing net book value	<u>-</u>	<u>-</u>	<u>33,487</u>	<u>6,912</u>	<u>40,399</u>
Gross carrying value basis					
As at June 30, 2023					
Cost	76,275	74,703	111,623	166,160	428,761
Accumulated amortisation	(76,275)	(74,703)	(78,136)	(159,248)	(388,362)
Net book value	<u>-</u>	<u>-</u>	<u>33,487</u>	<u>6,912</u>	<u>40,399</u>
Gross carrying value basis					
Year ended June 30, 2022					
Opening net book value	-	-	55,813	38,401	94,214
Additions	-	-	-	-	-
Amortisation charge	-	-	(11,163)	(24,086)	(35,249)
Closing net book value	<u>-</u>	<u>-</u>	<u>44,650</u>	<u>14,315</u>	<u>58,965</u>
Net carrying value basis					
As at June 30, 2022					
Cost	76,275	74,703	111,623	166,160	428,761
Accumulated amortisation	(76,275)	(74,703)	(66,973)	(151,845)	(369,796)
Net book value	<u>-</u>	<u>-</u>	<u>44,650</u>	<u>14,315</u>	<u>58,965</u>
Amortisation rate	-	10%	10%	20% & 33.33%	

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

- 6.1.2** This represents license obtained for the production of product “Tramal”.
- 6.1.3** Software licenses include various licenses and enterprise resources planning software.
- 6.2** Amortisation charge on intangible assets has been charged to administrative expenses.

7. DEFERRED TAX LIABILITIES

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

	2023	2022
	-----Rupees '000-----	
Deferred tax asset	(432,714)	(288,574)
Deferred tax liability	671,439	577,476
	<u>238,725</u>	<u>288,902</u>

7.1 Analysis of change in deferred tax

	Acceler- ated tax deprecia- tion	Minimum tax - note 7.3	Surplus on revalua- tion	Right-of- use asset and Lease Liability	Deceler- ated tax amortisa- tion	Deferred grant	Unwinding of interest on salary refinanc- ing	Provision for doubt- ful receiv- ables	Provision for doubt- ful trade deposits	Total
	-----Rupees '000-----									
July 1, 2022	153,296	(222,819)	404,528	(6,081)	(18,166)	2,328	17,324	(40,790)	(718)	288,902
(Charge) / credit to profit or loss	(33,471)	(128,538)	-	(1,453)	752	(2,328)	(17,619)	(14,534)	(72)	(197,263)
Charge to other comprehensive income	-	-	147,086	-	-	-	-	-	-	147,086
June 30, 2023	<u>119,825</u>	<u>(351,357)</u>	<u>551,614</u>	<u>(7,534)</u>	<u>(17,414)</u>	<u>-</u>	<u>(295)</u>	<u>(55,324)</u>	<u>(790)</u>	<u>238,725</u>
July 1, 2021	216,357	(222,819)	260,178	(4,645)	(11,170)	10,999	5,634	(38,580)	(679)	215,275
Credit / (charge) to profit or loss	(63,061)	-	-	(1,436)	(6,996)	(8,671)	11,690	(2,210)	(39)	(70,723)
Charge to other comprehensive income	-	-	144,350	-	-	-	-	-	-	144,350
June 30, 2022	<u>153,296</u>	<u>(222,819)</u>	<u>404,528</u>	<u>(6,081)</u>	<u>(18,166)</u>	<u>2,328</u>	<u>17,324</u>	<u>(40,790)</u>	<u>(718)</u>	<u>288,902</u>

- 7.2** Deferred tax liability is restricted to 93.57% (2022: 93.57%) of the total deferred tax liability based on the assumptions that export sales will continue to fall under Final Tax Regime and historical trend of export and local sales ratio will continue to be the same in foreseeable future.
- 7.3** The total deferred tax asset on minimum tax for tax year 2018 has expired and consequently deferred tax reversal has been booked. However deferred tax asset on minimum tax for tax year 2019 will expire on June 30, 2024.
- 7.4** Under the Finance Act, 2019, corporate rate of tax has been fixed at 29% for tax year 2020 and onwards and super tax has been recorded by the company at the rate of 4% as discussed in Note 27.3, therefore, deferred tax assets and liabilities have been recognised accordingly using the enacted tax rate of 32% - refer note - 36.2.3.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

8. LONG-TERM INVESTMENTS - SUBSIDIARIES	2023	2022
	-----Rupees '000-----	
Subsidiary companies (at cost) - note 8.1	<u>18,816,311</u>	<u>18,816,311</u>

8.1 Subsidiary companies

	2023		2022	
	Equity % held	Investment at cost (Rupees '000)	Equity % held	Investment at cost (Rupees '000)
Quoted security				
<i>IBL HealthCare Limited - note 8.1.1</i>				
52,966,637 (2022: 48,151,489) Ordinary shares of Rs. 10 each Market price as at June 30, 2023: Rs. 32.55 (2022: Rs. 51.99) per share	74.19%	1,300,911	74.19%	1,300,911
		<u>1,300,911</u>		<u>1,300,911</u>
Unquoted securities				
<i>Searle Pakistan Limited - note 8.1.2</i>				
1,047,029,979 (2022: 1,047,029,979) Ordinary shares of Rs. 10 each Break up value as at June 30, 2023: Rs. 10.34 (2022: Rs. 11.22) per share	90.61%	16,400,000	100%	16,400,000
<i>Searle Biosciences (Private) Limited</i>				
11,000,000 (2022: 11,000,000) Ordinary shares of Rs. 10 each Break up value as at June 30, 2023: Rs. 87.94 (2022: Rs. 93.36) per share	100%	790,000	100%	790,000
<i>IBL Future Technologies (Private) Limited - note 8.2</i>				
20,000,000 (2022: 20,000,000) Ordinary shares of Rs. 10 each Break up value as at June 30, 2023: Rs. 10.03 (2022: Rs. 10.03) per share	100%	200,000	100%	200,000
<i>Searle Laboratories (Private) Limited - note 8.2</i>				
12,500,000 (2022: 12,500,000) Ordinary shares of Rs. 10 each Break up value as at June 30, 2023: Rs. 0.29 (2022: Rs. 0.29) per share	100%	125,000	100%	125,000
<i>Searle Pharmaceuticals (Private) Limited - note 8.2</i>				
40,000 (2022: 40,000) Ordinary shares of Rs. 10 each Break up value as at June 30, 2023: nil (2022: Rs. nil) per share	100%	400	100%	400
		<u>17,515,400</u>		<u>17,515,400</u>
		<u>18,816,311</u>		<u>18,816,311</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

8.1.1 IBL Healthcare Limited

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

Based on the requirement mentioned above, the Company is exposed to a tax liability of approximately Rs. 71.8 million (2022: Rs. 71.8 million), on account of bonus shares received from IBL HealthCare Limited from 2015 to 2018. The Company has filed a petition in respect of tax on bonus shares in Honourable High Court of Sindh, and expects a favourable outcome, based on a legal advice. Further, pending decision of the Honourable High Court of Sindh, IBL HealthCare Limited has withheld 1,474,940 shares (2022: 1,340,855 shares) with Central Depository Company of Pakistan Limited.

8.1.1.2 During the year, the IBL Healthcare Limited has issued bonus shares in the ratio of 10 shares for every 100 ordinary shares held equivalent to 10% for the year ended June 30, 2022.

8.1.2 Searle Pakistan Limited

8.1.2.1 The Board of Directors, in its meeting held on October 27, 2020, authorized to create a pledge upto 14.50 million ordinary shares of IBL HealthCare Limited out of which 14.21 million ordinary shares are pledged in favour of UVPL for securing the Company's obligations towards UVPL.

8.1.2.2 During the previous year, SPL made a right issue (1 share for every 3 shares held) which was declined by the Company. Out of total right issue of 349,010,000 shares, 181,485,200 shares are acquired by third parties. The remaining unsubscribed shares will be offered to the public in coming months.

8.2 The Company has committed to provide a financial support to Searle Laboratories (Private) Limited, Searle Pharmaceuticals (Private) Limited and IBL Future Technologies (Private) Limited as on June 30, 2023.

9. LONG-TERM LOANS	2023	2022
	-----Rupees '000-----	
Secured - considered good - note 9.1	246	578
Less: Current portion - shown under loans and advances - note 13	(129)	(337)
	<u>117</u>	<u>241</u>

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

10. LONG-TERM DEPOSITS

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

	2023	2022
	-----Rupees '000-----	
11. INVENTORIES		
Raw materials	1,313,375	1,126,745
Packing materials	621,657	509,185
Stores and spares	180,767	112,001
Work-in-process	317,502	204,445
Finished goods	282,934	134,205
	<u>2,716,235</u>	<u>2,086,581</u>
11.1	Inventories include inventory in transit amounting to Rs. 482.07 million (2022: Rs. 425.19 million).	
11.2	Inventories include inventory held by third parties amounting to Rs. 570.30 million (2022: Rs. 482.43 million).	
12. TRADE RECEIVABLES		
- Export receivables, secured - note 12.5	442,573	479,290
- Due from related parties, unsecured - note 12.1	10,818,800	8,330,534
- Others, unsecured	494,001	658,727
	<u>11,755,374</u>	<u>9,468,551</u>
Less: Allowance for expected credit loss - note 12.7	(185,323)	(150,323)
	<u>11,570,051</u>	<u>9,318,228</u>
12.1 Due from related parties, unsecured		
Subsidiary companies - notes 12.2, 12.3 & 12.4		
- Searle Biosciences (Private) Limited	320,860	336,821
- IBL HealthCare Limited	109,010	100,464
Associated companies - notes 12.2, 12.3 & 12.4		
- IBL Operations (Private) Limited	10,388,930	7,881,889
- IBL Logistics (Private) Limited	-	11,360
	<u>10,818,800</u>	<u>8,330,534</u>
12.2	The maximum aggregate amount of receivable outstanding at any time during the year are as follows:	
Subsidiary companies		
- Searle Biosciences (Private) Limited	524,824	399,994
- IBL HealthCare Limited	382,340	199,422
- Searle Pakistan Limited	193,986	178,697
Associated companies		
IBL Operations (Private) Limited	16,967,098	8,816,842
IBL Logistics (Private) Limited	86,631	99,931
United Brands Limited	-	12,118

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

2023 2022
-----Rupees '000-----

12.3 These are stated net of amount payable from the following parties:

IBL Operations (Private) Limited	355,193	-
IBL Health Care Limited	7,713	-
IBL Logistics (Private) Limited	83,631	75,271
	446,537	<u>75,271</u>

12.4 As at June 30, 2023, the age analysis of these related party receivables is as follows:

Not yet due	3,683,429	3,045,195
Past due but not yet impaired		
- 1 to 30 days	1,189,008	1,196,820
- 30 to 90 days	4,794,675	2,836,449
- 90 to 180 days	956,667	976,443
- 180 to 365 days	77,721	81,911
- older than 365 days	117,300	193,716
	10,818,800	<u>8,330,534</u>

12.5 Breakup of export receivables are as follows:

Country	Export Sales	Receivables	Confirmed Letter of Credit	Others
	-----Rupees '000-----			
Afghanistan	52,438	-	-	-
Cambodia	270,575	151,759	-	151,759
Iraq	90,397	-	-	-
Kenya	13,536	513	513	-
Laos	24,993	3,912	2,152	1,760
Myanmar	345,849	7,516	7,516	-
Oman	84,092	-	-	-
Philippines	22,918	7,561	3,781	3,780
Rwanda	7,432	-	-	-
Srilanka	432,307	153,028	153,028	-
Tajikistan	27,792	10,392	-	10,392
Uganda	15,218	2,583	-	2,583
Senegal	7,334	-	-	-
Vietnam	185,798	105,309	105,309	-
	1,580,679	442,573	272,299	170,274

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

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

	2023	2022
	-----Rupees '000-----	
12.7 Allowance for expected credit loss		
Balance at beginning of the year	150,323	150,323
Provision during the year - net	35,000	-
Balance at end of the year	<u>185,323</u>	<u>150,323</u>
13. LOANS AND ADVANCES – considered good		
Advance to:		
Secured		
- employees for business operations - notes 13.1 & 13.2	135,894	65,069
- employees against salary - notes 13.1 & 13.2	27,238	22,388
Unsecured		
- suppliers - note 13.3	542,273	402,577
- against imports	52,134	56,021
- related party - note 13.4	313,707	313,707
	<u>1,071,246</u>	<u>859,762</u>
Current portion of long-term loans to employees - note 9	129	337
	<u>1,071,375</u>	<u>860,099</u>

13.1 These advances for business operations are adjusted against submission of actual expenses. Advances against salary are repayable on monthly basis. The maximum aggregate amount of these advances outstanding at any time during the year was Rs. 244.72 million (2022: Rs. 226.78 million).

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

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

Employee	Amount Rupees '000
Mr Naeem-ur-rehman Malik	16,342
Mr Muhammad Sajid	8,698
Mr Muhammad Abdullah Ibrahim	7,799
Mr Sajid Hussain	5,000
Mr Umer Saeed	3,209
Mr Muhammad Kashif	2,862
Mr Irfan Ali	2,740
Mr Muhammad Ammar Bin Alam	2,644
Mr Mohammad Osama Hashmi	1,878
Mr Shaukat Rehman	1,653
Mr Waqas Aurangzaib	1,617
Mr Syed Zeeshan Haider Sherazi	1,508
Mr Syed Jahangir Mustafa Jaffari	1,437
Mr Amir Shahzad Sadiq	1,400
Mr Shoaib Shamshad	1,379
Mr Syed Muhammad Mesam Rizvi	1,296
Mr Awais Ahmed	1,286
Mr Ikran Ishaq	1,274
Mr Khurram Siraj	1,227
Mr Syed Ghayyur Hussain Shah	1,178
Mr Muhammad Suleman	1,175
Mr Syed Muhammad Shahid	1,158
Mr Muhammad Kashif	1,132
Mr Raheel Hussain	1,131
Mr Yahya Rafiq	1,089
Mr Muhammad Junaid Qureshi	1,084
Mr Imran Yousaf	1,055
Mr Muhammad Bilal	1,043
Mr Naveed Ahmed	1,033
Mr Sami Ullah	1,016

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

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

	2023	2022
	-----Rupees '000-----	
13.4 Due from related party, unsecured		
Subsidiary company - notes 13.5		
- Searle Biosciences (Private) Limited	<u>313,707</u>	<u>313,707</u>

- 13.5** The maximum aggregate amount of advance to Searle Biosciences (Private) Limited at any time during the year is Rs. 313.71 million which is overdue as at June 30, 2023.

	2023	2022
	-----Rupees '000-----	
14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Deposits		
Trade deposits - note 14.1	109,496	96,128
Less: Provision for doubtful deposits	(2,640)	(2,640)
	<u>106,856</u>	<u>93,488</u>
Prepayments	49,683	22,926
	<u>156,539</u>	<u>116,414</u>

- 14.1** This includes deposits made to institutions for tender deposit amounting to Rs. 75.98 million (2022: Rs. 65.3 million).

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

15. OTHER RECEIVABLES	2023	2022
	-----Rupees '000-----	
Receivables from related parties		
<i>Due from subsidiary companies - note 15.1</i>		
- IBL Healthcare Limited against:		
Expenses - note 15.4	4,333	560
Royalty - note 15.5	46,941	23,628
Rental income - note 34.1	4,540	565
- Searle Pakistan Limited against:		
Dividend income	28,951	649,406
Expenses - note 15.4	-	18,952
Rental income - note 34.1	-	2,904
- Searle Biosciences (Private) Limited against:		
Dividend income	43,000	138,000
Facility management fee	170,000	-
Expenses - note 15.4	25,661	37,567
- Nextar Pharma (Private) Limited against:		
Expenses - note 15.6	13,107	9,785
	336,533	881,367
<i>Due from parent company & associated companies note - 15.2</i>		
- International Brands (Private) Limited against:		
Expenses - note 15.4	43,231	29,427
Rental income - note 34.1	38,634	21,462
Group relief - note 15.7	58,040	116,648
- IBL Operations (Private) Limited against:		
Claims	-	545,022
Expenses - note 15.4	2,306	27,411
Rental income - note 34.1	3,781	17
- IBL Frontier Markets (Private) Limited against:		
Expenses - note 15.9	47,890	41,942
- IBL Unisys (Private) Limited against:		
Rental income - note 34.1	719	-
Expenses - note 15.4	408	493
- IBL Logistics (Private) Limited against:		
Rental income - note 34.1	1,692	1,692
- Universal Ventures (Private) Limited against:		
Sale of subsidiary - note 15.10	3,326,859	3,326,859
Sale of land - note 3.11 & 15.10	510,000	-
	4,033,560	4,110,973
<i>Due from other related parties note - 15.2</i>		
- United Retail (Private) Limited against:		
Expenses	1,384	2,168
- Universal Retail (Private) Limited against:		
Rental income - note 34.1	18,437	31,230
Expenses	71,626	66,922
Surplus arising under retirement benefit fund - note 15.8	5,250	5,250
Others, considered good - note 15.11	58,007	236,482
	4,524,797	5,334,392

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

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

	2023	2022
	-----Rupees '000-----	
IBL Healthcare Limited	55,814	25,822
Searle Pakistan Limited	797,091	1,271,166
Searle Biosciences (Private) Limited	295,406	423,352
IBL Future Technologies (Private) Limited	-	1,949
Searle Pharmaceuticals (Private) Limited	-	1,186
Nextar Pharma (Private) Limited	17,359	20,634

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

	2023	2022
	-----Rupees '000-----	
IBL Operations (Private) Limited	937,419	928,283
International Brands (Private) Limited	194,135	167,537
IBL Unisys (Private) Limited	1,546	2,090
IBL Logistics (Private) Limited	1,692	1,692
United Retail (Private) Limited	2,168	35,347
Universal Retail (Private) Limited	120,366	95,287
Universal Ventures (Private) Limited	3,836,859	3,326,859
IBL Frontier Markets (Private) Limited	57,581	44,477

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

	2023	2022
	-----Rupees '000-----	
Not yet due	203,112	15,476
Past due but not yet impaired		
- 1 to 30 days	22,187	788,635
- 30 to 90 days	62,606	204,209
- 90 to 180 days	36,727	249,311
- 180 to 365 days	3,866,220	3,479,440
- older than 365 days	60,742	120,362
	<u>4,251,594</u>	<u>4,857,433</u>

- 15.4** These are expenses paid by the Company on behalf of the related parties.

- 15.5** This relates to royalty paid by the Company on behalf of IBL Healthcare Limited.

- 15.6** This relates to the payment of salaries made by the Company for the employees of Nextar Pharma (Private) Limited.

- 15.7** This represents excess amount paid in relation to group relief availed, in previous year, by the Company. The amount was paid by the Company on the basis of estimation for the purpose of discharging tax liability as per Income Tax Ordinance, 2001.

- 15.8** This represents surplus on funded gratuity scheme discontinued by the Company with effect from December 31, 2012.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

- 15.9** This relates to rental expenses paid by the Company on behalf of IBL Frontier Market (Private) Limited for their warehouse located at F-405 S.I.T.E, Karachi.
- 15.10** The Board of Directors of the Company in the meeting held on October 03, 2022, resolved to acquire the 100% shareholding of Steller Ventures (Private) Limited (SVPL) from Universal Ventures (Private) Limited (UVPL) - a related party of the Company, at a valuation to be determined and negotiated by the management of the Company with UVPL on arms length basis, to be adjusted against Company's receivable balance, subject to due diligence and approval of the shareholders under the provisions of Section 199 of the Companies Act, 2017. On May 23, 2023 the Company obtained valuation of SVPL amounting to Rs. 3,750 million from KPMG Taseer Hadi & Co. The said transaction has been presented in the extra ordinary general meeting held subsequent to the year ended June 30, 2023 refer note - 48.2.
- 15.11** This includes Rs. 14.7 million (2022: Rs. 148.91 million) claimed by the Company from Zhejiang Huahai Pharmaceuticals, China (ZHP) relating to its product "Extor" that contains material supplied by ZHP. On July 12, 2018, the Drug Regulatory Authority of Pakistan in response to a review triggered by the European Medicine Agency (EMA) issued drug re-call for "Valsartan" containing products due to the presence of cancer causing impurities. Accordingly, the Company recalled finished product "Extor" amounting to Rs. 221.95 million from the local market and Rs. 97 million from the international market. The impact of the product recall has been set off by the claim raised by the Company against ZHP.

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

In the year 2020, the Company entered into an agreement with ZHP for settlement of the above claims. As per the agreement, these claims will be settled against future purchases of raw material by the Company from ZHP. These claims will be accounted for when the credit notes for the discounted purchase price are received. Claims amounting to Rs. 134.2 million (2022: Rs. 86.11 million) were settled during the year.

16. SHORT-TERM INVESTMENT - AT AMORTISED COST

This represents unsecured perpetual term finance certificates which carry markup at the rate of 3 months KIBOR + 1.6% per annum (2022: 3 months KIBOR + 1.6% per annum).

17. CASH AND BANK BALANCES

	2023	2022
	-----Rupees '000-----	
Cash in hand:		
- local currency	998	150
- foreign currency	4,348	2,214
	5,346	2,364
Cheques in hand	121,152	-
With banks in:		
Islamic		
- current account - local currency	2,644	3,330
Conventional		
- current account - local currency	60,485	75,566
- current account - foreign currency	7,155	1,615
	67,640	77,181
	196,782	82,875

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

18. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Authorised share capital

2023	2022		2023	2022
(Number of shares)			-----Rupees '000-----	
<u>600,000,000</u>	<u>400,000,000</u>	Ordinary shares of Rs. 10 each - note 18.3	<u>6,000,000</u>	<u>4,000,000</u>

Issued, subscribed and paid up capital

2023	2022		2023	2022
(Number of shares)			-----Rupees '000-----	
40,168,355	40,168,355	Shares allotted for consideration paid in cash	401,683	401,683
24,000	24,000	Shares allotted for consideration other than cash	240	240
349,873,498	271,860,328	Shares allotted as bonus shares	3,498,736	2,718,604
<u>390,065,853</u>	<u>312,052,683</u>		<u>3,900,659</u>	<u>3,120,527</u>

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

	2023	2022
Ordinary Shares	Number of shares	
Number of shares outstanding at the beginning of the year	312,052,683	240,040,526
Bonus shares issued - note 18.4	78,013,170	72,012,157
Number of shares outstanding at the end of the year	<u>390,065,853</u>	<u>312,052,683</u>

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

18.3 The Company in its annual general meeting held on October 28, 2022 increased its authorised share capital for ordinary shares from Rs. 4 billion divided into 400 million ordinary shares to Rs. 6 billion divided into 600 million ordinary shares of Rs 10 each.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

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

19. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

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

	2023	2022
	-----Rupees '000-----	
Revaluation surplus at beginning of the year	3,592,613	2,751,216
Surplus arising on revaluation :		
- Leasehold land	112,547	628,851
- Building on leasehold land	253,444	80,063
- Plant and machinery	66,603	313,033
- Vehicle	24,874	29,832
- Air-conditioning and systems	12,077	39,377
Deferred tax liability on revaluation surplus	(147,086)	(144,350)
	322,459	946,806
Net amount transferred to unappropriated profit on account of		
- Incremental depreciation	(218,258)	(148,464)
- Deferred tax on incremental depreciation	63,295	43,055
- Transfer of revaluation surplus on disposal of land	(43,040)	-
	(198,003)	(105,409)
	3,717,069	3,592,613

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

20. GENERAL RESERVE

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

	2023	2022
	-----Rupees '000-----	
21. EMPLOYEE BENEFIT OBLIGATIONS		
Staff retirement gratuity - unfunded - note 21.1	57,567	57,513

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

21.1 Gratuity scheme - unfunded

21.1.1 General description

As stated in note 2.3.1, the Company operates unfunded gratuity scheme for eligible employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to minimum service under the scheme. The latest actuarial valuation was carried out as at June 30, 2023 using the Projected Unit Credit (PUC) Actuarial Cost Method.

21.1.2 Risk on account of defined benefit plan

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

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

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

	2023	2022
	-----Rupees '000-----	
21.1.3 Statement of financial position reconciliation		
Present value of defined benefit obligation	<u>57,567</u>	<u>57,513</u>
21.1.4 Movement in the present value of defined benefit obligation		
Obligation as at July 1	57,513	53,484
Current service cost	2,621	2,264
Interest cost	7,403	4,814
Benefits paid	(3,265)	(10,687)
Remeasurements on obligation	(6,705)	7,638
Obligation as at June 30	<u>57,567</u>	<u>57,513</u>
21.1.5 Expense recognised in unconsolidated statement of profit or loss and other comprehensive income		
Current service cost	(2,621)	(2,264)
Interest cost	(7,403)	(4,814)
	<u>(10,024)</u>	<u>(7,078)</u>
21.1.6 Remeasurement recognised in other comprehensive income		
Experience gain / (loss)	<u>6,705</u>	<u>(7,638)</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

	2023	2022
	-----Rupees '000-----	
21.1.7 Net recognised liability		
Balance as at July 1	57,513	53,484
Expense for the year	10,024	7,078
Benefits paid	(3,265)	(10,687)
Remeasurement (gain) / loss recognised in other comprehensive income	(6,705)	7,638
Balance as at June 30	57,567	57,513

21.1.8 Actuarial assumptions

Discount rate used for year end obligation	16.25%	13.25%
Expected rate of increase in salaries	16.25%	13.25%
Retirement age (years)	60	60

Mortality was assumed to be SLIC (2001-05) for males and females, as the case may be, but rated down by one year.

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

Impact on defined benefit obligation

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate at 30 June	1%	(6,792)	1,445
Future salary increases	1%	1,910	(7,257)

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

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

21.1.12 As per actuarial advice, the Company is expected to recognise a service cost of Rs. 11.89 million in 2024.

21.1.13 The weighted average service duration of employees is 7.7 years.

At June 30, 2023	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Between 5 - 10 years	Over 10 years
------(Rupees '000)-----					
Gratuity funds	458	498	12,245	26,149	38,044

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

2023 2022
-----Rupees '000-----

22. LONG-TERM BORROWINGS

Islamic

Musharaka facility - notes 22.1, 22.2, 22.3 & 22.4	5,917,063	9,049,521
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22.1 The Company has obtained a musharaka facility from Habib Bank Limited (Musharaka Agent) for a period of 7 years with a repayment grace period of two years. The Company is required to repay the amount of the loan in quarterly installments, starting from September 2022. However, on February 24, 2021, the Company has repaid the loan amounting to Rs. 800 million to its Musharaka agent. This facility carries a mark-up of three months KIBOR plus 1.35%.

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

22.3 This borrowing facility is secured against the following properties:

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

**Subsequent to the year end the aforementioned property has been transferred in the name of Stellar Ventures (Pvt) Ltd.*

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

	2023	2022
	-----Rupees '000-----	
22.4 Loan movement		
Balance as at July 01	9,554,740	9,537,892
Amortisation of transaction cost	16,848	16,848
Classified in short term borrowings - note 25	(1,914,275)	(505,219)
Repayment	(1,740,250)	-
Closing as at June 30	<u>5,917,063</u>	<u>9,049,521</u>
23. LEASE LIABILITIES		
Lease liabilities under IFRS 16 - notes 23.1 & 23.2	<u>85,330</u>	<u>92,160</u>
Non current portion	<u>78,702</u>	<u>87,017</u>
Current portion	<u>6,628</u>	<u>5,143</u>
23.1 Maturity analysis of lease liabilities		
Upto 1 year	6,628	5,143
1 - 5 years	71,417	60,670
More than 5 years	7,285	26,347
	<u>85,330</u>	<u>92,160</u>

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

Balance as at July 01	92,160	97,508
Interest expense	11,612	14,669
Payments	(18,442)	(20,017)
Balance as at June 30	<u>85,330</u>	<u>92,160</u>

23.3 Finance cost on lease liabilities for the year ended June 30, 2023 was Rs. 11.61 million (2022: Rs. 14.67 million). Total cash outflow for leases was Rs. 18.44 million (2022: Rs. 20.02 million). The lease liability was measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 15.48%.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

24. TRADE AND OTHER PAYABLES	2023	2022
	-----Rupees '000-----	
Creditors	1,399,761	301,008
Bills payable in foreign currency	1,762,126	190,212
Payable to related parties - note 24.1	1,310,955	118,438
Royalty payable - note 24.2	24,352	14,171
Accrued liabilities	1,266,508	1,339,747
Payable to provident fund - note 24.3	14,961	12,944
Deferred income	-	8,571
Accrued mark-up - note 24.4	476,651	265,811
Taxes deducted at source and payable to statutory authorities	48,538	88,354
Workers' Profits Participation Fund - note 24.5	22,008	123,438
Workers' Welfare Fund - note 24.6	21,422	35,597
Other liabilities	75,723	68,471
	<u>6,423,005</u>	<u>2,566,762</u>

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

	2023	2022
	-----Rupees '000-----	
Parent Company:		
International Brands (Private) Limited	-	20,876
Subsidiary Companies:		
Searle Laboratories (Private) Limited	1,489	1,489
IBL HealthCare Limited - note 24.1.1 to 24.1.3	-	4,635
Nextar Pharma (Private) Limited - note 24.1.4	19,683	7,751
Searle Pakistan Limited - note 24.1.5	1,160,440	75,268
	<u>1,181,612</u>	89,143
Associated Companies:		
United Brands Limited	538	568
IBL Unisys (Private) Limited	1,244	-
Prime Health (Private) Limited	-	7,018
IBL Logistics (Private) Limited	54,172	-
Searle IV Solutions (Private) Limited	72,534	-
IBL Frontier Markets (Private) Limited	618	618
Other related parties:	129,106	8,204
United Retail (Private) Limited	237	215
	<u>1,310,955</u>	<u>118,438</u>

24.1.1 This includes payable to IBL HealthCare Limited - subsidiary on account of discounts offered by the Company against Diazic Syrup.

24.1.2 This includes advance from customers of IBL HealthCare Limited - subsidiary amounting to Rs. Nil (2022: Rs. 6.65 million).

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

- 24.1.3** This includes amount of Rs. Nil (2022: Rs. Nil) received from IBL HealthCare Limited - subsidiary on account of bank guarantee.
- 24.1.4** This includes payable to Nextar Pharma (Private) Limited - subsidiary on account of purchase of plant and machinery.
- 24.1.5** This includes payable to Searle Pakistan Limited - subsidiary amounting to Rs.560 million (2022: Rs. 167.76 million) on account of purchase of raw material and promotional expenses incurred on behalf of the Company net of against receivable balance of Rs. 148.86 million.
- 24.2** This includes royalty payable to M/s Sanofi Winthrop Industry as per agreement.
- 24.3** The investment in listed equity securities out of the provident fund is in excess of the limit prescribed under the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder. However, the fund is in the process of ensuring compliance with the prescribed limits.

24.4 Accrued mark-up	2023	2022
	-----Rupees '000-----	
Accrued mark-up on:		
- long-term borrowing	40,483	39,697
- short-term borrowing	436,168	226,114
	<u>476,651</u>	<u>265,811</u>
24.5 Workers' Profit Participation Fund		
Balance as at July 01	123,438	147,552
Charge for the year - note 33	22,008	123,438
	<u>145,446</u>	270,990
Interest on funds utilised in Company's business - note 35	22,564	9,492
Payments made during the year	(146,002)	(157,044)
Closing as at June 30	<u>22,008</u>	<u>123,438</u>
24.6 Workers' Welfare Fund		
Balance as at July 01	35,597	59,738
Charge for the year - note 33	8,307	14,258
	<u>43,904</u>	73,996
Payment made during the year	(22,482)	(38,399)
Closing as at June 30	<u>21,422</u>	<u>35,597</u>
25. SHORT-TERM BORROWINGS		
Secured borrowings		
Conventional		
Running finance facility - note 25.1	1,631,532	1,796,582
Islamic		
Running musharaka - note 25.1 and 25.2	6,346,745	5,852,419
Current portion of long-term borrowings - note 22.4 and 25.5	1,914,275	639,094
	<u>8,261,020</u>	6,491,513
	<u>9,892,552</u>	8,288,095
Unsecured borrowing		
IBL Future Technologies (Private) Limited - subsidiary Company - note 25.4	200,000	200,000
	<u>10,092,552</u>	<u>8,488,095</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

- 25.1** The Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 8,050 million (2022: Rs. 8,100 million) which include financing facilities obtained under Islamic mode amounting to Rs. 6,350 million (2022: Rs. 6,350 million). The arrangements are secured jointly by registered mortgage of Rs. 2,012.5 million (2022: Rs. 2,025 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs. 11,785.83 million (2022: Rs. 11,940 million).
- 25.2** The amount utilised under the Islamic mode of financing amounted to Rs. 6,346.75 million (2022: Rs. 5,986.29 million).
- 25.3** The rates of mark-up / profit ranged between 11.99% to 24.48% (2022: 1% to 16.89%) per annum.
- 25.4** This represents interest free loan which is repayable on demand.
- 25.5** This represents current portion of salary refinancing amounting to Rs. 134.88 million in relation to the Company availing the State Bank of Pakistan's (SBP) payroll refinance facility as a part of measures for countering economic hardships faced by the businesses during COVID-19 pandemic.

26. CONTRACT LIABILITIES

The contract liabilities primarily relate to the advance consideration received from customers for future sales as per the Company's policy, for which revenue is recognised at a point in time. Revenue recognized from contract liabilities during the year amounted to Rs. 27.39 million (2022: Rs. 50.29 million).

27. UNPAID DIVIDEND

This consists of unpaid dividend on account of:

	Rupees '000
- Bonus shares withheld - note 27.1	146,038
- Unavailability of bank details	37,418
- Others	280
	183,736

- 27.1** This includes dividend on bonus shares withheld pertaining to 115 shareholders on which stay from the Honourable High Court of Sindh has been obtained - refer note 8.1.1.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

28. CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
28.1.4 High Court of Sindh	<p>A suit was filed to challenge the imposition of Sales Tax under Sales Tax Act, 1990 with respect to raw material being used for manufacturing pharmaceutical products inspite of such raw material being exempt in view of Entry No. 105 of the Sixth schedule of the Act.</p> <p>The Court issued interim orders restraining the defendants from collecting sales tax on raw material imported by the Company. It has been further asserted that the term “manufacture”, as stated in Sub-section 16 of Section 2 of the Sales Tax Act, 1990, adequately covers the present activity and exempts the Company from payment of Sales Tax on the Packaging utilised in the manufacture of drugs/pharmaceuticals. The case is at the stage of hearing of applications. The cumulative impact of this levy amounts to Rs. 31.6 million.</p>	The Company and The Federation of Pakistan	2014
28.1.5 High Court of Sindh	<p>The Company has filed a petition against tax on bonus shares in the Honourable High Court of Sindh and expects a favourable outcome. For further detail, refer note 8.1.1 of these unconsolidated financial statements.</p>	The Company and The Federation of Pakistan	11-Nov-15
28.1.6 High Court of Sindh	<p>Exemption provided to the companies falling under Group Relief (section 59B of Income Tax Ordinance, 2001), from tax on intercorporate dividend as mentioned under Clause 103A of Part I of the Second Schedule of the Income Tax Ordinance, 2001, is not applicable now on account of deletion of Section 59B from the said clause, through the Finance Act, 2016.</p> <p>The Constitution Petition filed by the company against tax on intercorporate dividend received from the subsidiary companies has now been disposed off by the Honourable High Court of Sindh vide the Order dated March 22, 2023 holding tax recoverable.</p> <p>Recovery notices were then recived under section 138(1) of the Ordinance for Tax Years 2015 to 2017 for tax recovery on intercorporate dividend, against which the company obtained stay from the High Court of Sindh on legal plaints.</p> <p>The company has approached the Supreme Court of Pakistan which has granted interim relief vide the Order dated August 28, 2023 [C.P No. 2096-2111/23].</p> <p>In view of the above, no provision has been made for aggregate amount of tax on intercorporate dividend from Tax Years 2017 to 2023 aggregating Rs 1,478 million. The company expects a favourable outcome based on the legal advice.</p>	The Company and The Federation of Pakistan	2017 to 2020

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

28.1.7 The Company has filed an appeal in Supreme Court of Pakistan against imposition of super tax and expects a favourable outcome. For further details, refer note 36.2.3 of these unconsolidated financial statements.

28.1.8 The management, based on legal or tax advice, is confident that the ultimate decisions in the above cases (notes 28.1.1 to 28.1.6) will be in favour of the Company, hence no provision has been made in respect of the aforementioned litigations.

28.2 Commitments Rupees '000

28.2.1 Commitments in respect of capital expenditures

Property, plant and equipment	-
Investment property	-
	-
	-

28.2.2 Post-dated cheques issued in favour of Collector of Customs for import of inventory at June 30, 2023 amounted to Rs. 120.78 million (2022: Rs. 193.07 million).

28.2.3 The facility for opening letters of credit and guarantees as at June 30, 2023 amounted to Rs. 3,065 million (2022: Rs. 3,165 million) of which the amount remaining unutilised as at year end amounted to Rs. 1,128.23 million (2022: Rs. 2,024.68 million).

	2023	2022
29. REVENUE FROM CONTRACTS WITH CUSTOMERS	-----Rupees '000-----	
Gross sales		
Local sale of goods - note 29.3	23,362,986	18,157,055
Export sales	1,888,811	1,707,830
	25,251,797	19,864,885
Toll manufacturing	70,285	286,301
	25,322,082	20,151,186
Sales tax	(191,859)	(81,776)
	25,130,223	20,069,410
Less:		
Trade discount	1,477,846	1,327,853
Sales returns	2,011,095	1,004,275
	3,488,941	2,332,128
	21,641,282	17,737,282

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

29.1 Geographical Markets

Pakistan	20,060,603	16,372,115
Srilanka	432,307	491,564
Myanmar	345,849	323,327
Cambodia	270,575	208,550
Vietnam	185,798	126,579
Iraq	90,397	31,546
Oman	84,092	27,883
Afghanistan	52,438	70,471
Tajikistan	27,792	5,324
Laos	24,993	21,725
Kenya	13,536	23,031
Others	52,902	35,167
	21,641,282	17,737,282

29.2 Revenue from IBL Operations (Private) Limited - related party represents approximately Rs. 19.83 billion (2022: Rs. 15.67 billion) which constitute 78.31% (2022: 77.76%) of the Company's total gross revenue.

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

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

Consequent to the above, the Company challenged the prices for four of its products namely, Peditral, Gravinite, Metodine and Hydryllin set by DRAP in its Appellate Board and the Appellate Board under its orders dated 18 June, 20 June and 25 June 2019 rejected the said application of the Company. The Company has challenged the said orders in the Honourable High Court of Sindh and an interim order has been passed restricting DRAP from taking any coercive action against the Company.

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

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

Exposure of the Company due to abovementioned litigations amounted to Rs. 3.06 billion (2022: Rs. 2.27 billion).

30. COST OF SALES	2023	2022
	-----Rupees '000-----	
Raw and packing material consumed	8,691,869	6,458,448
Processing charges	697,283	682,862
Salaries, wages and benefits	522,958	500,933
Provision for staff gratuity (unfunded)	5,721	4,219
Provident fund contribution	21,678	19,544
Inventory written off	39,669	41,764
Carriage and duties	54,207	55,096
Fuel, water and power	363,170	261,145
Rent, rate and taxes	79,886	99,560
Canteen expenses	36,856	31,837
Stationery and supplies	22,337	26,614
Travelling	39,580	33,730
Repairs and maintenance	166,703	215,732
Security expenses	19,225	13,135
Vehicle expenses	20,538	13,637
Insurance	6,368	8,087
Legal and professional charges	21,183	21,487
Depreciation	368,172	237,253
Medical expenses	17,483	16,694
Research cost	53,898	46,369
Others	7,726	13,562
	11,256,510	8,801,708
Add: Opening work-in-process	204,445	118,624
Less: Closing work-in-process	(317,502)	(204,445)
Cost of goods manufactured	11,143,453	8,715,887
Add: Opening inventory of finished goods	134,205	135,734
Add: Finished goods purchased	1,180,382	520,086
Less: Closing inventory of finished goods	(282,934)	(134,205)
	12,175,106	9,237,502
Less: Cost of samples	(77,511)	(156,797)
	12,097,595	9,080,705

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

	2023	2022
	-----Rupees '000-----	
31. DISTRIBUTION COSTS		
Salaries, wages and benefits	1,710,368	1,443,311
Advertising and promotion	786,278	746,203
Travelling	854,401	663,868
Carriage and duties	572,920	471,712
Bonus to salesmen	474,117	417,204
Samples	272,488	347,322
Stationery and supplies	26,351	71,299
Vehicle running	60,461	47,584
Personal training and selection	96,253	64,995
Legal and professional	109,464	66,277
Service charges - note 31.1	12,010	36,218
Fees and subscription	69,973	47,519
Communication	27,309	30,107
Provident fund contribution	53,703	46,579
Insurance	9,831	15,102
Depreciation	31,754	38,471
Medical expenses	34,417	43,358
Replacement products	49,685	80,691
Rent, rate and taxes	123,853	147,796
Repairs and maintenance	9,132	3,134
Fuel, water and power	66,824	54,059
Canteen expenses	9,211	5,223
Security expenses	5,459	4,762
Others	7,830	4,291
	5,474,092	4,897,085

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

	2023	2022
	-----Rupees '000-----	
32. ADMINISTRATIVE EXPENSES		
Salaries, wages and benefits	408,768	289,073
Corporate services charged by Parent Company	132,000	240,000
Legal and professional charges	84,709	55,708
Donations - notes 32.1, 32.2 and 32.3	137,333	172,284
Depreciation	134,842	173,522
Receivable no longer recoverable written off - related party	-	3,135
Repairs and maintenance	104,401	86,794
Rent, rate and taxes	4,501	8,669
Stationery and supplies	18,637	5,885
Amortisation - note 6	18,566	35,249
Insurance	27,154	33,857
Travelling	26,252	9,083
Auditors' remuneration - note 32.4	22,962	21,020
Fees and subscription	19,487	22,297
Vehicle expenses	22,381	11,915
Canteen expenses	7,045	3,137
Provident fund contribution	14,328	10,092
Communication	10,902	9,137
Security expenses	8,831	2,234
Medical expenses	5,558	3,913
Provision for staff gratuity (unfunded)	4,303	2,859
Personal training and selection	2,117	11,637
Others	18,995	9,834
	1,234,072	1,221,334

32.1 Donations to a single party exceeding 10% of total donations i.e. Rs. 13.73 million are as follows:

	2023	2022
	-----Rupees '000-----	
Sabaq Learning Foundation - related party	-	15,000
Hunar Foundation - related party	-	20,000
World Health Pharmaceutical Company Limited	-	21,060
AKAR Hospital	29,388	-

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

32.2 During the year, the Company also donated Rs. 76.09 million to its other related parties:

	2023	2022
	-----Rupees '000-----	
Indus Hospital	-	5,500
IBL Operations (Private) Limited	8,913	-
AKAR Hospital	29,388	9,312
Hunar Foundation	6,000	-
United Retail (Private) Limited	4,935	-
The Citizen Foundation	10,000	-
Karachi Relief Trust	8,000	-
Rashid Abdullah Foundation	8,850	-
	76,086	14,812

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

Name of Related Party	Association
- IBL Operations (Private) Limited	Mr. Munis Abdullah, Mr. Syed Nadeem Ahmed and Mr. Zubair Razzak Palwala - Directors
- United Retail (Private) Limited	Common management and control
- Karachi Relief trust	Mr. Adnan Asdar Ali - Trustee
- Rashid Abdullah Foundation	Mr. Munis Abdullah - Trustee
- Indus Hospital	Mr. Adnan Asdar Ali - Director
- Hunar Foundation	Mr. Adnan Asdar Ali - Trustee
- Sabaq Learning Foundation	Mr. Adnan Asdar Ali - Trustee

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

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

	2023	2022
	-----Rupees '000-----	
32.4 Auditors' remuneration		
Audit fee (including consolidation)	6,000	5,000
Audit fee - subsidiaries note - 32.4.1	1,900	200
Fee for review of interim financial information and Statement of Compliance with Code of Corporate Governance	1,600	1,480
Taxation services	7,200	7,200
Other certifications, attestations and other services	5,527	6,552
Out-of-pocket expenses	735	588
	22,962	21,020

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

	2023	2022
	-----Rupees '000-----	
33. OTHER EXPENSES		
Workers' Profits Participation Fund - note 24.5	22,008	123,438
Workers' Welfare Fund - note 24.6	8,307	14,258
Central Research Fund	-	11,381
Provision for expected credit loss - note 12.7	35,000	-
	65,315	149,077
34. OTHER INCOME		
Income from financial assets - related parties		
Dividend income - subsidiary companies		
IBL HealthCare Limited	46,811	39,009
Searle Biosciences (Private) Limited	97,000	444,000
Searle Pakistan Limited	409,502	1,149,406
Income from financial assets - others		
Interest Income from Term Finance Certificates	18,907	10,987
	572,220	1,643,402
Income from non-financial assets		
Rental income from investment property - note 34.1	85,734	83,332
Government grant	8,571	34,285
Income from provision of amenities in respect of investment properties - note 34.2	55,237	55,096
Exchange gain - net	-	33,416
Gain on investment disposal	6,689	-
Gain on disposal of property, plant and equipment	62,492	2,419
Facility management fee	170,000	13,230
Scrap sales	26,788	-
	415,511	221,778
	987,731	1,865,180

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

	2023	2022
	-----Rupees '000-----	
34.1	This includes rental income from related parties, which are as follows:	
- United Retail (Private) Limited	-	14,167
- International Brands (Private) Limited	16,792	15,285
- Searle Pakistan Limited	9,583	8,646
- Universal Retail (Private) Limited	29,684	8,316
- IBL Operations (Private) Limited	7,217	6,874
- IBL Healthcare Limited	3,975	3,529
- IBL Unisys (Private) Limited	2,241	2,038
	69,492	58,855

34.2 This amount is stated net of charges pertaining to utilities utilized by the tenants.

	2023	2022
	-----Rupees '000-----	
35. FINANCE COST		
Bank charges	40,189	27,844
Interest on Workers' Profits Participation Fund - note 24.5	22,564	9,492
Exchange loss - net	152,502	-
Mark-up on:		
- Long-term borrowings - note 35.1		
Musharaka facility	1,702,833	1,077,548
Salary refinancing	-	7,042
- Short-term borrowings - note 35.1	1,417,414	724,360
Unwinding of discount on salary refinancing	990	63,845
Interest on lease liabilities - note 23.2	11,612	14,669
	3,348,104	1,924,800

35.1 The amount of profit charged under Islamic mode of financing amounted to Rs. 1,123.45 million (2022: Rs. 1,659.58 million).

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

	2023	2022
	-----Rupees '000-----	
36. INCOME TAX EXPENSE		
Income tax		
For the year	304,961	309,467
Deferred tax income - note 7	(197,263)	(70,723)
	107,698	238,744

	2023		2022	
	Effective tax rate %	Rupees '000	Effective tax rate %	Rupees '000
36.1 Relationship between tax expense and accounting profit				
Profit before income tax		409,835		2,329,461
Tax at applicable rate of 29% (2022: 29%)	29%	118,852	29%	675,544
Effect of:				
- final tax regime	-27%	(111,218)	-19%	(433,820)
- capital gain	-6%	(23,019)	0%	-
- super tax	2%	8,928	0%	-
- others	28%	114,155	-0%	(2,980)
	26%	107,698	10%	238,744

36.2 Current status of tax assessments

Tax Years 2009 to 2017

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

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

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

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

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

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

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

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

- Applicability of super tax on Final Tax Regime (FTR) income.
- Taxability of dividend income in light of stay obtained from Honourable High Court of Sindh refer - note 28.1.6.
- Erroneous additions in the notices received.

However, during previous year, with respect to super tax, the Company after the Honourable Supreme Court of Pakistan Judgement to submit 50% of the amount and obtain stay till conclusion of the matter, has received notices from CIR(A) for the tax year 2015 and 2016 amounting to Rs. 138.08 million and Rs. 76.60 million, respectively was closed by the Assistant Commissioner Inland Revenue, based on the order dated June 16, 2021.

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

36.2.3 The Government had levied a special tax for Tax Year 2022 and onwards on high earning persons. As per section 4C of Income Tax Ordinance 2001, where income exceeds Rs. 300 million, super tax will be charged at the rate of 4% of income calculated under section 4C of the Ordinance. Further, enhanced super tax on specified sectors had been introduced for Tax Year 2022 which includes, among others, pharmaceutical sector, whom are liable to super tax at the rate of 10% for a single tax year, if income exceeds Rs. 300 million. Constitutional Petition against the imposition of such Super Tax was filed in the High Court. High Court of Sindh passed the order dated December 12, 2022, wherein it was held that section 4C shall be applicable from tax year 2023 and so no provision of super tax for the tax year 2022 is required. Hence no provision, amounting to Rs. 202.14 million for Super tax for the tax year 2022.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

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

Through the Finance Act 2023, the Government has introduced new slab rates for super tax for taxpayers having income in excess of Rs 300 million. However, the Company is considering to challenge this in a Constitutional Petition. The Company in consultation with its legal and tax advisor expects a positive outcome and has hence recorded the provision of super tax on taxable income under section 4C at the rate of 3%.

The Company has FTR income of greater than Rs 500 million and thus falls in the highest slab of 10% resulting in the exposure of Rs. 84.08 million.

Tax year 2019

36.2.4 The amendment for the tax years 2019 was made vide Order dated August 30, 2023 under section 122(1)/(5) of the Ordinance on completion of the audit proceedings where the disallowances of expenses have been made for non-withholding of taxes under Purchases and certain other head of expenses aggregating Rs 2,117.62 million and holding of tax on intercorporate Dividend and Super tax under section 4B recoverable involving tax of Rs 487.46 million.

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

	2023	(Restated) 2022
	-----Rupees '000-----	
37. BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the year	302,137	2,090,717
Weighted average number of outstanding shares at the end of year (in thousands) - note 37.1	390,066	390,066
Basic and diluted earnings per share (Rupees)	0.77	5.36

	2023	(Restated) 2022
37.1 Weighted average number of ordinary shares		
Issued ordinary shares as at July 01	312,053	240,041
Effect of number of shares issued	78,013	150,025
Weighted average number of ordinary shares as at June 30	390,066	390,066

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

- 37.2** Diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at June 30, 2023 and 2022 which would have any effect on the earnings per share if the option to convert is exercised.

2023 2022
-----Rupees '000-----

38. CASH GENERATED FROM OPERATIONS

Profit before income tax	409,835	2,329,461
Add / (less): Adjustments for non-cash charges and other items		
Depreciation of property, plant and equipment	455,205	375,851
Depreciation of right-of-use assets	9,660	9,660
Depreciation of investment properties	69,903	63,735
Gain on disposal of investment properties	(6,689)	-
Gain on disposal of property, plant and equipment	(62,492)	(2,419)
Amortisation of intangible assets	18,566	35,249
Amortization of transaction cost	16,848	16,848
Provision for retirement benefits obligation	10,024	7,078
Dividend income	(553,313)	-
Government grant recognised in income	(8,571)	(34,285)
Unwinding of discount on long term borrowing	990	63,845
Interest on lease liabilities	11,612	14,669
Inventory written off	39,669	41,764
Workers Welfare Fund and Workers Profit Participation Fund	30,315	137,696
Finance cost	3,166,152	1,836,794
Unrealized exchange gain	(144,433)	(45,594)
Profit before working capital changes	3,463,281	4,850,352

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

	2023	2022
	-----Rupees '000-----	
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Inventories	(669,323)	78,553
Trade receivables	(2,111,508)	(511,635)
Loans and advances	(211,276)	475,733
Trade deposits and short-term prepayments	(40,125)	(11,063)
Refunds due from government - sales tax	23,957	(220,669)
Other receivables	604,140	(571,794)
	(2,404,135)	(760,875)
Increase / (decrease) in current liabilities		
Trade and other payables	3,838,228	(370,840)
Sales tax payable	-	(4,199)
	3,838,228	(375,039)
	1,434,093	(1,135,914)
Cash generated from operations	4,897,374	3,714,438
39. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 17	196,782	82,875
Short-term borrowing - note 25		
- Running finance under markup arrangement	(7,978,277)	(7,649,001)
	(7,781,495)	(7,566,126)
40. SEGMENT INFORMATION		

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

41. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2023	2022	2023	2022	2023	2022
	-----Rupees '000-----					
Managerial remuneration	34,004	30,912	17,504	15,913	285,811	242,097
Housing allowance	15,302	13,911	7,877	7,161	128,615	108,944
Utility allowance	3,400	3,091	1,750	1,591	28,581	24,210
Other allowance	1,358	1,358	351	351	50,474	45,081
Benefits	59,584	55,922	18,147	20,824	150,330	115,265
Bonus	5,667	5,152	2,917	2,652	45,966	38,042
Retirement benefits	3,400	3,091	1,750	1,591	27,036	23,132
Others	236	228	180	175	11,239	10,386
	<u>122,951</u>	<u>113,665</u>	<u>50,476</u>	<u>50,258</u>	<u>728,052</u>	<u>607,157</u>
Number of persons	<u>1</u>	<u>1</u>	<u>6</u>	<u>6</u>	<u>97</u>	<u>84</u>

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

41.2 During the year, the Company has paid fees to five non-executive directors (2022: five) an aggregate amount of Rs. 0.28 million (2022: Rs. 0.04 million) on account of meetings attended by them.

42. TRANSACTIONS WITH RELATED PARTIES

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

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

Nature of relationship	Nature of transactions	2023	2022	
		Rupees '000		
Parent Company				
International Brands (Private) Limited	- Corporate service charges	135,169	240,000	
	- Rent income	16,792	15,306	
	- Income from provision of amenities	13,779	19,977	
	- Expenses	3,329	18,760	
	- Right shares subscribed	-	-	
	- Dividend Paid	-	260,077	
Subsidiary Companies:				
IBL Healthcare Limited	- Revenue	473,611	327,258	
	- Dividend income	46,811	39,009	
	- Rent income	3,974	3,529	
	- Income from provision of amenities	4,015	2,501	
	- Others	226	2,062	
	- Bank guarantee	5,488	350	
	- Reimbursement of expenses	-	34,062	
	- Royalty	41,200	-	
	- Purchases	2,428	-	
	- IBL Healthcare Limited has issued bonus shares to the Company - note 8.1.1.2			
	- The Company has created a pledge on ordinary shares of IBL Healthcare Limited in favour of UVPL - note 8.1.2.1			
	- The Company has obtained a musharaka facility against the properties of IBL Healthcare Limited - note 22.3			
	Searle Biosciences (Private) Limited	- Revenue	188,570	125,798
- Dividend income		97,000	444,000	
- Facility management fee		170,000	-	
- Reimbursement of expenses		99,303	98,928	
- Advances provided		-	390,819	
- Right shares subscribed		-	780,000	
Searle Laboratories (Private) Limited	- Advances refunded	-	2,001	
Searle Pharmaceutical (Private) Limited	- Advances provided	-	275	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

Nature of relationship	Nature of transactions	2023	2022
		Rupees '000	
Subsidiary Companies:			
Searle Pakistan Limited	- Revenue	322,786	209,088
	- Rent income	9,583	8,645
	- Income from provision of amenities	2,030	5,167
	- Dividend income	409,502	1,149,406
	- Sales promotion expenses	9,769	14,177
	- Material loan given	2,696	4,367
	- Material loan obtained	7,350	1,235
	- Purchases	387,881	174,054
	- Retention amount	4,325	
	- Material Price Differential	-	21,025
	- The Company has obtained a musharaka facility against the property, plant and equipment of Searle Pakistan Limited - note 22.3		
Nextar Pharma (Private) Limited	- Purchase of property plant & equipment	18,959	-
	- Reimbursement of expenses	21,626	27,268
	- Purchases	1,622	7,751
Associated Companies:			
IBL Operations (Private) Limited	- Revenue	18,048,664	14,931,324
	- Rent income	7,217	6,874
	- Income from provision of amenities	5,378	8,897
	- Carriage and duties	64,552	41,402
	- Discounts claimed	401,269	341,471
	- Rent expense	67,404	7,647
	- Merchandise expense	34,936	34,509
	- Internet services	311	621
	- Incentive to field force staff	17,784	16,457
	- Salaries and wages	6,057	5,856
	- Inventory claims	610,521	873,206
	- Rent for warehouse	-	121,668
	- Purchases	9,934	138
	- Dividend paid	-	113
	- Others	6,306	354
	- Donations	8,913	-
	- Reimbursement of expenses	-	1,969
	- Advance stock claims paid	-	905,855

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

Nature of relationship	Nature of transactions	2023	2022
		Rupees '000	
Associated Companies:			
Universal Ventures (Private) Limited	- Disposal of land	510,000	-
	- Acquisition of subsidiary	-	600,000
	- Deferred payment	-	260,712
United Brands Limited	- Purchases	484	552
	- Others	-	21
IBL Frontier Markets (Private) Limited	- Purchase of fixed assets	-	6,942
	- Reimbursement of expenses	5,372	788
	- Purchases	5,493	-
	- Income from provision of amenities	23,821	27,018
IBL Unisys (Private) Limited	- Rent income	2,242	2,038
	- Income from provision of amenities	1,567	2,245
	- IT services	7,519	10,189
	- Purchases	2,031	-
Prime Health (Private) Limited	- Product sample expense	4,509	7,018
	- Travelling expense	440	-
IBL Logistics (Private) Limited	- Carriage and duties	183,605	130,818
	- Repair and maintenance	257	514
	- Discounts claimed	-	12,500
	- Purchases	646	1,920
	- Transportation charges	-	41,946
	- Expenses paid by the Company	-	3,346
Searle I.V Solutions (Private) Limited	- Purchases	126,475	-
United Retail (Private) Limited	- Rent income	-	14,167
	- Income from provision of amenities	-	2,955
	- Donation	4,935	-
	- Salaries and wages	6,963	-
	- Purchases	1,892	-

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

Nature of relationship	Nature of transactions	2023	2022
		Rupees '000	
Universal Retail (Private) Limited	- Rent income	29,684	8,316
	- Income from provision of amenities	103,953	60,699
	- Salaries and wages	-	1,542
	- Donations	-	2,821
	- Purchases of Property, Plant and Equipment	-	2,293
	- Purchases	-	302
	- Expenses paid by the Company	-	1,462
	- Others	1,898	215
Mycart (Private) Limited	- Purchases	-	129
AKAR Hospital	- Donations	29,388	9,312
	- Medical charges paid	-	61
Multinet Private Limited	- Internet services	8,450	5,148
The Hunar Foundation	- Donations	6,000	20,000
Karachi Relief trust	- Donations	8,000	-
Rashid Abdullah Foundation	- Donations	8,850	-
The Citizen Foundation	- Donations	10,000	-
Sabaq Learning Foundation	- Donations	-	15,000
The Indus Hospital	- Donations	-	5,500
Pakistan Stock Exchange Limited	- Listing fees	-	4,611
Searle Pakistan Limited Provident Fund	- Interest repayment	-	13,887
Staff retirement benefits:	- Contributions to Provident Fund	179,419	150,975
	- Benefits paid	200,044	275,643
Key management employees compensation:	- Salaries and other employee benefits	340,285	334,448
	- Contributions to Provident Fund	26,761	23,359

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

42.1 The status of outstanding balances with related parties as at June 30, 2023 is included in the respective notes to the unconsolidated financial statements. These are settled in the ordinary course of business.

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

S. No.	Company name	Basis of Relationship	Aggregate % of shareholding
1.	International Brands (Private) Limited	Parent	55.04%
2.	Searle Pharmaceuticals (Private) Limited	Subsidiary	100%
3.	Searle Biosciences (Private) Limited	Subsidiary	100%
4.	Searle Laboratories (Private) Limited	Subsidiary	100%
5.	IBL Future Technologies (Private) Limited	Subsidiary	100%
6.	Searle Pakistan Limited	Subsidiary	90.61%
7.	IBL Healthcare Limited	Subsidiary	74.19%
8.	Nextar Pharma (Private) Limited	Indirect Subsidiary	87.20%
9.	IBL Operations (Private) Limited	Associated Company	N/A
10.	IBL Unisys (Private) Limited	Associated Company	N/A
11.	MyCart (Private) Limited	Associated Company	N/A
12.	United Brands Limited	Associated Company	N/A
13.	IBL Frontier Markets (Private) Limited	Associated Company	N/A
14.	IBL Logistics (Private) Limited	Associated Company	N/A
15.	Prime Health (Private) Limited	Associated Company	N/A
16.	Sabaq Learning Foundation	Common Directorship	N/A
17.	The IBL Company (Private) Limited	Common Directorship	N/A
18.	Universal Ventures (Private) Limited	Common Directorship	N/A
19.	The Hunar Foundation	Common Directorship	N/A
20.	Indus Hospital	Common Directorship	N/A
21.	Multinet (Private) Limited	Common Directorship	N/A
22.	Arshad Shahid Abdulla (Private) Limited	Close relative of Director	N/A
23.	Universal Retail (Private) Limited	Common Management	N/A
24.	United Retail (Private) Limited	Common Management	N/A
25.	AKAR Hospital	Managing Company	N/A
26.	Searle IV Solutions (Private) Limited	Common Management	N/A
27.	Rashid Abdullah Foundation	Common Directorship	N/A

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

43. PLANT CAPACITY AND ACTUAL PRODUCTION

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

44. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

44.1 Financial risk factors

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

- Market risk
- Credit risk
- Liquidity risk

Risk management framework

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

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

44.2 Financial assets and liabilities by category and their respective maturities

	2023			2022		
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total
-----Rupees '000-----						
Financial assets						
At amortised cost						
Loans, advances and deposits	420,692	7,513	428,205	407,532	7,637	415,169
Trade receivables	11,570,051	-	11,570,051	9,318,228	-	9,318,228
Other receivables	4,524,797	-	4,524,797	5,334,392	-	5,334,392
Bank balances	191,436	-	191,436	80,511	-	80,511
Cash in hand	5,346	-	5,346	2,364	-	2,364
Short-term investment	100,000	-	100,000	100,000	-	100,000
Long-term investments	-	18,816,311	18,816,311	-	18,816,311	18,816,311
	16,812,322	18,823,824	35,636,146	15,243,027	18,823,948	34,066,975
Financial liabilities						
Long-term borrowing	1,914,275	5,917,063	7,831,338	639,094	9,049,521	9,688,615
Trade and other payables	6,423,005	-	6,423,005	2,566,762	-	2,566,762
Lease Liability	6,628	78,702	85,330	5,143	87,017	92,160
Short term borrowings	8,178,277	-	8,178,277	7,849,001	-	7,849,001
Unpaid dividend	183,736	-	183,736	185,078	-	185,078
Unclaimed dividend	37,526	-	37,526	38,134	-	38,134
	16,743,447	5,995,765	22,739,212	11,283,212	9,136,538	20,419,750
On reporting date gap	68,875	12,828,059	12,896,934	3,959,815	9,687,410	13,647,225
Net financial (liabilities) / assets						
Interest bearing	(9,799,180)	(5,995,765)	(15,794,945)	(8,188,095)	(9,136,538)	(17,324,633)
Non-interest bearing	9,868,055	18,823,824	28,691,879	12,147,910	18,823,948	30,971,858

a) Market Risk

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

(i) Interest rate risk

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

At June 30, 2023, the Company has variable interest bearing financial liabilities of Rs. 15.81 billion (2022: Rs. 17.34 billion).

Cash flow sensitivity analysis for variable rate instruments

A change in interest rate varied by 200 basis points with all the other variables held constant, profit before income tax for the year would have been approximately Rs. 316.19 million (2022: Rs. 346.8 million) higher / lower, mainly as a result of lower / higher interest expense on floating rate borrowings.

(ii) Currency risk

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

	2023		2022	
	Rupees	US Dollars	Rupees	US Dollars
	----- (In 000) -----		----- (In 000) -----	
Financial assets:				
Bank Balances	11,503	40	3,829	19
Trade receivables	442,573	1,542	479,290	2,327
Financial liabilities				
Trade and other payables	(1,762,126)	(6,138)	(190,212)	(923)
Net Exposure	<u>(1,308,050)</u>	<u>(4,556)</u>	<u>292,907</u>	<u>1,423</u>
Reporting date rate				
	2023		2022	
	Buying / Selling		Buying / Selling	
US Dollars (USD) to Pakistani Rupee	<u>287.10 / 286.60</u>		<u>206 / 205.5</u>	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

Sensitivity analysis

As at June 30, 2023, if the Pakistani Rupee had weakened / strengthened by 10% against USD with all other variables held constant, profit before income tax for the year would have been lower / higher by Rs. 130.81 million (2022: Rs. 29.29 million), as a result of foreign exchange gains / losses on translation of foreign currencies denominated trade and other payables, and trade receivables.

(iii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to individual financial instruments company, its issuer, or factors affecting all similar financial instrument traded in the market. The Company has no investment as at June 30, 2023 which is subject to a change in market price.

b) Credit Risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs. 35,636 million (2022: Rs. 34,067 million) the financial assets exposed to credit risk amounts to Rs. 16,814 million (2022: Rs. 15,248 million). The carrying amount of respective financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2023	2022
	-----Rupees '000-----	
Loans and advances - notes 9 & 13	313,953	314,285
Trade deposits - notes 10 & 14	114,252	100,884
Trade receivables - note 12	11,570,051	9,318,228
Other receivables - note 15	4,524,797	5,334,392
Bank balances	191,436	80,511
Short-term investment - note 16	100,000	100,000
	<u>16,814,489</u>	<u>15,248,300</u>

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

Deposits, loans, advances and other receivables are not exposed to any material credit risk as loans and advances mainly relate to subsidiary companies amounting to Rs. 321.45 million (2022: Rs. 321.45 million) and other receivables mainly pertains to related parties amounting to Rs. 4,987.66 million (2022: Rs. 4,987.66 million).

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

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

Concentration of credit risk

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

c) Liquidity risk

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

d) Fair values

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

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

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

44.3 Capital risk management

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

The debt to capital ratio are as follows:

	2023	2022
	-----Rupees '000-----	
Total borrowings	16,009,615	17,537,616
Cash and bank - note 17	(196,782)	(82,875)
Net debt	<u>15,812,833</u>	<u>17,454,741</u>
Equity	27,668,759	27,037,458
Total capital	<u>43,481,592</u>	<u>44,492,199</u>
Debt to capital ratio	36%	39%

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

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

	2023			
	Short-term borrowings	Long-term borrowings	Unappropri- ated profit	Total
	----- (Rupees in '000) -----			
Balance as at July 1, 2022	8,075,115	9,728,312	13,994,648	31,798,075
<i>Changes from financing cash flows</i>				
Repayment of long-term loan	-	(1,875,115)	-	(1,875,115)
Proceeds from long-term loan	-	-	-	-
Dividend paid	-	-	-	-
Total changes from financing activities	-	(1,875,115)	-	(1,875,115)
<i>Other changes</i>				
Interest expense	1,417,414	1,703,823	-	3,121,237
Interest paid	(1,207,360)	(1,703,037)	-	(2,910,397)
Unwinding of discount on salary refinancing	-	990	-	990
Amortization of Transaction Cost	-	16,848	-	16,848
Changes in short-term borrowings	329,276	-	-	329,276
Total loan related other changes	539,330	18,624	-	557,954
Equity related other changes	-	-	(273,287)	(273,287)
Balance as at June 30, 2023	8,614,445	7,871,821	13,721,361	30,207,627
	2022			
	Short-term borrowings	Long-term borrowings	Unappropri- ated profit	Total
	----- (Rupees in '000) -----			
Balance as at July 1, 2021	5,931,431	9,892,807	13,006,363	28,830,601
<i>Changes from financing cash flows</i>				
Repayment of long-term loan	-	(267,750)	-	(267,750)
Proceeds from long-term loan	-	-	-	-
Dividend paid	-	-	(480,081)	(480,081)
Total changes from financing activities	-	(267,750)	(480,081)	(747,831)
<i>Other changes</i>				
Interest expense	724,360	1,148,435	-	1,872,795
Interest paid	(666,254)	(1,125,873)	-	(1,792,127)
Unwinding of discount on salary refinancing	-	63,845	-	63,845
Amortization of Transaction Cost	-	16,848	-	16,848
Changes in short-term borrowings	2,085,578	-	-	2,085,578
Total loan related other changes	2,143,684	103,255	-	2,246,939
Equity related other changes	-	-	1,468,366	1,468,366
Balance as at June 30, 2022	8,075,115	9,728,312	13,994,648	31,798,075

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

45. MEASUREMENT OF FAIR VALUES

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

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

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

As at June 30, 2023, all financial assets and financial liabilities are carried at amortised cost which is approximate to their fair value. The Company measures the Leasehold Land, Building, Plant and Machinery, Vehicles and Air-conditioning System at fair value and all of the resulting fair value estimates in relation to Leasehold Land, Building, Plant and Machinery, Vehicles and Air-conditioning System of the Company are included in Level 2.

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

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

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

Assets measured at fair value	Date of valuation	Valuation approach and inputs used	Inter-relationship between significant observable inputs and fair value measurement
-------------------------------	-------------------	------------------------------------	---

Revalued property, plant and equipment

- Leasehold land, building, plant and machinery, vehicles and air-conditioning systems

June 30, 2023

The valuation model is based on price per square meter and current replacement cost method adjusted for depreciation factor for the existing assets in use. In determining the valuations for land and buildings, the valuer refers to current market conditions, structure, current replacement cost, sale prices of comparable land in similar location adjusted for differences in key attributes such as land size and inquires with numerous independent local estate agents / realtors in the vicinity to establish the present market value. The fair valuation of land and building is considered to represent a level 2 valuation based on significant observable inputs being the location and condition of the assets.

The fair values are subject to change owing to changes in input. However, management does not expect material sensitivity to the fair values arising from the change in observable inputs.

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

46. NUMBER OF EMPLOYEES

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

	2023	2022
Number of employees including contractual employees at year end	2,991	2,716
Average number of employees including contractual employees at year end	2,926	2,681
Number of employees working in the factory at year end	372	375
Average number of employees working in the factory at year end	373	365

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

47. CORRESPONDING FIGURES

Comparative information has been reclassified and re-arranged in these financial statements, wherever necessary, to facilitate comparison and to confirm with presentation in the current period, having insignificant impact.

- Advance from customer amounting to Rs. 27.39 million previously classified in trade and other payable, has been reclassified and shown as separate financial statement line item on statement of financial position.
- Rent rate and taxes amounting to Rs. 8.55 million previously classified in cost of sales, has been reclassified to Distribution costs.

48. SUBSEQUENT EVENTS

48.1 DIVIDEND

The Board of Directors of the Company in the meeting held on September 28, 2023 has approved the following appropriation:

	2023	2022
	-----Rupees '000-----	
- Issue of 25 bonus shares for every 100 shares (June 30, 2022: 30 for every 100 shares) held	<u> -</u>	<u> 780,132</u>

48.2 During the year, the Board of Directors of the Company in the meeting held on October 03, 2022, resolved to acquire the 100% shareholding of Steller Ventures (Private) Limited (SVPL) from Universal Ventures (Private) Limited (UVPL) - a related party of the Company. The valuation of SVPL was conducted by KPMG and they arrived at a value of Rs. 3,750 million.

Subsequent to the year ended June 30, 2023, the shareholders in the extraordinary general meeting of the Company held on July 26, 2023, authorized the Company to acquire 12,100,000 ordinary shares, having face value of Rs. 10 each of SVPL, constituting 100% of the issued and paid up share capital of SVPL from UVPL for an aggregate amount of Rs. 3,750 million. The said transaction will be settled against the receivable from UVPL as disclosed in note - 15, the balance will be settled in cash by UVPL.

48.3 Further the Board of Directors of the Company in their meeting held on May 25, 2023, resolved to acquire the 100% shareholding of Searle IV (Private) Limited (Searle IV) from IBL Operations (Private) Limited (IBL Ops) - a related party of the Company. The valuation of SVPL was conducted by KPMG and they arrived at a value of Rs. 3,500 million.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

The said transaction has been presented before the shareholders subsequent to the year end, in the extraordinary general meeting held on July 26, 2023, the shareholders authorised the Company to acquire 5,400,000 ordinary shares, having face value of Rs. 100 each of Searle IV, constituting 100% of the issued and paid up share capital of Searle IV from IBL Ops for an aggregate amount of Rs. 3,500 million. The said transaction will be funded from the right issue being offered by the Company subsequent to the year ended June 30, 2023.

- 48.4** On May 25, 2023, the Board of Directors of the Company has approved to increase the authorized share capital of the Company from 6 billion divided into 600 million ordinary shares of Rs. 10 each to 7 billion divided into 700 million ordinary shares of Rs. 10 each, by the creation of 100 million additional ordinary shares at nominal value of Rs. 10 each to rank pari passu in every respect with the existing ordinary shares of the Company. The said resolution has been presented and approved by the shareholders subsequent to the year end, in the extraordinary general meeting held on July 26, 2023.

49. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were approved and authorised for issue by the Board of Directors on September 28, 2023.


Chief Executive


Director


Chief Financial Officer

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2023

Consolidated Financial Statements



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Consolidated Directors' Report to the members

The Directors take pleasure in presenting the annual report together with the audited consolidated financial statements of your company for the year ended June 30, 2023.

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

This report is to be submitted to the members at the 58th Annual General Meeting of the Company to be held on October 27, 2023

OVERVIEW

During the year ended June 30, 2023, Pakistan's pharmaceutical sector faced unprecedented challenges. Major depreciation of the Pakistani rupee against US dollar severely impacted production costs, given that the Active Pharmaceutical Ingredients (APIs) are sourced from abroad. Furthermore, the cost of fuel and electricity soared substantially following the removal of subsidies to meet the conditions to enter into IMF program initiated to provide immediate economic support and stability to our country. This also contributed to rising production costs for the industry.

OPERATING RESULTS

Searle is an organization deeply committed to enhancing the quality of life for our customers through the delivery of exceptional healthcare solutions. Our unwavering dedication is directed towards the well-being of both our patients and stakeholders, and we take immense pride in the positive impact of our endeavors.

Over the past six years, Searle has achieved remarkable revenue growth with a compounded annual growth rate (CAGR) of 16.90%. This robust expansion in revenue can be attributed to consistent volume growth and a diverse portfolio of products.

Despite the prevailing turbulent and volatile economic conditions, Searle has demonstrated remarkable sales growth for the fiscal year ending on June 30, 2023. The Company achieved total revenue of Rs. 33.97 billion, reflecting a substantial 13.69% increase compared to the previous year.

However, our profitability for the year was significantly challenged due to various macroeconomic factors.

Notably, the continuous depreciation of the Pakistani currency against the US dollar and rising interest rates had a pronounced adverse effect.

During the current year alone, the PKR depreciated by 50%. Given the pharmaceutical industry's reliance on foreign-sourced raw materials, particularly Active Pharmaceutical Ingredients (APIs), the cost of these inputs escalated significantly, adversely impacting our gross margins. Our gross margins contracted by 4.95%, declining from 43.89% in the previous year to 39.94% in the current year. While the annual price increase permitted for the pharmaceutical industry is capped at 70% for essential medicines and 100% for non-essential medicines on CPI with cap on 10%, this increase did not align with the rising operational costs. To address these unprecedented challenges, the Federal Cabinet granted a one-time price increase of 20% which resulted in 14% for essential drugs and 20% for non-essential drugs during the last quarter. The positive effects of this adjustment are expected to become more apparent in the coming year.

Furthermore, in response to inflationary pressures, the State Bank of Pakistan (SBP) increased interest rates, significantly impacting our profitability. The interest rate rose to 22% from 15% at the beginning of the year, resulting in a 79% increase in our finance costs.

Despite these unprecedented challenges, which are largely beyond our control, we have diligently fulfilled our obligations to our stakeholders to the best of our ability. We remain resolute in our commitment to overcoming these challenges with resilience and determination in the days ahead.

	June 30,	
	2023	2022
	(Rupees in thousand)	
Revenue	33,969,510	29,909,659
Cost of sales	(20,741,159)	(16,781,867)
Gross Profit	13,228,351	13,127,792
Operating expenses	(8,443,051)	(7,479,667)
Other operating expenses	(128,087)	(300,278)
Other income	279,691	429,862
Profit from operations	4,936,904	5,777,709
Finance cost	(3,792,780)	(2,116,362)
Profit before tax	1,144,124	3,661,347
Income tax expense	(731,071)	(1,245,493)
Profit after taxation	413,053	2,415,854

The Company was able to sustain its revenue growth due to its doctor coverage, maturing product portfolio, introduction of new brands, richer product mix and branding efforts.

EARNINGS PER SHARE

Basic earnings per share after taxation for the period was Rs. 0.80 (2022: Rs. 7.54). There is no dilution effect on the basic earnings per share of the Company, as the Company had no convertible dilutive potential ordinary shares outstanding as at June 30, 2023.

DIVIDEND

The Board of Directors has not recommended any dividend for the year ended June 30, 2023. During the previous year ended June 30, 2022, the Company declared stock dividend of 25%.

SUBSIDIARIES OF THE COMPANY

Following are the subsidiary companies:

Listed Company

- IBL HealthCare Limited

Unlisted Companies

- Searle Pakistan Limited
- Searle Pharmaceuticals (Private) Limited
- Searle Laboratories (Private) Limited
- Searle Biosciences (Private) Limited
- IBL Future Technologies (Private) Limited
- Nextar Pharma (Private) Limited *

FINANCIAL STATEMENTS AND AUDITORS

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

The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as the Auditors of the Company for the financial year ending June 30, 2024, at a mutually agreed fee.

HOLDING COMPANY

International Brands (Private) Limited is the holding company of Searle, which holds 55.04% shareholding in the Company.

Principal place of business	Percentage of effective holding	
	June 30, 2023	June 30, 2022
Pakistan	74.19%	74.19%
	90.61%	100.00%
	100.00%	100.00%
	100.00%	100.00%
	100.00%	100.00%
	87.20%	87.20%

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

PATTERN OF SHAREHOLDING

The pattern of shareholding along with categories of shareholders as at June 30, 2023 as required under section 227 of the Companies Act, 2017 and Listing Regulations is presented on pages 250 to 253 of the annual report 2023.

BUSINESS CONDUCT

Searle's business practices are based on integrity, transparency and compliance with applicable laws and regulations.

Our values and expectations are more than just words. Together they help guide us to our goal to be one of the world's most innovative, best performing and trusted healthcare companies. They shape our culture and guide our actions and decision making, so we can maintain the trust of the people who rely on us each and every day – our patients and consumers.

It's up to all of us, every day, to keep Searle the kind of company we can all be proud to be a part of. We seek to understand and meet our customers' needs, whilst seeking continuous improvement in all spheres of business operations.

We do the right thing for our patients and consumers and strive for the highest quality. We

work with our partners to improve healthcare and find new medicines and vaccines. Regardless of our role, we understand how our work affects patients and consumers.

PRODUCT QUALITY

Consumers trust and confidence on Searle's products is our most valuable asset. We recognize that pharmaceutical manufacturing bears many inherent risks and that any mistake in product design

or production can be severe, even fatal, therefore, the maintenance of quality is our utmost priority and moral responsibility.

We are committed to our duty towards safeguarding the patient's well-being and assure that all operations associated with manufacture of medicinal products are of a standard that ensures the patient's expectations of safety and efficacy.

CORPORATE AND SOCIAL RESPONSIBILITY

The horizon of our duties does not end with the creation of wealth for our stakeholders. At Searle, our aim has always been to make useful contributions to the economy we operate in. One of the primary areas of focus has been creation of employment opportunities to support a large industrial and sales workforce.

The Company operates in a socially responsible manner. Accordingly, the Company's CSR program has a wide scope encompassing initiatives in the areas of healthcare, education, child welfare and other social welfare activities.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT

We, at Searle, recognize the importance of safe and secure environment and consider it our duty to ensure that people who work for us know how to work safely and without any risks to their health. The health and safety of our employees and visitors is a high priority for the Company. Therefore, hazards associated with operations are continuously identified, assessed and managed to eliminate or reduce risks.

INFORMATION TECHNOLOGY

To cater to the growing business needs of the Company, and in line with our continuous endeavors to regularly upgrade information systems, we continued with our policy to invest more and more in information technology. We have successfully deployed the most powerful business management system 'SAP' to further strengthen our business operations.

WEBSITE

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

RELATED PARTY TRANSACTIONS

All related party transactions, during the year 2023, were placed before the Audit Committee and the Board for their review and approval. These transactions were duly approved by the Audit Committee and the Board in their respective meetings. All these transactions were in line with the transfer pricing methods and the policy with related parties approved by the board previously. The Company also maintains a full record of all such transactions, along with the terms and conditions. For further details, please refer note 42 in the financial statements.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

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

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

Name	Shares Purchased	Shares Disposed
Mr. Moujood Ul Hassan	1,500	-
Mrs. Mahboob Khan	-	500,000
International Brands (Pvt) Ltd.	-	5,000,000

DIRECTORS' TRAINING PROGRAM (DTP)

Currently, five directors have attained DTP certification. The company has planned to arrange DTP Certification for the remaining of the directors over the next one year.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

and experienced for the purpose and are conversant with the policies and procedures of the Company.

CODE OF CONDUCT

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

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

on reasonable and prudent judgment.

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

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

	2023	2022	2021	2020	2019	2018
ASSETS EMPLOYED						
Property, plant and equipment	10,192,835	10,026,144	8,741,499	4,415,663	3,786,177	2,692,524
Right of use assets	60,090	69,750	79,410	121,515	-	-
Intangible assets	16,153,388	16,179,879	15,622,504	328,533	365,268	384,661
Investment properties-at cost	3,348,598	3,237,634	2,970,279	2,571,674	2,724,116	2,871,818
Long-term loans and deposits	30,915	27,927	24,462	11,182	13,895	1,682,189
Assets classified as held for sale	-	-	-	88,064	75,500	-
Net current assets	8,672,038	10,876,069	8,579,394	9,021,013	6,711,339	3,897,703
Total assets employed	38,457,864	40,417,403	36,017,547	16,557,644	13,676,294	11,528,895
FINANCED BY						
Issued, subscribed and paid-up capital	3,900,659	3,120,526	2,400,405	2,124,253	2,124,253	1,847,177
Reserves and unappropriated profit	20,472,950	20,369,885	19,105,693	11,516,719	9,514,903	8,477,432
Shareholder's equity	24,373,609	23,490,411	21,506,098	13,640,972	11,639,156	10,324,609
Surplus on revaluation of fixed assets	5,568,389	5,173,186	4,066,913	1,846,153	1,437,936	675,001
Non-controlling Interest	1,734,434	2,027,714	513,181	475,408	442,137	451,963
Long-term and deferred liabilities	6,781,432	9,726,092	9,931,355	595,111	157,065	77,322
Total capital employed	38,457,864	40,417,403	36,017,547	16,557,644	13,676,294	11,528,895
Turnover	33,969,510	29,909,659	26,219,656	20,474,842	18,062,107	16,148,468
Profit before tax	1,144,124	3,661,347	5,035,298	3,658,860	2,832,228	3,254,423
Profit after tax	413,053	2,415,854	3,746,848	2,548,047	2,265,296	2,716,600
Profit after tax as % of turnover	1.22	8.08	14.29	12.44	12.54	16.82
Profit after tax as % of capital employed	1.07	5.98	10.40	15.39	16.56	23.56
Dividends						
Cash (%)	NIL	NIL	20	25	25	50
Stock (%)	NIL	25	30	NIL	NIL	15

COMPOSITION OF THE BOARD OF DIRECTORS

There have been seven directors on the Board. The composition of the board as at June 30, 2023 is as follows:

	Category	Names
I	Independent Director	Dr. Atta Ur Rahman
		Mrs. Shaista Khaliq Rehman
ii	Non-executive Directors	Mr. Adnan Asdar Ali
		Mr. Munis Abdullah
		Mr. Mufti Zia Ul Islam
lii	Executive Directors	Mr. Syed Nadeem Ahmed
		Mr. Zubair Razzak Palwala

No person other than those mentioned above, have at any time during the year ended June 30, 2023 served as the director of the company.

MEETINGS OF THE BOARD OF DIRECTORS

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

Name of director	Meetings attended
Mr. Adnan Asdar Ali	6
Mrs. Shaista Khaliq Rehman	7
Mr. Syed Nadeem Ahmed	7
Mr. Zubair Razzak Palwala	7
Dr. Atta Ur Rahman	6
Mr. Munis Abdullah	7
Mr. Mufti Zia Ul Islam	7

AUDIT COMMITTEE

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

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

Name of director	Meetings attended
Mrs. Shaista Khaliq Rehman	6
Mr. Adnan Asdar Ali	5
Dr. Atta Ur Rehman	5

HUMAN RESOURCE AND REMUNERATION COMMITTEE (HR & R)

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

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

Name of director	Meetings attended
Mrs. Shaista Khaliq Rehman	1
Mr. Adnan Asdar Ali	1
Dr. Atta Ur Rehman	1

DIRECTORS REMUNERATION

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

- Non-executive directors are only entitled to receive fees in lieu of remuneration in respect of the board and committee meetings attended by them.
- The board is authorized to determine the remuneration of its Directors for attending meetings of the board and committee.

SUBSEQUENT EVENTS

The Board of Directors of the Company in the meeting held on September 28, 2023 has approved the following appropriation:

2023	2022
	(Rupees '000)

Issue of 25 bonus shares for every 100 shares (June 30, 2022: 30 for every 100 shares) held	-	780,132
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- During the year, the Board of Directors of the Company in the meeting held on October 03, 2022, resolved to acquire the 100% shareholding of Steller Ventures (Private) Limited (SVPL) from Universal Ventures (Private) Limited (UVPL) - a related party of the Company. The valuation of SVPL was conducted by KPMG and they arrived at a value of Rs. 3,750 million.
- Subsequent to the year ended June 30, 2023, the shareholders in the extraordinary general meeting of the Company held on July 26, 2023, authorized the Company

to acquire 12,100,000 ordinary shares, having face value of Rs. 10 each of SVPL, constituting 100% of the issued and paid up share capital of SVPL from UVPL for an aggregate amount of Rs. 3,750 million. The said transaction will be settled against the receivable from UVPL as disclosed in note 15, the balance will be settled in cash by UVPL.

- Further the Board of Directors of the Company in their meeting held on May 25, 2023, resolved to acquire the 100% shareholding of Searle IV (Private) Limited (Searle IV) from IBL Operations (Private) Limited (IBL Ops) - a related party of the Company. The valuation of SVPL was conducted by KPMG and they arrived at a value of Rs. 3,500 million. The said transaction has been presented before the shareholders subsequent to the year end, in the extraordinary general meeting held on July 26, 2023, the shareholders authorised the Company to acquire 5,400,000 ordinary shares, having face value of Rs. 100 each of Searle IV, constituting 100% of the issued and paid up share capital of Searle IV from IBL Ops for an aggregate amount of Rs. 3,500 million. The said transaction will be funded from the right issue being offered by the Company subsequent to the year ended June 30, 2023.
- On May 25, 2023, the Board of Directors of the Company has approved to increase the authorized share capital of the Company from 6 billion divided into 600 million ordinary shares of Rs. 10 each to 7 billion divided into 700 million ordinary shares of Rs. 10 each, by the creation of 100 million additional ordinary shares at nominal value of Rs. 10 each to rank pari passu in every respect with the existing ordinary shares of the Company. The said resolution has been presented and approved by the shareholders subsequent to the year end, in the extraordinary general meeting held on July 26, 2023.

VALUE OF INVESTMENTS

The value of investment of provident fund based on their un-audited / audited accounts as on June 30, 2023 and June 30, 2022 respectively was as follows:

	2023	2022
	Rs '000	
Provident Fund	599,877	711,953

FUTURE OUTLOOK

Searle is unwavering in its ambition to expand its market presence and sustain both organic and inorganic growth, despite the prevailing socio-economic, political, and environmental headwinds. However, the company faces risks to its future profitability due to ongoing uncertainties such as fluctuating exchange rates, rising inflation, escalating global commodity prices, and heightened costs in fuel and logistics. In light of these challenges, our strategic focus is shifting towards bolstering our specialty generic branded offerings and pursuing innovative products.

On the regulatory front, the company grapples with challenges stemming from restrictive drug pricing mechanisms and a less-than-ideal approval framework. These obstacles not only hamper the timely introduction of new products but also adversely affect patient care and treatment outcomes. Moreover, the current procedure for approving hardship cases needs reconsideration, as delayed price adjustments during periods of hyperinflation have a detrimental impact on the company's gross profit. Additionally, the rising interest rates are increasing our financing costs, thereby putting pressure on our cash flow cycle.

It's worth noting that Searle boasts a robust organic product pipeline with over 200 items at various stages of regulatory approval. The company has established a strong footing in local markets, excelling in therapeutic areas like cardiovascular diseases, respiratory ailments, diabetes, infant nutrition, probiotics, and antibiotics. In the long term, the company aims to delve into emerging sectors such as bio-similars, medical devices, nutraceuticals,

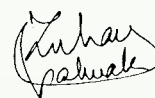
genomic sciences and now intravenous. As part of this long-term vision, the recently acquired manufacturing facility at Lahore will play a pivotal role in diversifying our product portfolio. Searle is broadening its reach by exporting to the GCC, CIS, and other international regions.

At Searle, our team is deeply committed and eager to actively participate in the company's advancement. We're grateful that our partners, suppliers, and customers share this enthusiasm and drive, and we look forward to their continued passion in future collaborations. Rest assured, Searle is dedicated to fostering long-term, sustainable growth for all stakeholders involved

For and on behalf of the Board



Syed Nadeem Ahmed
Chief Executive Officer



Zubair Palwala
Director

Karachi: September 28, 2023

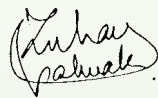
کو متعارف کرانے اور ان کو توسیع دینے پر ہے۔

ریگولیشنری صورتحال پر کمپنی سخت ڈرگ پراسنگ میکنزم سے درپیش چیلنجز اور بہترین سے کم منظوری کے فریم ورک کو اپنائے گی۔ راہ میں حاصل یہ رکاوٹیں نہ صرف نئی پروڈکٹس کو بروقت متعارف کرنے میں مشکلات پیدا کرتی ہیں بلکہ متاثرہ مریض کی دیکھ بھال اور علاج معالجے کے نتائج پر بھی مضر اثرات مرتب کرتی ہیں۔ مزید برآں منظور کیے جانے والے کٹھن کیسز کے لئے موجودہ طریقہ کار پر از سر نو غور و خوض کی ضرورت ہے، جیسا کہ بلند تر مہنگائی کے ادوار کے دوران تاخیر سے کی گئی پرائس ایڈجسٹمنٹ سے کمپنی کے منافع جات پر نقصان دہ اثرات پڑے تھے۔ اس کے علاوہ بڑھتے ہوئے شرح سود سے ہمارے فنانسنگ اخراجات بھی بڑھے ہیں جن کے ذریعے ہمارے کیش فلو کے سائیکل پر دباؤ پڑ رہا ہے۔

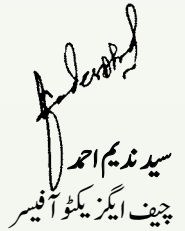
یہ امر نہایت قابل ذکر ہے کہ سرل کی جانب سے پائپ لائن میں موجود 200 سے زائد آئٹمز پر مشتمل بے مثال آرگینک پروڈکٹ ریگولیشنری منظوری کے مختلف مراحل میں ہیں۔ کمپنی نے مقامی مارکیٹوں میں نہایت مضبوطی کے ساتھ قدم جما رکھے ہیں اور علاج کے مختلف شعبوں مثلاً دل کے امراض، سانس کی بیماریاں، ذیابیطس، بچوں کی نیوٹریشن، پروبائیوٹکس اور اینٹی بائیوٹکس میں اسے امتیازی مقام حاصل ہے۔ طویل مدت میں کمپنی کے مقاصد میں ابھرتے ہوئے سیکٹرز جیسا کہ بائیو-سمیلرز، میڈیکل ڈیوائسز، نیوٹرا سیوٹیکلز، جینومک سائنسز اور اب انٹراوینس میں جگہ بنانا شامل ہے۔ اپنے طویل مدتی ویژن کے حصے کے طور پر لاہور میں حال ہی میں حاصل کی گئی مینوفیکچرنگ فیسیلیٹی ہماری پروڈکٹ کے پورٹ فولیو میں توسیع کے ضمن میں ایک اہم کردار ادا کرے گی۔ سرل جی سی سی، سی آئی ایس اور دیگر بین الاقوامی خطوں میں برآمدات کے ذریعے اپنے دائرہ کار کو پھیلا رہا ہے۔

سرل میں ہماری ٹیم کمپنی کی جدت طرازی میں بھرپور اور موثر شراکت کیلئے پوری طرح کاربند ہے۔ ہم اپنے شراکت کاروں، سپلائرز اور صارفین کے اس کامیابی اور ترقی کے ضمن میں ان کے شکر گزار ہیں اور ہم مستقبل میں بھی ان کی شراکت کیلئے مستقل تعاون کی امید کرتے ہیں۔ آخر میں اس امر کی یقینی دہائی کرتے ہیں کہ سرل اپنے ساتھ شامل تمام اسٹیک ہولڈرز کیلئے طویل مدتی اور پائیدار گروتھ کیلئے ہمیشہ کوشاں ہے۔

برائے اور بورڈ کی جانب سے



زبیر رزاق پال والا
ڈائریکٹر



کراچی: 28 ستمبر 2023

- سال کے دوران کمپنی کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ 03 اکتوبر 2022 میں قرار دیا تھا کہ کمپنی کی ایک منسلکہ پارٹی یونیورسل وینچرز (پرائیویٹ) لمیٹڈ (UVPL) سے اسٹیبلر وینچرز (پرائیویٹ) لمیٹڈ (SVPL) کی 100 فیصد شیئر ہولڈنگ حاصل کی جائے۔ ایس وی پی لیل کی قدر و قیمت کا جائزہ کے پی ایم جی کی جانب سے لیا تھا اور انہوں نے 3,750 ملین روپے مالیت طے کی۔

30 جون 2023 کو ختم ہونے والے سال کے لئے بعد از آس شیئر ہولڈرز نے کمپنی کے غیر معمولی اجلاس عام منعقدہ 26 جولائی 2023 میں کمپنی کو اختیار دیا کہ وہ ایس وی پی لیل کے ہر ایک 10 روپے کی ظاہری مالیت کے حامل 12,100,000 عمومی شیئرز 3,750 ملین روپے کی مجموعی مالیت پر یو پی وی لیل سے حاصل کریں جو ایس وی پی لیل کے 100 فیصد جاری کردہ اور ادا شدہ شیئر کیپٹل پر مشتمل ہیں مذکورہ ٹرانزیکشن یو پی وی لیل سے قابل وصول رقم کے عوض نمٹائی جائے گی، جیسا کہ نوٹ 15 میں واضح کر دیا گیا ہے، باقی ماندہ یو پی وی لیل کی جانب سے نقد کی صورت میں طے کر لی جائے گی۔

- مزید برآں کمپنی کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ 25 مئی 2023 میں قرار دیا تھا کہ کمپنی کی ایک منسلکہ پارٹی آئی بی لیل آپریشنز (پرائیویٹ) لمیٹڈ سے سرل IV (پرائیویٹ) لمیٹڈ (Searle IV) کی 100 فیصد شیئر ہولڈنگ حاصل کی جائے۔ ایس وی پی لیل کی قدر و قیمت کا جائزہ کے پی ایم جی کی جانب سے لیا تھا اور انہوں نے 3,500 ملین روپے مالیت طے کی۔

سال کے آخر میں بعد از آس مذکورہ ٹرانزیکشن کا معاملہ شیئر ہولڈرز کے روبرو غیر معمولی اجلاس عام منعقدہ 26 جولائی 2023 میں رکھا گیا تھا اور اس میں شیئر ہولڈرز نے کمپنی کو اختیار دیا کہ وہ Searle IV کے ہر ایک 100 روپے کی ظاہری مالیت کے حامل 5,400,000 عمومی شیئرز 3,500 ملین روپے کی مجموعی مالیت پر آئی بی لیل آپریشنز سے حاصل کریں جو Searle IV کے 100 فیصد جاری کردہ اور ادا شدہ شیئر کیپٹل پر مشتمل ہیں مذکورہ ٹرانزیکشن 30 جون 2023 کو ختم ہونے والے سال کے لئے بعد از آس کمپنی کی جانب سے پیش کردہ رائٹ ایشو کے ذریعے فنڈ سے پوری کی جائے گی۔

- 25 مئی 2023 کو کمپنی کے بورڈ آف ڈائریکٹرز نے کمپنی کے مجاز شیئر کیپٹل کو ہر ایک 10 روپے کی عمومی مالیت کے نئے 100 ملین عمومی شیئرز کی تشکیل کے ذریعے اسے 6 بلین روپے منقسم ہر ایک 10 روپے مالیت کے 600 ملین عمومی شیئرز سے بڑھا کر 7 بلین روپے منقسم 10 روپے مالیت کے 700 ملین عمومی شیئرز تک بڑھانے کی منظوری دی اور یہ کہ نئے شیئرز ہر لحاظ سے کمپنی کے موجودہ عمومی شیئرز کے مساوی ہوں گے۔ مذکورہ قرارداد سال کے آخر میں بعد از آس شیئر ہولڈرز کی جانب سے غیر معمولی اجلاس منعقدہ 26 جولائی 2023 میں پیش کر کے منظور کر لی گئی۔

سرمایہ کاریوں کی قدر و قیمت

30 جون 2023 اور 30 جون 2022 کو پراویڈنڈ فنڈ کی سرمایہ کاری کی قدر و قیمت ان کے غیر آڈٹ شدہ/آڈٹ شدہ حسابات کی بنیاد پر بالترتیب درج ذیل کے مطابق تھی:

2022

2023

(پاکستانی روپے ہزاروں میں)

711,953

599,877

پراویڈنڈ فنڈ

مستقبل پر ایک نظر

سرل موجودہ سماجی، معاشی، سیاسی اور ماحولیاتی رکاوٹوں اور مشکلات کے باوجود اپنی مارکیٹ میں موجودگی کو توسیع دینے اور آرگینک اور ان آرگینک دونوں میں گروتھ کیلئے غیر متزلزل طور پر کوشاں ہے۔ تاہم کمپنی کو جاری غیر یقینی صورتحال مثلاً زر مبادلہ کے زخموں میں اتار چڑھاؤ، بڑھتی ہوئی مہنگائی اور افراط زر، دنیا بھر میں اشیائے صرف کے بڑھتے ہوئے نرخ اور ایندھن و لاجسٹکس میں انتہائی زیادہ اخراجات کے باعث اس کے مستقبل کے منافع جات کو خطرات کا سامنا ہو گا۔ ان چیلنجز کو مد نظر رکھتے ہوئے ہماری زیادہ توجہ اپنی خصوصی عمومی برانڈز آفرنگز اور منفرد و جدید پروڈکٹس

آڈٹ کمیٹی

کمیٹی 3 نان۔ ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ کمیٹی کے چیئر پرسن ایک انڈیپینڈنٹ ڈائریکٹر ہیں۔ سال کے دوران، آڈٹ کمیٹی کے 6 اجلاس منعقد ہوئے جس کی تفصیلات درج ذیل کے مطابق ہیں:

ڈائریکٹرز کے نام	شرکت کردہ اجلاس
مسز شائستہ خالق رحمن	6
جناب عدنان اصدر علی	5
ڈاکٹر عطاء الرحمان	5

ہیومن ریسورس اور ریٹینشن کمیٹی (ایچ آر اینڈ آر)

کمیٹی 3 نان۔ ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ کمیٹی کی چیئر پرسن ایک انڈیپینڈنٹ ڈائریکٹر ہے۔ سال کے دوران آڈٹ کمیٹی کا ایک اجلاس منعقد کیا گیا جس میں شرکت درج ذیل کے مطابق ہے:

ڈائریکٹرز کے نام	شرکت کردہ اجلاس
مسز شائستہ خالق رحمن	1
جناب عدنان اصدر علی	1
ڈاکٹر عطاء الرحمان	1

ڈائریکٹرز کا مشاہرہ

- ڈائریکٹرز کے مشاہرے کی نمایاں خصوصیات اور کلیدی عناصر درج ذیل کے مطابق ہیں:
- نان۔ ایگزیکٹو ڈائریکٹرز صرف ان کی جانب سے بورڈ اور کمیٹی کے اجلاسوں میں شرکت کے سلسلے میں مشاہرے کی وصولی کا استحقاق رکھتے ہیں۔
 - بورڈ اپنے ڈائریکٹرز کے لئے بورڈ اور کمیٹیوں کے اجلاسوں میں شرکت کا معاوضہ طے کرنے کے لئے بااختیار ہے۔

بعد ازاں ہونے والے واقعات

کمپنی کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ 28 ستمبر 2023 میں درج ذیل تناسب کی منظوری دی تھی۔

2022 2023

(پاکستانی روپے ہزاروں میں)

780,132	-	ہر موجودہ 100 شیئرز کیلئے 25 بونس شیئرز کا اجراء (30 جون 2022):
		ہر 100 شیئرز کے لئے

16.82	12.54	12.44	14.29	8.08	1.22	منافع بعد از ٹیکس بمطابق ٹرن اوور کا فیصد
23.56	16.56	15.39	10.40	5.98	1.07	منافع بعد از ٹیکس بمطابق زیر عمل سرمائے کا فیصد
						منافع منقسمہ
50	25	25	20	NIL	NIL	نقد (فیصد)
15	NIL	NIL	30	25	NIL	اسٹاک (فیصد)

بورڈ آف ڈائریکٹرز کی تشکیل

بورڈ میں 7 ڈائریکٹر موجود ہیں۔ بورڈ کی تشکیل 30 جون 2022 کے مطابق مندرجہ ذیل ہے:

کیٹیگری	نام
i	ڈاکٹر عطاء الرحمن مسز شائستہ خالق رحمن
ii	جناب عدنان اصدر علی جناب مونس عبد اللہ جناب مفتی ضیاء الاسلام
iii	جناب سید ندیم احمد جناب زبیر رزاق پال والا

کسی بھی فرد نے، ماسوائے درج بالا افراد کے 30 جون 2023 کو ختم ہونے والے سال کے دوران کسی بھی وقت کمپنی کے ڈائریکٹر کے طور پر فرائض انجام نہیں دیئے۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران، بورڈ آف ڈائریکٹرز کے 7 اجلاس منعقد ہوئے۔ بورڈ ممبران کی اجلاسوں میں شرکت درج ذیل کے مطابق ہیں:

ڈائریکٹر کے نام	شرکت کردہ اجلاس
جناب عدنان اصدر علی	6
مسز شائستہ خالق رحمن	7
جناب سید ندیم احمد	7
جناب زبیر رزاق پال والا	7
ڈاکٹر عطاء الرحمن	6
جناب مونس عبد اللہ	7
جناب مفتی ضیاء الاسلام	7

- موزوں ترین اکاؤنٹنگ پالیسیز مستقل طور پر مالیاتی حسابات اور اکاؤنٹنگ کے تخمینہ جات کی تیاری میں لاگو کی جاتی ہیں جو مناسب ترین اور محتاط فیصلوں پر مبنی ہوتی ہیں۔
 - بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز، جیسا کہ پاکستان میں رائج ہیں، پر مالیاتی حسابات کی تیاری میں عمل کیا جاتا ہے۔
 - کمپنی ایک مستحکم اندرونی کنٹرول سسٹم کی حامل ہے جو کسی بھی غلط بیانی یا نقصان کے خلاف مناسب یقین دہانی فراہم کرتا ہے۔ اندرونی کنٹرول سسٹم پر باقاعدگی سے نظر ثانی کی جاتی ہے۔
 - اس امر میں کوئی شبہ نہیں ہے کہ کمپنی میں مستقل طور پر ترقی کرنے کی صلاحیت موجود ہے۔
 - کارپوریٹ گورننس کے بہترین طریقہ کار سے کوئی بھی ایسی اہم روگردانی نہیں کی جاتی جیسا کہ لسٹنگ ریگولیشنز میں مفصل طور پر درج ہے۔
 - ٹرانسفر پرائسنگ کے بہترین طریقہ کار کو بھی قطعی نظر انداز نہیں کیا جاتا۔
- 6 سالوں کے لئے اہم آپریٹنگ اور ماحولیاتی تفصیل درج ذیل کے مطابق ہے۔

2018	2019	2020	2021	2022	2023	
						لاگو کردہ اثاثہ جات
2,692,524	3,786,177	4,415,663	8,741,499	10,026,144	10,192,835	املاک، پلائٹس اور ایکویٹی
-	-	121,515	79,410	69,750	60,090	اثاثہ جات کا صحیح استعمال
384,661	365,268	328,533	15,622,504	16,179,879	16,153,388	غیر معمولی اثاثہ جات
2,871,818	2,724,116	2,571,674	2,970,279	3,237,634	3,348,598	مالیت پر جائیدادوں میں سرمایہ کاری
1,682,189	13,895	11,182	24,462	27,927	30,915	طویل مدتی قرضے اور ڈپازٹس
-	75,500	88,064	-	-	-	اثاثہ جات کلاسیفائیڈ جیسا کہ فروخت کے لئے موجود ہیں
3,897,703	6,711,339	9,021,013	8,579,394	10,876,069	8,672,038	خالص کرنٹ اثاثہ جات
11,528,895	13,676,294	16,557,644	36,017,547	40,417,403	38,457,864	مجموعی زیر عمل اثاثہ جات
						سرمایہ کاری کا ذریعہ
1,847,177	2,124,253	2,124,253	2,400,405	3,120,526	3,900,659	جاری کردہ، سبسکرائبڈ اور ادا شدہ سرمایہ
8,477,432	9,514,903	11,516,719	19,105,693	20,369,885	20,472,950	ریزروز اور غیر منقولہ شدہ منافع جات
10,324,609	11,639,156	13,640,972	21,506,098	23,490,411	24,373,609	شیررز ہولڈرز کی ایکویٹی
675,001	1,437,936	1,846,153	4,066,913	5,173,186	5,568,389	فکسڈ اثاثہ جات کی دوبارہ قدر و قیمت پر اضافہ
451,963	442,137	475,408	513,181	2,027,714	1,734,434	نان-کنٹرولنگ منافع جات
77,322	157,065	595,111	9,931,355	9,726,092	6,781,432	طویل مدتی غیر معمولی شدہ مالیاتی قرضہ جات
11,528,895	13,676,294	16,557,644	36,017,547	40,417,403	38,457,864	مجموعی لاگو شدہ سرمایہ
16,148,468	18,062,107	20,474,842	26,219,656	29,909,659	33,898,125	ٹرن اوور
3,254,423	2,832,228	3,658,860	5,035,298	3,661,347	1,144,124	منافع قبل از ٹیکس
2,716,600	2,265,296	2,548,047	3,746,848	2,415,854	413,053	منافع بعد از ٹیکس

متعلقہ پارٹی ٹرانزیکشنز

سال 2023 کے دوران متعلقہ پارٹی کے ساتھ تمام ٹرانزیکشنز آڈٹ کمیٹی اور بورڈ کے روبرو ان کے جائزے اور منظوری کے لئے پیش کر دی گئی تھیں۔ یہ ٹرانزیکشنز آڈٹ کمیٹی اور بورڈ کے جانب سے ان کے متعلقہ اجلاسوں میں باقاعدہ منظور کی گئی تھیں۔ یہ تمام ٹرانزیکشنز ٹرانسفر پر اسٹنگ کے طریقہ کار اور اس سے قبل بورڈ کی جانب سے منظور کردہ متعلقہ پارٹیز کے ساتھ پالیسی کے عین مطابق تھیں۔ کمپنی نے ایسی تمام ٹرانزیکشنز بشمول شرائط و ضوابط کا مکمل ریکارڈ بھی مرتب کر رکھا ہے۔ مزید تفصیلات کے لئے براہ مہربانی مالیاتی حسابات میں نوٹ 42 ملاحظہ فرمائیں۔

کوڈ آف کارپوریٹ گورننس پر عملدرآمد

اسٹاک ایکسچینج نے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ لسٹڈ کمپنیز ریگولیشنز اپنے لسٹنگ رولز میں شامل کیے ہیں، کمپنی نے اسی کوڈ کو رائج کیا ہے اور اس کی روح کے مطابق اس پر عملدرآمد کیا جاتا ہے۔

ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری اور ایگزیکٹوز وغیرہ کی جانب سے شیئرز کی ٹریڈنگ

پاکستان اسٹاک ایکسچینج لمیٹڈ میں کمپنی کے شیئرز کی خرید و فروخت ہوتی ہے، ڈائریکٹرز، سی ای او، کمپنی سیکریٹری اور سی ایف او اور ایگزیکٹوز، ان کے شریک حیات اور نابالغ بچے، ماسوائے درج ذیل ڈائریکٹرز اور ایگزیکٹوز کمپنی کے شیئرز کی کوئی خرید و فروخت انجام نہیں دے رہے۔

نام	خریدے گئے شیئرز	فروخت کئے گئے شیئرز
جناب موجود الحسن	1,500	500,000
مسسز محبوب خان	-	5,000,000
انٹرنیشنل برانڈز (پرائیویٹ) لمیٹڈ	-	-

ڈائریکٹرز کی ٹریڈنگ کا پروگرام (ڈی ٹی پی)

موجودہ طور پر پانچ ڈائریکٹرز ڈی ٹی پی سرٹیفیکیشن حاصل کر چکے ہیں۔ کمپنی نے منصوبہ بنایا ہے کہ باقیماندہ ڈائریکٹرز کے لئے اگلے ایک سال میں ڈی ٹی پی سرٹیفیکیشن کا انتظام کیا جائے گا۔

اندرونی مالیاتی کنٹرول کی مناسبت

کمپنی کے اثاثہ جات کے تحفظ کے لئے کمپنی کی جانب سے مناسب اندرونی کنٹرول کو یقینی بنانے کیلئے قوانین اور ضوابط پر عملدرآمد کے ساتھ قابل بھروسہ رپورٹنگ کی غرض سے بورڈ آف ڈائریکٹرز نے اندرونی آڈٹ کے امور گرانٹ تھورنٹن انجمن رچمن، چارٹرڈ اکاؤنٹینٹس کو تفویض کر دیئے ہیں جو اس مقصد کے لئے موزوں ترین کوالیفائیڈ اور تجربہ کار تصور کیے جاتے ہیں اور کمپنی کی پالیسیوں اور طریقہ کار سے بھی بخوبی واقف ہیں۔

ضابطہ اخلاق

کمپنی کے بورڈ آف ڈائریکٹرز نے ایک ضابطہ اخلاق رائج کیا ہے، تمام ملازمین کو اس بارے میں مطلع اور آگاہ کر دیا گیا ہے کہ کاروبار اور ضوابط سے متعلق ضابطہ اخلاق کے ان رولز پر عملدرآمد کرنا لازم ہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

- کمپنی کی انتظامیہ کی جانب سے تیار کیے گئے مالیاتی حسابات اس کے امور، اس کے آپریشنز کے نتائج، کیش فلوز اور لیکویٹی میں تبدیلیوں کو شفاف انداز میں پیش کرتے ہیں۔
- کمپنی کے حسابات کی باقاعدہ کتب مرتب کی گئی ہیں۔

تاکہ ہم ان افراد۔ ہمارے مریض اور صارفین پر اپنا اعتماد برقرار رکھ سکیں جو ہر روز اور ہر معاملے میں ہم پر انحصار کرتے ہیں۔ یہ ہم سب پر منحصر کہ ہم سرل کو ایسی کمپنی کی صورت میں رکھیں جس کا حصہ بننے پر ہم فخر محسوس کریں۔ ہم اس امر کو بخوبی سمجھتے ہیں اور اپنے صارفین کی ضروریات کو پورا کرنے کی کوشش کرتے ہیں چونکہ ہم کاروباری آپریشنز کے تمام پہلوؤں میں مستقل بہتری کے لئے کوشاں رہتے ہیں۔

ہم اپنے مریضوں اور صارفین کے لئے ہر درست اقدام کرتے ہیں اور بہترین معیار کے لئے کوشش جاری رکھتے ہیں۔ ہم اپنے شراکت کاروں کے ساتھ ہیلتھ کیئر کو بہتر بنانے کے لئے کام کرتے ہیں اور نئی ادویات اور ویکسینز تیار کرتے ہیں، اپنے کردار کو مد نظر رکھتے ہوئے ہم اس امر کو بخوبی سمجھتے ہیں کہ کس طرح ہمارا کام مریضوں اور صارفین کو متاثر کرے گا۔

پروڈکٹ کا معیار

سرل کی مصنوعات پر صارفین کا اعتماد اور بھروسہ ہی ہمارا سب سے قیمتی اثاثہ ہے۔ ہم اس امر کو تسلیم کرتے ہیں کہ فارماسیوٹیکل مینوفیکچرنگ کو بہت سے خطرات کا سامنا کرنا پڑتا ہے اور یہ کہ پروڈکٹ کے ڈیزائن یا پروڈکشن میں کوئی بھی غلطی نقصان دہ حتیٰ کہ جان لیوا بھی ہو سکتی ہے، لہذا معیار کو برقرار رکھنا ہماری سب سے اولین ترجیح اور اخلاقی ذمہ داری ہے۔

ہم مریضوں کی بہبود کے تحفظ کے ضمن میں اپنے فرائض کو تندہی سے انجام دینے کیلئے کوشاں ہیں اور یقین دلاتے ہیں کہ ادویات سے متعلق پروڈکٹس کی تیاری سے منسلک تمام آپریشنز ایک بہترین معیار کے حامل ہیں جو سیفٹی اور موثر ہونے کے ضمن میں مریضوں کی توقعات پر پورا اترتے ہیں۔

کارپوریٹ اور سماجی ذمہ داری

ہمارے فرائض کا دائرہ کار ہمارے اسٹیک ہولڈرز کیلئے منافع جات اکٹھے کرنے تک محدود نہیں ہے۔ سرل میں ہمارا مقصد اس معیشت کے لئے کارآمد شراکت کرنا ہے جہاں ہم کام کر رہے ہیں، ہماری توجہ کے بنیادی مقاصد میں سے ایک ملازمت کے مواقع پیدا کرنا ہے تاکہ وسیع تر صنعتی اور سیلز ورک فورس کی معاونت کی جاسکے۔

کمپنی سماجی طور پر ذمہ دار ادارے کی حیثیت سے کارفرما ہے۔ اس کے مطابق کمپنی کا سی ایس آر پروگرام ہیلتھ کیئر، تعلیم، بچوں کی فلاح و بہبود اور دیگر سماجی بہبود کی سرگرمیوں کے شعبوں میں وسیع تر اقدامات پر مشتمل ہے۔

آکیو پیشل ہیلتھ، سیفٹی اور اینوائرنمنٹ

سرل میں ہم ایک محفوظ ماحول کی اہمیت کو اچھی طرح تسلیم کرتے ہیں اور اس کو اپنی ذمہ داری تصور کرتے ہیں کہ اس امر کو یقینی بنائیں جو لوگ ہمارے لیے کام کرتے ہیں، ان کیلئے ان کی صحت کو لاحق کسی بھی خطرے کے بغیر کام کرنے کا محفوظ ماحول کس طرح فراہم کیا جائے۔ ہمارے ملازمین اور وزیٹرز کی صحت اور سیفٹی کمپنی کیلئے انتہائی اہم ترجیح ہے۔ لہذا آپریشنز سے منسلک خطرات کی مستقل طور پر جانچ کی جاتی ہے اور جائزہ لیا جاتا ہے تاکہ ان کے تدارک کے ساتھ خطرات کو کم کیا جائے۔

انفارمیشن ٹیکنالوجی

کمپنی کی بڑھتی ہوئی کاروباری ضروریات پوری کرنے اور باقاعدگی سے اپنے انفارمیشن سسٹمز سے آپ گریڈ کرنے کی کوششوں کے تحت ہم انفارمیشن ٹیکنالوجی میں زیادہ سے زیادہ انویسٹ کرتے رہتے ہیں، ہم نے کامیابی کے ساتھ انتہائی پاور فل مینجمنٹ سسٹم 'SAP' نافذ کیا ہے تاکہ اپنے کاروباری آپریشنز کو مزید مستحکم کیا جائے۔

ویب سائٹ

ہمارے تمام اسٹیک ہولڈرز اور عوام الناس کمپنی کی ویب سائٹ www.searlecompany.com پر وزٹ کر سکتے ہیں، جو انویسٹرز کے لئے سالانہ، ششماہی اور سہ ماہی مالیاتی حسابات سے متعلق معلومات پر مشتمل ایک وقف کردہ سیکشن ہے۔

والے گزشتہ سال کے لئے کمپنی نے 25 فیصد کے اسٹاک منافع منقسمہ کا اعلان کیا تھا۔

مالیاتی حسابات اور آڈیٹرز

موجودہ آڈیٹرز میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس سبکدوش ہو رہے ہیں اور اہل ہونے کی بناء پر انہوں نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارشات پر 30 جون 2024 کو ختم ہونے والے مالی سال کے لئے باہمی طے شدہ معاوضے پر ان کی بطور کمپنی کے آڈیٹرز تقرری کی توثیق کی ہے۔

ہولڈنگ کمپنی

انٹرنیشنل برانڈز (پرائیویٹ) لمیٹڈ سرل کی ہولڈنگ کمپنی ہے جو کمپنی میں 55.04 فیصد شیئرز ہولڈنگ کی حامل ہے۔

کمپنی کے ذیلی ادارے

درج ذیل کمپنی کے ذیلی ادارے ہیں:

موثر العمل فیصد ہولڈنگ کی عمر	کاروبار کا مرکزی مقام	سٹنڈ کمپنی
جون 30، 2022	جون 30، 2023	آئی بی ایل ہیلتھ کیئر لمیٹڈ
74.19%	74.19%	غیر سٹنڈ کمپنیاں
100.00%	90.61%	سرل پاکستان لمیٹڈ
100.00%	100.00%	سرل فارماسیوٹیکلز (پرائیویٹ) لمیٹڈ
100.00%	100.00%	سرل لیباریٹریز (پرائیویٹ) لمیٹڈ
100.00%	100.00%	سرل بائیوسائنسز (پرائیویٹ) لمیٹڈ
100.00%	100.00%	آئی بی ایل فیوچر ٹیکنالوجیز (پرائیویٹ) لمیٹڈ
87.20%	87.20%	نینکسٹ فارما (پرائیویٹ) لمیٹڈ

شیئرز ہولڈنگ کا بیڑن

شیئرز ہولڈنگ کا بیڑن بشمول شیئرز ہولڈرز کی کمیٹیگریز بمطابق 30 جون 2023 جیسا کہ کمپنیز ایکٹ، 2017 کے سیکشن 227 کے تحت درکار ہے اور لسٹنگ ریگولیشنز سالانہ رپورٹ کے صفحات 250 تا 253 پر پیش کیے گئے ہیں۔

کاروبار کا انداز

سرل کے کاروبار کا طریقہ مروجہ قوانین اور ضوابط کے مطابق انتہائی مربوط، شفافیت اور کمپلائنس پر مبنی ہے۔

ہماری اقدار اور توقعات الفاظوں سے بہت زیادہ ہیں۔ ہماری رہنمائی میں مدد کرنے کے ساتھ یہ ہمیں دنیا میں انتہائی منفرد بنانے، بہترین کارکردگی اور قابل اعتماد ہیلتھ کیئر کمپنی بننے کے اہداف میں بھی معاون ہیں۔ یہ ہمارے کلچر کی تشکیل اور ہماری اقدامات اور فیصلے لینے میں بھی ہماری مددگار ہیں

دواؤں کے نرخ 20 فیصد تک بڑھ گئے۔ اس اضافہ کے مثبت اثرات ممکنہ طور پر آنے والے سال کے دوران زیادہ بہتر طور پر واضح ہو سکیں گے۔

مزید براں مہنگائی کے دباؤ کی وجہ سے اسٹیٹ بینک آف پاکستان (SBP) نے شرح سود بڑھایا جس کی وجہ سے ہمارے منافع پر بھی نمایاں اثرات مرتب ہوئے۔ سال کے آغاز پر شرح سود 15 فیصد تھی جو بڑھ کر 22 فیصد تک پہنچ چکی ہے، جس کے نتیجے میں ہمارے فنانشل چارجز 79 فیصد تک بڑھے۔

ان غیر معمولی بحرانوں کے باوجود، جن میں سے بیشتر ہمارے اختیار سے باہر ہیں، ہم نے اپنی ذمہ داری کو بہتر طور پر نبھاتے ہوئے اپنے اسٹیک ہولڈرز کیلئے اپنی ذمہ داریاں پوری جانفشانی کے ساتھ پوری کرنے کی کوشش کی ہے آنے والے دنوں میں بھی اسی عزم اور تسلسل کے ساتھ ان چیلنجوں کو پورا کرنے کے عزم پر کاربند رہیں گے۔

June 30,		
2022	2023	
(پاکستانی روپے ہزاروں میں)		
29,909,659	33,898,125	آمدنی
(16,790,417)	(20,669,774)	فروخت کے اخراجات
13,119,242	13,228,351	مجموعی آمدنی
(7,471,117)	(8,443,051)	آپریٹنگ اخراجات
(300,278)	(128,087)	دیگر آپریٹنگ اخراجات
429,862	279,691	دیگر آمدنی
5,777,709	4,936,904	آپریٹنگ سے آمدنی
(2,116,362)	(3,792,780)	مالیاتی اخراجات
3,661,347	1,144,124	آمدنی قبل از ٹیکس
(1,245,493)	(731,071)	انکم ٹیکس اخراجات
2,415,854	413,053	آمدنی بعد از ٹیکس

کمپنی اپنے ڈاکٹر کوریج، میچورنگ پروڈکٹ پورٹ فولیو، نئے برانڈز کے تعارف، بہترین پروڈکٹ مکس اور برانڈنگ کی کوششوں کے باعث اپنے ریونیو گروتھ کو برقرار رکھنے کی صلاحیت رکھتی تھی۔

آمدنی فی شیئر

اس مدت کے لئے بنیادی آمدنی فی شیئر 0.80 روپے تھی (2022 میں 7.54 روپے)۔ کمپنی کی بنیادی آمدنی فی شیئر پر اس کمی کو کوئی براہ راست اثر نہیں پڑا کیونکہ کمپنی کے پاس 30 جون 2023 کے مطابق باقیماندہ عمومی شیئرز کے لئے کوئی قابل منتقل کمی نہ تھی۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے سال کیلئے کسی منافع منقسمہ کی سفارش نہیں کی ہے، 30 جون 2022 کو ختم ہونے

اشتمالی ڈائریکٹرز رپورٹ برائے حصص یافتگان

ڈائریکٹرز سالانہ رپورٹ مع سال محتمتہ 30 جون 2023 کو ختم ہونے والے سال کے لئے ہولڈنگ کمپنی کے آڈٹ شدہ مالیاتی حسابات پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

یہ معلومات کمپنیز ایکٹ، 2017 کے سیکشن 227 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے باب XII کے مطابق جمع کرائی گئی ہے۔

یہ رپورٹ کمپنی کے 58 ویں سالانہ اجلاس عام بروز 27 اکتوبر 2023 میں حصص یافتگان کو پیش کی جائے گی۔

جائزہ

30 جون 2023 کو ختم ہونے والے سال کے دوران پاکستان کے دواسازی کی صنعت کو غیر معمولی بحرانوں کا سامنا کرنا پڑا۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں نمایاں کمی نے پیداواری لاگت پر نہایت منفی اثرات مرتب کیے بالخصوص ایکٹو فارماسیوٹیکل انگریڈینٹس (APIs) پر جو بیرون ملک سے منگوائے جاتے ہیں۔ مزید برآں معاشی بحالی اور ہمارے ملک کے استحکام کیلئے لازمی IMF پروگرام میں داخلے کے لئے اس کی شرائط پوری کرنے کی غرض سے سبسڈیز واپس لینے کے نتیجے میں ایندھن اور بجلی کی لاگت بڑھنے سے مشکلات پیش آئیں۔ اور اس کے نتیجے میں صنعت کے لئے پیداواری لاگت مزید بڑھ گئی۔

آپریٹنگ نتائج

سرل امتیازی ہیلتھ کیئر مصنوعات کی فراہمی کے ذریعے اپنے صارفین کیلئے معیار زندگی بہتر بنانے کے عزم پر کاربند رہنے والا ادارہ ہے۔ ہمارے مریضوں اور اسٹیک ہولڈرز دونوں کی فلاح و بہبود اور بہتری کے ضمن میں ہمارا غیر متزلزل عزم اس امر کا گواہ ہے اور ہم اپنی کوششوں اور عزائم کے مثبت اثرات دیکھتے آئے ہیں۔

گزشتہ 6 سال سے زائد عرصے سے سرل نے 16.86 فیصد کے کمپاؤنڈڈ انیول گروتھ ریٹ (CAGR) کے ساتھ ایک بہترین ریونیو گروتھ حاصل کیا ہے۔ ریونیو میں یہ شاندار توسیع مستقل گروتھ ریٹ اور پروڈکٹس کے پورٹ فولیو میں پھیلاؤ کے سبب ممکن ہو سکی ہے۔

ملک میں موجود غیر یقینی صورتحال اور معاشی اُتار چڑھاؤ کے باوجود سرل نے 30 جون 2023 کو ختم ہونے والے سال کیلئے بہترین سیلز گروتھ کا مظاہرہ کیا ہے۔ کمپنی نے 33.90 بلین روپے کا مجموعی ریونیو حاصل کیا جو گزشتہ سال کے مقابلے میں 13.3 فیصد کے نمایاں اضافے کو ظاہر کرتا ہے۔

تاہم سال کے لئے ہمارا منافع مختلف میکرو اکنامک عناصر کے باعث خاصا دشوار رہا۔ بالخصوص امریکی ڈالر کے مقابلے میں پاکستانی کرنسی کی قدر میں مسلسل کمی اور شرح سود بڑھنے کی وجہ سے مضر اثرات مرتب ہوئے۔

صرف سال رواں کے دوران روپے کی قدر 50 فیصد تک کم ہو گئی۔ چونکہ دواسازی کی صنعت کا انحصار غیر ملکی خام مال پر زیادہ ہے، بالخصوص ایکٹو فارماسیوٹیکل انگریڈینٹس (APIs) پر، لہذا ان اشیاء کی لاگت نمایاں طور پر بڑھی اور ہماری مجموعی شرح منافع متاثر رہی۔ ہماری مجموعی شرح منافع میں 4.84 فیصد تک کمی آئی اور یہ گزشتہ سال کے 43.86 فیصد سے کم ہو کر سال رواں میں 39.02 فیصد رہی۔ حالانکہ دواسازی کی صنعت کیلئے CPI پر سالانہ قیمتوں میں ضروری ادویات کیلئے 70 فیصد تک اور غیر ضروری دواؤں کیلئے 100 فیصد مع 10 فیصد اضافے کی اجازت دے دی گئی تھی تاہم یہ اضافہ بڑھتے ہوئے آپریشنل اخراجات کے مقابلے میں مساوی نہ تھا۔ ان غیر معمولی بحرانوں سے نمٹنے کیلئے وفاقی کابینہ نے یکمشت قیمتیں 20 فیصد بڑھانے کی منظوری دی جس کے نتیجے میں آخری سہ ماہی کے دوران ضروری ادویات کی قیمت 14 فیصد اور غیر ضروری



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE SEARLE COMPANY LIMITED**

Opinion

We have audited the annexed consolidated financial statements of The Searle Company Limited (the Holding Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including 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 June 30, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

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Following are the Key Audit Matters:

S. No. Key Audit Matters How the matter was addressed in our audit

(i) Revenue from contracts with customers

(Refer note 2.20 and 29 to the consolidated financial statements)

The Group's revenue is generated from sales of pharmaceutical and other consumer products. The Group recognized revenue of Rs. 33.97 billion from the sale of goods to domestic as well as export customers during the year ended June 30, 2023.

Revenue recognition includes determination of sales prices in accordance with the regulated price regime of the Government and transfer of control of products sold to customers. Taking into account that revenue recognition is a higher risk area, we considered this as a key audit matter.

Our audit procedures included the following:

- obtained an understanding of determination of sales prices in accordance with policies of Drug Regulatory Authority of Pakistan (DRAP);
- tested on sample basis selling prices of regulated pharmaceutical products to ensure compliance with DRAP pricing policies;
- obtained an understanding of and testing the design and effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period;
- inspected contracts to obtain an understanding of contract terms particularly relating to timing and the customer's acceptance of the products and assessing the Group's accounting policies for recognition of revenue with reference to the requirements of the prevailing accounting standards; and
- compared on sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation, including the relevant sales contracts, the customer's acknowledgement of acceptance to assess whether revenue had been recognized in the appropriate period.

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S. No. Key Audit Matters

How the matter was addressed in our audit

(ii) Litigation relation to product pricing matters

(Refer Note 29.3 to the consolidated financial statement)

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

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

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

Our audit procedures included the following:

- obtained and reviewed details of the pending litigations and discussed the same with the Holding Company's management;
- reviewed correspondence of the Holding Company with the relevant authorities including judgments or orders passed by the competent authorities/courts of law in relation to the issues involved or matters which have similarities with the issues involved;
- obtained confirmations from the Holding Company's external legal and tax counsels for their views on open tax assessments and legal cases; and
- reviewed disclosures made in respect of litigations in the consolidated financial statements.

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S. No. Key Audit Matters

How the matter was addressed in our audit

(iii) Tax Contingencies

(Refer Note 36.3 to the consolidated financial statements)

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

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

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

Our audit procedures included the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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



A. F. Ferguson & Co
Chartered Accountants
Karachi

Date: October 06, 2023
UDIN: AR202310073Tow34eODK

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

	Note	2023	2022
		-----Rupees '000-----	
ASSETS			
Non-current assets			
Property, plant and equipment	3	10,192,835	10,026,144
Right-of-use assets	4	60,090	69,750
Investment properties - at cost	5	3,348,598	3,237,634
Intangible assets	6	16,153,388	16,179,879
Long-term loans and advances	7	117	241
Long-term deposits	8	30,798	27,686
		<u>29,785,826</u>	<u>29,541,334</u>
Current assets			
Inventories	9	6,975,694	5,773,882
Trade receivables	10	16,443,847	11,978,760
Loans and advances	11	1,202,905	1,043,740
Trade deposits and short-term prepayments	12	196,941	158,573
Accrued markup		420	1,431
Other receivables	13	4,757,130	4,887,151
Short-term investment at amortised cost	14	115,772	115,772
Taxation - payments less provision		2,438,330	1,715,123
Tax refunds due from Government - Sales tax		265,706	285,748
Cash and bank balances	15	313,244	230,212
		<u>32,709,989</u>	<u>26,190,392</u>
Total assets		<u>62,495,815</u>	<u>55,731,726</u>
EQUITY AND LIABILITIES			
EQUITY			
Share Capital			
Issued, subscribed and paid-up capital	16	3,900,659	3,120,527
Capital Reserves			
Share premium	17	6,049,419	6,049,419
Revaluation surplus on property, plant and equipment	18	5,568,389	5,173,186
Revenue Reserves			
General reserve	19	280,251	280,251
Unappropriated profit		14,143,280	14,040,214
		<u>29,941,998</u>	<u>28,663,597</u>
Attributable to owners of The Searle Company Limited - Parent Company			
Non-controlling interests	49	1,734,434	2,027,714
Total equity		<u>31,676,432</u>	<u>30,691,311</u>
LIABILITIES			
Non-current liabilities			
Long-term borrowings	20	5,917,063	9,049,521
Deferred tax liabilities	21	706,960	509,198
Employee benefit obligations	22	78,707	80,356
Lease liability	23	78,702	87,017
		<u>6,781,432</u>	<u>9,726,092</u>
Current liabilities			
Trade and other payables	24	9,922,915	4,953,026
Short term borrowings	25	13,651,856	9,969,728
Contract liabilities	26	184,249	144,687
Unpaid dividend	27	227,669	196,496
Unclaimed dividend		44,634	45,243
Current portion of lease liability	23	6,628	5,143
		<u>24,037,951</u>	<u>15,314,323</u>
Total liabilities		<u>30,819,383</u>	<u>25,040,415</u>
Contingencies and commitments			
Total equity and liabilities	28	<u>62,495,815</u>	<u>55,731,726</u>

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.


Chief Executive


Director


Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2023

	Note	2023 -----Rupees '000-----	2022
Revenue from contracts with customers	29	33,969,510	29,909,659
Cost of sales	30	(20,741,159)	(16,781,867)
Gross profit		13,228,351	13,127,792
Distribution costs	31	(7,029,895)	(6,048,545)
Administrative expenses	32	(1,413,156)	(1,431,122)
Other expenses	33	(128,087)	(300,278)
Other income	34	279,691	429,862
Profit from operations		4,936,904	5,777,709
Finance cost	35	(3,792,780)	(2,116,362)
Profit before income tax		1,144,124	3,661,347
Income tax expense	36	(731,071)	(1,245,493)
Profit for the year		413,053	2,415,854
Profit is attributable to:			
Owners of The Searle Company Limited - Parent Company		313,710	2,351,638
Non-controlling interests		99,343	64,216
		413,053	2,415,854
Basic and diluted earnings per share (Rupees)	37	0.80	(Restated) 7.54

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.


Chief Executive


Director


Chief Financial Officer

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2023

	Note	2023 -----Rupees '000-----	2022 -----Rupees '000-----
Profit for the year		413,053	2,415,854
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations		9,378	(2,163)
Surplus on revaluation of property, plant and equipment - net of deferred tax	18	619,091	1,221,192
		628,469	1,219,029
Total comprehensive income for the year		1,041,522	3,634,883
Total comprehensive income is attributable to:			
Owners of The Searle Company Limited - Parent Company		925,311	3,570,667
Non-controlling interests		116,211	64,216
		1,041,522	3,634,883

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.


Chief Executive


Director


Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2023

	Attributable to the owners of the Parent Company							Non-controlling interests	Total Equity
	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves		Sub - Total reserves			
		Share premium	Revaluation surplus on property, plant and equipment	General reserve	Unappropriated profits				
	-----Rupees '000-----								
Balance as at July 1, 2021	2,400,405	6,049,419	4,066,913	280,251	12,776,023	23,172,606	513,181	26,086,192	
Total comprehensive income for the year ended June 30, 2022	-	-	-	-	2,351,638	2,351,638	64,216	2,415,854	
Profit for the year ended June 30, 2022	-	-	-	-	2,351,638	2,351,638	64,216	2,415,854	
Other comprehensive income for the year ended June 30, 2022	-	-	1,221,192	-	(2,163)	1,219,029	-	1,219,029	
Transfer of incremental depreciation net of deferred tax	-	-	(114,919)	-	114,919	-	-	-	
	-	-	1,106,273	-	2,464,394	3,570,667	64,216	3,634,883	
Transaction with owners in their capacity as owners									
Bonus shares issued during the year in the ratio of 30 shares for every 100 shares held	720,122	-	-	-	(720,122)	(720,122)	-	-	
Final dividend for the year ended June 30, 2021 @ Rs. 2 per share	-	-	-	-	(480,081)	(480,081)	-	(480,081)	
Dividend pertaining to non-controlling interests	-	-	-	-	-	-	(15,079)	(15,079)	
	-	-	-	-	(480,081)	(480,081)	(15,079)	(495,160)	
Advance against issue of share capital - refer note 49.1	-	-	-	-	-	-	1,465,396	1,465,396	
Balance as at June 30, 2022	3,120,527	6,049,419	5,173,186	280,251	14,040,214	25,543,070	2,027,714	30,691,311	
Total comprehensive income for the year ended June 30, 2023									
Profit for the year ended June 30, 2023	-	-	-	-	313,710	313,710	99,343	413,053	
Other comprehensive income for the year ended June 30, 2023	-	-	602,223	-	9,378	611,601	16,868	628,469	
Transfer of incremental depreciation net of deferred tax	-	-	(163,980)	-	163,980	-	-	-	
	-	-	438,243	-	487,068	925,311	116,211	1,041,522	
Transfer of revaluation surplus on disposal of land held at revaluation model to retained earnings	-	-	(43,040)	-	43,040	-	-	-	
Transaction with owners in their capacity as owners									
Bonus shares issued during the year in the ratio of 25 shares for every 100 shares held	780,132	-	-	-	(780,132)	(780,132)	-	-	
Disposal of equity interest in subsidiary without change in control	-	-	-	-	353,090	353,090	1,112,306	1,465,396	
Advance against issue of share capital - refer note 49.1	-	-	-	-	-	-	(1,465,396)	(1,465,396)	
Dividend pertaining to non-controlling	-	-	-	-	-	-	(56,401)	(56,401)	
Balance as at June 30, 2023	3,900,659	6,049,419	5,568,389	280,251	14,143,280	26,041,339	1,734,434	31,676,432	

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.


Chief Executive


Director


Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2023

	Note	2023	2022
		-----Rupees '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	4,856,166	2,906,261
Employee benefit obligations paid		(6,203)	(19,444)
Finance cost paid		(3,422,074)	(1,951,214)
Income taxes paid		(1,509,135)	(1,384,175)
Payments to workers' welfare fund and workers' profit participation fund		(274,518)	(285,644)
Interest income received		1,021	(87)
(Increase) / decrease in long-term deposits		(3,112)	(3,549)
Decrease in long-term loans and advances		124	84
Net cash used in operating activities		(357,731)	(737,768)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(391,935)	(484,967)
Proceeds from disposal of property, plant and equipment		519,312	9,366
Proceeds from disposal of investment properties		9,188	-
Purchase of investment properties		(182,946)	(341,807)
Purchase of intangible assets		(308)	(762)
Acquisition of subsidiary - net		-	(600,000)
Deferred payable to UVPL - related party		-	(260,712)
Short-term investments - net		-	949
Net cash used in investing activities		(46,689)	(1,677,933)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(25,837)	(473,964)
Advance against issue of share capital		-	1,465,396
Demand finance facility (repayment) / obtained		-	(113,333)
Repayment of salary refinancing - net		(172,232)	(342,920)
Repayment of long term loan		(1,740,250)	-
Payments against lease liabilities		(18,442)	(20,017)
Net cash (used in) / generated from financing activities		(1,956,761)	515,162
Net decrease in cash and cash equivalents		(2,361,181)	(1,900,539)
Cash and cash equivalents at beginning of the year		(9,063,156)	(7,162,617)
Cash and cash equivalents at end of the year	39	(11,424,337)	(9,063,156)

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.


Chief Executive


Director


Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

1. LEGAL STATUS AND OPERATIONS

1.1 The Group consists of:

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

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

International Brands (Private) Limited is the ultimate Parent company (the 'Ultimate Parent Company') as it holds 55.04% (2022: 56.32%) of the total paid-up share capital of the Parent Company.

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

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

	Principal place of business	Percentage of effective holding	
		2023	2022
Listed Company			
- IBL HealthCare Limited (note 1.2.1)		74.19%	74.19%
Unlisted Companies			
- Searle Pakistan Limited (note 1.2.2)	Pakistan	90.61%	100.00%
- Searle Pharmaceuticals (Private) Limited (note 1.2.3)		100.00%	100.00%
- Searle Laboratories (Private) Limited (note 1.2.4)		100.00%	100.00%
- Searle Biosciences (Private) Limited (note 1.2.5)		100.00%	100.00%
- Nextar Pharma (Private) Limited (note 1.2.6)		87.20%	87.20%
- IBL Future Technologies (Private) Limited (note 1.2.7)		100.00%	100.00%

1.2 Subsidiary Companies

1.2.1 IBL HealthCare Limited

IBL HealthCare Limited (IBLHC) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) as a private limited company on July 14, 1997. In November 2008, IBLHC was converted into public limited company. The shares of IBLHC are quoted on the Pakistan Stock Exchange Limited (PSX). Its principal business activities include marketing, selling and distribution of health care products. The registered office of the IBLHC is located at One IBL Centre, 2nd floor, Plot No.1, Block 7 and 8, D.M.C.H.S. Tipu Sultan Road, Off Shahr-e-faisal, Karachi.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

1.2.2 Searle Pakistan Limited

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

1.2.3 Searle Pharmaceuticals (Private) Limited

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

1.2.4 Searle Laboratories (Private) Limited

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

1.2.5 Searle Biosciences (Private) Limited

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

1.2.6 Nextar Pharma (Private) Limited

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

1.2.7 IBL Future Technologies (Private) Limited

IBL Future Technologies (Private) Limited (IBLFT) was incorporated in Pakistan on June 15, 2016 as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Its principal business activities are marketing, selling and distribution of electronic goods however, no operation have started till June 30, 2023. The registered office of IBLFT is located at One IBL Centre, 2nd Floor, Plot No.1, Block 7 and 8, D.M.C.H.S. Tipu Sultan Road, Off Shahra-e-faisal, Karachi.

1.3 The geographical location and address of the Group business units, including plant are detailed in note 50.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.1 Basis of preparation

2.1.1 Statement of Compliance

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

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

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

2.2 Use of critical accounting estimates and judgements

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

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

- a) Income tax - note 2.18
- b) Revaluation of property, plant and equipment - note 2.7
- c) Pricing of revenue from contracts with customers - note 2.20
- d) Impairment of goodwill - note 2.9

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

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

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

2.3 Changes in accounting standards, interpretations and pronouncements

a) Amendments to accounting and reporting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Group's annual accounting period which began on July 1, 2022. However, these do not have any significant impact on the Group's financial reporting.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

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

There is a standard, certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Group's annual accounting periods beginning on or after July 1, 2023. However, these are considered either not to be relevant or to have any significant impact on the Group's consolidated financial standards and operations and, therefore, have not been disclosed in these consolidated financial statements.

2.4 Overall valuation policy

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

2.5 Basis of consolidation

i. Subsidiaries

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

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

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

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

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

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

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

ii. Transactions and non-controlling interests

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

2.6 Share capital

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

2.7 Property, plant and equipment

i. Operating Assets

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

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

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

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

ii. Capital work-in-progress

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

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

2.8 Lease Liability and Right-of-use asset

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

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

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

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

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

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

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

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

2.9 Intangible assets

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

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

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

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

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

2.10 Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists the assets' recoverable amount is estimated. An impairment loss is recognised wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised in consolidated statement of profit or loss.

2.11 Investment properties

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

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

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

2.12 Inventories

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

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

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

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

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

2.13 Short-term deposits, prepayments, loans and advances

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

Interest free loans to employees are stated at amortised cost.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

2.14 Trade and other receivables

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer - note 2.26 for a description of the Group's impairment policies.

2.15 Cash and cash equivalents

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

2.16 Trade and other payables

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

2.17 Provisions

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

2.18 Income tax

i. Current

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

ii. Deferred

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

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

2.19 Employee retirement benefits

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

2.19.1 Defined contribution plan

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

2.19.2 Defined benefit plan

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

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

The Group operates an approved unfunded gratuity scheme covering all unionised employees with five or more years of service with the Group. The provision has been made in accordance with actuarial valuations carried out as of June 30, 2021 using the projected unit credit method.

2.19.3 Employees' compensated absences

Accrual for leave encashment is made to the extent of value of accrued absences of the employees at the reporting date using their current salary levels.

2.20 Revenue recognition

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

- Revenue from sale of goods is recognised when control is transferred to the customers.
- Income from toll manufacturing is recognised when services are rendered.
- Dividend income, other than those from investments measured using equity method, is recognised when the Group's right of receipts is established.
- Interest income and rental income are recognised on accrual basis.

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

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

Discounts are offered on the basis of contracts with customers.

2.21 Borrowings and their cost

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

2.22 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.23 Foreign currency transactions and translation

The consolidated financial statements are presented in Pak Rupees which is the Group's functional and presentation currency.

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

2.24 Research and development costs

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

2.25 Operating lease

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases are charged to in the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

2.26 Financial Instruments - Initial recognition and subsequent measurement

Initial Recognition

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

Classification of financial assets

The Group classifies its financial instruments in the following categories:

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

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

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

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

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

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

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

Classification of financial liabilities

The Group classifies its financial liabilities in the following categories:

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

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

Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in consolidated statement of comprehensive income.

ii) Financial assets and liabilities at amortised cost

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

iii) Financial assets and liabilities at FVTPL

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

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Group's own credit risk will be recognized in statement of comprehensive income. Currently, there are no financial liabilities designated at FVTPL.

Impairment of financial asset

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

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

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

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

The Group considers a financial asset in default when it is more than 90 days past due.

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

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

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

Derecognition

i) Financial assets

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

ii) Financial liabilities

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

2.27 Off-setting of financial assets and liabilities

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

2.28 Dividend distribution

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

2.29 Government Grants

Government grants relating to costs are deferred and recognised in the consolidated statement of profit or loss over the period necessary to match these with the costs that they are intended to compensate.

2.30 Segment reporting

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

2.31 Contingent liabilities

Contingent liabilities are disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, at one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation can not be measured with sufficient reliability.

2.32 Share premium

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

2.33 Contract liabilities

A contract liability is recognised if a payment is received from a customer before the Company transfers the related goods. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods to the customer).

2023 2022
-----Rupees '000-----

3. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 3.1

9,991,265

9,904,947

Capital work in progress - note 3.14

201,570

121,197

10,192,835

10,026,144

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

3.1 Operating assets

	OWNED ASSETS							
	Leasehold land - notes 3.2, 3.3, 3.4, 3.5, 3.6 & 3.7	Building on leasehold land / rented office premises - notes 3.3, 3.4, 3.5 & 3.6	Plant and machinery - notes 3.3, 3.4, 3.5 & 3.6	Office equipment	Furniture and fixtures - note 3.7	Vehicles - notes 3.3, 3.4, 3.5 & 3.6	Air - conditioning systems - notes 3.3, 3.4, 3.5 & 3.6	Total
	-----Rupees '000-----							
Net carrying value basis								
Year ended June 30, 2023								
Opening net book value	5,590,154	1,393,304	2,478,480	48,672	123,911	49,076	221,350	9,904,947
Additions	3,472	107,019	121,483	12,157	26,410	7,426	33,595	311,562
Transfer from / (to) investment property - note 3.2	-	-	-	-	-	-	-	-
Revaluation	160,047	373,483	301,229	-	-	24,874	12,077	871,710
Disposals - note 3.12	(452,937)	(283)	(169)	(614)	-	(333)	(48)	(454,384)
Depreciation charge - note 3.13	(257)	(92,166)	(425,596)	(24,838)	(22,460)	(37,515)	(39,738)	(642,570)
Transfer / Adjustment	-	-	-	-	-	-	-	-
Closing net book value	5,300,479	1,781,357	2,475,427	35,377	127,861	43,528	227,236	9,991,265
Gross carrying value basis								
At June 30, 2023								
Cost or revaluation	5,300,479	1,781,357	2,475,427	266,586	235,183	43,528	227,236	10,329,796
Accumulated depreciation	-	-	-	(231,209)	(107,322)	-	-	(338,531)
Net book value	5,300,479	1,781,357	2,475,427	35,377	127,861	43,528	227,236	9,991,265
Net carrying value basis								
Year ended June 30, 2022								
Opening net book value	4,611,787	1,253,404	1,969,083	64,381	120,323	48,907	188,867	8,256,752
Additions	154,275	132,506	478,959	15,619	40,586	-	27,333	849,278
Transfer from / (to) investment property	-	-	10,717	-	-	-	-	10,717
Revaluation	824,349	93,451	351,492	-	-	29,832	39,377	1,338,501
Disposals	-	-	-	(2,502)	(2,863)	-	-	(5,365)
Depreciation charge	(257)	(84,087)	(341,652)	(28,826)	(25,724)	(29,401)	(34,227)	(544,174)
Transfer / Adjustment	-	(1,970)	9,881	-	(8,411)	(262)	-	(762)
Closing net book value	5,590,154	1,393,304	2,478,480	48,672	123,911	49,076	221,350	9,904,947
Gross carrying value basis								
At June 30, 2022								
Cost or revaluation	5,590,154	1,393,304	2,478,480	255,043	208,773	49,076	221,350	10,196,180
Accumulated depreciation	-	-	-	(206,371)	(84,862)	-	-	(291,233)
Net book value	5,590,154	1,393,304	2,478,480	48,672	123,911	49,076	221,350	9,904,947
* Asset written off during the year having zero net book value								
Depreciation rate	-	5% & 20%	10%, 20% & 33%	10%, 20% & 33%	10%, 20% & 33%	20%	10% & 20%	

3.2 This represents owner occupied portion of investment property (One IBL Center) being used by the Group. The owner occupied portion has been determined on the basis of total covered area occupied by the Group i.e. 25,895 square feet (2022: 25,895 square feet), in terms of percentage 17.85% (2022: 17.85%). The net book value of the owner occupied portion is Rs. 407.73 million (2022: Rs. 497.36 million), with fair value of Rs. 1,682.36 million (2022: Rs. 1,573.84 million).

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

3.3 During the year, the Group revalued its operating assets classified under leasehold land, building on leasehold land, plant and machinery, vehicles and air-conditioning systems. This resulted in revaluation surplus on leasehold land, building on leasehold land, plant and machinery, vehicles and air-conditioning systems amounting to Rs. 160.05 million (2022: Rs. 824.35 million), Rs. 373.48 million (2022: Rs. 93.45), Rs. 301.23 million (2022: Rs. 351.49 million), Rs. 24.87 million (2022: Rs. 29.83 million) and Rs. 12.08 million (2022: Rs. 39.38 million) respectively.

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

Assets	Location	Area square yards
Valuer: Pee Dee & Associates (Private) Limited		
Leasehold land	Plot # 5-B, Block 7& 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi	505
Leasehold land	E-58A, North Western Industrial Zone, Port Qasim Authority, Karachi	7,366
Leasehold land	E-44 & E-45, North Western Industrial Zone, Port Qasim Authority, Karachi	7,366
Building on leasehold land, air-conditioning system, plant and machinery	E-44 & E-45, North Western Industrial Zone, Port Qasim Authority, Karachi	N/A
Vehicles	N/A	N/A
Leasehold land	Plot # E-58, North Western Industrial Zone, Port Qasim, Karachi.	7,260
Building on leasehold land and plant and machinery	Plot # E-58, North Western Industrial Zone, Port Qasim, Karachi.	N/A
Leasehold land	Plot # C -14, Manghir road, S.I.T.E, Karachi	14,375
Building on leasehold land and plant and machinery	Plot # C -14, Manghir road, S.I.T.E, Karachi	N/A
Leasehold land	Plot # F- 319, S.I.T.E, Karachi	25,362
Building on leasehold land, air-conditioning system, plant and machinery	Plot # F- 319, S.I.T.E, Karachi	N/A

3.5 Forced sale value of the revalued assets as at June 30, 2023 are as follows:

	2023	2022
	-----Rupees '000-----	
- Leasehold land	3,231,351	3,072,630
- Building on leasehold land	1,233,240	995,071
- Plant and machinery	1,893,443	1,820,474
- Vehicles	35,000	36,488
- Air-conditioning systems	157,144	148,328

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

- 3.6** The previous valuation was carried out by an independent valuer Pee Dee & Associates and Asrem (Private) Limited on June 30, 2022.
- 3.7** Leasehold land represents 1.5 acres of land owned by the NPPL at North Western Industrial Zone, Port Qasim, Karachi.
- 3.8** Had there been no revaluation of leasehold land, building on leasehold land, plant and machinery, vehicles and air-conditioning systems, cost and written down value of revalued assets would have been as follows:

	Leasehold land	Buildings on leasehold land / rented office premises	Plant and machinery	Air conditioners	Vehicles	Total
-----Rupees '000-----						
Cost	2,667,641	1,244,467	3,322,463	271,529	56,448	7,562,548
Accumulated depreciation / impairment	(920)	(439,224)	(1,583,918)	(142,356)	(54,192)	(2,220,610)
NBV as at June 30, 2023	2,666,721	805,243	1,738,545	129,173	2,256	5,341,938
NBV as at June 30, 2022	3,073,403	790,558	2,061,768	135,354	-	6,061,083

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

Location	Usage	Total Area (sqr. yds)
E-44 & E-45, North Western Industrial Zone, Port Qasim Authority, Karachi	Non facility	7,366
F-319, situated at S.I.T.E area, Karachi - note 3.11.1	Manufacturing facility	25,362
E-58 North Western Industrial Zone, Port Qasim	Manufacturing facility	7,260
Plot # C -14, Manghir road, S.I.T.E, Karachi	Manufacturing facility	14,375
E-58-A North Western Industrial Zone, Port Qasim	Land	7,366
Plot # 5-B, Block 7 & 8, D.M.C.H.S, Karachi	Land	505

- 3.9.1** Leasehold land, building on leasehold land, plant and machinery, office equipment, furniture and fixtures, vehicles and air-conditioning systems of plot # F-319, S.I.T.E, Karachi are subject to a first charge against the short term running facilities of Rs. 8,050 million obtained from various commercial banks. This charge existed at June 30, 2023. The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

- 3.10** Following item of property plant & equipment having net book value in excess of Rs. 500,000 was disposed off during the year.

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchaser	Relationship with buyer
	←----- Rupees '000 -----→							
Land	452,937	-	452,937	510,000	57,063	Authorisation of members	Universal Ventures (Private)	Associated companies

- 3.10.1** On July 14, 2022, the Board of Directors authorized the Company to enter into a transaction with its related party i.e. Universal Ventures (Private) Limited (UVPL) for the sale of the property located at plot # B - 168, S.I.T.E, Nooriabad, District Jamshoro, Sindh measuring approximately 25 acres for a total sale consideration of Rs. 510 million free from all claims, liens, burdens, disputes, liabilities, encumbrances, demands and dues whatsoever. The proceed has been recorded as receivable from (UVPL) refer note - 13.8. The aforementioned transaction was approved by the members by authorising the board of directors, in the annual general meeting held on October 28, 2022, to approve the transactions to be carried out with related parties for the year ended June 30, 2023.

3.11 Depreciation charge for the year has been allocated as follows:

	2023 -----Rupees '000-----	2022
Cost of sales - note 30	472,137	323,250
Distribution costs - note 31	32,879	39,651
Administrative expenses - note 32	137,554	181,274
	<u>642,570</u>	<u>544,175</u>

3.12 Capital work-in-progress - at cost

Reclassification	Balance as at July 1, 2022	Additions during the year	Transfers to operating assets	Balance as at June 30, 2023	Balance as at July 1, 2021	Additions during the year	Transfers to operating assets	Balance as at June 30, 2022
	-----Rupees '000-----							
Civil works	80,441	66,755	(72,716)	74,480	11,014	89,280	(19,853)	80,441
Plant and machinery	9,723	266,131	(170,874)	104,980	267,900	183,783	(441,959)	9,723
Building	10,123	27,196	(31,827)	5,492	42,642	25,287	(57,806)	10,123
Furniture and fixtures	176	22,276	(22,452)	-	-	31,865	(31,689)	176
	<u>100,463</u>	<u>382,358</u>	<u>(297,869)</u>	<u>184,952</u>	321,556	330,215	(551,307)	100,463
Advance against purchase of building, plant and machinery	-	300	-	300	145,000	105,000	(250,000)	-
Advances to suppliers	20,734	5,868	(10,284)	16,318	18,191	5,179	(2,636)	20,734
	<u>121,197</u>	<u>388,526</u>	<u>(308,153)</u>	<u>201,570</u>	<u>484,747</u>	<u>440,394</u>	<u>(803,943)</u>	<u>121,197</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

	2023	2022
	-----Rupees '000-----	
4. RIGHT-OF-USE ASSETS		
Balance as at July 01	69,750	79,410
Depreciation for the year - note 4.1	(9,660)	(9,660)
Closing as at June 30	<u>60,090</u>	<u>69,750</u>

4.1 Depreciation expense on right-of-use asset has been charged to cost of sales - refer note 30.

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

	2023	2022
	-----Rupees '000-----	
5. INVESTMENT PROPERTIES - at cost		
Operating assets - note 5.1	2,901,527	2,966,205
Investment property under work in progress - at cost - note 5.10	447,071	271,429
	<u>3,348,598</u>	<u>3,237,634</u>

5.1 Operating assets

	Owned assets								
	Leasehold land - notes 5.2, 5.3, 5.4, 5.5 & 5.8	Building on leasehold land	Office equipment	Electrical equipment	Lifts & elevators	Generators	Furniture & fittings	Air-conditioning	Total
	----- Rupees '000 -----								
Year ended June 30, 2023									
Opening net book value	2,410,017	348,314	12,903	45,069	29,299	38,045	40,271	42,287	2,966,205
Additions	7,304	-	-	-	-	-	-	-	7,304
Transfer (to) / from property, plant and equipment - note 3.2	-	-	-	-	-	-	-	-	-
Disposal	-	(1,081)	(294)	(436)	-	-	-	(268)	(2,079)
Depreciation charge	-	(24,718)	(4,070)	(9,948)	(5,729)	(5,578)	(8,187)	(11,673)	(69,903)
Closing net book value	<u>2,417,321</u>	<u>322,515</u>	<u>8,539</u>	<u>34,685</u>	<u>23,570</u>	<u>32,467</u>	<u>32,084</u>	<u>30,346</u>	<u>2,901,527</u>
As at June 30, 2023									
Cost	2,417,321	480,707	41,238	96,944	56,513	55,202	79,841	112,398	3,340,164
Accumulated depreciation	-	(158,192)	(32,699)	(62,259)	(32,943)	(22,735)	(47,757)	(82,052)	(438,637)
Net book value	<u>2,417,321</u>	<u>322,515</u>	<u>8,539</u>	<u>34,685</u>	<u>23,570</u>	<u>32,467</u>	<u>32,084</u>	<u>30,346</u>	<u>2,901,527</u>
Year ended June 30, 2022									
Opening net book value	2,383,641	285,942	11,663	53,703	12,219	10,552	44,940	48,146	2,850,806
Additions	26,376	84,296	6,718	1,274	25,253	37,159	3,298	5,477	189,851
Transfer (to) / from property, plant and equipment	-	-	-	-	(4,086)	(6,631)	-	-	(10,717)
Depreciation charge	-	(21,924)	(5,478)	(9,908)	(4,087)	(3,035)	(7,967)	(11,336)	(63,735)
Closing net book value	<u>2,410,017</u>	<u>348,314</u>	<u>12,903</u>	<u>45,069</u>	<u>29,299</u>	<u>38,045</u>	<u>40,271</u>	<u>42,287</u>	<u>2,966,205</u>
As at June 30, 2022									
Cost	2,410,017	481,788	41,532	97,380	56,513	55,202	79,841	112,666	3,334,939
Accumulated depreciation	-	(133,474)	(28,629)	(52,311)	(27,214)	(17,157)	(39,570)	(70,379)	(368,734)
Net book value	<u>2,410,017</u>	<u>348,314</u>	<u>12,903</u>	<u>45,069</u>	<u>29,299</u>	<u>38,045</u>	<u>40,271</u>	<u>42,287</u>	<u>2,966,205</u>
Depreciation rate	<u>-</u>	<u>5%</u>	<u>20%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

5.2 This includes investment in plots made by IBLHC which have been rented to United Retail (Private) Limited - associated company and another tenant in consideration for monthly rentals. The rental income in respect of this property amounting to Rs. 1.16 million (2022: Rs. 8.12 million) has been recognised in consolidated statement of profit or loss.

5.3 This includes investment in plots made by IBLHC which have been rented to Universal Retail (Private) Limited - associated company and another tenant in consideration for monthly rentals. The rental income in respect of this property amounting to Rs. 1.27 million (2022: Rs. Nil) has been recognised in consolidated statement of profit or loss.

5.4 Leasehold land and other assets (comprises of building on leasehold land, office equipment, electrical equipment, lifts and elevators, generators, furniture and fixtures and air-conditioning) on One IBL Centre classified under investment property and property plant and equipment has been valued under the market value basis by an independent valuer, Pee Dee & Associates. Market value of One IBL Centre based on the valuation as of June 30, 2023 was Rs. 9.60 billion (2022: Rs. 8.92 billion). The said property has been provided as security for Musharaka facility - refer note 20.1, 20.2 and 20.3.

5.5 The valuations of investment properties of IBLHC have been carried out by M/s. Pee Dee & Associates, an independent valuer engaged by the IBLHC as at June 30, 2023. Market value of these investment properties as at June 30, 2023 is Rs. 1.70 billion (2021: Rs. 1.60 billion).

Forced sales value of IBLHC properties as at June 30, 2023 is Rs. 1.38 billion (2022: Rs. 1.28 billion).

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

Location	Total Area (acres) Square yards
One IBL Center, Block 7 and 8 Delhi Mercantile Muslim Co-operative Housing Society, Karachi	5,291
Plot no 24/5 - A, Block 7 & 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi	500
Plot no 24/3, Block 7 & 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi	754
Plot no 24/4A, Block 7 & 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi	1,004
Plot no 24/4, Block 7 & 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi (First plot)	502
Plot no 24/4, Block 7 & 8, Delhi Mercantile Muslim Co-operative Housing Society, Karachi (Second plot)	502

5.7 The rental income in respect of One IBL Center amounting to Rs 67.87 million (2022: Rs. 79.26 million) has been recognized in consolidated statement of profit or loss and included in 'other income' - refer note 34.

The direct operating expenses pertaining to this property comprising maintenance and utility costs amounting to Rs. 77.36 million (2022: Rs. 37.74 million) is recognized in consolidated statement of profit or loss and included in 'administrative expenses' - refer note 32.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

5.8 Valuation of leasehold land and building on Plot # 24-/5 - A , Block 7 and 8 Delhi Mercantile Muslim Co-Operative Housing Society have been carried out by an independent valuer i.e. Pee Dee & Associates as at June 30, 2023. Market values for leasehold land and building on leasehold land is Rs. 275 million (2022: Rs. 250 million) and Rs. 5.27 million (2022: Rs. 5.9 million) respectively.

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

5.10 Movement in investment properties under work-in-progress - at cost - at One IBL Center

Balance at beginning of the year	271,429	119,473
Addition during the year - note 5.10.1	175,642	313,052
Transfer to operating assets - investment property	-	(161,096)
Balance at the end of the year	<u>447,071</u>	<u>271,429</u>

5.10.1 This includes furniture and fixtures purchased from related parties - United Retail (Private) Limited, IBL Logistics (Private) Limited and IBL Frontier Market (Private) Limited amounting to Rs. Nil (2022: Rs. 0.03 million), Rs. 0.20 million (2022: Rs. 3.27 million) and Rs. 5.49 million (2022: Rs. 2.39 million) respectively.

5.11 Investment property comprising leasehold land, building on leasehold land, generators, lift and elevators, air-conditioner, electrical equipment, furniture and fittings and office equipment with a carrying amount of Rs. 2.16 billion are subject to first charge against musharaka loan from Habib Bank Limited (Musharaka agent). This charge existed as at June 30, 2023 (refer note - 20.1, 20.2 to 20.3).

2023 2022
-----Rupees '000-----

6. INTANGIBLE ASSETS

Operating intangible assets - note 6.1	<u>16,153,388</u>	<u>16,179,879</u>
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Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

6.1 Operating intangibles assets

	Distribution rights	Trade marks / brands - notes 6.3 & 6.5	Market authorisation rights - notes 6.3 & 6.5	Brand name and logo - note 6.6	Product license - note 6.2	Software licenses - note 6.4	Goodwill - notes 6.5 & 6.7	Total
-----Rupees '000-----								
Net carrying value basis								
Year ended June 30, 2023								
Opening net book value	3,150	2,500,000	2,200,000	-	44,650	44,908	11,387,171	16,179,879
Additions	-	-	-	-	-	308	-	308
Amortisation charge	(1,800)	-	-	-	(11,163)	(13,836)	-	(26,799)
Closing net book value	1,350	2,500,000	2,200,000	-	33,487	31,380	11,387,171	16,153,388
Gross carrying value basis								
At June 30, 2023								
Cost	277,475	2,500,000	2,200,000	74,703	111,623	216,568	11,387,171	16,767,540
Accumulated amortisation	(276,125)	-	-	(74,703)	(78,136)	(185,188)	-	(614,152)
Net book value	1,350	2,500,000	2,200,000	-	33,487	31,380	11,387,171	16,153,388
Net carrying value basis								
Year ended June 30, 2022								
Opening net book value	4,950	2,500,000	2,200,000	-	55,813	74,570	10,787,171	15,622,504
Additions	-	-	-	-	-	762	-	762
Further investment	-	-	-	-	-	-	600,000	600,000
Amortisation charge	(1,800)	-	-	-	(11,163)	(30,424)	-	(43,387)
Closing net book value	3,150	2,500,000	2,200,000	-	44,650	44,908	11,387,171	16,179,879
Gross carrying value basis								
At June 30, 2022								
Cost	277,475	2,500,000	2,200,000	74,703	111,623	216,260	11,387,171	16,767,232
Accumulated impairment	(274,325)	-	-	(74,703)	(66,973)	(171,352)	-	(587,353)
Net book value	3,150	2,500,000	2,200,000	-	44,650	44,908	11,387,171	16,179,879
Amortisation rate	10%	-	-	10%	10%	10% to 33.33%	-	

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

6.3 This represents value of 34 profitable trademarks recognised in the above mentioned business combination of OBS.

As per IAS 38 an intangible asset acquired through a business combination is recognized, if it is separable or arises from contractual or other legal rights and sufficient information exists to measure reliably the fair value of the asset. An intangible asset acquired in a business combination might be separable, but only together with a related contract, identifiable asset or liability. In such cases, the acquirer recognizes the intangible asset separately from goodwill, but together with the related item.

6.4 Software licenses include various licenses and enterprise resources planning software and cost of implementation and license of SAP.

6.5 Impairment testing of intangibles of the Group

The Group carried out its impairment review on June 30, 2023 and assessed that the recoverable amount of intangibles (which includes trade marks / brands, market authorisation rights and goodwill) was higher than the cost. Consequently the Group carried its intangibles at cost.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

The recoverable amounts of the Cash Generating Unit, to which the intangibles is allocated, is assessed using fair value less costs of disposal model. Fair value less costs of disposal is calculated using a discounted cash flow approach, with a post-tax discount rate applied to the projected risk-adjusted post-tax cash flows and terminal value of the Cash Generating Unit to which it belongs.

Details relating to the discounted cash flow model used in the impairment test are as follows:

The significant assumptions used by the Group for determining the fair value less cost to disposal are as follows:

Valuation basis

Fair value less cost to disposal

Key assumptions

- Sales growth rates
- Profit margins
- Terminal growth rate
- Discount rate

Determination of assumptions

Growth rates and profit margins are based on the internal forecasts and estimates of the management. These forecasts and estimates are based on both internal and external market information and past performance of the Group.

Costs reflect past experience adjusted for inflation and expected changes. Discount rate is primarily based on weighted average cost of capital.

Terminal growth rate

5%

Period of specific projected cash flows

5 years

The valuation indicates sufficient headroom such that a 1% change in the terminal growth or discount rate has not resulted in an impairment of the intangibles.

6.6 Brand name and logo include brands purchased by the Parent Company from Cirin Pharmaceuticals (Private) Limited which are fully amortised and still in use.

6.7 This includes goodwill recognised on the acquisition of the controlling interest in NPPL during the year ended June 30, 2016 and in SPL during the year ended June 30, 2021.

7. LONG-TERM LOANS AND ADVANCES

Loans - considered good

Employees - note 7.1

Less: current portion employee loan - note 11

2023	2022
-----Rupees '000-----	
246	578
(129)	(337)
117	241

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

	2023	2022
	-----Rupees '000-----	
8. LONG TERM DEPOSITS		
Deposit against utilities - notes 8.1 & 8.2	30,798	27,686

8.1 This includes security deposits given by Parent Company held with K-Electric Limited and do not carry any mark up arrangement.

8.2 This also includes amount deposited by NPPL for electricity and gas amounting to Rs. 0.75 million (2022: Rs. 0.75 million) and Rs. 2.68 million (2022: Rs. 2.68 million) respectively. It does not carry any mark up arrangement.

	2023	2022
	-----Rupees '000-----	
9. INVENTORIES		
Raw materials	2,102,742	1,840,825
Packing materials	638,079	519,714
Stores and spares	237,741	145,732
Work-in-process	353,137	266,728
Finished goods	3,643,995	3,000,883
	6,975,694	5,773,882

9.1 Inventories include material in transit amounting to Rs. 2,395.27 million (2022: Rs. 1,567.59 million).

9.2 This include inventories amounting to Rs. 818.18 million (2022: Rs. 1,011.46 million) held with third parties.

	2023	2022
	-----Rupees '000-----	
10. TRADE RECEIVABLES		
- Export receivables, secured - note 10.5	594,975	530,536
- Due from related parties, unsecured - note 10.1, 10.2, 10.3 & 10.4	15,017,751	10,500,742
- Others, unsecured	1,038,364	1,119,725
	16,651,090	12,151,003
Less: Allowance for impairment of trade receivables - note 10.7	(207,243)	(172,243)
	16,443,847	11,978,760

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

10.1 Due from related parties, unsecured	2023	2022
	-----Rupees '000-----	
Associated companies - note 10.2		
- IBL Operations (Private) Limited	14,975,502	10,448,248
- United Brands Limited	42,201	41,134
- IBL Logistics (Private) Limited	-	11,360
- United Retail (Private) Limited	48	-
	<u>15,017,751</u>	<u>10,500,742</u>

10.2 The maximum aggregate amount of receivable from related parties outstanding at any time during the year are as follows:

IBL Operations (Private) Limited	22,021,614	11,795,478
United Brands Limited	42,201	89,428
IBL Logistics (Private) Limited	86,631	99,931
United Retail (Private) Limited	48	-

10.3 These are stated net of amount payable from the following related parties:

IBL Operations (Private) Limited	546,173	5,320
IBL Logistics (Private) Limited	-	75,271
	<u>546,173</u>	<u>80,591</u>

10.4 As at June 30, 2023, the age analysis of these related party receivables is as follows:

Not yet due	5,619,499	4,819,553
Past due but not yet impaired		
- 1 to 30 days	1,477,865	1,444,904
- 30 to 90 days	7,022,212	3,250,191
- 90 to 180 days	898,175	972,077
- 180 to 365 days	-	3,850
- older than 365 days	-	10,167
	<u>15,017,751</u>	<u>10,500,742</u>

10.5 Breakup of export receivables are as follows:

Country	Export Sales	Receivables	Confirmed Letter of Credit	Others
	-----Rupees '000-----			
Srilanka	640,962	305,433	305,433	-
Cambodia	270,575	151,759	-	151,759
Myanmar	345,849	7,516	7,516	-
Vietnam	185,798	105,309	105,309	-
Afghanistan	52,438	-	-	-
Iraq	90,397	-	-	-
Oman	84,092	-	-	-
Kenya	13,536	513	513	-
Laos	24,993	3,912	2,152	1,760
Phillipines	22,918	7,561	3,781	3,780
Uganda	15,218	2,583	-	2,583
Tajikistan	27,792	10,389	-	10,389
Rwanda	7,432	-	-	-
Senegal	7,334	-	-	-
	<u>1,789,334</u>	<u>594,975</u>	<u>424,704</u>	<u>170,271</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

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

	2023	2022
	-----Rupees '000-----	
10.7 Allowance for impairment of trade receivables		
Balance as at July 01	172,243	163,593
Charge for the year - net	35,000	8,650
Balance as at June 30	<u>207,243</u>	<u>172,243</u>

11. LOANS AND ADVANCES – considered good

Advances to:

Secured

- employees for operating activities - notes 11.1 & 11.3	140,295	66,278
- employees against salaries - notes 11.1 & 11.3	40,925	33,208

Unsecured

- advance to Universal Ventures (Private) Limited - note 11.6	1,400	1,400
- suppliers - notes 11.2 & 11.5	903,132	777,876
- against imports	108,895	153,184
- against LC margin	1,833	5,013
Other advances - note 11.4	6,296	6,444
	<u>1,202,776</u>	<u>1,043,403</u>
Current portion long-term loans to employee - note 7.1	129	337
	<u>1,202,905</u>	<u>1,043,740</u>

11.1 These advances for business operations are adjusted against submission of actual expenses. Advances against salary are repayable on monthly basis. The maximum aggregate amount of these advances outstanding at any time during the year was Rs. 244.72 million (2022: Rs 239.16 million).

11.2 This includes advance given to Searle IV Solutions (Private) Limited - related party amounting to Rs. 186.67 million (2022: Rs. 33.83 million) and Novamed Pharmaceuticals (Private) Limited amounting to Rs. Nil (2022: Rs. 22.60 million) against supply of pharmaceutical products.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

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

**Amount
Rupees '000**

Mr Naeem-ur-rehman Malik	16,342
Mr Muhammad Sajid	8,698
Mr Muhammad Abdullah Ibrahim	7,799
Mr Sajid Hussain	5,000
Mr Umer Saeed	3,209
Mr Muhammad Kashif	2,862
Mr Irfan Ali	2,740
Mr Muhammad Ammar Bin Alam	2,644
Mr Mohammad Osama Hashmi	1,878
Mr Shaukat Rehman	1,653
Mr Waqas Aurangzaib	1,617
Mr Syed Zeeshan Haider Sherazi	1,508
Mr Syed Jahangir Mustafa Jaffari	1,437
Mr Amir Shahzad Sadiq	1,400
Mr Shoaib Shamshad	1,379
Mr Syed Muhammad Mesam Rizvi	1,296
Mr Awais Ahmed	1,286
Mr Ikran Ishaq	1,274
Mr Khurram Siraj	1,227
Mr Syed Ghayyur Hussain Shah	1,178
Mr Muhammad Suleman	1,175
Mr Syed Muhammad Shahid	1,158
Mr Muhammad Kashif	1,132
Mr Raheel Hussain	1,131
Mr Yahya Rafiq	1,089
Mr Muhammad Junaid Qureshi	1,084
Mr Imran Yousaf	1,055
Mr Muhammad Bilal	1,043
Mr Naveed Ahmed	1,033
Mr Sami Ullah	1,016

11.4 This includes interest free loans that has been provided to employees by NPPL to facilitate expenditures for domestic purposes, these advances are not secured.

11.5 This includes advance given by SPL to Prime Health (Private) Limited - related party amounting to Rs. 13.43 million (2022: Rs 12.16 million). The maximum aggregate amount outstanding at any time during the year is Rs. 13.43 million (2022: Rs. 12.16 million).

11.6 This includes advance receivable to SPL from Universal Ventures (Private) Limited - related party (UVPL) amounting to Rs. 1.4 million as at June 30, 2023 in relation to the auditor's remuneration and CDC fee with respect to share transfer.

12. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	2023	2022
	-----Rupees '000-----	
Deposits		
Trade deposits - note 12.1	137,545	125,105
Others	1,238	1,248
	138,783	126,353
Considered doubtful:		
Trade deposits	2,640	2,640
Less: provision for doubtful deposits	(2,640)	(2,640)
	-	-
Prepayments	58,158	32,220
	196,941	158,573

12.1. This includes deposits made to institutions for tender deposit amounting to Rs. 75.98 million (2022: Rs. 65.3 million).

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

13. OTHER RECEIVABLES	2023	2022
	-----Rupees '000-----	
Receivables from related parties		
Due from ultimate parent company and associated companies - note 13.1 & 13.2		
- IBL Operations (Private) Limited against:		
Claims - notes	-	851,926
Expenses - note 13.4	2,306	27,411
Rental income - note 34.2	3,781	17
- International Brands (Private) Limited against:		
Expenses - note 13.4	43,231	29,427
Rental income - note 34.2	38,634	21,462
Group Relief - note 13.3	58,040	116,648
- IBL Frontier Market (Private) Limited against:		
Expenses - note 13.5	47,890	42,576
- IBL Logistics (Private) Limited against:		
Rental Income - note 34.2	1,692	1,692
- Universal Ventures (Private) Limited against:		
Sale of subsidiary - note 13.8	3,326,859	3,326,859
Sale of Land - note 13.8	510,000	-
- IBL Unisys (Private) Limited against:		
Rental Income - note 34.2	719	-
Expenses - note 13.4	408	493
	4,033,560	4,418,511
Due from other related parties: - notes 13.1 & 13.2		
- United Retail (Private) Limited against:		
Rental income - note 34.2	1,139	434
Expenses	1,384	2,168
- Universal Retail (Private) Limited against:		
Rental income - note 34.2	19,701	31,230
Expenses	71,626	66,922
	93,850	100,754
Surplus arising under retirement benefit fund - note 13.6	5,250	5,250
Receivables from other than related parties		
Others, considered good - notes 13.7 & 13.9	624,470	362,636
	4,757,130	4,887,151

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

- 13.1** The maximum aggregate amount outstanding at any time during the year from the related parties are as follows:

	2023	2022
	-----Rupees '000-----	
IBL Operations (Private) Limited	937,419	928,283
International Brands (Private) Limited	194,135	167,537
IBL Frontier Market (Private) Limited	58,215	45,111
IBL Logistics (Private) Limited	1,692	1,692
IBL Unisys (Private) Limited	1,546	2,090
United Retail (Private) Limited	3,706	35,347
Universal Retail (Private) Limited	120,366	95,287
Universal Ventures (Private) Limited	3,836,859	3,326,859
Searle Pakistan Limited	-	2,267

- 13.2** The aging of the receivables except expenses from related parties is as follows:

Not yet due	25,090	12,250
Past due but not yet impaired		
- 1 to 30 days	4,265	719,348
- 30 to 90 days	5,643	19,643
- 90 to 180 days	6,756	3,905
- 181 to 365 days	3,858,152	3,474,762
- older than 365 days	60,659	120,360
	<u>3,960,565</u>	<u>4,350,268</u>

- 13.3** This represents excess amount paid in relation to group relief availed, in previous year, by the Parent Company. The amount was paid by the Parent Company on the basis of estimation for the purpose of discharging tax liability as per Income Tax Ordinance, 2001.

- 13.4** These are expenses paid by the Group on behalf of the related parties.

- 13.5** This relates to rental expenses paid by the Parent Company on behalf of IBL Frontier Market (Private) Limited - related party for their warehouse located at F-405 S.I.T.E, Karachi.

- 13.6** This represents surplus on funded gratuity scheme discontinued by the Parent Company with effect from December 31, 2012.

- 13.7** It includes amount claimed from Nestle Health Sciences, Bausch & Lomb, Brand Plus and Reckitt Benckiser in respect of certain claimable expenses related to trade.

- 13.8** During previous year, the Parent Company sold the 100% share holding in subsidiary - IBL Identity (Private) Limited, to Universal Ventures (Private) Limited - related party (UVPL) for a total consideration at a price equal to Rs. 3.53 billion which is equivalent to the cost of investment of the Parent Company

Out of the total consideration of Rs. 3.53 billion, Rs. 200 million were received during the previous year by the Parent Company being the initial consideration. The balance consideration was receivable in cash as per the agreement in remaining two tranches of Rs. 1 billion and Rs. 2.33 billion on July 15, 2021 and August 31, 2021 respectively. However, on September 21, 2021, the Parent Company received a request for deferment, for a total sum of Rs 3.33 billion, from UVPL for a further period of 8 months from the date of the letter. On October 4, 2021, the said deferment was approved by the Board of Directors of the Parent Company - refer note 52.2.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

13.9 This includes Rs. 14.7 million (2022: Rs. 148.91 million) claimed by the Parent Company from Zhejiang Huahai Pharmaceuticals, China (ZHP) relating to its product "Extor" that contains material supplied by ZHP. On July 12, 2018, the Drug Regulatory Authority of Pakistan in response to a review triggered by the European Medicine Agency (EMA) issued drug re-call for "Valsartan" containing products due to the presence of cancer causing impurities. Accordingly, the Parent Company recalled finished product "Extor" amounting to Rs. 221.95 million from the local market and Rs. 97 million from the international market. The impact of the product recall has been set off by the claim raised by the Parent Company against ZHP.

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

In the prior year, the Parent Company has entered into an agreement with ZHP for settlement of the above claims. As per the agreement, these claims will be settled against future purchases of raw material by the Parent Company from ZHP. These claims will be accounted for when the credit notes for the discounted purchase price are received. Claims amounting to Rs. 134.21 million (2022: Rs. 86.11 million) were settled during the year.

14. SHORT-TERM INVESTMENT - AT AMORTISED COST

14.1 This represents unsecured perpetual term finance certificates which carry markup at the rate of 3 months KIBOR + 1.6% per annum (2022: 3 months KIBOR + 1.6% per annum).

14.2 This also includes guarantee deposits placed by SPL with commercial banks in the form of term deposit receipts carrying markup at the rates ranging from 13.15% to 20% per annum (2022: 4.7% to 13.15%) per annum with maturity upto April 28, 2024.

15. CASH AND BANK BALANCES

2023

2022

-----Rupees '000-----

Cash in hand:

- local currency	1,269	315
- foreign currency	4,348	2,214

5,617 2,529

Cheques in hand 121,152 42,279

With banks in:

Islamic

- current account - local currency	42,553	17,201
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Conventional

- current account - local currency	135,743	155,134
- current account - foreign currency	8,113	13,011
- saving accounts - note 15.1	66	58

143,922 168,203

313,244 230,212

15.1 At June 30, 2023 the rates of mark-up on saving accounts ranges from 5.29% to 19.5% (2022: 3.5% to 5.32%) per annum respectively.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

16. Issued, Subscribed and Paid-up capital

Authorised share capital

2023 (Number of shares)	2022		2023 -----Rupees '000-----	2022 -----Rupees '000-----
<u>600,000,000</u>	<u>400,000,000</u>	Ordinary shares of Rs. 10 each	<u>6,000,000</u>	<u>4,000,000</u>

Issued, subscribed and paid up capital

2023 (Number of shares)	2022		2023 -----Rupees '000-----	2022 -----Rupees '000-----
40,168,355	40,168,355	Shares allotted for consideration paid in cash	401,683	401,683
24,000	24,000	Shares allotted for consideration other than cash	240	240
349,873,498	271,860,328	Shares allotted as bonus shares	3,498,736	2,718,604
<u>390,065,853</u>	<u>312,052,683</u>		<u>3,900,659</u>	<u>3,120,527</u>

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

Ordinary Shares

	2023 Number of shares	2022 Number of shares
Number of shares outstanding at the beginning of the year	312,052,683	240,040,526
Bonus shares issued - note 16.4	78,013,170	72,012,157
Number of shares outstanding at the end of the year	<u>390,065,853</u>	<u>312,052,683</u>

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

16.3 The Company in its annual general meeting held on October 28, 2022 increased its authorised share capital for ordinary shares from Rs. 4 billion divided into 400 million ordinary shares to Rs. 6 billion divided into 600 million ordinary shares of Rs 10 each.

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

17. SHARE PREMIUM

This reserve can be utilised by the Parent Company only in accordance with section 81 of the Companies Act, 2017.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

18. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

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

	2023	2022
	-----Rupees '000-----	
Revaluation surplus at beginning of the year	5,173,186	4,066,913
Surplus arising on revaluation :		
- Leasehold land	160,047	824,349
- Building on Leasehold land	373,483	93,451
- Plant and machinery	301,229	351,492
- Vehicle	24,874	29,832
- Air - conditioning and systems	12,077	39,377
Deferred tax liability on revaluation surplus	(252,619)	(117,309)
	619,091	1,221,192
Net amount transferred to unappropriated profit on account of		
- Incremental depreciation	(230,958)	(161,858)
- Deferred tax on incremental depreciation	66,978	46,939
- Share of Non - controlling interest	(16,868)	-
- Transfer of revaluation surplus on disposal of land	(43,040)	-
	(223,888)	(114,919)
	<u>5,568,389</u>	<u>5,173,186</u>

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

19. GENERAL RESERVE

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

	2023	2022
	-----Rupees '000-----	

20. LONG TERM BORROWINGS

Islamic

Musharaka Facility - notes 20.1, 20.2, 20.3 & 20.4

	<u>5,917,063</u>	<u>9,049,521</u>
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20.1 The Company has obtained a musharaka facility from Habib Bank Limited (Musharaka Agent) for a period of 7 years with a repayment grace period of two years. The Company is required to repay the amount of the loan in quarterly installments, starting from September 2022. However, on February 24, 2021, the Company has repaid the loan amounting to Rs. 800 million to its Musharaka Agent. This facility carries a mark-up of three months KIBOR plus 1.35%.

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

20.3 This borrowing facility is secured against the following properties:

Particulars	Address	Land Area square yards
The Parent Company:		
One IBL Building Center (classified in Investment Property)	Block 7 & 8 Delhi Mercantile Co-operative Housing Society , Tipu Sultan Road Off Shahrah-e-Faisal, Karachi.	5,291
Group Companies:		
IBL HealthCare Limited	Plot # 24/3, 24/4 and 24/4 - A , Block 7 & 8 Delhi Mercantile Co-operative Housing Society , Tipu Sultan Road Off Shahrah-e-Faisal, Karachi.	2,260
Searle Pakistan Limited	Land, Building and Plant and Machinery on plot # C- 14, S.I.T.E, Karachi	14,375
Third Party property		
Mr. Asad Abdulla	Plot # 30/1 and 353 at Deh Digh Malir, Karachi	8,804

2023 2022
-----Rupees '000-----

20.4 Loan movement

Opening	9,554,740	9,537,892
Loan obtained during the year	-	-
Transaction cost	-	-
Amortisation of transaction cost	16,848	16,848
Classified in short term borrowings - note 25	(1,914,275)	(505,219)
Repayment	(1,740,250)	-
	5,917,063	9,049,521

21. DEFERRED TAX LIABILITIES

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

	2023	2022
	-----Rupees '000-----	
Deferred tax asset	(600,811)	(460,406)
Deferred tax liability	1,307,771	969,604
	706,960	509,198

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

21.1 Analysis of change in deferred tax

	Accelerated tax depreciation	Minimum tax, alternate corporate tax and unused tax losses - notes 21.4, 21.5 & 21.6	Surplus on revaluation	Right-of-use asset and Lease Liability	Decelerated tax amortisation	Deferred grant	Unwinding of discount on salary refinancing	Provisions for doubtful receivables	Provision for trade deposits	Total	
-----Rupees '000-----											
July 1, 2022	143,034	(400,777)	497,260	(10,067)	309,658	2,328	17,324	(8,053)	(40,791)	(718)	509,198
Credit / (charge) to profit or loss	(53,676)	(128,538)	-	(2,989)	159,171	(2,328)	(17,619)	5,728	(14,534)	(72)	(54,857)
Charge to other comprehensive income	-	-	252,619	-	-	-	-	-	-	-	252,619
Adjustment of Alternate Corporate Tax & Minimum Tax	-	-	-	-	-	-	-	-	-	-	-
June 30, 2023	89,358	(529,315)	749,879	(13,056)	468,829	-	(295)	(2,325)	(55,325)	(790)	706,960
July 01, 2021	218,731	(707,420)	379,951	(7,615)	208,020	10,999	5,634	(9,866)	(38,581)	(679)	59,174
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-
(Charge) / credit to profit or loss	(75,697)	20,900	-	(2,452)	101,638	(8,671)	11,690	1,813	(2,210)	(39)	46,972
Charge to other comprehensive income	-	-	117,309	-	-	-	-	-	-	-	117,309
Adjustment of Alternate Corporate Tax & Minimum Tax	-	285,743	-	-	-	-	-	-	-	-	285,743
June 30, 2022	143,034	(400,777)	497,260	(10,067)	309,658	2,328	17,324	(8,053)	(40,791)	(718)	509,198

21.2 Deferred tax liability of the Parent Company is restricted to 93.57% (2022: 93.57%) of the total deferred tax liability based on the assumptions that export sales will continue to fall under Final Tax Regime and historical trend of export and local sales ratio will continue to be the same in foreseeable future.

21.3 Deferred tax asset of SPL is restricted to 97.45% (2022: 98.37%) of the total deferred tax asset based on the assumptions that export sales will continue to fall under Final Tax Regime and historical trend of export and local sales ratio will continue to be the same in foreseeable future.

21.4 The total deferred tax of SPL asset on June 30, 2023 for unused tax losses will expire on June 30, 2025 and minimum tax will expire on June 30, 2025.

21.5 The SPL has recorded deferred tax asset on the brought forward losses for tax year 2019 before amalgamation of Luna Pakistan (Private) Limited, Lunar Pharma (Private) Limited and OBS Pakistan (Private) Limited. These losses are subject to revision of return for which the SPL has filed an appeal in the Honourable High Court of Sindh after dismissal of application for revision of return by Commissioner Inland Revenue.

21.6 The total deferred tax asset of the Parent Company on minimum tax for tax year 2018 has expired and consequently deferred tax reversal asset has been booked. However, deferred tax asset on minimum tax for tax year 2019 will expire on June 30, 2024.

21.7 Under the Finance Act, 2019, corporate rate of tax has been fixed at 29% for tax year 2020 and onwards and super tax has been recorded by the company at the rate of 3%. Therefore, deferred tax assets and liabilities have been recognised accordingly using the enacted tax rate 32% - refer note - 36.6

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

	2023	2022
	-----Rupees '000-----	
22. EMPLOYEE BENEFIT OBLIGATIONS		
Staff retirement gratuity - unfunded - note 22.1	57,567	57,513
Staff retirement gratuity - funded - note 22.2	21,140	22,843
	<u>78,707</u>	<u>80,356</u>
22.1 Gratuity scheme - unfunded		
22.1.1 General description		
As stated in note 2.19, the Parent Company operates unfunded gratuity scheme for eligible employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to minimum service under the scheme. The latest actuarial valuation was carried out as at June 30, 2023 using the Project Unit Credit method.		
22.1.2 Risk on account of defined benefit plan		
The Parent Company faces the following risks on account of gratuity scheme:		
Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Parent Company's management has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.		
Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.		
22.1.3 Consolidated statement of financial position reconciliation		
Present value of defined benefit obligation	<u>57,567</u>	<u>57,513</u>
22.1.4 Movement in the present value of defined benefit obligation		
Obligation as at July 01	57,513	53,484
Current service cost	2,621	2,264
Interest cost	7,403	4,814
Benefits paid	(3,265)	(10,687)
Remeasurement on obligation	(6,705)	7,638
Obligation as at June 30	<u>57,567</u>	<u>57,513</u>
22.1.5 Expense recognised in the consolidated statement of profit or loss		
Current service cost	(2,621)	(2,264)
Interest expense	(7,403)	(4,814)
	<u>(10,024)</u>	<u>(7,078)</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

22.1.6 Remeasurement recognised in consolidated statement of comprehensive income

	2023	2022
	-----Rupees '000-----	
Experience gains	<u>6,705</u>	<u>(7,638)</u>

22.1.7 Net recognised liability

Balance as at July 01	57,513	53,484
Expense for the year	10,024	7,078
Benefits paid	(3,265)	(10,687)
Remeasurement loss recognised in consolidated statement of profit and loss and other comprehensive income	(6,705)	7,638
Balance as at June 30	<u>57,567</u>	<u>57,513</u>

22.1.8 Actuarial assumptions

	2023	2022
Discount rate used for year end obligation	16.25%	13.25%
Expected rate of increase in salaries	16.25%	13.25%
Retirement age (years)	60 years	60 years

Mortality was assumed to be SLIC (2001-05) for males and females, as the case may be, but rated down by one year.

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

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
- Discount rate at June 30	1%	(6,792)	1,445
- Future salary increase	1%	1,910	(7,257)

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

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

22.1.12 As per actuarial advice, the Parent Company is expected to recognise a service cost of Rs. 11.89 million in 2024.

22.1.13 The weighted average service duration of employees is 7.7 years.

At June 30, 2023	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Between 5 - 10 years	Over 10 years
	-----Rupees '000-----				
Gratuity Funds	458	498	12,245	26,149	38,044

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

22.2 Gratuity scheme - funded

22.2.1 General description

As stated in note 2.19, the SPL operates funded gratuity scheme for eligible employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to minimum service under the scheme. The latest actuarial valuation was carried out as at June 30, 2023 using the Project Unit Credit method.

	2023	2022
	-----Rupees '000-----	
22.2.2 Movement in the present value of defined benefit obligation		
Balance as at July 01	22,843	23,185
Charge for the year	3,908	2,940
Re-measurement loss chargeable to consolidated statement of comprehensive income	(2,673)	5,475
Benefits paid during the year	(2,938)	(8,757)
Balance as at June 30	<u>21,140</u>	<u>22,843</u>
22.2.3 Amount recognised in the consolidated statement of financial position		
Present value of defined benefit obligations	28,029	29,301
Fair value of plan assets	(6,889)	(6,458)
Deficit recorded as a liability	<u>21,140</u>	<u>22,843</u>
22.2.4 Amount recognised in the consolidated statement of profit or loss		
Current service cost	1,076	1,059
Interest cost	2,832	1,881
	<u>3,908</u>	<u>2,940</u>
22.2.5 Movement in the present value of defined benefit obligation:		
Balance as at July 01	29,301	29,725
Current service cost	1,076	1,059
Interest cost	3,688	2,535
Actuarial loss / (gain) on obligations	(3,098)	4,739
Benefits paid	(2,938)	(8,757)
Balance as at June 30	<u>28,029</u>	<u>29,301</u>
22.2.6 Movement in the fair value of plan assets:		
Balance as at July 01	6,458	6,540
Interest Income on plan assets	856	654
Actuarial gain on assets	(425)	(736)
Balance as at June 30	<u>6,889</u>	<u>6,458</u>
22.2.7 Key actuarial assumptions used are as follows:	% per annum	
Salary increment rate	16.25	13.25
Discount rate	16.25	13.25

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

22.2.8 Sensitivity analysis for actuarial assumptions

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate at June 30	1%	(2,693)	3,204
Future salary increases	1%	3,457	(2,947)

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

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

22.2.11 As per actuarial advice, the SPL is expected to recognise a service cost of Rs. 4.62 million in 2024.

22.2.12 The weighted average service duration of employees is 6 years.

At June 30, 2023	Less than a year	Between 1 - 2 years	Between 2 - 3 years	Between 3 - 4 years	Over 5 years
	------(Rupees '000)-----				
Gratuity Funds	313	4,979	5,864	2,813	39,727

23. LEASE LIABILITIES

Lease liabilities under IFRS 16 - notes 23.1 & 23.2
 Non current portion
 Current portion

2023
 -----Rupees '000-----
 2022

85,330	92,160
78,702	87,017
6,628	5,143

23.1 Maturity analysis of lease liabilities

Upto 1 year
 1 - 5 years
 More than 5 years

6,628	5,143
71,417	60,670
7,285	26,347
85,330	92,160

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

2023
 -----Rupees '000-----
 2022

Balance as at July 01
 Interest on lease liabilities
 Payments
 Balance as at June 30

92,160	97,508
11,612	14,669
(18,442)	(20,017)
85,330	92,160

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

- 23.3** Finance cost on lease liabilities for the year ended June 30, 2023 was Rs. 11.61 million (2022: Rs. 20.62 million). Total cash outflow for leases was Rs. 18.44 million (2022 : Rs. 20.02 million). The lease liability was measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 15.48%.

	2023	2022
	-----Rupees '000-----	
24. TRADE AND OTHER PAYABLES		
Creditors - note 24.1	2,531,113	908,458
Payable under group relief to Ultimate Parent Company	22,652	20,912
Salaries and benefits payable	72	648
Bills payable in foreign currency	2,675,773	659,951
Royalty payable - note 24.4	24,352	14,171
Accrued liabilities	3,610,439	2,456,453
Payable to provident fund - notes 24.2 & 24.3	24,768	22,808
Current portion of deferred income - Government grant - note 23	-	9,791
Payable for compensated absences	14,633	11,373
Provision for gas infrastructure	9,485	9,485
Accrued mark-up - note 24.6	686,427	328,424
Taxes deducted at source and payable to statutory authorities	62,096	98,963
Workers' Profit Participation Fund - note 24.7	62,080	220,071
Workers' Welfare Fund - note 24.8	94,111	102,450
Other liabilities - note 24.9	104,914	89,068
	9,922,915	4,953,026

- 24.1** This includes payable to related parties which are as follows:

Parent Company

International Brands (Private) Limited

Associated Companies

United Retail (Private) Limited

IBL Operations (Private) Limited

IBL Unisys (Private) Limited

IBL Frontier Markets (Private) Limited

United Brands Limited

Prime Health (Private) Limited - refer note 24.1.1

IBL Logistics (Private) Limited

5,010	5,010
215	215
1,282	-
1,244	-
618	618
568	568
7,018	7,018
4,520	4,520
20,475	17,949

- 24.1.1** This represent payable to Prime Health (Private) Limited on account of services received for product testing by Parent Company.

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

- 24.3** The investments in collective investment schemes, listed equity and listed debt securities out of the provident fund of IBLHC, SBS and NPPL have been made in accordance with the provision of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

24.4 This includes royalty payable to M/s Sanofi Winthrop Industrie as per agreement by Parent Company which is situated in France respectively. The Parent Company only has a relation of licensor and licensee with the entity. The amount also includes royalty payable relating to the Brand "Canderal".

24.5 ACIR in relation to monitoring of withholding taxes u/s 161(1A) for the tax year 2019, had issued demand of Rs. 69.77 million including a penalty on April 20, 2021. The SPL had filed an appeal before CIRA which is still pending and the SPL afterwards, obtained stay against recovery of tax from the Honourable High Court of Sindh for the above demand. As per the tax advise the SPL expects a positive outcome in respect of the above assessment, hence no provision is being made in these consolidated financial statements.

	2023	2022
	-----Rupees '000-----	
24.6 Accrued mark-up		
Accrued mark-up on:		
- long-term borrowing	55,869	48,795
- short-term borrowing	630,558	279,629
	<u>686,427</u>	<u>328,424</u>
24.7 Workers' Profit Participation Fund		
Balance as at July 01	220,071	228,765
Charge for the year - note 33	62,087	220,079
	<u>282,158</u>	448,844
Interest on funds utilised in the Parent Company's business - note 35	22,564	9,492
Payments made during the year	(242,642)	(238,265)
Balance as at June 30	<u>62,080</u>	<u>220,071</u>

24.8 Workers' Welfare Fund		
Balance as at July 01	102,450	100,137
Charge for the year - note 33	23,537	49,692
	<u>125,987</u>	149,829
Payments made during the year	(31,876)	(47,379)
Balance as at June 30	<u>94,111</u>	<u>102,450</u>

24.9 This includes interest free deposits from customers and are repayable on demand and these have been kept in a separate bank account in accordance with the requirements of section 217 of the Companies Act, 2017.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

	2023	2022
	-----Rupees '000-----	
25. SHORT TERM BORROWINGS		
Secured borrowings		
Conventional:		
Running finance under mark-up arrangements - notes 25.1, 25.3 & 25.6	2,586,254	2,498,053
Short-Term advance	500,000	-
Islamic		
Running musharaka - notes 25.1, 25.2, 25.3, 25.4 & 25.5	8,651,327	6,795,315
Current portion of long term borrowings	1,914,275	676,360
	10,565,602	7,471,675
	13,651,856	9,969,728

25.1 The Parent Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 8,050 million (2022: Rs. 8,100 million) which include financing facilities obtained under Islamic mode amounting to Rs. 6,350 million (2022: Rs. 6,350 million). The arrangements are secured jointly by registered mortgage of Rs. 2,012.5 million (2022: Rs. 2,025 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs. 11,785.83 million (2022: Rs. 11,940 million) in favour of Standard Chartered Bank of (Pakistan) Limited (the lead bank).

25.2 The amount utilised by The Parent Company under the Islamic mode of financing amounted to Rs. 6,350.75 million (2022: Rs. 5,986.29 million).

25.3 The Parent Company rates of mark-up / profit ranged between 11.99% to 24.48% (2022: 1% to 16.89%) per annum.

25.4 The IBL-Healthcare has obtained running musharaka facilities from commercial banks amounting to Rs. 339 million (2022: Rs. 300 million) out of which the amount unavailed at the year end was Rs. 48.44 million (2022: Rs. 52.86 million). Rates of profit range from one month KIBOR plus 1% (2022: three month KIBOR plus 1%) to one months KIBOR plus 1.5% (2022: one month KIBOR plus 1.5%) per annum. These facilities have been secured by way of hypothecation of first pari passu charge over present and future current assets amounting to Rs. 400 million.

25.5 The SPL has obtained running musharika facility obtained from Dubai Islamic Bank Pakistan Limited (DIBPL) amounting to Rs. 550 million carrying markup rate at KIBOR plus 1.75% (2022: KIBOR plus 1.75%) repayable within one year. The facility is secured by way of joint pari passu hypothecation charge over stock and receivables of the Company amounting to Rs. 733.30 million (at 25% margin) for funded exposure and for Rs. 450 million for non funded exposure (at nil margin).

The SPL has also obtained another running musharika facility obtained from Dubai Islamic Bank Pakistan Limited (DIBPL) amounting to Rs. 1,000 million carrying markup rate at KIBOR plus 1.25% (2022: Nil) repayable within one year. The facility is secured by way of joint pari passu hypothecation charge over all present and future current assets of the Company amounting to Rs. 1,333 million (at 25% margin) for funded exposure.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

The SPL has also obtained running musharika obtained from Faysal Bank Limited (FBL) amounting to Rs. 464.02 million out of Rs. 500 million limit carrying markup rate ranging from KIBOR plus 0.75% per annum to KIBOR plus 1% repayable within one year. The facility is secured by way of joint pari passu hypothecation charge over stock and receivables of the Company amounting to Rs. 666.67 million and ranking charge of Rs. 626.67 million (at nil to 25% margin) for non funded exposure.

25.6 The running finance facilities obtained by SPL from commercial banks amounting to Rs. 950 million, carry markup ranging from 15.8% to 23.98% (2022: 15% to 16.5%). The facilities are secured by way of joint pari passu hypothecation charge over current assets of the Company (at 25% margin).

25.7 SPL has obtained facility from Habib Bank Limited (HBL) amounting to Rs. 500 million carrying markup rate at 3 months KIBOR plus 1% which is to be reset after every 3 months. The facility is secured by way of 1st joint pari passu hypothecation charge over stocks and book debts with 25% margin to the extent of PKR 666.67 million. The facility was obtained to finance the working capital requirement of the Company.

Payment to be made in 4 equal monthly installments starting from the 9th month onwards from the date of disbursement. However, the loan has to be repaid in full from IPO proceeds of the Company if the same are received at any time before full adjustments.

26. CONTRACT LIABILITIES

The contract liabilities primarily relate to the advance consideration received from customers for future sales as per the Company's policy, for which revenue is recognised at a point in time. Revenue recognized from contract liabilities during the year amounted to Rs. 27.39 million (2022: Rs. 50.29 million).

27. UNPAID DIVIDEND

This consists of unpaid dividend on account of:

Amount
Rupees '000

- Bonus shares withheld - note 27.1	146,038
- Unavailability of bank details	37,418
- Others	44,213
	<u>227,669</u>

27.1 This includes dividend on bonus shares withheld pertaining to 115 shareholders on which stay from the Honorable High Court of Sindh has been obtained - note 28.1.5.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

28. CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
28.1.1	High Court of Sindh	During the year ended June 30, 2014, Sindh Revenue Board (SRB) had imposed sales tax on toll manufacturing at the rate of 16% of sales value. The cumulative such sales tax amounts to Rs. 366.22 million. The matter has been contested in the High Court of Sindh.	The Parent Company and The Federation of Pakistan	05-Mar-14
28.1.2	High Court of Sindh	Section 5A of Income Tax Ordinance, 2001 inserted through Section 5(3) of the Finance Act, 2015 requires the Parent Company and IBLHC to charge income tax at the rate of 10% on the reserves of the companies where they exceed an amount equivalent to the paid up capital. The Parent Company and IBLHC has filed a suit for declaration and permanent injunction before the Court challenging the vires of the above said section. The Court passed ad interim orders restraining the defendants from taking any coercive action as prayed. The case is at the stage of hearing of applications. The charge for the tax year 2016 amounts to Rs. 283.08 million.	The Parent Company, IBLHC and The Federation of Pakistan	14-Sept-2015 & 15-Sept-2015
28.1.3	High Court of Sindh	The Parent Company has challenged the levy of Sindh Sales Tax on services of renting of immovable property which has been categorised as renting services by the SRB. The companies have challenged the levy on constitutional grounds taking the stance that renting of immovable property is not a "service" and therefore does not fall within the competence of SRB to tax through the Sindh Sales Tax on Services Act, 2011. Further, the companies have also taken the stance that the collection mechanism is ultra vires to the Act and therefore no coercive measures can be adopted against the companies for the collection of the impugned levy. The High Court of Sindh, on the basis of the representations made, has been pleased to grant an ad interim order to the companies restraining the defendants from taking any coercive action against the companies. The matter is presently pending on hearing of the case. The cumulative amount of such sales tax is Rs. 54.05 million.	The Parent Company and Province of Sindh	15-Jan-16

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
28.1.4	High Court of Sindh	<p>A suit was filed to challenge the imposition of Sales Tax under Sales Tax Act, 1990 with respect to raw material being used for manufacturing pharmaceutical products inspite of such raw material being exempt in view of Entry No. 105 of the Sixth schedule of the Act.</p> <p>The Court issued interim orders restraining the defendants from collecting sales tax on raw material imported by the Parent Company. It has been further asserted that the term "manufacture", as stated in Sub-section 16 of Section 2 of the Sales Tax Act, 1990, adequately covers the present activity and exempts the Parent Company from payment of Sales Tax on the Packaging utilised in the manufacture of drugs/ pharmaceuticals. The case is at the stage of hearing of applications. The cumulative impact of this levy amounts to Rs. 31.6 million.</p>	The Parent Company and The Federation of Pakistan	2014
28.1.5	High Court of Sindh	<p>Section 236 M of the Income Tax Ordinance, 2001 (the 'Ordinance'), inserted through Finance Act, 2014, specifies that every company, quoted on stock exchange, while issuing bonus shares shall withhold five percent of the bonus shares to be issued. Bonus shares withheld shall only be issued to a shareholder, if the Parent Company collects tax equal to five percent of the value of the bonus shares issued including bonus share withheld, determined on the basis of day-end price on the first day of closure of books. The tax is to be collected within fifteen days of the first day of closure of books, after which company is required to deposit shares withheld to Central Depository Company, in favour of the Federal Government. This section was later deleted through Finance Act, 2018.</p> <p>Based on the requirement mentioned above, the Company is exposed to a tax liability of approximately Rs. 71.8 million (2022: Rs. 71.8 million), on account of bonus shares received from IBL HealthCare Limited from 2015 to 2018. The Company has filed a petition in respect of tax on bonus shares in Honourable High Court of Sindh, and expects a favourable outcome, based on a legal advice. Further, pending decision of the Honourable High Court of Sindh, IBL HealthCare Limited has withheld 1,474,940 shares (2022: 1,340,855 shares) with Central Depository Company of Pakistan Limited.</p>	The Parent Company and The Federation of Pakistan	2015

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
28.1.6	High Court of Sindh	<p>Exemption provided to the companies falling under Group Relief (section 59B of Income Tax Ordinance, 2001), from tax on intercorporate dividend as mentioned under Clause 103A of Part I of the Second Schedule of the Income Tax Ordinance, 2001, is not applicable now on account of deletion of Section 59B from the said clause, through the Finance Act, 2016.</p> <p>The Parent Company has filed petition against with Parent tax on dividend received from the subsidiary companies in the High Court of Sindh and has obtained a stay order against the same. The total cumulative amount of with Parent tax is Rs. 1,171.16 million.</p> <p>Recovery notices were then recived under section 138(1) of the Ordinance for Tax Years 2015 to 2017 for tax recovery on intercorporate dividend, against which the company obtained stay from the High Court of Sindh on legal plaints.</p> <p>The company has approached the Supreme Court of Pakistan which has granted interim relief vide the Order dated August 28, 2023 [C.P No. 2096-2111/23].</p> <p>In view of the above, no provision has been made for aggregate amount of tax on intercorporate dividend from Tax Years 2017 to 2023 aggregating Rs 1,478 million. The company expects a favourable outcome based on the legal advice.</p>	The Parent Company and The Federation of Pakistan	2017 to 2020
28.1.7	Appellate Tribunal Inland Revenue (ATIR)	<p>SPPL's declared version of return of income, for tax years 2015 and 2016, have been rejected by the respective Tax Officers and the amounts deemed to be assessed under the Final Tax Regime (FTR) of the provisions of section 169 read with section 153(1)(c) of the Income Tax Ordinance, 2001 (the Ordinance) have been subjected to tax under the normal provisions of the law.</p>	SPPL, Commissioner Inland Revenue, CIRA and ATIR	10-May-2016, 30-June-2016 & 03-Feb-2017

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
	<p>Consequently, net profit as per SPPL's audited financial statements have been considered as taxable income for the respective years and tax liability at normal rate determined along with super tax and Workers' Welfare Fund aggregating to Rs. 783.34 million. Appeal against the above orders for the tax year 2014 and 2015 were filed before the ATIR which has been decided against the Company vide order dated September 18, 2017 against which an appeal before Honourable High Court of Sindh has been filed whereas, appeal for the tax year 2016 is pending before the ATIR.</p> <p>SPPL's management has obtained a stay order from the High Court against the recovery of demand and expects a positive outcome.</p>		
<p>28.1.8 Commissioner Inland Revenue (Appeals)</p>	<p>SPPL's declared version for return of income for tax year 2017 has been rejected by the Additional Commissioner Inland Revenue (ACIR) and the amounts deemed to be assessed under FTR of provision of section 169 read with section 153(1)(c) of the Ordinance has been subjected to tax under the normal provision of the law.</p>	<p>SPPL, ACIR and CIRA</p>	<p>16-Feb-2018</p>
	<p>Consequently, net profit as per SPPL's audited financial statements has been considered as taxable income and tax liability at normal rate was determined along with super tax aggregating to Rs. 542.41 million. An appeal against the order of ACIR was filed with Commissioner Inland Revenue (Appeals). The SPPL's management has obtained a stay order from the Honourable High Court against the recovery of demand and expects a positive outcome.</p>		
<p>28.1.9 Commissioner Inland Revenue (Appeals)</p>	<p>The deputy commissioner Inland Revenue (DCIR) passed order dated May 30, 2022 under section 161/205 of the Ordinance raising demand of Rs. 27.81 million on short deduction of tax on various payments which mainly included intercorporate dividend and purchases of raw material. An appeal has been filled before CIR(A) which is yet to be fixed for hearing. The SPPL's management has obtained a stay order from the Honourable High Court against the recovery of demand and expects a positive outcome.</p>	<p>SPPL, ACIR and CIRA</p>	<p>30-May-22</p>

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
28.1.10 Appellate Tribunal Inland Revenue (ATIR)	<p>The deemed assessed version of the return of income of SLPL for tax year 2014 was amended by the Additional Commissioner Inland Revenue (ACIR) vide the order dated January 13, 2016 under section 122(5A) of the Income Tax Ordinance, 2001 (the 'Ordinance'). The main issue involved in the case was due to the addition made under the section 111 of the Ordinance and consequential effect thereof raising the demand of Rs. 9.15 million.</p> <p>SLPL filed an appeal before the Commissioner (Appeals) against the said order whereby main issue along with consequential effect thereof has been decided in favour of SLPL vide appellate order dated May 27, 2016.</p> <p>The department has filed an appeal before the ATIR against the said appellate order of the CIR(A) which has not been fixed for hearing as yet.</p>	SLPL, ACIR, Commissioner (Appeals) and ATIR	13-Jan-16
28.1.11 Commissioner Inland Revenue (CIR)	<p>Monitoring proceedings were initiated through notice uploaded on IRIS web-portal for the tax year 2015, dated February 12, 2018, issued under section 161(1A), read with sections 162 and 205 of the Income Tax Ordinance, 2001 (the 'Ordinance').</p> <p>During the prior period, an order dated August 31, 2021 was issued against the SLPL raising a demand of Rs. 28.75 million due to non-withholding of tax at source on payments by the SLPL under section 153(1) of the Ordinance. Further, a demand in respect of default surcharge of Rs. 24.15 million was also raised under section 205 of the Ordinance due to the above non-withholding of tax.</p> <p>Previously the Company filed an appeal before CIR-A against the said order. The CIR(A) vide the Order dated December 28, 2022 has given remand back directions for which proceedings are yet to be initiated, no demand is currently payable. However, appeal effect applied is still pending.</p>	SLPL and CIR	12-Feb-18
28.1.12 Commissioner Inland Revenue - Appeals (CIR-A)	<p>Monitoring proceedings were initiated and subsequent issue show cause notices for the tax year 2016, dated November 23, 2020, issued under section 161 / 205 of the Income Tax Ordinance, 2001 (the 'Ordinance').</p>	SLPL, ACIR and CIR-A	29-Jan-21

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
	<p>The order dated January 29, 2021 was issued against the SLPL raising a demand of Rs. 29.51 million due to non-withholding of tax at source on payments by the Company under relevant sections of the Ordinance. Further, a demand in respect of default surcharge of Rs. 3.54 million was also raised under section 205 of the Ordinance due to the above non-withholding of tax.</p> <p>The company had obtained stay from the High Court dated July 19, 2021. Currently , no amount is payable on account of the Appellate Order of the CIR (A). Appeal effect has been applied and the Company believe that remand back proceedings shall be initiated.</p>		
<p>28.1.13 Commissioner Inland Revenue - Appeals (CIR-A)</p>	<p>After conclusion of audit u/s 72(b) of the Sales Tax Act 1990, the SLPL received assessment order no. 01 of 2022 - 23 dated July 05, 2022 under section 11(2) of the Sales Tax Act, 1990 (ACT) in which demand of Rs 171.65 million has been raised along with the levy of penalty for the Sales Tax Periods from July 2016 to June 2017.</p> <p>The Company filed an appeal before CIR-A against the said order which has been fixed for hearing on September 30, 2022. Stay was obtained from the CIR(A) vide the Order dated February 10, 2023 valid till Febraury 20, 2023. Stay continuation application is pending before CIR(A) which will be followed up on receipt of any recovery notice.</p>	<p>SLPL, ACIR and CIR-A</p>	<p>05-Jul-22</p>
<p>28.1.14 High Court of Sindh</p>	<p>IBLHC has filed a suit before the High Court of Sindh challenging the refusal of the Customs Authorities to allow exemption on the dietary food for medical purposes being imported by the Company from Nestle Health Sciences GmbH, Deutschland (Germany). The Court has restrained the custom authorities for disallowing exemption to the IBLHC till thehearing of injunction application. The exposure of the IBLHC on the account of is Rs. 150.16 million. The management beleives that the likelihood of liability is low and based on the advise of legal consultant, no provision is required.</p>	<p>IBLHC and Custom Authorities</p>	<p>10-Nov-20</p>

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
28.1.15 High Court of Sindh	IBLHC filed a suit before the High Court of Sindh challenging the refusal by the Customs Authorities of exemption on the dietary food for medical purposes being imported by IBLHC from Mead Johnson Nutrition (Thailand). The Court has restrained the custom authorities for disallowing exemption to the IBLHC till the hearing of injunction application. The exposure of the IBLHC on account of Customs duties is Rs. 30.71 million. The management believes that the likelihood of liability is low and based on the advice of legal consultant, no provision is required.	IBLHC and Custom Authorities	23-Nov-20

28.1.16 As at June 30, 2023, there are several pending cases of SPL filed by / against the SPL. The majority of these cases pertain to sales tax, employees' union, awarding of tender, costing and pricing cases with DRAP and other litigations with various courts. All these cases are still pending adjudication for decision. The management of the Company based on the written advice of legal counsel expects that the outcome of these cases will be in favour of the Company. Accordingly, no provision has been made in these financial statements.

28.1.17 The Group management, based on legal / tax advices, is confident that the ultimate decisions in the above cases (notes 28.1.1 to 28.1.15) will be in favour of the Group, hence, no provision has been made in respect of the aforementioned litigations.

28.1.18 Tax contingencies are disclosed in respective notes of these consolidated financial statements.

28.2 Commitments

28.2.1 The facility for opening letters of credit and guarantees for the Parent Company as at June 30, 2023 amounted to Rs. 3,065 million (2022: Rs. 3,165 million) of which the amount remaining unutilised as at year end amounted to Rs. 1,128.23 million (2022: Rs. 2,024.68 million).

28.2.2 The facility for opening letter of credit and guarantee for IBLHC as at June 30, 2023 amounted to Rs. 550 million (2022: Rs. 640 million) and Rs. 20 million (2022: Rs. 20 million) of which the amount remaining unutilised at the end of year was Rs. 306.84 million (2022: Rs. 149.47 million) and Rs. 7.34 million (2022: Rs. 13.23 million) respectively.

28.2.3 The facility for opening letters of credit and guarantees for SPL as at June 30, 2023 amounted to Rs. 2,440.50 million (2022: Rs. 2,190.50 million) of which the amount remaining unutilised as at year end amounted to Rs. 902.40 million (2022: Rs. 906.60 million).

28.2.4 Post-dated cheques issued by Parent Company in favour of Collector of Customs for import of inventory at June 30, 2023 amounted to Rs. 120.78 million (2022: Rs. 193.07 million).

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

28.2.5 Commitments in respect of capital expenditures includes:

- Property, plant and equipment
- Investment property

**Rupees in
'000'**

310,380

-

310,380

29. REVENUE FROM CONTRACTS WITH CUSTOMERS

2023

2022

-----Rupees '000-----

Gross sales

Local sale of goods

Export sales

37,204,811

31,537,439

2,102,267

1,832,043

39,307,078

33,369,482

Toll manufacturing

70,285

286,301

39,377,363

33,655,783

Sales tax

(617,596)

(390,891)

38,759,767

33,264,892

Less:

Discounts, rebates and allowances

Sales returns

2,334,987

2,037,891

2,455,270

1,317,342

4,790,257

3,355,233

33,969,510

29,909,659

29.1 Geographical Markets

Pakistan

Afghanistan

Srilanka

Cambodia

Myanmar

Vietnam

Oman

Laos

Iraq

Kenya

Tajikistan

Others

32,526,025

28,421,741

52,438

70,471

640,962

604,240

270,575

208,550

345,849

333,403

185,798

126,579

84,092

27,883

24,993

21,725

90,397

31,546

13,536

23,031

27,792

5,324

52,902

35,166

33,969,510

29,909,659

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

29.2 Revenue from IBL operations (Private) Limited - related party represents approximately Rs. 31.22 billion (2022: Rs. 26.46 billion) and United Brands Limited - related party represent Rs. 63.13 million (2022: Rs. 75.21 million) of the total revenues.

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

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

Consequent to the above, the Parent Company challenged the prices for four of its products namely, Peditral, Gravinat, Metodine and Hydrylline set by DRAP in its Appellate Board and the Appellate Board under its orders dated 18 June, 20 June and 25 June 2019 rejected the said application of the Parent Company. The Parent Company has challenged the said orders in the Honourable High Court of Sindh and an interim order has been passed restricting DRAP from taking any coercive action against the Parent Company.

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

Exposure of the Parent Company due to abovementioned litigation amounts to Rs. 3.06 billion (2022: Rs. 2.27 billion).

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

	2023	2022
	-----Rupees '000-----	
30. COST OF SALES		
Raw and packing material consumed	10,706,043	7,846,129
Processing charges	748,820	602,689
Salaries, wages and benefits	870,909	896,090
Provision for staff gratuity	9,629	7,159
Provident fund contribution	29,997	27,217
Inventory written off - note 30.1	61,003	87,183
Carriage and duties	56,376	57,547
Fuel, water and power	623,953	450,356
Rent, rate and taxes	87,855	107,768
Canteen expenses	36,856	31,837
Quality control samples	7,330	11,057
Stationery and supplies	27,435	33,362
Travelling	40,051	33,965
Repairs and maintenance	221,378	260,030
Security expenses	21,320	14,919
Vehicle expenses	27,234	19,923
Insurance	15,452	15,178
Legal and professional charges	23,172	23,308
Depreciation - refer note 3.13	551,700	396,645
Medical expenses	17,483	16,694
Research cost	59,165	68,727
Stores and spares consumed	387	457
Others	18,384	18,914
	14,261,932	11,027,154
Add: Opening work-in-process	266,728	201,227
Less: Closing work-in-process	(353,137)	(266,728)
	(86,409)	(65,501)
Cost of goods manufactured	14,175,523	10,961,653
Add: Opening inventory of finished goods	3,000,883	2,295,557
Add: Finished goods purchased	7,303,790	6,702,612
Less: Closing inventory of finished goods	(3,643,995)	(3,000,883)
	20,836,201	16,958,939
Less: Cost of samples	(95,042)	(177,072)
Cost of sales	20,741,159	16,781,867

30.1 This amount represents expired and damaged inventory written off.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

	2023	2022
	-----Rupees '000-----	
31. DISTRIBUTION COSTS		
Salaries, wages and benefits	2,367,662	1,949,389
Advertising and promotion	999,505	938,025
Travelling and related	969,923	752,587
Carriage and duties	665,598	559,184
Samples	517,415	480,666
Bonus to salesmen	519,380	444,167
Service charges - note 31.1	12,010	36,218
Personal training and selection	96,253	64,995
Vehicle running	111,034	80,043
Stationery and printed materials	32,161	74,403
Rent, rate and taxes	183,374	169,214
Fees and subscription	74,324	55,431
Legal and professional	109,464	66,277
Provident fund contribution	69,823	60,204
Medical expenses	34,417	43,358
Replacement products	67,210	90,106
Depreciation - refer note 3.13	32,879	39,651
Fuel, water and power	70,460	57,975
Inventory written off	5,765	4,145
Communication	29,256	31,469
Insurance	16,661	21,418
Repairs and maintenance	11,104	4,507
Security	5,459	5,015
Canteen expenses	9,211	5,223
Amortisation	1,928	1,833
Others	17,619	13,042
	7,029,895	6,048,545

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

	2023	2022
	-----Rupees '000-----	
32. ADMINISTRATIVE EXPENSES		
Salaries, wages and benefits	468,067	354,226
Corporate services charged by ultimate parent company	153,000	264,279
Donation - notes 32.3, 32.4 & 32.5	137,533	172,835
Depreciation - refer note 3.13	137,554	181,274
Legal and professional charges	116,621	91,967
Repairs and maintenance	114,448	94,937
Amortisation	24,871	41,545
Insurance	27,971	34,935
Rent, rate and taxes	4,525	9,311
Travelling	31,550	10,590
Auditors' remuneration - note 32.2	41,424	38,737
Stationery and supplies	20,176	8,782
Vehicle expenses	25,036	14,445
Fees and subscription	31,098	41,305
Provident fund contribution	16,249	12,216
Communication	18,255	10,493
Security expenses	8,831	2,234
Provision for staff gratuity	4,303	2,859
Fuel, water and power - note 32.1	1,961	1,287
Allowance for impairment provision on trade receivable	-	8,650
Receivable no longer recoverable written off - related party	-	3,135
Canteen expenses	7,045	3,137
Personal training and selection	2,117	11,637
Others	20,521	16,306
	1,413,156	1,431,122

32.1 This amount is stated net of fixed charges recovered from tenants in respect of provision of amenities.

	2023	2022
	-----Rupees '000-----	
32.2 Auditors' remuneration		
Audit fee	13,600	11,475
Fee for review of interim financial information and Statement of Compliance with Code of Corporate Governance	2,350	2,030
Taxation services	15,050	14,008
Other assurance services	2,500	1,700
Other certifications, attestations and other services	5,527	7,052
Out-of-pocket expenses	2,397	2,472
	41,424	38,737

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

32.3 Donations to a single party exceeding 10% of total donations i.e. Rs. 13.75 million are as follows:

	2023	2022
	-----Rupees '000-----	
Sabaq Learning Foundation - related party	-	15,000
Hunar Foundation - related party		20,000
World Health Pharmaceutical Company Limited	-	21,060
AKAR Hospital	29,388	-

32.4 During the year, the Group also donated Rs. 76.09 million to its other related parties:

	2023	2022
	-----Rupees '000-----	
Indus Hospital	-	5,500
IBL Operations (Private) Limited	8,913	-
AKAR Hospital	29,388	9,312
Hunar Foundation	6,000	-
United Retail (Private) Limited	4,935	-
The Citizen Foundation	10,000	-
Karachi Relief Trust	8,000	-
Rashid Abdulla Foundation	8,850	-
	76,086	16,483

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

Name of Related Party	Association
- IBL Operation (Private) Limited	M/s. Munis Abdullah, Syed Nadeem Ahmed and Zubair Razzak Palwala - Directors
- United Retail (Private) Limited	Common management and control
- Karachi Relief Trust	Mr. Adnan Asdar Ali - Trustee
- Rashid Abdullah Foundation	Mr. Munis Abdullah - Trustee
- Indus Hospital	Mr. Adnan Asdar Ali - member of General Body
- The Hunar Foundation	Mr. Adnan Asdar Ali - Director
- Sabaq Learning Foundation	Mr. Adnan Asdar Ali - Trustee

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

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

	2023	2022
	-----Rupees '000-----	
33. OTHER EXPENSES		
Workers' Profit Participation Fund - note 24.7	62,087	220,079
Workers' Welfare Fund - note 24.8	23,537	49,692
Central Research Fund	7,463	30,507
Provision for expected credit loss	35,000	-
	128,087	300,278

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

34. OTHER INCOME

Income from financial assets

	2023	2022
	-----Rupees '000-----	
Return on PLS accounts	10	238
Exchange gain - net - note 34.1	-	211,711
Interest Income from Term Finance Certificates	18,907	10,987
Interest Income from Term Deposit Receipts	1,573	1,057
	20,490	223,993

Income from non-financial assets

Gain on sale of short term investment	-	1,969
Gain on disposal of investment Property	7,109	-
Gain on disposal of property, plant and equipment - net	64,928	4,001
Income from provision of amenities in respect of investment properties	49,192	47,428
Rental income from investment properties - note 34.2	67,870	79,256
Deferred income - government grant - note 23	9,791	39,454
Liabilities no longer payable written back	9,395	13,194
Scrap sales	38,343	18,160
	246,628	203,462

Others

Insurance claim recovery	11,000	-
Others	1,573	2,407
	12,573	2,407
	279,691	429,862

34.2 This includes rental income from related parties, which are as follows:

- United Retail (Private) Limited	1,160	22,323
- Universal Retail (Private) Limited	30,954	8,316
- International Brands (Private) Limited	16,792	15,285
- IBL Operations (Private) Limited	7,217	6,874
- IBL Logistics (Private) Limited	3,975	-
- IBL Unisys (Private) Limited	-	2,038
	60,098	54,836

35. FINANCE COST

Mark-up on:

- Musharaka facility - note 35.1	1,702,833	1,077,548
- Short-term borrowing - note 35.1	1,962,696	904,562
- Salary refinancing - note 20.5 & 35.1	-	7,042
Exchange loss - net - 36.2	42,068	-
Unwinding of discount on long-term borrowing	1,091	68,345
Bank charges	49,916	34,708
Interest on lease liabilities	11,612	14,665
Interest on Workers' Profit Participation Fund - note 24.7	22,564	9,492
	3,792,780	2,116,362

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

35.1 This includes amount of mark-up expense by Parent Company, IBLHC and SPL under Islamic mode of financing amounting to Rs. 1,452.03 million (2022: Rs. 1,751.47 million).

35.2 This includes arrangement with supplier of finished goods by SPL for sharing the exchange rate fluctuation which resulted in net exchange gain amounting Rs 282.19 million (2022: Rs 281.25 million).

	2023	2022
	-----Rupees '000-----	
36. INCOME TAX EXPENSE		
Income tax		
For the year	785,157	1,166,826
Prior year charge / (reversal) - note	771	31,695
	<u>785,928</u>	<u>1,198,521</u>
Deferred tax expense - note 21	(54,857)	46,972
	<u>731,071</u>	<u>1,245,493</u>

	2023		2022	
	Effective tax rate %	Rupees '000	Effective tax rate %	Rupees '000
Profit before income tax		<u>1,144,124</u>		<u>3,661,647</u>
Tax at applicable rate of 29% (2022: 29%)	29%	331,796	29%	1,061,791
Effect of:				
- final tax regime	-12%	(138,049)	0%	(216)
- Unused tax losses	0%	-	1%	20,901
- prior year (reversal) / charge	0%	771	1%	31,695
- change in normal tax regime	2%	25,561	1%	25,561
- permanent difference	9%	98,296	1%	23,766
- Super tax	7%	75,787	0%	-
- others	29%	336,909	2%	81,995
	<u>64%</u>	<u>731,071</u>	<u>34%</u>	<u>1,245,493</u>

Relationship between tax expense and accounting profit

	2023		2022	
	Effective tax rate %	Rupees '000	Effective tax rate %	Rupees '000
Profit before income tax		<u>1,144,124</u>		<u>3,661,647</u>
Tax at applicable rate of 29% (2022: 29%)	29%	331,796	29%	1,061,791
Effect of:				
- final tax regime	-12%	(138,049)	0%	(216)
- Unused tax losses	0%	-	1%	20,901
- prior year (reversal) / charge	0%	771	1%	31,695
- change in normal tax regime	2%	25,561	1%	25,561
- permanent difference	9%	98,296	1%	23,766
- Super tax	7%	75,787	0%	-
- others	29%	336,909	2%	81,995
	<u>64%</u>	<u>731,071</u>	<u>34%</u>	<u>1,245,493</u>

36.2 Current status of tax assessments

Tax Years 2009 to 2013 and 2015 to 2017 (Parent Company)

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

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

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

36.3 The petition filed by the Parent Company against the imposition of super tax for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001 for the tax years 2015 to 2019, in the High Court of Sindh was rejected vide order dated July 21, 2020. Consequently, the Parent Company received various notices from tax authorities for recoverability of super tax for the tax years 2015 to 2019 amounting to Rs. 485.19 million.

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

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

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

However, the Parent Company has not made provision of full amount on the basis of the following contention:

- Applicability of super tax on Final Tax Regime (FTR) income.
- Taxability of dividend income in light of stay obtained from High Court of Sindh refer - note 28.1.6.
- Erroneous additions in the notices received.

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

36.4 During the year 2020, the Deputy Commissioner Inland Revenue (DCIR) had issued amended assessment orders to SPL u/s 122(5A) dated October 16, 2019 for tax year 2018 wherein the DCIR had disallowed certain expenses amounting to Rs. 1,093.65 million which had resulted in the DCIR raising a demand of Rs. 413.56 million in aggregate, for the above tax year. The SPL has filed an appeal before the Commissioner Inland Revenue Appeals (CIRA), whereby certain issues were decided in favour of the SPL. Being aggrieved, the SPL filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) which are still pending adjudication in the ATIR. The SPL expects a positive outcome in respect of the above assessment, hence no provision is being made in these consolidated financial statements.

36.5 During the year 2022, Assistant Commissioner Inland Revenue (ACIR) issued amended assessment order to SPL u/s 122(5A) dated March 1, 2022, for tax year 2020 wherein the ACIR had disallowed certain expenses which had resulted in the ACIR raising a demand of Rs. 394.98 million in aggregate, for the afore mentioned tax year. The SPL has filed an appeal before the Commissioner Inland Revenue Appeals (CIRA) and also obtained stay against recovery of tax from the Honourable High Court of Sindh. As per the SPL's tax advisor the SPL expects a positive outcome in respect of the above assessment, hence no provision has been made in these consolidated financial statements.

36.6 The Government has levied a special tax for Tax Year 2022 and onwards on high earning persons. As per section 4C of the Income Tax Ordinance 2001 (the ordinance), among others, where income exceeds Rs. 300 million, super tax will be charge at the rate of 4% of income calculated under section 4C of the Ordinance. Further, enhanced super tax on specified sectors has been introduced for Tax Year 2022 which includes, among others, pharmaceutical sector, who are liable to super tax at the rate of 10% for a single tax year, if income exceeds Rs. 300 million. The Parent Company and SPL has filed a constitutional petition against the imposition of such Super Tax on High Earning Persons including specified sectors in the Honourable High Court of Sindh. The Parent Company and SPL in consultation with its legal and tax advisor expects a positive outcome, hence, no provision amounting to Rs. 280.04 million and Rs. 57.21 million respectively for the tax year 2022 has been made in these consolidated financial statements.

FBR preferred to file a reference before the Supreme Court of Pakistan which is pending. Acting on the directions of the Supreme Court, the post dated cheques for the amount of Rs 44.02 million and 57.216 million were encashed on March 2, 2023 to the Parent Company and SPL respectively.

Through the Finance Act 2023, the Government has introduced new slab rates for super tax for taxpayers having income in excess of Rs 300 million. However, the Parent Company and SPL is considering to challenge this in a Constitutional Petition. The Parent Company and SPL in consultation with its legal and tax advisor expects a positive outcome and has hence recorded the provision of super tax on taxable income under section 4C at the rate of 3%.

The Parent Company and SPL has FTR income of greater than Rs 500 million and thus falls in the highest slab of 10% resulting in the exposure of Rs. 84.08 million and Rs 44.93 million respectively.

36.7 The Government has levied a special tax for Tax Year 2022 and onwards on high earning persons. As per section 4C of the Income Tax Ordinance 2001 (the ordinance), among others, where income exceeds Rs. 300 million, super tax will be charge at the rate of 4% of income calculated under section 4C of the Ordinance. The SBPL has filed a constitutional petition against the imposition of such Super Tax on High Earning Persons including specified sectors in the Honourable High Court of Sindh. The SBPL in consultation with its legal and tax advisor expects a positive outcome hence no provision amounting to Rs. 31.55 million for the tax year 2022 has been made in these consolidated financial statements.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

36.8 As per section 4C of Income Tax Ordinance, 2001 introduced through Finance Act, 2022 IBL HealthCare Limited was liable to pay tax at the rate of 4% on the taxable income. The Company challenged the imposition of super tax in Sindh High Court and the Sindh High Court declared the imposition of super tax as inapplicable in tax year 2022. However, following the order of the Supreme Court of Pakistan, the Sindh High Court ordered the encashment of cheque of 4% deposited with the nazir of the Sindh High Court. Presently the matter is pending adjudication before the Supreme Court. Based on the advice of the legal advisor of the Company, the Company expects favorable outcome of the case. The Company's super tax for the tax year 2022 amounts to Rs. 19.78 million.

36.9 Tax year 2019

The amendment for the tax years 2019 was made vide Order dated August 30, 2023 under section 122(1)/(5) of the Ordinance on completion of the audit proceedings where the disallowances of expenses have been made for non-withholding of taxes under Purchases and certain other head of expenses aggregating Rs 2,632.88 million and holding of tax on interoperate Dividend and Super tax under section 4B recoverable involving tax of Rs 487.46 million.

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

	2023	(Restated) 2022
37. BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the year (Rupees '000)	313,710	2,351,638
Weighted average number of outstanding shares at the end of year (in thousands) - note 37.1	390,066	312,053
Basic and diluted earnings per share (Rupees)	0.80	7.54
37.1 Weighted average number of ordinary shares		
Issued ordinary shares as at July 01	312,053	240,041
Effect of number of shares issued	78,013	72,012
Weighted average number of ordinary shares as at June 30	390,066	312,053

37.2 Diluted earnings per share has not been presented as the Group did not have any convertible instruments in issue as at June 30, 2023 and 2022 which would have any effect on the earnings per share if the option to convert is exercised.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

	2023	2022
	-----Rupees '000-----	
38. CASH GENERATED FROM OPERATIONS		
Profit before income tax	1,144,124	3,661,347
Add / (less): Adjustments for non-cash charges and other items		
Depreciation of property, plant and equipment	642,570	544,175
Depreciation of right-of-use assets	9,660	9,660
Depreciation of investment properties	69,903	63,735
Gain on disposal of property, plant and equipment - net	(64,928)	(4,001)
Gain on disposal of investment properties	(7,109)	-
Amortisation	26,799	43,378
Inventory written off	66,768	91,328
Liabilities no longer payable written back	(9,395)	(13,194)
Allowance for impairment of trade receivables	35,000	8,650
Interest on lease liabilities	11,612	14,669
Provision for retirement benefits obligation	13,932	10,018
Government Grant recognised in other income	(9,791)	(39,454)
Amortisation of transaction cost	16,848	16,848
Unwinding of discount on long term borrowing	1,091	68,345
Workers Welfare Fund and Workers Profit Participation Fund	85,624	269,771
Interest on Workers Welfare Participation Fund	22,564	9,492
Interest income	(10)	(238)
Finance cost	3,780,077	2,023,856
Unrealised exchange (gain) / loss		
Balance carried forward	4,691,215	3,117,038

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

	2023	2022
	-----Rupees '000-----	
<i>Balance brought forward</i>	4,691,215	3,117,038
Profit before working capital changes	5,835,339	6,778,385
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Inventories	(1,268,580)	(979,192)
Trade receivables	(4,500,087)	(1,948,552)
Loans and advances	(159,165)	(8,209)
Trade deposits and short-term prepayments	(38,368)	(13,080)
Other receivables	130,021	(870,213)
Accrued markup	-	325
Refunds due from Government - Sales tax	20,042	(306,548)
	(5,816,137)	(4,125,469)
Increase in current liabilities:		
Trade and other payables	4,797,402	253,345
Contract liabilities	39,562	-
	4,836,964	253,345
Cash generated from operations	4,856,166	2,906,261
39. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 15	313,244	230,212
Short-term borrowing - note 25		
Running finance under markup arrangement	(2,586,254)	(2,498,053)
Running Musharaka	(8,651,327)	(6,795,315)
Short term advance	(500,000)	-
	(11,424,337)	(9,063,156)

40. SEGMENT INFORMATION

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

41. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts in respect of remuneration, including all benefits, to the Chief Executive and Executive Director of the Parent Company and Executives of the Group are as follows:

	Chief Executive		Directors		Executives	
	2023	2022	2023	2022	2023	2022
-----Rupees '000-----						
Managerial remuneration	34,004	30,912	17,504	15,913	412,973	344,487
Housing allowance	15,302	13,911	7,877	7,161	185,212	158,158
Utility allowance	3,400	3,091	1,750	1,591	29,323	24,969
Other allowances	1,358	1,358	351	351	57,450	53,455
Benefits	59,584	55,922	18,147	20,824	152,484	118,007
Bonus	5,667	5,152	2,917	2,652	77,565	79,772
Retirement benefits	3,400	3,091	1,750	1,591	37,885	32,510
Others	236	228	180	175	22,631	16,006
	122,951	113,665	50,476	50,258	975,523	827,364
Number of persons	1	1	6	6	142	120

41.1 In addition to the above, the Chief Executive and some of the executives have been provided with free use of the Group maintained cars. Further, medical expenses are reimbursed in accordance with the Group's policies.

41.2 During the year, the Parent Company has paid to five non-executive directors (2022: five) an aggregate amount of Rs. 283 thousand (2022: Rs. 42 thousand) as fee for attending board meetings. During the year, IBLHC has also paid fee to six non-executive directors for attending Board of Directors meetings during the year amounted to Rs. 0.97 million (2022: Rs. 0.63 million).

41.3 Executives as mentioned above include Chief Executive Officers of subsidiary company.

42. TRANSACTIONS WITH RELATED PARTIES

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

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

Nature of relationship	Nature of transactions	2023	2022
		-----Rupees '000-----	
Ultimate Parent Company:			
International Brands (Private) Limited	- Corporate service charges	156,169	261,000
	- Rent income	16,792	15,306
	- Income from provision of amenities	13,779	19,977
	- Dividend paid	208	260,250
	- Expense	3,329	18,760
	- SAP maintenance fee	1,139	1,798
	- Payments made on behalf of company	3,942	5,123
	- Others	8,853	109
Associated Companies:			
IBL Operations (Private) Limited	- Revenue	28,727,899	25,208,574
	- Salaries and wages	6,057	5,856
	- Sales Promotion activities	9,934	138
	- Discounts claimed	829,516	646,984
	- Rental income	7,217	6,874
	- Income from provision of amenities	5,378	8,897
	- Rent expense	67,404	7,647
	- Stock claims	765,704	941,548
	- Advance stock claims paid	-	1,279,855
	- Bonus claims	-	1,524
	- Internet services	311	621
	- Carriage and duties	64,552	41,402
	- Reimbursement of expenses	-	1,969
	- Dividend paid	-	113
	- Shared cost	11,200	2,640
	- Incentives to field force staff	17,784	16,457
	- Merchandise expense	52,534	47,784
	- Rent for warehouse	22,500	121,668
	- Donations	8,913	-
	- Sale of asset	-	6,515
	- Others	6,300	354
United Brands Limited	- Revenue	52,443	64,153
	- Purchase of assets	484	16
	- Others	-	21
IBL Frontier Markets (Private) Limited	- Revenue	-	-
	- Purchases of property, plant and equipment	-	6,942
	- Purchases of property, plant and equipment	5,493	-
	- Reimbursement of expenses	5,372	788
	- Income from provision of amenities	23,821	27,018

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

Nature of relationship	Nature of transactions	2023	2022
		-----Rupees '000-----	
IBL Unisys (Private) Limited	- Rent Income	2,242	2,038
	- Income from provision of amenities	1,567	2,245
	- IT Services	7,519	10,189
	- Purchases	2,094	-
IBL Logistics (Private) Limited	- Carriage and duties	206,918	151,852
	- Repair and maintenance	257	514
	- Discounts claimed	-	12,500
	- Purchases	646	1,920
	- Expenses incurred on behalf of associated company	27,823	21,278
	- Transportation charges	41,946	41,946
United Retail (Private) Limited	- Rent Income	1,161	14,571
	- Income from provision of amenities	-	2,955
	- Salaries and wages	6,963	266
	- Donations	4,935	-
	- Other income	1,603	1,405
	- Expense incurred of associated company	2,017	-
	- Sale of goods	41	-
	- Purchases	1,892	-
Universal Retail (Private) Limited	- Rent Income	30,949	8,316
	- Income from provision of amenities	103,953	60,699
	- Salaries and wages	-	1,542
	- Donations	-	282
	- Purchases of property, plant and equipment	-	2,293
	- Purchases	-	302
	- Expenses Paid by Parent Company	-	1,462
	- Others	1,898	215
AKAR Hospital	- Donations	29,388	9,312
	- Medical charges paid	-	61
Mycart (Private) Limited	- Purchases	-	129
Karachi Relief trust		8,000	-
Rashid Abdullah Foundation		8,500	-
Multinet (Private) Limited	- Internet Services	8,450	5,148
The Hunar Foundation	- Donations	6,000	20,000
Sabaq Learning Foundation			
	- Donations	-	15,000

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

Nature of relationship	Nature of transactions	2023	2022
		-----Rupees '000-----	
Pakistan Stock Exchange Limited	- Listing Fees	-	4,611
The Citizen Foundation	- Donation in kind	10,000	-
Universal Ventures (Private) Limited	- Acquisition of subsidiary	600,000	600,000
	- Deferred payment	260,712	260,712
	- Disposal of land	510,000	-
Prime Health (Private) Limited	- Product sample expense	8,285	8,285
	- Advance given	13,429	13,429
	- Travelling expense	440	-
	- Payments made against advance	1,267	-
Searle IV Solution (Private) Limited	- Purchases	126,475	-
The Indus Hospital	- Donations	-	5,500
Searle Pakistan Limited Provident Fund	- Interest repayment	-	13,887
Staff Retirement Benefit	- Contributions to Provident Fund	222,159	190,203
	- Benefits paid	200,044	275,643
Key management employees compensation:	- Salaries and other employee benefits	429,494	430,015
	- Contributions to Provident Fund	27,503	24,118
	- Director's fee and conveyance	2,765	2,005
	- Sale of goods	66	26
Directors:			
Mr. Adnan Asdar Ali	- Right shares subscribed	-	-
Mr. Rashid Abdulla *	- Right shares subscribed	-	-
Mr. Syed Nadeem Ahmed	- Right shares subscribed	-	-
Mr. Zubair Razzaq Palwala	- Right shares subscribed	-	-
Mr. Ayaz Abdulla	- Right shares subscribed	-	-
Mr. Atta ur Rehman	- Right shares subscribed	-	-
Mrs. Shaista Khaliq Rehman	- Right shares subscribed	-	-
Mr. Mufti Zia ul Islam	- Right shares subscribed	-	-

* The amount has been deposited by Mr. Munis Abdulla -son of Mr. Rashid Abdulla (Late).

42.2 The status of outstanding balances with related parties as at June 30, 2023 is included in the respective notes to the consolidated financial statements. These are settled in the ordinary course of business.

42.3 None of the key management personnel had any arrangements with the Group other than the employment contract.

42.4 Following are the related parties with whom the Group had entered into transactions or have arrangement(s) / agreement(s) in place:

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

S. No.	Company Name	Basis of Association	Aggregate % of Shareholding
1.	International Brands (Private) Limited	Ultimate Parent Company	55.04%
2.	IBL Operations (Private) Limited	Associated Company	N/A
3.	IBL Unisys (Private) Limited	Associated Company	N/A
4.	Multinet (Private) Limited	Common Directorship	N/A
5.	United Brands Limited	Associated Company	N/A
6.	IBL Frontier Markets (Private) Limited	Associated Company	N/A
7.	IBL Pakistan (Private) Limited	Associated Company	N/A
8.	IBL Logistics (Private) Limited	Associated company	N/A
9.	International Knitwear Limited	Associated company	N/A
10.	Arshad Shahid Abdulla (Private) Limited	Close relative of Director	N/A
11.	United Retail (Private) Limited	Common Management	N/A
12.	Universal Retail (Private) Limited	Common Management	N/A
13.	Indus Hospital	Close relative of Director	N/A
14.	AKAR Hospital	Managing Company	N/A
15.	The Hunar Foundation	Common Directorship	N/A
16.	Universal Ventures (Private) Limited	Common Directorship	N/A
17.	The IBL Company (Private) Limited	Common Directorship	N/A
18.	Sabaq Learning Foundation	Common Directorship	N/A
19.	The Searle Company Limited Provident Fund	Retirement Fund	N/A
20.	OBS Pakistan (Private) Limited Provident Fund	Retirement Fund	N/A
21.	Nextar Pharma (Private) Limited Provident Fund	Retirement Fund	N/A
22.	Searle Biosciences (Private) Limited Provident Fund	Retirement Fund	N/A
23.	IBL Healthcare Limited Provident Fund	Retirement Fund	N/A
24.	Prime Health (Private) Limited	Associated Company	N/A
25.	Searle IV Solutions (Private) Limited	Common Management	N/A
26.	Rashid Abdullah Foundation	Common Directorship	N/A
27.	MyCart (Private) Limited	Associated Company	N/A

43. PLANT CAPACITIES AND ACTUAL PRODUCTION

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

44. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

44.1 Financial risk factors

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

- Market risk
- Credit risk
- Liquidity risk

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

Risk management framework

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

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

44.2 Financial assets and liabilities

	2023			2022		
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total
-----Rupees '000-----						
Financial assets						
At amortised cost						
Loans, advances and deposits	438,556	30,915	469,471	392,217	27,927	420,144
Trade receivables	16,443,847	-	16,443,847	11,978,760	-	11,978,760
Accrued markup	420	-	420	1,431	-	1,431
Other receivables	4,757,130	-	4,757,130	4,887,151	-	4,887,151
Short-term investment	115,772	-	115,772	115,772	-	115,772
Bank balances	186,475	-	186,475	185,404	-	185,404
Cash in hand	126,769	-	126,769	44,808	-	44,808
	22,068,969	30,915	22,099,884	17,605,543	27,927	17,633,470
Financial liabilities						
Long-term borrowing	-	5,917,063	5,917,063	-	9,049,521	9,049,521
Trade and other payables	8,922,239	-	8,922,239	4,113,929	-	4,113,929
Lease liability	6,628	78,702	85,330	5,143	87,017	92,160
Unpaid dividend	227,669	-	227,669	196,496	-	196,496
Unclaimed dividend	44,634	-	44,634	45,243	-	45,243
Short-term borrowings	13,651,856	-	13,651,856	9,969,728	-	9,969,728
	22,853,026	5,995,765	28,848,791	14,330,539	9,136,538	23,467,077
On reporting date gap	(784,057)	(5,964,850)	(6,748,907)	3,275,004	(9,108,611)	(5,833,607)
Net financial (liabilities) / assets						
Interest bearing	(13,651,370)	(5,917,063)	(19,568,433)	(9,968,239)	(9,049,521)	(19,017,760)
Non-interest bearing	12,867,313	(47,787)	12,819,526	13,243,243	(59,090)	13,184,153

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

(a) Market risk

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

(i) Interest rate risk

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

At June 30, 2023, the Group has variable interest bearing financial liabilities of Rs. 19.57 billion (2022: Rs.19.02 billion).

Cash flow sensitivity analysis for variable rate instruments

A change in interest rate varied by 200 basis points with all the other variables held constant, profit before income tax for the year would have been approximately Rs. 391.38 million (2022: Rs. 380.380 million) higher / lower, mainly as a result of lower / higher interest expense on floating rate borrowings.

(ii) Currency risk

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

	2023		2022	
	Rupees	US Dollars	Rupees	US Dollars
	------(In 000)-----		------(In 000)-----	
Financial assets:				
Bank Balances	12,461	60	15,225	74
Trade debts	594,975	2,888	530,536	2,575
Financial liabilities				
Trade and other payables	(2,675,773)	(12,989)	(659,951)	(3,204)
Net Exposure	<u>(2,068,337)</u>	<u>(10,041)</u>	<u>(114,190)</u>	<u>(555)</u>

The following significant exchange rates were applicable during the year:

	Reporting date rate	
	2023	2022
	Buying / Selling	Buying / Selling
US Dollars (USD) to Pakistani Rupee	<u>287.10 / 287.60</u>	206 / 205.5

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

Sensitivity analysis

As at June 30, 2023, if the Pakistan Rupee had weakened / strengthened by 2% against US Dollar with all other variables held constant, profit before income tax for the year would have been higher / lower by Rs. 206.83 million (2022: Rs. -11.42 million), mainly as a result of foreign exchange gains / losses on translation of US Dollar denominated trade and other payables, bills payable, trade receivables and cash and bank.

(iii) Price risk

Price risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to individual financial instrument company, its issuer or factors affecting all similar financial instrument traded in the market. The Group has no investment as at June 30, 2023 which is subject to a change in market price.

(b) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparts failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs.20,100 million (2022: Rs. 17,633 million) the financial assets exposed to the credit risk amount to Rs. 21,973 million (2022: Rs. 17,587 million). The carrying values of financial assets are as under:

	2023	2022
	-----Rupees '000-----	
Loans and advances - notes 7 & 11	299,890	266,105
Trade deposits - notes 8 & 12	169,581	154,039
Trade receivables - note 10	16,443,847	11,978,760
Other receivables - note 13	4,757,130	4,887,151
Short term investment - note 14	115,772	115,772
Bank balances	186,475	185,404
	<u>21,972,695</u>	<u>17,587,231</u>

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

Deposits, loans, advances and other receivables are not exposed to any material credit risk as loans and advances mainly relate to supplier advances which will be settled in the ordinary course of business and other receivables mainly pertains to related parties.

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

Bank Name	Rating Agency	Rating	
		Long Term	Short Term
Albaraka Bank Pakistan Limited	VIS	A+	A1
Askari Bank Limited	PACRA	AA+	A1+
Bank Al Falah Limited	PACRA	AA+	A1+
Bank Al Habib Limited	PACRA	AAA	A1+
Dubai Islamic Bank Limited	VIS	AA	A1+
Faysal Bank Limited	PACRA	AA	A1+
Habib Bank Limited	VIS	AAA	A1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
MCB Bank Limited	PACRA	AAA	A1+
Meezan Bank Limited	VIS	AAA	A1+
National Bank of Pakistan	PACRA	AAA	A1+
Soneri Bank Limited	PACRA	AA-	A1+
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	A1+
The Bank Of Punjab	PACRA	AA+	A1+
Mobilink Microfinance Bank Limited	PACRA	A	A1
Summit Bank Limited	VIS	BBB-	A3
JS Bank Limited	PACRA	AA-	A1+
MCB Islamic Bank Limited	PACRA	A	A1
United Bank Limited	PACRA	AAA	A1+
Samba Bank Limited	VIS	A1	AA

Concentration of credit risk

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

(c) Liquidity risk

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

(d) Fair values of the financial instruments

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

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

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

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

	2023			
	Short-term borrowings	Long-term financing	Unappropriated profit	Total
	-----Rupees '000-----			
Balance as at July 1, 2022	9,340,193	9,774,676	14,040,214	33,155,083
<i>Changes from financing cash flows</i>				
Repayment of long-term loan	-	(172,232)	-	(172,232)
Proceeds from long-term loan	-	-	-	-
Dividend paid	-	-	(480,081)	(480,081)
Total changes from financing activities	-	(172,232)	(480,081)	(652,313)
<i>Other changes</i>				
Interest expense	1,962,696	1,703,924	-	3,666,620
Interest paid	(1,611,767)	(1,696,850)	-	(3,308,617)
Unwinding of discount on salary refinancing	-	1,091	-	1,091
Amortization of Transaction Cost	-	16,848	-	16,848
Changes in short-term borrowings	1,664,584	-	-	1,664,584
Total loan related other changes	2,015,513	25,013	-	2,040,526
Equity related other changes	-	-	583,147	583,147
Balance as at June 30, 2023	11,355,706	9,627,457	14,143,280	35,126,443
	2022			
	Short-term borrowings	Long-term financing	Unappropriated profit	Total
	-----Rupees '000-----			
Balance as at July 1, 2021	7,731,750	10,006,586	12,776,023	30,514,359
<i>Changes from financing cash flows</i>				
Repayment of long-term loan	-	(342,920)	-	(342,920)
Dividend paid	-	-	(531,064)	(531,064)
Total changes from financing activities	-	(342,920)	(531,064)	(873,984)
<i>Other changes</i>				
Interest expense	904,562	1,152,935	-	2,057,497
Interest paid	(857,737)	(1,127,118)	-	(1,984,855)
Unwinding of discount on salary refinancing	-	68,345	-	68,345
Amortization of Transaction Cost	-	16,848	-	16,848
Changes in short-term borrowings	1,561,618	-	-	1,561,618
Total loan related other changes	1,608,443	111,010	-	1,719,453
Equity related other changes	-	-	1,795,255	1,795,255
Balance as at June 30, 2022	9,340,193	9,774,676	14,040,214	33,155,083

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

45. CAPITAL RISK MANAGEMENT

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

The debt to capital ratio is as follows:

	2023	2022
	-----Rupees '000-----	
Total borrowings	19,568,919	19,019,249
Cash and bank - note 15	(313,244)	(230,212)
Net debt	<u>19,255,675</u>	<u>18,789,037</u>
Equity	31,676,432	30,691,311
Total capital	<u>50,932,107</u>	<u>49,480,348</u>
Debt to capital ratio	38%	38%

46. MEASUREMENT OF FAIR VALUES

Group engages an independent external valuers to carry out valuation of its non-financial assets (i.e. Leasehold Land, Building, Plant and Machinery, Vehicles and Air-conditioning System) with sufficient regularity and obtains rate from financial institution to value derivative financial instruments. Involvement of external valuers is decided upon by Group. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

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

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

As at June 30, 2023, all financial assets and financial liabilities are carried at amortised cost which is approximate to their fair value. The Group measures the Leasehold Land, Building, Plant and Machinery, Vehicles and Air-conditioning System at fair value and all of the resulting fair value estimates in relation to Leasehold Land, Building, Plant and Machinery, Vehicles and Air-conditioning System of the Company are included in Level 2.

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

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

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

Assets measured at fair value	Date of valuation	Valuation approach and inputs used	Inter-relationship between significant observable inputs and fair value measurement
Revalued property, plant and equipment			
- Leasehold land, building, plant and machinery, vehicles and air-conditioning systems	June 30, 2023	The valuation model is based on price per square meter and current replacement cost method adjusted for depreciation factor for the existing assets in use. In determining the valuations for land and buildings, the valuer refers to current market conditions, structure, current replacement cost, sale prices of comparable land in similar location adjusted for differences in key attributes such as land size and inquires with numerous independent local estate agents / realtors in the vicinity to establish the present market value. The fair valuation of land and building is considered to represent a level 2 valuation based on significant observable inputs being the location and condition of the assets.	The fair values are subject to change owing to changes in input. However, management does not expect material sensitivity to the fair values arising from the change in observable inputs.

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

47. NUMBER OF EMPLOYEES	2023	2022
47.1 Number of employees including contractual employees at year end	3,840	3,508
Average number of employees including contractual employees at year end	3,737	3,409

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

48. LISTING OF SUBSIDIARY COMPANIES

Name of Subsidiary	Financial year end
- IBL HealthCare Limited	June 30
- Searle Pakistan Limited	June 30
- Searle Pharmaceuticals (Private) Limited	June 30
- Searle Laboratories (Private) Limited	June 30
- Searle Biosciences (Private) Limited	June 30
- Nextar Pharma (Private) Limited	June 30
- IBL Future Technologies (Private) Limited	June 30

49. NON-CONTROLLING INTERESTS

Set out below is summarised financial information for each subsidiary that has Non-Controlling Interests (NCI).

Name Of Subsidiaries	IBLHC	NPPL	SPL
Percentage Parent	25.81%	12.80%	9.39%
Total Assets	3,553,727	728,763	19,772,839
Total Liabilities	1,446,603	237,838	7,824,166
Total Comprehensive Income / (loss)	308,963	(119,190)	648,574
Allocated to NCI	79,743	(15,256)	51,724
Accumulated NCI	560,600	66,205	1,164,030
Cash and Cash Equivalents	(194,742)	869	(3,460,312)
Cash generated from / (utilised in)			
- operating activities	27,167	849	(932,045)
- investing activities	(2,956)	(176)	(84,168)
- financing activities	(75,936)	-	(1,075,731)
Dividend paid to NCI	18,094	38,307	38,307

49.1 SPL offered right shares to its existing shareholders (Parent Company) in the Board of Directors meeting held on October 13, 2021. The existing shareholders of the SPL have renounced their right to subscribe to the new shares pursuant to the rights issue and SPL has been approached by various parties who have offered to subscribe to shares of SPL allocated for the IPO process. This amount includes Rs. 900 million from PNO Capital Limited (PNO) to the extent of 66,666,666 ordinary shares of SPL and Rs. 565.40 million from SPARS (Private) Limited (SPARS) to the extent of 41,881,200 ordinary shares of SPL. On August 23, 2022, SPL has issued 66,666,666 and 41,881,200 ordinary shares of SPL to PNO and SPARS respectively. Accordingly shareholding of the Parent Company is diluted.

49.1.1 During the period on August 26, 2022, SPL issued right shares to PNO and SPARS (Private) Limited, leading to the dilution of the Parent Company's holding in SPL from 100% to 90.61%. The effects on the equity attributable to owners of the Parent Company of change in its ownership interest in SPL that do not result in a loss of control is disclosed in note 49.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

50. BUSINESS UNITS - GEOGRAPHICAL LOCATION AND ADDRESSES

Business units	Addresses
Factories	<ul style="list-style-type: none"> - F-319, S.I.T.E Area, Karachi - 32 km Multan Road, Lahore. - E-44 - 45, North Western Industrial store, Port Qasim, Karachi. - C-14, Manghopir road S.I.T.E Karachi - Plot # E-58, North Western Industrial Zone, Port Qasim, Karachi.
Warehouses and storage facilities	<ul style="list-style-type: none"> - Sana Logistics, Survey Number 53-55, Deh Gandpas, Tapo Gabopat, Kemari Town, Taluka & District, Karachi West - Plot No. 21-C, Sector 15/16, Gulshan-e-Mazdoor, Hub River Road, Karachi. - Kotlakpat, Plot No. 131/3, Quaid-e-Azam Industrial Estate, Gate 4, Near Fine Chowk, Kotlakhpot, Lahore - DHL Logistics, 26 - Km Multan road, opposite Maraka PTCL Exchange, Lahore - Raiwind Road, Manga Mandi, Lahore. - Shabab Studio Chung, 19-KM, Multan Road, Lahore. - F-2/Q, PTC Compound, S.I.T.E., Karachi.

51. CORRESPONDING FIGURES

Comparative information has been reclassified and re-arranged in these financial statements, wherever necessary, to facilitate comparison and to confirm with presentation in the current period, having insignificant impact.

- Advance from customer amounting to Rs. 144.69 million previously Classified In trade and other Payable, has been reclassified and shown as separate financial statement line item on statement of financial position.
- Rent rate and taxes amounting to Rs. 8.55 million previously classified in cost of sales, has been reclassified to Distribution costs.

52. SUBSEQUENT EVENTS

52.1 The Board of Directors of the Parent Company in the meeting held on September 28, 2023 has approved the following appropriation:

	2023	2022
	-----Rupees '000-----	
- Issue of 25 bonus shares for every 100 shares (June 30, 2022: 30 for every 100 shares) held	-	780,132

This would be recognised in the Parent Company's financial statements in the year in which such dividend is declared / approved.

52.2 During the year, the Board of Directors of the Parent Company in the meeting held on October 03, 2022, resolved to acquire the 100% shareholding of Steller Ventures (Private) Limited (SVPL) from Universal Ventures (Private) Limited (UVPL) - a related party of the Company. The valuation of SVPL was conducted by KPMG and they arrived at a value of Rs. 3,750 million.

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2023

- 52.3** Subsequent to the year ended June 30, 2023, the shareholders in the extraordinary general meeting of the Company held on July 26, 2023, authorized the Company to acquire 12,100,000 ordinary shares, having face value of Rs. 10 each of SVPL, constituting 100% of the issued and paid up share capital of SVPL from UVPL for an aggregate amount of Rs. 3,750 million. The said transaction will be settled against the receivable from UVPL as disclosed in note - 15, the balance will be settled in cash by UVPL.
- 52.4** Further the Board of Directors of the Parent Company in their meeting held on May 25, 2023, resolved to acquire the 100% shareholding of Searle IV (Private) Limited (Searle IV) from IBL Operations (Private) Limited (IBL Ops) - a related party of the Company. The valuation of SVPL was conducted by KPMG and they arrived at a value of Rs. 3,500 million.
- 52.5** The said transaction has been presented before the shareholders subsequent to the year end, in the extraordinary general meeting held on July 26, 2023, the shareholders authorised the Company to acquire 5,400,000 ordinary shares, having face value of Rs. 100 each of Searle IV, constituting 100% of the issued and paid up share capital of Searle IV from IBL Ops for an aggregate amount of Rs. 3,500 million. The said transaction will be funded from the right issue being offered by the Company subsequent to the year ended June 30, 2023.
- 52.6** Subsequent to the year end, on September , 2023, the IBLHC has announced cash dividends of Re. per share amounting to Rs. million and bonus issue in the ratio of shares for every shares held for the year ended June 30, 2023.

On May 25, 2023, the Board of Directors of the Parent Company has approved to increase the authorized share capital of the Parent Company from 6 billion divided into 600 million ordinary shares of Rs. 10 each to 7 billion divided into 700 million ordinary shares of Rs. 10 each, by the creation of 100 million additional ordinary shares at nominal value of Rs. 10 each to rank pari passu in every respect with the existing ordinary shares of the Company. The said resolution has been presented and approved by the shareholders subsequent to the year end, in the extraordinary general meeting held on July 26, 2023.

53. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were approved and authorised for issue by the Board of Directors of the Parent Company on September 28, 2023.



Chief Executive



Director



Chief Financial Officer

Pattern of Shareholding

As at June 30, 2023

Number of Shareholders		Shareholdings' Slab		Total Shares Held
3,136	1	To	100	99,321
3,841	101	To	500	1,118,035
2,552	501	To	1,000	2,025,168
4,879	1,001	To	5,000	11,925,104
1,445	5,001	To	10,000	10,733,534
464	10,001	To	15,000	5,750,056
276	15,001	To	20,000	4,935,976
184	20,001	To	25,000	4,178,706
95	25,001	To	30,000	2,645,338
76	30,001	To	35,000	2,470,332
67	35,001	To	40,000	2,523,873
54	40,001	To	45,000	2,296,577
54	45,001	To	50,000	2,605,414
24	50,001	To	55,000	1,266,059
34	55,001	To	60,000	1,957,484
20	60,001	To	65,000	1,259,199
17	65,001	To	70,000	1,155,557
12	70,001	To	75,000	881,579
7	75,001	To	80,000	539,515
14	80,001	To	85,000	1,150,690
9	85,001	To	90,000	791,732
8	90,001	To	95,000	742,963
18	95,001	To	100,000	1,785,386
5	100,001	To	105,000	509,969
10	105,001	To	110,000	1,073,380
7	110,001	To	115,000	792,929
6	115,001	To	120,000	703,815
8	120,001	To	125,000	984,352
1	125,001	To	130,000	129,100
3	130,001	To	135,000	396,562
5	135,001	To	140,000	691,098
2	140,001	To	145,000	287,648
5	145,001	To	150,000	738,822
5	150,001	To	155,000	768,844
3	155,001	To	160,000	473,937
4	160,001	To	165,000	649,566
4	165,001	To	170,000	670,201
1	170,001	To	175,000	170,751
2	175,001	To	180,000	354,655
5	180,001	To	185,000	918,330
2	185,001	To	190,000	377,500
2	190,001	To	195,000	381,928

Pattern of Shareholding

As at June 30, 2023

Number of Shareholders	Shareholdings' Slab	Total Shares Held
3	195,001 To 200,000	597,552
3	200,001 To 205,000	610,542
1	205,001 To 210,000	205,576
2	210,001 To 215,000	426,023
2	215,001 To 220,000	436,950
1	220,001 To 225,000	221,770
2	230,001 To 235,000	462,692
1	240,001 To 245,000	241,771
6	245,001 To 250,000	1,491,956
3	250,001 To 255,000	753,861
2	255,001 To 260,000	511,635
3	260,001 To 265,000	790,954
1	270,001 To 275,000	270,905
3	275,001 To 280,000	835,420
1	285,001 To 290,000	287,421
1	290,001 To 295,000	291,710
3	295,001 To 300,000	895,553
1	300,001 To 305,000	304,033
2	305,001 To 310,000	619,427
1	310,001 To 315,000	312,126
3	315,001 To 320,000	951,768
1	350,001 To 355,000	352,375
1	355,001 To 360,000	357,898
1	360,001 To 365,000	362,873
1	365,001 To 370,000	367,658
3	390,001 To 395,000	1,171,909
1	445,001 To 450,000	446,870
2	460,001 To 465,000	927,948
1	480,001 To 485,000	480,406
2	505,001 To 510,000	1,014,891
1	530,001 To 535,000	531,976
1	535,001 To 540,000	538,339
1	555,001 To 560,000	558,135
2	565,001 To 570,000	1,136,233
1	610,001 To 615,000	611,171
1	615,001 To 620,000	616,410
1	635,001 To 640,000	635,992
2	640,001 To 645,000	1,287,204
1	690,001 To 695,000	690,980
1	710,001 To 715,000	710,354
2	715,001 To 720,000	1,438,785
1	785,001 To 790,000	788,218

Pattern of Shareholding

As at June 30, 2023

Number of Shareholders		Shareholdings' Slab		Total Shares Held
1	795,001	To	800,000	799,057
1	820,001	To	825,000	820,991
2	930,001	To	935,000	1,864,846
1	1,015,001	To	1,020,000	1,017,367
1	1,035,001	To	1,040,000	1,036,775
1	1,085,001	To	1,090,000	1,085,132
1	1,155,001	To	1,160,000	1,155,310
1	1,185,001	To	1,190,000	1,186,105
1	1,210,001	To	1,215,000	1,210,247
1	1,360,001	To	1,365,000	1,363,075
1	1,535,001	To	1,540,000	1,539,053
1	1,555,001	To	1,560,000	1,556,551
1	1,690,001	To	1,695,000	1,693,435
1	1,730,001	To	1,735,000	1,730,890
1	1,795,001	To	1,800,000	1,796,817
1	1,895,001	To	1,900,000	1,899,747
1	1,980,001	To	1,985,000	1,981,288
1	2,095,001	To	2,100,000	2,099,578
1	2,735,001	To	2,740,000	2,738,952
1	2,810,001	To	2,815,000	2,813,911
1	3,110,001	To	3,115,000	3,114,118
1	3,140,001	To	3,145,000	3,143,798
1	4,615,001	To	4,620,000	4,619,972
1	4,905,001	To	4,910,000	4,909,477
1	5,080,001	To	5,085,000	5,081,250
1	6,895,001	To	6,900,000	6,899,405
1	7,065,001	To	7,070,000	7,065,350
1	7,550,001	To	7,555,000	7,552,468
1	7,565,001	To	7,570,000	7,566,976
1	206,265,001	To	206,270,000	206,266,657
17,470				390,065,853

Pattern of Shareholding

As at June 30, 2023

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, their Spouse(s) and Minor Children			
MR. ADNAN ASDAR ALI	1	6,073	0.00
SYED NADEEM AHMED	1	6,971	0.00
MR. ZUBAIR RAZZAK PALWALA	1	316,031	0.08
MR. MUNIS ABDULLAH	2	129,137	0.03
DR. ATTA UR RAHMAN	2	49,667	0.01
MRS. SHAISTA KHALIQ REHMAN	2	192,667	0.05
MUFTI ZIA UL ISLAM	1	14,390	0.00
MRS. MAHBOOB KHAN	2	233,750	0.06
	12	948,686	0.24
Associated Companies, undertakings and related parties			
INTERNATIONAL BRANDS LIMITED	3	206,312,425	52.89
IBL OPERATIONS (PRIVATE) LIMITED	1	108,290	0.03
IMPERIAL BRANDS (PRIVATE) LIMITED	1	42,943	0.01
TRUSTEE SEARLE PAKISTAN LIMITED PROVIDENT FUND	1	1,796,817	0.46
UNITED BRANDS LIMITED STAFF PROVIDENT FUND	1	5,911	0.00
IBL OPERATIONS (PRIVATE) LIMITED STAFF PROVIDENT FUND	1	57,775	0.01
MR. ATHAR IQBAL	1	47,937	0.01
MR. TAHIR AHMED	1	22,750	0.01
MR. MOUJOOD UL HASSAN	3	26,063	0.01
MR. M. SAJID HUSSAIN	1	40	0.00
	14	208,420,951	53.43
National Investment Trust & Industrial Corporation of Pakistan			
	-	-	-
Banks Development Financial Institutions, Non-Banking Financial Institutions			
	18	18,978,457	4.87
Insurance Companies			
	16	8,171,439	2.09
Modarabas and Mutual Funds			
	54	13,026,767	3.34
General Public			
a. Local	16,575	85,909,018	22.02
b. Foreign	527	8,467,525	2.17
Foreign Companies			
	36	8,153,665	2.09
Others			
Trust and Funds	48	11,706,922	3.00
Joint Stock Companies	170	26,282,423	6.74
TOTAL	17,470	390,065,853	100.00

Shareholders holding 10% or more shares

	Shares Held	Percentage
*INTERNATIONAL BRANDS LIMITED	214,699,692	55.04

* This includes 8,387,267 shares which are freezed in lieu of 5% withholding tax under section 236M of the Income Tax Ordinance, 2001. The Shareholder has filed a petition against such provision and the case is pending before the Hon'ble High Court.

SEARLE

Proxy Form

The Secretary
The Searle Company Limited
2nd Floor, One IBL Centre, Plot # 1, Block 7 & 8, D.M.C.H.S, Tipu Sultan Road,
Off Shahr-e-Faisal, Karachi-75350

I/We, _____ of _____, shareholder of
The Searle Company Limited, holding _____ ordinary share(s) as per Register Folio No.
/ CDC Account No. _____ hereby appoint _____
_____ of _____ holding CNIC/Passport No. _____, or
failing him/her hereby appoint _____ of _____
holding CNIC/Passport No. _____, as my/our proxy, to attend and vote for
me/us and on my/our behalf at the 58th Annual General Meeting of the Company, to be held on
Friday, October 27, 2023 at 04:30 p.m. and/or any adjournment thereof.

Signed this _____ day of _____ 2023

Witness 1:

Signature: _____
Name: _____
CNIC #: _____
Address: _____

[Signature should agree
with the specimen signature
registered with the Company]

Sign across Rs.5/-
Revenue Stamp

Signature of Member(s)

Witness 2:

Signature: _____
Name: _____
CNIC #: _____
Address: _____

Shareholder's Folio No.: _____
and/or CDC Participant I.D. No.: _____
and Sub-Account No.: _____
Shareholder's CNIC #: _____

Note:

- The member is requested:
 - To affix revenue stamp of Rs.5/- at the place indicated above.
 - To sign across the revenue stamp in the same style of signature as is registered with the Company.
 - To write down his/her/their folio number.
 - Attach an attested photocopy of their valid Computerized National Identity Card/Passport/Board Resolution and the copy of CNIC of the proxy, with this proxy form before submission.
- In order to be valid, this proxy must be received at the registered office of the Company at least 48 hours before the time fixed for the meeting, duly completed in all respects.
- CDS Shareholders or their proxies should bring their original computerized national identity card or passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detailed procedure is given in the notes to the notice of AGM. facilitate their identification. Detailed procedure is given in the notes to the notice of AGM.

SEARLE

AFFIX
CORRECT
POSTAGE

The Company Secretary
The Searle Company Limited
2nd Floor, One IBL Centre, Plot # 1, Block 7 & 8,
D.M.C.H.S, Tipu Sultan Road,
Off Shakra-e-Faisal, Karachi-75350

مختار نامہ (پراکسی فارم)

دی سیکریٹری

دی سرل کمپنی لمیٹڈ

دوسری منزل، ون آئی بی ایل سینٹر، پلاٹ نمبر 1،

بلاک 7 اور 8، شیپو سلطان روڈ، آف شاہراہ فیصل، کراچی۔

میں / ہم _____ ساکن _____ بطور حصص یافتگان برائے دی سرل کمپنی لمیٹڈ، حامل

عام حصص رکھتے ہوئے بمطابق رجسٹرڈ فوئیو نمبر / سی ڈی سی اکاؤنٹ نمبر _____ بذریعہ ہذا

کو، جن کا میری / ہماری پروکسی کے مطابق CNIC / پاسپورٹ نمبر _____

ہے یا ان کی غیر حاضری میں _____ کا تقرر کرتا ہوں / کرتے ہیں، جن کا میری / ہماری پروکسی کے مطابق CNIC /

پاسپورٹ نمبر _____ ہے تاکہ وہ میرے / ہماری طرف سے کمپنی کے 58 ویں سالانہ عام اجلاس میں شرکت کریں اور

اپنی رائے دی / ووٹ کا استعمال کریں جو کہ جمعہ، 27 اکتوبر 2023 یا کسی زیر التوا تاریخ پر ہونے والے اجلاس میں میری / ہماری جانب سے شرکت

کریں گے۔

دستخط شدہ بتاریخ _____ دن _____ ۲۰۲۳ء

گواہ نمبر 1:

(دستخط کمپنی کے پاس رجسٹرڈ نمونہ دستخط
کے مطابق ہونے چاہئیں)

5/- روپے مالیت کے ریونیو
اسٹیپ پر دستخط کریں

ممبر (ممبرز) کے دستخط

دستخط: _____

نام: _____

سی این آئی سی نمبر: _____

پتہ: _____

گواہ نمبر 2:

دستخط: _____

نام: _____

سی این آئی سی نمبر: _____

پتہ: _____

نوٹ:

۱۔ ممبر سے درخواست ہے کہ:

(i) مذکورہ بالا نشان زدہ جگہ پر 5 روپے مالیت کا ریونیو اسٹیپ چسپاں کریں۔

(ii) ریونیو اسٹیپ پر اسی انداز میں دستخط کریں جیسا کہ کمپنی کے پاس رجسٹرڈ ہیں۔

(iii) اپنا فوئیو نمبر نیچے درج کریں۔

(iv) اپنے کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ / بورڈ کی قرارداد پر اسی کے سی این آئی سی کی کاپی پر اسی فارم کے ساتھ منسلک کر کے جمع کریں۔

۲۔ کارآمد ہونے کے لئے یہ ضروری ہے کہ یہ پراکسی کمپنی کے رجسٹرڈ آفس میں اجلاس کے لئے مقررہ وقت سے کم از کم ۳۸ گھنٹے قبل ہر طرح سے مکمل صورت میں جمع کرائے جائیں۔

۳۔ سی ڈی سی شیئر ہولڈرز یا ان کے پراکسی اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ مع پرائیویٹ کاپی ڈی ڈی نمبر ان کے اکاؤنٹ نمبر اپنی شناخت میں سہولت کے لئے ہمراہ لائیں مفصل طریقہ کار سالانہ اجلاس عام کے نوٹ میں درج ہے۔

SEARLE

درست مالیت
کی ڈاک
چسپاں کریں

دی کمپنی سیکریٹری
دی سرل کمپنی لمیٹڈ
دوسری منزل، ون آئی بی ایل سینٹر، پلاٹ نمبر 1،
بلاک 7 اور 8، نیچو سلطان روڈ، آف شاہراہ فیصل، کراچی۔ 75350

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