PTC

PAKISTAN TOBACCO COMPANY

2023

ANNUAL REPORT

OPTIMISM REDEFINED

OPTIMISM REDEFINED

In 2023, while navigating economic uncertainties, our Company underwent significant transformation, adapting to new market and consumer dynamics. "Optimism Redefined" showcases our resolve to leverage challenges and change as a catalyst for innovation.

AWARDS & ACCOLADES

12TH CORPORATE SOCIAL RESPONSIBILITY AWARD

TOP EMPLOYER AWARD 2024

GLOBAL DIVERSITY, EQUITY & INCLUSION BENCHMARK AWARD

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CONSOLIDATED FINANCIAL STATEMENTS

BAT GROUP OVERVIEW

BAT regional profile maximises opportunities for quality growth in our sector. Each of the markets is accountable for its own performance and driving growth.

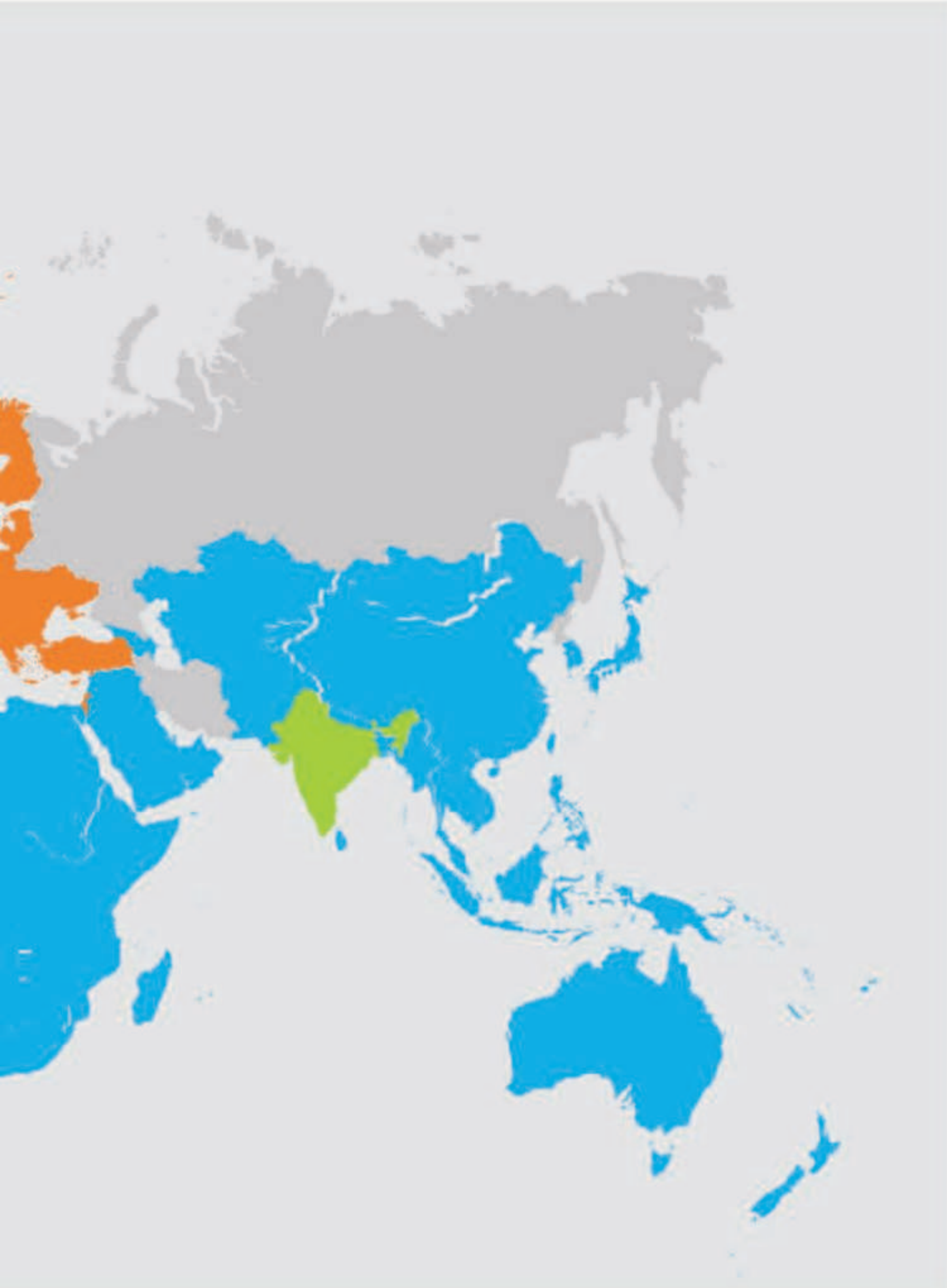
£27,283m

Total revenue

U.S.	£11,994m
AME	£9,791m
APMEA	£5,498m

BAT'S THREE COMPLEMENTARY REGIONS

Map is accurate as at 31 December 2023 and is representative of the general geographic regions and does not suggest that the Group operates in each country of every region.



BAT business is divided into three complementary regions, with a balanced presence in both high-growth emerging markets and highly profitable developed markets.

UNITED STATES OF AMERICA (U.S.)
Key Market
U.S.

AMERICAS AND EUROPE (AME)
Key Market

Belgium, Brazil, Canada, Chile, Colombia, The Czech Republic, Denmark, France, Germany, Greece, Hungary, Italy, Mexico, Netherlands, Poland, Romania, Spain, Switzerland, Ukraine and the UK.

ASIA-PACIFIC, MIDDLE EAST AND AFRICA (APMEA)
Key Markets

Australia, Bangladesh, Japan, Kazakhstan, Malaysia, New Zealand, Pakistan, Saudi Arabia, South Africa, South Korea, Taiwan and Vietnam

ASSOCIATES AND JOINT VENTURES
Key Markets
India

3
REGIONS

135
EMPLOYEE NATIONALITIES

5
MAJOR PRODUCT CATEGORIES

46,000+
EMPLOYEE

BAT STRATEGIC NAVIGATOR

A Better Tomorrow™ - Building a Smokeless World

To deliver on our vision of Building a Smokeless World, our aim is to become a predominantly smokeless business - with 50% of our revenue in Non-Combustible products by 2035. To enable this, we have refined our Group strategy to ensure clear lines of sight across the entire organisation.

Built around the three pillars of **Quality Growth, Sustainable Future** and **Dynamic Business,** our Strategic Navigator outlines the nine priority building blocks that support the achievement of our ambition to Build a Smokeless World. Through these priorities, we will deliver the strategic outcomes against which our performance will be measured.

Our Purpose:
A Better Tomorrow™

Our Vision:
Building a Smokeless World

Our Mission:
To encourage smokers to Switch to Better

Purpose/Vision/Mission

Pillars & Building Blocks

Our Values

Delivering for

Consumers
Society
Employees
Shareholders & Investors

STRATEGIC SUMMARY

Quality Growth

Transitioning to a more balanced focus on top-line and bottom-line delivery, focusing on our brands and innovation, and continuing to seek long-term opportunities Beyond Nicotine.

Sustainable Future

Seeking to actively migrate consumers away from cigarettes and to smokeless alternatives sustainably, responsibly and with integrity.

Dynamic Business

Building a future-fit, data-driven organisation and ensuring we are efficient and effective in all of our operations.

OUR VALUES

We embrace diversity and celebrate our differences

We are curious and safeguard the right to say what you think

We debate constructively yet progress together

We act with integrity to achieve results

We care about our impact on society and our planet

We are thoughtful in our decision making

We understand the consumer better than anyone

We are obsessed with innovation and our brands

We have the courage to test, fail fast, and learn to improve

We equally value "How" and "What", and go the extra mile for success

We prioritise effectively and act like owners of our business

We own our purpose with determination and resilience

We start with trust and believe in each other

We ensure decisions are made at the right level

We understand that empowerment comes with accountability

We pull together as one team, through good and bad

We collaborate beyond borders and functions

We help each other grow and succeed

ABOUT PTC

As a Company, we hold a significant place in the history of Pakistan by being its first multinational. As a subsidiary of BAT Group, we have grown from a single warehouse near Karachi port, to becoming one of the largest Fast-Moving Consumer Goods (FMCG) companies in the country.

By actively designing and implementing cutting-edge agricultural and industrial processes, we have maintained a strong and resilient supply chain and our relentless drive to modernize has resulted in the introduction of innovative concepts and transformative products.

A rich history that spans over decades, today, we find ourselves in one of the most dynamic periods of change our industry has ever encountered. Rapid product innovation, along with advances in societal attitudes and public health awareness, we have seized the opportunity to make a substantial leap forward in our long-held ambition to positively impact the lives of millions of our consumers by providing them reduced risk products*. Through this strategy, we aim to build A Better Tomorrow™ and contribute to the BAT Group strategy of Building a Smokeless World.

Under the guidance of a steadfast commitment to excellence, we have achieved new levels of success through our prized product portfolio, strategic partnerships across crop-to-consumer operations and state-of-the-art manufacturing facilities. We have also garnered recognition for our highly sought-after talent pool. These strengths are what set us apart and have positioned us as a leader in the FMCG industry in Pakistan.

***Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.**

OUR LOCATIONS

02 FACTORIES

Jhelum Factory (Cigarette and Modern Oral Manufacturing Unit)
Akora Khattak (Green Leaf Threshing and Cigarette Manufacturing Unit)

04 REGIONAL LEAF OFFICES

Mardan, Swabi, Buner and Mianwali.

18 LEAF DEPOTS

Shergarh, Jamalgarhi, Sharifabad, Mandani, Azeemabad, Roshanpura, Faujoon, Yar hussain, Firdousabad, Jalbai, Yaqoobi, Baffa, Bherkund, Buner, Chamla, Paikhel, Okara and Kunjah

04 REGIONAL SALES OFFICES

Lahore, Multan, Karachi and Rawalpindi.

17 AREA SALES OFFICE

Quetta, Sukkur, Hyderabad, Nawabshah, Sahiwal, Bhawalpur, Gujranwala, Faisalabad, Peshawar, Jhelum, Sargodha, Karachi, Multan, Lahore, Islamabad, Northern Area and D.G Khan.

9 WAREHOUSES

Islamabad, Gujrat, Lahore, Faisalabad, Multan, Karachi, Hyderabad, Sukkur and Quetta.

CORPORATE INFORMATION

REGISTERED OFFICE

Pakistan Tobacco Company Limited
Serena Business Complex,
Khayaban-e-Suhrwardy
P.O. Box 2549 Islamabad – 44000
T: +92 (51) 2083200, 2083201
F: +92 (51) 2604516
www.ptc.com.pk

BANKS:

Standard Chartered Bank
Deutsche Bank AG
MCB Bank Ltd
Habib Bank Ltd
National Bank of Pakistan
Bank Alfalah Limited
Habib Metropolitan Bank Ltd
Soneri Bank Limited
Citibank N.A.
United Bank Limited
MCB Islamic Bank Limited

COMPANY SECRETARY

Madeeha Arshad Chaudhry
T: +92 (51) 2083200

FACTORIES

AKORA KHATTAK FACTORY
P.O Akora Khattak
Tehsil and District Nowshera
Khyber Pakhtunkhwa
T: +92 (923) 561561-72
F: +92 (923) 561502

JHELUM FACTORY
G.T Road, Kala Gujran, Jhelum
T: +92 (544) 646500-7
F: +92 (544) 646524

AUDITORS

KPMG Taseer Hadi & Co.
6th Floor, State Life Building No. 5, Jinnah Avenue, Blue Area,
Islamabad 44000
T: +92 (51) 2823558
F: +92 (51) 2822671

SHARE REGISTRAR

FAMCO Share Registration
Services (Private) Limited
8-F, Near Hotel Faran,
Nursery
Block 6, P.E.C.H.S.
Shahrah-e-Faisal, Karachi
T: +92 (21) 34380101-5, 34384621-3

REGIONAL AND AREA SALES OFFICES

CENTRAL PUNJAB
REGIONAL SALES OFFICE
200-FF Block, Central Commercial Area,
Phase 4, DHA, Lahore Cantt
T: +92 (42) 35899351-55

AREA SALES OFFICES
The Orion, 2nd Floor, Office # 1,2,3
8-G,7-B Kohinoor City, Faisalabad
T: +92 (41) 8740892-4

G.T Road, Rahwali, Gujranwala Cantt
T: +92 (55) 3864297

SOUTHERN PUNJAB
REGIONAL SALES OFFICE
Office No. 601/602, 6th Floor,
The United Mall, Main Abdali Road,
Multan
T: +92 (61) 4512553, 4585992

AREA SALES OFFICES
House No. 42/3, Tipu Shaheed Road,
Model Town A, Bahawalpur
T: +92 (62) 2877576

House #50 Ganj Shaker Colony
Muhammad Pur Road Sahiwal
T: +92 (40) 4500216-7

Bungalow No. A/31 Akhuwat Nagar,
Shikarpur Road, Sukkur
T: +92 (71) 5807225 – 5807224

NORTH
REGIONAL SALES OFFICE
8th Floor, Amazon Mall
Near DHA Gate-2
GT Road Rawalpindi.
T: +92 (51) 5734207-09

AREA SALES OFFICES
Cigarette Factory, G.T Road, Jhelum
T: +92 (544) 646500-11
F: +92 (541) 646529

MM Plaza, Plot # 110-111, Soni Pura Chak
47 Road, Shaheen Park, Sargodha
T: +92 (48) 3769921

2nd Floor Marina Mall Opposite Chief
Burger Near Abdara Chowk Main
University Road Peshawar
T: +92 (91) 5702649-50

SINDH & BALOCHISTAN
REGIONAL SALES OFFICE
Office No. 903, 9th Floor, Emerald
Tower (Plot No. G - 19), Main Clifton Road,
Clifton Block 5,
Karachi 75600
T: +92 (21) 35147690-94

AREA SALES OFFICES
Office No. 5 & 6, Second Floor, Dawood
Centre, Main Auto Bahn Road, Hyderabad
T: +92 (22) 3813636
Bunglow No. A-17, Housing Society, (Near
SSGC Regional Office), Nawabshah
T: +92 (244) 364463-364458
B-604, 2nd Floor, (Serena Bazar), Serena
Hotel Quetta, Quetta
T: +92 (81) 2832012 – 13

PRODUCT PORTFOLIO

NON-COMBUSTIBLE

VELO

POLAR MINT

BERRY FROST

URBAN VIBE

ELAICHI BLAST

PAAN RUSH

Launched in 2019, our tobacco free alternatives come in 5 flavours varying in nicotine content i.e. 6mg, 10mg, 14mg for Polar Mint and Berry Frost and 10mg for Urban Vibe, Elaichi Blast and Paan Rush.

VUSE

VUSE ZERO NIC
BERRY BLEND AND GRAPE ICE

VUSE GO
BLUEBERRY ICE, WATERMELON ICE, GRAPE ICE, STRAWBERRY KIWI, MINT ICE, MANGO ICE AND CREAMY TOBACCO

VUSE GO MAX
BLUEBERRY ICE, WATERMELON ICE, GRAPE ICE, STRAWBERRY KIWI

Launched in 2023, our nicotine alternative carries a legacy of 10 years with an international quality footprint and is the first legitimate vaping brand to be launched in Pakistan.

COMBUSTIBLE

DUNHILL LIGHTS

DUNHILL SWITCH

DUNHILL SPECIAL

Dunhill, our global drive brand and a true international premium offer, has been leading innovations in the market since its launch in 2008.

JOHN PLAYER
GOLD LEAF CLASSIC

The story of John Player Gold Leaf starts from the story of its founder John Player, who started a small tobacco selling business In 1877 and turned it into a company: John Player & Sons. John Player Gold Leaf is the leading premium offer in the country.

CAPSTAN FILTER

CAPSTAN BY PALL MALL

CAPSTAN INTERNATIONAL

Capstan is our global drive brand and currently the leading & most popular brand in the country.

JOHN PLAYER

Launched in 2018, John Player is the most contemporary aspirational premium brand for the downtrading consumer.

GOLD FLAKE

GOLD FLAKE SOFT CUP

Gold Flake enjoys a rich history and legacy in the market and is still among the most popular offerings in Pakistan.

EMBASSY

Embassy has built its heritage over a number of years & thrives on its brand loyalty.

OUR PEOPLE

We have a remarkable legacy that is powered by exceptional leadership and dedication of our people who are integral to the successful delivery of our aim to create a diverse, equitable and inclusive workplace. We believe in fostering a collaborative environment to stimulate human creativity and ingenuity, with an aim to recruit, train, and reward individuals. We also aim to foster healthy competition to boost productivity and accelerate personal growth through structured learning programs which strengthen leadership abilities that can drive a fit-for-future organization.

BATTLE OF MINDS 2023

This year, we continued the legacy of the Battle of Minds (BOM), an annual competition that has become a hallmark event in the country's academic and business landscape. BOM provides students and recent graduates an opportunity to gain real-world experience, develop entrepreneurial skills, and potentially launch their career in our organization.

15
UNIVERSITIES

170
REGISTRATIONS

81
UNIQUE PITCHES

BOM'23 not only showcased the brightest minds in the region but has also emerged as a key contributor to the organization's Employee Value Proposition (EVP).

This year's competition centered on Environment, Social and Governance (ESG) challenges in Tech, Bio, Energy, and Inclusion, showcasing a commitment to sustainable and ethical business practices. Our dedication to environmental and social responsibility was evident in the rigorous review and mentorship processes of 10 teams, reflecting a holistic approach to fostering innovation aligned with our ESG principles. Out of these 10 competent teams from the semi-finals, **3 reached the local grand finale.** Throughout the competition, dynamic and interactive social media campaigns were launched on various platforms to celebrate BOM externally and internally within our Company.

FUTURE OF WORK

Post pandemic, the future of work took a significant shift with flexible working arrangements taking center stage. In response to the evolving landscape of work-life flexibility and our strong commitment towards people-centric practices, we introduced comprehensive 'Flex' Program.

FLEX WORK
Designed to accommodate the diverse professional and personal needs of our employees. This initiative offers employees the flexibility of working from home on Fridays.

FLEX TIME
This empowers our employees to set their start and end times while ensuring their presence during core business hours, allowing them to effectively meet their objectives and project deadlines.

FLEX CARE
Emphasizes the paramount importance of mental well-being for our employees.

TALENT AND CAPABILITY

Leading Teams and Leading Self: We continue to invest in the development of our employees across all stages of their career, while nurturing a growth mindset. By providing learning & development opportunities, we are committed to developing talent through targeted programs which are crafted to enhance personal effectiveness and equip new line managers with the skills to lead high-performing teams. Our employees also benefit from access to **GRID learning,** which is an online platform tailored to individual learning and over **7300 hours** were clocked this year.

Global Graduate Program: Cultivating future leaders through our program which is designed to groom graduate recruits into prospective leaders of tomorrow.

Accelerate program: This is a year-long capability uplift program for our early-career marketing professionals. It is designed to fast-track career progression by providing exposure via short-term formal attachments with various sub-functions and offering extensive on-job learning. This helps building capabilities and nurturing talent for future mid-career opportunities, upon successful completion of the program.

Catalyst: Another flagship program, consisting of multiple cohorts to spearhead our Company's transformation agenda and create a legacy of disruptive future leaders. The cohorts consist of a diverse and multi-generational group of members spanning across functions and locations with the primary objective of ideation and innovation.

PEOPLE CENTRIC CARE AND COMMITMENT

In 2023, we continuously strengthened our Employee Value Proposition (EVP) to remain an Employer-of-Choice and meet the evolving requirements of our multi-generational workforce.

Throughout the year, we prioritized active benchmarking within our peer group, enabling us to refine our total **rewards and policies** in alignment with the dynamic demands of the environment. These included implementing pay adjustments that surpass industry standards to ensure competitive compensation for our employees. The rewards programs were redesigned to provide a real-time and robust multi-tier recognition mechanism to acknowledge and appreciate employee's contributions including the prestigious **"Building Tomorrow Bonus"** for extraordinary delivery of high-impact critical projects.

We also expanded our fuel coverage across the organization to alleviate the impact of rising fuel costs on our employees. In true spirit of employee wellbeing, we extended support for new parents by increasing the number of **maternity & paternity leave days** for both male and female employees respectively. In certain locations, we introduced transportation support initiatives aimed at ensuring the safety and convenience of our female colleagues.

Aimed to inspire the women in our organization, we collaborated with **global female senior leaders** to learn about their diverse experiences and insights on work-life integration, challenging stereotypes and evolving leadership styles. The discussion empowered women to exude confidence at the workplace, emphasizing the significance of prioritizing personal needs and career goals while providing a secure space to openly address workplace concerns.

We have also established ourselves as a **Talent Export Hub,** serving as a pivotal platform for providing talent to critical roles across the BAT world with several of our home-grown professionals strategically placed in key global positions including two esteemed members contributing on the Management Board. We take immense pride in having exported over 60 employees to feed the talent pool within the BAT Group, with **15 deployments in 2023.**

Furthermore, we reinforced leadership development through initiatives such as the **'Personal Leadership Agenda' (PLA).** This strategic framework is designed to empower leaders by providing a structured platform to define and pursue their individual leadership objectives. By encouraging senior leaders to articulate their unique leadership styles and goals, the PLA not only nurtures their personal and professional growth but also reinforces a shared commitment to the organization's strategic direction.

DIVERSITY, EQUITY AND INCLUSION

Diversity, Equity, and Inclusion (DE&I) are fundamental cornerstones of our organizational culture. We have made significant strides in realizing this vision, empowering our employeee resource groups such as the **D&I Committee, People & Culture Club (P&C), and Women Inclusion Network (WIN)** to drive impactful change. We facilitate open dialogues through diverse engagement channels, including town hall meetings, informal chat sessions, and the global **'Your Voice survey'.**

This year, we piloted **'The Human Deal'** – a program which revolutionizes talent management by promoting agility and honest conversations to address individual needs across various life and career stages. This initiative aims to build an inclusive organizational culture where we truly understand the diverse requirements of employees. The project emphasizes organizational accountability in fostering inclusion and a sense of belonging, enabling employees to align work goals with life goals.

To further strengthen an inclusive culture, we've launched **'Let's Talk'** — an initiative designed to cultivate open dialogue across our organization. Our goal is to facilitate transparent, candid conversations that transcend hierarchical boundaries, involving colleagues from diverse functions, locations, and senior leadership. Through this initiative, we aim to foster a more collaborative environment, propelling us toward becoming a true powerhouse of unified ideas and collective strength.

OPERATIONAL EXCELLENCE

↓ 70%

REDUCTION IN EMISSIONS

(REDUCTION VS BASELINE)

For our Company, embracing Environmental, Social, and Governance (ESG) agenda is a fundamental commitment and serves as our compass, guiding us toward sustainable practices that promote responsible resource management.

At the forefront of our ESG agenda, both our factories have become champions of environmental stewardship. We expanded our site solar footprint to a revolutionary **5.3 MW Solar Park,** the largest in the BAT world. This has not only reduced our carbon footprint by **2,500 tons,** but also symbolizes our profound shift towards renewable energy.

Jhelum Factory's strategic acquisition of Renewable Energy Certificates (RECS) has propelled us into the realm of **100% purchased renewable electricity,** resulting in an impressive 70% reduction in scope emissions compared to the baseline in Jhelum. Simultaneously, Akora Khattak Factory (AKF) has pioneered smart energy management through cutting-edge technologies, achieving a **1% reduction** in site-wide energy consumption.

Water, a finite resource, has become a cornerstone of our conservation efforts. Through **AWS Certification,** we are actively working to reduce freshwater demand by recycling water and optimizing water infrastructure. Effluent treatment plants play a pivotal role in this, ensuring treated water substitutes freshwater in utilities and ancillary services.

We now proudly hold AWS Certification for both our factories, with Jhelum factory setting the precedent as the first Multi-Category AWS certified factory in an end-market.

In waste management, we have not just met but exceeded expectations, becoming the champion of waste management in **APMEA region.** Our integrated waste management system ensures cradle-to-grave traceability, achieving a remarkable **98% recycling rate and less than 1% waste to landfill ratio.**

With Integrated Work System (IWS), an approach based on the principles of continuous improvement, lean management and cross-functional collaboration, Jhelum & Akora Khattak factories embarked a journey for **IWS Phase 3 readiness** this year following the successful certification of the IWS Phase 2 in 2022.

We delivered a record month Mean Time Between Failure (MTBF) of **60 Minute in Jhelum Factory and 95 Minutes in Akora Khattak Factory while delivering an Overall Equipment Effectiveness (OEE) of 83% and 86% respectively.** These results are indicative of strong reliability and maintainability of our systems and equipment and improved product quality.

PIT CREW

The pinnacle of our success lies in the deployment of skilled team, known as the **Pakistan IWS & Technical (PIT) Crew,** to various international markets. PIT Crew has played a critical part in setting the foundation for sustainable transformation and driving value for the business by offering cost effective technical solutions versus 3rd party. Trained to the highest standards, these professionals have served in countries like **Nigeria, Sudan, South Africa, Sri-Lanka, Brazil,** and more. Their mission is to implement and sustain autonomous maintenance practices, thereby contributing to local manufacturing capabilities and building foundation on process stability.

Implementation of autonomous maintenance has been a game-changer. Through in-house technical training and the innovative **"Train the Trainer"** scheme, we have elevated equipment owners' capability and this strategic upskilling has positioned the Company as a leader in driving IWS practices, globally.

DIGITALLY ENABLED OPERATIONS: NAVIGATING INDUSTRY 4.0

Our efforts have integrated key technologies such as **IoT, Business Intelligence, AI, and cloud computing,** aiming to boost efficiency and competitiveness. Noteworthy initiatives in our operations include the adoption of Business Intelligence for in-depth data analysis.

E-Metrica, Digitron, Digital Pillar Board & FDDS dashboard, some of the most concise forms of BI technology enables visibility of possible blind spots in our manufacturing. From analyzing shift wise comparisons and MTBF standard deviations in E-Metrica, to diving deep towards online level 3 tobacco waste monitoring through Digitron: the two scalable applications are driving us on our journey to IWS Phase 3.

To add on to these initiatives, we have also adopted best practices from other end markets, such as the reapplication of Digital Pillar Board from Brazil, which allows better integration between factories. The newly developed FDDS dashboard allows more advanced analysis of factory performance using Power BI.

MODERN ORAL EXCELLENCE

2023 has been a milestone year for our Modern Oral operations. Despite the macro-economic situation in the country, we were able to achieve and sustain operations with **zero carbon emissions** for the full year 2023. The commercial agenda was supported by the introduction of a new format this year which helped expand our domestic portfolio. Project Vertex (Nano line commissioning) was delivered in a record time of 75 days with the help of instantaneous start up, leveraging our expertise of IWS.

In the realm of innovation, VELO factory remained at the forefront, learning, exploring, and implementing cutting edge technology. Current Best Approaches (CBAs) were registered out of which 4 have been re-applicated in other BAT end markets. This together with a **10% increase** in operational efficiency, achieving **80% landmark** made VELO the Center of Excellence (CoE) in BAT Modern Oral world.

Given the remarkable achievements in business and performance growths in 2023, Modern Oral is set to be the exports hub for new categories, and has already opened doors to export possibilities.

QUALITY

Our dedication to Innovations and Improvement is the reason why **"Made in Pakistan"** holds strong reputation in the BAT World. With a lot of exports coming into the picture in 2024, we are confident that we will continue to showcase the quality that defines us.

Modern Oral's expansion with a new production line was guided by a comprehensive approach, involving knowledge sharing, supplier analysis, and meticulous trials aligned with global benchmarks.

Our commitment to quality permeated every facet of our operations, featuring initiatives such as Equata Fest which was used for team capability building, targeted job-specific and loss-linked trainings, as well as an improved product visual inspection regime, and the digitization of consumer and customer complaints systems through Power Apps.

PROCUREMENT

Due to unprecedented economic challenges for the Company with rising inflation, import restrictions and forex devaluation in 2023, we employed advanced purchasing methodologies to mitigate the financial risks to the Company:

Championing Spend involved putting our supplier base at the front and center of our competitive strategy, helping promulgate competitive costing via E-auctions, localization initiatives, forex hedging, agile tail spend management, specification change & source change initiatives.

Accelerating Digitization involved inclusion of complex E-auctions using digital platforms within the procure-to-pay process which resulted in enhanced savings delivery.

Continuous Improvement involved reshaping procurement for better governance and agility through standardized policies, internal and external loss analysis, supplier social audits and paving the way for ESG through supplier Carbon Disclosure (CDP).

ESG INITIATIVES

AFFORESTATION DRIVE

We are committed to keeping sustainability at the front and center of our business through delivering positive social impact and achieving environmental excellence. We are currently running the oldest and largest private sector afforestation program in the country since 1981, and have **6 nurseries** across Pakistan. We have planted and distributed more than **134 million trees and saplings,** hence actively contributing to our natural capital.

We have a partnership program under the umbrella of ESG with the largest non-profit organization of Pakistan - Nation Rural Support Program (NRSP). In the past 12 years of the partnership, we have carried out afforestation drives in the rural communities of Pakistan on the PTC provided saplings. This initiative has enabled us to develop a sustainable wood fuel source. **Approx. 350 afforestation** blocks were developed in collaboration with NRSP and tobbaco farmers.

COMMUNITY DEVELOPMENT: WOMEN TRAININGS (100% COVERAGE)

We not only drive and promote inclusion within our Company, but also extend it out to the communities that we operate in. In 2023, we signed an MOU with NRSP for collaboration on trainings of women who play a key role in agriculture in tobacco growing regions.

This was done not only to appreciate their contributions, but to also empower them. These trainings were custom designed, which included awareness on child health & education, farm safety & kitchen gardening and farm economics.

In 2023, overall coverage of trainings increased massively, and we covered **100% families** of our contracted farmers. We also provided **3000 kitchen gardening packs** to families in these trainings.

1000KVA GENSET SUPPORT

We provided 1000 KVA Genset support for the **Government's lift irrigation scheme** which was out of operation due to extreme power outage. With genset support, **1,000 Ha of land** is being benefited which includes tobacco and other food crops.

SUMMER CAMPS

As part of our 2025 ESG Goals, we are aiming for **ZERO child labour** across leaf supply chain. In 2023, we collaborated with Vision21 Foundation, a non-profit organization with expertise in poverty alleviation and rights awareness, to conduct **30 summer camps across all regions: enrolling 1,844 ambitious learners** to mitigate the risk of underage involvement in tobacco production activities and encourage our farmers on the importance of child education.

Specific modules were presented through positive learning activities involving Science, Math, Arts, Sports, Health & Hygiene.

SUSTAINABLE ENERGY DRIVE: 1ST EVER GREEN ENERGY INITIATIVE

In 2023, we took the first ever green energy initiative through which **20% of tobacco** crop in Punjab region is being irrigated through renewable energy solution i.e. solar power pumps which operate water pumps through clean, sustainable, low-cost technology with low carbon emission.

PILOT YOUTH SKILLS DEVELOPMENT PROGRAM

In 2023, we collaborated with Vision21 Foundation to embark upon running a pilot project at one of the leaf depot in Mansehra. This included capability building in Computer Software, Leadership, and Communication Skills.

The primary objective of the program was to equip the youth with new skills enabling them to earn for their families. Youth Skills Development program remained for **2 months involving 49 participants.**

MOBILE DOCTOR UNITS

Since 1985, we have been providing free of cost medication and consultations to the less privileged sector of the society. In 2021, we expanded our MDUs fleet from 7 to 13 and equipped all the vehicles with leading modern basic health care equipment.
We also expanded our MDUs routes and included 5 new cities i.e. Muzaffarabad, Sargodha, Bahawalpur, DG Khan and Jhang. A total of **150,000 patients** were given free of cost basic health care consultations, treatment, and medication in 12 different districts of KPK & Punjab in 2023.

BIODIVERSITY OPERATING STANDARDS TRAININGS

Our business relies on natural resources such as timber, clean water, and healthy soils to grow and cure tobacco. Conventional agricultural practices can be resource-intensive and, if not managed adequately, may potentially cause deforestation, pollution, environmental degradation, and biodiversity loss.

We are committed to avoiding and reducing impact to forest and natural ecosystems from tobacco supply chain and promoting sustainable agricultural practices. BAT Group's Biodiversity Operational Standard were launched in 2023 and trainings have been conducted in PTC for **100% of leaf team** including field technicians and business partners/stakeholders.

HAZARDOUS WASTE RECYCLING:

Adopting circular economy principles deliver more sustainable products for our consumers, create more efficient operations, and reduce our environmental impact.

We are continuously striving to achieve environmental sustainability through **hazardous farm waste recycling program.**

We encourage farmers to collect empty Crop Protection Agents (CPA) containers and send back to nearest leaf depots for onward recycling by the registered suppliers. Farmers are also incentivized for bringing empty CPA containers to our leaf depots.

In 2023 we have recycled **8 Tons of hazardous** waste collected from **100% of our contracted farmers.**

WATER FILTRATION PLANTS

To combat incidence of waterborne diseases, our Company has built and continues to maintain **27 water filtration plants across 9 districts,** providing safe and clean drinking water to the less privileged sections of the society. Each plant has a capacity to provide 20,000 liters of clean drinking water per day. To ensure the optimal water quality and sustainability of the initiative, a monthly operations and maintenance regime has been established for all 27 water filtration plants.

FARM SAFETY

PTC is leading Sustainable Agriculture in Pakistan where farm safety is one of the paramount requirements at farm level, achieved by inculcating safety mindset in our farmers to ensure safe operations.

During 2023 we provided free of cost Personal Protective Equipment (PPE) to cover 100% of contracted farmers and also ensured usage.

GRIEVANCE HANDLING SETUP

We took the initiative to set up a Toll-free helpline for receiving & registering any grievances related to contracted farmers/farm labour on contracted farms regarding verbal, physical, sexual abuse & harassment or intimidation and discrimination. The system is in place in Punjab and KPK through which they can report issues with human rights or grievances with respect to labor rights.

FARMER LIVELIHOOD

We encourage our farmers to improve their livelihood through income diversification, achieved by productivity enhancement and profitable combination crops. We encourage our farmers to cultivate mushrooms in their barns during off-season to not only cater their healthy nutritious requirements, but also to augment farmer income, thus making them sustainable in the long run.

In 2023, PTC Provided mushroom spawns to over **400 farms.**

BANK TO BANK FARMER PAYMENTS:

With the aim to simplify payments to PTC farmers and move away from manual voucher issuance and reconciliation, we carried out a monumental transition of Bank-to-Bank Payment. In 2022, through extensive engagements with Pakistan Tobacco Board (PTB), approval was taken from the regulator to execute payment migration for farmers from manual vouchers to online system.

We facilitated more than **2000 + farmers** in opening their bank accounts at an expedited pace to ensure timely delivery of payments.

PROJECT AGBOT – DRONE TECHNOLOGY

In-line with our leaf digitization strategy and ESG agenda, we took first of its kind initiative of Crop Protection Agents (CPA) applications using Drone technology. This initiative has the potential to save **30% of CPA** during application & **70% water usage** and in addition, this practice will also ensure safe farm practices with respect to CPA application. This year, we increased Scope of Drone CPA application and achieved **237 Hectares** coverage in 2023 against 150 hectares in 2022.

NEW CATEGORIES TAKE-BACK SCHEME

To manage the challenge of plastic disposal for our new category products, we have a fully running take-back scheme in place across Pakistan, where consumers can dispose their used VUSE devices and VELO cans in a responsible manner. This has helped us further our sustainability agenda in the retail space.

BECOMING A TRULY MULTICATEGORY BUSINESS

Pakistan has experienced an exponential growth in its vaping landscape. Owing to the growth of the vaping category within the country, we launched world's number 1 vaping brand in Pakistan, VUSE.

VUSE carries a legacy of 10 quality years with a strong quality footprint, and an array of premium features and flavors. VUSE is the only and first legitimate vaping brand to be launched in Pakistan, providing our consumers with an alternative source of nicotine through a scientifically substantiated reduced risk product*.

In a saturated market full of new entrants that lacks brands with expertise, we established trust through emotional experience, valued creativity and inspired through tastes and flavours.

This resulted in a stellar launch within 6 largest cities of the country and at **1500 + outlets**. VUSE also went through a truly omni-channel launch, landing a thorough consumer engagement program in the digital and retail space. We ensured agility stays at the core with multiple quick-fire pivots to keep the momentum going for 2023 and beyond.

We aim to ensure that 2024 becomes a beacon for ultimate multi-category delivery and to establish VUSE as the number one vaping brand in the country. Through this, we will continue its legacy of global leadership and encouraging adult smokers to switch to less risky alternatives*

*Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.

MODERN ORAL

At the onset of 2023, the macro-economic difficulties placed significant strain on consumer affordability, leading to a noticeable downturn across critical metrics within our Modern Oral category. To combat this, we engaged with the price-sensitive segment of our traditional consumer base and positioned VELO as a compelling alternative source of nicotine. This strength was further reinforced with the introduction of the new 'Mini' format, providing an enhanced overall experience for users at an even more affordable price point, encouraging adult smokers to switch to less risky alternatives*.

We were able to foster impactful conversations through the creation of compelling contemporary content and VELO was driven by its strategic imperatives and best practices – being consumer obsessed, building powerful brand, portfolio and capability development.

VELO has propelled us as a significant contributor in the Modern Oral (MO) space globally. Within just 3 years, Pakistan has emerged as the largest consumer base and the third largest in terms of volume delivery across the BAT world.

As the year concludes, VELO is going to witness a remarkable 28% increase in its primary volumes, supported by highest ever awareness, trial, active users, and average consumption. This is a testament to our Company's mission of creating A Better Tomorrow™ by encouraging adult smokers to switch to less risky alternatives*.

*Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.

FACTORY MANUFACTURED CIGARETTES (FMC)

2023 started off with a Pack upgrade for Capstan by Pall Mall to strengthen brand belief and imageries. This was followed by the launch of our new brand, Capstan International. We also introduced several Limited-Edition packs which were planned throughout the year for John player Gold Leaf to inject equity and ensure that "Taste of Perfection" remains the symbol for the brand.

These initiatives underscore our commitment to maintaining our position as the leading legitimate market share holder in FMC. For the same, we also conducted various price communication campaigns throughout the year to ensure adherence to pricing standards and to combat counterfeiting.

SUSTAINABLE PACKAGING

In 2023 we introduced recyclable paper in Capstan By Pall Mall, replacing the non-recyclable foil inside the pack. This initiative is planned to be incorporated across our portfolio in 2024.

ILLICIT TRADE

Throughout history, there has been a consistent correlation between illicit trade and irrational increases in the Federal Excise Duty (FED). Due to the market's high sensitivity to prices, a rise in excise results in a widening price gap between legal and illegal cigarettes. Consequently, consumers tend to shift to cheaper, tax evaded products. Even a slight uptick in illicit trade deprives the Government of Pakistan of crucial revenue and disrupts efforts to create a level playing field for all legitimate players.

The Government of Pakistan introduced a Track and Trace system in the tobacco sector from July 2022 onwards. It is unfortunate that only two manufacturers fully implemented the system, whereas other manufacturers delayed implementation on one pretext or the other.

The initiative which aimed to identify tax-paid packs and electronically monitor production volume to combat tax evasion has not been able to yield the desired results, so much so, cigarette packs without stamps are openly being sold in the market. Furthermore, Track & Trace implementation at factories based in AJK is still a distant dream.

Over the last year, a significant increase in the incidence of counterfeit cigarettes has been witnessed across the country. Counterfeit cigarette packs also contain counterfeit stamps affixed on those packs. The legislative framework needs to be amended to increase penalties for those involved in counterfeiting of products generally and specifically counterfeiting of stamps.

Law Enforcement Agencies (LEAs) must not only act against those involved in counterfeiting but must also ensure that those apprehended are convicted and the supply chain of such illegal products is dismantled.

The Inland Revenue Enforcement Network (IREN) carried out a number of raids and seizures during the last year which not only included finished goods but raw materials and key inputs as well.

Enforcement actions need to be expanded in nature and quantum. IREN should pinpoint illicit hotspots and take action against those involved in the trade of untaxed cigarettes. A comprehensive anti-illicit strategy must be formulated to tackle this menace at each and every step.

For effective results, the government must ensure the enforcement of tax laws across the country. Sustained enforcement actions against illicit trade will not only provide a level playing field to legitimate businesses in Pakistan but will also improve confidence in the overall business environment of the country.

BOARD OF DIRECTORS

ZAFAR MAHMOOD

CHAIRMAN AND INDEPENDENT DIRECTOR

Mr. Mahmood holds a master's degree in economics, LL.B. and Post Graduate Diploma in Development Administration from Manchester University, UK. He has served the Government of Pakistan for 38 years in multiple roles including Secretary Textile, Secretary Industries, Secretary Water & Power, Secretary Petroleum & Natural Resources, Secretary Commerce and Secretary Cabinet. He has also served as Chairman, Punjab Public Service Commission, Consul General Istanbul, Vice Chairman Export Promotion Bureau, Secretary Punjab Education Schools. His last assignment was Chairman WAPDA. He joined the PTC Board in 2016. He was re-appointed as Chairman following his re-election to the Board of Directors in April, 2022.

SYED ALI AKBAR

MANAGING DIRECTOR AND CEO

Mr. Akbar joined PTC in 2019 as the Marketing Director, holding a strong legacy with over two decades of multi-faceted experience. He holds extensive experience of working with various multinational corporations and Fortune 500 companies, not just in Pakistan but also the Middle East, North Africa and North America. During his professional journey, he has held various senior leadership roles in General Management, Sales, Marketing, New Business Development, Supply Chain and Mergers & Acquisitions, and has served as a Director in different organizations, both in public and commercial sectors. He embarked on his outstanding career journey as a Management Trainee at Unilever Bestfoods and very quickly grew, taking up senior leadership roles in Engro Corporation, British American Tobacco and the Coca-Cola Company. He has led large and diverse teams in multiple countries with complex business challenges. During his career, he has received various local & global honors for his contributions towards strategic marketing & innovation in notable positions. One of the most coveted accolades he received was in recognition of his ground-breaking strategy of driving innovation at the Coca-Cola company whereby he was presented the Global Award – the Zenith of recognition, by the Chairman & the Board of Directors in 2018. He joined the PTC Board in 2019 and was appointed Managing Director and CEO on March 1, 2021.

WAEL SABRA

NON-EXECUTIVE DIRECTOR

Mr. Wael Sabra holds a Master's degree in Finance from University of Florida and is a Certified Management Account (CMA). He has 20+ years of experience with BAT, since 2003 he has held various key senior positions in the finance function across Middle East, Africa and South Asia. In 2010, he was appointed as Finance Director, Democratic Republic of Congo before moving to South Africa in 2012, where he was assigned to take up the role of Finance Director, Southern African Markets. In July 2014, he moved to Cairo as Finance Director, North Africa Area. In August 2016, he moved to Pakistan as Finance Director, South Asia Cluster and subsequently to Dubai as Finance Director Middle East, South Asia and North Africa. In his 20+ years with BAT, he has been an Executive board member in several BAT operating companies. He was previously appointed to PTC's board in 2016 and served till 2019. He was re-appointed to PTC's board in 2021. He is an Executive board member of BAT Bangladesh. Presently, he is serving as Area Director Asia Pacific Middle East & Africa covering Middle East, South Asia, North Africa, Central Asia & Caucasus.

BOARD OF DIRECTORS

BELINDA ROSS

NON-EXECUTIVE DIRECTOR

Ms. Belinda completed her LLB and B. Com at the University of Otago, New Zealand and is registered as a Barrister and Solicitorin the High Court of New Zealand. Before joining BAT, she has worked as a private practitioner at one of Auckland's leading firms and has also provided advisory services to various New Zealand and South Pacific Businesses. Belinda has 20 years of experience within BAT and has in her previous role led Legal Affairs, Corporate Affairs and Security matters across Asia Pacific and Middle East region as Regional Head of Legal & External Affairs. She has also been a member of the leadership teams of Asia Pacific and Middle East regions and the Global Legal and External Affairs team. She joined the PTC Board in 2019 and was re-elected to the Board in April 2022. Belinda is currently the Global Head of Transformation - Legal and Special Projects, BAT.

FAISAL SAIF

NON-EXECUTIVE DIRECTOR

Mr. Faisal Saif is an accomplished finance professional who started his BAT career as a Management Trainee with Pakistan Tobacco Company in 2001 following completion of his MBA from the Lahore University of Management Sciences. Within PTC, over the years, he undertook various roles in the areas of treasury, manufacturing, internal audit and commercial finance. In 2013, Faisal embarked on his international career with the BAT group as Regional Head of Commercial Finance based in Hong Kong followed by a stint as the Corporate Controller for BAT Indonesia. He then proceeded as Area Finance Director for BAT West & Central Africa based in Nigeria. This was followed by his roles in BAT Indonesia starting in 2020, first as the Finance Director and later as General Manager for the BAT Indonesia business. He currently holds the position of Area Finance Director – Asia Pacific Middle East Africa West since 2022. He joined the PTC Board in 2023.

SYED ASAD ALI SHAH

DIRECTOR LEGAL AND CORA

Mr. Shah has more than 22 years of experience in Pakistan Tobacco Company Limited. He has worked in several managerial roles in different functions in the Company, including Marketing, Supply Chain and Corporate & Regulatory Affairs. He has previously served as the Head of Government Affairs and in August 2018, he was appointed as Director, Legal and External Affairs. He joined the PTC Board in 2019 and was re-elected to the Board of Directors in April 2022. Mr. Shah holds a Master's degree from Cranfield University School of Management.

BOARD OF DIRECTORS

GARY TARRANT

NON-EXECUTIVE DIRECTOR

Mr. Gary Tarrant joined the BAT Group in 2004 in Globe House, United Kingdom and his career at BAT Group includes multiple positions within the Legal & External Affairs department as Head of LEX, Korea & Taiwan Cluster, Head of Commercial Legal UK, Head of Legal West Africa and Legal Counsel for GCC amongst others.

Gary has previously served as the Head of Legal and External Affairs (LEX), Middle East, South Asia and North Africa, a role that he moved into in 2019, and was a member of the Area Leadership Team. In said role, Gary was responsible for leading the Legal and External Affairs team, providing support and advice in relation to all aspects of legal and compliance advice and managing the external affairs team for the BAT Group companies in Middle East, South Asia and North Africa. As of 1st April 2023, Gary was appointed as the Regional General Counsel and Head of Legal & Corporate and Regulatory Affairs, Asia Pacific Middle East Africa. Gary was appointed to PTC's Board of Directors in October 2022.

ASIF JOOMA

INDEPENDENT DIRECTOR

Mr. Asif Jooma began his career in the corporate sector with Lucky Core Industries Limited (Formerly ICI Pakistan Limited) back in 1983. He has 40 years of extensive experience in senior commercial and leadership roles. Following his early years with the Company in Pakistan, the UK, and subsequently, Pakistan PTA Limited, he was appointed Managing Director of Abbott Laboratories Pakistan Limited in 2007. After serving there for nearly six years, he returned to Lucky Core Industries Limited (Formerly ICI Pakistan Limited) as Chief Executive in February 2013.

Mr. Jooma has previously served as the President of the American Business Council, President of the Overseas Investors Chamber of Commerce and Industry (OICCI) and Chairman of the Pharma Bureau. He has also served as a Director on NIB Bank Limited, Engro Fertilisers Limited, National Bank of Pakistan, Systems Limited and Director and Member Executive Committee of the Board of Investment (BOI) – Government of Pakistan. He currently serves on the Board of Pakistan Tobacco Company Limited and International Industries Limited as an Independendent Director and is a nominee Director of Nutrico Morinaga Pvt Limited.

Additionally, Mr. Jooma is on the Board of Governors of the Lahore University of Management Sciences (LUMS) and a Trustee of the Duke of Edinburgh's Awards Programme, whilst previously also serving on the Board of Indus Valley School of Art and Architecture (IVSAA). He himself graduated cum laude from Boston University with a Bachelor of Arts in Development Economics and attended Executive Development programmes at INSEAD and Harvard Business School thereafter.

USMAN ZAHUR

NON-EXECUTIVE DIRECTOR

Mr. Usman Zahur joined Pakistan Tobacco Company Limited (PTC) as a Management Trainee in 1997. During his career in BAT, he has acquired extensive global experience in various Marketing positions in Brands, Trade and SP&I in markets across Africa Middle East, Europe, South Asia and Asia Pacific, amongst others. He returned to Pakistan in 2017 as the Area Marketing Director for South Asia Cluster and in 2019, he was appointed as the Managing Director & Chief Executive Officer of Pakistan Tobacco Company Limited and also joined the Board of Directors as an executive director. From 1st March 2021, Usman was moved to the role of Area Director, Asia Pacific Area (APA) based out of Hong Kong. He re-joined the Board of Directors in 2022. Following his stint as Area Director, Asia Pacific Area (APA), Usman was appointed Area Director, Central Europe in 2023 and is based out of Hamburg, Germany.

BOARD OF DIRECTORS

LT. GENERAL NAJIB ULLAH KHAN (RETD)

INDEPENDENT DIRECTOR

Lt. General Najib Ullah Khan (Retd) served in Pakistan Army for 35 years. A graduate of Military College of Engineering, Staff College Camberley (UK) and the National Defense University, he had an illustrious career in Army. During his commendable service to the country, he served as the Quarter Master General and Engineer in Chief. He Commanded a Strike formation in Kharian and was also Director General, Frontier Works Organization. Post his retirement from Pakistan Army, he served as the Vice Chairman and Managing Director of the Army Welfare Trust. Currently He serves on the board of Cadet College Hasanabdal and Himalayan Wildlife Foundation. He joined the PTC Board in 2022.

MOHAMMAD RIAZ

INDEPENDENT DIRECTOR

Mr. Mohammad Riaz holds a master's degree in Development Economics from Williams College, Massachusetts, USA with a post graduate diploma in Mathematics and Economics from University of Colorado, Boulder, USA. He also has a master's degree in Defense and Strategic Studies from National Defense University Islamabad. He has over 36 years' experience and has held senior level jobs in various ministries and departments of Government of Pakistan both within and outside the country. His jobs involved policy making, diplomacy, negotiations of trade, customs, finance, investments and economic related laws and rules. He has served in the Federal Board of Revenue, the Prime Minister's office, and the National Assembly Secretariat. He was Trade and Commercial Counsellor in the embassy of Pakistan Paris, France and also remained as Counsel General Istanbul, Turkey. He has served on the Board of State Bank of Pakistan as a Director and also served as Member of the Monetary Policy Committee. His last assignment was as Secretary of the National Assembly of Pakistan before he joined the PTC Board in 2019. He was reelected to PTC's Board of Directors in April, 2022 and is the Chairman of the Audit Committee.

SYED MUHAMMAD ALI ABRAR

FINANCE & IT DIRECTOR

Mr. Ali Abrar is a seasoned Finance professional with a strong drive for results and a passion for talent development. Ali joined British American Tobacco in 2005 in Pakistan and went on to hold leadership positions in several markets, including Head of Finance for BAT Global Business Services Malaysia, Finance Director roles for BAT in Papa New Guinea, Iran, Sri Lanka and most recently, as Area Finance Controller of APMEA West. During his career with BAT, Mr. Ali has been instrumental in driving transformational initiatives in line with group's priorities, navigating businesses to deliver excellent results under challenging external environment while continuously investing in the people, building a strong talent pipeline for the future. He has been appointed as Executive Director and Chief Financial Officer/Finance Director of Pakistan Tobacco Company with effect from 1st December 2023. In the new role, his rich experience will be pivotal in enabling the sustained growth of the Pakistan business.

COMMITTEES OF BOARD

The Board has four sub-committees, which assist the Board in the performance of its functions.

EXECUTIVE COMMITTEE

The Executive Committee of the Board (ExCo) comprises of Executive Directors of the Company and heads of functions. The ExCo drives the day-to-day management of the Company in order to achieve the strategic targets set by the Board of Directors.

SYED ALI AKBAR
MD & CEO

SYED ASAD ALI SHAH
LEGAL AND CORA DIRECTOR

UZAIR QAZI
HEAD OF MARKETING

SYED MUHAMMAD ALI ABRAR
FINANCE & IT DIRECTOR

FAIZA IMTIAZ
HEAD OF HUMAN RESOURCES

RODRIGO NUNES
OPERATIONS DIRECTOR

MADEEHA ARSHAD CHAUDHRY
COMPANY SECRETARY

MATTERS DELEGATED TO THE MANAGEMENT

It is the responsibility of management to conduct the routine business operations of the Company in an effective and ethical manner in accordance with the strategies and goals approved by the Board and to identify the key risks and explore the key opportunities which could impact the Company in the ordinary course of execution of its business.

Management is also responsible to keep the Board members updated regarding any changes in the operating environment. It is also the responsibility of management, with the oversight of the Board and its Audit Committee, to prepare financial statements that fairly present the financial position of the Company in accordance with applicable accounting standards and requirements of the Companies Act, 2017.

BOARD OF DIRECTORS

During the year 2023, five meetings were held on February 23, May 02, July 26, October 25 and December 19. Attendance of members is as follows:

MEMBERS	ATTENDANCE
Mr. Zafar Mahmood *Chairman*	5/5
Syed Ali Akbar *Managing Director and CEO*	5/5
Syed Asad Ali Shah *Director Legal and CORA*	5/5
Kelly Burtenshaw *Director Finance & IT (resigned w.e.f 30-11-2023)*	4/5
Syed Muhammad Ali Abrar *Director Finance & IT (joined w.e.f 01-12-2023)*	1/5
Belinda Joy Ross *Non-Executive Director*	5/5
Mohammad Riaz *Independent Director*	5/5
Asif Jooma *Independent Director*	5/5
Wael Sabra *Non-Executive Director*	5/5
Usman Zahur *Non-Executive Director*	2/5
Lt. Gen (R) Najib Ullah Khan *Independent Director*	5/5
Gary Tarrant *Non-Executive Director*	4/5
Oliver Engels *Non-Executive Director (resigned w.e.f. 11-04-2023)*	1/5
Faisal Saif *Non-Executive Director (joined w.e.f. 12-04-2023)*	4/5

AUDIT COMMITTEE

During the year 2023, four meetings were held on February 23, May 02, July 26 and October 25. Attendance of its members is as follows:

MEMBERS	ATTENDANCE
Mohammad Riaz *Independent Director*	4/4
Asif Jooma *Independent Director*	4/4
Lt. Gen (R) Najib Ullah Khan *Independent Director*	4/4
Belinda Joy Ross *Non-Executive Director*	4/4
Wael Sabra *Non-Executive Director*	4/4

HUMAN RESOURCES & REMUNERATION COMMITTEE MEETINGS

In 2023, one meeting was held on October 25. Attendance of its members is as follows:

MEMBERS	ATTENDANCE
Mohammad Riaz *Independent Director*	1/1
Asif Jooma *Independent Director*	1/1
Lt. Gen (R) Najib Ullah Khan *Independent Director*	1/1

SHARES TRANSFER COMMITTEE

In 2023, ten meetings were held. Attendance of its members is as follows:

MEMBERS	ATTENDANCE
Syed Ali Akbar *Managing Director and CEO*	7/10
Syed Asad Ali Shah *Director Legal and CORA*	10/10
Kelly Burtenshaw *Director Finance & IT (resigned w.e.f 30-11-2023)*	7/10
Syed Muhammad Ali Abrar *Director Finance & IT (joined w.e.f 01-12-2023)*	1/10

SUB COMMITTEES OF EXCO

1. GOVERNANCE COMMITTEE

In 2023, ten meetings were held. Attendance of its members is as follows:

MEMBERS	ATTENDANCE
Syed Ali Akbar	7/10
Syed Asad Ali Shah	9/10
Kelly Burtenshaw *(Resigned w.e.f. 30-11-2023)*	9/10
Syed Muhammad Ali Abrar *(Joined in December 2023)*	1/10
Sayeed Salam *(Left in November 2023)*	7/10
Faiza Imtiaz	6/10
Rodrigo Nunes	4/10
Uzair Qazi *(Joined in December 2023)*	1/10
Madeeha Arshad Chaudhry	9/10

2. COMMERCIAL COMMITTEE

In 2023, twelve meetings were held. Attendance of the Executive Committee members is as follows:

MEMBERS	ATTENDANCE
Syed Ali Akbar	10/12
Syed Asad Shah	7/12
Kelly Burtenshaw *(Left in November 2023)*	11/12
Syed Muhammad Ali Abrar *(Joined in December 2023)*	1/12
Sayeed Salaam *(Left in November 2023)*	11/12
Faiza Imtiaz	7/12
Uzair Qazi *(Joined in December 2023)*	1/12

3. ESG COMMITTEE

In 2023, two meetings were held. Attendance of the ESG Committee members is as follows:

MEMBERS	ATTENDANCE
Syed Asad Ali Shah	1/2
Faiza Imtiaz	2/2
Rodrigo Nunes	2/2

TOR'S OF BOARD COMMITTEES

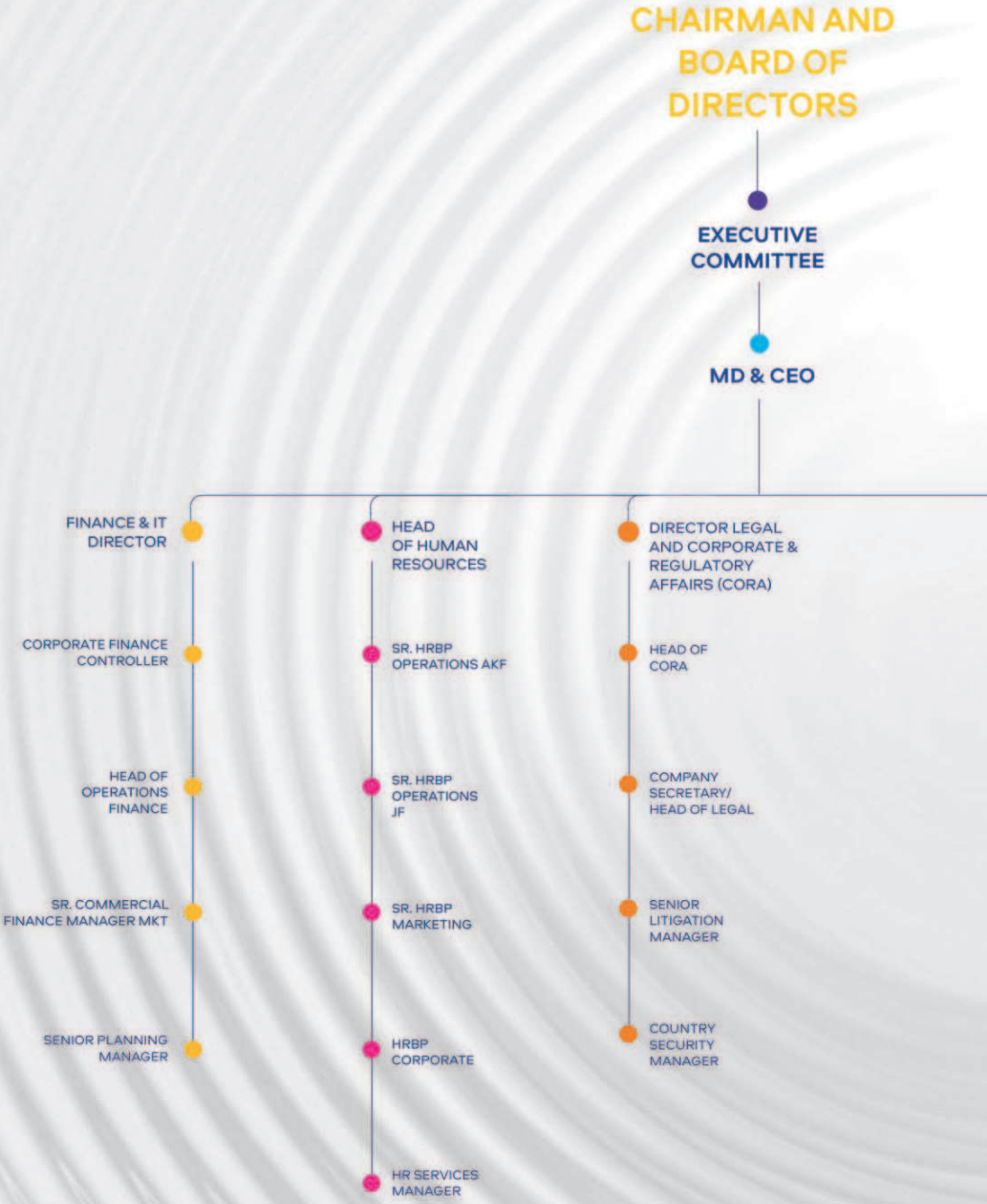
COMMITTEE	FUNCTIONS
AUDIT COMMITTEE	The Audit Committee functions within the scope of the terms of reference approved by the Board, which sets out the roles and responsibilities of the Committee in line with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The roles and responsibilities of the Audit Committee include: • Seeking assurance on the measures taken by the management in identification, evaluation and mitigation of relevant business risks. • Reviewing quarterly, half-yearly and annual financial statements of the Company and preliminary announcements of results before approval by the Board and publication. • Reviewing the Company's statement on internal control systems, prior to their approval by the Board. • Ascertaining that the internal control systems including financial and operational controls, accounting system and reporting structure, are adequate and effective. • Monitoring compliance with the best practices of corporate governance and instituting special projects and investigations on matters deemed appropriate by the Committee or desired by the Board. • Reviewing and approving the scope and extent of internal audit, including the annual Internal Audit Plan, and regularly monitoring the progress of the internal audit engagements.
HUMAN RESOURCE & REMUNERATION (HR&R)	The Committee is responsible for: • Recommending human resources management policies to the Board; • Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the MD&CEO; • Recommending to the Board, the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit; and • Consideration and approval on recommendations of MD&CEO on such matters for key management positions who report directly to MD&CEO or COO.
SHARE TRANSFER COMMITTEE	The Committee is responsible for dealing with the day-to-day matters relating to the shares of the Company.
EXECUTIVE COMMITTEE OF THE BOARD (ExCo)	The Executive Committee of the Board (ExCo) is the central working nucleus of the organisation. Comprising of Executive Directors and Heads of Departments of the Company, the ExCo drives the day-to-day management of the Company to achieve the strategic targets set by the Board of Directors.

TOR'S OF BOARD COMMITTEES

SUB COMMITTEES OF THE ExCo

COMMITTEE	FUNCTIONS
GOVERNANCE COMMITTEE	The Governance Committee Meeting (the Committee) is a sub-committee of the Executive Committee (ExCo) for Pakistan Tobacco Company Limited (PTC). The objective of the Committee is to assist the PTC ExCo to discharge their corporate governance responsibilities to exercise due care, diligence and skill in relation to: • achievement of PTC goals within an appropriate framework of internal control and risk management; • process simplification with empowered teams leading to smarter and faster decision making; • internal control system; • risk management and analysis; • business policies and practices; • compliance with the SoBC standards and policies; • compliance with applicable laws and regulations; and • monitoring and controlling of business and other risks While recognizing that the primary responsibility for corporate governance resides with the Board, it has been delegated to the Committee, which has a representation of the ExCo and their direct reports. The Committee does not replace or replicate established management responsibilities and delegations or the reporting lines and responsibilities of internal audit or external audit functions and nor does the delegation to the Committee fragment or diminish the responsibilities of the Board as a whole.
COMMERCIAL COMMITTEE	The committee is also sub- committee of ExCo. The objective is to assist the ExCo in reviewing key business metrics on monthly basis which include market overview, current business performance, proposed plans, financial performance, latest estimates, operational performance and supply plans. The commercial forum is responsible for the following • Seamlessly drive the commercial agenda for PTC • Monitor progress and facilitate delivery for ongoing projects and workstreams (Star Charts) • Provide organizational support to and approval for ongoing projects • Operational decision making and business cases for key projects and budgetary approvals • Detailed PIRs of completed projects • Necessary Escalations and approvals if required for ASOP and ALT Commercial This is an approving forum for all budgets for business plans as per the SoDA governance.
ESG COMMITTEE	The ESG Committee (the Committee) is a sub-committee of the Executive Committee (ExCo). The objectives of the Committee are to drive excellence in environmental management, delivering a positive social impact and ensuring robust corporate governance. Committee ToRs: • Achieving the BAT Group's Environmental, Social & Governance targets • Ensure ESG goals and targets are met at the specified time • Review and approve proposals of new initiatives to meet targets and goals • Performance evaluation of initiatives through measurable KPIs • Performance evaluation and effectiveness of community investments

ORGANISATION CHART




HEAD OF MARKETING
HEAD OF TRADE MARKETING & DISTRIBUTION
HEAD OF CONSUMER EXPERIENCE
SR. BRAND DEPLOYMENT MANAGER
DIRECTOR OPERATIONS
FACTORY MANAGER JF
FACTORY MANAGER AKF
ENGINEERING MANAGER PK
SUPPLY CHAIN MANAGER
ESG MANAGER PK

STANDARDS OF BUSINESS CONDUCT AND ETHICAL PRINCIPLES

BUSINESS ETHICS & ANTI- CORRUPTION MEASURES

The Company is committed to operate the business fairly and ethically in line with applicable laws. Conducting business ethically and with integrity entails avoiding all forms of corrupt practices. As an organisation we have a "zero tolerance" approach to corrupt practices and in no circumstances will such conduct be tolerated. The Company's Standards of Business Conduct (SoBC) form the framework for the Company's comprehensive compliance program. The Company ensures all employees across various levels of the organisation understand and uphold the SoBC. In order to ensure corporate sustainability, the Company further stresses and encourages its contractors, agents, or consultants, to act consistently with the SoBC by applying similar standards within their own organisations.

WHISTLEBLOWING

Any employee of the Company who suspects a wrongdoing at work is strongly encouraged to report such wrongdoing through the whistleblowing procedure. The Company's whistleblowing Policy (Speak Up Policy) gives employees (and third parties) trust and confidence in how their concerns will be treated. The Speak Up policy allows employees (and third parties) to report their concerns on any breach of the SoBC.

The actions that can be reported include (among others):

- Criminal Acts including theft, fraud, bribery, corruption and violation of sanctions
- Putting Health or Safety at Risk
- Environmental Damage
- Bullying, Harassment or Disrespect at the Workplace
- Accounting Malpractices
- A miscarriage of Justice
- Concealing any of the above Wrongdoing
- Causing others to commit any of the above

The Speak Up Policy ensures the highest level of confidentiality for those who speak up and the investigation process. Additionally, in order to encourage people to speak up, the Speak Up Policy also mandates no reprisal against the individual (who may also report the concern anonymously). All employees of the Company are made aware of the Speak Up Policy and the safeguards it provides to those who speak up.

The various avenues for raising concerns are provided below:

INFORMAL REPORTING:

Voice concern(s) with line manager or any other senior manager.

FORMAL REPORTING:

Report the matter formally for investigation with line manager or any of the designated officer(s) either verbally or in writing.

DESIGNATED OFFICER(S):

Referred to by the individual directly or by the line manager for investigation but matter is kept confidential and investigated as such.

ANONYMOUS REPORTS:

Individuals may raise concerns anonymously.

REPORTING A WRONGDOING:

If someone has a concern they wish to raise, they may write to any of the Designated Officers or contact them via telephone or fax.

THE DESIGNATED OFFICERS ARE:

Director Legal and CORA

Company Secretary

Legal Manager

NUMBER OF INCIDENCES REPORTED IN 2023:

36 whistle blowing incidences were reported in the said year.

INVESTORS' GRIEVANCE POLICY

The Company provides on its website a direct email address, as well as a postal address, on which investor complaints and/or grievances can be communicated directly to the Company Secretary. As a means of redressal against any complaints/grievances that the Company may not have addressed, the Company website also stipulates that contact can be made with the Securities and Exchange Commission of Pakistan for the same.

SOCIAL AND ENVIRONMENT

RESPECT IN THE WORKPLACE:

All Company employees must treat all of their colleagues and business partners inclusively, with dignity and with respect. The Company is committed to maintaining a workplace free from bullying, intimidation and/or harassment.

HUMAN RIGHTS AND THE COMPANY'S OPERATIONS:

The Company is committed to ensuring that its operations are always conducted in a way that respects the human rights of its employees, the people it works with and the communities in which it operates. The Company's due diligence procedures enable it to monitor the effectiveness of, and compliance with, its policy commitments and its Supplier Code of Conduct, as well as to identify, prevent and mitigate human rights risks, impacts and abuses.

HEALTH, SAFETY & WELFARE:

The Company places a high value on the health, safety and welfare of its employees, and are committed to providing a safe working environment, to prevent accidents and injury, and to minimise occupational health risks.

ENVIRONMENT:

The Company is committed to excellence in environmental management across its business operations and throughout its supply chain and compliance with applicable environmental laws and regulations.

PERSONAL AND BUSINESS INTEGRITY

CONFLICTS OF INTEREST:

A conflict of interest will arise in any situation where an employee's position or responsibilities within the Company presents an opportunity for him/her or any close relative to obtain a personal gain or benefit (apart from the normal rewards of employment), or where there is a scope for them to prefer their personal interests, or those of any close relative, above their duty to act in the best interests of the Company.

ACTUAL AND PERCEIVED CONFLICTS OF INTEREST:

It is a part of the Company's SoBC that all employees must avoid situations where their personal interests might, or might appear to, be in conflict with the interests of the Company. In the case of any Board member of the Company, disclosures are made to, and approval is sought from, the Board of the Company at its next meeting and the decision is recorded in the minutes. The Company Secretary is responsible for maintaining the 'conflicts log' of the Board of Directors of the Company.

ANTI-BRIBERY AND CORRUPTION:

Corruption causes distortion in markets and harms economic, social and political development, particularly in developing countries. It is wholly unacceptable for the Company and its employees to be involved or implicated in any way in corrupt practices. The Company applies similar standards on the third parties it works with and ensures they have in place policies like Supplier Code of Conduct and Third Party Anti Financial Crime Procedure.

GIFTS AND ENTERTAINMENT:

The exchange of entertainment and gifts with business partners can build goodwill in business relationships and, within limits, is perfectly acceptable. However, some gifts and entertainment can create improper influence (or the appearance of improper influence) and might even be seen as bribes. The Company's Gifts and Entertainment Policy prohibits giving and receiving of such gifts that may create any improper influence.

EXTERNAL STAKEHOLDERS

COMMUNITY INVESTMENT:

The Company recognizes the role of business as a corporate citizen and the Company works towards supporting local communities and charitable projects. It thus has in place a comprehensive policy framework for Community Investment.

CORPORATE ASSETS & FINANCIAL INTEGRITY

ACCURATE BOOKS AND RECORDS:

Honest, accurate and objective recording and reporting of information, both financial and non-financial, is essential to the Company's credibility and reputation, its ability to meet its legal, tax, audit and regulatory obligations and informing and supporting business decisions and actions by the Company.

PROTECTION OF CORPORATE ASSETS:

Employees are responsible for safeguarding and making appropriate use of the Company assets which they are entrusted with in order to do their jobs and meet the Company's business objectives.

DATA PRIVACY, CONFIDENTIALITY AND INFORMATION SECURITY:

The Company is committed to handling personal data responsibly, in compliance with privacy laws and the global minimum standard of governance. The employees must protect and maintain the confidentiality of all commercially sensitive information, trade secrets and other confidential information relating to the Company and its business.

INSIDER DEALING AND MARKET ABUSE:

The Company is committed to supporting fair and open securities markets. Accordingly, employees are prohibited from dealing on the basis of insider information or engaging in other forms of market abuse.

NATIONAL AND INTERNATIONAL TRADE

COMPETITION AND ANTI-TRUST:

The Company believes in free and fair competition. The Company requires its employees to compete fairly and ethically and within the framework of applicable 'competition' laws (or 'anti-trust' laws, as they are known in certain countries).

SANCTIONS AND EXPORT CONTROLS:

Various sanctions regimes exist throughout the world, ranging from comprehensive economic and trade sanctions to more specific measures such as arms embargoes, travel bans and financial or diplomatic restrictions. Economic and trade sanctions impact the business of the Company by restricting the extent to which they can operate within certain jurisdictions. The Company is committed to upholding all lawful sanctions regimes.

ANTI-ILLICIT TRADE:

The Company engages only in lawful trade in its products and maintains controls to prevent and deter illicit trade in its products. Illicit trade, involving smuggled or counterfeit products, harms the business and devalues the Company's brands.

TAX EVASION AND ANTI-MONEY LAUNDERING:

Money laundering involves the possession of, or any dealing with, the proceeds of criminal activity. It includes the process of concealing the identity of illegally obtained money so that it appears to have come from a lawful source. The Company does not condone, facilitate or support tax evasion and money laundering and requires its employees to abide by its anti-money laundering policy.

RECORDS AND INFORMATION MANAGEMENT POLICY

The Company has in place formal Records Management and Information Security Policies. Records Management Policy defines Company's Critical Records and their mandated retention periods considering the Company's legal audit and tax obligations in addition to business needs. Both policies not only ensure that critical records are properly saved and archived but their security is also uncompromised. For electronic records, backups are maintained and for hard records, the Company has its own offsite "Records Storage" where critical records with longer retention period are kept safely.

Updated version of Standards of Business Conduct was introduced effective 1 January 2024 to maintain pace with the dynamic external environment and ensure it meets legal and regulatory expectations.

CHAIRMAN'S REVIEW

2023 PERFORMANCE

The year presented a unique array of macroeconomic challenges for the industry to navigate. Central Bank foreign exchange reserves hit a historic low, leading to a 24% currency devaluation, while inflation reached a record 30.9% for the calendar year. These were coupled with industry specific headwinds i.e., severe leaf crop shortage and an excise increase of almost 200% during fiscal year 2022/23 leading to a widening price gap between the legitimate industry and duty-not-paid ("DNP") manufacturers. The result has been a substantial shift in consumption from the former to the latter, creating a sustainability crisis for the legitimate industry. Implementation of the Track and Trace System ("T&TS") by all industry players continues to remain a challenge. The partial implementation of T&TS by the industry, complemented by sporadic enforcement has made the initiative unsuccessful in terms of achievement of its intended objectives.

Navigating through these obstacles, PTC continued its journey to enhance value for its stakeholders. The Company grew within the legitimate sector by 1.5% leading to highest ever share of 80% while also delivering an EPS growth of 35.8%. The Company accelerated its efforts towards the vision of "A Better Tomorrow™" resulting in volume growth of VELO by 31% in 2023 vs. SPLY. Further, PTC expanded its New Categories portfolio with the launch of its vaping category, VUSE™ in Pakistan.

The Company's contribution towards the National Exchequer also grew by 48.9% to PKR 229.2 billion in the form of various duties and taxes (2022: Rs. 154.0 billion).

ENVIRONMENT, SOCIAL AND GOVERNANCE ("ESG") AGENDA

In 2023, PTC continued to demonstrate its commitment as a conscientious corporate citizen, prioritizing efforts in climate change mitigation, sustainable resource management and waste reduction. The Company's notable contributions to ecosystem restoration were acknowledged with the "Sustainability Innovation Award" conferred by The Professionals Network.

PTC's factories situated in Jhelum and Akora Khattak are spearheading the drive to achieve its carbon neutrality objective. With the ongoing installation of a massive on-site Solar Park generating 5.3 MW, the Company has switched more than 50% of its energy needs to renewable sources within a short span of four years. The Company is investing heavily into water sustainability domain and currently recycles 42% of its water consumption while holding certification from Alliance Water Stewardship ("AWS").

PTC continued its community investments as evidenced through a wide range of projects. Under the largest private sector afforestation program in Pakistan, the Company has planted and distributed 2.4 million saplings during the year totalling over 150+ million saplings since its inception in 1981. Mobile Doctor Units ("MDUs") provided free of cost healthcare and medicine to 120,000 people in 2023, adding to the 2.5 million patients that have been treated since 1985. Tackling the lack of access to clean drinking water, PTC continues to deliver water through its 26 water filtration plants catering to 8 million+ people annually.

CORPORATE GOVERNANCE

The Company prides itself on adhering to robust corporate governance standards, ensuring the protection of Company assets and shareholders' interests through a comprehensive system of controls and risk management. The acquisition of Reynolds American Inc. by the BAT Group, coupled with strict adherence to Sarbanes-Oxley regulations (SOx), has further fortified the Company's governance framework. Oversight of SOx controls and other policies is conducted by the internal controls team, with periodic testing by external auditors (KPMG).

Additionally, the Company mandates integrity in all employee operations and has a zero tolerance policy on misconduct, reinforcing this message through both in-person and online trainings conducted throughout the year on the Standards of Business Conduct ("SoBC"). Furthermore, confidential channels are available for anyone associated with the Company to voice concerns without fear of retaliation.

BUSINESS SUSTAINABILITY

While PTC continues to strive in its pursuit of meeting consumer needs, the overarching vision remains "A Better Tomorrow™". To further its tobacco harm reduction agenda, PTC diversified into vaping category by launching BAT Group's global brand, VUSE™. In parallel, VELO remains at the forefront of the Company's tobacco harm reduction agenda by achieving 450 thousand consumers across the country. PTC continued to foster its "Made in Pakistan" exports initiatives, generating valuable foreign currency inflows by exporting products worth $48 million during the year.

The illicit sector, exacerbated by massive excise increases, remains a pressing concern for the legitimate tax-paying industry. While the Government increased excise by 1.5 times in February 2023, the Minimum Legal Price ("MLP") increased by merely 80%, granting an unfair advantage to the illicit sector which is already selling cheap tax-evaded brands. While the T&TS initiative was implemented for the tobacco sector by the Government of Pakistan with the objective to ensure rightful contributions to the National Exchequer, its effectiveness has been subpar due to inadequate enforcement across the industry. The rise of DNP products is expected to result in a loss of approximately Rs. 300 billion in tax revenue for fiscal year 2023/24. Moreover, volatile macroeconomic factors further threaten sustainability of the manufacturing sector. Timely and consistent intervention by relevant Government authorities remains key for business sustainability and safety of employmvents associated with the legitimate industry.

PTC prioritizes investment in the development of its dynamic and diverse talent pool, fostering confidence in their capabilities to drive the business forward. With resolute leadership and steadfast endurance, PTC remains dedicated to delivering sustainable growth and value for all its stakeholders.

ZAFAR MAHMOOD
CHAIRMAN

MD & CEO'S MESSAGE

BUSINESS PERFORMANCE

During 2023, PTC enhanced its focus on generating value for consumers while accelerating the journey towards "A Better Tomorrow™" through investment in new categories.

During fiscal year 2022/23, over 200% Federal Excise Duty (excise) increase led to higher price disparity between the Company's brands and Duty-not-paid (DNP) brands. Amidst macroeconomic turbulence and depleting purchasing power, consumer's downtrading to DNP brands culminated to a 32% decline in cigarette volumes vs 2022. Moreover, an acute leaf shortage resulting in an unprecedented surge in tobacco leaf prices constituted a one of its kind challenge to our cost structure and profitability during the year. Despite these headwinds, the Company was able to deliver a year-on-year EPS growth of 36% by prioritizing targeted portfolio interventions and effective cost management. As a true testament to the resilience and strength of PTC's portfolio, the Company managed to grow its legitimate market to the highest-ever 80%.

Driving the spirit of our Tobacco Harm Reduction ("THR") agenda, the Company launched BAT Group's global vaping brand Vuse™ in Pakistan during the year, demonstrating our unwavering commitment to the Pakistan market. Further, VELO™ (tobacco-free nicotine pouches) has posted healthy growth during the year, with a 31% increase in sales volume and 80% growth in turnover year-on-year.

PTC's remarkable performance in a year of unprecedented uncertainties underscores the intrinsic optimism and resilience woven into the fabric of our organizational DNA. This is fuelled by our people's ability to embrace change and tackle challenges with a novel outlook, empowering us to innovate and reimagine solutions to complex problems.

OUR BRANDS

In 2023, PTC strategically expanded its cigarette portfolio by introducing Capstan International, a value-for-money offering aimed at consumers facing pricing pressures following the excise increase in February 2023. This expansion was complemented by continued investment in established brands to ensure a comprehensive coverage across all consumer segments. Notably, John Player Gold Leaf maintained its position as the preferred choice in the premium segment, while Capstan by Pall Mall retained its dominance in the industry, contributing to 20 billion sticks of cigarette volume in 2023.

The clear focus on Company's vision of "A Better Tomorrow™" has further fortified VELO™ position as the largest tobacco-free nicotine pouch brand across BAT world. Additionally, to bolster efforts on THR front, PTC expanded its new category portfolio with launch of VUSE™ in the 6 largest cities of the country and at 1500+ outlets, adopting an omni-channel 360-degree strategy, spanning from digital platforms to traditional retail channels.

OUR PEOPLE

PTC strives for cultivating an inclusive workspace that harnesses diverse capabilities and empowers its employees to drive for growth and impact. Our innovative people strategy, underpinned by integrity and a transformative mindset, distinguishes PTC as an employer of choice. Emphasizing professional development and immersive experiences, our talent is renowned for its expertise both within the industry as well as across the BAT Group.

In 2023, PTC received its fifth consecutive certification as a "Top Employer". Our dedication to talent diversity and inclusivity has garnered further recognition through the "Global Diversity, Equity & Inclusion Benchmarks Award" from the Global Diversity, Equity and Inclusion Benchmarks organization.

OUR PROCESSES

Leveraging cutting-edge technologies to enhance efficiencies and streamline cost management constitute some of the fundamental elements of PTC's strategy for operational excellence throughout the crop-to-consumer journey. PTC achieved a significant milestone by becoming the first multi-site, multi-category operation within the BAT Group to attain certification under the Integrated Work System ("IWS") Phase-2.

In line with the Government of Pakistan's anti-tax evasion initiatives, PTC has allocated resources towards the implementation of the Track & Trace System ("T&TS"), actively contributing to the nation's effort to curb the proliferation of illicit tobacco trade. Furthermore, PTC remains steadfast in its commitment to operational effectiveness by integrating its Environmental, Social, and Governance ("ESG") agenda. This includes the establishment of BAT's largest on-site Solar Park and holding the Alliance Water Stewardship Certification, underscoring its dedication to sustainable business practices.

OUR FUTURE

As we look ahead, the much-needed socio-political stability is expected to strengthen the economy, thus, presenting an opportunity for businesses to thrive and lay the groundwork for sustainable growth. For the tobacco industry in particular, urgent government intervention is imperative to address the rampant growth of the DNP segment. Robust law enforcement and strategic reforms are crucial to level the playing field for legitimate tax-paying industry players while safeguarding vital Government tax revenue.

The Company is committed to reclaim lost market share from the DNP sector through a consumer-centric approach, complemented by Government efforts on law enforcement. Moreover, we will continue driving operational excellence, implementing impactful initiatives in both people and technological domain, harnessing the full potential of our workforce, as well as investing behind our portfolio and the THR agenda.

With these proactive measures in place, I am confident that PTC is poised to surmount challenges and meet the expectations of our shareholders. Together, we will navigate the road ahead with optimism and resilience.

SYED ALI AKBAR
MD & CEO

DIRECTORS' REPORT

THE DIRECTORS PRESENT THE ANNUAL REPORT OF PAKISTAN TOBACCO COMPANY LIMITED ("PTC/COMPANY") ALONG WITH THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED DECEMBER 31, 2023.

MACROECONOMIC ENVIRONMENT

Pakistan's economy witnessed a series of macroeconomic headwinds during 2023, with serious repercussions for local businesses and consumer purchasing power. With the Central Bank foreign exchange reserves at a record low, the Rupee fell sharply, depreciating by 35.8% till September 2023. During the last quarter of 2023, however, the Rupee posted a recovery restricting the year-on-year (YoY) devaluation to 24%, mainly due to revival of the International Monetary Fund ("IMF") program and various fiscal and monetary interventions. Currency devaluation, surging international oil and commodity prices, increase in Government taxes as well as escalating prices of essential utilities such as gas and electricity pushed inflation to a record 30.9% for the calendar year. Weak investor confidence and constrained consumer purchasing power resulted in an overall economic slowdown, as evident from the 5.3% contraction of the manufacturing sector leading to GDP contraction of 0.17% for fiscal year 2022/23.

INDUSTRY OVERVIEW

FISCAL ENVIRONMENT

Cigarettes in Pakistan are subject to a two-tier Federal Excise Duty ("FED") regime under which different excise rates are applicable depending on the retail price (applicable on per cigarette stick basis). During the fiscal year 2022/23, the Government of Pakistan sharply increased the Excise Tax rates of both tiers multiple times. The increase in FED on Tier 1 was from Rs. 5,200/- to Rs. 16,500/- (+217%) per thousand sticks and on Tier 2 from Rs. 1,650/- to Rs. 5,050/- (+206%) per thousand sticks. This unprecedented increase in FED forced the legitimate tax compliant sector to increase prices by almost 100%. As a result, the effective weighted tax incidence on cigarettes was increased from 55% to 66%, which is amongst the highest in the world.

While the excise rates were increased by almost 200% during fiscal year 2022/23, the Retail Price Threshold ("RPT") between Tier 1 and Tier 2 of FED, did not increase proportionately. This created an anomaly which not only blocked key consumer relevant price points for legitimate players but also supressed the Minimum Legal Price ("MLP") which is a key lever for tax enforcement measures. The current MLP of Rs. 127.4 (per pack of 20 cigarettes) is marginally above the minimum tax payable of Rs. 120.4 (per pack of 20 cigarettes), thereby rendering the current MLP a commercially unviable price point. The anomaly in the RPT between Tier 1 and Tier 2 needs to be rectified based on historical precedence, in order to give pricing freedom to legitimate manufacturers and increase the MLP to drive up the weighted average price of cigarettes in Pakistan.

Pakistan has widespread presence of locally manufactured duty-not-paid ("DNP") as well as smuggled cigarettes. Sold at extremely low prices, manufacturers and importers of these brands evade taxes, thereby depriving the government of tax revenues. Despite the fact that MLP is suppressed due to the abovementioned RPT anomaly, the average price for the locally manufactured tax evaded brands is Rs. 110/- per pack with a wide variety of brands available in the market at under Rs. 100/- (per pack of 20 cigarettes). This undermines a level playing field in pricing dynamics in the cigarettes industry, with the legitimate industry severely prejudiced as a consequence of the unfair price advantage available to the illicit sector.

The widening price gap between duty paid and DNP cigarettes has resulted in a massive shift in consumption from the former to the latter, to an extent that it has created a sustainability challenge for the legitimate industry. During 2023, cigarette volumes of the legitimate industry declined by 14.4 billion sticks (down 26% vs same period last year ("SPLY"). The impact of FED increase on the Premium brands (Tier 1) segment was even more pronounced, which declined by 31% vs SPLY.

INCREASE IN DUTIES AND TAXES, AND NEED FOR RIGOROUS ENFORCEMENT

The unprecedented frequency and quantum of increases in excise and duties by the Government carry the inherent risk of furthering the price gap between legitimate industry and DNP sector. This disparity incentivizes players in the DNP sector towards duty-evasion, which not only impacts the sustainability of the tax-compliant legitimate industry, but also results in loss of Government revenue.

The sustainability of tax revenues for the Government and continued operations of the legitimate sector hinge upon fiscal and enforcement measures to reduce the price differential between the duty paid and DNP brands. The authorities have taken a number of measures on this front, including the implementation of the Track and Trace System ("T&TS") in the tobacco sector, however the progress on industry-wide implementation has been slow and each successive fiscal measure has been counterproductive by fuelling the growth of the illicit sector. While enforcement by the Government has taken place, this enforcement seems to be chasing the ingenuity of non-compliant industry players.

The T&TS for the tobacco sector was implemented by the Government of Pakistan in July 2022, aimed at tracing all legitimate tax paid cigarettes, thereby eventually eliminating DNP brands. PTC deployed the T&TS system across its operations in Q3 2022 and incurred a total implementation cost of over Rs. 1.3 billion. Besides PTC, Phillip Morris Pakistan has fully implemented the T&TS. However, several local manufacturers, despite signing the Tri-Partite Agreement for T&TS implementation, are delaying implementation on one pretext or the other. Additionally, there appears to be a lack of will by the regulators to enforce implementation of T&TS across the industry because products without tax stamps are openly selling in the market and in certain incidents counterfeiting of T&TS stamps has also been detected. Assessing the current situation, T&TS implementation has essentially increased the operating costs of the legitimate industry and not been effective in controlling the menace of illicit trade in cigarettes thus far.

REGULATORY ENVIRONMENT

In 2020, the Ministry of National Health Services, Regulations & Coordination, further to the powers granted to it under the Prohibition of Smoking and Protection of Non-Smokers' Health Ordinance 2002, prohibited the advertisement, promotion and sponsorship of tobacco and tobacco products. Over the last couple of years, while the legitimate players have complied with this prohibition, many local manufacturers have shown flagrant disregard of this law. Non-compliances, coupled with weak and sporadic enforcement, have created an unfair advantage for the non-compliant operators. It is critical that the Government enforces and ensures consistent compliance across the entire industry.

In June 2023, the Punjab Environment Protection Department ("EPD") promulgated the Punjab Environmental Protection (Production and Consumption of Single-Use Plastic Products) Regulations 2023 ("Regulations"), under which the production and consumption of certain single use plastic products was banned in Punjab. Also included in the list of banned single use plastics are cigarette packets on account of the outer poly-wrap. While the Regulations were promulgated without industry consultation, the Company has been engaging with Punjab EPD to present its concerns on inclusion of cigarette packets in banned single use plastics, as well as to provide comprehensive technical substantiation on why the proposed licensing requirements under the Regulations are not practically possible in the case of cigarette packets' poly-wrap.

COMPANY PERFORMANCE

Over the course of the fiscal year, successive tax driven price increases resulted in widening of the price gap between tax paid brands and DNP brands. This, combined with weak enforcement, has dealt a serious blow to the legitimate players as a large number of consumers shifted from tax paid brands to DNP brands. As a result, PTC's volume during 2023 registered a decline of 32% vs SPLY. Due to the sharp decline in volume, the Company's manufacturing facilities were operating at about 50% of installed capacity, which demonstrate the sustainability challenge the legitimate industry has been subjected to due to excessive hike in excise rates. In addition, due to a sharp decline in demand for products of tax compliant sector, the Company's finished goods also had to be written off, thereby impacting the company's profits.

Notwithstanding the above, driven by targeted portfolio interventions and an effective pricing strategy, the Company recorded a gross turnover of Rs. 315.8 billion, a growth of 35.8% vs SPLY. As a true testament to the resilience and strength of PTC's portfolio, the Company managed to further strengthen its market leadership in the legitimate segment, as the Company's share in the legitimate segment grew by 1.5% in 2023, to 80%. In terms of its contribution to the National Exchequer in 2023, PTC contributed Rs. 229.2 billion in the form of Federal Excise Duty, Sales Tax, Customs Duties, Corporate Income Tax and various other regulatory duties and taxes. This is higher vs SPLY by 48.9% (2022 Tax contribution stood at Rs. 154.0 billion).

Overall cost of sales increased by 1.5% while per unit cost increased considerably during the year. Record high inflation, steep currency devaluation, and a severe leaf crop shortage led to unprecedented increases in the price of tobacco leaf, posing a serious challenge to the Company's cost base and profitability during 2023. The imposition of super tax further exacerbated the situation as the effective tax rate for the Company increased to 42.1%. Despite these challenges, PTC remained dedicated to driving shareholder value through adept cost management and driving efficiencies across its operations. During the year, PTC's teams successfully executed a number of efficiency improvement projects. Noteworthy are the efforts to improve production efficiencies by modernization of machinery footprint and deployment of world-class best practices, increase in leaf crop yield, effective deployment of trade and distribution resources, leveraging the power of the PTC brand portfolio to maximize customer retention in tough times, whilst mitigating the impact of rupee devaluation through effective forex liability management. These efforts were key to deliver the financial performance that was delivered during 2023. Overall, effective cost control across a lean and efficient business operation helped PTC post a profit after tax of Rs. 29.0 billion, translating into an EPS of Rs. 113.35 per share, up 35.8% vs SPLY.

Driving the agenda for A Better Tomorrow™, the BAT Group is focused at introducing new products for our consumers which have the potential to reduce the health impact of conventional cigarettes. The Group invests over $430 million per year ($500 million in 2023 alone) on research and development with a focus on products that could potentially reduce the risks associated with smoking conventional combustible cigarettes. In line with the Group's agenda for tobacco harm reduction, PTC continued to venture into New Categories of tobacco-free nicotine products. Our flagship effort in this arena (VELO) posted healthy sales growth during the year, with a 31% increase in sales volume vs SPLY. Further, the Company also launched BAT Group's global vaping brand Vuse™ in Pakistan. This demonstrates the Company's commitment to the Pakistan market and to tobacco harm reduction, in line with BAT's business strategy, by providing reduced risk* choices to its valued consumers.

PTC's export initiative, "Made in Pakistan", is now in its fourth year of full-scale operation. During 2023, the Company exported products worth $48 million, up 74% vs SPLY. The Company remains committed to leverage its manufacturing expertise to increase exports even further going forward, generating valuable foreign
currency inflows for the country.

With its employees at the core of delivery, PTC's commitment to prioritizing its people is evident in its relentless pursuit of attracting and retaining top talent nationwide. The Company's unwavering focus on Diversity and Inclusion has garnered notable recognition, including the prestigious "Global Diversity, Equity & Inclusion Benchmarks Award" from the Global Diversity, Equity and Inclusion Benchmarks Organization. Additionally, PTC's dedication to fostering gender inclusive policies and a human centric value creation approach has been honoured with the "Top Employer Award" by the Top Employers Institute. These awards underscore PTC's exceptional efforts in creating an inclusive workplace that caters to the well-being of its workforce and reaffirms its status as a leader in the diversity and talent management area.

PTC continues to run one of the largest private sector afforestation programs and a Mobile Doctor Unit ("MDU") program. Under its flagship afforestation program, which has been running since 1981, the Company has successfully planted and distributed more than 150 million saplings free of cost. Under the MDU program, the Company provided free of cost medication and doctor consultation to more than 120,000 patients. To ensure that the local community is protected from waterborne diseases, the Company is providing clean drinking water to the less privileged segments of society through 27 water filtration plants, delivering 20,000 litres of water per plant per day.

In 2023, PTC made a step change in its sustainability journey as it published an Environmental, Social, and Governance ("ESG") Report. The report encapsulated PTC's remarkable performance in environmental management, delivering a positive social impact and strengthening its already robust corporate governance. Additionally, the Company also constituted its first ESG Committee during the year as a sub-committee of the Executive Committee, responsible for considering new initiatives and tracking progress of ESG related goals.

*Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.

FINANCIAL REVIEW

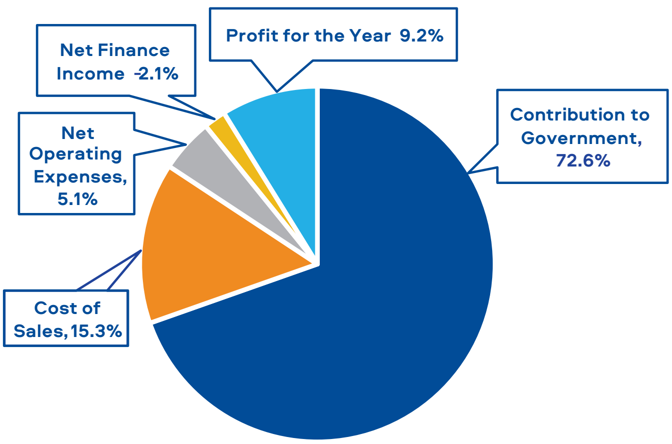
	Rs. (million)	
	FY2023	FY2022
Gross Turnover	315,844	232,600
FED & Sales Tax	205,912	137,738
Net Turnover	**109,933**	**94,862**
Cost of Sales	50,454	49,706
Gross Profit	**59,479**	**45,156**
Operating Profit	43,447	32,787
Profit Before Tax (PBT)	50,012	34,734
Profit After Tax (PAT)	**28,960**	**21,321**
Earnings Per Share EPS (Rs.)	**113.35**	**83.45**

Profit & loss analysis

The Company contributed 72.6% of its gross turnover (Rs. 229.2 billion, up 48.9% vs SPLY) as tax revenue to the Government in lieu of various tax and duties, while retaining 9.2% of revenues for distribution amongst shareholders and reinvestment in the business. Cost of Sales and Net Operating Expenses accounted for 15.3% and 5.1% of gross turnover respectively.

Domestic gross turnover increased by 33% vs SPLY despite a 34% volume reduction on account of effective sales and marketing strategies, targeted brand building activities and consumer relevant pricing strategy. The Company exported 1.3 billion cigarette sticks, 2.9 million kgs of cut-rag tobacco, and 6.0 million kgs of unmanufactured tobacco during the year both to internal and external customers. This helped the Company post export revenue of $48 Mn during 2023, up 74% vs SPLY. We take pride in retaining and further strengthening our credentials as a net talent exporter to the BAT Group. During the year 2023, we exported human resource services worth $1.3 million to the BAT Group. The Company continues to stay committed to retaining and developing good quality local talent and ensure a healthy talent export pipeline going forward as well.

Gross Turnover



Overall cost of sales increased by 1.5% while per unit cost increased considerably primarily due to devaluation of local currency, global inflation on imported materials and local inflationary pressures. These headwinds were mitigated through multiple productivity and savings initiatives and focused cost management to optimize the overall cost base.

Furthermore, administrative expenses had a 42.4% increase primarily due to general inflationary pressure and devaluation impact on foreign currency denominated information technology costs.

Net Finance Income increased by 237.3% in 2023, attributable to surplus funds available for Treasury Bill investments and higher interest rates.

STATEMENT OF FINANCIAL POSITION ANALYSIS

Property, plant and equipment increased by 29.0% in 2023, primarily driven by upgrades to existing manufacturing capacities and infrastructure to support better product quality, innovation, higher operating efficiencies and to ensure compliance with regulatory requirements.

Stock in Trade increased by 87.4% due to the combined impact of currency devaluation and inflation.

Cash and cash equivalents recorded an increase of 38.9% vs SPLY due to higher availability of surplus funds primarily driven by inability to repatriate dividend to our majority shareholder, BAT on account of forex shortage and tighter regulation on foreign currency payments by the State Bank of Pakistan during the year.

Current Liabilities increased by 25.7% due to higher outstanding payables to foreign suppliers and dividends payable to our majority shareholder/parent company on account of limited access to foreign currency.

LIQUIDITY MANAGEMENT

PTC's Treasury function is responsible for managing financial resources of the Company including liquidity, funding and investments. The function aims to ensure that the Company has adequate financial resources to meet is operational and strategic obligations, while optimising returns on investment and mitigating the financial risks of the Company's operations. All treasury related activities are executed as per defined policies, procedures and counter party exposure limits which are reviewed and approved by the Board of Directors or by delegated authority to the Finance Director/Internal Treasury Committee.

PROFIT DISTRIBUTION & RESERVE ANALYSIS

The Company started the year with reserves of Rs. 24.1 billion. In 2023, the Company earned a net profit of Rs. 29.0 billion and declared two interim dividends of Rs. 10 per share in Q3 2023 and Rs. 22 per share in Q4 2023. The net reserves position of the Company at year end stands at Rs 44.7 billion. Details of appropriation are also elaborated in the table below:

	Rs. (million)	Rs. (per share)
Opening Reserves	24,069	
Net Profit 2023	28,960	113.35
Other Comprehensive Income	(135)	
Unappropriated Reserves	**52,894**	
Interim Dividends 2023	(8,176)	32.00
Closing Reserves	**44,718**	

FINAL DIVIDEND

The Board of Directors of PTC in its meeting held on February 28, 2024, recommended a final cash dividend of Rs. 0/- per share for the year ended December 31, 2023 (2022: 0 per share) for the shareholders' approval. The Company has previously paid interim dividends of Rs. 10/share and Rs. 22/share in Q3 and Q4 2023 respectively, amounting to a total interim dividend of Rs. 32/share. The recommendation for final cash dividend is subject to approval of the shareholders in the Annual General Meeting, scheduled on April 24, 2024.

CONSOLIDATED FINANCIAL STATEMENTS & SEGMENTAL REVIEW

Consolidated financial statements, combine performance of Pakistan Tobacco Company Limited and its wholly owned subsidiary, Phoenix (Private) Limited. The subsidiary company is dormant and has not commenced commercial operations.

SUBSEQUENT EVENTS REVIEW

The Management has assessed events arising after the end of the financial year of the Company till the date of the report and, hereby, confirms that no material changes and commitments affecting the financial position of the Company have occurred during this period.

OPERATIONS REVIEW

PTC has a full seed-to-smoke business comprising of two factories and one of the largest leaf operations in the BAT Group. To enhance productivity throughout the value chain, the Company has a sharp focus on effective cost management, lean operations, and continuous modernization of the machinery infrastructure. In line with this overarching objective, PTC became the first Integrated Work System ("IWS") Phase-2 certified multi-site and multi-category operation in BAT Group.

As part of the tobacco harm reduction agenda, PTC runs an independent factory at its Jhelum site to produce tobacco-free oral nicotine pouches. This factory is the first of its kind in the Asia Pacific and Middle East Region for BAT Group. It is producing oral nicotine pouches for both local consumption and export, thus, enabling PTC to further its agenda towards tobacco harm reduction and cement its position as an export hub for BAT Group.

During the year, PTC started exporting its workforce to other BAT entities with the aim of driving manufacturing excellence and to embed best practices in local operations. This initiative was centred around the implementation of IWS, strengthening in-house technical proficiency, thereby diminishing reliance on Original Equipment Manufacturers and facilitating sustainable performance enhancement. Following the successful implementation in Sudan, this initiative has been systematically extended to other BAT entities, including South Africa and Nigeria. This expansion underscores PTC's unwavering dedication to pursue operational excellence by sharing knowledge and best practices.

ENVIRONMENT, SOCIAL & GOVERNANCE (ESG) REVIEW

At the forefront of PTC's ESG agenda, factories of the Company situated in Akora Khattak and Jhelum have become champions of environmental stewardship. The installation of a revolutionary 5.3 MW on-site Solar Park, the largest across BAT Group, has not only reduced the Company's carbon footprint by 2,500 tons but also symbolizes the profound shift towards renewable energy.

Water, a finite resource, has become a cornerstone of the Company's conservation efforts. In the unwavering pursuit of excellence, PTC's operations now proudly hold Alliance Water Stewardship ("AWS") Certification, with Akora Khattak factory successfully navigating its surveillance audit and Jhelum Factory setting a precedent as the first Multi-Category (both for factory manufactured cigarettes and tobacco-free oral nicotine pouches) AWS certified Company in BAT Group. This not only fosters collaborative and transparent efforts for sustainable water management but also underscores the commitment to environmental sustainability.

As we navigate the challenges of depleting natural resources, PTC remains resolute in its mission to minimize environmental impact. The journey towards sustainability is not merely a corporate endeavour, it is a commitment to inspire a positive change across industries, ensuring a legacy of responsible stewardship for A Better Tomorrow™.

MARKETING REVIEW

Consumer affordability remained under stress in 2023 with worsening indexation of the Company's value-for-money offerings against DNP, leading to accelerated downtrading as diminishing purchasing power made consumers shift from duty paid brands to DNP brands. Despite these headwinds, focused investments were made for a future-fit portfolio across multiple categories, thus, harnessing the power of the Company's brand portfolio.

The value-for-money segment emerged resilient with the flagship brand, Capstan by Pall Mall, achieving sales of 20 billion cigarette sticks. Furthermore, the Company demonstrated its agility by introducing a new value-for-money offer in record time post the February 2023 excise increase.

The belief of being truly multi-category has always been at the forefront of the Company's strategic pillars. After embarking on a terrific journey for VELO, achieving a 31% increase in volumes in 2023 vs SPLY, as well as establishing the largest active consumer base in the world with half a million consumers, PTC launched BAT Group's global vaping brand in Pakistan, Vuse™. In a saturated market full of new entrants that lacks brands with expertise, the launch was on a national scale in the 6 largest cities of the country and at 1500+ outlets, adopting an omni-channel 360-degree approach from digital to retail.

RISK MANAGEMENT & INTERNAL CONTROLS

The Board plays a crucial role in navigating and addressing the risks encountered by the Company during its operations, all while upholding a robust internal controls system. The Company's risk management and internal controls framework is meticulously crafted to secure shareholders' investments and protect the Company's assets, with a focus on mitigating the impact of potential risks that could hinder the achievement of Company's objectives.

The establishment of comprehensive policies and procedures, coupled with a well-defined governance framework and a positive organizational culture, has fostered a resilient compliance and control environment throughout the Company. Each department head is mandated to conduct a thorough evaluation of globally defined key controls, ensuring their presence and effective operation. Instances of non-compliance or weaknesses (if any) are promptly reported, accompanied by detailed action plans to the Governance Committee. The Company maintains full compliance with all stipulations of the Sarbanes Oxley Act (SOx), further fortifying its internal controls landscape. Moreover, all employees are obligated to affirm their commitment of compliance with the Company's Standards of Business Conduct on an annual basis.

FORWARD LOOKING APPROACH

Looking ahead, 2024 is expected to remain another challenging year for the industry. With the power of our people, strength of our brand portfolio and our ability to effectively leverage our extensive knowledge of the local market, we remain ready and are positive to confront and overcome the difficulties arising not just from a challenging macroeconomic environment but also from the distinctive peculiarities of the local tobacco sector which is marred by heavy taxes and weak law enforcement. The Company aims to continue driving strong business results by prioritizing the following objectives in line with our corporate strategy.

DRIVE GROWTH AGENDA

The Company's strategic objective is to deliver sustainable growth for its shareholders. Effective law enforcement is key to the commercial viability of legitimate players and sustainability of Government revenues. We will continue to encourage the authorities for ensuring complete implementation of the T&TS and leveraging this for strengthening the enforcement environment in Pakistan. The Company will focus on reclaiming its consumer base and grow its market share. Further, marketing investment will be aimed at strengthening the brand equity of the Company's portfolio among adult consumers of all the segments in which it operates.

This will be achieved through product innovations developed to address evolving consumer preferences and creation of maximum brand awareness through innovative campaigns directed at relevant and effective consumer touchpoints. A consumer centric approach will aid the Company in maintaining a robust brand portfolio, enabling it to continuously outperform the competition and lead in the marketplace. By adhering to this plan, the Company will be well positioned to maintain its market leadership in the legitimate segment and drive share recovery within total industry.

MAINTAIN ADEQUATE ACCESS TO FOREIGN CURRENCY

Despite relative stability in the foreign currency reserves of the country on the back of the IMF programme and assistance from friendly countries, availability of foreign currency remains a challenge. It is critical for the Company's operations to ensure timely and independent settlement of its foreign currency obligations and disbursement of dividends to its shareholders.

The Government is expected to intervene to protect the interests of the manufacturing sector and encourage further foreign direct investment into the country by ensuring timely disbursement of profits to the shareholders. Meanwhile, the Company will continue to accelerate its contribution to the economy by focusing on exports and bringing in much needed foreign currency into the local banking system, besides being one of the largest taxpayers in Pakistan.

DRIVE EFFECTIVE RESOURCE ALLOCATION AND COST MANAGEMENT

The Company faces ongoing challenges from rising inflation, straining its cost base. However, the Management is committed to implementing effective measures to counteract these challenges and ensure optimum shareholder value creation.

The local currency is forecasted to remain weak, with minimal or no value appreciation. This is likely to result in an increase of the cost base, impacting our operating margins.

The Company will proactively adopt measures to alleviate the future impact of currency devaluation through timely settlement of supplier dues by leveraging its banking relationships in addition to an ongoing localization drive.

DRIVE OPERATING AND MANUFACTURING EFFICIENCIES

The Company is geared to continue investing in enhancement of its operating and manufacturing efficiencies. This will be achieved through investment in modern and upgraded equipment and machinery that not only enhances efficiency and quality but is also capable of supporting future product innovations crucial to maintaining a competitive edge in the market.

The Company is already geared to cater to any surge in market demand and remains dedicated to investing in machinery to comply with future regulatory requirements.

Furthermore, the operating infrastructure is continuously being upgraded with the best EH&S equipment, systems and processes to ensure a safe working environment for all employees.

Environment, Social & Governance (ESG)

The Company has placed ESG at the heart of its strategy and corporate purpose by delivering sustainable growth, encouraging more consumers to transition to reduced-risk* products to reduce the health impact of the business and supporting initiatives aimed at the betterment and uplifting of communities in which it operates. With a wide array of initiatives in place, PTC actively seeks opportunities to widen the scope of relevant activities and continue driving the ESG agenda of the Company.

INVEST IN HUMAN CAPITAL

To sustain its competitive edge, the Company remains dedicated to strategic investments in its workforce, cultivating a diverse and exceptionally skilled talent pool poised to navigate forthcoming business challenges. By fostering a culture of engagement and championing inclusive leadership, we tap into the collective power of our diverse team, unleashing their full potential. This proactive approach ensures that the Company not only adapts to evolving industry landscapes but also thrives by harnessing the collective capabilities of a dynamic and well-prepared workforce.

With our strategic leadership agenda defining the pathway towards continuous D&I initiatives, competitive reward schemes, and a robust talent management strategy, the Company fortifies its position as an industry leader. Fuelled by a dedication towards process simplification and workforce well-being, we embark on a continuous mission to elevate the employee experience.

CORPORATE GOVERNANCE

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Directors confirm compliance with the Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan's Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Code of Corporate Governance") for the following:

a) 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.

b) Proper books of accounts of the Company have been maintained.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgement.

d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departures therefrom have been adequately disclosed and explained.

e) The system of internal controls is sound in design and has been effectively implemented & monitored.

f) There are no significant doubts about the Company's ability to continue as a going concern.

g) There has been no material departure from the best practices of corporate governance, as detailed in the Code of Corporate Governance and listing regulations.

h) All major Government levies in the normal course of business, payable as at December 31, 2023, have been disclosed in the notes to the financial statements.

i) Key operating and financial data for last six years in summarized form is provided separately in the Company's Annual Report.

j) Value of investments in employee's retirement funds for the year ended December 31, 2023, are as follows. Further details are provided in Note 33 to the financial statements.

	Rs. (million)
Staff Pension Fund	**7,205**
Employees Gratuity Fund	**1,697**
Management Provident Fund	**1,091**
Employees Provident Fund	**567**
Defined Contribution Pension Fund	**1,454**

COMPOSITION OF THE BOARD

The Board comprises a total of 12 directors: 4 are independent directors, 5 are non-executive directors and 3 are executive directors. The current composition of the Board is as below:

	No. of Directors
Male Directors	***11***
Female Directors	***1***
Independent Directors	***4***
Mr. Zafar Mahmood (Chairman)	
Lt. Gen. Najib Ullah Khan (R)	
Mr. Mohammad Riaz	
Mr. Asif Jooma	
Non - Executive Directors	***5***
Mr. Usman Zahur	
Ms. Belinda Joy Ross	
Mr. Gary Tarrant	
Mr. Wael Sabra	
Mr. Faisal Saif	
Executive Directors	***3***
Mr. Syed Ali Akbar	
Mr. Syed Asad Ali Shah	
Mr. Syed Muhammad Ali Abrar	

There is female representation on the Board in compliance with the regulatory requirement.

The overall effectiveness of the Board is enhanced by the diversity and breadth of perspective and experience of its members. The members have sufficient financial acumen and knowledge through combination of their professional and academic skills, and local and international experience. PTC conforms to the regulatory requirements on the composition and qualification of the Board of Directors.

Directors' detailed profiles including their names, status (independent, executive, non-executive), in addition to industry experience and directorship of other companies, have been provided separately in the Annual Report. The status of directorship (independent, executive, non-executive) is indicated in the Statement of Compliance with the Code of Corporate Governance.

CHANGES IN THE BOARD

The following changes took place in the Board:

i. Ms. Kelly Louise Burtenshaw (resigned w.e.f. 30-11-2023) was replaced by Mr. Syed Muhammad Ali Abrar; and

ii. Mr. Oliver Engels (resigned w.e.f. 11-04-2023) was replaced by Mr. Faisal Saif.

MEETINGS OF THE BOARD

Under the applicable regulatory framework, the Board is legally required to meet at least once in every quarter to ensure transparency, accountability, and monitoring of the Company's performance. Special meetings are also held during the year to discuss important matters, as and when required. In 2023, five (5) Board meetings were convened, out of which the 1st meeting was held on 23rd February 2023.

The notices / agendas of the meetings were circulated in advance, in a timely manner and in compliance with applicable laws. All meetings of the Board held during the year surpassed the minimum quorum requirements of attendance, as prescribed by the applicable regulations. The Company Secretary acts as the Secretary to the Board.

All decisions made by the Board during the meetings were clearly documented in the minutes of the meetings maintained by the Company Secretary and were duly circulated to all the Directors for endorsement and were approved in the subsequent Board meetings.

Members	Attendance
Mr. Zafar Mahmood *Chairman*	*5/5*
Syed Ali Akbar *Managing Director and CEO*	*5/5*
Syed Asad Ali Shah *Director Legal and External Affairs*	*5/5*
Kelly Burtenshaw *Director Finance & IT (resigned w.e.f. 30-11-2023)*	*4/5*
Syed Muhammad Ali Abrar *Director Finance & IT (joined w.e.f. 01-12-2023)*	*1/5*
Belinda Joy Ross *Non-Executive Director*	*5/5*
Mohammad Riaz *Independent Director*	*5/5*
Asif Jooma *Independent Director*	*5/5*
Wael Sabra *Non-Executive Director*	*5/5*
Usman Zahur *Non-Executive Director*	*2/5*
Lt. Gen Najib Ullah Khan (R) *Independent Director*	*5/5*
Gary Tarrant *Non-Executive Director*	*4/5*
Oliver Engels *Non-Executive Director (resigned w.e.f. 11-04-2023)*	*1/5*
Faisal Saif *Non-Executive Director (joined w.e.f. 12-04-2023)*	*4/5*

MEETINGS HELD OUTSIDE PAKISTAN

In 2023, PTC conducted all its Board meetings with in Pakistan.

COMMITTEES OF THE BOARD

The Board has four sub-committees which assist the Board in the performance of its functions, namely the Executive Committee, Audit Committee, Human Resources & Remuneration Committee and Share Transfer Committee. Details of all Board Committees, including attendance and their functions, are provided separately in the Company's Annual Report.

DIRECTORS' REMUNERATION

As per the requirements of the Code of Corporate Governance, there is a formal and transparent procedure in place for fixing the remuneration packages of individual Directors. No Director is involved in deciding his / her own remuneration.

These remuneration packages are approved as per requirements of the regulatory framework and internal procedures, while ensuring that they are not at a level that could be perceived to compromise the independence of non-executive directors.

The remuneration of executive directors including the CEO, key management personnel and other executives is given in note 38 to the financial statements.

EVALUATION OF BOARD'S PERFORMANCE

The Company has designed an "Evaluation Tool" to assist the Board to:

- Understand and recognize what is working well;
- Identify areas for improvement;
- Discuss and agree on priorities for change, which can be addressed in the short and long term;
- Agree on an action plan.

The Evaluation Tool comprises an evaluation questionnaire, which is circulated to all the Directors in which each Director must evaluate himself / herself as well as the Board. In order to encourage open and frank evaluations, as well as to ensure anonymity, the evaluation process is directed by the Company Secretary, who mails the questionnaire to each Director and then collates the results into a report including a summary of the results, and recommendations to the Board. The Report is then discussed in the next Board Meeting to address the areas of concern and improve the Board's performance.

OFFICES OF THE CHAIRMAN & CEO

To promote transparency and good governance, the offices of the Chairman of the Board of Directors and the Chief Executive Officer are held by separate individuals with clear segregation of roles and responsibilities.

BRIEF ROLES & RESPONSIBILITIES OF THE CHAIRMAN & CEO

Roles and responsibilities of the Chairman and the CEO have been clearly and distinctly defined by the Board. The Chairman is basically a leader and mediator to head the meeting of the Board of Directors effectively and takes decisions after a free and open sharing of views in an efficient and effective manner. The Chairman is responsible for the overall discharge of the Board's duties.

The CEO is the executive head of the Company, who heads all facets of the Company and provides leadership towards the achievement of the Corporate Plan through effective delegation of powers to respective heads of functions, and management of the day-to-day operations of the Company. The CEO is responsible for leading, developing and executing the Company's short and long-term strategies with a view to enhance shareholders' value. The CEO liaises with the Board and communicates on behalf of the Management.

CEO'S PERFORMANCE EVALUATION BY THE BOARD

The Board appoints the CEO for a term of 3 years, in compliance with applicable laws. His performance is reviewed annually based on the yearly corporate plan, besides his responsibilities under the regulatory framework.

Performance for the year 2023 is demonstrated by achievement of the corporate plan and compliance with the applicable regulatory requirements.

FORMAL ORIENTATION AT INDUCTION

Newly inducted Board members are taken through an Induction Plan for their orientation and familiarization towards the Company's vision, organizational structure, roles and responsibilities of senior executives, major pending or threatened litigation, policies relating to dividends, whistleblowing, summary of Company's major assets, liabilities and noteworthy contracts etc. As part of the Induction Plan, senior executives of the Company present the performance of their respective department to the newly inducted Directors.

DIRECTORS' TRAINING PROGRAM

PTC has ensured compliance with the applicable regulatory requirements regarding Director's training. More than half of the Directors have obtained certification under Directors' Training Program (DTP) approved by SECP.

LAST AGM

The Company's 76th AGM (Annual General Meeting) was held on May 02, 2023. All shareholders, including minority shareholders, were proactively sent out invites informing them about the time and place of the meeting, well in advance. High quality and comfortable arrangements, aimed at facilitating the shareholders of the Company, were made to conduct the AGM.

During the meeting, general clarifications on the published financial statements and the impact of illicit trade were sought by the shareholders and investors. No issues were reported in that meeting.

AUDITORS

Statutory Audit for the Company for the financial year ended December 31, 2023 has been concluded and the Auditors have issued their Audit Reports on the Company's Financial Statements, Consolidated Financial Statements and the Statement of Compliance with the Code of Corporate Governance. The Auditors, Messers KPMG Taseer Hadi & Co., shall retire at the conclusion of the Annual General Meeting, and they have indicated their willingness to continue as Auditors for PTC. They have confirmed to have achieved satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the Guidelines on the Code of Ethics of the International Federation of Accountants (IFAC) as adopted by ICAP. The Board proposes their appointment as Auditors for the financial year ending December 31, 2024 on the recommendation of the Audit Committee. This shall be subject to the approval of the shareholders in their meeting scheduled for April 24, 2024.

PATTERN OF SHAREHOLDING

Our holding company, British American Tobacco (Investments) Limited (BAT-IL), incorporated in United Kingdom holds 94.34% shares of the Company at the year end. The remaining shareholding is spread across associated company, institutions and general public. The pattern of shareholding as at December 31, 2023 alongside the disclosure as required under Code of Corporate Governance is provided separately in this Annual Report.

TRADING IN SHARES BY DIRECTORS AND EXECUTIVES

The Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minors have reportedly not performed any trading in the shares of the Company.

REVIEW OF BCM

PTC recognizes the importance of Business Continuity Management (BCM) as the means to ensure that the business continues to succeed in times of crisis. The Company has established a BCM Manual as per International Standards which enables the Company to:

- Proactively plan and prepare in the case of an incident,
- Understand how to respond should an incident occur,
- Gather requisite know-how to manage the situation effectively; and
- Return to Business as Usual (BAU) as quickly as possible to minimize adverse impact on the business.

The Board reviews compliance with the BCM Manual on an annual basis. Responsibility and accountability for ensuring compliance with the Standards and for the implementation of the BCM process has been delegated to the CEO. Operational management of BCM is delegated to the Head of Security who is the lead for BCM in the Company. Heads of Functions are the risk owners and are responsible for enabling and maintaining an effective BCM capability within their respective functions. The Business Continuity Manager facilitates and coordinates the BCM process in the Company. By implementing a BCM process, the Company
ensures that:

- Its people, assets and information are protected, and employees receive adequate support and communications in the event of a disruption.
- The relationships with other organizations, relevant regulators and Government departments, local authorities and the emergency services are properly developed and documented, and stakeholder requirements are understood and can be delivered; and
- The Company has an enhanced capacity to protect its reputation and remains compliant with its legal and regulatory obligations.

ZAFAR MAHMOOD
CHAIRMAN

SYED ALI AKBAR
MD&CEO

SUMMARY OF STATEMENT OF PROFIT OR LOSS, FINANCIAL POSITION & CASH FLOWS

		2023	2022	2021	2020	2019	2018
Statement of Profit or Loss							
Gross turnover*	Rs. million	315,844	232,600	199,469	166,258	149,025	137,116
Excise duties/Sales Tax	Rs. million	(205,912)	(137,738)	(124,481)	(105,368)	(97,050)	(84,004)
Net turnover	Rs. million	109,933	94,862	74,988	60,891	51,975	53,112
Cost of Sales	Rs. million	(50,454)	(49,706)	(39,092)	(29,329)	(25,765)	(29,829)
Profit for the Year	Rs. million	28,960	21,321	18,862	16,492	12,889	10,338
Earning per share	Rs./share	**113.35**	**83.45**	**73.83**	**64.55**	**50.45**	**40.46**

***Gross revenue figure has been adjusted as per IFRS-15 methodology. Certain marketing costs have been deducted from total revenues from 2017 onwards.**

		2023	2022	2021	2020	2019	2018
Statement of Financial Position							
Property Plant & Equipment/Advances for Capital Expenditure	Rs. million	23,019	17,334	16,929	15,819	12,499	10,090
Working Capital (Current Assets-Current Liabilities)	Rs. million	32,914	11,067	3,462	6,124	7,744	8,512
Share Capital & Reserves	Rs. million	51,315	26,624	17,973	19,513	18,291	17,766
Non- Current Liabilities	Rs. million	4,664	1,805	2,451	2,462	1,988	874
Statement of Cash Flows							
Cash flow from Operating Activities	Rs. million	16,091	24,917	18,973	22,215	8,564	12,810
Cash flow from Investing Activities	Rs. million	2,210	742	(1,020)	(3,192)	(835)	(1,359)
Cash flow from Financing Activities	Rs. million	(9,206)	(12,906)	(14,548)	(15,317)	(13,110)	(9,688)
Net Change in Cash and Cash Equivalents	Rs. million	9,096	12,753	3,404	3,707	(5,380)	1,763
Beginning Cash and Cash Equivalents	Rs. million	23,401	10,648	7,244	3,537	8,917	7,154
Ending Cash and Cash Equivalents	Rs. million	**32,497**	**23,401**	**10,648**	**7,244**	**3,537**	**8,917**
Cash and Cash Equivalents comprise							
Cash and Bank Balances/Short Term Investments	Rs. million	32,497	23,401	10,648	7,244	3,537	8,993
Short Term Borrowings	Rs. million	-	-	-	-	-	(76)
	Rs. million	**32,497**	**23,401**	**10,648**	**7,244**	**3,537**	**8,917**
Freecash flows							
Profit before tax	Rs. million	50,012	34,734	26,207	22,388	18,285	15,280
Adjustment non-cash items	Rs. million	1,180	1,372	1,520	1,819	1,369	600
Changes in working capital	Rs. million	(15,147)	1,106	(1,006)	3,717	(5,293)	2,954
Cash flows from operating activities	Rs. million	**36,045**	**37,212**	**26,721**	**27,924**	**14,361**	**18,833**
Capital expenditure	Rs. million	(5,075)	(1,939)	(2,421)	(4,201)	(1,947)	(2,275)
Free Cash flows	Rs. million	**30,971**	**35,274**	**24,300**	**23,723**	**12,414**	**16,558**

CASH FLOW ANALYSIS

The cash flows of the Company demonstrate the strength and efficiency of its operations and particularly, its highly efficient working capital management systems and processes.

1. Net Cash Generated from Operating Activities

Cash flow from operating activities has demonstrated sustainable health over the years on the back of improved profitability and effective cash management strategy. The decrease of 35% from Rs 24.9 Bn in 2022 to Rs 16.1 Bn in 2023 was primarily driven by increase in super tax rate from 4% to 10% and increased stock in trade on account of higher leaf prices.

2. Net Cash Generated from Investing Activities

During the year 2023, the Company generated higher net cash from investing activities due to increased investments in Treasury bills generating finance income of Rs 7.0 Bn (2022: Rs 2.3 Bn). Coupled with proceeds generated from sales of property, plant and equipment, net cash from investing activities increased by 198% despite higher investment in property, plant and equipment during the year (Rs 4.3 Bn in 2023 vs Rs 2.5 Bn in 2022).

3. Net Cash Used in Financing Activities

Cash outflows on financing activities have decreased from 12.9 Bn in 2022 to Rs 9.2 Bn in 2023. During the year the company paid out dividend of Rs 5.4 Bn compared to Rs 11.5 Bn in 2022 due to increased regulation on foreign currency remittance. Further, the Company fully repaid loan under the Export Refinance Facility due to adequate liquidity.

PERFORMANCE INDICATOR RATIOS FOR 6 YEARS

			2023	2022	2021	2020	2019	2018
PROFITABILITY RATIOS								
1	*Gross Profit ratio	%	54.1	47.6	47.9	51.8	50.4	43.8
2	*Net Profit to Sales	%	26.3	22.5	25.2	27.1	24.8	19.5
3	*EBITDA Margin to Sales	%	41.5	36.9	36.3	38.3	36.6	29.2
4	Operating leverage ratio	Times	0.9	1.7	0.8	2.0	2.5	0.6
5	Return on Equity	%	74.3	95.6	100.6	87.3	71.5	59.6
6	Return on Capital employed	%	77.6	115.3	124.8	99.4	87.2	78.2

***Gross revenue figure has been adjusted as per IFRS-15 methodology from 2017 and onwards. Certain marketing costs have been deducted from total revenues**

			2023	2022	2021	2020	2019	2018
LIQUIDITY RATIOS								
1	Current ratio	Times	1.6	1.3	1.1	1.3	1.4	1.4
2	Quick / Acid Test Ratio	Times	0.7	0.7	0.4	0.4	0.3	0.5
3	**Cash and cash equivalents to Current Liabilities	%	60.6	54.9	33.3	31.5	17.5	41.2
4	Cash flow from operations to Sales	%	14.6	26.3	25.3	36.5	16.5	24.1

****This includes short term investments**

			2023	2022	2021	2020	2019	2018
ACTIVITY / TURNOVER RATIOS								
1	Inventory turnover ratio	Times	1.1	2.0	1.8	1.5	1.2	1.6
2	No. of Days in Inventory	Days	337.6	182.9	205.8	242.5	303.5	226.2
3	Debtor turnover ratio	Times	117.5	0.0	0.0	0.0	0.0	0.0
4	No. of Days in Receivables	Days	3.1	0.0	0.0	0.0	0.0	0.0
5	Creditor turnover ratio	Times	1.2	1.7	2.3	2.4	2.4	2.0
6	No. of Days in Payables	Days	297.2	209.0	160.9	152.7	150.9	179.6
7	Total Assets turnover ratio	Times	1.0	1.3	1.4	1.4	1.3	1.3
8	Fixed Assets turnover ratio	Times	4.8	5.5	4.4	3.8	4.2	5.3
9	Operating cycle	Days	44	(26)	45	90	153	47
INVESTMENT /MARKET RATIOS								
1	Earnings per share After Tax (EPS) and diluted EPS	Rs	113.3	83.4	73.8	64.6	50.4	40.5
2	Price-Earning Ratio	Times	10.0	11.5	16.2	24.9	48.4	71.7
3	Dividend Yield ratio	%	2.8	5.0	6.7	3.6	2.0	1.3
4	Dividend Payout ratio	%	28.2	57.5	108.4	89.9	95.1	96.4
5	Dividend Cover ratio	Times	3.5	1.7	0.9	1.1	1.1	1.0
6	Dividend Per Share	Rs	32.0	48.0	80.0	58.0	48.0	39.0
7	Stock Dividend per share	Rs	0.0	0.0	0.0	0.0	0.0	0.0
8	Market value per share at year end	Rs	1,131	963	1,198	1,610	2,441	2,900
9	Highest Market value per share during the year	Rs	1,262	1,185	1,700	2,320	2,999	3,000
10	Lowest Market value per share during the year	Rs	579	750	971	1,450	2,186	1,692
11	Break-up value per share	Rs	200.8	104.2	70.3	76.4	71.6	69.5
12	Price to Book Ratio	Times	5.6	9.2	17.0	21.1	34.1	41.7
CAPITAL STRUCTURE RATIOS								
1	Financial leverage ratio	Times	2.3	2.8	2.6	2.3	2.2	2.1
2	***Weighted average cost of debt	%	0.0	0.0	0.0	0.0	0.0	0.0
3	***Debt to Equity ratio	Times	0.0	0.1	0.1	0.0	0.0	0.0
4	Interest Cover/Time interest earned ratio	Times	81.9	107.0	96.5	94.0	91.3	452.7

*****The company does not have any long term financing arrangement**

ANALYSIS OF PERFORMANCE INDICATORS

PROFITABILITY RATIOS

The Company has been able to maintain its profitability ratios during the year 2023, despite multiple excise increases, imposition of super tax by Government, increasing inflation and substantial currency devaluation in the country. Net turnover recorded an increase of 16% in 2023, which coupled with the Company's efficiency drive and cost management initiatives, led to an EPS growth of 36%. This demonstrates the Company's ability to protect and grow value for shareholders in face of adversity.

LIQUIDITY RATIOS

The Company's liquidity ratios present a healthy position over the years. PTC's cash-advance sales model coupled with effective resource allocation enabled it to meet its liquidity requirements including capital expenditures and working capital requirements. Further, increased SBP regulations on foreign currency payments during the year also contributed towards overall improvement in current and quick ratio by 28% and 10% respectively versus 2022.

ACTIVITY RATIOS

While the Company continues to follow an effective working capital approach, activity ratios have deteriorated on account of significantly higher leaf inflation contributing to an increase in inventory days. Increase in creditor days by 42% versus 2022 is mainly on account of imports on deferred Letter of Credit, leading to reduced foreign currency payments during the year.

INVESTMENT/MARKET RATIOS

The Company aims to generate maximum value for its shareholders, both in the short and the long term. This is reflected in the consistent improvement of investment ratios over the years and in particular, the growth of EPS which depicts promising returns for our shareholders. The Company's share price witnessed an increase of 17% versus 2022. The Price-Earnings ("P/E") ratio, however, declined by 14% owing to volatile macroeconomic conditions in the Country.

CAPITAL STRUCTURE RATIOS

Capital structure ratios reflect the Company's ability to meet its financing needs organically, including those related to capital expenditure. These have been funded through cash generated from the Company's operations. As a result, there is no requirement for long-term financing, though, the Company avails a leasing facility for vehicles provided to its employees. The financial leverage ratio has declined by 16% mainly due to unrepatriated profits accumulated during the year.

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventy Seventh (77th) Annual General Meeting (Meeting) of Pakistan Tobacco Company Limited ("the Company") will be held physically at the Serena Hotel, Khayaban-e- Suhrwardy, Islamabad as well as electronically on Wednesday, 24th April 2024 at 10.00 am to transact the following business.

ORDINARY BUSINESS:

1.) To receive, consider and adopt the audited Accounts for the year ended 31st December 2023, and the Report of the Directors and Auditors thereon.

2.) To consider and approve the Final Dividend @ Rs. 0/- as recommended by the Board of Directors for the year ended on 31st December, 2023.

3. To appoint Auditors and to fix their remuneration.

BY ORDER OF THE BOARD

MADEEHA ARSHAD CHAUDHRY
COMPANY SECRETARY

Islamabad: April 02, 2024

NOTES:

1. ANNUAL REPORT

A soft copy of the annual report for the year ended on December 31, 2023 is being sent through email to the shareholders who have given their email address and a letter with QR code (to access the Annual Report digitally) is being sent to the shareholders at their registered addresses. For download, a digital copy is being uploaded on our website **www.ptc.com.pk.** Shareholders who wish to obtain a hard copy of the annual report are requested to inform us at **PTC_AGM@bat.com,** a hard copy of the Annual Report will be duly sent to them.

2. CLOSURE OF SHARE TRANSFER BOOKS:

The Share Transfer Books of the Company will be closed from 17th April to 24th April 2024, both days inclusive. Transfers received at the office of the Company's Share Registrar, FAMCO Share Registration Services (Pvt.) Ltd, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi by the close of business on Tuesday, 16th April 2024, will be in time to be entitl to vote and for the entitlement of dividend.

3. PARTICIPATION IN THE ANNUAL GENERAL MEETING THROUGH ONLINE PLATFORM/FACILITY:

A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy who will have the right to attend, speak and vote in place of that member.

Forms of proxy must be deposited at Company's Share Registrar's office not less than 48 hours before the time of the Meeting (i.e 24th April 2024 at 10.00 a.m). Proxy form(s) received after the said 48 hours i.e. after 10:00 am on 22nd April, 2024 will not be treated as valid.

Attendance of members who have deposited their shares into Central Depository Company of Pakistan Limited shall be in accordance with the following mandatory requirements.

A) IN PERSON:

i) Individual members must bring their participant's ID number and account/sub-account number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending the Meeting.

ii) In the case of a corporate entity, presentation of a certified copy of the Board of Directors' Resolution/Power of Attorney with specimen signatures of the nominee at the time of the Meeting.

B) BY PROXY:

i.) In case of individuals, the submission of proxy form as per the requirement notified in Note 3 above.

ii.) The proxy must be witnessed by two persons whose names, addresses and CNIC numbers should be stated on the form.

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

iv.) In case of a corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signatures shall be submitted with the proxy form to the Company's Share Registrar.

v.) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.

vi.) A form of proxy is available on Company's website.

For any shareholders who want to attend the Annual General Meeting via online connectivity, it is requested to please send an email to **PTC_AGM@bat.com** by 10:00am on 19th April 2024, so a connection link may be communicated to such shareholder.

4. SUBMISSION OF CNIC/NTN DETAILS (MANDATORY)

The CNIC number/NTN details are mandatory and are also required for checking the tax status as per the Active Tax Payers List (ATL) issued by the Federal Board of Revenue (FBR) from time to time.

Individuals, including all joint holders holding physical certificates, are therefore requested to submit a copy of their valid CNIC to the Company or its Registrar, if not already provided. The shareholders, while sending CNIC, must quote their respective folio numbers.

In cases of non-receipt of the copy of a valid CNIC, the Company would be constrained under Section 243 (3) of the Companies Act, 2017 to withhold dividend of such shareholders.

5. ELECTRONIC CREDIT MANDATE FOR DIVIDEND (MANDATORY)

Pursuant to the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode by making direct remittance into their respective bank account designated by the entitled shareholder(s) ("the bank account").

Therefore, in order to receive dividends directly into their bank account, shareholders holding shares in physical form are requested to fill in "Electronic Credit Mandate Form" available on Company's website i.e. **www.ptc.com.pk** and send the completed form along with a copy of a valid CNIC or provide the following information to the registrar of the Company M/s. FAMCO Share Registration Services (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi latest by 16th April, 2024.

FOLIO NUMBER
NAME OF SHAREHOLDER
TITLE OF THE BANK ACCOUNT
INTERNATIONAL BANK ACCOUNT (IBAN) (24 DIGITS)
NAME OF BANK
NAME OF BANK BRANCH AND ADDRESS
CELLULAR NUMBER OF SHAREHOLDER
LANDLINE NUMBER OF SHAREHOLDER
EMAIL ADDRESS
CNIC/NTN NUMBER, IN CASE OF CORPORATE SHAREHOLDER (ATTACH COPY)
SIGNATURE OF MEMBER

6. DEDUCTION OF INCOME TAX FROM DIVIDEND UNDER SECTION 150 OF THE INCOME TAX ORDINANCE, 2001 (MANDATORY)

(i) The rates of deduction of income tax from dividend payments under the Income Tax Ordinance are as follows:

1. Rate of tax deduction for shareholders appearing in Active Taxpayers List (ATL): 15%

2. Rate of tax deduction for shareholders not appearing in Active Taxpayers List (ATL): 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Tax payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

(ii) Withholding Tax exemption from the dividend income, shall only be allowed if a copy of valid tax exemption certificate is made available to FAMCO Share Registration Services (Pvt) Ltd., by the first day of Book Closure.

(iii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders either holding shares in physical form or in CDC, who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	PRINCIPAL SHAREHOLDER		JOINT SHAREHOLDER	
			Name and CNIC #		Name and CNIC #	Shareholding Proportion (No. ofShares)

The required information must reach our Share Registrar within 10 days of this Notice; otherwise, it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

(iv) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or FAMCO Share Registration Services (Pvt.) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

7. INTIMATION FOR NON-RESIDENT INDIVIDUAL SHAREHOLDERS

Non-resident individual shareholders shall submit declaration or undertaking with copy of valid passport under definition contained in Section 82 of the Income Tax Ordinance, 2001 for determination of residential status for the purposes of tax deduction on dividend to the Share Registrar (M/s. FAMCO Share Registration Services (Private) Limited at 8-F, near Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahrah-e-Faisal, Karachi or email at the latest by 16th April 2024. The copy of declaration form can be downloaded at Shares Registrar website: **www.famcosrs.com.**

8. ZAKAT DEDUCTIONS

To claim exemption from compulsory deduction of Zakat, shareholders are requested to submit a notarised copy of Zakat Declaration Form "CZ-50" on NJSP of Rs.50/- to the Share Registrar.

9. E-VOTING

Members can exercise their right to demand a poll subject to meeting requirements of Section 143-145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulation 2018.

10. VIDEO-LINK FACILITY

Pursuant to Section 134 (1) (b) of the Companies Act 2017 and SECP's circular No. 10 of 2014 dated May 21, 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 10 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility, please provide the following information to the Shares Registrar.

I/We, ____________________being a member of Pakistan Tobacco Company Limited holding _______ of Ordinary Shares (s) as per Register Folio No. _____________ hereby opt for the video Conference facility at (Please insert name of the City).

11. Change of Address

Members are requested to notify any change in their addresses immediately.

A. Members holding shares in physical form are requested to notify the Company's Share Registrar promptly of changes in their address.

B. Members holding shares in electronic form with CDC must notify change of address to their participants or CDC Investor Account Services with whom the account is maintained.

12. UNCLAIMED DIVIDEND/SHARES U/S 244 OF THE COMPANIES ACT, 2017

An updated list for unclaimed dividend/shares of the Company, which have remained unclaimed or unpaid for a period of three years from the date these have become due and payable, is available on the Company's website: **https://www.ptc.com.pk/** Claims can be lodged by shareholders on Claim Form as is available on the Company's website. Claim Forms must be submitted to the Company's Share Registrar for receipt of dividend/shares.

13. Conversion of Shares from Physical Form to Book-Entry-Form

The Securities and Exchange Commission of Pakistan (SECP) has issued a letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021 addressed to all listed companies drawing attention towards the provision of Section 72 of the Companies Act, 2017 (Act) which requires all companies to replace shares issued by them in physical form with shares to be issued in the Book-Entry-form within a period not exceeding four years from the date of the promulgation of the Act. In order to ensure full compliance with the provisions of the aforesaid Section 72 and to benefit from the facility of holding shares in the Book-Entry-Form, the shareholders who still hold shares in physical form are requested to convert their shares in the Book-Entry-Form.

14. CONTACT DETAILS

COMPANY CONTACT
Company Secretary,
Pakistan Tobacco Company Limited,
Serena Business Complex,
Khayaban-e-Suhrwardy,
Islamabad

Phone: (051) 2083200.

Email address: ptc_company_secretary@bat.com

SHARE REGISTRAR

FAMCO Share Registration Services (Pvt) Ltd.
8-F, Near Hotel Faran, Nursery,
Block-6, P.E.C.H.S.,
Shahrah-e-Faisal,
Karachi

Phone: (021) 34380101-5

Email address: info.shares@famcosrs.com

STATEMENT OF COMPLIANCE

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

Name of Company: Pakistan Tobacco Company Limited
Year ended: December 31, 2023

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

1. Total number of Directors are twelve as per the following:

Male:11
Female:1

2. The Board's composition is as follows:

INDEPENDENT DIRECTORS

Zafar Mahmood
(Chairman)

Mohammad Riaz

Asif Jooma

Lt. Gen. Najib Ullah Khan (R)

NON- EXECUTIVE DIRECTORS

Belinda Joy Ross

Gary Tarrant

Usman Zahur

Wael Sabra

Faisal Saif

EXECUTIVE DIRECTORS

Syed Ali Akbar
(Managing Director and CEO)

Syed Asad Ali Shah

Syed Muhammad Ali Abrar

FEMALE DIRECTOR

Belinda Joy Ross

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 significant policies along with the dates 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 the 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 the 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. Seven out of twelve have already attended the Directors' Training Program.

10. The Board has approved appointment of CFO, 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. CFO and CEO duly endorsed the financial statements before approval of the Board.

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

A) THE AUDIT COMMITTEE

Mohammad Riaz
Member & Chairman

Asif Jooma
Member

Lt. Gen. Najib Ullah Khan (R)
Member

Belinda Joy Ross
Member

Wael Sabra
Member

B) HR AND REMUNERATION COMMITTEE

Lt. Gen. Najib Ullah Khan (R)
Member

Mohammad Riaz
Member & Chairman

Asif Jooma
Member

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

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

a) The Audit Committee: Four (4) quarterly meetings were held during the year ended 31 December 2023.

b) HR and Remuneration Committee: One (1) meeting was held during the year ended 31 December 2023.

15. The Board has set up an effective internal audit function that is suitably staffed with qualified and experienced personnel, who 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 (ICAP) 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 ICAP 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 any 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 Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the regulations have been complied with.

ZAFAR MAHMOOD
CHAIRMAN

SYED ALI AKBAR
MD&CEO

INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF PAKISTAN TOBACCO 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 Pakistan Tobacco Company Limited ("the company") for the year ended 31 December 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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.

We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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 31 December 2023.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad
Date: 02 April 2023
UDIN: CR202310240KDIHhW3AJ

PAKISTAN TOBACCO COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAKISTAN TOBACCO COMPANY LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the annexed financial statements of Pakistan Tobacco Company Limited (the Company), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss , statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the 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 purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the 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 31 December 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 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAKISTAN TOBACCO COMPANY LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Following are the Key audit matters:

KEY AUDIT MATTERS	HOW THE MATTERS WERE ADDRESSED IN OUR AUDIT
1. REVENUE RECOGNITION Refer notes 7.1 and 8 to the financial statements. The Company is engaged in the production and sale of tobacco and tobacco products. The Company recognized net revenue from the sales of cigarettes/tobacco of Rs 109,932 million for the year ended December 31, 2023. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.	Our audit procedures in respect of recognition of revenue, amongst others, included the following: • Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation, and operating effectiveness of key internal controls over recording of revenue. • Comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • Comparing a sample of revenue transactions recorded around the year- end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • Assessing whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 Revenue from Contracts with Customers. • Comparing the details of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation; and • Assessing the appropriateness of disclosures in the financial statements.
2. VALUATION OF STOCK-IN-TRADE Refer notes 7.12 and 20 to the financial statements. As of 31 December 2023, stock-in-trade is stated at Rs. 46,672 million. Stock-in-trade is measured at the lower of cost and net realizable value. We identified valuation of stock-in-trade as a key audit matter due to its size, representing 35% of total assets of the Company as of December 31, 2023, and the judgment involved in valuation.	Our audit procedures in respect of valuation of stock-in-trade, amongst others, included the following: • Assessing the design, implementation, and operating effectiveness of key internal controls over valuation of stock-in-trade including determination of net realizable values. • Attending inventory counts and reconciling the count results to the inventory listings. • Assessing the accuracy of cost of stock in trade in accordance with the accounting policy. • Assessing the net realizable value of stock-in-trade by comparing, on a sample basis, management's estimation of future selling prices for the products and selling prices achieved subsequent to the end of the reporting period; and • Comparing the net realizable value to the cost of a sample of stock-in-trade and comparison to the associated provision to assess whether stock-in-trade provisions are complete.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAKISTAN TOBACCO COMPANY LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended December 31, 2023 but does not include the financial statements and our auditors' report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the other information is materially inconsistent with the 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 FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAKISTAN TOBACCO COMPANY LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 Muhammad Ubbaid Ullah.

KPMG Taseer Hadi & Co.

KPMG TASEER HADI & CO.
Chartered Accountants
Islamabad
Date: 02 April 2024
UDIN: AR202310240PG0h4wJOs

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
		Rs. '000	Rs. '000
GROSS TURNOVER	8	315,844,419	232,600,278
Excise duties		(158,587,276)	(103,232,916)
Sales tax		(47,324,275)	(34,505,124)
NET TURNOVER		109,932,868	94,862,238
Cost of sales	9	(50,453,836)	(49,705,748)
GROSS PROFIT		59,479,032	45,156,490
Selling and distribution costs	10	(6,867,736)	(5,708,254)
Administrative expenses	11	(5,734,191)	(4,026,820)
Other operating expenses	12	(5,552,201)	(3,298,042)
Other income	13	2,121,627	663,879
		(16,032,501)	(12,369,237)
OPERATING PROFIT		43,446,531	32,787,253
Finance income - interest income on T-bills	25	7,183,870	2,274,037
Finance cost	14	(617,945)	(327,683)
Net finance income		6,565,925	1,946,354
PROFIT BEFORE INCOME TAX		50,012,456	34,733,607
Income tax expense	15	(21,052,793)	(13,412,676)
PROFIT FOR THE YEAR		28,959,663	21,320,931
EARNINGS PER SHARE (BASIC AND DILUTED) - (RUPEES)	16	113.35	83.45

The annexed notes 1 to 43 form an integral part of these financial statements.

SYED ALI AKBAR
Chief Executive Officer

SYED MUHAMMAD ALI ABRAR
Chief Financial Officer/Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023 Rs. '000	2022 Rs. '000
PROFIT FOR THE YEAR		28,959,663	21,320,931
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified to profit or loss			
Remeasurement loss on defined benefit pension and gratuity plans	33	(286,673)	(638,453)
Tax (credit)/charge related to remeasurement loss on defined benefit pension and gratuity plans	15	151,453	232,239
		(135,220)	(406,214)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		28,824,443	20,914,717

The annexed notes 1 to 43 form an integral part of these financial statements.

SYED ALI AKBAR
Chief Executive Officer

SYED MUHAMMAD ALI ABRAR
Chief Financial Officer/Director

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	Note	2023	2022
		Rs. '000	Rs. '000
NON CURRENT ASSETS			
Property, plant and equipment	17	21,671,778	16,801,940
Advance for capital expenditure		1,346,732	532,106
Long term investment in subsidiary company	18	5,000	5,000
Long term deposits and prepayments	19	42,395	23,604
		23,065,905	17,362,650
CURRENT ASSETS			
Stock-in-trade	20	46,672,301	24,905,320
Stores and spares	21	630,989	561,046
Trade debts	22	2,687,721	2,876
Loans and advances	23	646,419	832,795
Short term prepayments		220,716	139,961
Other receivables	24	3,163,429	3,852,686
Short term investments	25	14,557,699	21,522,111
Cash and bank balances	26	17,938,895	1,878,796
		86,518,169	53,695,591
CURRENT LIABILITIES			
Trade and other payables	27	39,130,358	27,197,561
Other liabilities	28	2,089,190	4,092,981
Short term running finance/export refinance	29	-	2,354,312
Lease liability	30	852,765	802,531
Unpaid dividend	31	8,141,160	5,391,129
Unclaimed dividend		105,081	106,330
Current income tax liabilities		3,285,951	2,683,837
		(53,604,505)	(42,628,681)
NET CURRENT ASSETS		32,913,664	11,066,910
NON CURRENT LIABILITIES			
Lease liability	30	(2,569,277)	(935,335)
Deferred income tax liabilities	32	(2,095,119)	(869,898)
		(4,664,396)	(1,805,233)
NET ASSETS		51,315,173	26,624,327
SHARE CAPITAL AND RESERVES			
Share capital	34	2,554,938	2,554,938
Capital reserve	35	4,042,204	-
Revenue reserve - Unappropriated profits		44,718,031	24,069,389
		51,315,173	26,624,327
CONTINGENCIES AND COMMITMENTS	36		

The annexed notes 1 to 43 form an integral part of these financial statements.

SYED ALI AKBAR
Chief Executive Officer

SYED MUHAMMAD ALI ABRAR
Chief Financial Officer/Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2023

	Share Capital	Revenue Reserve - Unappropriated Profit	Capital Reserve	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
BALANCE AT JANUARY 1, 2022	2,554,938	15,418,374	-	17,973,312
TOTAL COMPREHENSIVE INCOME FOR THE YEAR:				
Profit for the year	-	21,320,931	-	21,320,931
Other comprehensive income for the year	-	(406,214)	-	(406,214)
Total Comprehensive income for the year	-	20,914,717		20,914,717
TRANSACTIONS WITH OWNERS OF THE COMPANY:				
Final dividend of Rs. 28 per share relating to the year ended December 31, 2021	-	(7,153,826)	-	(7,153,826)
Interim dividend of Rs. 10 per share relating to the year ended December 31, 2022	-	(2,554,938)	-	(2,554,938)
Interim dividend of Rs. 10 per share relating to the year ended December 31, 2022	-	(2,554,938)	-	(2,554,938)
Total transactions with owners of the Company	-	(12,263,702)	-	(12,263,702)
BALANCE AT DECEMBER 31, 2022	2,554,938	24,069,389	-	26,624,327
BALANCE AT JANUARY 01, 2023	2,554,938	24,069,389	-	26,624,327
TOTAL COMPREHENSIVE INCOME FOR THE YEAR:				
Profit for the year	-	28,959,663	-	28,959,663
Other comprehensive income for the year	-	(135,220)	-	(135,220)
Total comprehensive income for the year	-	28,824,443	-	28,824,443
Free of cost services and exempted recharges	-	-	4,042,204	4,042,204
TRANSACTIONS WITH OWNERS OF THE COMPANY:				
Interim dividend of Rs. 10 per share relating to the year ended December 31, 2023	-	(2,554,938)	-	(2,554,938)
Interim dividend of Rs. 22 per share relating to the year ended December 31, 2023	-	(5,620,863)	-	(5,620,863)
Total transactions with owners of the Company	-	(8,175,801)	-	(8,175,801)
BALANCE AT DECEMBER 31, 2023	2,554,938	44,718,031	4,042,204	51,315,173

The annexed notes 1 to 43 form an integral part of these financial statements.

SYED ALI AKBAR
Chief Executive Officer

SYED MUHAMMAD ALI ABRAR
Chief Financial Officer/Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
		Rs. '000	Rs. '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40	36,045,452	37,212,147
Finance cost paid		(208,133)	(62,082)
Income tax paid		(19,074,005)	(11,875,679)
Contribution to retirement benefit funds		(672,005)	(357,542)
Net cash generated from operating activities		16,091,309	24,916,844
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(4,260,243)	(2,521,652)
Advance for capital expenditure		(814,626)	583,127
Proceeds from sale of property, plant and equipment		257,488	406,736
Interest received		7,027,604	2,274,037
Net cash generated from / (used) in investing activities		2,210,223	742,248
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(5,427,019)	(11,506,890)
Lease payments		(1,478,826)	(1,398,961)
Proceeds from export refinance facility		(2,300,000)	-
Net cash used in financing activities		(9,205,845)	(12,905,851)
Net increase in cash and cash equivalents		9,095,687	12,753,241
Cash and cash equivalents at beginning of year		23,400,907	10,647,666
CASH AND CASH EQUIVALENTS AT END OF YEAR		32,496,594	23,400,907
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash and bank balances	26	17,938,895	1,878,796
Short term investments	25	14,557,699	21,522,111
		32,496,594	23,400,907

The annexed notes 1 to 43 form an integral part of these financial statements.

SYED ALI AKBAR
Chief Executive Officer

SYED MUHAMMAD ALI ABRAR
Chief Financial Officer/Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. CORPORATE AND GENERAL INFORMATION

THE COMPANY AND ITS OPERATIONS

Pakistan Tobacco Company Limited (the Company) is a public limited company incorporated in Pakistan on November 18, 1947 under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange Limited. The Company is a subsidiary of British American Tobacco (Investments) Limited, United Kingdom, whereas its ultimate parent company is British American Tobacco p.l.c, United Kingdom. The principal activity of the Company is to manufacture and sell cigarettes, tobacco, Velo and Vuse.

The registered office of the Company is situated at Serena Business Complex, Khayaban-e-Suharwardy, Islamabad, Pakistan. The Company has three manufacturing plants one located in Akora Khattak and two in Jhelum.

These financial statements are the separate financial statements of the Company in which investment in subsidiary is carried at cost. Consolidated financial statements are prepared separately.

CAPACITY AND PRODUCTION

Against an estimated manufacturing capacity of 51,800 million cigarettes (2022: 51,800 million cigarettes) actual production was 28,153 million cigarettes (2022: 41,976 million cigarettes). For modern oral manufacturing capacity was 1,097 million pouches (2022: 650 million) and actual production was 550 million pouches (2022: 451 million). The split from each industrial unit is given below.

FMC	Manufacturing Capacity	
Site	2023 (Units in Millions)	2022 (Units in Millions)
Akora Khattak Factory	24,500	24,500
Jhelum Factory	27,300	27,300
Total	51,800	51,800

Modern Oral	Manufacturing Capacity	
Site	2023 (Units in Millions)	2023 (Units in Millions)
Jhelum Factory	1,097	650

FMC	Actual Production	
Site	2023 (Units in Millions)	2022 (Units in Millions)
Akora Khattak Factory	13,450	20,382
Jhelum Factory	14,703	21,594
Total	28,153	41,976

Modern Oral	Actual Production	
Site	2023 (Units in Millions)	2022 (Units in Millions)
Jhelum Factory	550	451

Actual production is less than the installed capacity due to market demand.

NUMBER OF EMPLOYEES

Total number of employees as at December 31, 2023 were 1,011 (2022: 1,050). Out of the total number of employees, the number of factory employees as at December 31, 2023 were 395 (2022: 394). Average number of employees during the year were 1,026 (2022: 1,051), whereas average factory employees during the year were 395 (2022: 391)

2. STATEMENT OF COMPLIANCE

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

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

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

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

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective accounting policies notes including but not limited to:

- Defined benefit plans
- Leases
- Short-term investments

4. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency), which is the Pakistan rupee (Rs).

5. USE OF ESTIMATES AND JUDGEMENTS

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized, prospectively.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

SIGNIFICANT ESTIMATES

- Note 7.9 & 17 – useful lives, residual values and depreciation method of property, plant and equipment
- Note 33 – Retirement benefits

OTHER ESTIMATES

- Note 20 and 21 – Provision for obsolescence of stock in trade and stores and spares
- Notes 15 and 32 – Provision for income tax and calculation of deferred tax
- Note 37 – Financial instruments – fair values
- Note 36 – Contingencies

MEASUREMENT OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then management assesses the evidence obtained from the third parties to support its conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring fair value of an asset or a liability, the Company uses observable and available market data as far as possible. Fair values are categorised 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, which are observable and available 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 and available market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level of input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

6. NEW ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2024:

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

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

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

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

• Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

• Lack of Exchangeability (amendments to IAS 21) clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

Further, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025.
Earlier application is permitted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

7. MATERIAL ACCOUNTING POLICY INFORMATION

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

Material accounting policy Information of the Company is as follows:

7.1 REVENUE RECOGNITION

Revenue comprises the invoiced value for the sale of goods net of sales taxes, rebates and discounts. Certain marketing costs are deducted from the gross amount of sales. Revenue from the sale of goods is recognised when control of the goods passes to customers and the customers can direct the use of and substantially obtain all the benefits from the goods. Revenue is recognized when specific criteria have been met for each of the Company's activities as described below.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Sale of goods

Sale of goods is recognized when the Company has transferred control of the products to the distributor and there is no unfulfilled obligation that could affect the distributor's acceptance of the products.

Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due.

Contract liabilities

A contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs its performance obligations under the contract.

INCOME ON BANK DEPOSITS

Income on bank deposits is accounted for on the time proportion basis using the applicable rate of return.

INCOME ON SHORT TERM INVESTMENTS

Short term investments, classified as financial assets at fair value through profit or loss, are re-measured to fair value at each reporting date until the assets are de-recognised. The gains and losses arising from changes in fair value are included in the statement of profit or loss in the period in which they occur

Others

Scrap sales and miscellaneous receipts are recognized on realized amounts. All other income is recognized on accrual basis.

7.2 INCOME TAX

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

Current

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred

Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred income tax is calculated at the rates that are expected to apply to the period when the differences reverse.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

7.3 PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount could be reliably estimated. Provisions are not recognized for future operating losses. All provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

7.4 EARNINGS PER SHARE

The Company presents basic earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

7.5 CONTINGENT ASSETS

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company Contingent assets are not recognized until their realization becomes certain.

7.6 CONTINGENT LIABILITIES

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognised, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

7.7 EMPLOYEE BENEFITS

(a) Retirement benefit plans

The Company operates various retirement benefit schemes. The schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial calculations or up to the limit allowed as per the Income Tax Ordinance, 2001. The Company has both defined contribution and defined benefit plans.

A defined contribution plan is a plan under which the Company pays fixed contributions into a separate fund. The Company has no further legal or constructive obligation to pay contributions if the fund does not hold sufficient assets to pay all employees, the benefits relating to employees' service in the current and prior periods.

A defined benefit plan is a plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

THE COMPANY OPERATES:

(i) Defined benefit, approved funded pension scheme for management and certain grades of business support officers and approved gratuity scheme for all employees. Employees also contribute to the pension scheme. The liability recognized in the balance sheet in respect of pension and gratuity schemes is the present value of the defined benefit obligation of the Company at the balance sheet date less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries 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 government bonds denominated in Pakistan rupee and have terms to maturity approximating to the terms of the related liability.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements. Past-service costs are recognised immediately in income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

(i) Approved contributory provident fund for all employees is administered by trustees and approved contributory pension fund for the new joiners. The contributions of the Company are recognized as employee benefit expense when they are due. Prepaid contributions, if any, are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(a) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

(b) Medical benefits

The Company maintains a health insurance policy for its entitled employees and their dependents and pensioners and their spouses. The Company contributes premium to the policy annually. Such premium is recognised as an expense in the statement of profit or loss.

(c) Bonus plans

The Company recognizes a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments and performance targets. The Company recognizes a provision where it is contractually obliged or where there is a past practice that has created a constructive obligation.

(d) Share-based payments

The Company has two cash-settled share-based compensation plans. Share options are granted to key management personnel which vest over a period of three years. A liability equal to the portion of the services received is recognised at its current fair value determined at each statement of financial position date.

Where applicable, the Company recognises the impact of revisions to original estimates in the statement of profit or loss, with a corresponding adjustment to current liabilities for cash-settled schemes.

(i) Restricted Share Plan (RSP)

Nil-cost option exercisable after three years from date of grant with a contractual life of ten years. Pay-out is subject to performance conditions based on earnings per share, operating cash flow, total shareholder return and net turnover of the British American Tobacco (BAT) group. Total shareholder return combines the share price and dividend performance of the BAT group by reference to one comparator group.

(ii) Deferred Share Bonus Scheme (DSBS)

Free ordinary shares released three years from date of grant and may be subject to forfeit if a participant leaves employment before the end of the three years holding period. Participants receive a separate payment equivalent to a proportion of the dividend payment during the holding period. Share options are granted in March each year.

7.8 LEASE LIABILITY

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below Rs 100,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

7.9 PROPERTY, PLANT AND EQUIPMENT

OWNED ASSETS

These are stated at cost less accumulated depreciation and any accumulated impairment losses, except freehold land and capital work in progress which are stated at cost less impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

All other repairs and maintenance expenses are recognized in the statement of profit or loss during the financial period in which they are incurred.

Free-hold land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost less residual value over their estimated useful lives at the following annual rates:

- Buildings on freehold and leasehold land	3%
- Plant and machinery	5%
- Air conditioners (included in plant and machinery)	20%
- Office and household equipment	20% to 33.3%
- Furniture and fittings	10% to 20%
- Vehicles – owned and leased	16%

Depreciation on additions and deletions during the year is charged on a pro rata basis from the month when the asset is put into use or up to the month when asset is disposed/written off.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Gains and losses on disposals of operating fixed assets are recognized in the statement of profit or loss.

RIGHT OF USE ASSETS

Right of use asset is calculated as the initial amount of the lease liability in terms of property rentals and vehicle rentals at the lease contract commencement date. The right of use asset is subsequently depreciated using the straight-line method for a period of lesser of useful life or actual lease term.

7.10 IMPAIRMENT OF NON-FINANCIAL ASSET

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognised. An impairment loss or reversal of impairment loss is recognised in the statement of profit or loss.

7.11 LONG TERM INVESTMENT IN SUBSIDIARY

The investment in subsidiary company is carried at cost less any impairment losses. The profit and loss of the subsidiary company is carried in the financial statements of the subsidiary company and is not dealt with for the purpose of the separate financial statements of the Company except to the extent of dividend declared (if any) by the subsidiary company.

7.12 STOCK IN TRADE

Stock-in-trade is stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in process comprises design costs, raw materials, direct labour, other direct costs and related production overheads. Net realizable value is the estimated selling price in the ordinary course of business, less cost of completion and costs necessary to be incurred to make the sale.

7.13 STORES AND SPARES

Stores, spares and loose tools are valued at lower of weighted average cost and net realizable value. Cost is determined using weighted average. Items in transit are valued at cost comprising invoice value and other related charges incurred up to the statement of financial position date. For items which are slow moving, adequate impairment is recognized. The Company reviews the carrying number of stores, spares and loose tools on a regular basis and provision is made for obsolescence.

7.14 FINANCIAL INSTRUMENTS

Financial assets

i. Recognition and de-recognition

The Company initially recognises financial assets on the date when they are originated. Financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.
Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

ii. Classification

On initial recognition, a financial asset is classified as measured at:
- amortised cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL)

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

(A) AMORTISED COST

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(B) FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(C) FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

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

i. Subsequent measurement

FINANCIAL ASSETS AT FVTPL	Measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
FINANCIAL ASSETS AT AMORTISED COST	Measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.
DEBT INVESTMENTS AT FVOCI	vThese assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
EQUITY INVESTMENTS AT FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

ii. De-recognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Any gain / (loss) on the recognition and de-recognition of the financial assets and liabilities is included in the statement of profit or loss for the period in which it arises.

iii. Impairment of financial assets

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assess whether the financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

FINANCIAL LIABILITIES

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

7.15 BORROWING COSTS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are charged to statement of profit or loss.

7.16 DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividend is approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are declared by the Board of Directors.

7.17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and deposits held at call with banks and highly liquid investments with less than three months maturity from the date of acquisition. Short term finance facilities availed by the Company, which are repayable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents in the statement of cash flows. Cash equivalents are short term highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

7.18 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency using the exchange rate prevailing at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognized in the statement of profit or loss.

7.19 FAIR VALUE MEASUREMENT

'Fair value' is the price that would be received by selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, both for financial and non-financial assets and liabilities (See Note 5). When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received.

7.20 OPERATING SEGMENTS

The Board of Directors of the Company, which is chief operating decision-maker, is responsible for allocating resources and assessing Company's performance and operations has identified one reportable segment. Accordingly, these financial statements have been prepared on the basis of single reportable segment. Revenue from external customers along with local and export sales is disclosed in note 8. Revenue from transaction with a single customer did not exceed 10% of Company's total revenue. All the assets of the Company are based in Pakistan.

NOTES TO THE FINANCIAL STATEMENTS

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8 GROSS TURNOVER

	2023	2022
	Rs.'000	Rs.'000
- Domestic	302,489,188	227,459,685
- Export	13,355,231	5,140,593
	315,844,419	232,600,278

Revenue recognised during the year that was included in the contract liability balance at the beginning of year is Rs.715,884 thousand (2022: Rs. 246,718 thousand).

9 COST OF SALES

	2023	2022
	Rs.'000	Rs.'000
Raw material consumed		
Opening stock of raw materials and work in process	21,904,030	18,261,871
Raw material purchases and expenses - note 9.2	64,659,554	38,300,912
Closing stock of raw materials and work in process	(43,673,170)	(21,904,030)
	42,890,414	34,658,753
Government taxes and levies		
Customs duty and surcharges	1,860,394	2,328,775
Provincial and municipal taxes and other duties	351,900	396,399
Excise duty on royalty	-	85,035
	2,212,294	2,810,209
	45,102,708	37,468,962
Royalty	-	850,354
Provision for severance benefits	(2,124,849)	1,411,660
Production overheads		
Salaries, wages and benefits	3,042,939	3,272,129
Stores, spares and machine repairs	1,483,362	1,876,288
Fuel and power	975,042	1,530,364
Insurance	94,825	91,642
Repairs and maintenance	502,882	1,135,903
Postage, telephone and stationery	12,292	15,726
Information technology	56,411	37,699
Depreciation / Impairment - note 9.1 & 17.3	1,163,542	1,026,868
Provision for damaged stocks / stock written off	134,176	91,428
Provision for slow moving items / stores written off	-	660
Sundries	20,986	62,909
	7,486,457	9,141,616
Cost of goods manufactured	50,464,316	48,872,592
Cost of finished goods		
Opening stock	3,130,588	3,963,744
Closing stock	(3,141,068)	(3,130,588)
	(10,480)	833,156
Cost of sales	50,453,836	49,705,748

9.1. This includes impairment on property, plant & equipment amounting to Rs. nil (2022: Rs. 893 thousand).

	2023	2022
	Rs.'000	Rs.'000
9.2. Raw material purchases and expenses:		
Materials	59,313,458	35,049,848
Salaries, wages and benefits	1,839,276	1,025,723
Stores, spares and machine repairs	997,556	485,303
Fuel and power	721,828	381,298
Property rentals	33,641	16,492
Insurance	22,312	14,708
Repairs and maintenance	315,655	143,081
Postage, telephone and stationery	21,603	21,083
Depreciation / impairment - note 17.3	347,616	511,337
Sundries	1,046,609	652,039
	64,659,554	38,300,912

10. SELLING AND DISTRIBUTION COSTS

	2023	2022
	Rs.'000	Rs.'000
Salaries, wages and benefits	1,304,098	1,269,467
Selling expenses	4,763,294	3,721,683
Freight	170,647	198,202
Repairs and maintenance	95,088	52,530
Postage, telephone and stationery	31,447	19,003
Travelling	135,414	99,072
Property rentals	12,778	12,508
Insurance	31,559	31,849
Provision for damaged stocks / stock written off	55,451	67,239
Finished goods / wrapping material stock written off	9,808	10,720
Depreciation / impairment - note 10.1 & 17.3	258,152	225,981
	6,867,736	5,708,254

10.1. This includes impairment on property, plant & equipment amounting to Rs. 58 thousand (2022: Rs. nil).

11. ADMINISTRATIVE EXPENSES

	2023	2022
	Rs.'000	Rs.'000
Salaries, wages and benefits	1,305,636	1,093,837
Fuel and power	11,907	11,512
Insurance	13,245	7,831
Repairs and maintenance	70,782	55,167
Postage, telephone and stationery	21,389	12,243
Legal and professional charges	128,062	97,028
Donations - note 11.2	-	12,300
Information technology	3,638,663	2,307,046
Travelling	105,450	22,630
Depreciation / impairment - note 11.1 & 17.3	383,654	383,943
Auditor's remuneration and expenses - note 11.3	19,340	15,829
Sundries	36,063	7,454
	5,734,191	4,026,820

11.1. This includes impairment on property, plant & equipment amounting to Rs. 200 thousand (2022: Rs. nil).

FOR THE YEAR ENDED DECEMBER 31, 2023

11.2. Details of donations exceeding Rs 1,000 thousand are as follows:

Name of Donee	2023	2022
	Rs.'000	Rs.'000
Gottfried Thoma Benevolent Trust	-	12,000
	-	12,000

There were no donations in which the directors, or their spouses, had any interest.

	2023	2022
	Rs.'000	Rs.'000
11.3. Auditor's remuneration and expenses include:		
- Statutory audit fee	3,278	2,926
- Group reporting, review of half yearly accounts, audit of consolidated accounts, audit of staff retirement benefit funds and other certifications and review of Statement of Compliance with Code of Good Corporate Governance	14,625	12,093
- Out-of-pocket expenses	1,437	810
	19,340	15,829

12. OTHER OPERATING EXPENSES

	2023	2022
	Rs.'000	Rs.'000
Workers' Profit Participation Fund - note 27.7	2,903,043	1,865,392
Workers' Welfare Fund - note 27.6	1,076,059	658,709
Bank charges and fees	67,946	52,717
Interest to Workers' Profit Participation Fund	-	1,082
Foreign exchange loss	1,505,153	720,142
	5,552,201	3,298,042

13. OTHER INCOME

	2023	2022
	Rs.'000	Rs.'000
Income from services rendered to associated companies:		
- BAT Middle East DMCC - UAE	376,128	551,559
Reimbursement of expenses by associated companies:		
- BAT Middle East DMCC - UAE	1,634,274	-
Gain on disposal of property, plant and equipment	106,142	108,401
Miscellaneous	5,083	3,919
	2,121,627	663,879

14.FINANCE COST

	2023	2022
	Rs.'000	Rs.'000
Interest expense on:		
Bank borrowings	153,821	103,253
Lease liability	464,124	224,430
	617,945	327,683

FOR THE YEAR ENDED DECEMBER 31, 2023

15. INCOME TAX EXPENSE

	2023	2022
	Rs.'000	Rs.'000
Current:		
For the year	17,573,747	11,089,731
For prior years - note 15.1	2,102,372	2,420,747
	19,676,119	13,510,478
DEFERRED	1,376,674	(97,802)
	21,052,793	13,412,676

15.1. This relates to enhancement of Super tax from 4% to 10%, vide Finance Act 2023, effective from the prior year, resulting in adjustment of additional prior period tax i.e., 6% in the current year.

15.2. Effective tax rate reconciliation:

Numerical reconciliation between the average effective income tax rate and applicable income tax rate is as follows:

	2023	2022
	%	%
Applicable tax rate	29.00	29.00
Tax effect of:		
Super tax - current year	9.03	3.87
Prior year charge	4.21	7.33
Income taxed at different rate	(3.44)	(1.85)
Others	3.30	0.27
Average effective tax rate	42.10	38.62

15.3. Tax on items directly credited to statement of other comprehensive income

	2023	2022
	Rs.'000	Rs.'000
Current tax (credit) on defined benefit plans	-	(170,393)
Deferred tax (credit) on defined benefit plans	(151,453)	(61,846)
	(151,453)	(232,239)

16. EARNINGS PER SHARE

	2023	2022
	Rs.'000	Rs.'000
Profit after tax (Rs. '000)	28,959,663	21,320,931
Number of fully paid weighted average ordinary shares ('000)	255,494	255,494
Earnings per share - Basic (Rs.)	113.35	83.45

There is no dilutive effect on the basic earnings per share of the Company.

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17 PROPERTY, PLANT AND EQUIPMENT

	2023	2022
	Rs. '000	Rs. '000
Operating assets - note 17.1	19,029,849	15,756,223
Capital work in progress - note 17.2	2,641,929	1,045,717
	21,671,778	16,801,940

17.1 OPERATING ASSETS

							Right of use assets				
	Free-hold land	Buildings on freehold land	Plant and machinery	Office and household equipment	Furniture and fittings	Vehicles	Land and building	Factory Vehicles - Fork lifter trucks	Vehicles	Sub-total	Total
	Rs. '000	Rs. '000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At January 1, 2022											
Cost	30,570	1,621,697	20,206,115	2,531,831	697,594	69,050	1,995,764	367,164	1,655,236	4,018,164	29,175,021
Accumulated Depreciation / impairment	-	(356,662)	(9,996,659)	(1,775,189)	(377,733)	(56,640)	(1,020,378)	(147,515)		(1,732,498)	(14,295,381)
Net book amount January 1, 2022	30,570	1,265,035	10,209,456	756,642	319,861	12,410	975,386	219,649	1,090,631	2,285,666	14,879,640
Year ended December 31, 2022											
Net book amount at January 1, 2022	30,570	1,265,035	10,209,456	756,642	319,861	12,410	975,386	219,649	1,090,631	2,285,666	14,879,640
Additions	-	61,523	932,181	74,241	10,864	313	322,031	24,492	566,689	913,212	1,992,334
Transfer from CWIP	-	3,784	1,059,412	130,634	136,883	-	-	-	-	-	1,330,713
Disposals	-	(365)	(13,082)	(34,947)	(626)	(138)		-	(142,970)	(249,177)	(298,335)
Depreciation charge / impairment	-	(263,098)	(778,360)	(284,547)	(58,415)	(3,162)	(447,626)	(68,927)	(243,994)	(760,547)	(2,148,129)
Net book amount at December 31, 2022	30,570	1,066,879	11,409,607	642,023	408,567	9,423	743,584	175,214	1,270,356	2,189,154	15,756,223
At December 31, 2022											
Cost	30,570	1,686,158	22,130,632	2,669,093	841,811	68,177	2,144,667	391,656	1,913,363	4,449,686	31,876,127
Accumulated depreciation / impairment	-	(619,279)	(10,721,025)	(2,027,070)	(433,244)	(58,754)	(1,401,083)	(216,442)	(643,007)	(2,260,532)	(16,119,904)
Net book amount at December 31, 2022	30,570	1,066,879	11,409,607	642,023	408,567	9,423	743,584	175,214	1,270,356	2,189,154	15,756,223
At January 1, 2023											
Cost	30,570	1,686,158	22,130,632	2,669,093	841,811	68,177	2,144,667	391,656	1,913,363	4,449,686	31,876,127
Accumulated Depreciation / impairment	-	(619,279)	(10,721,025)	(2,027,070)	(433,244)	(58,754)		(216,442)	(643,007)	(2,260,532)	(16,119,904)
Net book amount January 1, 2023	30,570	1,066,879	11,409,607	642,023	408,567	9,423	743,584	175,214	1,270,356	2,189,154	15,756,223
Year ended December 31, 2023											
Net book amount at January 1, 2023	30,570	1,066,879	11,409,607	642,023	408,567	9,423	743,584	175,214	1,270,356	2,189,154	15,756,223
Additions	-	74,528	1,616,612	190,401	11,813	3,132	1,890,236	62,900	893,059	2,846,195	4,742,681
Transfer from CWIP	-	27,047	619,099	156,134	26,975	6,000	-	-	-	-	835,255
Disposals	-	-	(969)	(2,688)	(372)	-	-	-	(147,317)	(147,317)	(151,346)
Depreciation charge / impairment	-	(24,700)	(895,098)	(267,860)	(62,258)	(3,369)	(506,874)	(46,382)	(346,423)	(899,679)	(2,152,964)
Net book amount at December 31, 2023	30,570	1,143,754	12,749,251	718,010	384,725	15,186	2,126,946	191,732	1,669,675	3,988,353	19,029,849
At December 31, 2023											
Cost	30,570	1,787,733	24,445,151	3,164,932	866,285	34,009	4,034,903	440,161	2,570,275	7,045,339	37,374,019
Accumulated depreciation / impairment	-	(643,979)	(11,695,900)	(2,446,922)	(481,560)	(18,823)	(1,907,957)	(248,429)	(900,600)	(3,056,986)	(18,344,170)
Net book amount at December 31, 2023	30,570	1,143,754	12,749,251	718,010	384,725	15,186	2,126,946	191,732	1,669,675	3,988,353	19,029,849

FOR THE YEAR ENDED DECEMBER 31, 2023

17.1.1 Particulars of immovable property (land and building) in the name of the Company are as follows:

Location	Total Area
Production Plants	
Jhelum	58.3 Acres
Akora	61.0 Acres
Warehouses	
Faujoon	163,970 Sq ft.
Shergarh	65,227 Sq ft.
Takht Bhai	54,593 Sq ft.
Umerzai	87,464 Sq ft.
Mianwali	878,694 Sq ft.
Okara	71,723 Sq ft.

	2023	2022
	Rs. '000	Rs. '000
17.2 CAPITAL WORK IN PROGRESS		
Carrying value at the beginning of the year	1,045,717	933,900
Additions during the year	2,431,467	1,442,530
	3,477,184	2,376,430
Transferred to operating fixed assets	(835,255)	(1,330,713)
Carrying value at the end of the year - note 17.2.1	2,641,929	1,045,717

17.2.1 Capital work in progress includes capital expenditure on projects relating to enhancement of already installed machinery.

	2023	2022
17.3 Depreciation/impairment charge has been allocated as follows:	Rs. '000	Rs. '000
Cost of sales	1,163,542	1,026,868
Raw material purchases and expenses	347,616	511,337
Selling and distribution expenses	258,152	225,981
Administrative expenses	383,654	383,943
	2,152,964	2,148,129

NOTES TO THE FINANCIAL STATEMENTS

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17.4 Details of property, plant and equipment disposed off during the year, having book value of Rs. 500,000 or more are as follows:

	Cost	Book value	Sale proceeds less selling expenses	Gain / (Loss) on Sale	Particulars of buyers	Relationship
	Rs. '000	Rs. '000	Rs. '000	Rs. '000		
Plant & machinery - by negotiation	3,163	2,688	2,688	-	BAT SAA Service.(Pvt) Ltd	Associated company
Vehicles - as per Company's policy	2,364	504	473	(32)	Saad Asif	Ex-Executive
	2,639	739	757	18	Waqar Ul Haq	Executive
	2,646	564	529	(35)	Syed Aamir Iqbal	Executive
	2,789	595	558	(37)	Rizwan Zafar	Executive
	2,846	949	886	(63)	Nouman Bashir	Executive
	2,895	811	863	53	Bilal Ahsan	Assignee-associated co.
	2,895	733	579	(154)	Muhammad Harris	Executive
	2,925	741	565	(176)	Qasim Tariq	Executive
	3,107	911	621	(290)	Hassan Moonis	Executive
	3,447	1,103	1,124	22	Muhammad Gulzar	Ex-Executive
	3,447	1,287	1,221	(66)	Madeeh Pasha	Assignee-associated co.
	3,470	1,527	1,363	(164)	Sarfraz Ahmed	Executive
	3,483	1,207	1,116	(91)	Hussain Ali Zaidi	Assignee-associated co.
	3,483	1,440	1,599	159	Bilal Pervez	Ex-Executive
	3,483	1,486	1,487	1	Saqib Ali	Ex-Executive
	3,483	2,090	1,785	(305)	Mehrab Khan	Assignee-associated co.
	3,613	2,553	2,322	(231)	Sameera Seham	Executive
	3,658	2,244	1,998	(245)	Kifayat Ali	Executive
	3,663	1,954	1,771	(182)	Syed Nabeel Ahmed	Assignee-associated co.
	3,663	2,002	1,956	(46)	Maha Qureshi	Executive
	3,733	2,588	2,440	(148)	Quratul Ain	Ex-Executive
	3,907	1,667	1,658	(9)	Bilal Bin Waheed	Assignee-associated co.
	3,913	3,339	2,966	(373)	Nayab Maqsood	Executive
	3,937	1,732	1,561	(172)	Usman Javed	Assignee-associated co.
	3,937	2,257	2,208	(49)	Nauman Masood Butt	Assignee-associated co.
	3,987	3,668	3,778	109	Zarrar Niazi	Assignee-associated co.
	4,022	3,325	3,112	(213)	Saad Zaheer	Assignee-associated co.
	4,057	2,001	1,839	(162)	Farhan Rafique	Ex-Executive
	4,057	2,434	2,328	(106)	Manzar Ijaz Rana	Ex-Executive
	4,137	2,372	2,289	(83)	Ali Abdullah	Assignee-associated co.
	4,137	3,310	3,279	(30)	Amer Farooq	Assignee-associated co.
	4,415	4,121	4,187	66	Hassan Ghaus	Assignee-associated co.
	4,540	3,753	3,979	226	Mahrukh Naeem	Executive
	4,540	3,571	3,272	(299)	Sachal Tehsin	Assignee-associated co.
	5,343	4,559	4,275	(284)	Osama Saeed	Assignee-associated co.
	5,343	5,129	5,099	(30)	S.Fahad Gilani	Assignee-associated co.
	5,343	4,915	4,806	(109)	Ayesha Malik	Ex-Executive
	6,143	5,979	5,784	(194)	Mujahid Hussain	Executive
	6,143	5,897	5,327	(570)	Javaid Khan	Ex-Executive
	6,233	1,247	1,247	-	Muhammad Asim	Ex-Executive
	6,233	1,330	1,413	84	Khan Muhammad	Assignee-associated co.
	6,630	6,099	5,662	(437)	Waqas A.Khan	Assignee-associated co.
	7,130	6,559	5,754	(805)	Ahmed Iqbal Memon	Assignee-associated co.
	10,567	6,340	6,295	(45)	Khubaib Akram	Assignee-associated co.

	Cost	Book value	Sale proceeds less selling expenses	Gain / (Loss) on Sale	Particulars of buyers	Relationship
	Rs. '000	Rs. '000	Rs. '000	Rs. '000		
- by auction	2,645	529	4,000	3,471	Through bidding in auction	Auction agent
	3,444	689	5,270	4,581	Through bidding in auction	Auction agent
	3,444	689	5,005	4,316	Through bidding in auction	Auction agent
	3,444	689	5,100	4,411	Through bidding in auction	Auction agent
	3,444	689	5,110	4,421	Through bidding in auction	Auction agent
	3,444	689	4,455	3,766	Through bidding in auction	Auction agent
	3,810	3,099	5,825	2,726	Through bidding in auction	Auction agent
	4,137	3,310	4,900	1,590	Through bidding in auction	Auction agent
	11,800	2,360	16,650	14,290	Through bidding in auction	Auction agent
- by insurance claim	2,646	529	3,850	3,321	EFU General Insurance Ltd.	Insurance agent
	2,646	811	3,000	2,189	EFU General Insurance Ltd.	Insurance agent
	3,483	1,858	3,483	1,625	EFU General Insurance Ltd.	Insurance agent
	3,733	2,837	3,733	896	EFU General Insurance Ltd.	Insurance agent
	5,343	4,915	5,343	427	EFU General Insurance Ltd.	Insurance agent

18 LONG TERM INVESTMENT IN SUBSIDIARY COMPANY

This represents 500,001 (2022: 500,001) fully paid ordinary shares of Rs. 10 each in Phoenix (Private) Limited, a wholly owned subsidiary of the Company. The break up value of shares calculated by reference to net assets worked out to be Rs.10 per share (2022: Rs. 10 per share) based on financial statements for the year ended December 31, 2023.

Phoenix (Private) Limited is dormant company and has not commenced commercial production. Investment in subsidiary has been made in accordance with the requirements under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017).

	2023	2022
	Rs. '000	Rs. '000
19 LONG TERM DEPOSITS AND PREPAYMENTS		
Security deposits	42,395	23,604
	42,395	23,604
20 STOCK-IN-TRADE		
Raw materials	42,440,805	20,758,494
Raw materials in transit	872,044	1,044,440
Work in process	360,320	101,096
Finished goods	3,141,068	3,130,588
	46,814,237	25,034,618
Provision for damaged / obsolete stocks - note 20.1	(141,936)	(129,298)
	46,672,301	24,905,320

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20.1 Movement in provision for damaged stocks is as follows:

	2023	2022
	Rs. '000	Rs. '000
Balance as at January 1	129,298	180,962
Provision for the year	199,435	169,387
Written off during the year	(186,797)	(221,051)
Balance as at December 31	141,936	129,298

21 STORES AND SPARES

Stores and spares	710,952	641,009
Provision for slow moving items - note 21.1	(79,963)	(79,963)
	630,989	561,046

21.1 Movement in provision for slowing moving items is as follows:vvv

Balance as at January 1	79,963	79,303
Provision/(Reversal) during the year - note 9	-	660
Balance as at December 31	79,963	79,963

22 TRADE DEBTS

These represent amounts receivable from Government entities of Rs. 6,022 thousand (2022: Rs. 2,876 thousand) and from third parties of Rs. 2,681,699 thousand (2022: nil).

23 LOANS AND ADVANCES

	2023	2022
	Rs. '000	Rs. '000
Related parties:		
Advances to key management personnel for house rent and expenses - note 23.1	2,408	1,300
Others:		
Advances to executives for house rent and expenses	24,327	32,539
Advances to other parties	619,684	798,956
	646,419	832,795

23.1

Mir Faraz	2,000	900
Uzair Qazi	408	-
Bushra Rahman	-	400
	2,408	1,300

The maximum aggregate amount of advances to key management personnel outstanding at the end of any month during the year was Rs. 3,020 thousand (2022: Rs. 2,397 thousand).

These loans and advances are unsecured and considered good. Advances extended to key management personnel, executives and other employees are deducted from the individuals' monthly payroll as per Company's policy.

24 OTHER RECEIVABLES

	2023	2022
	Rs. '000	Rs. '000
Related parties - unsecured:		
Due from holding company / associated companies - note 24.1	2,498,670	555,280
Due from subsidiary company - note 24.1	20,021	20,021
Workers' profit participation fund - note 27.7	-	154,608
Staff pension fund - defined contribution	8,006	1,682
Management provident fund	54,225	106,373
Employees' provident fund	8,779	57,468
Others:		
Claims against suppliers	6,576	6,576
Cash margin with banks - imports	394,883	2,848,389
Others	172,269	102,289
	3,163,429	3,852,686

24.1 Ageing analysis of the amounts due from holding company / associated companies comprises:

	Upto 1 month	1 to 6 months	More than 6 months	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Holding company:					
British American Tobacco p.l.c. - UK	-	-	-	-	-
Associated companies:					
BAT M.E DMCC - UAE	2,040,521	7,452	-	2,047,973	71,358
BAT SAA Service (Private) Ltd. - Pakistan	118,073	-	327	118,400	253,607
BAT (Investments) Ltd - UK	76,793	-	-	76,793	23,698
BAT Nigeria Ltd - Nigeria	76,033	-	-	76,033	72,193
BAT (GLP) Limited - UK	-	51,931	-	51,931	83,731
BAT Saudia for Trading - Saudi Arabia	8,692	30,774	-	39,466	-
BAT South Africa S.A - South Africa	20,952	-	-	20,952	-
Nicoventures Trading Limited - UK	18,738	-	-	18,738	10,991
Nico HK Limited - Hongkong	-	16,095	-	16,095	-
BAT Trieste S.P.A - Italy	14,256	-	-	14,256	-
Ceylon Tobacco Co. Ltd - SriLanka	4,446	-	-	4,446	4,363
HR Vatski Duhani D.D. - Croatia	4,171	-	-	4,171	-
BAT Japan Limited - Japan	3,370			3,370	-
BAT (Singapore) Pte Ltd - Singapore	2,692	-	-	2,692	-
Central Manufacturing Co. Ltd - Fiji Islands	1,631	-	-	1,631	-
BAT Bangladesh Co. Limited - Bangladesh	-	-	1,153	1,153	928
BAT Marketing (S) Pte Ltd - Singapore	570	-	-	570	-
BAT M.E SPC - Bahrain	-	-	-	-	12,404
BAT Asia Pacific Ltd - Hongkong	-	-	-	-	12,254
RAI Services Company - U.S	-	-	-	-	8,204
BAT Aspac Service Centre Sdn Bhd - Malaysia	-	-	-	-	1,549
	2,390,938	106,252	1,480	2,498,670	555,280
Subsidiary company:					
Phoenix (Pvt) Limited	-	-	20,021	20,021	20,021
Total	2,390,938	106,252	21,501	2,518,691	575,301

24.1.1 The maximum aggregate amount of receivable from related parties at the end of any month during the year was Rs. 2,518,691 thousand (2022: Rs. 575,301 thousand).

25 SHORT TERM INVESTMENTS

	2023 Rs. '000	2022 Rs. '000
At fair value through profit or loss (FVTPL):		
- Market treasury bills	14,557,699	21,522,111

This represents short term investment in treasury bills issued by the Government of Pakistan and carries effective interest rate of 20.85% (2022 : 15.75%) per annum and are held for trading. These treasury bills have less than three months maturity from the date of acquisition and have been disposed off subsequent to the year-end.

26 CASH AND BANK BALANCES

	2023 Rs. '000	2022 Rs. '000
Deposit account - note 26.1	4,720	7,513
Current accounts:		
Local currency	15,892,319	427,250
Foreign currency	2,041,856	1,444,033
Cash in hand	17,938,895	1,878,796

26.1 These are security deposits being kept in separate bank account.

27 TRADE AND OTHER PAYABLES

	2023 Rs. '000	2022 Rs. '000
Related parties - unsecured:		
Due to holding company / associated companies - note 27.1	15,425,903	4,859,598
Others:		
Creditors	11,954,908	11,886,109
Federal excise duty - note 27.2	4,357,304	6,291,182
Sales tax	3,885,217	1,892,655
Workers' welfare fund - note 27.6	1,103,156	708,849
Workers' profit participation fund - note 27.7	1,232,556	-
Other accrued liabilities	568,169	182,385
Employee incentive schemes - note 27.4	90,847	112,668
Employees' gratuity fund - note 33	263,159	272,269
Staff pension fund - note 33	100,284	122,112
Tobacco excise duty / Tobacco development cess - note 27.3	141,731	146,337
Security deposits - note 27.5	4,234	7,513
Contract liability	2,890	715,884
	39,130,358	27,197,561

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
27.1 The amount due to holding company / associated companies comprises:	Rs. '000	Rs. '000
Holding company:		
British American Tobacco p.l.c. - UK	799,003	796,862
Associated companies:		
BAT M.E DMCC - UAE - note 27.1.1	5,515,926	368,833
BAT GLP Ltd - UK - note 27.1.1	5,434,646	1,817,169
BASS GSD Ltd. - UK	1,740,575	1,256,749
BAT Exports Limited - UK	784,119	127,529
BAT South Africa SA. - South Africa	248,692	78,974
PT Bentoel Prima - Indonesia	184,664	15,175
BAT Kuwait for Wholesale - Kuwait	183,579	-
Nicoventures Trading Ltd - UK	120,194	101,677
BAT Singapore (Pte) Ltd - Singapore	86,729	12,210
BAT Jordan Ltd - Jordan - note 27.1.1	62,980	12,745
BAT Saudia for Trading, Saudi Arabia - note 27.1.1	53,340	137,862
BAT Souza Cruz Ltd - Brazil	50,513	19,964
BAT Asia Pacific Ltd - HongKong	50,190	47,715
BAT M.E SPC - Bahrain - note 27.1.1	45,691	37,240
BAT Australia Ltd - Australia	24,484	19,242
BAT Gulf for Trading LLC - Qatar-note 27.1.1	15,137	-
BAT Bangladesh Co. Limited - Bangladesh	7,371	-
BAT GSD (KL) SDN BHD - Malaysia	4,559	3,542
Fielder & Lundgren AB. - Sweden	3,986	3,028
BAT Korea Manufacturing - South Korea	3,436	2,611
BAT (Investments) Ltd - UK	3,384	-
BAT Tutun Mamulleri - Turkey	986	-
BAT Middle East for Trading - UAE - note 27.1.1	976	-
BAT Romania Investments Ltd - Romania	602	471
Tabacalera Hondurena S.A - Honduras	141	-
	15,425,903	4,859,598

27.1.1 Rs. 1,338,848 thousand (2022: Rs. 742,497 thousand) relates to unsecured export advance.

27.2 FEDERAL EXCISE DUTY

	2023	2022
	Rs. '000	Rs. '000
Balance as at January 1	6,291,182	8,655,007
Charged during the year	158,587,276	103,232,916
Payment to the Government during the year	(160,521,154)	(105,596,741)
Balance as at December 31	4,357,304	6,291,182

FOR THE YEAR ENDED DECEMBER 31, 2023

27.3 TOBACCO EXCISE DUTY / TOBACCO DEVELOPMENT CESS:

	2023	2022
	Rs. '000	Rs. '000
Balance as at January 1	146,337	114,834
Charge for the year	227,620	253,040
Payment/reversal during the year	(232,226)	(221,537)
Balance as at December 31	141,731	146,337

27.4 EMPLOYEE INCENTIVE SCHEMES

These represent liability for unvested portion of cash-settled share-based payment schemes available to certain employees. Such schemes require the Company to pay the intrinsic value of these share based payments to the employee at the vesting date.

	2023	2022
	Rs. '000	Rs. '000
Restricted Share Plan (RSP) - note 27.4.1		
Balance as at January 1	32,519	40,678
Charge for the year	13,332	18,501
Share options exercised	(19,147)	(26,660)
Balance as at December 31	26,704	32,519
Deferred Share Bonus Scheme (DSBS) - note 27.4.2		
Balance as at January 1	80,149	83,654
Charge for the year	38,794	48,180
Share options exercised	(54,801)	(51,685)
Balance as at December 31	64,143	80,149
	90,847	112,668

27.4.1 RESTRICTED SHARE PLAN (RSP)

Details of the options movement for cash-settled RSP scheme during the year were as follows:

	2023	2022
	Number of options	Number of options
Outstanding as at January 1	4,692	11,794
Granted during the year	2,338	892
Exercised during the year	(1,915)	(7,994)
Outstanding as at December 31	5,115	4,692

There are no exercisable options as at 31st December, 2023.

FOR THE YEAR ENDED DECEMBER 31, 2023

27.4.2 Deferred Share Bonus Scheme (DSBS)

Details of the options movement for cash-settled DSBS scheme during the year were as follows:

	2023	2022
	Number of options	Number of options
Outstanding as at January 1	15,887	22,192
Granted during the year	4,710	5,342
Exercised during the year	(6,681)	(11,647)
Outstanding as at December 31	13,916	15,887

There are no exercisable options as at 31st December, 2023.

27.5 These represent amounts received as security deposits from dealers and suppliers, which are non utilisable for the purpose of the business in accordance with their agreements. These security deposits are being held in a separate back account.

27.6 Movement in Workers' Welfare Fund is as follows:

	2023	2022
	Rs. '000	Rs. '000
Balance as at January 1	708,849	534,838
Charged during the year	1,076,059	658,709
Payment / reversal during the year	(681,752)	(484,698)
Balance as at December 31	1,103,156	708,849

27.7 Movement in Workers' Profit Participation Fund is as follows:

Balance as at January 1	(154,608)	10,968
Allocation for the year	2,903,043	1,865,392
Payments during the year	(1,515,879)	(2,030,968)
Balance as at December 31	1,232,556	(154,608)

28 OTHER LIABILITIES

This relates to provisions for employee benefits, litigation and restructuring consequent to modernization of production processes. During the year, the Company has utilized amounts aggregating Rs. 711 million (2022: Rs. 728 million) and reversed obligations of Rs. 1,293 million (charged in 2022: Rs. 2,324 million).

29 SHORT TERM RUNNING FINANCE/EXPORT REFINANCE - SECURED

(a) Short term running finance/export refinance

Short term running finance facilities available under mark-up arrangements with banks amount to Rs. 6,500 million (2022: Rs. 6,500 million), out of which the amount unavailed at the year end was Rs. 6,500 million (2022: Rs. 6,500 million). These facilities are secured by hypothecation of stock in trade and plant and machinery amounting to Rs. 7,222 million (2022: Rs. 7,222 million). The mark-up ranges between 16.53% and 22.97% (2022: 10.39% and 16.81%) per annum and is payable quarterly. The facilities are renewable on annual basis.

Export refinance facility as at Dec 31,2023 is Rs. nil (Dec 31, 2022: Rs. 2,300 million @ 9.20%) from different banks.

(b) Non-funded finance facilities

The Company also has non-funded financing facilities available with banks, which include facility to avail letter of credit and letter of guarantee. The aggregate facility of Rs. 18,500 million (2022: Rs. 2,500 million) and Rs. 1,650 million (2022: Rs. 1,200 million) is available for letter of credit and letter of guarantee respectively, out of which the facility availed at the year end is Rs. 8,898 million (2022: Rs. 1,512 million) and Rs. 1,020 million (2022: Rs. 770 million). The letter of credit and guarantee facility is secured by second ranking hypothecation charge over stock-in-trade amounting to Rs. 1,333 million (2022: Rs. 1,333 million).

30 LEASE LIABILITY

This represents lease agreements entered into with a leasing company for vehicles and IFRS 16 leases. Total lease rentals due under various lease agreements aggregate to Rs. 3,422,042 thousand - short term Rs. 852,765 thousand and long term Rs. 2,569,277 thousand (December 31, 2022: Rs. 1,737,866 thousand - short term Rs. 802,531 thousand and long term Rs. 935,335 thousand) and are payable in equal monthly instalments latest by December 2028. Taxes, repairs, replacement and insurance costs are to be borne by the Company. Financing rates of 11% to 23% (December 31, 2022: 9% to 17%) per annum have been used as discounting factor.

As per IFRS 16 all rental facilities of the Company with lease terms greater than one year have been capitalised as leased assets. When measuring the lease liabilities for leases that were capitalised during the year, the Company discounted lease payments using an estimated incremental borrowing rate and recorded lease obligation of Rs. 1,890,236 thousand (2022: Rs. 322,031 thousand) during the year.

The amount of future minimum lease payments together with the present value of the minimum lease payments and the periods during which they fall due are as follows:

	2023	2022
	Rs. '000	Rs. '000
Present value of minimum lease payments	3,422,042	1,737,866
Current maturity shown under current liabilities	(852,765)	(802,531)
	2,569,277	935,335
Future minimum lease payments		
Not later than one year	1,165,378	961,612
Later than one year	6,673,829	1,178,197
	7,839,207	2,139,809
Interest	(4,417,165)	(401,943)
Present value of minimum lease payments	3,422,042	1,737,866
Present value of minimum lease payments		
Not later than one year	852,765	802,531
Later than one year	2,569,277	935,335
	3,422,042	1,737,866

31 UNPAID DIVIDEND

Unpaid dividend includes amount of Rs. 7,733,935 thousand (2022: Rs. 5,286,154 thousand), payable to British American Tobacco (Investments) Limited, parent company.

32 DEFERRED INCOME TAX LIABILITY

	2023	2022
Deferred tax liability is in respect of:	Rs. '000	Rs. '000
Accelerated tax depreciation	2,448,268	1,771,478
Leased assets	227,176	182,135
	2,675,444	1,953,613
Deferred tax asset is in respect of:		
Remeasurement loss arising on employees' retirement benefit	(385,988)	(218,076)
Provision for severance benefits	(163,151)	(839,251)
Provision for stock and stores	(31,186)	(26,388)
	2,095,119	869,898
The gross movement on deferred income tax account is as follows:		
At January 1	869,898	1,029,546
Charge/(credit) for the year - statement of profit or loss	1,376,674	(97,802)
(Credit) for the year - statement of comprehensive income	(151,453)	(61,846)
At December 31	2,095,119	869,898

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33 RETIREMENT BENEFITS

Investments in all contributory funds have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for that purpose.

	2023	2022
	Rs. '000	Rs. '000
Staff pension fund - note 27	100,284	122,112
Employees' gratuity fund - note 27	263,159	272,269

The latest actuarial valuation of the defined benefit plans was conducted at December 31, 2023 using the projected unit credit method. Details of the defined benefit plans are:

	Defined benefit pension plan		Defined benefit gratuity plan	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
(a) The amounts recognised in the statement of financial position:				
Present value of defined benefit obligations	7,244,549	6,106,054	1,936,281	1,638,103
Fair value of plan assets	(7,144,265)	(5,983,942)	(1,673,122)	(1,365,834)
Net liability	100,284	122,112	263,159	272,269
(b) Movement in the (asset) / liability recognized in the statement of financial position is as follows:				
Balance as at January 1	122,112	(501,307)	272,269	219,441
Charge for the year - profit and loss	(4,441)	(13,677)	149,314	104,562
Employer's contribution during the year	(157,389)	(24,182)	(305,095)	(28,909)
Benefits paid by the Company	-	-	-	-
Remeasurement (gain)/loss recognized in Other Comprehensive Income (OCI) during the year	140,002	661,278	146,671	(22,825)
Balance as at December 31	100,284	122,112	263,159	272,269
(c) The amounts recognised in the statement of profit or loss:				
Current service cost	46,041	85,464	104,838	105,235
Interest cost	847,642	699,448	233,008	208,475
Expected return on plan assets	(822,514)	(768,255)	(196,765)	(182,613)
Net interest	25,128	(68,807)	36,243	25,862
Members' own contribution	(9,827)	(22,146)	-	-
Secondees' own contribution	(5,278)	(4,063)	-	-
Past service cost	(46,492)	-	46,098	-
Contribution by employer in respect of secondees	(14,013)	(4,125)	(37,865)	(26,535)
	(4,441)	(13,677)	149,314	104,562
(d) Re-measurements recognised in Other Comprehensive Income (OCI) during the year:				
Actuarial loss/ (gain) on obligation	785,286	82,121	237,568	25,301
Net return on plan assets over interest income	(645,284)	579,157	(90,897)	(48,126)
Total remeasurements loss / (gain) recognised in OCI	140,002	661,278	146,671	(22,825)

(e) Movement in the present value of defined benefit obligation:

	Defined benefit pension plan		Defined benefit gratuity plan	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Present value of defined benefit obligation at January 1	6,106,054	5,707,806	1,638,103	1,691,179
Current service cost	(451)	85,464	150,936	105,235
Interest cost	847,642	699,448	233,008	208,475
Actual benefits paid during the year	(493,982)	(468,785)	(323,334)	(392,087)
Remeasurements: Actuarial loss /(gain) on obligation	785,286	82,121	237,568	25,301
Present value of defined benefit obligation at December 31	7,244,549	6,106,054	1,936,281	1,638,103

(f) Movement in the fair value of plan assets:

	2023	2022	2023	2022
Fair value of plan assets at January 1	5,983,942	6,209,113	1,365,834	1,471,738
Interest income	822,514	768,255	196,765	182,613
Contribution by employer in respect of members	157,389	24,182	305,095	28,909
Members' own contribution	14,013	22,146	-	-
Secondees' own contribution	9,827	4,063	-	-
Contribution by employer in respect of secondees	5,278	4,125	37,865	26,535
Actual benefits paid during the year	(493,982)	(468,785)	(323,334)	(392,087)
Return on plan assets, excluding amounts included in interest income	645,284	(579,157)	90,897	48,126
Fair value of plan assets at December 31	7,144,265	5,983,942	1,673,122	1,365,834
Actual return on plan assets	1,084,056	170,902	252,813	76,227

The The Company expects to credit Rs 45 million for pension plan and charge Rs 135 million for gratuity plan for the year ending December 31, 2024.

(g) The major categories of plan assets:

	2023	2022	2023	2022
Investment in listed equities	1,481,619	1,294,470	353,302	373,556
Investment in bonds	4,703,826	4,683,913	491,658	784,643
Cash and other assets	958,820	5,559	828,162	207,635
	7,144,265	5,983,942	1,673,122	1,365,834

(h) Significant actuarial assumptions at the statement of financial position date:

	2023	2022	2023	2022
Discount rate	16.00%	14.25%	16.00%	14.25%
Pension increase rate	11.00%	8.75%	-	-
Expected rate of increase in salary				
First year	14.00%	12.25%	14.00%	12.25%
Second year onwards	14.00%	12.25%	14.00%	12.25%

The mortality table used for post retirement mortality is Standard Table Mortality The "80" Series PMA 80 (C=2021) and PFA 80(C=2021) for males and females respectively but rated up 2 years.

The discount rate is determined by considering underlying yield currently available on Pakistan Investment Bonds and high quality term finance certificates and expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date.

Salary increase assumption is based on the current general practice in the market.

(i) Sensitivity Analysis on significant actuarial assumptions

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the year endof the reporting period would have increased / (decreased) as a result of a change in respective assumptions by one percent.

	Defined benefit pension plan		Defined benefit gratuity plan	
	1 percent increase 'Rs. '000	1 percent decrease 'Rs. '000	1 percent increase 'Rs. '000	1 percent decrease 'Rs. '000
Discount rate	(777,576)	948,581	(142,767)	162,361
Salary increase	66,572	(61,074)	168,459	(150,257)
Increase in post retirement pension	907,527	(753,745)	-	-

If life expectancy increases by 1 year, the obligation of the pension fund increases by Rs 446,519 thousand (2022: 344,856 thousand).

EXPECTED MATURITY PROFILE

Following are the expected distribution and timing of benefits payments at the year end.

	Defined benefit pension plan		Defined benefit gratuity plan	
	2023	2022	2023	2022
Weighted average duration of the PBO (Years)	10.73	10.61	7.83	8.03

RISKS ASSOCIATED WITH DEFINED BENEFIT PLAN

LONGEVITY RISK

The risk arises when the actual lifetime of retiree is longer than the estimate of future employee lifetime expectation. This risk is measured at the plan level over the entire retiree population.

SALARY INCREASE RISK

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than the expectations and impacts the liability accordingly.

WITHDRAWAL RISK

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

MORTALITY RISK

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

INVESTMENT RISK

The risk of the investments underperforming and not being sufficient to meet the liabilities.

(i) HISTORICAL INFORMATION

	Defined benefit pension plan (Rs.'000)		Defined benefit gratuity plan (Rs. '000)	
	Present value of defined benefit obligation	Net (Asset)/liability at the end of the year	Present value of defined benefit obligation	Net liability at the end of the year
2023	7,244,549	100,284	1,936,281	263,159
2022	6,106,054	122,112	1,638,103	272,269
2021	5,707,806	(501,307)	1,691,179	219,441
2020	5,882,010	(316,026)	1,598,482	275,517
2019	4,978,396	(881,821)	1,650,938	337,649

33.1 Salaries, wages and benefits as appearing in note 9, 10 and 11 include amounts in respect of the following:

	2023	2022
	Rs. '000	Rs. '000
Defined Contribution Provident Fund	112,855	107,379
Defined Benefit Pension Fund	(4,441)	(13,677)
Defined Contribution Pension Fund	190,956	138,839
Defined Benefit Gratuity Fund	149,314	104,562
	448,684	337,103

33.2 Defined Contribution Plan

Details of the management and employees' provident funds are as follows:

		Un-audited	Un-audited
		2023	2022
(a)	Size of the fund - total assets	1,757,069	1,672,531
	Cost of investments made	1,583,464	1,569,237
	Percentage of investments made	90%	94%
	Fair value of investments made	1,658,001	1,465,127

		2023		2022	
(b)	Breakup of investments at cost	Rs. '000	%age	Rs. '000	%age
	Treasury bills	211,525	12%	20,000	1%
	Pakistan Investment Bonds	155,920	9%	266,471	16%
	Investment plus deposit certificates	319,250	18%	579,750	35%
	Investment in savings account with bank	455,754	26%	46,170	3%
	Investment in securities	296,162	17%	281,809	17%
	Accrued interest	144,853	8%	375,037	22%
		1,583,464	90%	1,569,237	94%

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34 SHARE CAPITAL

34.1 AUTHORIZED SHARE CAPITAL

2023	2022		2023	2022
(Number of shares)	(Number of shares)		Rs. '000	Rs. '000
300,000,000	300,000,000	Ordinary shares of Rs 10 each	3,000,000	3,000,000

34.2 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2023	2022		2023	2022
(Number of shares)	(Number of shares)		Rs. '000	Rs. '000
230,357,068	230,357,068	Issued for cash	2,303,571	2,303,571
25,136,724	25,136,724	Issued as bonus shares	251,367	251,367
255,493,792	255,493,792		2,554,938	2,554,938

British American Tobacco (Investments) Limited held 241,045,141 (2022: 241,045,141) ordinary shares at the year-end and 10,274 (2022:10,274) and 798,282 (2022:798,282) ordinary shares are held by the directors/other executives and associated company or companies respectively.

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.

35 CAPITAL RESERVE - OTHER RESERVE

This represents Information Technology related services received and exempted recharges from other Associated Companies. As the Company and Associated Companies have effective common control through ultimate beneficial shareholding, and exemption received was with the approval of the ultimate Parent Company, the forgone amount has been recognised in equity as capital reserve.

36 CONTINGENCIES AND COMMITMENTS

36.1 CONTINGENCIES

	2023	2022
	Rs. '000	Rs. '000
Claims and guarantees		
(i) Claims against the Company not acknowledged as debt - Note 36.1.1	3,024	3,024
(ii) Guarantees issued by banks on behalf of the Company	1,020,274	769,944
(iii) Post dated cheques to the Collector of Customs	6,423,688	-

36.1.1 LITIGATION

Employees' Old-Age Benefits Institution (EOBI) constituted under the Employees' Old-Age Benefits Act, 1976 ("the Act") requires contributions to be made by industries and establishments against workers employed by it. PTC has been making prompt contributions under the Act. PTC has contractual arrangements with Logistics Service Providers for the shipment of its raw material and finished goods. In the year 2015, the EOBI Jhelum issued a show cause notice dated March 4th, 2015, demanding payment of Rs. 3,024,000 against non-payment of contribution of 200 employees. These employees were in fact employees of five transport concerns with which PTC had contractual arrangements. PTC filed complaint against the said show cause before Adjudicating Authority – III, EOBI Islamabad and raised the objection that this liability is of the five transport concerns who are independent entities. The Adjudicating Authority however passed an order against PTC on February 14th, 2017, upholding the demand earlier raised by the EOBI Jhelum. PTC has filed an appeal in May 2017 against the order before the Board of Trustees EOBI Head Quarter at Karachi which is pending adjudication. Said appeal was dismissed in January 2022, following which PTC challenged the demand from EOBI before the Islamabad High Court which issued a stay order in favour of PTC against coercive recovery by EOBI. This stay order is still intact.

The Company expects favorable outcome in this case and accordingly, no provision is recognised in the financial statements.

36.2 COMMITMENTS

Letters of credit outstanding at December 31, 2023 were Rs. 8,897,592 thousand (2022: Rs 1,1511,561 thousand).

NOTES TO THE FINANCIAL STATEMENTS

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37 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

37.1 ACCOUNTING CLASSIFICATION AND FAIR VALUE

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

	Note	31 December 2023			Fair Value		
		Fair Value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3
		(-----------------Rs. '000------------)			(------------Rs. '000-----------)		
Financial assets measured at fair value							
Short-term investments	25	14,557,699	-	14,557,699	-	14,557,699	-
Financial assets not measured at fair value							
Deposits	19	-	42,395	42,395	-	-	-
Trade debts	22	-	2,687,721	2,687,721	-	-	-
Other receivables	24	-	3,092,419	3,092,419	-	-	-
Cash and bank balances	26	-	17,938,895	17,938,895	-	-	-
		14,557,699	23,761,430	38,319,129	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-
Financial liabilities not measured at fair value							
Trade and other payables	27	-	(27,953,214)	(27,953,214)	-	-	-
Other liabilities	28	-	(2,089,190)	(2,089,190)	-	-	-
Lease liability	30	-	(3,422,042)	(3,422,042)	-	-	-
Unpaid dividend	31	-	(8,141,160)	(8,141,160)	-	-	-
Unclaimed dividend		-	(105,081)	(105,081)	-	-	-
		-	(41,710,687)	(41,710,687)	-	-	-

	Note	31 December 2022			Fair value		
		Fair Value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3
		(-----------------Rs. '000------------)			(------------Rs. '000-----------)		
Financial assets measured at fair value							
Short-term investments	25	21,522,111	-	21,522,111	-	21,522,111	-
Financial assets not measured at fair value							
Deposits	19	-	23,604	23,604	-	-	-
Trade debts	22	-	2,876	2,876	-	-	-
Other receivables	24	-	3,532,555	3,532,555	-	-	-
Cash and bank balances	26	-	1,878,796	1,878,796	-	-	-
		21,522,111	5,437,831	26,959,942			
Financial liabilities measured at fair value		-	-	-	-	-	-
Financial liabilities not measured at fair value							
Trade and other payables	27	-	(18,158,538)	(18,158,538)	-	-	-
Other liabilities	28	-	(4,092,981)	(4,092,981)	-	-	-
Short term running finance/export refinance	29	-	(2,354,312)	(2,354,312)	-	-	-
Lease liability	30	-	(1,737,866)	(1,737,866)	-	-	-
Unpaid dividend	31	-	(5,391,129)	(5,391,129)	-	-	-
Unclaimed dividend		-	(106,330)	(106,330)	-	-	-
		-	(31,841,156)	(31,841,156)	-	-	-

37.2 FINANCIAL RISK MANAGEMENT

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

credit risk
liquidity risk
market risk

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37.2.1 FINANCIAL RISK MANAGEMENT FRAMEWORK

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Risk management is carried out by the Treasury Committee (the Committee) under policies approved by the board of directors (the Board). The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

37.2.2 CREDIT RISK

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade debts, other receivables, deposits with banks and investment in treasury bills issued by the Government of Pakistan. The carrying amount of financial assets represents the maximum credit exposure.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

Financial assets amounting to Rs. 38,319 million (2022: Rs. 26,960 million) do not include any amounts which are past due or impaired. The table below shows bank balances held with counterparties at the reporting date.

Counterparty	Rating		Rating		
	Short term	Long term	Agency	2023	2022
				Rs. '000	Rs. '000
Cash at bank:					
Standard Chartered Bank	A-1+	AAA	PACRA	7,831,751	1,240,955
Deutsche Bank AG	A-2	A-	S&P	4,472,797	232,230
MCB Bank Ltd	A-1+	AAA	PACRA	3,582,618	257,353
Habib Bank Ltd	A-1+	AAA	VIS	748,766	66,215
MCB Islamic Bank	A-1	A	PACRA	320,622	78,676
National Bank of Pakistan	A-1+	AAA	PACRA	283,352	473
Bank Alfalah Limited	A-1+	AA+	PACRA	253,511	-
Habib Metropolitan Bank Ltd	A-1+	AA+	PACRA	228,984	-
Soneri Bank Limited	A-1+	AA-	PACRA	205,136	-
Citibank N.A.	P-1	Aa3	Moody's	10,858	2,894
United Bank Limited	A-1+	AAA	VIS	500	-
				17,938,895	1,878,796
Short term investments:					
Government of Pakistan		CCC+	Standard & Poor	14,557,699	21,522,111
				32,496,594	23,400,907

As at December 31, 2023, maximum exposure to credit risk for finiancial assets by geographic was as follows:

	Carrying amount	
	2023	2022
	Rs. '000	Rs. '000
Pakistan	33,254,470	26,658,269
United Kingdom	147,462	118,420
Asia & other	4,917,197	183,253
	38,319,129	26,959,942

As at 31 December 2023, the ageing of financial assets was as follows:

	Carrying amount	
	2023	2022
	Rs. '000	Rs. '000
Not due	38,184,800	26,647,901
1-30 days	81,623	80,121
31-90 days	24,629	205,323
90 days	28,077	26,597
	38,319,129	26,959,942

FOR THE YEAR ENDED DECEMBER 31, 2023

37.2.3 LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking to the Company's reputation.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of the netting arrangements:

31 DECEMBER 2023	Carrying amount	Contractual cash flows		
		Total	12 months or less	1 to 5 years
	(Rs. '000)	(Rs. '000)		
Financial liabilities				-
Trade and other payables	27,953,214	(27,953,214)	(27,953,214)	-
Other liabilities	2,089,190	(2,089,190)	(2,089,190)	-
Lease liability	3,422,042	(3,422,042)	(852,765)	(2,569,277)
Unpaid dividend	8,141,160	(8,141,160)	(8,141,160)	-
Unclaimed dividend	105,081	(105,081)	(105,081)	-
	41,710,687	(41,710,687)	(39,141,410)	(2,569,277)

31 DECEMBER 2022	Carrying amount	Contractual cash flows		
		Total	12 months or less	1 to 5 years
	(Rs. '000)	(Rs. '000)		
FINANCIAL LIABILITIES				
Trade and other payables	18,158,538	(18,158,538)	(18,158,538)	-
Other liabilities	4,092,981	(4,092,981)	(4,092,981)	-
Short term running finance/export refinance	2,354,312	(2,354,312)	(2,354,312)	-
Lease liability	1,737,866	(1,737,866)	(802,531)	(935,335)
Unpaid dividend	5,391,129	(5,391,129)	(5,391,129)	-
Unclaimed dividend	106,330	(106,330)	(106,330)	-
	31,841,156	(31,841,156)	(30,905,821)	(935,335)

Cash flows included in the maturity analysis are not expected to occur significantly earlier or at significantly different amounts.

37.2.4 MARKET RISK

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

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This exists due to the Company's exposure resulting from outstanding payments on account of import of goods and services. The currencies in which these transactions are primarily denominated are euro, sterling and US dollars.

The summary quantitative data about the Company's exposure to currency risk is as follows:

	31 December 2023			31 December 2022		
	Euro	Sterling	US dollars	Euro	Sterling	US dollars
Other receivables	-	1,302,121	10,191,468	-	44,263	521,595
Cash and bank balances	-	-	7,263,160	-	-	6,378,942
Trade and other payables	(2,835,094)	(6,435,608)	(32,964,306)	-	(4,737,376)	(8,250,675)
Net exposure	(2,835,094)	(5,133,487)	(15,509,678)	-	(4,693,113)	(1,350,138)

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The following significant exchange rates have been applied:

	Average rate		Year-end spot rate	
	2023	2022	2023	2022
Euro 1	303.21	214.59	310.54	241.60
Sterling 1	348.83	251.49	358.38	272.31
US dollar 1	280.37	204.56	281.13	226.38

A 10 percent strengthening (weakening) of the Rupee against euro, sterling and US dollar at the reporting date would have affected the measurement of financial instruments denominated in a foreign currency and affected the equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignore any impact of forecast sales and purchases.

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
31 December 2023				
Euro	88,042	(88,042)	62,510	(62,510)
Sterling	183,973	(183,973)	130,621	(130,621)
US dollar	436,016	(436,016)	309,571	(309,571)
31 December 2022				
Euro	-	-	-	-
Sterling	127,798	(127,798)	91,976	(91,976)
US dollar	30,564	(30,564)	21,997	(21,997)

Interest rate risk

This represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to fair value interest rate risk as it does not hold any fixed rate instruments. The Company does not have any significant long-term interest-bearing financial assets or financial liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rates.

Financial liabilities include balances of Rs. 3,422,042 thousand (2022: Rs. 1,737,866 thousand) which are subject to interest rate risk. Applicable interest rates for these financial liabilities have been indicated in respective notes.

At statement of financial position date, if interest rates had been 1% higher/lower, with all other variables remain constant, profit for the year would have been Rs. 34.220 million (2022: Rs. 17.379 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements of the year for remuneration including all benefits to Chief Executive, Executive Directors and executives are as follows:-

	Chief Executive		Executive Directors		Executives				Total	
					Key management Personnel		Other executives			
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Managerial remuneration	157,124	117,576	141,218	136,599	356,865	292,653	1,037,724	977,624	1,692,931	1,524,452
Corporate bonus	46,048	29,703	50,732	47,950	125,981	130,677	274,825	258,277	497,586	466,607
Leave fare assistance	1,927	1,296	9,558	7,056	13,623	4,655	-	-	25,108	13,007
Housing and utilities	24,999	19,070	18,977	14,430	70,481	55,046	413,567	369,650	528,024	458,196
Medical expenses	-	644	6,743	1,634	10,043	11,255	97,605	83,709	114,391	97,242
Post employment benefits	2,466	1,440	10,843	13,356	37,994	23,964	306,383	205,872	357,686	244,632
	232,564	169,729	238,071	221,025	614,987	518,250	2,130,104	1,895,132	3,215,726	2,804,136
Number of persons	1	1	2	2	11	13	359	328	373	344

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38.1 The Company, in certain cases, also provides individuals with the use of company accommodation, cars and household items, in accordance with their entitlements.

38.2 The aggregate amounts charged in the financial statements of the year for remuneration including all benefits to nine (2022: nine) non-executive directors of the Company amounted to Rs. 14,376 thousand (2022: Rs. 10,352 thousand).

39 TRANSACTIONS WITH RELATED PARTIES

British American Tobacco (Investments) Limited (BAT-IL) holds 94.34% (2022: 94.34%) shares of the Company at the year end. Therefore, all the subsidiaries and associated undertakings of BAT-IL and the ultimate parent company British American Tobacco, p.l.c (BAT) are related parties of the Company. The related parties also include directors, major shareholders, key management personnel, employee funds and the entities over which the directors are able to exercise significant influence. The amounts due from and due to these undertakings are shown under receivables and payables under note 24 and 27 and Free of cost services and exempted recharges as disclosed in note 35. The remuneration of the chief executive, directors, key management personnel and executives is given in note 38 to the financial statements. Transactions with employee funds and associated payable/receivable balances are provided in note 33 to the financial statements.

	2023	2022
	Rs. '000	Rs. '000
Procurement of goods and services from:		
Holding company	86,623	2,287,151
Associated companies	11,431,011	5,460,330
Sale of goods to:		
Associated companies	7,255,952	5,636,914
Dividend declared:		
Holding company	7,713,765	11,570,647
Associated companies	25,545	38,317
Royalty charged by:		
Holding /associate company		
Charged	-	850,354
Expenses reimbursed to:		
Holding company	3,978	-
Associated companies	12,209	14,893
Expenses reimbursed by:		
Holding company	-	3,266
Associated companies	2,265,691	492,215
Payment under employee incentive schemes:		
Key management personnel	73,948	90,702
Export of services		
Associated companies	376,128	551,559

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39.1 Following are the name of associated companies, related parties and associated undertakings with whom the Company had entered into transactions or had agreements and arrangements in place during the year. Names of associated companies, related parties and associated undertakings, incorporated outside Pakistan are included in note 39.2.

Associated companies / related parties and associated undertakings	Basis of relationship	Aggregate % of Shareholding
Pheonix (Private) Limited	Subsidiary	Nil
BAT SAA Services (Private) Limited	Common Directorship	Nil
Retirement benefit funds:		
Pension Funds	Post employment benefits	Nil
Provident Funds	Post employment benefits	Nil
Gratuity Funds	Post employment benefits	Nil
Zafar Mahmood	Director	0.000196%
Syed Ali Akbar	Director	0.000978%
Syed Muhammad Ali Abrar	Director	0.000978%
Syed Asad Ali Shah	Director	0.000196%
Usman Zahur	Director	0.000196%
Wael Sabra	Director	0.000196%
Belinda Ross	Director	0.000196%
Asif Jooma	Director	0.000196%
Mohammad Riaz	Director	0.000196%
Lt. Gen (Rtd.) Najib Ullah Khan	Director	0.000196%
Gary Tarrant	Director	0.000196%
Faisal Saif	Director	0.000196%
Sami Zaman	Key management personnel	Nil
Uzair Qazi	Key management personnel	Nil
Faiza Imtiaz	Key management personnel	Nil
Waqas Manzoor	Key management personnel	Nil
Rodrigo Nunes	Key management personnel	Nil
Zain Mughal	Key management personnel	Nil
Ji Han	Key management personnel	Nil
Haroon Saleem	Key management personnel	Nil
Junaid Khatana	Key management personnel	Nil
Bushra Rahman	Key management personnel	Nil
Mir Faraz	Key management personnel	Nil

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

39.2 Following particulars relate to associated companies incorporated outside Pakistan with whom the Company had entered into transactions during the year or have arrangement / agreement in place.

Associated company	Basis of relationship	Aggregate % of Shareholding	Country of Incorporation
British American Tobacco p.l.c.	Ultiamte Parent Company	0.00%	United Kingdom
BAT (Investments) Limited	Holding Company	94.34%	United Kingdom
BAT Rothmans International	Holding Company	0.31%	United Kingdom
BAT Exports Limited	Fellow Subsidiary	0.00%	United Kingdom
Ceylon Tobacco Company PLC	Fellow Subsidiary	0.00%	Sri Lanka
British American Tobacco Myanmar Limited	Fellow Subsidiary	0.00%	Myanmar
British American Tobacco Argentina	Fellow Subsidiary	0.00%	Argentina
British American Tobacco Australia	Fellow Subsidiary	0.00%	Australia
BAT Bangladesh Company Limited	Fellow Subsidiary	0.00%	Bangladesh
Souza Cruz Ltd.	Fellow Subsidiary	0.00%	Brazil
BAT Switzerland SA	Fellow Subsidiary	0.00%	Swiztzerland
British American Tobacco Chile Operaciones SA	Fellow Subsidiary	0.00%	Chile
BAT Germany GmbH	Fellow Subsidiary	0.00%	Germany
BAT (Brands) Limited	Fellow Subsidiary	0.00%	United Kingdom
Benson & Hedges (Overseas) Limited	Fellow Subsidiary	0.00%	United Kingdom
BAT (Holdings) Limited	Fellow Subsidiary	0.00%	United Kingdom
BASS (GSD) Limited	Fellow Subsidiary	0.00%	United Kingdom
British American Tobacco (GLP) Limited	Fellow Subsidiary	0.00%	United Kingdom
Nicoventures Trading Ltd	Fellow Subsidiary	0.00%	United Kingdom
British American Tobacco Asia Pacific Region Ltd	Fellow Subsidiary	0.00%	Hong Kong
British American Tobacco Co. (HK) Ltd	Fellow Subsidiary	0.00%	Hong Kong
British American Tobacco GTR Ltd	Fellow Subsidiary	0.00%	Hong Kong
NICO HK Co. Ltd.,	Fellow Subsidiary	0.00%	Hong Kong
Fielder & Lundgren AB	Fellow Subsidiary	0.00%	Sweden
BAT Pecsi Dohanygyar KFT	Fellow Subsidiary	0.00%	Hungary
British American Tobacco Kenya Ltd	Fellow Subsidiary	0.00%	Kenya
BAT Korea Ltd	Fellow Subsidiary	0.00%	South Korea
BAT Korea Manufacturing Ltd	Fellow Subsidiary	0.00%	South Korea
British American Tobacco Mexico SA de CV	Fellow Subsidiary	0.00%	Mexico
BAT AsPac Service Centre Sdn Bhd	Fellow Subsidiary	0.00%	Malaysia
BAT GSD (KL) Sdn Bhd.	Fellow Subsidiary	0.00%	Malaysia
BAT Nigeria Ltd	Fellow Subsidiary	0.00%	Nigeria
BAT Marketing Nigeria Ltd.	Fellow Subsidiary	0.00%	Nigeria
British American Tobacco Niemeyer	Fellow Subsidiary	0.00%	Netherlands

Associated company	Basis of relationship	Aggregate % of Shareholding	Country of Incorporation
British-American Tobacco Polska S.A	Fellow Subsidiary	0.00%	Poland
BAT Investment (Romania) SRL	Fellow Subsidiary	0.00%	Romania
BAT (Romania) Trading SRL.	Fellow Subsidiary	0.00%	Romania
BASS Europe SRL.	Fellow Subsidiary	0.00%	Romania
British-American Tobacco (Singapore) Pte Ltd	Fellow Subsidiary	0.00%	Singapore
BAT Marketing (Singapore) Pte Ltd	Fellow Subsidiary	0.00%	Singapore
British American Tobacco Tutun Mamulleri	Fellow Subsidiary	0.00%	Turkey
TDR D.O.O	Fellow Subsidiary	0.00%	Croatia
HR Vatski Duhani D.D.	Fellow Subsidiary	0.00%	Croatia
West Indian Tobacco Co. Ltd	Fellow Subsidiary	0.00%	Trinidad & Tobago
PJSC A/T B.A.T Prilucky Tobacco Co.	Fellow Subsidiary	0.00%	Ukraine
R J Reynolds Tobacco Company	Fellow Subsidiary	0.00%	United States
British American Tobacco South Africa (Pty) Ltd.	Fellow Subsidiary	0.00%	South Africa
British American Tobacco ME DMCC	Fellow Subsidiary	0.00%	United Arab Emirates
BAT Middle Est for Trading	Fellow Subsidiary	0.00%	United Arab Emirates
BAT Saudia for Trading	Fellow Subsidiary	0.00%	Saudi Arabia
BAT GCC DMCC	Fellow Subsidiary	0.00%	United Arab Emirates
BAT Middle East DMCC	Fellow Subsidiary	0.00%	United Arab Emirates
BAT Qatar LLC	Fellow Subsidiary	0.00%	Qatar
BAT Gulf for Trading LLC	Fellow Subsidiary	0.00%	Qatar
BAT Middle East S.P.C.	Fellow Subsidiary	0.00%	Bahrain
British American Tobacco Jordan	Fellow Subsidiary	0.00%	Jordan
BAT Egypt Ltd.	Fellow Subsidiary	0.00%	Egypt
Central Manufacturing Company Ltd	Fellow Subsidiary	0.00%	Fiji
PT Bentoel International Investama	Fellow Subsidiary	0.00%	Indonesia
PT Bentoel International Prima	Fellow Subsidiary	0.00%	Indonesia
PT Export Leaf	Fellow Subsidiary	0.00%	Indonesia
British American Tobacco (Malaysia)	Fellow Subsidiary	0.00%	Malaysia
Tobacco Importers and Manufacturers	Fellow Subsidiary	0.00%	Malaysia
British American Tobacco Japan Ltd	Fellow Subsidiary	0.00%	Japan
British American Tobacco (PNG) Ltd	Fellow Subsidiary	0.00%	Papua New Guinea
British American Tobacco Vranje AD	Fellow Subsidiary	0.00%	Serbia
BAT Services Ltd., Taiwan Branch	Fellow Subsidiary	0.00%	Taiwan
Tabacalera Hondurena S.A.	Fellow Subsidiary	0.00%	Honduras
RAI Services Company	Fellow Subsidiary	0.00%	United States
Solomon Islands Tobacco Co. Ltd.	Fellow Subsidiary	0.00%	Solomon Islands
BAT Trieste S.p.A.	Fellow Subsidiary	0.00%	Italy
British American Tobacco (Cambodia)	Fellow Subsidiary	0.00%	Cambodia

40 CASH GENERATED FROM OPERATIONS

	2023	2022
	Rs. '000	Rs. '000
Profit before taxation	50,012,456	34,733,607
Adjustment for non-cash items:		
- Depreciation / impairment	2,152,964	2,148,129
- Gain on disposal of property, plant and equipment	(106,142)	(108,401)
- Finance cost	617,945	327,683
- Finance income	(7,183,870)	(2,274,037)
- Foreign exchange loss	1,505,153	720,142
- Provision /(Reversal of provision) for slow moving stores and spares	-	660
- Provision / (reversal of provision) for stock-in-trade	199,435	221,051
- Provision for staff retirement benefit plans	448,684	337,103
- Information technology cost	3,545,883	-
	1,180,052	1,372,330
Changes in working capital:		
- Stock-in-trade	(21,966,416)	(3,081,718)
- Stores and spares	(69,943)	84,524
- Trade debts	(2,684,845)	(734)
- Loans and advances	186,376	(743,879)
- Short term prepayments	(80,755)	(106,615)
- Other receivables	537,511	(2,419,069)
- Trade and other payables	10,953,598	5,772,590
- Other liabilities	(2,003,791)	1,596,054
	(15,128,265)	1,101,153
Changes in long term deposits and prepayments	(18,791)	5,057
	36,045,452	37,212,147

FOR THE YEAR ENDED DECEMBER 31, 2023

41 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities			
	Unclaimed / Unpaid Dividend	Lease liability	Short term running finance / export refinance	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at January 1, 2023	5,497,459	1,737,866	2,300,000	9,535,325
Changes from financing cash flows:				
Finance Lease payments	-	(1,478,826)	-	(1,478,826)
Additions during the year	-	-	-	-
Dividend paid	(5,427,019)	-	-	(5,427,019)
Total changes from financing cash flows	(5,427,019)	(1,478,826)	-	(6,905,845)
Other changes:				
New leases	-	2,846,195	-	2,846,195
Retirements	-	(147,317)	-	(147,317)
Export refinancing	-	-	(2,300,000)	(2,300,000)
Interest charge		464,124		464,124
Dividend declared	8,175,801	-	-	8,175,801
Total equity-related other changes	-	-	-	-
Balance at December 31, 2023	8,246,241	3,422,042	-	11,668,283

	Liabilities			Total
	Unclaimed / Unpaid Dividend	Lease liability	Short term running finance / export refinance	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at January 1, 2022	4,740,647	1,999,185	2,300,000	9,039,832
Changes from financing cash flows:				
Finance lease payments	-	(1,149,784)	-	(1,149,784)
Additions during the year	-	-	-	-
Dividend paid	(11,506,890)	-	-	(11,506,890)
Total changes from financing cash flows	(11,506,890)	(1,149,784)	-	(12,656,674)
Other changes:				
New leases	-	913,212	-	913,212
Retirements	-	(249,177)	-	(249,177)
Interest charge	-	224,430	-	224,430
Dividend declared	12,263,702	-	-	12,263,702
Total equity-related other changes	-	-	-	-
Balance at December 31, 2022	5,497,459	1,737,866	2,300,000	9,535,325

42 EVENTS AFTER THE REPORTING DATE

In respect of the year ended December 31, 2023 final dividend of Rs. nil (2022: Rs. nil) per share amounting to a total dividend of Rs. nil (2022: Rs. nil) has been proposed at the Board of Directors meeting held on February 28, 2024. These financial statements do not reflect this proposed dividend.

43 GENERAL

43.1 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for circulation to the shareholders by the Board of Directors of the Company on February 28, 2024.

SYED ALI AKBAR
Chief Executive Officer

SYED MUHAMMAD ALI ABRAR
Chief Financial Officer/Director

PAKISTAN TOBACCO COMPANY LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

CHAIRMAN'S REVIEW
(CONSOLIDATED ACCOUNTS)

2023 PERFORMANCE

The year presented a unique array of macroeconomic challenges for the industry to navigate. Central Bank foreign exchange reserves hit a historic low, leading to a 24% currency devaluation, while inflation reached a record 30.9% for the calendar year. These were coupled with industry specific headwinds i.e., severe leaf crop shortage and an excise increase of almost 200% during fiscal year 2022/23 leading to a widening price gap between the legitimate industry and duty-not-paid ("DNP") manufacturers. The result has been a substantial shift in consumption from the former to the latter, creating a sustainability crisis for the legitimate industry. Implementation of the Track and Trace System ("T&TS") by all industry players continues to remain a challenge. The partial implementation of T&TS by the industry, complemented by sporadic enforcement has made the initiative unsuccessful in terms of achievement of its intended objectives.

Navigating through these obstacles, PTC continued its journey to enhance value for its stakeholders. The Company grew within the legitimate sector by 1.5% leading to highest ever share of 80% while also delivering an EPS growth of 35.8%. The Company accelerated its efforts towards the vision of "A Better Tomorrow™" resulting in volume growth of VELO by 31% in 2023 vs. SPLY. Further, PTC expanded its New Categories portfolio with the launch of its vaping category, VUSE™ in Pakistan.

The Company's contribution towards the National Exchequer also grew by 48.9% to PKR 229.2 billion in the form of various duties and taxes (2022: Rs. 154.0 billion).

ENVIRONMENT, SOCIAL AND GOVERNANCE ("ESG") AGENDA

In 2023, PTC continued to demonstrate its commitment as a conscientious corporate citizen, prioritizing efforts in climate change mitigation, sustainable resource management and waste reduction. The Company's notable contributions to ecosystem restoration were acknowledged with the "Sustainability Innovation Award" conferred by The Professionals Network.

PTC's factories situated in Jhelum and Akora Khattak are spearheading the drive to achieve its carbon neutrality objective. With the ongoing installation of a massive on-site Solar Park generating 5.3 MW, the Company has switched more than 50% of its energy needs to renewable sources within a short span of four years. The Company is investing heavily into water sustainability domain and currently recycles 42% of its water consumption while holding certification from Alliance Water Stewardship ("AWS").

PTC continued its community investments as evidenced through a wide range of projects. Under the largest private sector afforestation program in Pakistan, the Company has planted and distributed 2.4 million saplings during the year totalling over 150+ million saplings since its inception in 1981. Mobile Doctor Units ("MDUs") provided free of cost healthcare and medicine to 120,000 people in 2023, adding to the 2.5 million patients that have been treated since 1985. Tackling the lack of access to clean drinking water, PTC continues to deliver water through its 26 water filtration plants catering to 8 million+ people annually.

CORPORATE GOVERNANCE

The Company prides itself on adhering to robust corporate governance standards, ensuring the protection of Company assets and shareholders' interests through a comprehensive system of controls and risk management. The acquisition of Reynolds American Inc. by the BAT Group, coupled with strict adherence to Sarbanes-Oxley regulations (SOx), has further fortified the Company's governance framework. Oversight of SOx controls and other policies is conducted by the internal controls team, with periodic testing by external auditors (KPMG).

Additionally, the Company mandates integrity in all employee operations and has a zero tolerance policy on misconduct, reinforcing this message through both in-person and online trainings conducted throughout the year on the Standards of Business Conduct ("SoBC"). Furthermore, confidential channels are available for anyone associated with the Company to voice concerns without fear of retaliation.

BUSINESS SUSTAINABILITY

While PTC continues to strive in its pursuit of meeting consumer needs, the overarching vision remains "A Better Tomorrow™". To further its tobacco harm reduction agenda, PTC diversified into vaping category by launching BAT Group's global brand, VUSE™. In parallel, VELO remains at the forefront of the Company's tobacco harm reduction agenda by achieving 450 thousand consumers across the country. PTC continued to foster its "Made in Pakistan" exports initiatives, generating valuable foreign currency inflows by exporting products worth $48 million during the year.

The illicit sector, exacerbated by massive excise increases, remains a pressing concern for the legitimate tax-paying industry. While the Government increased excise by 1.5 times in February 2023, the Minimum Legal Price ("MLP") increased by merely 80%, granting an unfair advantage to the illicit sector which is already selling cheap tax-evaded brands. While the T&TS initiative was implemented for the tobacco sector by the Government of Pakistan with the objective to ensure rightful contributions to the National Exchequer, its effectiveness has been subpar due to inadequate enforcement across the industry. The rise of DNP products is expected to result in a loss of approximately Rs. 300 billion in tax revenue for fiscal year 2023/24. Moreover, volatile macroeconomic factors further threaten sustainability of the manufacturing sector. Timely and consistent intervention by relevant Government authorities remains key for business sustainability and safety of employments associated with the legitimate industry.

PTC prioritizes investment in the development of its dynamic and diverse talent pool, fostering confidence in their capabilities to drive the business forward. With resolute leadership and steadfast endurance, PTC remains dedicated to delivering sustainable growth and value for all its stakeholders.

ZAFAR MAHMOOD
CHAIRMAN

DIRECTORS' REPORT
(CONSOLIDATED ACCOUNTS)

THE DIRECTORS PRESENT THE ANNUAL REPORT OF PAKISTAN TOBACCO COMPANY LIMITED ("PTC/COMPANY") ALONG WITH THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED DECEMBER 31, 2023.

MACROECONOMIC ENVIRONMENT

Pakistan's economy witnessed a series of macroeconomic headwinds during 2023, with serious repercussions for local businesses and consumer purchasing power. With the Central Bank foreign exchange reserves at a record low, the Rupee fell sharply, depreciating by 35.8% till September 2023. During the last quarter of 2023, however, the Rupee posted a recovery restricting the year-on-year (YoY) devaluation to 24%, mainly due to revival of the International Monetary Fund ("IMF") program and various fiscal and monetary interventions. Currency devaluation, surging international oil and commodity prices, increase in Government taxes as well as escalating prices of essential utilities such as gas and electricity pushed inflation to a record 30.9% for the calendar year. Weak investor confidence and constrained consumer purchasing power resulted in an overall economic slowdown, as evident from the 5.3% contraction of the manufacturing sector leading to GDP contraction of 0.17% for fiscal year 2022/23.

INDUSTRY OVERVIEW

FISCAL ENVIRONMENT

Cigarettes in Pakistan are subject to a two-tier Federal Excise Duty ("FED") regime under which different excise rates are applicable depending on the retail price (applicable on per cigarette stick basis). During the fiscal year 2022/23, the Government of Pakistan sharply increased the Excise Tax rates of both tiers multiple times. The increase in FED on Tier 1 was from Rs. 5,200/- to Rs. 16,500/- (+217%) per thousand sticks and on Tier 2 from Rs. 1,650/- to Rs. 5,050/- (+206%) per thousand sticks. This unprecedented increase in FED forced the legitimate tax compliant sector to increase prices by almost 100%. As a result, the effective weighted tax incidence on cigarettes was increased from 55% to 66%, which is amongst the highest in the world.

While the excise rates were increased by almost 200% during fiscal year 2022/23, the Retail Price Threshold ("RPT") between Tier 1 and Tier 2 of FED, did not increase proportionately. This created an anomaly which not only blocked key consumer relevant price points for legitimate players but also supressed the Minimum Legal Price ("MLP") which is a key lever for tax enforcement measures. The current MLP of Rs. 127.4 (per pack of 20 cigarettes) is marginally above the minimum tax payable of Rs. 120.4 (per pack of 20 cigarettes), thereby rendering the current MLP a commercially unviable price point. The anomaly in the RPT between Tier 1 and Tier 2 needs to be rectified based on historical precedence, in order to give pricing freedom to legitimate manufacturers and increase the MLP to drive up the weighted average price of cigarettes in Pakistan.

Pakistan has widespread presence of locally manufactured duty-not-paid ("DNP") as well as smuggled cigarettes. Sold at extremely low prices, manufacturers and importers of these brands evade taxes, thereby depriving the government of tax revenues. Despite the fact that MLP is suppressed due to the abovementioned RPT anomaly, the average price for the locally manufactured tax evaded brands is Rs. 110/- per pack with a wide variety of brands available in the market at under Rs. 100/- (per pack of 20 cigarettes). This undermines a level playing field in pricing dynamics in the cigarettes industry, with the legitimate industry severely prejudiced as a consequence of the unfair price advantage available to the illicit sector.

The widening price gap between duty paid and DNP cigarettes has resulted in a massive shift in consumption from the former to the latter, to an extent that it has created a sustainability challenge for the legitimate industry. During 2023, cigarette volumes of the legitimate industry declined by 14.4 billion sticks (down 26% vs same period last year ("SPLY"). The impact of FED increase on the Premium brands (Tier 1) segment was even more pronounced, which declined by 31% vs SPLY.

INCREASE IN DUTIES AND TAXES, AND NEED FOR RIGOROUS ENFORCEMENT

The unprecedented frequency and quantum of increases in excise and duties by the Government carry the inherent risk of furthering the price gap between legitimate industry and DNP sector. This disparity incentivizes players in the DNP sector towards duty-evasion, which not only impacts the sustainability of the tax-compliant legitimate industry, but also results in loss of Government revenue.

The sustainability of tax revenues for the Government and continued operations of the legitimate sector hinge upon fiscal and enforcement measures to reduce the price differential between the duty paid and DNP brands. The authorities have taken a number of measures on this front, including the implementation of the Track and Trace System ("T&TS") in the tobacco sector, however the progress on industry-wide implementation has been slow and each successive fiscal measure has been counterproductive by fuelling the growth of the illicit sector. While enforcement by the Government has taken place, this enforcement seems to be chasing the ingenuity of non-compliant industry players.

The T&TS for the tobacco sector was implemented by the Government of Pakistan in July 2022, aimed at tracing all legitimate tax paid cigarettes, thereby eventually eliminating DNP brands. PTC deployed the T&TS system across its operations in Q3 2022 and incurred a total implementation cost of over Rs. 1.3 billion. Besides PTC, Phillip Morris Pakistan has fully implemented the T&TS. However, several local manufacturers, despite signing the Tri-Partite Agreement for T&TS implementation, are delaying implementation on one pretext or the other. Additionally, there appears to be a lack of will by the regulators to enforce implementation of T&TS across the industry because products without tax stamps are openly selling in the market and in certain incidents counterfeiting of T&TS stamps has also been detected. Assessing the current situation, T&TS implementation has essentially increased the operating costs of the legitimate industry and not been effective in controlling the menace of illicit trade in cigarettes thus far.

REGULATORY ENVIRONMENt

In 2020, the Ministry of National Health Services, Regulations & Coordination, further to the powers granted to it under the Prohibition of Smoking and Protection of Non-Smokers' Health Ordinance 2002, prohibited the advertisement, promotion and sponsorship of tobacco and tobacco products. Over the last couple of years, while the legitimate players have complied with this prohibition, many local manufacturers have shown flagrant disregard of this law. Non-compliances, coupled with weak and sporadic enforcement, have created an unfair advantage for the non-compliant operators. It is critical that the Government enforces and ensures consistent compliance across the entire industry.

In June 2023, the Punjab Environment Protection Department ("EPD") promulgated the Punjab Environmental Protection (Production and Consumption of Single-Use Plastic Products) Regulations 2023 ("Regulations"), under which the production and consumption of certain single use plastic products was banned in Punjab. Also included in the list of banned single use plastics are cigarette packets on account of the outer poly-wrap. While the Regulations were promulgated without industry consultation, the Company has been engaging with Punjab EPD to present its concerns on inclusion of cigarette packets in banned single use plastics, as well as to provide comprehensive technical substantiation on why the proposed licensing requirements under the Regulations are not practically possible in the case of cigarette packets' poly-wrap.

COMPANY PERFORMANCE

Over the course of the fiscal year, successive tax driven price increases resulted in widening of the price gap between tax paid brands and DNP brands. This, combined with weak enforcement, has dealt a serious blow to the legitimate players as a large number of consumers shifted from tax paid brands to DNP brands. As a result, PTC's volume during 2023 registered a decline of 32% vs SPLY. Due to the sharp decline in volume, the Company's manufacturing facilities were operating at about 50% of installed capacity, which demonstrate the sustainability challenge the legitimate industry has been subjected to due to excessive hike in excise rates. In addition, due to a sharp decline in demand for products of tax compliant sector, the Company's finished goods also had to be written off, thereby impacting the company's profits.

Notwithstanding the above, driven by targeted portfolio interventions and an effective pricing strategy, the Company recorded a gross turnover of Rs. 315.8 billion, a growth of 35.8% vs SPLY. As a true testament to the resilience and strength of PTC's portfolio, the Company managed to further strengthen its market leadership in the legitimate segment, as the Company's share in the legitimate segment grew by 1.5% in 2023, to 80%. In terms of its contribution to the National Exchequer in 2023, PTC contributed Rs. 229.2 billion in the form of Federal Excise Duty, Sales Tax, Customs Duties, Corporate Income Tax and various other regulatory duties and taxes. This is higher vs SPLY by 48.9% (2022 Tax contribution stood at Rs. 154.0 billion).

Overall cost of sales increased by 1.5% while per unit cost increased considerably during the year. Record high inflation, steep currency devaluation, and a severe leaf crop shortage led to unprecedented increases in the price of tobacco leaf, posing a serious challenge to the Company's cost base and profitability during 2023. The imposition of super tax further exacerbated the situation as the effective tax rate for the Company increased to 42.1%. Despite these challenges, PTC remained dedicated to driving shareholder value through adept cost management and driving efficiencies across its operations. During the year, PTC's teams successfully executed a number of efficiency improvement projects. Noteworthy are the efforts to improve production efficiencies by modernization of machinery footprint and deployment of world-class best practices, increase in leaf crop yield, effective deployment of trade and distribution resources, leveraging the power of the PTC brand portfolio to maximize customer retention in tough times, whilst mitigating the impact of rupee devaluation through effective forex liability management. These efforts were key to deliver the financial performance that was delivered during 2023. Overall, effective cost control across a lean and efficient business operation helped PTC post a profit after tax of Rs. 29.0 billion, translating into an EPS of Rs. 113.35 per share, up 35.8% vs SPLY.

Driving the agenda for A Better Tomorrow™, the BAT Group is focused at introducing new products for our consumers which have the potential to reduce the health impact of conventional cigarettes. The Group invests over $430 million per year ($500 million in 2023 alone) on research and development with a focus on products that could potentially reduce the risks associated with smoking conventional combustible cigarettes. In line with the Group's agenda for tobacco harm reduction, PTC continued to venture into New Categories of tobacco-free nicotine products. Our flagship effort in this arena (VELO) posted healthy sales growth during the year, with a 31% increase in sales volume vs SPLY. Further, the Company also launched BAT Group's global vaping brand Vuse™ in Pakistan. This demonstrates the Company's commitment to the Pakistan market and to tobacco harm reduction, in line with BAT's business strategy, by providing reduced risk* choices to its valued consumers.

PTC's export initiative, "Made in Pakistan", is now in its fourth year of full-scale operation. During 2023, the Company exported products worth $48 million, up 74% vs SPLY. The Company remains committed to leverage its manufacturing expertise to increase exports even further going forward, generating valuable foreign currency inflows for the country.

With its employees at the core of delivery, PTC's commitment to prioritizing its people is evident in its relentless pursuit of attracting and retaining top talent nationwide. The Company's unwavering focus on Diversity and Inclusion has garnered notable recognition, including the prestigious "Global Diversity, Equity & Inclusion Benchmarks Award" from the Global Diversity, Equity and Inclusion Benchmarks Organization. Additionally, PTC's dedication to fostering gender inclusive policies and a human centric value creation approach has been honoured with the "Top Employer Award" by the Top Employers Institute. These awards underscore PTC's exceptional efforts in creating an inclusive workplace that caters to the well-being of its workforce and reaffirms its status as a leader in the diversity and talent management area.

PTC continues to run one of the largest private sector afforestation programs and a Mobile Doctor Unit ("MDU") program. Under its flagship afforestation program, which has been running since 1981, the Company has successfully planted and distributed more than 150 million saplings free of cost. Under the MDU program, the Company provided free of cost medication and doctor consultation to more than 120,000 patients. To ensure that the local community is protected from waterborne diseases, the Company is providing clean drinking water to the less privileged segments of society through 27 water filtration plants, delivering 20,000 litres of water per plant per day.

In 2023, PTC made a step change in its sustainability journey as it published an Environmental, Social, and Governance ("ESG") Report. The report encapsulated PTC's remarkable performance in environmental management, delivering a positive social impact and strengthening its already robust corporate governance. Additionally, the Company also constituted its first ESG Committee during the year as a sub-committee of the Executive Committee, responsible for considering new initiatives and tracking progress of ESG related goals.

***Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.**

FINANCIAL REVIEW

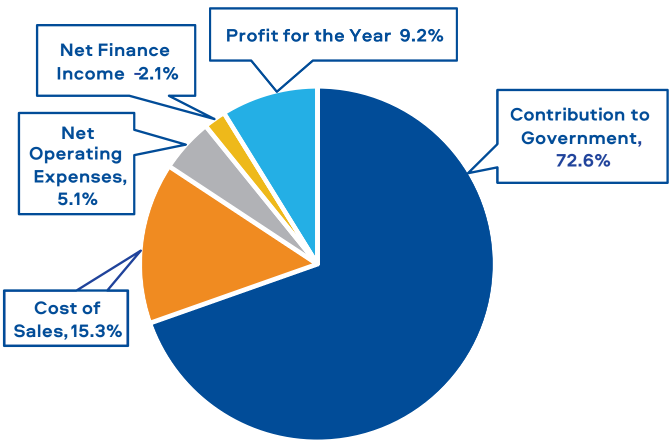
	Rs. (million)	
	FY2023	FY2022
Gross Turnover	315,844	232,600
FED & Sales Tax	205,912	137,738
Net Turnover	**109,933**	**94,862**
Cost of Sales	50,454	49,706
Gross Profit	**59,479**	**45,156**
Operating Profit	43,447	32,787
Profit Before Tax (PBT)	50,012	34,734
Profit After Tax (PAT)	**28,960**	**21,321**
Earnings Per Share EPS (Rs.)	**113.35**	**83.45**

Profit & loss analysis

The Company contributed 72.6% of its gross turnover (Rs. 229.2 billion, up 48.9% vs SPLY) as tax revenue to the Government in lieu of various tax and duties, while retaining 9.2% of revenues for distribution amongst shareholders and reinvestment in the business. Cost of Sales and Net Operating Expenses accounted for 15.3% and 5.1% of gross turnover respectively.

Domestic gross turnover increased by 33% vs SPLY despite a 34% volume reduction on account of effective sales and marketing strategies, targeted brand building activities and consumer relevant pricing strategy. The Company exported 1.3 billion cigarette sticks, 2.9 million kgs of cut-rag tobacco, and 6.0 million kgs of unmanufactured tobacco during the year both to internal and external customers. This helped the Company post export revenue of $48 Mn during 2023, up 74% vs SPLY. We take pride in retaining and further strengthening our credentials as a net talent exporter to the BAT Group. During the year 2023, we exported human resource services worth $1.3 million to the BAT Group. The Company continues to stay committed to retaining and developing good quality local talent and ensure a healthy talent export pipeline going forward as well.

Gross Turnover



Overall cost of sales increased by 1.5% while per unit cost increased considerably primarily due to devaluation of local currency, global inflation on imported materials and local inflationary pressures. These headwinds were mitigated through multiple productivity and savings initiatives and focused cost management to optimize the overall cost base.

Furthermore, administrative expenses had a 42.4% increase primarily due to general inflationary pressure and devaluation impact on foreign currency denominated information technology costs.

Net Finance Income increased by 237.3% in 2023, attributable to surplus funds available for Treasury Bill investments and higher interest rates.

STATEMENT OF FINANCIAL POSITION ANALYSIS

Property, plant and equipment increased by 29.0% in 2023, primarily driven by upgrades to existing manufacturing capacities and infrastructure to support better product quality, innovation, higher operating efficiencies and to ensure compliance with regulatory requirements.

Stock in Trade increased by 87.4% due to the combined impact of currency devaluation and inflation.

Cash and cash equivalents recorded an increase of 38.9% vs SPLY due to higher availability of surplus funds primarily driven by inability to repatriate dividend to our majority shareholder, BAT on account of forex shortage and tighter regulation on foreign currency payments by the State Bank of Pakistan during the year.

Current Liabilities increased by 25.7% due to higher outstanding payables to foreign suppliers and dividends payable to our majority shareholder/parent company on account of limited access to foreign currency.

LIQUIDITY MANAGEMENT

PTC's Treasury function is responsible for managing financial resources of the Company including liquidity, funding and investments. The function aims to ensure that the Company has adequate financial resources to meet is operational and strategic obligations, while optimising returns on investment and mitigating the financial risks of the Company's operations. All treasury related activities are executed as per defined policies, procedures and counter party exposure limits which are reviewed and approved by the Board of Directors or by delegated authority to the Finance Director/Internal Treasury Committee.

PROFIT DISTRIBUTION & RESERVE ANALYSIS

The Company started the year with reserves of Rs. 24.1 billion. In 2023, the Company earned a net profit of Rs. 29.0 billion and declared two interim dividends of Rs. 10 per share in Q3 2023 and Rs. 22 per share in Q4 2023. The net reserves position of the Company at year end stands at Rs 44.7 billion. Details of appropriation are also elaborated in the table below:

	Rs. (million)	Rs. (per share)
Opening Reserves	24,069	
Net Profit 2023	28,960	113.35
Other Comprehensive Income	(135)	
Unappropriated Reserves	**52,894**	
Interim Dividends 2023	(8,176)	32.00
Closing Reserves	**44,718**	

FINAL DIVIDEND

The Board of Directors of PTC in its meeting held on February 28, 2024, recommended a final cash dividend of Rs. 0/- per share for the year ended December 31, 2023 (2022: 0 per share) for the shareholders' approval. The Company has previously paid interim dividends of Rs. 10/share and Rs. 22/share in Q3 and Q4 2023 respectively, amounting to a total interim dividend of Rs. 32/share. The recommendation for final cash dividend is subject to approval of the shareholders in the Annual General Meeting, scheduled on April 24, 2024.

CONSOLIDATED FINANCIAL STATEMENTS & SEGMENTAL REVIEW

Consolidated financial statements, combine performance of Pakistan Tobacco Company Limited and its wholly owned subsidiary, Phoenix (Private) Limited. The subsidiary company is dormant and has not commenced commercial operations.

SUBSEQUENT EVENTS REVIEW

The Management has assessed events arising after the end of the financial year of the Company till the date of the report and, hereby, confirms that no material changes and commitments affecting the financial position of the Company have occurred during this period.

OPERATIONS REVIEW

PTC has a full seed-to-smoke business comprising of two factories and one of the largest leaf operations in the BAT Group. To enhance productivity throughout the value chain, the Company has a sharp focus on effective cost management, lean operations, and continuous modernization of the machinery infrastructure. In line with this overarching objective, PTC became the first Integrated Work System ("IWS") Phase-2 certified multi-site and multi-category operation in BAT Group.

As part of the tobacco harm reduction agenda, PTC runs an independent factory at its Jhelum site to produce tobacco-free oral nicotine pouches. This factory is the first of its kind in the Asia Pacific and Middle East Region for BAT Group. It is producing oral nicotine pouches for both local consumption and export, thus, enabling PTC to further its agenda towards tobacco harm reduction and cement its position as an export hub for BAT Group.

During the year, PTC started exporting its workforce to other BAT entities with the aim of driving manufacturing excellence and to embed best practices in local operations. This initiative was centred around the implementation of IWS, strengthening in-house technical proficiency, thereby diminishing reliance on Original Equipment Manufacturers and facilitating sustainable performance enhancement. Following the successful implementation in Sudan, this initiative has been systematically extended to other BAT entities, including South Africa and Nigeria. This expansion underscores PTC's unwavering dedication to pursue operational excellence by sharing knowledge and best practices.

ENVIRONMENT, SOCIAL & GOVERNANCE (ESG) REVIEW

At the forefront of PTC's ESG agenda, factories of the Company situated in Akora Khattak and Jhelum have become champions of environmental stewardship. The installation of a revolutionary 5.3 MW on-site Solar Park, the largest across BAT Group, has not only reduced the Company's carbon footprint by 2,500 tons but also symbolizes the profound shift towards renewable energy.

Water, a finite resource, has become a cornerstone of the Company's conservation efforts. In the unwavering pursuit of excellence, PTC's operations now proudly hold Alliance Water Stewardship ("AWS") Certification, with Akora Khattak factory successfully navigating its surveillance audit and Jhelum Factory setting a precedent as the first Multi-Category (both for factory manufactured cigarettes and tobacco-free oral nicotine pouches) AWS certified Company in BAT Group. This not only fosters collaborative and transparent efforts for sustainable water management but also underscores the commitment to environmental sustainability.

As we navigate the challenges of depleting natural resources, PTC remains resolute in its mission to minimize environmental impact. The journey towards sustainability is not merely a corporate endeavour, it is a commitment to inspire a positive change across industries, ensuring a legacy of responsible stewardship for A Better Tomorrow™.

MARKETING REVIEW

Consumer affordability remained under stress in 2023 with worsening indexation of the Company's value-for-money offerings against DNP, leading to accelerated downtrading as diminishing purchasing power made consumers shift from duty paid brands to DNP brands. Despite these headwinds, focused investments were made for a future-fit portfolio across multiple categories, thus, harnessing the power of the Company's brand portfolio.

The value-for-money segment emerged resilient with the flagship brand, Capstan by Pall Mall, achieving sales of 20 billion cigarette sticks. Furthermore, the Company demonstrated its agility by introducing a new value-for-money offer in record time post the February 2023 excise increase.

The belief of being truly multi-category has always been at the forefront of the Company's strategic pillars. After embarking on a terrific journey for VELO, achieving a 31% increase in volumes in 2023 vs SPLY, as well as establishing the largest active consumer base in the world with half a million consumers, PTC launched BAT Group's global vaping brand in Pakistan, Vuse™. In a saturated market full of new entrants that lacks brands with expertise, the launch was on a national scale in the 6 largest cities of the country and at 1500+ outlets, adopting an omni-channel 360-degree approach from digital to retail.

RISK MANAGEMENT & INTERNAL CONTROLS

The Board plays a crucial role in navigating and addressing the risks encountered by the Company during its operations, all while upholding a robust internal controls system. The Company's risk management and internal controls framework is meticulously crafted to secure shareholders' investments and protect the Company's assets, with a focus on mitigating the impact of potential risks that could hinder the achievement of Company's objectives.

The establishment of comprehensive policies and procedures, coupled with a well-defined governance framework and a positive organizational culture, has fostered a resilient compliance and control environment throughout the Company. Each department head is mandated to conduct a thorough evaluation of globally defined key controls, ensuring their presence and effective operation. Instances of non-compliance or weaknesses (if any) are promptly reported, accompanied by detailed action plans to the Governance Committee. The Company maintains full compliance with all stipulations of the Sarbanes Oxley Act (SOx), further fortifying its internal controls landscape. Moreover, all employees are obligated to affirm their commitment of compliance with the Company's Standards of Business Conduct on an annual basis.

FORWARD LOOKING APPROACH

Looking ahead, 2024 is expected to remain another challenging year for the industry. With the power of our people, strength of our brand portfolio and our ability to effectively leverage our extensive knowledge of the local market, we remain ready and are positive to confront and overcome the difficulties arising not just from a challenging macroeconomic environment but also from the distinctive peculiarities of the local tobacco sector which is marred by heavy taxes and weak law enforcement. The Company aims to continue driving strong business results by prioritizing the following objectives in line with our corporate strategy.

DRIVE GROWTH AGENDA

The Company's strategic objective is to deliver sustainable growth for its shareholders. Effective law enforcement is key to the commercial viability of legitimate players and sustainability of Government revenues. We will continue to encourage the authorities for ensuring complete implementation of the T&TS and leveraging this for strengthening the enforcement environment in Pakistan. The Company will focus on reclaiming its consumer base and grow its market share. Further, marketing investment will be aimed at strengthening the brand equity of the Company's portfolio among adult consumers of all the segments in which it operates.

This will be achieved through product innovations developed to address evolving consumer preferences and creation of maximum brand awareness through innovative campaigns directed at relevant and effective consumer touchpoints. A consumer centric approach will aid the Company in maintaining a robust brand portfolio, enabling it to continuously outperform the competition and lead in the marketplace. By adhering to this plan, the Company will be well positioned to maintain its market leadership in the legitimate segment and drive share recovery within total industry.

MAINTAIN ADEQUATE ACCESS TO FOREIGN CURRENCY

Despite relative stability in the foreign currency reserves of the country on the back of the IMF programme and assistance from friendly countries, availability of foreign currency remains a challenge. It is critical for the Company's operations to ensure timely and independent settlement of its foreign currency obligations and disbursement of dividends to its shareholders.

The Government is expected to intervene to protect the interests of the manufacturing sector and encourage further foreign direct investment into the country by ensuring timely disbursement of profits to the shareholders. Meanwhile, the Company will continue to accelerate its contribution to the economy by focusing on exports and bringing in much needed foreign currency into the local banking system, besides being one of the largest taxpayers in Pakistan.

DRIVE EFFECTIVE RESOURCE ALLOCATION AND COST MANAGEMENT

The Company faces ongoing challenges from rising inflation, straining its cost base. However, the Management is committed to implementing effective measures to counteract these challenges and ensure optimum shareholder value creation.

The local currency is forecasted to remain weak, with minimal or no value appreciation. This is likely to result in an increase of the cost base, impacting our operating margins.

The Company will proactively adopt measures to alleviate the future impact of currency devaluation through timely settlement of supplier dues by leveraging its banking relationships in addition to an ongoing localization drive.

DRIVE OPERATING AND MANUFACTURING EFFICIENCIES

The Company is geared to continue investing in enhancement of its operating and manufacturing efficiencies. This will be achieved through investment in modern and upgraded equipment and machinery that not only enhances efficiency and quality but is also capable of supporting future product innovations crucial to maintaining a competitive edge in the market.

The Company is already geared to cater to any surge in market demand and remains dedicated to investing in machinery to comply with future regulatory requirements.

Furthermore, the operating infrastructure is continuously being upgraded with the best EH&S equipment, systems and processes to ensure a safe working environment for all employees.

ENVIRONMENT, SOCIAL & GOVERNANCE (ESG)

The Company has placed ESG at the heart of its strategy and corporate purpose by delivering sustainable growth, encouraging more consumers to transition to reduced-risk* products to reduce the health impact of the business and supporting initiatives aimed at the betterment and uplifting of communities in which it operates. With a wide array of initiatives in place, PTC actively seeks opportunities to widen the scope of relevant activities and continue driving the ESG agenda of the Company.

INVEST IN HUMAN CAPITAL

To sustain its competitive edge, the Company remains dedicated to strategic investments in its workforce, cultivating a diverse and exceptionally skilled talent pool poised to navigate forthcoming business challenges. By fostering a culture of engagement and championing inclusive leadership, we tap into the collective power of our diverse team, unleashing their full potential. This proactive approach ensures that the Company not only adapts to evolving industry landscapes but also thrives by harnessing the collective capabilities of a dynamic and well-prepared workforce.

With our strategic leadership agenda defining the pathway towards continuous D&I initiatives, competitive reward schemes, and a robust talent management strategy, the Company fortifies its position as an industry leader. Fuelled by a dedication towards process simplification and workforce well-being, we embark on a continuous mission to elevate the employee experience.

*Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.

CORPORATE GOVERNANCE

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Directors confirm compliance with the Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan's Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Code of Corporate Governance") for the following:

a) 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.

b) Proper books of accounts of the Company have been maintained.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgement.

d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departures therefrom have been adequately disclosed and explained.

e) The system of internal controls is sound in design and has been effectively implemented & monitored.

f) There are no significant doubts about the Company's ability to continue as a going concern.

g) There has been no material departure from the best practices of corporate governance, as detailed in the Code of Corporate Governance and listing regulations.

h) All major Government levies in the normal course of business, payable as at December 31, 2023, have been disclosed in the notes to the financial statements.

i) Key operating and financial data for last six years in summarized form is provided separately in the Company's Annual Report.

j) Value of investments in employee's retirement funds for the year ended December 31, 2023, are as follows. Further details are provided in Note 33 to the financial statements.

	Rs. (million)
Staff Pension Fund	7,205
Employees Gratuity Fund	1,697
Management Provident Fund	1,091
Employees Provident Fund	567
Defined Contribution Pension Fund	1,454

COMPOSITION OF THE BOARD

The Board comprises a total of 12 directors: 4 are independent directors, 5 are non-executive directors and 3 are executive directors. The current composition of the Board is as below:

	No. of Directors
Male Directors	11
Female Directors	1
Independent Directors	4
Mr. Zafar Mahmood (Chairman)	
Lt. Gen. Najib Ullah Khan (R)	
Mr. Mohammad Riaz	
Mr. Asif Jooma	
Non - Executive Directors	5
Mr. Usman Zahur	
Ms. Belinda Joy Ross	
Mr. Gary Tarrant	
Mr. Wael Sabra	
Mr. Faisal Saif	
Executive Directors	3
Mr. Syed Ali Akbar	
Mr. Syed Asad Ali Shah	
Mr. Syed Muhammad Ali Abrar	

There is female representation on the Board in compliance with the regulatory requirement.

The overall effectiveness of the Board is enhanced by the diversity and breadth of perspective and experience of its members. The members have sufficient financial acumen and knowledge through combination of their professional and academic skills, and local and international experience. PTC conforms to the regulatory requirements on the composition and qualification of the Board of Directors.

Directors' detailed profiles including their names, status (independent, executive, non-executive), in addition to industry experience and directorship of other companies, have been provided separately in the Annual Report. The status of directorship (independent, executive, non-executive) is indicated in the Statement of Compliance with the Code of Corporate Governance.

CHANGES IN THE BOARD

The following changes took place in the Board:

i. Ms. Kelly Louise Burtenshaw (resigned w.e.f. 30-11-2023) was replaced by Mr. Syed Muhammad Ali Abrar; and

ii Mr. Oliver Engels (resigned w.e.f. 11-04-2023) was replaced by Mr. Faisal Saif.

MEETINGS OF THE BOARD

Under the applicable regulatory framework, the Board is legally required to meet at least once in every quarter to ensure transparency, accountability, and monitoring of the Company's performance. Special meetings are also held during the year to discuss important matters, as and when required. In 2023, five (5) Board meetings were convened, out of which the 1st meeting was held on 23rd February 2023.

The notices / agendas of the meetings were circulated in advance, in a timely manner and in compliance with applicable laws. All meetings of the Board held during the year surpassed the minimum quorum requirements of attendance, as prescribed by the applicable regulations. The Company Secretary acts as the Secretary to the Board.

All decisions made by the Board during the meetings were clearly documented in the minutes of the meetings maintained by the Company Secretary and were duly circulated to all the Directors for endorsement and were approved in the subsequent Board meetings.

Members	Attendance
Mr. Zafar Mahmood *Chairman*	*5/5*
Syed Ali Akbar *Managing Director and CEO*	*5/5*
Syed Asad Ali Shah *Director Legal and External Affairs*	*5/5*
Kelly Burtenshaw *Director Finance & IT (resigned w.e.f. 30-11-2023)*	*4/5*
Syed Muhammad Ali Abrar *Director Finance & IT (joined w.e.f. 01-12-2023)*	*1/5*
Belinda Joy Ross *Non-Executive Director*	*5/5*
Mohammad Riaz *Independent Director*	*5/5*
Asif Jooma *Independent Director*	*5/5*
Wael Sabra *Non-Executive Director*	*5/5*
Usman Zahur *Non-Executive Director*	*2/5*
Lt. Gen Najib Ullah Khan (R) *Independent Director*	*5/5*
Gary Tarrant *Non-Executive Director*	*4/5*
Oliver Engels *Non-Executive Director (resigned w.e.f. 11-04-2023)*	*1/5*
Faisal Saif *Non-Executive Director (joined w.e.f. 12-04-2023)*	*4/5*

MEETINGS HELD OUTSIDE PAKISTAN

In 2023, PTC conducted all its Board meetings with in Pakistan.

COMMITTEES OF THE BOARD

The Board has four sub-committees which assist the Board in the performance of its functions, namely the Executive Committee, Audit Committee, Human Resources & Remuneration Committee and Share Transfer Committee. Details of all Board Committees, including attendance and their functions, are provided separately in the Company's Annual Report.

DIRECTORS' REMUNERATION

As per the requirements of the Code of Corporate Governance, there is a formal and transparent procedure in place for fixing the remuneration packages of individual Directors. No Director is involved in deciding his / her own remuneration.

These remuneration packages are approved as per requirements of the regulatory framework and internal procedures, while ensuring that they are not at a level that could be perceived to compromise the independence of non-executive directors.

The remuneration of executive directors including the CEO, key management personnel and other executives is given in note 38 to the financial statements.

EVALUATION OF BOARD'S PERFORMANCE

The Company has designed an "Evaluation Tool" to assist the Board to:

- Understand and recognize what is working well;
- Identify areas for improvement;
- Discuss and agree on priorities for change, which can be addressed in the short and long term;
- Agree on an action plan.

The Evaluation Tool comprises an evaluation questionnaire, which is circulated to all the Directors in which each Director must evaluate himself / herself as well as the Board. In order to encourage open and frank evaluations, as well as to ensure anonymity, the evaluation process is directed by the Company Secretary, who mails the questionnaire to each Director and then collates the results into a report including a summary of the results, and recommendations to the Board. The Report is then discussed in the next Board Meeting to address the areas of concern and improve the Board's performance.

OFFICES OF THE CHAIRMAN & CEO

To promote transparency and good governance, the offices of the Chairman of the Board of Directors and the Chief Executive Officer are held by separate individuals with clear segregation of roles and responsibilities.

BRIEF ROLES & RESPONSIBILITIES OF THE CHAIRMAN & CEO

Roles and responsibilities of the Chairman and the CEO have been clearly and distinctly defined by the Board. The Chairman is basically a leader and mediator to head the meeting of the Board of Directors effectively and takes decisions after a free and open sharing of views in an efficient and effective manner. The Chairman is responsible for the overall discharge of the Board's duties.

The CEO is the executive head of the Company, who heads all facets of the Company and provides leadership towards the achievement of the Corporate Plan through effective delegation of powers to respective heads of functions, and management of the day-to-day operations of the Company. The CEO is responsible for leading, developing and executing the Company's short and long-term strategies with a view to enhance shareholders' value. The CEO liaises with the Board and communicates on behalf of the Management.

CEO'S PERFORMANCE EVALUATION BY THE BOARD

The Board appoints the CEO for a term of 3 years, in compliance with applicable laws. His performance is reviewed annually based on the yearly corporate plan, besides his responsibilities under the regulatory framework.

Performance for the year 2023 is demonstrated by achievement of the corporate plan and compliance with the applicable regulatory requirements.

FORMAL ORIENTATION AT INDUCTION

Newly inducted Board members are taken through an Induction Plan for their orientation and familiarization towards the Company's vision, organizational structure, roles and responsibilities of senior executives, major pending or threatened litigation, policies relating to dividends, whistleblowing, summary of Company's major assets, liabilities and noteworthy contracts etc. As part of the Induction Plan, senior executives of the Company present the performance of their respective department to the newly inducted Directors.

DIRECTORS' TRAINING PROGRAM

PTC has ensured compliance with the applicable regulatory requirements regarding Director's training. More than half of the Directors have obtained certification under Directors' Training Program (DTP) approved by SECP.

LAST AGM

The Company's 76th AGM (Annual General Meeting) was held on May 02, 2023. All shareholders, including minority shareholders, were proactively sent out invites informing them about the time and place of the meeting, well in advance. High quality and comfortable arrangements, aimed at facilitating the shareholders of the Company, were made to conduct the AGM.

During the meeting, general clarifications on the published financial statements and the impact of illicit trade were sought by the shareholders and investors. No issues were reported in that meeting.

AUDITORS

Statutory Audit for the Company for the financial year ended December 31, 2023 has been concluded and the Auditors have issued their Audit Reports on the Company's Financial Statements, Consolidated Financial Statements and the Statement of Compliance with the Code of Corporate Governance. The Auditors, Messers KPMG Taseer Hadi & Co., shall retire at the conclusion of the Annual General Meeting, and they have indicated their willingness to continue as Auditors for PTC. They have confirmed to have achieved satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the Guidelines on the Code of Ethics of the International Federation of Accountants (IFAC) as adopted by ICAP. The Board proposes their appointment as Auditors for the financial year ending December 31, 2024 on the recommendation of the Audit Committee. This shall be subject to the approval of the shareholders in their meeting scheduled for April 24, 2024.

PATTERN OF SHAREHOLDING

Our holding company, British American Tobacco (Investments) Limited (BAT-IL), incorporated in United Kingdom holds 94.34% shares of the Company at the year end. The remaining shareholding is spread across associated company, institutions and general public. The pattern of shareholding as at December 31, 2023 alongside the disclosure as required under Code of Corporate Governance is provided separately in this Annual Report.

TRADING IN SHARES BY DIRECTORS AND EXECUTIVES

The Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minors have reportedly not performed any trading in the shares of the Company.

REVIEW OF BCM

PTC recognizes the importance of Business Continuity Management (BCM) as the means to ensure that the business continues to succeed in times of crisis. The Company has established a BCM Manual as per International Standards which enables the Company to:

- Proactively plan and prepare in the case of an incident,
- Understand how to respond should an incident occur,
- Gather requisite know-how to manage the situation effectively; and
- Return to Business as Usual (BAU) as quickly as possible to minimize adverse impact on the business.

The Board reviews compliance with the BCM Manual on an annual basis. Responsibility and accountability for ensuring compliance with the Standards and for the implementation of the BCM process has been delegated to the CEO. Operational management of BCM is delegated to the Head of Security who is the lead for BCM in the Company. Heads of Functions are the risk owners and are responsible for enabling and maintaining an effective BCM capability within their respective functions. The Business Continuity Manager facilitates and coordinates the BCM process in the Company. By implementing a BCM process, the Company ensures that:

- Its people, assets and information are protected, and employees receive adequate support and communications in the event of a disruption.
- The relationships with other organizations, relevant regulators and Government departments, local authorities and the emergency services are properly developed and documented, and stakeholder requirements are understood and can be delivered; and
- The Company has an enhanced capacity to protect its reputation and remains compliant with its legal and regulatory obligations.

ZAFAR MAHMOOD
CHAIRMAN

SYED ALI AKBAR
MD&CEO

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAKISTAN TOBACCO COMPANY LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the annexed consolidated financial statements of Pakistan Tobacco Company Limited (PTC) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of 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 material accounting policy information and other explanatory information.

In our opinion, consolidated financial statement give a true and fair view of the consolidated financial position of the Group as of 31 December 2023, and (of) its consolidated financial performance and its consolidated cash flow 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 the 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAKISTAN TOBACCO COMPANY LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Following are the Key audit matters:

KEY AUDIT MATTERS	HOW THE MATTERS WERE ADDRESSED IN OUR AUDIT
1. REVENUE RECOGNITION Refer notes 7.2 and 8 to the consolidated financial statements.The Group is engaged in the production and sale of tobacco products, velo and vuse. The Group recognized net revenue from the sales of cigarettes/tobacco/velo/vuse of Rs 109,932 million for the year ended December 31, 2023. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.	Our audit procedures in respect of recognition of revenue, amongst others, included the following: • Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation, and operating effectiveness of key internal controls over recording of revenue. • Comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • Comparing a sample of revenue transactions recorded around the year- end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • Assessing whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 Revenue from Contracts with Customers. • Comparing the details of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation; and • Assessing the appropriateness of disclosures in the financial statements.
2. VALUATION OF STOCK-IN-TRADE Refer notes 7.12 and 19 to the financial statements. As at December 31, 2023, stock-in-trade is stated at Rs. 46,672 million. Stock-in-trade is measured at the lower of cost or net realizable value. We identified valuation of stock-in-trade as a key audit matter due to its size, representing 42.5% of total assets of the Company as at December 31, 2023, and the judgment involved in valuation.	Our audit procedures in respect of valuation of stock-in-trade, amongst others, included the following: • Assessing the design, implementation, and operating effectiveness of key internal controls over valuation of stock-in-trade including determination of net realizable values. • Attending inventory counts and reconciling the count results to the inventory listings. • Assessing the accuracy of cost of stock-in-trade in accordance with the accounting policy. • Assessing the net realizable value of stock-in-trade by comparing, on a sample basis, management's estimation of future selling prices for the products and selling prices achieved subsequent to the end of the reporting period; and • Comparing the net realizable value to the cost of a sample of stock-in-trade and comparison to the associated provision to assess whether stock-in-trade provisions are complete.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAKISTAN TOBACCO COMPANY LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended December 31, 2023 but does not include the consolidated financial statements and our auditors' report thereon.

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

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

RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 and for such internal controls as management determines are 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAKISTAN TOBACCO COMPANY LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities business activities within the Group to express an opinion on the consolidated financial statement. 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 **Muhammad Ubbaid Ullah.**

KPMG Taseer Hadi & Co.

KPMG TASEER HADI & CO.
Chartered Accountants
Islamabad
Date: 02 April 2024
UDIN: AR202310240E17vAZQwL

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
		Rs. '000	Rs. '000
GROSS TURNOVER	8	315,844,419	232,600,278
Excise duties		(158,587,276)	(103,232,916)
Sales tax		(47,324,275)	(34,505,124)
NET TURNOVER		109,932,868	94,862,238
Cost of sales	9	(50,453,836)	(49,705,748)
GROSS PROFIT		59,479,032	45,156,490
Selling and distribution costs	10	(6,867,736)	(5,708,254)
Administrative expenses	11	(5,734,191)	(4,026,820)
Other operating expenses	12	(5,552,201)	(3,298,042)
Other income	13	2,121,627	663,879
		(16,032,501)	(12,369,237)
OPERATING PROFIT		43,446,531	32,787,253
Finance income - interest income on T-bills	25	7,183,870	2,274,037
Finance cost	14	(617,945)	(327,683)
Net finance income		6,565,925	1,946,354
PROFIT BEFORE INCOME TAX		50,012,456	34,733,607
Income tax expense	15	(21,052,793)	(13,412,676)
PROFIT FOR THE YEAR		28,959,663	21,320,931
EARNINGS PER SHARE (BASIC AND DILUTED) - (RUPEES)	16	113.35	83.45

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

SYED ALI AKBAR
Chief Executive Officer

SYED MUHAMMAD ALI ABRAR
Chief Financial Officer/Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
		Rs. '000	Rs. '000
PROFIT FOR THE YEAR		28,959,663	21,320,931
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified to profit or loss			
Remeasurement loss on defined benefit pension and gratuity plans	32	(286,673)	(638,453)
Tax (credit)/charge related to remeasurement loss on defined benefit pension and gratuity plans	15	151,453	232,239
		(135,220)	(406,214)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		28,824,443	20,914,717

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

SYED ALI AKBAR
Chief Executive Officer

SYED MUHAMMAD ALI ABRAR
Chief Financial Officer/Director

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	Note	2023	2022
		Rs. '000	Rs. '000
NON CURRENT ASSETS			
Property, plant and equipment	17	21,696,826	16,826,988
Advance for capital expenditure		1,346,732	532,106
Long term deposits and prepayments	18	42,395	23,604
		23,085,953	17,382,698
CURRENT ASSETS			
Stock-in-trade	19	46,672,301	24,905,320
Stores and spares	20	630,989	561,046
Trade debts	21	2,687,721	2,876
Loans and advances	22	646,419	832,795
Short term prepayments		220,716	139,961
Other receivables	23	3,143,408	3,832,665
Short term investments	24	14,557,699	21,522,111
Cash and bank balances	25	17,938,895	1,878,796
		86,498,148	53,675,570
CURRENT LIABILITIES			
Trade and other payables	26	39,130,385	27,197,588
Other liabilities	27	2,089,190	4,092,981
Short term running finance/export refinance	28	-	2,354,312
Lease liability	29	852,765	802,531
Unpaid dividend	30	8,141,160	5,391,129
Unclaimed dividend		105,081	106,330
Current income tax liabilities		3,285,951	2,683,837
		(53,604,532)	(42,628,708)
NET CURRENT ASSETS		32,893,616	11,046,862
NON CURRENT LIABILITIES			
Lease liability	29	(2,569,277)	(935,335)
Deferred income tax liabilities	31	(2,095,119)	(869,898)
		(4,664,396)	(1,805,233)
NET ASSETS		51,315,173	26,624,327
SHARE CAPITAL AND RESERVES			
Share capital	33	2,554,938	2,554,938
Capital reserve	34	4,042,204	-
Revenue reserve - Unappropriated profits		44,718,031	24,069,389
		51,315,173	26,624,327
CONTINGENCIES AND COMMITMENTS	35		

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

SYED ALI AKBAR
Chief Executive Officer

SYED MUHAMMAD ALI ABRAR
Chief Financial Officer/Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2023

	Share Capital	Revenue Reserve - Unappropriated Profit	Capital Reserve	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
BALANCE AT JANUARY 1, 2022	2,554,938	15,418,374	-	17,973,312
TOTAL COMPREHENSIVE INCOME FOR THE YEAR:				
Profit for the year	-	21,320,931	-	21,320,931
Other comprehensive income for the year	-	(406,214)	-	(406,214)
Total Comprehensive income for the year	-	20,914,717		20,914,717
TRANSACTIONS WITH OWNERS OF THE COMPANY:				
Final dividend of Rs. 28 per share relating to the year ended December 31, 2021	-	(7,153,826)	-	(7,153,826)
Interim dividend of Rs. 10 per share relating to the year ended December 31, 2022	-	(2,554,938)	-	(2,554,938)
Interim dividend of Rs. 10 per share relating to the year ended December 31, 2022	-	(2,554,938)	-	(2,554,938)
Total transactions with owners of the Company	-	(12,263,702)	-	(12,263,702)
BALANCE AT DECEMBER 31, 2022	2,554,938	24,069,389	-	26,624,327
BALANCE AT JANUARY 01, 2023	2,554,938	24,069,389	-	26,624,327
TOTAL COMPREHENSIVE INCOME FOR THE YEAR:				
Profit for the year	-	28,959,663	-	28,959,663
Other comprehensive income for the year	-	(135,220)	-	(135,220)
Total comprehensive income for the year	-	28,824,443	-	28,824,443
Free of cost services and exempted recharges	-	-	4,042,204	4,042,204
TRANSACTIONS WITH OWNERS OF THE COMPANY:				
Interim dividend of Rs. 10 per share relating to the year ended December 31, 2023	-	(2,554,938)	-	(2,554,938)
Interim dividend of Rs. 22 per share relating to the year ended December 31, 2023	-	(5,620,863)	-	(5,620,863)
Total transactions with owners of the Company	-	(8,175,801)	-	(8,175,801)
BALANCE AT DECEMBER 31, 2023	2,554,938	44,718,031	4,042,204	51,315,173

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

SYED ALI AKBAR
Chief Executive Officer

SYED MUHAMMAD ALI ABRAR
Chief Financial Officer/Director

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
		Rs. '000	Rs. '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	36,045,452	37,212,147
Finance cost paid		(208,133)	(62,082)
Income tax paid		(19,074,005)	(11,875,679)
Contribution to retirement benefit funds		(672,005)	(357,542)
Net cash generated from operating activities		16,091,309	24,916,844
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(4,260,243)	(2,521,652)
Advance for capital expenditure		(814,626)	583,127
Proceeds from sale of property, plant and equipment		257,488	406,736
Interest received		7,027,604	2,274,037
Net cash generated from / (used) in investing activities		2,210,223	742,248
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(5,427,019)	(11,506,890)
Lease payments		(1,478,826)	(1,398,961)
Proceeds from export refinance facility		(2,300,000)	-
Net cash used in financing activities		(9,205,845)	(12,905,851)
Net increase in cash and cash equivalents		9,095,687	12,753,241
Cash and cash equivalents at beginning of year		23,400,907	10,647,666
CASH AND CASH EQUIVALENTS AT END OF YEAR		32,496,594	23,400,907
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash and bank balances	25	17,938,895	1,878,796
Short term investments	24	14,557,699	21,522,111
		32,496,594	23,400,907

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

SYED ALI AKBAR
Chief Executive Officer

SYED MUHAMMAD ALI ABRAR
Chief Financial Officer/Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. CORPORATE AND GENERAL INFORMATION

THE GROUP AND ITS OPERATIONS

Pakistan Tobacco Company Limited (the Company) is a public limited company incorporated in Pakistan on November 18, 1947 under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange Limited. The Company is a subsidiary of British American Tobacco (Investments) Limited, United Kingdom, whereas its ultimate parent company is British American Tobacco p.l.c, United Kingdom. The principal activity of the Company is to manufacture and sell cigarettes, tobacco, Velo and Vuse.

The registered office of the Company is situated at Serena Business Complex, Khayaban-e-Suharwardy, Islamabad, Pakistan. The Company has three manufacturing plants one located in Akora Khattak and two in Jhelum.

Phoenix (Private) Limited (PPL) is a private limited company incorporated on March 9, 1992 in Azad Jammu and Kashmir under the Companies Ordinance, 1984 (now the Companies Act, 2017). The registered office of PPL is situated at Bin Khurma, Chichian Road, Mirpur, Azad Jammu and Kashmir. The object for which the PPL has been incorporated is to operate and manage an industrial undertaking in Azad Jammu and Kashmir to deal in tobacco products. PPL is dormant and has not commenced its commercial operations.

For the purpose of these consolidated financial statements, the Company and its wholly owned subsidiary PPL is referred to as the Group

CAPACITY AND PRODUCTION

Against an estimated manufacturing capacity of 51,800 million cigarettes (2022: 51,800 million cigarettes) actual production was 28,153 million cigarettes (2022: 41,976 million cigarettes). For modern oral manufacturing capacity was 1,097 million pouches (2022: 650 million) and actual production was 550 million pouches (2022: 451 million). The split from each industrial unit is given below.

FMC	Manufacturing Capacity	
Site	2023 (Units in Millions)	2022 (Units in Millions)
Akora Khattak Factory	24,500	24,500
Jhelum Factory	27,300	27,300
Total	51,800	51,800

Modern Oral	Manufacturing Capacity	
Site	2023 (Units in Millions)	2023 (Units in Millions)
Jhelum Factory	1,097	650

FMC	Actual Production	
Site	2023 (Units in Millions)	2022 (Units in Millions)
Akora Khattak Factory	13,450	20,382
Jhelum Factory	14,703	21,594
Total	28,153	41,976

Modern Oral	Actual Production	
Site	2023 (Units in Millions)	2022 (Units in Millions)
Jhelum Factory	550	451

Actual production is less than the installed capacity due to market demand.

NUMBER OF EMPLOYEES

Total number of employees as at December 31, 2023 were 1,011 (2022: 1,050). Out of the total number of employees, the number of factory employees as at December 31, 2023 were 395 (2022: 394). Average number of employees during the year were 1,026 (2022: 1,051), whereas average factory employees during the year were 395 (2022: 391).

2. STATEMENT OF COMPLIANCE

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

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

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

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

3. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except as otherwise stated in the respective accounting policies notes but not limited to:

- Defined benefit Plans
- Leases
- Short-term investments

4. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (the functional currency), which is the Pakistan rupee (Rs).

5. USE OF ESTIMATES AND JUDGEMENTS

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized, prospectively.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Significant estimates

- Note 7.9 & 17 – useful lives, residual values and depreciation method of property, plant and equipment
- Note 32 – Retirement benefits
-

Other estimates

- Note 19 and 20 – Provision for obsolescence of stock in trade and stores and spares
- Notes 15 and 31 – Provision for income tax and calculation of deferred tax
- Note 36 – Financial instruments – fair values
- Note 35 – Contingencies
- Note 29 - Leases

MEASUREMENT OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then management assesses the evidence obtained from the third parties to support its conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring fair value of an asset or a liability, the Group uses observable and available market data as far as possible. Fair values are categorised 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, which are observable and available 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 and available market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level of input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

6. NEW ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

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

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

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

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

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

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

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

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

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

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

The above mentioned amendments are not likely to have an impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

7 MATERIAL ACCOUNTING POLICY INFORMATION

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

Material accounting policy of the Group are as follows:

7.1 BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements of the company and its wholly owned subsidiary company i.e., PPL, collectively called "the Group".

Subsidiaries are all entities over which the Group has the control or shareholding of more than half of the voting rights.The Group controls an entity when it is exposed to, or has right to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which the control is transferred to the Group. They are derecognised from the date the control ceases.

7.2 REVENUE RECOGNITION

Revenue comprises the invoiced value for the sale of goods net of sales taxes, rebates and discounts. Certain marketing costs are deducted from the gross amount of sales. Revenue from the sale of goods is recognised when control of the goods passes to customers and the customers can direct the use of and substantially obtain all the benefits from the goods. Revenue is recognized when specific criteria have been met for each of the Company's activities as described below.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Sale of goods

The Group manufactures and sells cigarettes to its appointed distributors. Sale of goods is recognized when the Group has transferred control of the products to the distributor and there is no unfulfilled obligation that could affect the distributor's acceptance of the products.

Contract assets

Contract assets arise when the Group performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due.

Contract liabilities

A contract liability is the obligation of the Group to transfer goods to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group performs its performance obligations under the contract.

INCOME ON BANK DEPOSITS

Income on bank deposits is accounted for on the time proportion basis using the applicable rate of return.

INCOME ON SHORT TERM INVESTMENTS

Short term investments, classified as financial assets at fair value through profit or loss, are re-measured to fair value at each reporting date until the assets are de-recognised. The gains and losses arising from changes in fair value are included in the statement of profit or loss in the period in which they occur.

Others

Scrap sales and miscellaneous receipts are recognized on realized amounts. All other income is recognized on accrual basis.

7.3 INCOME TAX

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

Current

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred

Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred income tax is calculated at the rates that are expected to apply to the period when the differences reverse.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

7.4 PROVISIONS

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount could be reliably estimated. Provisions are not recognized for future operating losses. All provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate..

7.5 EARNINGS PER SHARE

The Group presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

7.6 CONTINGENT ASSETS

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

7.7 CONTINGENT LIABILITIES

Contingent liability is disclosed when the Group has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities are not recognised, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the consolidated financial statements.

7.8 EMPLOYEE BENEFITS

a) Retirement benefit plans

The Group operates various retirement benefit schemes. The schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial calculations or up to the limit allowed as per the Income Tax Ordinance, 2001. The Group has both defined contribution and defined benefit plans.

A defined contribution plan is a plan under which the Group pays fixed contributions into a separate fund. The Group has no further legal or constructive obligation to pay contributions if the fund does not hold sufficient assets to pay all employees, the benefits relating to employees' service in the current and prior periods.

A defined benefit plan is a plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Group operates:

(i) Defined benefit, approved funded pension scheme for management and certain grades of business support officers and approved gratuity scheme for all employees. Employees also contribute to the pension scheme. The liability recognized in the balance sheet in respect of pension and gratuity schemes is the present value of the defined benefit obligation of the Company at the balance sheet date less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries 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 government bonds denominated in Pakistan rupee and have terms to maturity approximating to the terms of the related liability.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements. Past-service costs are recognised immediately in income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

(ii) Approved contributory provident fund for all employees is administered by trustees and approved contributory pension fund for the new joiners. The contributions of the Group are recognized as employee benefit expense when they are due. Prepaid contributions, if any, are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

(c) Medical benefits

The Group maintains a health insurance policy for its entitled employees and their dependents and pensioners and their spouses. The Group contributes premium to the policy annually. Such premium is recognised as an expense in the statement of profit or loss.

(d) Bonus plans

The Group recognizes a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments and performance targets. The Group recognizes a provision where it is contractually obliged or where there is a past practice that has created a constructive obligation.

(e) Share-based payments

The Group has two cash-settled share-based compensation plans. Share options are granted to key management personnel which vest over a period of three years. A liability equal to the portion of the services received is recognised at its current fair value determined at each statement of financial position date.

Where applicable, the Group recognises the impact of revisions to original estimates in the statement of profit or loss, with a corresponding adjustment to current liabilities for cash-settled schemes.

(i) Restricted Share Plan (RSP)

Nil-cost option exercisable after three years from date of grant with a contractual life of ten years. Pay-out is subject to performance conditions based on earnings per share, operating cash flow, total shareholder return and net turnover of the British American Tobacco (BAT) group. Total shareholder return combines the share price and dividend performance of the BAT group by reference to one comparator group.

(ii) Deferred Share Bonus Scheme (DSBS)

Free ordinary shares released three years from date of grant and may be subject to forfeit if a participant leaves employment before the end of the three years holding period. Participants receive a separate payment equivalent to a proportion of the dividend payment during the holding period. Share options are granted in March each year.

7.9 LEASE LIABILITY

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below Rs 100,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

7.10 PROPERTY, PLANT AND EQUIPMENT

Owned assets

These are stated at cost less accumulated depreciation and any accumulated impairment losses, except freehold land and capital work in progress which are stated at cost less impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

All other repairs and maintenance expenses are recognized in the statement of profit or loss during the financial period in which they are incurred.

Free-hold land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost less residual value over their estimated useful lives at the following annual rates:

Buildings on freehold and leasehold land	3%
Plant and machinery	5%
Air conditioners (included in plant and machinery)	20%
Office and household equipment	20% to 33.3%
Furniture and fittings	10% to 20%
Vehicles – owned and leased	16%

Depreciation on additions and deletions during the year is charged on a pro rata basis from the month when the asset is put into use or up to the month when asset is disposed/written off.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Gains and losses on disposals of operating fixed assets are recognized in the statement of profit or loss.

Right of use assets

Right of use asset is calculated as the initial amount of the lease liability in terms of property rentals and vehicle rentals at the lease contract commencement date. The right of use asset is subsequently depreciated using the straight-line method for a period of lesser of useful life or actual lease term.

7.11 IMPAIRMENT OF NON-FINANCIAL ASSET

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognised. An impairment loss or reversal of impairment loss is recognised in the statement of profit or loss.

7.12 STOCK IN TRADE

Stock-in-trade is stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in process comprises design costs, raw materials, direct labour, other direct costs and related production overheads. Net realizable value is the estimated selling price in the ordinary course of business, less cost of completion and costs necessary to be incurred to make the sale.

7.13 STORES AND SPARES

Stores, spares and loose tools are valued at lower of weighted average cost and net realizable value. Cost is determined using weighted average. Items in transit are valued at cost comprising invoice value and other related charges incurred up to the statement of financial position date. For items which are slow moving, adequate impairment is recognized. The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for obsolescence.

7.14 FINANCIAL INSTRUMENTS

Financial assets

i. Recognition and de-recognition

The Group initially recognises financial assets on the date when they are originated. Financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

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

ii. Classification

On initial recognition, a financial asset is classified as measured at:
- amortised cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL)

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

(A) AMORTISED COST

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(C) FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

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

i. Subsequent measurement

FINANCIAL ASSETS AT FVTPL	Measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
FINANCIAL ASSETS AT AMORTISED COST	Measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.
DEBT INVESTMENTS AT FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
EQUITY INVESTMENTS AT FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Sub sequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

ii. De-recognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Any gain / (loss) on the recognition and de-recognition of the financial assets and liabilities is included in the statement of profit or loss for the period in which it arises.

iii. Impairment of financial assets

The Group recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Group measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

At each reporting date, the Group assess whether the financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

FINANCIAL LIABILITIES

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

7.15 BORROWING COSTS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are charged to statement of profit or loss.

7.16 DIVIDEND DISTRIBUTION

Dividend distribution to the Group's shareholders is recognised as a liability in the financial statements in the period in which the dividend is approved by the Group's shareholders at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are declared by the Board of Directors.

7.17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and deposits held at call with banks and highly liquid investments with less than three months maturity from the date of acquisition. Short term finance facilities availed by the Group, which are repayable on demand and form an integral part of the Group's cash management are included as part of cash and cash equivalents in the statement of cash flows.

7.18 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency using the exchange rate prevailing at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognized in the statement of profit or loss.

7.19 FAIR VALUE MEASUREMENT

'Fair value' is the price that would be received by selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, both for financial and non-financial assets and liabilities (See Note 5). When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received.

7.20 OPERATING SEGMENTS

The Board of Directors of the Group, which is chief operating decision-maker, is responsible for allocating resources and assessing Group's performance and operations has identified one reportable segment. Accordingly, these financial statements have been prepared on the basis of single reportable segment. Revenue from external customers along with local and export sales is disclosed in note 8. Revenue from transaction with a single customer did not exceed 10% of Company's total revenue. All the assets of the Company are based in Pakistan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8 GROSS TURNOVER

	2023	2022
	Rs.'000	Rs.'000
- Domestic	302,489,188	227,459,685
- Export	13,355,231	5,140,593
	315,844,419	232,600,278

Revenue recognised during the year that was included in the contract liability balance at thebeginning of year is Rs.715,884 thousand (2022: Rs. 246,718 thousand).

9 COST OF SALES

	2023	2022
	Rs.'000	Rs.'000
Raw material consumed		
Opening stock of raw materials and work in process	21,904,030	18,261,871
Raw material purchases and expenses - note 9.2	64,659,554	38,300,912
Closing stock of raw materials and work in process	(43,673,170)	(21,904,030)
	42,890,414	34,658,753
Government taxes and levies		
Customs duty and surcharges	1,860,394	2,328,775
Provincial and municipal taxes and other duties	351,900	396,399
Excise duty on royalty	-	85,035
	2,212,294	2,810,209
	45,102,708	37,468,962
Royalty	-	850,354
Provision for severance benefits	(2,124,849)	1,411,660
Production overheads		
Salaries, wages and benefits	3,042,939	3,272,129
Stores, spares and machine repairs	1,483,362	1,876,288
Fuel and power	975,042	1,530,364
Insurance	94,825	91,642
Repairs and maintenance	502,882	1,135,903
Postage, telephone and stationery	12,292	15,726
Information technology	56,411	37,699
Depreciation / Impairment - note 9.1 & 17.3	1,163,542	1,026,868
Provision for damaged stocks / stock written off	134,176	91,428
Provision for slow moving items / stores written off	-	660
Sundries	20,986	62,909
	7,486,457	9,141,616
Cost of goods manufactured	50,464,316	48,872,592
Cost of finished goods		
Opening stock	3,130,588	3,963,744
Closing stock	(3,141,068)	(3,130,588)
	(10,480)	833,156
Cost of sales	50,453,836	49,705,748

9.1. This includes impairment on property, plant & equipment amounting to Rs. nil (2022: Rs. 893 thousand).

	2023	2022
	Rs.'000	Rs.'000
9.2. Raw material purchases and expenses:		
Materials	59,313,458	35,049,848
Salaries, wages and benefits	1,839,276	1,025,723
Stores, spares and machine repairs	997,556	485,303
Fuel and power	721,828	381,298
Property rentals	33,641	16,492
Insurance	22,312	14,708
Repairs and maintenance	315,655	143,081
Postage, telephone and stationery	21,603	21,083
Depreciation / impairment - note 17.3	347,616	511,337
Sundries	1,046,609	652,039
	64,659,554	38,300,912

10. SELLING AND DISTRIBUTION COSTS

	2023	2022
	Rs.'000	Rs.'000
Salaries, wages and benefits	1,304,098	1,269,467
Selling expenses	4,763,294	3,721,683
Freight	170,647	198,202
Repairs and maintenance	95,088	52,530
Postage, telephone and stationery	31,447	19,003
Travelling	135,414	99,072
Property rentals	12,778	12,508
Insurance	31,559	31,849
Provision for damaged stocks / stock written off	55,451	67,239
Finished goods / wrapping material stock written off	9,808	10,720
Depreciation / impairment - note 10.1 & 17.3	258,152	225,981
	6,867,736	5,708,254

10.1. This includes impairment on property, plant & equipment amounting to Rs. 58 thousand (2022: Rs. nil).

11. ADMINISTRATIVE EXPENSES

	2023	2022
	Rs.'000	Rs.'000
Salaries, wages and benefits	1,305,636	1,093,837
Fuel and power	11,907	11,512
Insurance	13,245	7,831
Repairs and maintenance	70,782	55,167
Postage, telephone and stationery	21,389	12,243
Legal and professional charges	128,062	97,028
Donations - note 11.2	-	12,300
Information technology	3,638,663	2,307,046
Travelling	105,450	22,630
Depreciation / impairment - note 11.1 & 17.3	383,654	383,943
Auditor's remuneration and expenses - note 11.3	19,340	15,829
Sundries	36,063	7,454
	5,734,191	4,026,820

11.1. This includes impairment on property, plant & equipment amounting to Rs. 200 thousand (2022: Rs. nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

11.2. Details of donations exceeding Rs 1,000 thousand are as follows:

Name of Donee	2023	2022
	Rs.'000	Rs.'000
Gottfried Thoma Benevolent Trust	-	12,000
	-	12,000

There were no donations in which the directors, or their spouses, had any interest.

	2023	2022
	Rs.'000	Rs.'000
11.3. Auditor's remuneration and expenses include:		
- Statutory audit fee	3,278	2,926
- Group reporting, review of half yearly accounts, audit of consolidated accounts, audit of staff retirement benefit funds and other certifications and review of Statement of Compliance with Code of Good Corporate Governance	14,625	12,093
- Out-of-pocket expenses	1,437	810
	19,340	15,829

12. OTHER OPERATING EXPENSES

	2023	2022
	Rs.'000	Rs.'000
Workers' Profit Participation Fund - note 26.7	2,903,043	1,865,392
Workers' Welfare Fund - note 26.6	1,076,059	658,709
Bank charges and fees	67,946	52,717
Interest to Workers' Profit Participation Fund	-	1,082
Foreign exchange loss	1,505,153	720,142
	5,552,201	3,298,042

13. OTHER INCOME

	2023	2022
	Rs.'000	Rs.'000
Income from services rendered to associated companies:		
- BAT Middle East DMCC - UAE	376,128	551,559
Reimbursement of expenses by associated companies:		
- BAT Middle East DMCC - UAE	1,634,274	-
Gain on disposal of property, plant and equipment	106,142	108,401
Miscellaneous	5,083	3,919
	2,121,627	663,879

14.FINANCE COST

	2023	2022
	Rs.'000	Rs.'000
Interest expense on:		
Bank borrowings	153,821	103,253
Lease liability	464,124	224,430
	617,945	327,683

FOR THE YEAR ENDED DECEMBER 31, 2023

15. INCOME TAX EXPENSE

	2023	2022
	Rs.'000	Rs.'000
Current:		
For the year	17,573,747	11,089,731
For prior years - note 15.1	2,102,372	2,420,747
	19,676,119	13,510,478
DEFERRED	1,376,674	(97,802)
	21,052,793	13,412,676

15.1. This relates to enhancement of Super tax from 4% to 10%, vide Finance Act 2023, effective from the prior year, resulting in adjustment of additional prior period tax i.e., 6% in the current year.

15.2. Effective tax rate reconciliation:

Numerical reconciliation between the average effective income tax rate and applicable income tax rate is as follows:

	2023	2022
	%	%
Applicable tax rate	29.00	29.00
Tax effect of:		
Super tax - current year	9.03	3.87
Prior year charge	4.21	7.33
Income taxed at different rate	(3.44)	(1.85)
Others	3.30	0.27
Average effective tax rate	42.10	38.62

	2023	2022
	Rs.'000	Rs.'000
15.3. Tax on items directly credited to statement of other comprehensive income		
Current tax (credit) on defined benefit plans	-	(170,393)
Deferred tax (credit) on defined benefit plans	(151,453)	(61,846)
	(151,453)	(232,239)

16. EARNINGS PER SHARE

	2023	2022
	Rs.'000	Rs.'000
Profit after tax (Rs. '000)	28,959,663	21,320,931
Number of fully paid weighted average ordinary shares ('000)	255,494	255,494
Earnings per share - Basic (Rs.)	113.35	83.45

There is no dilutive effect on the basic earnings per share of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

17 PROPERTY, PLANT AND EQUIPMENT

	2023	2022
	Rs. '000	Rs. '000
Operating assets - note 17.1	19,033,213	15,759,587
Capital work in progress - note 17.2	2,663,613	1,067,401
	21,696,826	16,826,988

17.1 OPERATING ASSETS

	Free-hold land	Buildings on free hold land	Plant and machinery	Office and household equipment	Furniture and fittings	Vehicles	Right of use assets: Land and building	Right of use assets: Factory Vehicles - Fork lifter trucks	Right of use assets: Vehicles	Right of use assets: Sub-total	Total
	Rs. '000	Rs. '000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At January 1, 2022											
Cost	33,934	1,621,697	20,206,115	2,531,831	697,594	69,050	1,995,764	367,164	1,655,236	4,018,164	29,178,385
Accumulated Depreciation / impairment	-	(356,662)	(9,996,659)	(1,775,189)	(377,733)	(56,640)	(1,020,378)	(147,515)	(564,605)	(1,732,498)	(14,295,381)
Net book amount January 1, 2022	33,934	1,265,035	10,209,456	756,642	319,861	12,410	975,386	219,649	1,090,631	2,285,666	14,883,004
Year ended December 31, 2022											
Net book amount at January 1, 2022	33,934	1,265,035	10,209,456	756,642	319,861	12,410	975,386	219,649	1,090,631	2,285,666	14,883,004
Additions	-	61,523	932,181	74,241	10,864	313	322,031	24,492	566,689	913,212	1,992,334
Transfer from CWIP	-	3,784	1,059,412	130,634	136,883	-	-	-	-	-	1,330,713
Disposals	-	(365)	(13,082)	(34,947)	(626)	(138)	(106,207)	-	(142,970)	(249,177)	(298,335)
Depreciation charge / impairment	-	(263,098)	(778,360)	(284,547)	(58,415)	(3,162)	(447,626)	(68,927)	(243,994)	(760,547)	(2,148,129)
Net book amount at December 31, 2022	33,934	1,066,879	11,409,607	642,023	408,567	9,423	743,584	175,214	1,270,356	2,189,154	15,759,587
At December 31, 2022											
Cost	33,934	1,686,158	22,130,632	2,669,093	841,811	68,177	2,144,667	391,656	1,913,363	4,449,686	31,879,491
Accumulated depreciation / impairment	-	(619,279)	(10,721,025)	(2,027,070)	(433,244)	(58,754)	(1,401,083)	(216,442)	(643,007)	(2,260,532)	(16,119,904)
Net book amount at December 31, 2022	33,934	1,066,879	11,409,607	642,023	408,567	9,423	743,584	175,214	1,270,356	2,189,154	15,759,587
At January 1, 2023											
Cost	33,934	1,686,158	22,130,632	2,669,093	841,811	68,177	2,144,667	391,656	1,913,363	4,449,686	31,879,491
Accumulated Depreciation / impairment	-	(619,279)	(10,721,025)	(2,027,070)	(433,244)	(58,754)	(1,401,083)	(216,442)	(643,007)	(2,260,532)	(16,119,904)
Net book amount January 1, 2023	33,934	1,066,879	11,409,607	642,023	408,567	9,423	743,584	175,214	1,270,356	2,189,154	15,759,587
Year ended December 31, 2023											
Net book amount at January 1, 2023	33,934	1,066,879	11,409,607	642,023	408,567	9,423	743,584	175,214	1,270,356	2,189,154	15,759,587
Additions	-	74,528	1,616,612	190,401	11,813	3,132	1,890,236	62,900	893,059	2,846,195	4,742,681
Transfer from CWIP	-	27,047	619,099	156,134	26,975	6,000	-	-	-	-	835,255
Disposals	-	-	(969)	(2,688)	(372)	-	-	-	(147,317)	(147,317)	(151,346)
Depreciation charge / impairment	-	(24,700)	(895,098)	(267,860)	(62,258)	(3,369)	(506,874)	(46,382)	(346,423)	(899,679)	(2,152,964)
Net book amount at December 31, 2023	33,934	1,143,754	12,749,251	718,010	384,725	15,186	2,126,946	191,732	1,669,675	3,988,353	19,033,213
At December 31, 2023											
Cost	33,934	1,787,733	24,445,151	3,164,932	866,285	34,009	4,034,903	440,161	2,570,275	7,045,339	37,377,383
Accumulated depreciation / impairment	-	(643,979)	(11,695,900)	(2,446,922)	(481,560)	(18,823)	(1,907,957)	(248,429)	(900,600)	(3,056,986)	(18,344,170)
Net book amount at December 31, 2023	33,934	1,143,754	12,749,251	718,010	384,725	15,186	2,126,946	191,732	1,669,675	3,988,353	19,033,213

17.1.1 Particulars of immovable property (land and building) in the name of the Company are as follows:

Location	Total Area
Production Plants	
Jhelum	58.3 Acres
Akora	61.0 Acres
Warehouses	
Faujoon	163,970 Sq ft.
Shergarh	65,227 Sq ft.
Takht Bhai	54,593 Sq ft.
Umerzai	87,464 Sq ft.
Mianwali	878,694 Sq ft.
Okara	71,723 Sq ft.
Mirpur Azad Jammu & Kashmir	178,324 Sq ft.

	2023	2022
	Rs. '000	Rs. '000
17.2 CAPITAL WORK IN PROGRESS		
Carrying value at the beginning of the year	1,067,401	955,584
Additions during the year	2,431,467	1,442,530
	3,498,868	2,398,114
Transferred to operating fixed assets	(835,255)	(1,330,713)
Carrying value at the end of the year - note 17.2.1	2,663,613	1,067,401

17.2.1 Capital work in progress includes capital expenditure on projects relating to enhancement of already installed machinery.

17.3 Depreciation / impairment charge has been allocated as follows:	2023 Rs. '000	2022 Rs. '000
Cost of sales	1,163,542	1,026,868
Raw material purchases and expenses	347,616	511,337
Selling and distribution expenses	258,152	225,981
Administrative expenses	383,654	383,943
	2,152,964	2,148,129

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17.4 Details of property, plant and equipment disposed off during the year, having book value of Rs. 500,000 or more are as follows:

	Cost	Book value	Sale proceeds less selling expenses	Gain / (Loss) on Sale	Particulars of buyers	Relationship
	Rs. '000	Rs. '000	Rs. '000	Rs. '000		
Plant & machinery - by negotiation	3,163	2,688	2,688	-	BAT SAA Service.(Pvt) Ltd	Associated company
Vehicles - as per Group's policy	2,364	504	473	(32)	Saad Asif	Ex-Executive
	2,639	739	757	18	Waqar Ul Haq	Executive
	2,646	564	529	(35)	Syed Aamir Iqbal	Executive
	2,789	595	558	(37)	Rizwan Zafar	Executive
	2,846	949	886	(63)	Nouman Bashir	Executive
	2,895	811	863	53	Bilal Ahsan	Assignee-associated co.
	2,895	733	579	(154)	Muhammad Harris	Executive
	2,925	741	565	(176)	Qasim Tariq	Executive
	3,107	911	621	(290)	Hassan Moonis	Executive
	3,447	1,103	1,124	22	Muhammad Gulzar	Ex-Executive
	3,447	1,287	1,221	(66)	Madeeh Pasha	Assignee-associated co.
	3,470	1,527	1,363	(164)	Sarfraz Ahmed	Executive
	3,483	1,207	1,116	(91)	Hussain Ali Zaidi	Assignee-associated co.
	3,483	1,440	1,599	159	Bilal Pervez	Ex-Executive
	3,483	1,486	1,487	1	Saqib Ali	Ex-Executive
	3,483	2,090	1,785	(305)	Mehrab Khan	Assignee-associated co.
	3,613	2,553	2,322	(231)	Sameera Seham	Executive
	3,658	2,244	1,998	(245)	Kifayat Ali	Executive
	3,663	1,954	1,771	(182)	Syed Nabeel Ahmed	Assignee-associated co.
	3,663	2,002	1,956	(46)	Maha Qureshi	Executive
	3,733	2,588	2,440	(148)	Quratul Ain	Ex-Executive
	3,907	1,667	1,658	(9)	Bilal Bin Waheed	Assignee-associated co.
	3,913	3,339	2,966	(373)	Nayab Maqsood	Executive
	3,937	1,732	1,561	(172)	Usman Javed	Assignee-associated co.
	3,937	2,257	2,208	(49)	Nauman Masood Butt	Assignee-associated co.
	3,987	3,668	3,778	109	Zarrar Niazi	Assignee-associated co.
	4,022	3,325	3,112	(213)	Saad Zaheer	Assignee-associated co.
	4,057	2,001	1,839	(162)	Farhan Rafique	Ex-Executive
	4,057	2,434	2,328	(106)	Manzar Ijaz Rana	Ex-Executive
	4,137	2,372	2,289	(83)	Ali Abdullah	Assignee-associated co.
	4,137	3,310	3,279	(30)	Amer Farooq	Assignee-associated co.
	4,415	4,121	4,187	66	Hassan Ghaus	Assignee-associated co.
	4,540	3,753	3,979	226	Mahrukh Naeem	Executive
	4,540	3,571	3,272	(299)	Sachal Tehsin	Assignee-associated co.
	5,343	4,559	4,275	(284)	Osama Saeed	Assignee-associated co.
	5,343	5,129	5,099	(30)	S.Fahad Gilani	Assignee-associated co.
	5,343	4,915	4,806	(109)	Ayesha Malik	Ex-Executive
	6,143	5,979	5,784	(194)	Mujahid Hussain	Executive
	6,143	5,897	5,327	(570)	Javaid Khan	Ex-Executive
	6,233	1,247	1,247	-	Muhammad Asim	Ex-Executive
	6,233	1,330	1,413	84	Khan Muhammad	Assignee-associated co.
	6,630	6,099	5,662	(437)	Waqas A.Khan	Assignee-associated co.
	7,130	6,559	5,754	(805)	Ahmed Iqbal Memon	Assignee-associated co.
	10,567	6,340	6,295	(45)	Khubaib Akram	Assignee-associated co.

	Cost	Book value	Sale proceeds less selling expenses	Gain / (Loss) on Sale	Particulars of buyers	Relationship
	Rs. '000	Rs. '000	Rs. '000	Rs. '000		
- by auction	2,645	529	4,000	3,471	Through bidding in auction	Auction agent
	3,444	689	5,270	4,581	Through bidding in auction	Auction agent
	3,444	689	5,005	4,316	Through bidding in auction	Auction agent
	3,444	689	5,100	4,411	Through bidding in auction	Auction agent
	3,444	689	5,110	4,421	Through bidding in auction	Auction agent
	3,444	689	4,455	3,766	Through bidding in auction	Auction agent
	3,810	3,099	5,825	2,726	Through bidding in auction	Auction agent
	4,137	3,310	4,900	1,590	Through bidding in auction	Auction agent
	11,800	2,360	16,650	14,290	Through bidding in auction	Auction agent
- by insurance claim	2,646	529	3,850	3,321	EFU General Insurance Ltd.	Insurance agent
	2,646	811	3,000	2,189	EFU General Insurance Ltd.	Insurance agent
	3,483	1,858	3,483	1,625	EFU General Insurance Ltd.	Insurance agent
	3,733	2,837	3,733	896	EFU General Insurance Ltd.	Insurance agent
	5,343	4,915	5,343	427	EFU General Insurance Ltd.	Insurance agent

	2023	2022
	Rs. '000	Rs. '000

18 LONG TERM DEPOSITS AND PREPAYMENTS

	2023	2022
Security deposits	42,395	23,604
	42,395	23,604

19 STOCK-IN-TRADE

	2023	2022
Raw materials	42,440,805	20,758,494
Raw materials in transit	872,044	1,044,440
Work in process	360,320	101,096
Finished goods	3,141,068	3,130,588
	46,814,237	25,034,618
Provision for damaged / obsolete stocks - note 19.1	(141,936)	(129,298)
	46,672,301	24,905,320

19.1 Movement in provision for damaged stocks is as follows:

	2023	2022
Balance as at January 1	129,298	180,962
Provision for the year	199,435	169,387
Written off during the year	(186,797)	(221,051)
Balance as at December 31	141,936	129,298

20 STORES AND SPARES

	2023	2022
Stores and spares	710,952	641,009
Provision for slow moving items - note 20.1	(79,963)	(79,963)
	630,989	561,046

20.1 Movement in provision for slowing moving items is as follows:

	2023	2022
Balance as at January 1	79,963	79,303
Provision/(Reversal) during the year - note 9	-	660
Balance as at December 31	79,963	79,963

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21 TRADE DEBTS

These represent amounts receivable from Government entities of Rs. 6,022 thousand (2022: Rs. 2,876 thousand) and from third parties of Rs. 2,681,699 thousand (2022: nil).

22 LOANS AND ADVANCES

	2023	2022
	Rs. '000	Rs. '000
Related parties:		
Advances to key management personnel for house rent and expenses - note 22.1	2,408	1,300
Others:		
Advances to executives for house rent and expenses	24,327	32,539
Advances to other parties	619,684	798,956
	646,419	832,795

22.1

		Rs '000
Mir Faraz	2,000	900
Uzair Qazi	408	-
Bushra Rahman	-	400
	2,408	1,300

The maximum aggregate amount of advances to key management personnel outstanding at the end of any month during the year was Rs. 3,020 thousand (2022: Rs. 2,397 thousand).

These loans and advances are unsecured and considered good. Advances extended to key management personnel, executives and other employees are deducted from the individuals' monthly payroll as per Group's policy.

23 OTHER RECEIVABLES

	2023	2022
	Rs. '000	Rs. '000
Related parties - unsecured:		
Due from holding company / associated companies - note 23.1	2,498,670	555,280
Workers' profit participation fund - note 26.7	-	154,608
Staff pension fund - defined contribution	8,006	1,682
Management provident fund	54,225	106,373
Employees' provident fund	8,779	57,468
Others:		
Claims against suppliers	6,576	6,576
Cash margin with banks - imports	394,883	2,848,389
Others	172,269	102,289
	3,143,408	3,832,665

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23.1 Ageing analysis of the amounts due from holding company / associated companies comprises:

	Upto 1 month	1 to 6 months	More than 6 months	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Holding company:					
British American Tobacco p.l.c. - UK	-	-	-	-	-
Associated companies:					
BAT M.E DMCC - UAE	2,040,521	7,452	-	2,047,973	71,358
BAT SAA Service (Private) Ltd. - Pakistan	118,073	-	327	118,400	253,607
BAT (Investments) Ltd - UK	76,793	-	-	76,793	23,698
BAT Nigeria Ltd - Nigeria	76,033	-	-	76,033	72,193
BAT (GLP) Limited - UK	-	51,931	-	51,931	83,731
BAT Saudia for Trading - Saudi Arabia	8,692	30,774	-	39,466	-
BAT South Africa S.A - South Africa	20,952	-	-	20,952	-
Nicoventures Trading Limited - UK	18,738	-	-	18,738	10,991
Nico HK Limited - Hongkong	-	16,095	-	16,095	-
BAT Trieste S.P.A - Italy	14,256	-	-	14,256	-
Ceylon Tobacco Co. Ltd - SriLanka	4,446	-	-	4,446	4,363
HR Vatski Duhani D.D. - Croatia	4,171	-	-	4,171	-
BAT Japan Limited - Japan	3,370			3,370	-
BAT (Singapore) Pte Ltd - Singapore	2,692	-	-	2,692	-
Central Manufacturing Co. Ltd - Fiji Islands	1,631	-	-	1,631	-
BAT Bangladesh Co. Limited - Bangladesh	-	-	1,153	1,153	928
BAT Marketing (S) Pte Ltd - Singapore	570	-	-	570	-
BAT M.E SPC - Bahrain	-	-	-	-	12,404
BAT Asia Pacific Ltd - Hongkong	-	-	-	-	12,254
RAI Services Company - U.S	-	-	-	-	8,204
BAT Aspac Service Centre Sdn Bhd - Malaysia	-	-	-	-	1,549
Total	2,390,938	106,252	1,480	2,498,670	555,280

23.1.1 The maximum aggregate amount of receivable from related parties at the end of any month during the year was Rs. 2,498,670 thousand (2022: Rs. 555,280 thousand).

24 SHORT TERM INVESTMENTS

	2023 Rs. '000	2022 Rs. '000
At fair value through profit or loss (FVTPL):		
- Market treasury bills	14,557,699	21,522,111

This represents short term investment in treasury bills issued by the Government of Pakistan and carries effective interest rate of 20.85% (2022 : 15.75%) per annum and are held for trading. These treasury bills have less than three months maturity from the date of acquisition and have been disposed off subsequent to the year-end.

25 CASH AND BANK BALANCES

	2023 Rs. '000	2022 Rs. '000
Deposit account - note 25.1	4,720	7,513
Current accounts:		
Local currency	15,892,319	427,250
Foreign currency	2,041,856	1,444,033
Cash in hand	17,938,895	1,878,796

25.1 These are security deposits being kept in separate bank account.

26 TRADE AND OTHER PAYABLES

	2023 Rs. '000	2022 Rs. '000
Related parties - unsecured:		
Due to holding company / associated companies - note 26.1	15,425,903	4,859,598
Others:		
Creditors	11,954,935	11,886,136
Federal excise duty - note 26.2	4,357,304	6,291,182
Sales tax	3,885,217	1,892,655
Workers' welfare fund - note 26.6	1,103,156	708,849
Workers' profit participation fund - note 26.7	1,232,556	-
Other accrued liabilities	568,169	182,385
Employee incentive schemes - note 26.4	90,847	112,668
Employees' gratuity fund - note 32	263,159	272,269
Staff pension fund - note 32	100,284	122,112
Tobacco excise duty / Tobacco development cess - note 26.3	141,731	146,337
Security deposits - note 26.5	4,234	7,513
Contract liability	2,890	715,884
	39,130,385	27,197,588

	2023	2022
26.1 The amount due to holding company / associated companies comprises:	Rs. '000	Rs. '000
Holding company:		
British American Tobacco p.l.c. - UK	799,003	796,862
Associated companies:		
BAT M.E DMCC - UAE - note 26.1.1	5,515,926	368,833
BAT GLP Ltd - UK - note 26.1.1	5,434,646	1,817,169
BASS GSD Ltd. - UK	1,740,575	1,256,749
BAT Exports Limited - UK	784,119	127,529
BAT South Africa SA. - South Africa	248,692	78,974
PT Bentoel Prima - Indonesia	184,664	15,175
BAT Kuwait for Wholesale - Kuwait	183,579	-
Nicoventures Trading Ltd - UK	120,194	101,677
BAT Singapore (Pte) Ltd - Singapore	86,729	12,210
BAT Jordan Ltd - Jordan - note 26.1.1	62,980	12,745
BAT Saudia for Trading, Saudi Arabia - note 26.1.1	53,340	137,862
BAT Souza Cruz Ltd - Brazil	50,513	19,964
BAT Asia Pacific Ltd - HongKong	50,190	47,715
BAT M.E SPC - Bahrain - note 26.1.1	45,691	37,240
BAT Australia Ltd - Australia	24,484	19,242
BAT Gulf for Trading LLC - Qatar-note 26.1.1	15,137	-
BAT Bangladesh Co. Limited - Bangladesh	7,371	-
BAT GSD (KL) SDN BHD - Malaysia	4,559	3,542
Fielder & Lundgren AB. - Sweden	3,986	3,028
BAT Korea Manufacturing - South Korea	3,436	2,611
BAT (Investments) Ltd - UK	3,384	-
BAT Tutun Mamulleri - Turkey	986	-
BAT Middle East for Trading - UAE - note 26.1.1	976	-
BAT Romania Investments Ltd - Romania	602	471
Tabacalera Hondurena S.A - Honduras	141	-
	15,425,903	4,859,598

26.1.1 Rs. 1,338,848 thousand (2022: Rs. 742,497 thousand) relates to unsecured export advance.

	2023	2022
26.2 Federal excise duty	Rs. '000	Rs. '000
Balance as at January 1	6,291,182	8,655,007
Charged during the year	158,587,276	103,232,916
Payment to the Government during the year	(160,521,154)	(105,596,741)
Balance as at December 31	4,357,304	6,291,182

26.3 TOBACCO EXCISE DUTY / TOBACCO DEVELOPMENT CESS:

	2023	2022
	Rs. '000	Rs. '000
Balance as at January 1	146,337	114,834
Charge for the year	227,620	253,040
Payment/reversal during the year	(232,226)	(221,537)
Balance as at December 31	141,731	146,337

26.4 EMPLOYEE INCENTIVE SCHEMES

These represent liability for unvested portion of cash-settled share-based payment schemes available to certain employees. Such schemes require the Company to pay the intrinsic value of these share based payments to the employee at the vesting date.

	2023	2022
	Rs. '000	Rs. '000
Restricted Share Plan (RSP) - note 26.4.1		
Balance as at January 1	32,519	40,678
Charge for the year	13,332	18,501
Share options exercised	(19,147)	(26,660)
Balance as at December 31	26,704	32,519
Deferred Share Bonus Scheme (DSBS) - note 26.4.2		
Balance as at January 1	80,149	83,654
Charge for the year	38,794	48,180
Share options exercised	(54,801)	(51,685)
Balance as at December 31	64,143	80,149
	90,847	112,668

26.4.1 RESTRICTED SHARE PLAN (RSP)

Details of the options movement for cash-settled RSP scheme during the year were as follows:

	2023	2022
	Number of options	Number of options
Outstanding as at January 1	4,692	11,794
Granted during the year	2,338	892
Exercised during the year	(1,915)	(7,994)
Outstanding as at December 31	5,115	4,692

There are no exercisable options as at 31st December, 2023.

26.4.2 Deferred Share Bonus Scheme (DSBS)

Details of the options movement for cash-settled DSBS scheme during the year were as follows:

	2023	2022
	Number of options	Number of options
Outstanding as at January 1	15,887	22,192
Granted during the year	4,710	5,342
Exercised during the year	(6,681)	(11,647)
Outstanding as at December 31	13,916	15,887

There are no exercisable options as at 31st December, 2023.

26.5 These represent amounts received as security deposits from dealers and suppliers, which are non utilisable for the purpose of the business in accordance with their agreements. These security deposits are being held in a separate back account.

26.6 Movement in Workers' Welfare Fund is as follows:

	2023	2022
	Rs. '000	Rs. '000
Balance as at January 1	708,849	534,838
Charged during the year	1,076,059	658,709
Payment / reversal during the year	(681,752)	(484,698)
Balance as at December 31	1,103,156	708,849

26.7 Movement in Workers' Profit Participation Fund is as follows:

	2023	2022
	Rs. '000	Rs. '000
Balance as at January 1	(154,608)	10,968
Allocation for the year	2,903,043	1,865,392
Payments during the year	(1,515,879)	(2,030,968)
Balance as at December 31	1,232,556	(154,608)

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27 OTHER LIABILITIES

This relates to provisions for employee benefits, litigation and restructuring consequent to modernization of production processes. During the year, the Group has utilized amounts aggregating Rs. 711 million (2022: Rs. 728 million) and reversed obligations of Rs. 1,293 million (charged in 2022: Rs. 2,324 million).

28 SHORT TERM RUNNING FINANCE/EXPORT REFINANCE - SECURED

(a) Short term running finance/export refinance

Short term running finance facilities available under mark-up arrangements with banks amount to Rs. 6,500 million (2022: Rs. 6,500 million), out of which the amount unavailed at the year end was Rs. 6,500 million (2022: Rs. 6,500 million). These facilities are secured by hypothecation of stock in trade and plant and machinery amounting to Rs. 7,222 million (2022: Rs. 7,222 million). The mark-up ranges between 16.53% and 22.97% (2022: 10.39% and 16.81%) per annum and is payable quarterly. The facilities are renewable on annual basis.

Export refinance facility as at Dec 31,2023 is Rs. nil (Dec 31, 2022: Rs. 2,300 million @ 9.20%) from different banks.

(b) Non-funded finance facilities

The Group also has non-funded financing facilities available with banks, which include facility to avail letter of credit and letter of guarantee. The aggregate facility of Rs. 18,500 million (2022: Rs. 2,500 million) and Rs. 1,650 million (2022: Rs. 1,200 million) is available for letter of credit and letter of guarantee respectively, out of which the facility availed at the year end is Rs. 8,898 million (2022: Rs. 1,512 million) and Rs. 1,020 million (2022: Rs. 770 million). The letter of credit and guarantee facility is secured by second ranking hypothecation charge over stock-in-trade amounting to Rs. 1,333 million (2022: Rs. 1,333 million).

29 LEASE LIABILITY

This represents lease agreements entered into with a leasing company for vehicles and IFRS 16 leases. Total lease rentals due under various lease agreements aggregate to Rs. 3,422,042 thousand - short term Rs. 852,765 thousand and long term Rs. 2,569,277 thousand (December 31, 2022: Rs. 1,737,866 thousand - short term Rs. 802,531 thousand and long term Rs. 935,335 thousand) and are payable in equal monthly instalments latest by December 2028. Taxes, repairs, replacement and insurance costs are to be borne by the Company. Financing rates of 11% to 23% (December 31, 2022: 9% to 17%) per annum have been used as discounting factor.

As per IFRS 16 all rental facilities of the Group with lease terms greater than one year have been capitalised as leased assets. When measuring the lease liabilities for leases that were capitalised during the year, the Group discounted lease payments using an estimated incremental borrowing rate and recorded lease obligation of Rs. 1,890,236 thousand (2022: Rs. 322,031 thousand) during the year.

The amount of future minimum lease payments together with the present value of the minimum lease payments and the periods during which they fall due are as follows:

	2023	2022
	Rs. '000	Rs. '000
Present value of minimum lease payments	3,422,042	1,737,866
Current maturity shown under current liabilities	(852,765)	(802,531)
	2,569,277	935,335
Future minimum lease payments		
Not later than one year	1,165,378	961,612
Later than one year	6,673,829	1,178,197
	7,839,207	2,139,809
Interest	(4,417,165)	(401,943)
Present value of minimum lease payments	3,422,042	1,737,866
Present value of minimum lease payments		
Not later than one year	852,765	802,531
Later than one year	2,569,277	935,335
	3,422,042	1,737,866

30 UNPAID DIVIDEND

Unpaid dividend includes amount of Rs. 7,733,935 thousand (2022: Rs. 5,286,154 thousand), payable to British American Tobacco (Investments) Limited, parent company.

31 DEFERRED INCOME TAX LIABILITY

	2023	2022
Deferred tax liability is in respect of:	Rs. '000	Rs. '000
Accelerated tax depreciation	2,448,268	1,771,478
Leased assets	227,176	182,135
	2,675,444	1,953,613
Deferred tax asset is in respect of:		
Remeasurement loss arising on employees' retirement benefit	(385,988)	(218,076)
Provision for severance benefits	(163,151)	(839,251)
Provision for stock and stores	(31,186)	(26,388)
The gross movement on deferred income tax account is as follows:		
At January 1	869,898	1,029,546
Charge/(credit) for the year - statement of profit or loss	1,376,674	(97,802)
(Credit) for the year - statement of comprehensive income	(151,453)	(61,846)
At December 31	2,095,119	869,898

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32 RETIREMENT BENEFITS

Investments in all contributory funds have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for that purpose.

	2023 Rs. '000	2022 Rs. '000
Staff pension fund - note 26	100,284	122,112
Employees' gratuity fund - note 26	263,159	272,269

The latest actuarial valuation of the defined benefit plans was conducted at December 31, 2023 using the projected unit credit method. Details of the defined benefit plans are:

	Defined benefit pension plan		Defined benefit gratuity plan	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
(a) The amounts recognised in the statement of financial position:				
Present value of defined benefit obligations	7,244,549	6,106,054	1,936,281	1,638,103
Fair value of plan assets	(7,144,265)	(5,983,942)	(1,673,122)	(1,365,834)
Net liability	100,284	122,112	263,159	272,269
(b) Movement in the (asset) / liability recognized in the statement of financial position is as follows:				
Balance as at January 1	122,112	(501,307)	272,269	219,441
Charge for the year - profit and loss		(13,677)	149,314	104,562
Employer's contribution during the year	(157,389)	(24,182)	(305,095)	(28,909)
Benefits paid by the Company	-	-	-	-
Remeasurement (gain)/loss recognized in Other Comprehensive Income (OCI) during the year	140,002	661,278	146,671	(22,825)
Balance as at December 31	100,284	122,112	263,159	272,269
(c) The amounts recognised in the statement of profit or loss:				
Current service cost	46,041	85,464	104,838	105,235
Interest cost	847,642	699,448	233,008	208,475
Expected return on plan assets	(822,514)	(768,255)	(196,765)	(182,613)
Net interest	25,128	(68,807)	36,243	25,862
Members' own contribution	(9,827)	(22,146)	-	-
Secondees' own contribution	(5,278)	(4,063)	-	-
Past service cost	(46,492)	-	46,098	-
Contribution by employer in respect of secondees	(14,013)	(4,125)	(37,865)	(26,535)
	(4,441)	(13,677)	149,314	104,562
(d) Re-measurements recognised in Other Comprehensive Income (OCI) during the year:				
Actuarial loss/ (gain) on obligation	785,286	82,121	237,568	25,301
Net return on plan assets over interest income	(645,284)	579,157	(90,897)	(48,126)
Total remeasurements loss / (gain) recognised in OCI	140,002	661,278	146,671	(22,825)

(e) Movement in the present value of defined benefit obligation:

	Defined benefit pension plan		Defined benefit gratuity plan	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Present value of defined benefit obligation at January 1	6,106,054	5,707,806	1,638,103	1,691,179
Current service cost	(451)	85,464	150,936	105,235
Interest cost	847,642	699,448	233,008	208,475
Actual benefits paid during the year	(493,982)	(468,785)	(323,334)	(392,087)
Remeasurements: Actuarial loss /(gain) on obligation	785,286	82,121	237,568	25,301
Present value of defined benefit obligation at December 31	7,244,549	6,106,054	1,936,281	1,638,103

(f) Movement in the fair value of plan assets:				
Fair value of plan assets at January 1	5,983,942	6,209,113	1,365,834	1,471,738
Interest income	822,514	768,255	196,765	182,613
Contribution by employer in respect of members	157,389	24,182	305,095	28,909
Members' own contribution	14,013	22,146	-	-
Secondees' own contribution	9,827	4,063	-	-
Contribution by employer in respect of secondees	5,278	4,125	37,865	26,535
Actual benefits paid during the year	(493,982)	(468,785)	(323,334)	(392,087)
Return on plan assets, excluding amounts included in interest income	645,284	(579,157)	90,897	48,126
Fair value of plan assets at December 31	7,144,265	5,983,942	1,673,122	1,365,834
Actual return on plan assets	1,084,056	170,902	252,813	76,227

The The Company expects to credit Rs 45 million for pension plan and charge Rs 135 million for gratuity plan for the year ending December 31, 2024.

(g) The major categories of plan assets:				
Investment in listed equities	1,481,619	1,294,470	353,302	373,556
Investment in bonds	4,703,826	4,683,913	491,658	784,643
Cash and other assets	958,820	5,559	828,162	207,635
	7,144,265	5,983,942	1,673,122	1,365,834

(h) Significant actuarial assumptions at the statement of financial position date:				
Discount rate	16.00%	14.25%	16.00%	14.25%
Pension increase rate	11.00%	8.75%	-	-
Expected rate of increase in salary				
First year	14.00%	12.25%	14.00%	12.25%
Second year onwards	14.00%	12.25%	14.00%	12.25%

The mortality table used for post retirement mortality is Standard Table Mortality The "80" Series PMA 80 (C=2021) and PFA 80(C=2021) for males and females respectively but rated up 2 years.

The discount rate is determined by considering underlying yield currently available on Pakistan Investment Bonds and high quality term finance certificates and expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date.

Salary increase assumption is based on the current general practice in the market.

(i) Sensitivity Analysis on significant actuarial assumptions

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the year endof the reporting period would have increased / (decreased) as a result of a change in respective assumptions by one percent.

	Defined benefit pension plan		Defined benefit gratuity plan	
	1 percent increase 'Rs. '000	1 percent decrease 'Rs. '000	1 percent increase 'Rs. '000	1 percent decrease 'Rs. '000
Discount rate	(777,576)	948,581	(142,767)	162,361
Salary increase	66,572	(61,074)	168,459	(150,257)
Increase in post retirement pension	907,527	(753,745)	-	-

If life expectancy increases by 1 year, the obligation of the pension fund increases by Rs 446,519 thousand (2022: 344,856 thousand).

EXPECTED MATURITY PROFILE

Following are the expected distribution and timing of benefits payments at the year end.

	Defined benefit pension plan		Defined benefit gratuity plan	
	2023	2022	2023	2022
Weighted average duration of the PBO (Years)	10.73	10.61	7.83	8.03

RISKS ASSOCIATED WITH DEFINED BENEFIT PLAN

LONGEVITY RISK

The risk arises when the actual lifetime of retiree is longer than the estimate of future employee lifetime expectation. This risk is measured at the plan level over the entire retiree population.

SALARY INCREASE RISK

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than the expectations and impacts the liability accordingly.

WITHDRAWAL RISK

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

MORTALITY RISK

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

INVESTMENT RISK

The risk of the investments underperforming and not being sufficient to meet the liabilities.

(i) HISTORICAL INFORMATION

	Defined benefit pension plan (Rs.'000)		Defined benefit gratuity plan (Rs. '000)	
	Present value of defined benefit obligation	Net (Asset)/liability at the end of the year	Present value of defined benefit obligation	Net liability at the end of the year
2023	7,244,549	100,284	1,936,281	263,159
2022	6,106,054	122,112	1,638,103	272,269
2021	5,707,806	(501,307)	1,691,179	219,441
2020	5,882,010	(316,026)	1,598,482	275,517
2019	4,978,396	(881,821)	1,650,938	337,649

32.1 Salaries, wages and benefits as appearing in note 9, 10 and 11 include amounts in respect of the following:

	2023 Rs. '000	2022 Rs. '000
Defined Contribution Provident Fund	112,855	107,379
Defined Benefit Pension Fund	(4,441)	(13,677)
Defined Contribution Pension Fund	190,956	138,839
Defined Benefit Gratuity Fund	149,314	104,562
	448,684	337,103

32.2 Defined Contribution Plan

Details of the management and employees' provident funds are as follows:

	Un-audited 2023	Un-audited 2022
(a) Size of the fund - total assets	1,757,069	1,672,531
Cost of investments made	1,583,464	1,569,237
Percentage of investments made	90%	94%
Fair value of investments made	1,658,001	1,465,127

	2023		2022	
(b) Breakup of investments at cost	Rs. '000	%age	Rs. '000	%age
Treasury bills	211,525	12%	20,000	1%
Pakistan Investment Bonds	155,920	9%	266,471	16%
Investment plus deposit certificates	319,250	18%	579,750	35%
Investment in savings account with bank	455,754	26%	46,170	3%
Investment in securities	296,162	17%	281,809	17%
Accrued interest	144,853	8%	375,037	22%
	1,583,464	90%	1,569,237	94%

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33 SHARE CAPITAL

33.1 AUTHORIZED SHARE CAPITAL

2023	2022		2023	2022
(Number of shares)	(Number of shares)		Rs. '000	Rs. '000
300,000,000	300,000,000	Ordinary shares of Rs 10 each	3,000,000	3,000,000

33.2 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2023	2022		2023	2022
(Number of shares)	(Number of shares)		Rs. '000	Rs. '000
230,357,068	230,357,068	Issued for cash	2,303,571	2,303,571
25,136,724	25,136,724	Issued as bonus shares	251,367	251,367
255,493,792	255,493,792		2,554,938	2,554,938

British American Tobacco (Investments) Limited held 241,045,141 (2022: 241,045,141) ordinary shares at the year-end and 10,274 (2022:10,274) and 798,282 (2022:798,282) ordinary shares are held by the directors/other executives and associated company or companies respectively.

All ordinary shares rank equally with regard to the Group'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.

34 CAPITAL RESERVE - OTHER RESERVE

This represents Information Technology related services received and exempted recharges from other Associated Companies. As the Group and Associated Companies have effective common control through ultimate beneficial shareholding, and exemption received was with the approval of the ultimate Parent Company, the forgone amount has been recognised in equity as capital reserve.

35 CONTINGENCIES AND COMMITMENTS

	2023	2022
	Rs. '000	Rs. '000
Claims and guarantees		
(i) Claims against the Group not acknowledged as debt - Note 35.1.1	3,024	3,024
(ii) Guarantees issued by banks on behalf of the Group	1,020,274	769,944
(iii) Post dated cheques to the Collector of Customs	6,423,688	-

35.1.1 LITIGATION

Employees' Old-Age Benefits Institution (EOBI) constituted under the Employees' Old-Age Benefits Act, 1976 ("the Act") requires contributions to be made by industries and establishments against workers employed by it. PTC has been making prompt contributions under the Act. PTC has contractual arrangements with Logistics Service Providers for the shipment of its raw material and finished goods. In the year 2015, the EOBI Jhelum issued a show cause notice dated March 4th, 2015, demanding payment of Rs. 3,024,000 against non-payment of contribution of 200 employees. These employees were in fact employees of five transport concerns with which PTC had contractual arrangements. PTC filed complaint against the said show cause before Adjudicating Authority – III, EOBI Islamabad and raised the objection that this liability is of the five transport concerns who are independent entities. The Adjudicating Authority however passed an order against PTC on February 14th, 2017, upholding the demand earlier raised by the EOBI Jhelum. PTC has filed an appeal in May 2017 against the order before the Board of Trustees EOBI Head Quarter at Karachi which is pending adjudication. Said appeal was dismissed in January 2022, following which PTC challenged the demand from EOBI before the Islamabad High Court which issued a stay order in favour of PTC against coercive recovery by EOBI. This stay order is still intact.

The Group expects favorable outcome in this case and accordingly, no provision is recognised in the financial statements.

35.2 COMMITMENTS

Letters of credit outstanding at December 31, 2023 were Rs. 8,897,592 thousand (2022: Rs 1,1511,561 thousand).

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36 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

36.1 ACCOUNTING CLASSIFICATION AND FAIR VALUE

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

	Note	31 December 2023			Fair Value		
		Fair Value or loss	Amortised cost	Total	Level 1	Level 2	Level 3
		(-----------------Rs. '000------------)			(------------Rs. '000-----------)		
Financial assets measured at fair value							
Short-term investments	24	14,557,699	-	14,557,699	-	14,557,699	-
Financial assets not measured at fair value							
Deposits	18	-	42,395	42,395	-	-	-
Trade debts	21	-	2,687,721	2,687,721	-	-	-
Other receivables	23	-	3,072,398	3,072,398	-	-	-
Cash and bank balances	25	-	17,938,895	17,938,895	-	-	-
		14,557,699	23,699,014	38,299,108	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-
Financial liabilities not measured at fair value							
Trade and other payables	26	-	(27,953,241)	(27,953,241)	-	-	-
Other liabilities	27	-	(2,089,190)	(2,089,190)	-	-	-
Lease liability	29	-	(3,422,042)	(3,422,042)	-	-	-
Unpaid dividend	30	-	(8,141,160)	(8,141,160)	-	-	-
Unclaimed dividend		-	(105,081)	(105,081)	-	-	-
		-	(41,710,714)	(41,710,714)	-	-	-

	Note	31 December 2022			Fair value		
		Fair Value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3
		(-----------------Rs. '000------------)			(------------Rs. '000-----------)		
Financial assets measured at fair value							
Short-term investments	24	21,522,111	-	21,522,111	-	21,522,111	-
Financial assets not measured at fair value							
Deposits	18	-	23,604	23,604	-	-	-
Trade debts	21	-	2,876	2,876	-	-	-
Other receivables	23	-	3,512,534	3,512,534	-	-	-
Cash and bank balances	25	-	1,878,796	1,878,796	-	-	-
		21,522,111	5,394,206	26,939,921			
Financial liabilities measured at fair value		-	-	-	-	-	-
Financial liabilities not measured at fair value							
Trade and other payables	26	-	(18,158,565)	(18,158,565)	-	-	-
Other liabilities	27	-	(4,092,981)	(4,092,981)	-	-	-
Short term running finance/export refinance	28	-	(2,354,312)	(2,354,312)	-	-	-
Lease liability	29	-	(1,737,866)	(1,737,866)	-	-	-
Unpaid dividend	30	-	(5,391,129)	(5,391,129)	-	-	-
Unclaimed dividend		-	(106,330)	(106,330)	-	-	-
		-	(31,841,183)	(31,841,183)	-	-	-

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36.2 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk

36.2.1 FINANCIAL RISK MANAGEMENT FRAMEWORK

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Risk management is carried out by the Treasury Committee (the Committee) under policies approved by the board of directors (the Board). The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

36.2.2 CREDIT RISK

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade debts, other receivables, deposits with banks and investment in treasury bills issued by the Government of Pakistan. The carrying amount of financial assets represents the maximum credit exposure.

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

Financial assets amounting to Rs. 38,299 million (2022: Rs. 26,940 million) do not include any amounts which are past due or impaired. The table below shows bank balances held with counterparties at the reporting date.

Counterparty	Rating		Rating		
	Short term	Long term	Agency	2023	2022
				Rs. '000	Rs. '000
Cash at bank:					
Standard Chartered Bank	A-1+	AAA	PACRA	7,831,751	1,240,955
Deutsche Bank AG	A-2	A-	S&P	4,472,797	232,230
MCB Bank Ltd	A-1+	AAA	PACRA	3,582,618	257,353
Habib Bank Ltd	A-1+	AAA	VIS	748,766	66,215
MCB Islamic Bank	A-1	A	PACRA	320,622	78,676
National Bank of Pakistan	A-1+	AAA	PACRA	283,352	473
Bank Alfalah Limited	A-1+	AA+	PACRA	253,511	-
Habib Metropolitan Bank Ltd	A-1+	AA+	PACRA	228,984	-
Soneri Bank Limited	A-1+	AA-	PACRA	205,136	-
Citibank N.A.	P-1	Aa3	Moody's	10,858	2,894
United Bank Limited	A-1+	AAA	VIS	500	-
				17,938,895	1,878,796
Short term investments:					
Government of Pakistan		CCC+	Standard & Poor	14,557,699	21,522,111
				32,496,594	23,400,907

As at December 31, 2023, maximum exposure to credit risk for finiancial assets by geographic was as follows:

	Carrying amount	
	2023	2022
	Rs. '000	Rs. '000
Pakistan	33,234,449	26,638,248
United Kingdom	147,462	118,420
Asia & other	4,917,197	183,253
	38,299,108	26,939,921

As at 31 December 2023, the ageing of financial assets was as follows:

	Carrying amount	
	2023	2022
	Rs. '000	Rs. '000
Not due	38,184,800	26,647,901
1-30 days	81,623	80,121
31-90 days	24,629	205,323
90 days	8,056	6,576
	38,299,108	26,939,921

36.2.3 LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Groups's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking to the Company's reputation.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of the netting arrangements:

	Carrying amount	Contractual cash flows		
		Total	12 months or less	1 to 5 years
31 DECEMBER 2023	(Rs. '000)	(Rs. '000)		
FINANCIAL LIABILITIES				
Trade and other payables	27,953,241	(27,953,241)	(27,953,241)	-
Other liabilities	2,089,190	(2,089,190)	(2,089,190)	-
Lease liability	3,422,042	(3,422,042)	(852,765)	(2,569,277)
Unpaid dividend	8,141,160	(8,141,160)	(8,141,160)	-
Unclaimed dividend	105,081	(105,081)	(105,081)	-
	41,710,714	(41,710,714)	(39,141,437)	(2,569,277)

31 DECEMBER 2022	Carrying amount	Contractual cash flows		
		Total	12 months or less	1 to 5 years
	(Rs. '000)	(Rs. '000)		
Financial liabilities				
Trade and other payables	18,158,565	(18,158,565)	(18,158,565)	-
Other liabilities	4,092,981	(4,092,981)	(4,092,981)	-
Short term running finance/export refinance	2,354,312	(2,354,312)	(2,354,312)	-
Lease liability	1,737,866	(1,737,866)	(802,531)	(935,335)
Unpaid dividend	5,391,129	(5,391,129)	(5,391,129)	-
Unclaimed dividend	106,330	(106,330)	(106,330)	-
	31,841,183	(31,841,183)	(30,905,848)	(935,335)

Cash flows included in the maturity analysis are not expected to occur significantly earlier or at significantly different amounts.

36.2.4 MARKET RISK

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

Currency risk
Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This exists due to the Group's exposure resulting from outstanding payments on account of import of goods and services. The currencies in which these transactions are primarily denominated are euro, sterling and US dollars.

The summary quantitative data about the Group's exposure to currency risk is as follows:

	31 December 2023			31 December 2022		
	Euro	Sterling	US dollars	Euro	Sterling	US dollars
Other receivables	-	1,302,121	10,191,468	-	44,263	521,595
Cash and bank balances	-	-	7,263,160	-	-	6,378,942
Trade and other payables	(2,835,094)	(6,435,608)	(32,964,306)	-	(4,737,376)	(8,250,675)
Net exposure	(2,835,094)	(5,133,487)	(15,509,678)	-	(4,693,113)	(1,350,138)

The following significant exchange rates have been applied:

	Average rate		Year-end spot rate	
	2023	2022	2023	2022
Euro 1	303.21	214.59	310.54	241.60
Sterling 1	348.83	251.49	358.38	272.31
US dollar 1	280.37	204.56	281.13	226.38

A 10 percent strengthening (weakening) of the Rupee against euro, sterling and US dollar at the reporting date would have affected the measurement of financial instruments denominated in a foreign currency and affected the equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignore any impact of forecast sales and purchases.

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
31 December 2023				
Euro	88,042	(88,042)	62,510	(62,510)
Sterling	183,973	(183,973)	130,621	(130,621)
US dollar	436,016	(436,016)	309,571	(309,571)
31 December 2022				
Euro	-	-	-	-
Sterling	127,798	(127,798)	91,976	(91,976)
US dollar	30,564	(30,564)	21,997	(21,997)

Interest rate risk

This represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is not exposed to fair value interest rate risk as it does not hold any fixed rate instruments. The Group does not have any significant long-term interest-bearing financial assets or financial liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rates.

Financial liabilities include balances of Rs. 3,422,042 thousand (2022: Rs. 1,737,866 thousand) which are subject to interest rate risk. Applicable interest rates for these financial liabilities have been indicated in respective notes.

At statement of financial position date, if interest rates had been 1% higher/lower, with all other variables remain constant, profit for the year would have been Rs. 34.220 million (2022: Rs. 17.379 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements of the year for remuneration including all benefits to Chief Executive, Executive Directors and executives are as follows:-

	Chief Executive		Executive Directors		Executives				Total	
					Key management Personnel		Other executives			
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Managerial remuneration	157,124	117,576	141,218	136,599	356,865	292,653	1,037,724	977,624	1,692,931	1,524,452
Corporate bonus	46,048	29,703	50,732	47,950	125,981	130,677	274,825	258,277	497,586	466,607
Leave fare assistance	1,927	1,296	9,558	7,056	13,623	4,655	-	-	25,108	13,007
Housing and utilities	24,999	19,070	18,977	14,430	70,481	55,046	413,567	369,650	528,024	458,196
Medical expenses	-	644	6,743	1,634	10,043	11,255	97,605	83,709	114,391	97,242
Post employment benefits	2,466	1,440	10,843	13,356	37,994	23,964	306,383	205,872	357,686	244,632
	232,564	169,729	238,071	221,025	614,987	518,250	2,130,104	1,895,132	3,215,726	2,804,136
Number of persons	1	1	2	2	11	13	359	328	373	344

37.1 The Group, in certain cases, also provides individuals with the use of company accommodation, cars and household items, in accordance with their entitlements.

37.2 The aggregate amounts charged in the financial statements of the year for remuneration including all benefits to nine (2022: nine) non-executive directors of the Group amounted to Rs. 14,376 thousand (2022: Rs. 10,352 thousand).

38 TRANSACTIONS WITH RELATED PARTIES

British American Tobacco (Investments) Limited (BAT-IL) holds 94.34% (2022: 94.34%) shares of the Group at the year end. Therefore, all the subsidiaries and associated undertakings of BAT-IL and the ultimate parent company British American Tobacco, p.l.c (BAT) are related parties of the Group. The related parties also include directors, major shareholders, key management personnel, employee funds and the entities over which the directors are able to exercise significant influence. The amounts due from and due to these undertakings are shown under receivables and payables under note 23 and 26 and Free of cost services and exempted recharges as disclosed in note 34. The remuneration of the chief executive, directors, key management personnel and executives is given in note 37 to the financial statements. Transactions with employee funds and associated payable/receivable balances are provided in note 32 to the financial statements.

	2023	2022
	Rs. '000	Rs. '000
Procurement of goods and services from:		
Holding company	86,623	2,287,151
Associated companies	11,431,011	5,460,330
Sale of goods to:		
Associated companies	7,255,952	5,636,914
Dividend declared:		
Holding company	7,713,765	11,570,647
Associated companies	25,545	38,317
Royalty charged by:		
Holding /associate company		
Charged	-	850,354
Expenses reimbursed to:		
Holding company	3,978	-
Associated companies	12,209	14,893
Expenses reimbursed by:		
Holding company	-	3,266
Associated companies	2,265,691	492,215
Payment under employee incentive schemes:		
Key management personnel	73,948	90,702
Export of services		
Associated companies	376,128	551,559

38.1 Following are the name of associated companies, related parties and associated undertakings with whom the Group had entered into transactions or had agreements and arrangements in place during the year. Names of associated companies, related parties and associated undertakings, incorporated outside Pakistan are included in note 38.2.

Associated companies / related parties and associated undertakings	Basis of relationship	Aggregate % of Shareholding
Pheonix (Private) Limited	Subsidiary	Nil
BAT SAA Services (Private) Limited	Common Directorship	Nil
Retirement benefit funds:		
Pension Funds	Post employment benefits	Nil
Provident Funds	Post employment benefits	Nil
Gratuity Funds	Post employment benefits	Nil
Zafar Mahmood	Director	0.000196%
Syed Ali Akbar	Director	0.000978%
Syed Muhammad Ali Abrar	Director	0.000978%
Syed Asad Ali Shah	Director	0.000196%
Usman Zahur	Director	0.000196%
Wael Sabra	Director	0.000196%
Belinda Ross	Director	0.000196%
Asif Jooma	Director	0.000196%
Mohammad Riaz	Director	0.000196%
Lt. Gen (Rtd.) Najib Ullah Khan	Director	0.000196%
Gary Tarrant	Director	0.000196%
Faisal Saif	Director	0.000196%
Sami Zaman	Key management personnel	Nil
Uzair Qazi	Key management personnel	Nil
Faiza Imtiaz	Key management personnel	Nil
Waqas Manzoor	Key management personnel	Nil
Rodrigo Nunes	Key management personnel	Nil
Zain Mughal	Key management personnel	Nil
Ji Han	Key management personnel	Nil
Haroon Saleem	Key management personnel	Nil
Junaid Khatana	Key management personnel	Nil
Bushra Rahman	Key management personnel	Nil
Mir Faraz	Key management personnel	Nil

38.2 Following particulars relate to associated companies incorporated outside Pakistan with whom the Group had entered into transactions during the year or have arrangement / agreement in place.

Associated company	Basis of relationship	Shareholding	Country of Incorporation
British American Tobacco p.l.c.	Ultiamte Parent Company	0.00%	United Kingdom
BAT (Investments) Limited	Holding Company	94.34%	United Kingdom
BAT Rothmans International	Holding Company	0.31%	United Kingdom
BAT Exports Limited	Fellow Subsidiary	0.00%	United Kingdom
Ceylon Tobacco Company PLC	Fellow Subsidiary	0.00%	Sri Lanka
British American Tobacco Myanmar Limited	Fellow Subsidiary	0.00%	Myanmar
British American Tobacco Argentina	Fellow Subsidiary	0.00%	Argentina
British American Tobacco Australia	Fellow Subsidiary	0.00%	Australia
BAT Bangladesh Company Limited	Fellow Subsidiary	0.00%	Bangladesh
Souza Cruz Ltd.	Fellow Subsidiary	0.00%	Brazil
BAT Switzerland SA	Fellow Subsidiary	0.00%	Swiztzerland
British American Tobacco Chile Operaciones SA	Fellow Subsidiary	0.00%	Chile
BAT Germany GmbH	Fellow Subsidiary	0.00%	Germany
BAT (Brands) Limited	Fellow Subsidiary	0.00%	United Kingdom
Benson & Hedges (Overseas) Limited	Fellow Subsidiary	0.00%	United Kingdom
BAT (Holdings) Limited	Fellow Subsidiary	0.00%	United Kingdom
BASS (GSD) Limited	Fellow Subsidiary	0.00%	United Kingdom
British American Tobacco (GLP) Limited	Fellow Subsidiary	0.00%	United Kingdom
Nicoventures Trading Ltd	Fellow Subsidiary	0.00%	United Kingdom
British American Tobacco Asia Pacific Region Ltd	Fellow Subsidiary	0.00%	Hong Kong
British American Tobacco Co. (HK) Ltd	Fellow Subsidiary	0.00%	Hong Kong
British American Tobacco GTR Ltd	Fellow Subsidiary	0.00%	Hong Kong
NICO HK Co. Ltd.,	Fellow Subsidiary	0.00%	Hong Kong
Fielder & Lundgren AB	Fellow Subsidiary	0.00%	Sweden
BAT Pecsi Dohanygyar KFT	Fellow Subsidiary	0.00%	Hungary
British American Tobacco Kenya Ltd	Fellow Subsidiary	0.00%	Kenya
BAT Korea Ltd	Fellow Subsidiary	0.00%	South Korea
BAT Korea Manufacturing Ltd	Fellow Subsidiary	0.00%	South Korea
British American Tobacco Mexico SA de CV	Fellow Subsidiary	0.00%	Mexico
BAT AsPac Service Centre Sdn Bhd	Fellow Subsidiary	0.00%	Malaysia
BAT GSD (KL) Sdn Bhd.	Fellow Subsidiary	0.00%	Malaysia
BAT Nigeria Ltd	Fellow Subsidiary	0.00%	Nigeria
BAT Marketing Nigeria Ltd.	Fellow Subsidiary	0.00%	Nigeria
British American Tobacco Niemeyer	Fellow Subsidiary	0.00%	Netherlands

Associated company	Basis of relationship	Aggregate % of Shareholding	Country of Incorporation
British-American Tobacco Polska S.A	Fellow Subsidiary	0.00%	Poland
BAT Investment (Romania) SRL	Fellow Subsidiary	0.00%	Romania
BAT (Romania) Trading SRL.	Fellow Subsidiary	0.00%	Romania
BASS Europe SRL.	Fellow Subsidiary	0.00%	Romania
British-American Tobacco (Singapore) Pte Ltd	Fellow Subsidiary	0.00%	Singapore
BAT Marketing (Singapore) Pte Ltd	Fellow Subsidiary	0.00%	Singapore
British American Tobacco Tutun Mamulleri	Fellow Subsidiary	0.00%	Turkey
TDR D.O.O	Fellow Subsidiary	0.00%	Croatia
HR Vatski Duhani D.D.	Fellow Subsidiary	0.00%	Croatia
West Indian Tobacco Co. Ltd	Fellow Subsidiary	0.00%	Trinidad & Tobago
PJSC A/T B.A.T Prilucky Tobacco Co.	Fellow Subsidiary	0.00%	Ukraine
R J Reynolds Tobacco Company	Fellow Subsidiary	0.00%	United States
British American Tobacco South Africa (Pty) Ltd.	Fellow Subsidiary	0.00%	South Africa
British American Tobacco ME DMCC	Fellow Subsidiary	0.00%	United Arab Emirates
BAT Middle Est for Trading	Fellow Subsidiary	0.00%	United Arab Emirates
BAT Saudia for Trading	Fellow Subsidiary	0.00%	Saudi Arabia
BAT GCC DMCC	Fellow Subsidiary	0.00%	United Arab Emirates
BAT Middle East DMCC	Fellow Subsidiary	0.00%	United Arab Emirates
BAT Qatar LLC	Fellow Subsidiary	0.00%	Qatar
BAT Gulf for Trading LLC	Fellow Subsidiary	0.00%	Qatar
BAT Middle East S.P.C.	Fellow Subsidiary	0.00%	Bahrain
British American Tobacco Jordan	Fellow Subsidiary	0.00%	Jordan
BAT Egypt Ltd.	Fellow Subsidiary	0.00%	Egypt
Central Manufacturing Company Ltd	Fellow Subsidiary	0.00%	Fiji
PT Bentoel International Investama	Fellow Subsidiary	0.00%	Indonesia
PT Bentoel International Prima	Fellow Subsidiary	0.00%	Indonesia
PT Export Leaf	Fellow Subsidiary	0.00%	Indonesia
British American Tobacco (Malaysia)	Fellow Subsidiary	0.00%	Malaysia
Tobacco Importers and Manufacturers	Fellow Subsidiary	0.00%	Malaysia
British American Tobacco Japan Ltd	Fellow Subsidiary	0.00%	Japan
British American Tobacco (PNG) Ltd	Fellow Subsidiary	0.00%	Papua New Guinea
British American Tobacco Vranje AD	Fellow Subsidiary	0.00%	Serbia
BAT Services Ltd., Taiwan Branch	Fellow Subsidiary	0.00%	Taiwan
Tabacalera Hondurena S.A.	Fellow Subsidiary	0.00%	Honduras
RAI Services Company	Fellow Subsidiary	0.00%	United States
Solomon Islands Tobacco Co. Ltd.	Fellow Subsidiary	0.00%	Solomon Islands
BAT Trieste S.p.A.	Fellow Subsidiary	0.00%	Italy
British American Tobacco (Cambodia)	Fellow Subsidiary	0.00%	Cambodia

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

39 CASH GENERATED FROM OPERATIONS

	2023	2022
	Rs. '000	Rs. '000
Profit before taxation	50,012,456	34,733,607
Adjustment for non-cash items:		
- Depreciation / impairment	2,152,964	2,148,129
- Gain on disposal of property, plant and equipment	(106,142)	(108,401)
- Finance cost	617,945	327,683
- Finance income	(7,183,870)	(2,274,037)
- Foreign exchange loss	1,505,153	720,142
- Provision /(Reversal of provision) for slow moving stores and spares	-	660
- Provision / (reversal of provision) for stock-in-trade	199,435	221,051
- Provision for staff retirement benefit plans	448,684	337,103
- Information technology cost	3,545,883	-
	1,180,052	1,372,330
Changes in working capital:		
- Stock-in-trade	(21,966,416)	(3,081,718)
- Stores and spares	(69,943)	84,524
- Trade debts	(2,684,845)	(734)
- Loans and advances	186,376	(743,879)
- Short term prepayments	(80,755)	(106,615)
- Other receivables	537,511	(2,419,069)
- Trade and other payables	10,953,598	5,772,590
- Other liabilities	(2,003,791)	1,596,054
	(15,128,265)	1,101,153
Changes in long term deposits and prepayments	(18,791)	5,057
	36,045,452	37,212,147

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

40 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities			
	Unclaimed / Unpaid Dividend	Lease liability	Short term running finance / export refinance	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at January 1, 2023	5,497,459	1,737,866	2,300,000	9,535,325
Changes from financing cash flows:				
Finance Lease payments	-	(1,478,826)	-	(1,478,826)
Additions during the year	-	-	-	-
Dividend paid	(5,427,019)	-	-	(5,427,019)
Total changes from financing cash flows	(5,427,019)	(1,478,826)	-	(6,905,845)
Other changes:				
New leases	-	2,846,195	-	2,846,195
Retirements	-	(147,317)	-	(147,317)
Export refinancing	-	-	(2,300,000)	(2,300,000)
Interest charge		464,124		464,124
Dividend declared	8,175,801	-	-	8,175,801
Total equity-related other changes	-	-	-	-
Balance at December 31, 2023	8,246,241	3,422,042	-	11,668,283

	Liabilities			Total
	Unclaimed / Unpaid Dividend	Lease liability	Short term running finance / export refinance	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at January 1, 2022	4,740,647	1,999,185	2,300,000	9,039,832
Changes from financing cash flows:				
Finance lease payments	-	(1,149,784)	-	(1,149,784)
Additions during the year	-	-	-	-
Dividend paid	(11,506,890)	-	-	(11,506,890)
Total changes from financing cash flows	(11,506,890)	(1,149,784)	-	(12,656,674)
Other changes:				
New leases	-	913,212	-	913,212
Retirements	-	(249,177)	-	(249,177)
Interest charge	-	224,430	-	224,430
Dividend declared	12,263,702	-	-	12,263,702
Total equity-related other changes	-	-	-	-
Balance at December 31, 2022	5,497,459	1,737,866	2,300,000	9,535,325

41 EVENTS AFTER THE REPORTING DATE

In respect of the year ended December 31, 2023 final dividend of Rs. nil (2022: Rs. nil) per share amounting to a total dividend of Rs. nil (2022: Rs. nil) has been proposed at the Board of Directors meeting held on February 28, 2024. These financial statements do not reflect this proposed dividend.

42 GENERAL

42.1 DATE OF AUTHORIZATION FOR ISSUE

These Consolidated financial statements have been authorized for circulation to the shareholders by the Board of Directors of the Group on February 28, 2024.

SYED ALI AKBAR
Chief Excutive officer

SYED MUHAMMAD ALI ABRAR
Chief Financial Officer/Director

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2023

No. of Shareholders	Categories				Total Shares
1,520	From	1	To	100	47,783
1,121	From	101	To	500	312,967
341	From	501	To	1,000	239,706
236	From	1,001	To	5,000	507,724
33	From	5,001	To	10,000	231,232
8	From	10,001	To	15,000	98,734
4	From	15,001	To	20,000	66,163
7	From	20,001	To	25,000	161,125
1	From	25,001	To	30,000	27,000
1	From	30,001	To	35,000	31,978
1	From	35,001	To	40,000	37,000
2	From	40,001	To	45,000	86,152
1	From	50,001	To	55,000	50,850
2	From	55,001	To	60,000	114,390
1	From	60,001	To	65,000	60,961
1	From	70,001	To	75,000	71,000
1	From	95,001	To	100,000	96,679
1	From	115,001	To	120,000	116,271
2	From	165,001	To	170,000	335,714
1	From	240,001	To	245,000	240,280
1	From	385,001	To	390,000	389,480
1	From	395,001	To	400,000	395,752
1	From	795,001	To	800,000	798,282
1	From	1,285,001	To	1,290,000	1,285,555
1	From	1,755,001	To	1,760,000	1,755,873
1	From	6,885,001	To	6,890,000	6,890,000
1	From	241,045,001	To	241,050,000	241,045,141
3,292					255,493,792

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2023

	No. of Shares
Associated Companies, Undertakings and Related Parties	241,843,423
NIT and ICP	515
Directors, CEO and their spouse and minor children	10,000
Executives	274
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance companies, Modaraba and Mutual Funds	3,742,298
Individuals	2,421,438
Others	7,475,844
	255,493,792

CATEGORIES OF SHAREHOLDERS

	Number	Shares Held	%
Directors, CEO and their spouse and minor children	12	10,000	0.0
Associated Companies, Undertakings and Related Parties	2	241,843,423	94.7
Investment Companies	1	515	0.0
Modarabas & Mutual Funds	8	1,905,862	0.7
Insurance Companies	4	538,390	0.2
Banks, Development and other Financial Institutions	8	1,298,046	0.5
Individuals	3,205	2,421,712	0.9
Others	52	7,475,844	2.9
Total	3,292	255,493,792	100.0

No. of Shares

ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES

British American Tobacco (Investments) Limited	241,045,141
Rothmans International	798,282

NIT AND ICP (NAME WISE DETAILS)

National Bank of Pakistan	515

DIRECTORS, CEO AND THEIR SPOUSE AND MINOR

children (name wise details)

Zafar Mahmood	500
Syed Ali Akbar	2,500
Syed Asad Ali Shah	500
Syed Muhammad Ali Abrar	2,500
Wael Sabra	500
Usman Zahur	500
Faisal Saif	500
Asif Jooma	500
Mohammad Riaz	500
Najib Ullah Khan	500
Belinda Ross	500
Gary Tarrant	500

SHAREHOLDERS HOLDING 10% OR MORE VOTING INTEREST

British American Tobacco (Investments) Limited	241,045,141

ڈائریکٹرز کا تربیتی پروگرام

پی ٹی سی نے ڈائریکٹرز کی تربیت کے حوالے سے قابل اطلاق ریگولیٹری تقاضوں کی تعمیل کو یقینی بنایا ہے۔تقریباً آدھے سے زیادہ ڈائریکٹرز نے ڈائریکٹرز کے ٹریننگ پروگرام (ڈی ٹی پی) سرٹیفکیشن حاصل کی ہے جو ایس ای سی پی سے منظور شدہ ہے۔

گزشتہ اے جی ایم

کمپنی کی 76 ویں اے جی ایم (سالانہ جنرل میٹنگ) کا انعقاد 2 مئی 2023 کو ہوا۔اقلیتی حصص یافتگان سمیت تمام حصص یافتگان کو بہت پہلے سے ہی میٹنگ کے اوقات اور جگہ کے بارے میں آگاہ کرنے کی غرض سے دعوت نامے بھیجے گئے۔کمپنی کے حصص یافتگان کی سہولت کیلئے اے جی ایم کے موقع پر نہایت معیاری انتظامات کیے گئے تھے۔

میٹنگ کے دوران حصص یافتگان اور سرمایہ کاروں نے شائع شدہ مالیاتی گوشواروں اور غیر قانونی تجارت کے اثرات پر عمومی معلومات حاصل کیں۔میٹنگ کے دوران کسی مسئلے کا ذکر نہیں ہوا۔

آڈیٹرز

دسمبر 2023 کو ختم ہونے والے مالی سال کیلئے کمپنی کا قانونی آڈٹ مکمل ہوگیا ہے۔آڈیٹرز نے کمپنی کی مالیاتی گوشوارے، مجموعی مالیاتی گوشوارے اور کورپوریٹ گورننس کے ضابطے کی تعمیل کی سٹیٹمنٹس کے حوالے سے اپنی آڈٹ رپورٹس جاری کردی ہیں۔آڈیٹرز، میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہوجائیں گے، تاہم انہوں نے پی ٹی سی کے آڈیٹر کے طور پر کام جاری رکھنے کا عندیہ دیا ہے۔انہوں نے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹینسی آف پاکستان (آئی سی اے پی) کی جانب سے تسلی بخش درجہ بندی حاصل کرنے اور انٹرنیشنل فیڈریشن آف اکاؤنٹینٹس (آئی ایف اے سی) کے ضابطہ اخلاق کی تعمیل کی تصدیق کی ہے۔بورڈ نے آڈٹ کمیٹی کی سفارش پر 31 دسمبر 2024 کو ختم ہونے والے مالی سال کیلئے بطور آڈیٹرز ان کی تقرری کی تجویز پیش کی۔یہ تجویز 24 اپریل 2024 کو ہونے والی میٹنگ میں شیئر ہولڈرز کی منظوری سے مشروط ہوگی۔

شیئر ہولڈنگ کا نمونہ

ہماری ہولڈنگ کمپنی، برٹش امریکن ٹوبیکو (انوسٹمنٹس) لمیٹڈ (بی اے ٹی۔آئی ایل) جو برطانیہ میں ان کورپوریٹڈ ہے، سال کے آخر میں کمپنی کے 94.34 فیصد شیئرز کی مالک ہے جبکہ بقیہ شیئر ہولڈنگ متعلقہ کمپنی، اداروں اور عام عوام تک پھیلی ہوئی ہے۔کوڈ آف کورپوریٹ گورننس کے تحت مطلوبہ انکشاف کے ساتھ 31 دسمبر 2023 تک شیئر ہولڈنگ کا نمونہ اس سالانہ رپورٹ میں الگ سے فراہم کیا گیا ہے۔

ڈائریکٹرز اور ایگزیکٹیوز کے ذریعے حصص کی تجارت

ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کے شریک حیات اور نابالغوں نے مبینہ طور پر کمپنی کے حصص میں کسی قسم کی کوئی تجارت نہیں کی ہے۔

بی سی ایم کا جائزہ

پی ٹی سی بزنس کنٹینیوٹی مینجمنٹ (بی سی ایم) کی اہمیت کو سمجھتا ہے اور اس بات کو یقینی بناتا ہے کہ بحران کے وقت کاروبار کامیابی سے جاری رہے۔کمپنی نے بین الاقوامی معیارات کے مطابق ایک بی سی ایم مینوئل تیار کیا ہے جو کمپنی کو اس قابل بناتا ہے کہ:

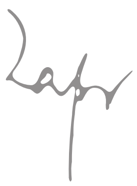
- کسی واقعے کی صورت میں فعال طور پر منصوبہ بندی اور تیاری کی جائے
- سمجھا جائے کہ کوئی واقعہ پیش آنے کی صورت میں کیسے ردعمل دیا جائے
- صورت حال کو موثر طریقے سے منظم کرنے کیلئے مطلوبہ معلومات حاصل کی جائے اور
- کاروبار پر منفی اثرات کو کم کرنے کیلئے جتنا جلدی ممکن ہو سکے معمول کے مطابق کاروبار پر واپس (BAU) آیا جا سکے

بورڈ سالانہ بنیادوں پر بی سی ایم مینوئل کی تعمیل کا جائزہ لیتا ہے۔معیارات کی تعمیل کو یقینی بنانے اور بی سی ایم پراسس کی جوابدہی اور اس کے نفاذ کی ذمہ داری سی ای او کو سونپی گئی ہے۔بی سی ایم کی آپریشنل مینجمنٹ ہیڈ آف سیکورٹی کو سونپی گئی ہے جو کمپنی میں بی سی ایم کا لیڈ ہے۔فنکشنز کے سربراہ رسک اونرز ہیں اور اپنے متعلقہ فنکشنز میں موثر بی سی ایم صلاحیت کو فعال بنانے اور برقرار رکھنے کے ذمہ دار ہیں۔بزنس کنٹینیوٹی منیجر کمپنی میں بی سی ایم پراسس کیلئے سہولت کاری اور رابطہ کاری کا کام کرتا ہے۔

بی سی ایم پراسس کے نفاذ سے کمپنی یقینی بناتی ہے کہ:

- اس کے لوگ، اثاثے اور معلومات محفوظ ہیں اور ملازمین کو خاطر خواہ سپورٹ اور خلل کی صورت میں موثر رابطہ کاری میسر ہے
- دوسری تنظیموں، متعلقہ ریگولیٹرز اور حکومتی محکموں، مقامی اتھارٹیز اور ہنگامی سروسز کے ساتھ رابطہ رکھا گیا ہے اور اسے دستاویزی شکل دی گئی ہے، اور سٹیک ہولڈرز کی ضروریات کو سمجھا جا رہا ہے اور ان کے مطابق ضروریات کو پورا کیا جا رہا ہے، اور
- اس کے پاس اپنی ساکھ کی حفاظت کرنے کی بہتر صلاحیت ہے اور یہ اپنی قانونی اور ریگولیٹری ذمہ داریوں کی ہمیشہ تعمیل کرتی ہے

سید علی اکبر
ایم ڈی اینڈ سی او



ظفر محمود
چیرمین

مسٹر اولیورا ینگیلز 1/5
نان ایگزیکٹیو ڈائریکٹر (2023-04-11 کو مستعفی ہوئے)
جناب فیصل سیف 4/5
نان ایگزیکٹیو ڈائریکٹر (2023-04-12 کو شمولیت اختیار کی)

بیرون ملک منعقد ہونے والے اجلاس

2023 کے دوران پی ٹی سی نے اپنے بورڈ کے تمام اجلاس پاکستان میں منعقد کیے۔

بورڈ کی کمیٹیاں

بورڈ کی چار کمیٹیاں ہیں، ایگزیکٹیو کمیٹی، آڈٹ کمیٹی، ہیومن ریسورس اینڈ ری میونریشن کمیٹی اور شیئر ٹرانسفر کمیٹی۔ یہ چاروں کمیٹیاں بورڈ کو اس کے کاموں کی انجام دہی میں معاونت فراہم کرتی ہیں۔ بورڈ کی تمام کمیٹیوں کی تفاصیل بشمول حاضری اور ان کے امور کمپنی کی سالانہ رپورٹ میں الگ سے فراہم کی گئی ہیں۔

ڈائریکٹرز کا معاوضہ

کوڈ آف کورپوریٹ گورننس کے تقاضوں کے مطابق ہر ڈائریکٹر کے معاوضے کے پیکج کو طے کرنے کیلئے ایک رسمی اور شفاف طریقہ کار موجود ہے۔ کوئی بھی ڈائریکٹر اپنے معاوضے کا فیصلہ بذات خود کرنے میں ملوث نہیں ہے۔

معاوضے کے پیکجز ریگولیٹری فریم ورک اور داخلی طریقہ کار کی ضروریات کے مطابق منظور کیے جاتے ہیں، اس امر کو یقینی بناتے ہوئے کہ وہ اس سطح پر نہیں ہیں جس سے نان ایگزیکٹیو ڈائریکٹرز کی آزادی پر سمجھوتا کیا جا سکتا ہے۔

ایگزیکٹیو ڈائریکٹرز، سی ای او، کلیدی انتظامی افسران اور دیگر ایگزیکٹیوز کا معاوضہ مالیاتی گوشواروں کے نوٹ 38 میں دیا گیا ہے۔

بورڈ کی کارکردگی کا جائزہ

کمپنی نے بورڈ کو معاونت فراہم کرنے کیلئے "ایویلیوئیشن ٹول" ڈیزائن کیا ہے تا کہ:

- سمجھیں اور پہچانیں کہ کیا اچھا کام ہو رہا ہے
- بہتری کی گنجائش والے شعبوں کی نشاندہی کی جا سکے
- تبدیلی کیلئے ترجیحات پر تبادلہ خیال اور اتفاق کیا جا سکے جن پر قلیل اور طویل مدتی توجہ دی جا سکے
- ایکشن پلان پر متفق ہوا جا سکے

ایویلیوئیشن ٹول ایک تشخیصی سوالنامے پر مشتمل ہوتا ہے جو تمام ڈائریکٹرز کو ارسال کیا جاتا ہے جس میں ہر ڈائریکٹر خود کو اور بورڈ کو ایویلیوئیٹ کرتا / کرتی ہے۔ کھلی اور شفاف ایویلیوئیشن کی حوصلہ افزائی کیلئے، ساتھ ہی نام ظاہر نہ کرنے کو بھی یقینی بنانے کیلئے، ایویلیوئیشن پروسس کی ہدایات کمپنی سیکرٹری جاری کرتا ہے جو ہر ڈائریکٹر کو سوالنامہ بھجواتا ہے اور نتائج کو ایک رپورٹ میں ضم کرتا ہے، ساتھ ہی نتائج کا خلاصہ بھی دیتا ہے اور بورڈ کو سفارشات بھی بھجواتا ہے۔ یہ رپورٹ بعدازاں بورڈ کے اگلے اجلاس میں زیر بحث آتی ہے تا کہ نہ صرف بورڈ کی کارکردگی کو مزید بہتر بنایا جا سکے بلکہ کمزوریوں کے حل کے بارے میں سوچ بچار کی جا سکے۔

چیئرمین وسی ای او کے دفاتر

شفافیت اور گڈ گورننس کو فروغ دینے کیلئے بورڈ آف ڈائریکٹرز کے چیئرمین اور سی ای او کے دفاتر الگ الگ افراد کے پاس ہوتے ہیں جن میں کردار اور ذمہ داریوں کی واضح تفریق ہوتی ہے۔

چیئرمین اور سی ای او کے مختصر کردار اور ذمہ داریاں

چیئرمین اور سی ای او کے کردار اور ذمہ داریوں کو بورڈ نے واضح طور پر بیان کیا ہے۔ چیئرمین بنیادی طور پر ایک لیڈر اور ثالث ہوتا ہے جو پیشہ ورانہ طریقے سے بورڈ آف ڈائریکٹرز کے اجلاس کی سربراہی کرتا ہے اور موثر انداز میں آزادانہ اور کھلے خیالات کے اشتراک کے بعد فیصلے کرتا ہے۔ چیئرمین بورڈ کے فرائض کی مجموعی ادائیگی کا ذمہ دار ہوتا ہے۔
سی ای او کمپنی کا ایگزیکٹیو سربراہ ہوتا ہے جو کمپنی کے تمام پہلوؤں کی سربراہی کرتا ہے۔ اور متعلقہ سربراہوں کو اختیارات کی موثر تفویض کے ذریعے کورپوریٹ پلان کے حصول کیلئے قیادت فراہم کرتا ہے اور روزمرہ کی کارروائیوں کا انتظام کرتا ہے۔ کمپنی سی ای او حصص یافتگان کی قدر کو بڑھانے کے مقصد سے کمپنی کی قلیل اور طویل مدتی حکمت عملیوں کی رہنمائی، ترقی اور ان پر عملدرآمد کا ذمہ دار ہے۔ سی ای او بورڈ کے ساتھ رابطہ کرتا ہے اور انتظامیہ کی جانب سے بات چیت کرتا ہے۔

بورڈ کے ذریعے سی ای او کی کارکردگی کا جائزہ

بورڈ قابل اطلاق قوانین کی تعمیل میں 3 سال کی مدت کیلئے سی ای او کا تقرر کرتا ہے۔ ریگولیٹری فریم ورک کے تحت اس کی ذمہ داریوں کے علاوہ سالانہ کورپوریٹ پلان کی بنیاد پر اس کی کارکردگی کا سالانہ جائزہ لیا جاتا ہے۔
سال 2023 کی کارکردگی کورپوریٹ پلان کی کامیابی اور قابل اطلاق ریگولیٹری تقاضوں کی تعمیل سے ظاہر ہوتی ہے۔

شمولیت کے موقع پر رسمی اورئینٹیشن

نئے شامل کیے گئے بورڈ ممبران کو انڈکشن پلان کے ذریعے کمپنی کے وژن، تنظیمی ڈھانچے، سینئر ایگزیکٹیوز کے کردار اور ذمہ داریوں، اہم زیر التواء یا دھمکی آمیز قانونی چارہ جوئی، منافع سے متعلق پالیسیوں، وسل بلوئنگ، کمپنی کے اہم اثاثوں، ذمہ داریوں اور قابل ذکر کنٹریکٹس وغیرہ کے بارے میں تفصیلی جانکاری دی جاتی ہے۔ شمولیتی پلان کے حصے کے طور پر کمپنی کے سینئر ایگزیکٹیوز نئے شامل کیے گئے ڈائریکٹرز کو اپنے متعلقہ محکمے کی کارکردگی پیش کرتے ہیں۔

لیفٹیننٹ جنرل (ر) نجیب اللہ خان	
جناب محمد ریاض	
جناب آصف جمعہ	
نان ایگزیکٹیو ڈائریکٹرز	**5**
جناب عثمان ظہور	
مس ہیلنڈا اجوئے روس	
مسٹر گیری ٹارنٹ	
مسٹر وائل سیرا	
جناب فیصل سیف	
ایگزیکٹیو ڈائریکٹرز	**3**
جناب سید علی اکبر	
جناب سید اسد علی شاہ	
جناب سید محمد علی ابرار	

ریگولیٹری ضرورت کی تعمیل کیلئے بورڈ میں خواتین کی نمائندگی موجود ہے۔

بورڈ کی مجموعی تاثیر اس کے اراکین کے نقطہ نظر اور تجربے کے تنوع اور وسعت سے بڑھتی ہے۔ اراکین پیشہ ورانہ اور تعلیمی مہارتوں کے حامل ہیں، ساتھ ہی مقامی اور بین الاقوامی تجربے کے امتزاج کے ذریعے مالیاتی معاملات سے متعلقہ ذہانت اور ضروری شعبوں کے حوالے سے وسیع علم رکھتے ہیں۔ پی ٹی سی بورڈ آف ڈائریکٹرز کی تشکیل اور اہلیت ریگولیٹری تقاضوں سے ہم آہنگ ہے۔

ڈائریکٹرز کی تفصیلی پروفائلز بشمول ان کے نام، سٹیٹس (آزاد، ایگزیکٹیو، نان ایگزیکٹیو)، انڈسٹری سے متعلقہ تجربے اور دیگر کمپنیوں کی ڈائریکٹرشپ کے علاوہ، سالانہ رپورٹ میں الگ سے فراہم کیے گئے ہیں۔

ڈائریکٹرشپ کا سٹیٹس (آزاد، ایگزیکٹیو، نان ایگزیکٹیو) کوڈ آف کورپوریٹ گورننس کے ساتھ سٹیٹمنٹ آف کمپلائنس میں ظاہر کیا گیا ہے۔

بورڈ میں تبدیلیاں

بورڈ میں درج ذیل تبدیلیاں ہوئیں:

- مس کیلی لوئس برٹن شا (30-11-2023 کو مستعفی ہوئیں) کی جگہ جناب سید محمد علی ابرار نے لی؛ اور
- مسٹر اولیور اینگلز (11-04-2023 کو مستعفی ہوئے) کی جگہ جناب فیصل سیف نے لی

بورڈ کے اجلاس

قابل اطلاق ریگولیٹری فریم ورک کے تحت بورڈ کو قانونی طور پر کمپنی کی کارکردگی کی شفافیت، جوابدہی اور نگرانی کو یقینی بنانے کیلئے ہر سہ ماہی میں کم از کم ایک بار ملاقات کرنا چاہیے۔ حسب ضرورت اہم معاملات پر بات چیت کیلئے دوران سال خصوصی اجلاس بھی منعقد کیے جا سکتے ہیں۔ 2023 میں بورڈ کے پانچ اجلاس بلائے گئے جن میں سے پہلا اجلاس 23 فروری 2023 کو منعقد ہوا۔

مروجہ قوانین کی تعمیل میں اجلاسوں کے نوٹسز / ایجنڈا ز بروقت اور پیشگی فراہم کر دیے جاتے تھے۔ اس سال کے دوران منعقد ہونے والے بورڈ کے تمام اجلاسوں نے حاضری کی مروجہ ضوابط میں تجویز کی گئی کم از کم کورم کی ضرورت کو عبور کیا۔ کمپنی سیکرٹری بورڈ کے سیکرٹری کے طور پر کام کرتا ہے۔ کمپنی سیکرٹری نے اجلاسوں کے دوران بورڈ کے تمام فیصلوں کو منٹس آف دی میٹنگ کے طور پر دستاویزی شکل دے دی تھی جنہیں بعد ازاں توثیق کیلئے تمام ڈائریکٹرز کو باضابطہ طور پر بھیجا گیا تھا۔ ڈائریکٹرز نے بعد میں ہونے والے اجلاسوں میں ان کی منظوری دے دی تھی۔

ممبرز	حاضری
جناب ظفر محمود چیئرمین	5/5
جناب سید علی اکبر مینجنگ ڈائریکٹر اینڈ سی ای او	5/5
جناب سید اسد علی شاہ ڈائریکٹر لیگل اینڈ کورا	5/5
مس کیلی برٹن شا ڈائریکٹر فائنانس اینڈ آئی ٹی (30-11-2023 کو مستعفی ہوئیں)	4/5
جناب سید محمد علی ابرار ڈائریکٹر فائنانس اینڈ آئی ٹی (01-12-2023 کو شمولیت اختیار کی)	1/5
مس ہیلنڈا اجوئے روس نان ایگزیکٹیو ڈائریکٹر	5/5
جناب محمد ریاض آزاد ڈائریکٹر	5/5
جناب آصف جمعہ آزاد ڈائریکٹر	5/5
مسٹر وائل سیرا نان ایگزیکٹیو ڈائریکٹر	5/5
جناب عثمان ظہور نان ایگزیکٹیو ڈائریکٹر	2/5
لیفٹیننٹ جنرل (ر) نجیب اللہ خان آزاد ڈائریکٹر	5/5
مسٹر گیری ٹارنٹ نان ایگزیکٹیو ڈائریکٹر	4/5

ایسی مشینری جو نہ صرف کارکردگی اور معیار کو بڑھاتی ہے بلکہ مارکیٹ میں مسابقتی برتری کو برقرار رکھنے کیلئے مستقبل کی اہم مصنوعات کی حمایت کرنے کے قابل بھی ہے۔

کمپنی مارکیٹ میں طلب میں کسی بھی ممکنہ اضافے کو پورا کرنے اور مستقبل کے ریگولیٹری تقاضوں کی تعمیل کیلئے اپنی مشینری میں سرمایہ کاری کیلئے ہمہ وقت تیار ہے۔

مزید برآں، آپریٹنگ انفراسٹرکچر کو تواتر سے بہترین EH&S ایکویپمنٹ، سسٹمز اور پراسسز کے ذریعے اپ گریڈ کیا جا رہا ہے تاکہ تمام ملازمین کیلئے کام کرنے کے محفوظ ماحول کو یقینی بنایا جا سکے۔

انوائرنمنٹ، سوشل اینڈ گورننس (ای ایس جی)

کمپنی نے ای ایس جی کو اپنی حکمت عملی اور کورپوریٹ مقصد کے مرکز میں رکھا ہے، پائیدار ترقی کی فراہمی اور زیادہ سے زیادہ صارفین کی صحت پر مرتب ہونے والے اثرات کو کم کرنے کیلئے نسبتاً کم خطرے والی مصنوعات کی جانب منتقل ہونے کی حوصلہ افزائی کی ہے اور ایسے اقدامات کی حمایت کی ہے جن کا مقصد اپنے آپریشنل علاقوں کی کمیونیٹیز کی بہتری اور ترقی ہے۔ وسیع پیمانے پر اقدامات کے ساتھ، پی ٹی سی متعلقہ سرگرمیوں کے دائرہ کار کو بڑھانے کیلئے اور کمپنی کے ای ایس جی ایجنڈے کو آگے بڑھانے کیلئے مواقع تلاش کرتی رہتی ہے۔

ہیومن کیپیٹل میں سرمایہ کاری

اپنی مسابقتی برتری برقرار رکھنے کیلئے کمپنی اپنی افرادی قوت میں سٹریٹیجک سرمایہ کاری کیلئے پرعزم ہے، جس میں ایک متنوع اور غیر معمولی ہنرمند ٹیلنٹ کو فروغ دیا گیا ہے جو آنے والے کاروباری چیلنجوں سے نمٹنے کیلئے تیار ہے۔ رابطہ کاری کی روایت کو فروغ دیتے اور شمولیتی لیڈرشپ کو آگے لاتے ہوئے ہم اپنی متنوع ٹیم کی اجتماعی طاقت کا بھرپور استعمال کرتے ہیں، یعنی ان کی پوری صلاحیت کو بروئے کار لاتے ہیں۔ یہ اپروچ اس امر کو یقینی بناتی ہے کہ کمپنی نہ صرف صنعتی منظرنامے کو نئی جہت دینے کیلئے تیار ہے بلکہ ایک متحرک اور بہترین تربیت یافتہ افرادی قوت کی اجتماعی صلاحیتوں کو بروئے کار لاتے ہوئے بھی ترقی کرتی ہے۔
ایک جانب ہمارا سٹریٹیجک قیادت کا ایجنڈا متواتر D&I اقدامات کی جانب راہ کا تعین کرتا ہے، تو دوسری جانب کمپنی اپنی مسابقتی انعامی سکیموں اور ٹیلنٹ مینجمنٹ کی مضبوط حکمت عملی کے ذریعے ایک انڈسٹری لیڈر کے طور پر اپنی پوزیشن کو مستحکم کرتی ہے۔ پراسسز میں آسانی اور افرادی قوت کی فلاح و بہبود کی ہماری لگن کے ساتھ ہم اپنے ملازمین کے خوشگوار تجربوں کو مزید بہتر بنانے کیلئے ایک طویل سفر پر مسلسل چلتے رہتے ہیں۔

کورپوریٹ گورننس

کورپوریٹ گورننس کی ضروریات کی تعمیل

ڈائریکٹرز مندرجہ ذیل کیلئے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی لسٹڈ کمپنیوں (کوڈ آف کورپوریٹ گورننس) ریگولیشنز، 2019 ("دی کوڈ آف کورپوریٹ گورننس") کے کورپوریٹ اور مالیاتی رپورٹنگ فریم ورک کی تعمیل کی تصدیق کرتے ہیں۔

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے اس کمپنی کی حالت کار، اس کے آپریشنز کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کی کافی حد تک تصویر کشی کرتی ہیں۔
- کمپنی کے کھاتوں کے باقاعدہ رجسٹر برقرار رکھے گئے ہیں۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی گوشواروں کی تیاری میں تعمیل کی گئی ہے اور وہاں سے کسی بھی ڈیپارچرز کا مناسب طور پر انکشاف اور وضاحت کی گئی ہے۔
- داخلی کنٹرولز کا سسٹم ڈیزائن کے حوالے سے درست ہے اور اسے موثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔
- کمپنی کی صلاحیت کے حوالے سے کوئی اہم شکوک وشبہات نہیں ہیں۔
- کورپوریٹ گورننس کے بہترین طریقوں سے کوئی میٹریل ڈیپارچر نہیں ہوا ہے جیسا کہ کوڈ آف کورپوریٹ گورننس اور لسٹنگ ریگولیشنز میں تفصیل سے بتایا گیا ہے۔
- عمومی کار ہائے کاروبار میں تمام نمایاں گورنمنٹ لیویز کو جو 31 دسمبر 2023 تک قابل ادا ہیں، انہیں مالیاتی گوشواروں کے نوٹس میں ظاہر کر دیا گیا ہے۔
- اہم آپریٹنگ اور گزشتہ چھ سالوں کا مالیاتی ڈیٹا خلاصے کی شکل میں کمپنی کی سالانہ رپورٹ میں الگ سے فراہم کیا گیا ہے۔
- 31 دسمبر 2023 کو ختم ہونے والے سال کیلئے ملازمین کے ریٹائرمنٹ فنڈز میں سرمایہ کاریوں کی ویلیو درج ذیل ہے۔ مزید تفصیلات مالیاتی گوشواروں کے نوٹ 33 میں فراہم کی گئی ہیں۔

	روپے (ملین)
سٹاف پنشن فنڈ	7,205
امپلوئیز گریچوئیٹی فنڈ	1,697
مینجمنٹ پرووڈینٹ فنڈ	1,091
امپلوئیز پرووڈینٹ فنڈ	567
ڈیفائنڈ کنٹریبیوشن پنشن فنڈ	1,454

بورڈ کی تشکیل

بورڈ کل 12 ڈائریکٹرز پر مشتمل ہے: 4 آزاد ڈائریکٹرز ہیں، 5 نان ایگزیکٹیو ڈائریکٹرز ہیں جبکہ 3 ایگزیکٹیو ڈائریکٹرز ہیں۔ بورڈ کی موجودہ تشکیل حسب ذیل ہے

	ڈائریکٹرز کی تعداد
مرد ڈائریکٹرز	11
خواتین ڈائریکٹرز	1
آزاد ڈائریکٹرز	**4**
جناب ظفر محمود (چیئرمین)	

رسک مینجمنٹ اور داخلی کنٹرولز

بورڈ کمپنی کو اپنے آپریشنز کے دوران درپیش خطرات کو نیویگیٹ کرنے اور ان سے نمٹنے میں اہم کردار ادا کرتا ہے، یہ سب ایک مضبوط داخلی کنٹرول سسٹم کو برقرار رکھتے ہوئے کیا جاتا ہے۔ کمپنی کا رسک مینجمنٹ اور داخلی کنٹرولز فریم ورک نہایت احتیاط سے تیار کیا گیا ہے تاکہ شیئر ہولڈرز کی سرمایہ کاری اور کمپنی کے اثاثوں کا تحفظ کیا جا سکے، اور ساتھ ہی ایسے ممکنہ خطرات کے اثرات کو کم کرنے پر خصوصی توجہ دی جاتی ہے جو کمپنی کے مقاصد کے حصول میں رکاوٹ بن سکتے ہیں۔

جامع پالیسیوں اور طریقہ کار کے قیام کے ساتھ ساتھ طے شدہ گورننس فریم ورک اور ایک مثبت تنظیمی ثقافت نے پوری کمپنی میں جاندار تعمیل اور کنٹرول کے ماحول کو فروغ دیا ہے۔ ہر ڈپارٹمنٹ کے سربراہ کو عالمی سطح پر متعین کلیدی کنٹرولز کی مکمل جانچ کرنے کا پابند بنایا گیا ہے، ساتھ ہی ان کنٹرولز کی موجودگی اور موثر آپریشنز کو یقینی بنانا ان کی ذمہ داریوں میں شامل ہے۔ عدم تعمیل یا کمزوریاں (اگر کوئی ہوں) کو فوری طور پر رپورٹ کیا جاتا ہے، یہ مثالیں تفصیلی ایکشن پلانز کے ساتھ گورننس کمیٹی کو پیش کی جاتی ہیں۔ کمپنی Sarbanes Oxley Act (SOx) کی تمام شرائط کی مکمل تعمیل کرتی ہے اور اپنے داخلی کنٹرولز کے منظرنامے کو مزید مضبوط کرتی ہے۔ مزید برآں تمام ملازمین کمپنی کے کاروباری طرز عمل کے معیارات کی تعمیل کے اپنے عزم کی سالانہ بنیادوں پر توثیق کرنے کے پابند ہیں۔

آگے دیکھنے کا طریقہ کار

آگے دیکھتے ہوئے توقع ہے کہ 2024 صنعت کیلئے ایک اور کٹھن سال رہے گا۔ ہمارے برانڈ پورٹ فولیو کی مضبوطی اور مقامی مارکیٹ کے بارے میں اپنے وسیع علم کو موثر طریقے سے فائدہ اٹھانے کی ہماری صلاحیت کے ساتھ، ہم نہ صرف ایک چیلنجنگ میکرو اکنامک ماحول سے پیدا ہونے والی مشکلات کا مقابلہ کرنے اور ان پر قابو پانے کیلئے تیار اور مثبت ہیں بلکہ مقامی تمباکو سیکٹر کی مخصوص خصوصیات جو بھاری ٹیکسوں اور کمزور قانونی نفاذ سے متاثر ہیں، ان کیلئے بھی تیار ہیں۔ کمپنی کا مقصد ہماری کورپوریٹ حکمت عملی کے مطابق درج ذیل مقاصد کو ترجیح دے کر مضبوط کاروباری نتائج حاصل کرنا ہے۔

ڈرائیو گروتھ ایجنڈا

کمپنی کا سٹریٹیجک مقصد اپنے شیئر ہولڈرز کیلئے پائیدار ترقی فراہم کرنا ہے۔ قوانین کا موثر نفاذ قانونی سگریٹ ساز کمپنیوں کی کمرشل عملداری اور حکومتی محصولات کی پائیداری کیلئے کلیدی اہمیت کا حامل ہے۔ ہم T&TS کے مکمل نفاذ کو یقینی بنانے کیلئے مجاز اتھارٹی کی ہر ممکن حوصلہ افزائی جاری رکھیں گے تاکہ ملک بھر میں قوانین کے حقیقی اطلاق کا ماحول فروغ پا سکے۔ کمپنی اپنے صارفین دوبارہ حاصل کرنے اور اپنے مارکیٹ شیئر کو بڑھانے پر توجہ دے گی۔ مزید یہ کہ مارکیٹنگ کی سرمایہ کاری کا مقصد کمپنی کے پورٹ فولیو کی برانڈ ایکویٹی کو ان تمام طبقات کے بالغ صارفین کے درمیان مضبوط کرنا ہوگا جن میں یہ کام کرتی ہے۔

یہ صارفین کی بڑھتی ہوئی ترجیحات کو حل کرنے اور زیادہ سے زیادہ برانڈ بیداری پیدا کرنے کیلئے تیار کردہ پروڈکٹ میں جدت کے ذریعے حاصل کیا جائے گا جو متعلقہ اور موثر صارفین کے ٹچ پوائنٹس پر چلائی جانے والی اختراعی مہمات کے ذریعے حاصل کیا جائے گا۔ صارفین پر مبنی نقطہ نظر کمپنی کو ایک مضبوط برانڈ پورٹ فولیو کو برقرار رکھنے میں مدد فراہم کرے گا جو اسے مسلسل مسابقت سے بہتر کارکردگی کا مظاہرہ کرنے اور مارکیٹ میں برتری حاصل کرنے کے قابل بنائے گا۔ اس پلان پر عمل پیرا ہونے سے کمپنی قانونی طبقے میں اپنی مارکیٹ لیڈرشپ کو برقرار رکھنے اور کل صنعت میں شیئر ریکوری کو آگے بڑھانے کیلئے مستحکم پوزیشن میں ہوگی۔

غیر ملکی کرنسی تک مناسب رسائی کو برقرار رکھیں

آئی ایم ایف کے پروگرام اور دوست ممالک کی مدد کی وجہ سے ملک کے غیر ملکی کرنسی کے ذخائر میں نسبتاً استحکام کے باوجود غیر ملکی کرنسی کی دستیابی ایک چیلنج بنی ہوئی ہے۔ کمپنی کے آپریشنز کیلئے یہ انتہائی اہم ہے کہ وہ اپنی غیر ملکی کرنسی کی ذمہ داریوں کے بروقت اور آزاد تصفیے اور اس کے شیئر ہولڈرز کو منافع کی تقسیم کو یقینی بنائے۔

حکومت سے توقع کی جا رہی ہے کہ پیداواری شعبے کے مفادات کے تحفظ کیلئے مداخلت کرے گی اور حصص یافتگان کو منافع کی بروقت ادائیگیوں کو یقینی بنا کر ملک میں براہ راست غیر ملکی سرمایہ کاری کی حوصلہ افزائی کرے گی۔ اسی اثناء میں کمپنی سب سے زیادہ ٹیکس ادا کرنے والے اداروں میں سے ایک ہونے کے ساتھ ساتھ برآمدات پر توجہ مرکوز کرکے اور مقامی بینکنگ سسٹم میں انتہائی ضروری غیر ملکی کرنسی لانے کے ذریعے معیشت کی بہتری میں اپنا حصہ ڈالتی رہے گی۔

موثر وسائل کی تقسیم اور لاگت کا انتظام

کمپنی کو بڑھتی ہوئی مہنگائی کے چیلنجز کا سامنا ہے، ساتھ ہی اس کی لاگت شدید دباؤ میں ہے۔ تاہم انتظامیہ ان چیلنجوں کا مقابلہ کرنے اور شیئر ہولڈرز کی زیادہ سے زیادہ قدر کی تخلیق کو یقینی بنانے کیلئے موثر اقدامات کو نافذ کرنے کیلئے پرعزم ہے۔

مقامی کرنسی کے کمزور رہنے کی پیش گوئی کی گئی ہے، جس میں کم سے کم یا قدر میں کوئی خاص اضافہ نہیں ہوگا۔ اس کے نتیجے میں لاگت میں اضافہ ہونے کا امکان ہے جس سے ہمارے آپریٹنگ مارجنز متاثر ہوں گے۔

کمپنی جاری لوکلائزیشن مہم کے علاوہ اپنے بینکاری تعلقات کو فائدہ پہنچاتے ہوئے سپلائرز کے واجبات کے بروقت تصفیے کے ذریعے کرنسی کی قدر میں کمی کے مستقبل کے اثرات کو کم کرنے کیلئے اقدامات کو فعال طور پر اپنائے گی۔

ڈرائیو آپریٹنگ اور پیداوار کی افادیت

کمپنی اپنی آپریٹنگ اور پیداواری صلاحیتوں کو بڑھانے کیلئے سرمایہ کاری جاری رکھنے کیلئے تیار ہے۔ یہ جدید اور اپ گریڈڈ آلات اور مشینری میں سرمایہ کاری کے ذریعے حاصل کیا جائے گا،

کنسولیڈیٹڈ مالیاتی گوشوارے اور سیگمینٹل جائزہ

کنسولیڈیٹڈ مالیاتی گوشوارے، پاکستان ٹوبیکو کمپنی لمیٹڈ اور اس کی مکمل ملکیتی ذیلی کمپنی فینکس (پرائیویٹ) لمیٹڈ کی مجموعی کارکردگی۔ ذیلی کمپنی غیر فعال ہے اور اس نے کمرشل آپریشنز کا آغاز نہیں کیا۔

سبسیکوئنٹ ایونٹس ریویو

انتظامیہ نے رپورٹ کی تاریخ تک کمپنی کے مالی سال کے اختتام کے بعد پیدا ہونے والے واقعات کا جائزہ لیا ہے اور اس کے ذریعے اس امر کی تصدیق کی ہے کہ اس مدت کے دوران کمپنی کی مالی حالت کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے نہیں ہوئے۔

آپریشنز کا جائزہ

پی ٹی سی کے پاس مکمل 'سیڈ ٹو سموک' تک کا کاروبار ہے جو دو فیکٹریوں اور بی اے ٹی گروپ میں سب سے بڑے لیف آپریشنز میں سے ایک پر مشتمل ہے۔ تمام ویلیو چین میں پیداواری صلاحیت کو بڑھانے کیلئے کمپنی خصوصی طور پر موثر لاگت کے انتظام، موثر آپریشنز اور مشینری انفراسٹرکچر کی تواتر سے جدید کاری پر توجہ مرکوز کیے ہوئے ہے۔ اس اہم مقصد کے مطابق پی ٹی سی، بی اے ٹی گروپ میں پہلا انٹیگریٹڈ ورک سسٹم ("IWS") فیز 2 سرٹیفائیڈ ملٹی سائیٹ اینڈ ملٹی کیٹگری آپریشن بن گیا۔

ٹوبیکو ہارم ریڈکشن کے حصے کے طور پر پی ٹی سی جہلم سائٹ پر ایک الگ فیکٹری چلاتی ہے جہاں ٹوبیکو فری اورل نکوٹین پاؤچز تیار کیے جاتے ہیں۔ یہ بی اے ٹی گروپ کیلئے ایشیاء پیسفک اور مشرق وسطیٰ کے خطے میں اپنی نوعیت کی پہلی فیکٹری ہے۔ یہ فیکٹری مقامی مارکیٹ کے ساتھ ساتھ برآمد کرنے کیلئے بھی نکوٹین پاؤچز تیار کر رہی ہے، اس طرح ٹوبیکو ہارم ریڈکشن کے ایجنڈے کو آگے بڑھانے کیلئے پی ٹی سی کو قابل بنا رہی ہے اور ساتھ ہی بی اے ٹی گروپ کیلئے ایک برآمدی مرکز کے طور پر اپنی پوزیشن کو مستحکم کر رہی ہے۔

اس سال کے دوران پی ٹی سی نے بی اے ٹی کے اداروں کو اپنی افرادی قوت برآمد کرنا شروع کی جس کا مقصد بین الاقوامی پیداواری کارکردگی کو مزید آگے بڑھانا اور مقامی آپریشنز میں بہترین روایات کو شامل کرنا ہے۔ یہ اقدام IWS کے نفاذ اور کمپنی میں تکنیکی مہارت کو مضبوط کرنے کے ارد گرد مرکوز تھا، یہی وجہ ہے کہ اس اقدام سے اوریجنل ایکوپمنٹ مینوفیکچررز پر انحصار کم ہوا اور پائیدار کارکردگی میں اضافے کی سہولت فراہم ہوئی۔ سوڈان میں کامیاب نفاذ کے بعد اس نظام کو منظم انداز سے بی اے ٹی کے دیگر اداروں بشمول جنوبی افریقہ اور نائجیریا تک بڑھادیا گیا۔ یہ توسیع علم اور بہترین طریقوں کو باہمی شیئر کرتے ہوئے آپریشنل مہارت کے حصول کی جانب پی ٹی سی کی غیر متزلزل لگن کی عکاسی کرتی ہے۔

انوائرنمنٹ، سوشل اینڈ گورننس (ای ایس جی) ریویو

پی ٹی سی کے ای ایس جی ایجنڈے میں سب سے آگے اکوڑہ خٹک اور جہلم میں واقع کمپنی کی فیکٹریاں ہیں جو ماحولیاتی ذمہ داری کے حوالے سے بلاشبہ چیمپیئن بن گئی ہیں۔ 5.3 میگاواٹ کے ایک انقلابی آن سائٹ سولر پارک کی تنصیب بی اے ٹی گروپ کا سب سے بڑا پراجیکٹ ہے۔ اس سے نہ صرف کمپنی کے کاربن کے اخراج میں 2,500 ٹن کی کمی واقع ہوئی بلکہ یہ پراجیکٹ قابل تجدید توانائی کی جانب بڑی تبدیلی کی علامت بن کر سامنے آیا۔

پانی جو ایک محدود وسیلہ ہے کمپنی کی تحفظ کی کوششوں کا بنیادی عنصر بن گیا ہے۔ بہترین کارکردگی کے غیر متزلزل حصول میں پی ٹی سی کے آپریشنز کے پاس اب الائنس واٹر سٹیورڈ شپ ("AWS") سرٹیفکیشن ہے۔ اکوڑہ خٹک فیکٹری کامیابی کے ساتھ اپنے سرویلنس آڈٹ کو نیویگیٹ کر رہی ہے جبکہ جہلم فیکٹری نے بی اے ٹی گروپ میں پہلی ملٹی کیٹگری (فیکٹری میں تیار شدہ سگریٹس اور ٹوبیکو فری اورل نکوٹین پاؤچز دونوں کیلئے) اے ڈبلیو ایس سرٹیفائیڈ کمپنی کے طور پر ایک مثال قائم کی۔ یہ نہ صرف پانی کے پائیدار انتظام کیلئے باہمی تعاون اور شفاف کوششوں کو فروغ دیتا ہے بلکہ ماحولیاتی پائیداری کے عزم کو بھی واضح کرتا ہے۔

جیسا کہ ہم قدرتی وسائل کے خاتمے کے حوالے سے درپیش چیلنجوں سے نبرد آزما ہیں، پی ٹی سی ماحولیاتی اثرات کو کم کرنے کیلئے اپنے مشن پر کاربند ہے۔ پائیداری کی جانب سفر محض ایک کورپوریٹ کوشش نہیں ہے، یہ تمام صنعتوں میں ایک مثبت تبدیلی کی ترغیب دینے کا عزم ہے جس سے 'A Better Tomorrow' کی ذمہ داری کی میراث کو یقینی بنایا جائے گا۔

مارکیٹنگ ریویو

2023 میں صارف کی قوت خرید دباؤ کا شکار رہی۔ ڈی این پی برانڈز کے خلاف کمپنی کی بہترین آفرز کے اشاریوں میں گراوٹ ہوئی جس کے نتیجے میں تیزی سے ڈاؤن ٹریڈنگ ہوئی کیونکہ تواتر سے کم ہوتی قوت خرید نے صارف کو ڈیوٹی پیڈ برانڈز کی بجائے ڈی این پی برانڈز کی جانب منتقل ہونے پر مجبور کیا۔ ان مشکلات کے باوجود متعدد مدمیں مستقبل کیلئے موزوں پورٹ فولیو کیلئے مرکوز سرمایہ کاریاں کی گئیں، اس طرح کمپنی کے برانڈ پورٹ فولیو کی طاقت کو بروئے کار لایا گیا۔ فلیگ شپ برانڈز کیپسٹن پال مال پر مشتمل بہترین قیمت کے سیگمنٹ نے قابل ذکر نتائج دیے، اس سال ان کی سیلز 20 ارب سگریٹس رہیں۔ مزید برآں کمپنی نے فروری 2023 میں ایکسائز میں اضافے کے بعد ریکارڈ مدت میں ایک نئی ویلیو فورمنی پیشکش متعارف کروا کر اپنی پیشہ ورانہ مستعدی کا مظاہرہ کیا۔

ایک حقیقی ملٹی کیٹگری ہونے کا یقین کمپنی کے سٹریٹجک ستونوں میں ہمیشہ سب سے آگے رہا ہے۔ VELO کیلئے ایک شاندار سفر کے آغاز کے بعد، جس میں سال 2023 میں SPLY کے مقابلے میں سیلز کے حجم میں 31 فیصد کا اضافہ ہوا، ساتھ ہی دنیا بھر میں پانچ لاکھ موجودہ صارفین کے ساتھ دنیا کی سب سے بڑی ایکٹیو کنزیومر بیس قائم کی، بعد ازاں پی ٹی سی نے بی اے ٹی گروپ کی عالمی ویپنگ برانڈ Vuse لانچ کردی۔ ایک ایسی پیچیدہ مارکیٹ میں جہاں ایسے برانڈز کی بھرمار ہے جو مہارت کے بغیر لانچ کیے گئے ہیں، اس پروڈکٹ کی لانچ قومی سطح پر کی گئی۔ اس ضمن میں ڈیجیٹل سے ریٹیل کیلئے ایک اومنی چینل 360 ڈگری اپروچ اختیار کی گئی اور ملک بھر کے چھ بڑے شہروں میں 1,500 سے زائد آؤٹ لیٹس پر سیلز شروع ہوئیں۔

کا بالترتیب 15.3 فیصد اور 5.1 فیصد ہیں۔

موثر سیلز اینڈ مارکیٹنگ کی حکمت عملیوں، ٹارگٹڈ برانڈ بلڈنگ ایکٹوٹیز اور صارفین سے متعلقہ قیمتوں کے تعین کی حکمت عملیوں کی وجہ سے کاروباری حجم میں 34 فیصد کمی کے باوجود مقامی مجموعی کاروبار SPLY کے مقابلے میں 33 فیصد کا اضافہ ہوا۔ کمپنی نے سال کے دوران 1.3 ارب سگریٹ، 2.9 ملین کلوگرام کٹ رگ تمباکو اور 6.0 ملین کلوگرام غیر تیار شدہ تمباکو اپنے اندرونی اور بیرونی صارفین کو برآمد کیا۔ اس سے کمپنی کو 2023 میں 48 ملین ڈالرز کا خطیر برآمدی ریونیو حاصل ہوا جو SPLY کے مقابلے میں 74 فیصد زیادہ تھا۔

ہمیں فخر ہے کہ ہم بی اے ٹی گروپ کیلئے ایک نیٹ ٹیلنٹ ایکسپورٹر کے طور پر اپنی روایات کو نہ صرف برقرار رکھ رہے ہیں بلکہ مزید آگے لے جا رہے ہیں۔ سال 2023 کے دوران ہم نے بی اے ٹی گروپ کو 1.3 ملین ڈالرز کی ہیومن ریسورس سروسز برآمد کیں۔ کمپنی بہترین معیار کے مقامی ٹیلنٹ کو برقرار رکھنے اور اس کی نشوونما کیلئے پرعزم ہے اور یقینی بنائے گی کہ ٹیلنٹ کی برآمد کا یہ سلسلہ جاری رہے۔

سیلز کی مجموعی لاگت میں 1.5 فیصد کا اضافہ ہوا جبکہ فی یونٹ لاگت میں نمایاں اضافہ ہوا جس کی اولین وجوہات مقامی کرنسی کی قدر میں کمی، درآمدی مواد پر عالمی افراط زر اور مقامی افراط زر کا دباؤ رہیں۔ مجموعی لاگت کی بنیاد کو بہتر بنانے کیلئے متعدد پیداواری اور بچت کے اقدامات اور خصوصاً لاگت کے معاملات میں بہتری کے ذریعے ان مشکلات کو کم کیا گیا۔ مزید برآں افراط زر کے عمومی دباؤ کی وجہ سے انتظامی اخراجات میں 42.4 فیصد کا اضافہ ہوا اور غیر ملکی کرنسی کی قدر میں کمی انفارمیشن ٹیکنولوجی کے اخراجات پر اثر انداز ہوئی۔ سال 2023 میں نیٹ مالیاتی آمدن میں 237.3 فیصد کا اضافہ ہوا جس کی وجہ ٹریژری بل سرمایہ کاری کیلئے دستیاب اضافی فنڈز اور زیادہ شرح سود تھا۔

سٹیٹمنٹ برائے فائنانشل پوزیشن انالسز

سال 2023 میں پراپرٹی، پلانٹ اور آلات 29.0 فیصد بڑھ گئے جس کی اولین وجہ موجودہ پیداواری صلاحیتوں اور انفراسٹرکچر میں اپ گریڈز تھی تا کہ مصنوعات کی بہتر کوالٹی، جدت، بڑھتی ہوئی آپریٹنگ افادیت اور ریگولیٹری تقاضوں کی تعمیل کو یقینی بنایا جا سکے۔ کرنسی کی قدر میں کمی اور افراط زر کے مشترکہ اثرات کی وجہ سے سٹاک میں 87.4 فیصد کا اضافہ ہوا۔

کیش اور کیش کے مساوی میں SPLY کے مقابلے میں 38.9 فیصد کا اضافہ ریکارڈ کیا گیا جس کی وجہ اضافی فنڈز تھے کیونکہ سال 2023 میں فارن ایکسچینج کی کمی اور سٹیٹ بینک آف پاکستان کی جانب سے غیر ملکی کرنسی کی ادائیگیوں پر سخت ضابطے کی وجہ سے ہمارے اکثریتی شیئر ہولڈرز اور بی اے ٹی کو ڈیویڈنڈ کی واپسی میں ناکامی ہوئی۔

غیر ملکی کرنسی تک محدود رسائی ہونے کی وجہ سے غیر ملکی سپلائرز کو بقایاجات کی ادائیگیاں اور ہمارے اکثریتی شیئر ہولڈرز / پیرنٹ کمپنی کو قابل ادائیگی منافع نہ دیا جا سکا جس کی وجہ سے موجودہ واجبات میں 25.7 فیصد کا اضافہ ہوا۔

لیکویڈیٹی مینجمنٹ

پی ٹی سی کا ٹریژری فنکشن کمپنی کے مالیاتی وسائل بشمول لیکویڈیٹی، فنڈنگ اور سرمایہ کاری کے انتظام کا ذمہ دار ہے۔ اس فنکشن کا مقصد اس امر کو یقینی بنانا ہے کہ کمپنی کے پاس آپریشنل اور سٹریٹجک ذمہ داریوں کو پورا کرنے کیلئے مناسب مالی وسائل موجود ہیں، جبکہ سرمایہ کاری پر منافع کو بہتر بنانا اور کمپنی کے آپریشنز کے مالی خطرات کو کم کرنا بھی ان ذمہ داریوں میں شامل ہیں۔ ٹریژری سے متعلقہ تمام سرگرمیاں طے شدہ پالیسیوں، طریقہ کار اور کاؤنٹر پارٹی ایکسپوژر کی حدود کے مطابق انجام دی جاتی ہیں جن کا جائزہ اور منظوری بورڈ آف ڈائریکٹرز یا فائنانس ڈائریکٹر / داخلی ٹریژری کمیٹی کو تفویض کردہ اتھارٹی کے ذریعے کیا جاتا ہے۔

منافع کی تقسیم اور ریونیو ریزرو کا تجزیہ

کمپنی نے سال کا آغاز 24.1 ارب روپے کے ذخائر سے کیا۔ 2023 میں کمپنی نے 29.0 ارب روپے کا خالص منافع کمایا اور 2023 کی تیسری سہ ماہی میں 10 روپے فی شیئر جبکہ چوتھی سہ ماہی میں 22 روپے فی شیئر کے حساب سے دو انٹیرم ڈیویڈنڈز کا اعلان کیا۔ سال کے آخر میں کمپنی کے خالص ذخائر 44.7 ارب روپے کی پوزیشن پر رہے۔ مندرجہ ذیل ٹیبل میں تخصیص کی تفصیلات بیان کی گئی ہیں:

	روپے (ملین)	روپے (فی شیئر)
اوپننگ ریزروز	24,069	
نیٹ پروفٹ 2023	28,960	113.35
دیگر وسیع آمدن	(135)	
ان اپروپریئٹڈ ریزروز	**52,894**	
انٹیرم ڈیویڈنڈز 2023	(8176)	32.00
کلوزنگ ریزروز	**44,718**	

حتمی منافع

پی ٹی سی کے بورڈ آف ڈائریکٹرز نے 28 فروری 2024 کو منعقد ہونے والے اپنے اجلاس میں شیئر ہولڈرز سے منظوری کیلئے 31 دسمبر 2023 کو ختم ہونے والے سال کیلئے صفر روپے فی شیئر کے حتمی کیش ڈیویڈنڈ کی سفارش کی۔ کمپنی نے 2023 کی تیسری اور چوتھی سہ ماہی میں بالترتیب 10 روپے فی شیئر اور 22 روپے فی شیئر کے عبوری ڈیویڈنڈز ادا کیے، یعنی کل عبوری ڈیویڈنڈ 32 روپے فی شیئر کے حساب سے ادا کیا گیا۔ فائنل کیش ڈیویڈنڈ کی سفارش 24 اپریل 2024 کو منعقد ہونے والی سالانہ جنرل میٹنگ میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔

رکھنا، غیر ملکی زرمبادلہ کے موثر انتظام سے روپے کی قدر میں کمی کے اثرات کو کم سے کم کرنا قابل ذکر اقدامات ہیں۔2023 کے دوران انھی بیش بہا اور انتھک کاوشوں کی بدولت بہترین مالیاتی کارکردگی ممکن ہوئی۔

مجموعی طور پر کاروباری آپریشنز میں موثر لاگتی کنٹرول کی بدولت پی ٹی سی نے بعد از ٹیکس 29.0 ارب روپے کا منافع پوسٹ کیا، یعنی EPS113.35 روپے فی حصص رہی جو SPLY کے مقابلے میں 35.8 فیصد زیادہ تھی۔

"A Better Tomorrow" کے اپنے ایجنڈے کو آگے بڑھاتے ہوئے بی اے ٹی گروپ نے اپنی توجہ اپنے صارفین کیلئے ایسی نئی مصنوعات متعارف کرنے کیلئے مرکوز کی ہوئی ہے جو روایتی سگریٹوں کے اثرات کو کم کرنے کی صلاحیت کی حامل ہیں۔ گروپ تحقیق اور ترقی پر سالانہ 430 ملین ڈالر (500 ملین ڈالر محض 2023 میں) سے زائد کی سرمایہ کاری کرتا ہے۔ گروپ کی توجہ خصوصی طور پر ان مصنوعات پر مرکوز ہوتی ہے جو روایتی جلائی جانے والی سگریٹوں کے استعمال سے پیدا ہونے والے خطرات کو ممکنہ طور پر کم کر سکتی ہوں۔ گروپ کے 'ٹوبیکو ہارم ریڈکشن' کے ایجنڈے کے تناظر میں پی ٹی سی نے تمباکو سے پاک نکوٹین مصنوعات کی نئی کیٹگریز میں پیش قدمی جاری رکھی۔ سال کے دوران ہماری اولین مصنوعات میں سے ایک VELO نے سیلز کے صحت مندانہ اعداد و شمار دکھائے جو SPLY کے مقابلے میں 31 فیصد زیادہ رہے۔ مزید برآں کمپنی نے پاکستان میں بی اے ٹی گروپ کی عالمی ویپنگ پروڈکٹ Vuse لانچ کی۔ یہ کاوش بی اے ٹی کی کاروباری حکمت عملی کے عین مطابق کمپنی کی پاکستانی مارکیٹ میں اپنے عزم اور ٹوبیکو ہارم ریڈکشن کی عکاسی کرتی ہے جس سے اس کے صارفین کو نسبتاً کم نقصان دہ مصنوعات تک ان کی خواہش کے مطابق رسائی میسر ہو سکے۔ پی ٹی سی کا برآمدی اقدام "Made In Pakistan" اپنے کامیابی کے سفر کے چوتھے سال میں داخل ہو چکا ہے۔2023 کے دوران کمپنی نے 48 ملین ڈالرز کی مصنوعات برآمد کیں جو SPLY کے مقابلے میں 74 فیصد زیادہ تھیں۔ کمپنی پر عزم ہے کہ پیداواری مہارت کو قائم رکھتے ہوئے برآمدات میں مزید اضافہ کیا جائے تاکہ ملک میں بیرونی سرمائے کی آمد کا سلسلہ جاری رہے۔

پی ٹی سی ہمیشہ سے اپنے ملازمین کو ترجیح دیتی آئی ہے۔ کمپنی نہ صرف ملک بھر سے بہترین افراد کو چن کر اپنی افرادی قوت کا حصہ بناتی ہے بلکہ ان کے ساتھ طویل عرصے تک ساتھ نبھاتی ہے، یہی وجہ ہے کہ اس کے ملازمین ہر سطح پر بہترین کارکردگی کا مظاہرہ کرتے ہیں اور کٹھن کاروباری حالات میں بھی کمپنی کو آگے لے جاتے ہیں۔تنوع اور شمولیت کے حوالے سے کمپنی کی غیر متزلزل توجہ نے قابل ذکر پہچان حاصل کی ہے۔اس کی ایک مثال گلوبل ڈائیورسٹی، ایکویٹی اینڈ انکلوژن بینچ مارکس آرگنائزیشن کی جانب سے ' گلوبل ڈائیورسٹی، ایکویٹی اینڈ انکلوژن بینچ مارکس ایوارڈ' ہے۔

مزید برآں صنفی شمولیت پر مشتمل پالیسیوں کو فروغ دینے اور انسانی اقدار میں بہتری کے نقطۂ نظر کیلئے پی ٹی سی کی لگن کو ٹاپ امپلائرز انسٹی ٹیوٹ کی جانب سے 'ٹاپ امپلائر ایوارڈ' کی صورت میں ملا ہے۔ یہ ایوارڈز ایک ایسی شمولیتی ورک پلیس کی تشکیل کیلئے پی ٹی سی کی غیر معمولی کاوشوں کی عکاسی کرتے ہیں جو اس کی افرادی قوت کی بہتری کو یقینی بناتی ہیں اور تنوع اور ٹیلنٹ مینجمنٹ کے شعبوں میں کمپنی کے بطور لیڈر رہتے کو قائم رکھتی ہیں۔

پی ٹی سی نجی شعبے کے تحت جنگلات کے سب سے بڑے پروگراموں میں سے ایک، اور موبائل ڈاکٹر یونٹ ("MDU") پروگرام جاری رکھے ہوئے ہے۔1981 سے جاری اپنے فلیگ شپ شجرکاری پروگرام کے تحت کمپنی نے 150 ملین سے زائد پودے لگائے اور مفت تقسیم کیے ہیں۔ ایم ڈی یو پروگرام کے تحت کمپنی نے 120,000 سے زائد مریضوں کو مفت ادویات اور ڈاکٹرز سے مشاورت فراہم کیں۔ مقامی کمیونٹی کو پانی سے متعلقہ بیماریوں سے محفوظ رکھنے کیلئے کمپنی 27 واٹر فلٹریشن پلانٹس (ہر دن 20,000 لیٹر پانی فی پلانٹ) کے ذریعے معاشرے کے کم مراعات یافتہ طبقوں کو پینے کا صاف پانی فراہم کر رہی ہے۔

2023 میں پی ٹی سی نے اپنے پائیداری کے سفر میں ایک اہم قدم اٹھایا اور ایک انوائرنمنٹل، سوشل اینڈ گورننس ("ESG") رپورٹ شائع کی۔ رپورٹ میں پی ٹی سی کے ماحولیاتی انتظام، مثبت سماجی اثرات اور کورپوریٹ گورننس کے حوالے سے انتھک کاوشوں کی عکاسی کی گئی۔ ساتھ ہی کمپنی نے اس سال کے دوران ایگزیکٹیو کمیٹی کی ذیلی کمیٹی کے طور پر اپنی پہلی ESG کمیٹی بھی تشکیل دی جس کی ذمہ داریوں میں نئے اقدامات پر غور کرنا اور ESG سے متعلقہ اہداف کی رفتار پر نظر رکھنا شامل ہے۔

مالیاتی جائزہ

روپے (ملین)

	مالی سال 2023	مالی سال 2022
گروس ٹرن اوور	315,844	232,600
ایف ای ڈی اور سیلز ٹیکس	205,912	137,738
نیٹ ٹرن اوور	109,933	94,862
کوسٹ آف سیلز	50,454	49,706
گروس پروفٹ	59,479	45,156
اوپریٹنگ پروفٹ	43,447	32,787
پروفٹ قبل از ٹیکس - پی ٹی	50,012	34,734
پروفٹ بعد از ٹیکس - پی اے ٹی	28,960	21,321
ارننگز پر شیئر - ای پی ایس (روپے)	113.35	83.45

نفع و نقصان کا تجزیہ

کمپنی نے اپنے مجموعی کاروبار کا 72.6 فیصد (229.2 ارب روپے جو SPLY کے مقابلے میں 48.9 فیصد زیادہ ہے) مختلف ٹیکسز اور ڈیوٹیز کی مد میں بطور ٹیکس محصولات حکومت پاکستان کو ادا کیا، جبکہ حصص یافتگان کے درمیان تقسیم اور کاروبار میں دوبارہ سرمایہ کاری کیلئے 9.2 فیصد محصول اپنے پاس برقرار رکھا۔ سیلز کی لاگت اور نیٹ آپریٹنگ اخراجات مجموعی کاروبار

ڈی این پی برانڈز کے مابین فرق کو کم کرنے کیلئے مالیاتی اور قوانین کے تحت نفاذ سے متعلقہ اقدامات پر منحصر ہیں۔ حکام نے اس ضمن میں متعدد اقدامات اٹھائے ہیں جن میں تمباکو کے شعبے میں ٹریک اینڈ ٹریس سسٹم ("T&TS") کا نفاذ بھی شامل ہے، تاہم صنعتوں کی سطح پر اس سسٹم پر عملدرآمد سست روی کا شکار ہے۔ حکومت کی جانب سے یکے بعد دیگرے اٹھائے جانے والے مالی اقدامات بے نتیجہ ثابت ہو رہے ہیں جس سے غیر قانونی شعبے کو مزید تقویت مل رہی ہے۔ ایسے وقت میں جب حکومت کی جانب سے قوانین کا نفاذ ہو چکا ہے، لگتا ہے کہ اس صنعت کے غیر قانونی عناصر بہت آگے ہیں جبکہ حکومت کہیں ان سے بہت پیچھے ہے۔

حکومت پاکستان نے جولائی 2022 میں تمباکو سیکٹر میں T&TS نافذ کیا تھا جس کا مقصد تمام قانونی ٹیکس ادا شدہ سگریٹوں کو ریکارڈ پر لانا تھا، نتیجتاً ڈی این پی سگریٹوں کا خاتمہ متوقع تھا۔ پی ٹی سی نے 2022 کی تیسری سہ ماہی میں 1.3 ارب روپے سے زائد کی خطیر لاگت سے اپنے تمام آپریشنز میں T&TS نافذ کر دیا تھا۔ پی ٹی سی کے علاوہ فلپ مورس پاکستان نے مکمل طور پر T&TS نافذ کر دیا ہے۔ تاہم متعدد مقامی سگریٹ ساز کمپنیاں T&TS کے نفاذ کے سہ فریقی معاہدے پر دستخط کے باوجود تاخیری حربے استعمال کر رہی ہیں۔ دوسری جانب ایسا محسوس ہو رہا ہے کہ ریگولیٹر بھی تمام صنعت کی سطح پر T&TS کے نفاذ میں دلچسپی نہیں لے رہا کیونکہ سٹیمپوں کے بغیر مصنوعات کھلے عام مارکیٹوں میں فروخت کیلئے دستیاب ہیں اور بعض واقعات میں تو جعلی T&TS سٹیمپوں کا بھی سراغ لگنے کے بعد نشاندہی ہوئی ہے۔ موجودہ صورت حال سے واضح ہو رہا ہے کہ T&TS کے نفاذ نے قانونی صنعت کی آپریٹنگ لاگت میں اضافہ کر دیا ہے جبکہ سگریٹوں کی غیر قانونی تجارت کو لگام دینے میں تا حال یہ سسٹم قطعی طور پر ناکام ثابت ہوا ہے۔

ریگولیٹری ماحول

2020 میں وزارت نیشنل ہیلتھ سروسز، ریگولیشنز اینڈ کوآرڈینیشن نے 'Prohibition of Smoking and Protection of Non-Smokers' کے ہیلتھ آرڈیننس 2022 کو مزید تقویت دیتے ہوئے تمباکو اور متعلقہ مصنوعات کے اشتہارات، ان کی تشہیر اور سپانسر شپ پر پابندی لگا دی۔ گزشتہ دو سالوں کے دوران ایک جانب جہاں قانونی سگریٹ ساز کمپنیوں نے ان پابندیوں پر سختی سے عمل درآمد کیا تو دوسری جانب بہت سے مقامی سگریٹ سازوں نے اس قانون یکسر نظر انداز کر دیا۔ عدم تعمیل کے ساتھ ساتھ کمزور اور جلد بازی میں نافذ ہونے والے قوانین نے غیر قانونی سگریٹ سازوں کیلئے نہایت سازگار ماحول پیدا کر دیا ہے۔ حکومت کیلئے ضروری ہے کہ وہ پوری صنعت کی سطح پر قوانین کی تواتر سے تعمیل کو یقینی بنائے۔

جون 2023 میں پنجاب انوائرنمنٹ پروٹیکشن ڈپارٹمنٹ ("EPD") نے پنجاب انوائرنمنٹل پروٹیکشن (پروڈکشن اینڈ کنزمپشن آف سنگل یوز پلاسٹک پروڈکٹس) ریگولیشنز 2023 جاری کیا جس کے تحت پنجاب میں ایک مرتبہ کے استعمال والی متعدد پلاسٹک کی مصنوعات کی پیداوار اور ان کے استعمال پر پابندی لگا دی گئی تھی۔ پابندی لگائی جانے والی ایسی مصنوعات میں سگریٹ پیکٹس بھی شامل ہیں کیونکہ ان پیکٹس پر چڑھائی جانے والی بیرونی حفاظتی تہہ پلاسٹک کی ہوتی ہے۔ ایسے وقت میں جب صنعت سے مشاورت کے بغیر ریگولیشنز جاری کر دی گئیں، کمپنی اس حوالے سے اپنا موقف پیش کرنے کیلئے پنجاب ای پی ڈی سے رابطہ میں ہے اور ساتھ ہی اس امر پر جامع تکنیکی توثیق فراہم کرنے کی خواہاں ہے کہ ریگولیشنز کے تحت مجوزہ لائسنسنگ کی ضروریات سگریٹ پیکٹس کی بیرونی حفاظتی تہہ کے معاملے میں قابل عمل نہیں ہیں۔

کمپنی کی کارکردگی

مالی سال کے دوران ٹیکس اکٹھا کرنے کی غرض سے قیمتوں میں کیے جانے والے اضافے کے نتیجے میں ٹیکس پیڈ اور ڈی این پی برانڈز کی قیمتوں کے مابین فرق مزید بڑھ گیا ہے۔ مزید برآں قوانین کے کمزور نفاذ کی وجہ سے قانونی سگریٹ ساز کمپنیوں کو شدید دھچکا لگا ہے کیونکہ صارفین کی بڑی تعداد ٹیکس پیڈ برانڈز سے ڈی این پی برانڈز پر منتقل ہو چکے ہیں۔ نتیجتاً 2023 کے دوران پی ٹی سی نے اپنے کاروباری حجم میں SPLY کے مقابلے میں 32 فیصد کی بڑی کمی رجسٹر کی۔ حجم میں ہونے والی اس کمی کی وجہ سے کمپنی کے پیداواری یونٹس اپنی کل استعداد کار کے 50 فیصد پر کام کر رہے تھے جو ایکسائز کی شرح میں بے پناہ اضافے کی وجہ سے قانونی صنعت کو درپیش پائیداری کے چیلنجز کو ظاہر کرتی ہے۔ اس کے علاوہ قانونی سگریٹ سیکٹر کی مصنوعات کی مانگ میں تیزی سے کمی کی وجہ سے کمپنی کی تیار مصنوعات تلف کرنا پڑی تھیں جس کی وجہ سے کمپنی کا منافع متاثر ہوا۔

مندرجہ بالا حقائق کے باوجود، کمپنی نے اپنی ٹارگٹڈ پورٹ فولیو کی کوششوں اور قیمتوں کے تعین کی موثر حکمت عملی کی بدولت 315.8 ارب روپے کا مجموعی کاروبار ریکارڈ کیا جو SPLY کے مقابلے میں 35.8 فیصد کا اضافہ ہے۔ اپنی روایت کو برقرار رکھتے ہوئے پی ٹی سی نے نہ صرف اپنے پورٹ فولیو کو مزید مضبوط کیا ہے بلکہ قانونی سیکٹر میں اپنی برتری قائم رکھی ہے۔

2023 میں قانونی سیکٹر میں کمپنی کے حصہ میں 1.5 فیصد کا اضافہ ہوا جو 80 فیصد پر پہنچ گیا۔ 2023 میں قومی خزانے میں شراکت کے لحاظ سے دیکھا جائے تو پی ٹی سی نے فیڈرل ایکسائز ڈیوٹی، سیلز ٹیکس، کسٹم ڈیوٹیز، کارپوریٹ انکم ٹیکس اور ریگولیٹری ٹیکسوں اور ڈیوٹیوں کی دیگر مد میں 229.2 ارب روپے حکومت کو ادا کیے۔ SPLY کے مقابلے میں یہ شراکت 48.9 فیصد زیادہ تھی (2022 میں ٹیکس ادائیگی 154.0 ارب روپے تھی)۔

سیلز کی مجموعی لاگت میں 1.5 فیصد اضافہ ہوا جبکہ سال کے دوران فی یونٹ لاگت میں نمایاں اضافہ ہوا۔ ریکارڈ بلند افراط زر، کرنسی کی قدر میں زبردست کمی اور تمباکو کے پتے کی فصل میں شدید کمی کی وجہ سے تمباکو کے پتے کی قیمت میں غیر معمولی اضافہ ہوا جس سے 2023 میں کمپنی کی عمومی لاگت اور منافع سنگین چیلنجز سے نبرد آزما رہا۔ سپر ٹیکس کے نفاذ نے صورتحال کو مزید سنگین کر دیا کیونکہ کمپنی کیلئے موثر ٹیکس کی شرح بڑھ کر 42.1 فیصد ہو گئی۔ ان تمام چیلنجز کے باوجود پی ٹی سی اپنے آپریشنز میں لاگت کے موثر انتظام اور بہترین کارکردگی کی بدولت اپنے شیئر ہولڈرز کی قدر بڑھانے کیلئے وقف رہا۔ اس سال کے دوران پی ٹی سی کی ٹیموں نے کارکردگی میں بہتری کے متعدد منصوبے کامیابی کے ساتھ انجام دیے۔ پیداواری استعداد کو بڑھانے کیلئے مشینری کو جدید خطوط پر استوار کرنا اور عالمی معیار کے بہترین طریقوں کو رائج کرنا، پتوں کی پیداوار میں اضافہ کرنا، تجارت اور تقسیم کے وسائل کی موثر تعیناتی، پی ٹی سی کے برانڈ پورٹ فولیو کی طاقت سے استفادہ کرتے ہوئے مشکل وقتوں میں صارفین کو جوڑے

ڈائریکٹرز کی جائزہ رپورٹ برائے 2023

ڈائریکٹرز پاکستان ٹوبیکو کمپنی لمیٹڈ ("پی ٹی سی/ کمپنی") کی 31دسمبر 2023 کو اختتام پذیر ہونے والے سال کی سالانہ رپورٹ کے ساتھ کمپنی کی آڈٹ شدہ مالیاتی گوشوارے پیش کر رہے ہیں۔

میکرو اکنامک ماحول

پاکستانی معیشت کو سال 2023 کے دوران تواتر سے میکرو اکنامک کے حوالے سے شدید چیلنجز کا سامنا رہا، جن سے نہ صرف مقامی کاروبار براہ راست متاثر ہوئے بلکہ صارفین کی قوت خرید پر بھی شدید اثرات دیکھنے میں آئے۔ اس عرصے میں مرکزی بینک کے زر مبادلہ کے ذخائر ریکارڈ سطح تک کم رہے جبکہ روپیہ کی قدر میں ستمبر 2023 تک 35.8 فیصد کی گراوٹ ہوئی۔ تاہم سال 2023 کی آخری سہ ماہی میں روپے کی قدر میں بہتری دیکھی گئی جس سے سال بہ سال گراوٹ 24 فیصد تک محدود رہی جس کی اہم وجوہات بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے پروگرام کی بحالی اور متعدد مالیاتی ترجیحات تھیں۔ روپے کی قدر میں کمی، بین الاقوامی سطح پر تیل اور اجناس کی بڑھتی ہوئی قیمتیں، حکومتی ٹیکسوں میں اضافے کے ساتھ ساتھ ضروری اشیاء جیسا کہ گیس اور بجلی کی بڑھتی ہوئی قیمتوں کی وجہ سے رواں سال کے دوران مہنگائی 30.9 فیصد کی ریکارڈ سطح تک پہنچ گئی۔ سرمایہ کار کے عدم رجحان اور صارف کی دباؤ کا شکار قوت خرید کی وجہ سے معیشت کی رفتار عمومی طور پر سست روی کا شکار رہی، جو پیداواری شعبے کی منفی 5.3 فیصد سکڑنے سے واضح ہوتی ہے۔ اس وجہ سے مالی سال 2022/23 کے دوران جی ڈی پی منفی 0.17 فیصد سکڑ گئی۔

صنعتی جائزہ

مالی ماحول

پاکستان میں سگریٹ پر 'ٹو ٹیئر' کے حساب سے فیڈرل ایکسائز ڈیوٹی ("ایف ای ڈی") عائد ہوتی ہے جس کے تحت پرچون کی قیمتوں کی بنیاد پر مختلف ایکسائز ریٹس (انفرادی سگریٹ کی بنیاد پر قابل عمل) نافذ ہوتے ہیں۔ مالی سال 2022/23 کے دوران حکومت پاکستان نے دونوں ٹیئر ز پر ایکسائز ٹیکس کی شرح میں کئی گنا کا قابل ذکر اضافہ کر دیا۔ پہلی ٹیئر پر ایف ای ڈی -/5,200 روپے سے بڑھا کر -/16,500 روپے (217 فیصد کا اضافہ) فی ایک ہزار سگریٹس جبکہ دوسری ٹیئر پر ایف ای ڈی -/1,650 روپے سے بڑھا کر -/5,050 روپے (206 فیصد کا اضافہ) فی ایک ہزار سگریٹس کر دی گئی۔ ایف ای ڈی میں اس غیر معمولی اضافے کی وجہ سے قانونی ٹیکس ادا کرنے والا شعبہ اپنی مصنوعات کی قیمتوں میں تقریباً 100 فیصد تک اضافہ کرنے پر مجبور ہوا۔ نتیجتاً سگریٹوں پر موثر ویٹڈ ٹیکس 55 فیصد سے بڑھ کر 66 فیصد ہو گیا جو دنیا بھر میں سب سے زیادہ شرح میں سے ایک شمار کیا جاتا ہے۔ مالی سال 2022/23 کے دوران ایکسائز ریٹس میں تقریباً 200 فیصد کا اضافہ کیا گیا، تاہم ایف ای ڈی کی ٹیئر 1 اور ٹیئر 2 کے مابین ریٹیل پرائس تھریش ہولڈ ("آر پی ٹی") میں اس تناسب سے اضافہ نہیں کیا گیا۔ اس سے ایک باضابطگی پیدا ہوئی جس نے نہ صرف قانونی سگریٹ ساز کمپنیوں کیلئے 'کی کنزیومر ریلیونس پرائس پوئنٹس' میں رکاوٹ ڈالی بلکہ کم از کم قانونی قیمت ("MLP") کو بھی دباؤ میں رکھا جو ٹیکس کے نفاذ میں کلیدی اہمیت کی حامل ہے۔ 127.4 روپے (20 سگریٹوں کے ایک پیکٹ) کی حالیہ کم از کم قانونی قیمت 120.4 روپے (20 سگریٹوں کے ایک پیکٹ) کے کم از کم قابل ادا ٹیکس سے معمولی اوپر ہے، اس کی وجہ سے حالیہ کم از کم قیمت برقرار رکھنا کاروباری لحاظ سے قطعی ناقابل عمل ہے۔ ٹیئر 1 اور ٹیئر 2 کے مابین آر پی ٹی میں بے ضابطگی کو تاریخی تناظر میں ترجیحی بنیادوں پر درست کرنے کی ضرورت ہے تاکہ قانونی سگریٹ ساز کمپنیوں کو قیمت مقرر کرنے کی مکمل آزادی ملے اور ساتھ ہی کم از کم قانونی قیمت کو بڑھایا جائے تاکہ پاکستان میں سگریٹ کی ویٹڈ اوسطاً قیمت کو سنبھالا جا سکے۔

پاکستان میں ڈیوٹی نان پیڈ ("DNP") سگریٹوں کے ساتھ ساتھ سمگل شدہ سگریٹوں کی بھرمار ہے جو ملک کے طول و عرض میں نہایت ہی کم قیمت پر فروخت ہوتے ہیں۔ ان سگریٹ برانڈز کو تیار کرنے والے اور انہیں درآمد کرنے والے ٹیکس چوری کے مرتکب ہوتے ہیں، جس سے حکومت محصولات سے محروم رہتی ہے۔ اس حقیقت کے باوجود کہ پہلے بیان کی گئی آر پی ٹی میں بے ضابطگی کی وجہ سے کم از کم قانونی قیمت دباؤ کا شکار ہے۔ مقامی طور پر تیار شدہ سگریٹ جن پر ٹیکس ادا نہیں کیا گیا، ان کی اوسطاً قیمت -/110 روپے فی پیکٹ ہے جبکہ ایسے سگریٹوں کی بھی مقامی مارکیٹوں میں بھرمار ہے جو محض -/100 روپے (20 سگریٹوں کا ایک پیکٹ) سے کم قیمت پر فروخت ہو رہے ہیں۔ اس سے ایک جانب تو سگریٹ کی صنعت میں قیمتوں کے حوالے سے سازگار ماحول کی فراہمی متاثر ہوتی ہے تو دوسری جانب غیر قانونی صنعت کو دستیاب قیمت کے نہایت غیر منصفانہ فائدے کی بدولت قانونی صنعت شدید دباؤ کا شکار رہتی ہے۔ ڈیوٹی ادا شدہ اور ڈیوٹی نان پیڈ سگریٹوں کی قیمتوں کے مابین بڑھتے ہوئے فرق کی وجہ سے سگریٹ کی عمومی کھپت ڈیوٹی پیڈ سے ڈیوٹی نان پیڈ کی جانب منتقل ہو گئی ہے جس سے قانونی صنعت کو اپنے کاروبار کی دیرینہ پائیداری کے حوالے سے خدشات لاحق ہو گئے ہیں۔ 2023 کے دوران قانونی صنعت کے حجم میں 14.4 بلین سگریٹوں (گزشتہ سال کے اسی عرصے ("SPLY") کے دوران کے مقابلے میں 26 فیصد کم) کی کمی ریکارڈ کی گئی۔ پریمیم برانڈز (ٹیئر 1) پر ایف ای ڈی میں اضافے کی وجہ سے زیادہ گہرا اثر پڑا جس سے ان برانڈز کے حجم میں SPLY کے مقابلے میں 31 فیصد کمی ہوئی۔

ڈیوٹیوں اور ٹیکسوں میں اضافہ، اور قوانین کے سخت نفاذ کی ضرورت

حکومت کی جانب سے ایکسائز اور ڈیوٹیوں میں بے مثال اور تواتر سے غیر معمولی اضافہ قانونی صنعت اور ڈی این پی کے شعبے کے مابین قیمتوں کے فرق کو مزید وسیع کرنے کا باعث بن سکتا ہے۔ یہ فرق ڈی این پی سیکٹر میں موجود افراد کو ڈیوٹی کی چوری کی جانب راغب کرتا ہے جس نے نہ صرف ٹیکس ادا کرنے والی قانونی صنعت کی پائیداری متاثر ہوتی ہے بلکہ اس کے نتیجے میں حکومتی محصولات کے ضمن میں بھی خاطر خواہ نقصان ہوتا ہے۔

حکومت کیلئے ٹیکس محصولات کی پائیداری اور قانونی شعبے کے جاری آپریشنز ڈیوٹی کی ادائیگی اور

11۔ ایڈریس کی تبدیلی:

ممبران سے التماس ہے کہ وہ اپنے ایڈریس میں کسی بھی تبدیلی کے حوالے سے فوری طور پر مطلع کریں۔

الف۔ فزیکل فارم میں شیئرز رکھنے والے ممبران سے درخواست ہے کہ وہ کمپنی کے شیئر رجسٹرار کو اپنے ایڈریس میں ہونے والی تبدیلیوں کے بارے میں فوری طور پر مطلع کریں۔

الیکٹرانک شکل میں سی ڈی سی کے ساتھ حصص رکھنے والے ممبران کو اپنے شرکاء یا سی ڈی سی انویسٹرا کاؤنٹ سروسز کے ایڈریس کی تبدیلی کو مطلع کرنا ہوگا جس کے ساتھ ان کے حصص رکھے گئے ہیں۔

12۔ کمپنیز ایکٹ 2017 کی سیکشن 244 تحت غیر دعویٰ شدہ ڈیویڈنڈ/شیئرز:

کمپنی کے غیر دعوی شدہ ڈیویڈنڈ/شیئرز کی تازہ ترین فہرست کمپنی کی ویب سائٹ www.ptc.com.pk پر دستیاب ہے۔ یہ غیر دعویٰ شدہ ڈیویڈنڈ/شیئرز ان کی قابل ادائیگی کی تاریخ سے تین سال کی مدت کے لئے غیر دعویدار یا بغیر ادائیگی کے رہے ہیں۔ حصص یافتگان دعوی فارم کے ذریعہ دعوی کر سکتے ہیں جیسا کہ کمپنی کی ویب سائٹ پر دستیاب ہے۔ ڈیویڈنڈ شیئرز کی وصولی کے لئے دعوے کے فارم کمپنی کے شیئر رجسٹرار کو جمع کروائے جائیں۔

13 شیئرز کی فزیکل فارم سے بک انٹری فارم میں تبدیلی:

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے 26 مارچ 2021 کو ایک لیٹر نمبر CSD/2016-639-640/ED/Misc. جاری کیا ہے، جس میں کمپنیز ایکٹ 2017 کے سیکشن 72 کی دفعات کی طرف توجہ مبذول کراتے ہوئے تمام لسٹڈ کمپنیوں کو مخاطب کیا گیا ہے، جس کے تحت تمام کمپنیوں سے یہ مطالبہ کیا گیا ہے کہ وہ اپنے جاری کردہ شیئرز کو ایکٹ کے نفاذ کی تاریخ سے چار سال کی مدت کے اندر فزیکل صورت میں جاری کردہ شیئرز بک انٹری فارم میں جاری کیے جائیں۔ مذکورہ سیکشن 72 کی دفعات کی مکمل تعمیل کو یقینی بنانے اور بک انٹری فارم میں شیئرز رکھنے کی سہولت سے مستفید ہونے کے لیے، ان شیئرز ہولڈرز سے درخواست کی جاتی ہے جو ابھی بھی فزیکل صورت میں شیئرز رکھتے ہیں وہ اپنے شیئرز کو بک انٹری فارم میں تبدیل کر دیں۔

14 رابطہ کی تفصیلات:

کمپنی سے رابطہ
کمپنی سیکریٹری
پاکستان ٹوبیکو کمپنی لمیٹڈ
سیرینہ بزنس کمپلیکس، خیابان سہروردی، اسلام آباد
فون: 2083200 51 92 +

شیئر رجسٹرار سے رابطہ:
فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ
F-8، نزد ہوٹل فاران، نرسری، بلاک-6، P.E.C.H.S،
شاہراہ فیصل، کراچی۔ فون: 34380101-5 21 92 +
ای میل: info.shares@famco srs.com

(ii) ڈیویڈنڈ کی آمدنی سے ودہولڈنگ ٹیکس میں چھوٹ صرف کارپوریٹ حصص یافتگان کو ہی ہوگی۔ جب شیئر ٹرانسفر بکس کی بندش کے پہلے دن تک کمپنی کے شیئر رجسٹرار فیمکو شیئر رجسٹریشن سروسز (پرائیوٹ) لمیٹڈ کو درست ٹیکس استثنیٰ سرٹیفکیٹ کی ایک کاپی مل جائے۔

(iii) مزید یہ کہ ایف بی آر سے موصولہ وضاحت کے مطابق، مشترکہ کھاتوں کے معاملے میں، ودہولڈنگ ٹیکس پرنسل حصص یافتگان کے ساتھ ساتھ مشترکہ ہولڈر حصص یافتگان کی تناسب کی بنیاد پر) فائلر/نان فائلر کی حیثیت پر الگ سے طے کیا جائے گا۔

اس سلسلے میں کمپنی کے تمام ممبران احصص یافتگان جن کے یا تو فزیکل شکل میں یا سی ڈی سی میں حصص ہیں، جو مشترکہ طور پر حصص رکھتے ہیں، ان سے درخواست کی جاتی ہے کہ وہ اپنے حصص کے سلسلے میں پرنسپل شیئر ہولڈر اور جوائنٹ ہولڈر کے شیئر ہولڈنگ تناسب فراہم کریں۔ اگر شیئر رجسٹرار کو پہلے ہی فراہم نہیں کیا گیا ہو تو تحریری طور پر اور درج ذیل طریقے سے:

کمپنی کا نام	فولیو/سی ڈی سی اکاؤنٹ#	کل حصص	پرنسپل شیئر ہولڈر نام اور شناختی کارڈ نمبر	حصص یافتگی تنا (حصص کی)

اس اطلاع کے دس (10) دن کے اندر مطلوبہ معلومات کمپنی کے شیئر رجسٹرار تک پہنچنا ضروری ہے۔ بصورت دیگر یہ سمجھا جائے گا کہ حصص یکساں طور پر پرنسپل شیئر ہولڈرز اور جوائنٹ ہولڈرز کے پاس ہیں۔

(iv) سی ڈی سی اکاؤنٹس والی کمپنی کے کارپوریٹ شیئر ہولڈرز کو لازم ہے کہ وہ اپنے قومی ٹیکس نمبر (این ٹی این) کو اپنے متعلقہ شرکاء کے ساتھ اپ ڈیٹ کریں جبکہ کارپوریٹ فزیکل شیئر ہولڈرز کو اپنے این ٹی این سرٹیفکیٹ کی ایک کاپی کمپنی یا فیمکو شیئر رجسٹریشن سروسز (پرائیوٹ) لمیٹڈ کو ارسال کرنی ہوگی۔ NTN یا NTN سرٹیفکیٹ بھیجتے ہوئے حصص یافتگان کو لازم ہے کہ کمپنی کا نام اور ان کے متعلقہ فولیو نمبرات کا حوالہ دیں۔

7۔ غیر رہائشی انفرادی شیئر ہولڈرز کیلئے اطلاع:

غیر رہائشی انفرادی شیئر ہولڈرز کو انکم ٹیکس آرڈیننس 2001 کے سیکشن 82 میں واضح کردہ تشریح کے تحت اپنے پاسپورٹ کی مؤثر کاپی کے ہمراہ ڈیکلریشن یا اقرار نامہ مورخہ 16 اپریل 2024 سے پہلے ہمارے شیئر رجسٹرار میسرز فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کے دفتر واقع F-8 نزد ہوٹل فاران، نرسری، بلاک-6، PECHS، شاہراہ فیصل، کراچی میں جمع کرانا ہوگا یا info.shares@famcosrs.com پر ای میل کرنا ہوگا تا کہ ڈیویڈنڈ پر ٹیکس کٹوتی کے مقاصد کے لیے ان کی رہائشی حیثیت کا تعین کیا جاسکے۔ ڈیکلریشن فارم کی کاپی شیئرز رجسٹرار کی ویب سائٹ www.famcosrs.com سے ڈاؤن لوڈ کی جاسکتی ہے:

8۔ زکوٰۃ کی کٹوتی:

زکوٰۃ کی لازمی کٹوتی سے استثنیٰ کے دعوے کے لئے حصص داروں سے درخواست ہے کہ وہ اپنے زکوٰۃ ڈیکلیریشن فارم CZ-50 کی ایک نوٹرائزڈ کاپی 50 روپے کے اشٹام پر میں شیئر رجسٹرار کو جمع کروائیں۔

9۔ ای-ووٹنگ:

ممبران کمپنیز ایکٹ 2017 کی دفعہ 143-145 اور کمپنیوں (پوسٹل بیلٹ) ریگولیشنز 2018 کی لاگو شقوں کے تحت رائے شماری کے مطالبے سے متعلق اپنے حق کا استعمال کر سکتے ہیں۔

10۔ ویڈیو لنک کی سہولت:

کمپنیز ایکٹ 2017 کے سیکشن 134(1)(b) اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر 10 آف 2014 بتاریخ 21 مئی 2014 کے مطابق اگر کمپنی کو مجموعی طور پر 10 فیصد یا اس سے زائد شیئرز کے حامل ایسے شیئر ہولڈرز کی رضامندی کی درخواست سالانہ اجلاس عام سے کم از کم 10 دن پہلے موصول ہوتی ہے جو کہ ایک علاقہ میں رہائش پزیر ہوں اور بذریعہ ویڈیو کانفرنس اجلاس میں شمولیت کے خواہشمند ہوں تو کمپنی اس شہر میں ویڈیو کانفرنس کی سہولت مہیا کرے گی، تاہم اس میں سہولت کی فراہمی اس شہر میں ایسی سہولت کی دستیابی سے مشروط ہے۔ براہ مہربانی اس سہولت سے فائدہ اٹھانے کیلئے شیئر رجسٹرار کو درج ذیل معلومات فراہم کریں۔

میں/ہم ______________________ پاکستان ٹوبیکو کمپنی لمیٹڈ کے ممبر ہونے کے ناطے عمومی شیئرز بمطابق رجسٹرڈ فولیو نمبر ______________ کے حامل ہیں اور اس لیے ______________ (شہر کا نام) میں ویڈیو کانفرنس کی سہولت کا انتخاب کرتے ہیں۔

(الف) شخصی طور پر:

i) انفرادی ممبران کو اجلاس میں شرکت کے وقت اپنے شرکت کنندہ کا شناختی نمبر اور اکاؤنٹ/ ذیلی اکاؤنٹ نمبر اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ ہمراہ لانا ہوگا۔

ii) کارپوریٹ ادارے کی صورت میں اجلاس کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی کی ایک مصدقہ نقل نامزد شخص کے دستخطوں کے ساتھ پیش کرنی چاہیے۔

ب) بذریعہ نمائندہ (پراکسی):

i) انفرادی صورت میں مذکورہ بالا نوٹ 3 میں بیان کردہ شرط کے تحت پراکسی فارم جمع کروائیں۔

ii) نمائندہ (پراکسی) کیلئے دو افراد بطور گواہ فراہم کئے جائیں جن کا نام، پتہ اور قومی شناختی کارڈ نمبر فارم پر درج کئے جائیں۔

iii) بینیفشل مالکان یا نمائندہ (پراکسی) کے قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ہمراہ فراہم کی جائیں۔

iv) کارپوریٹ ادارے کی صورت میں، کمپنی کے شیئر رجسٹرار کو بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی کے دستخطوں کے نمونے کے ہمراہ پراکسی فارم جمع کرایا جائے گا۔

v) نمائندے (پراکسی) کو اجلاس کے وقت اپنا اصل شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔

vi) پراکسی فارم کمپنی کی ویب سائٹ پر دستیاب ہے۔

جو شیئر ہولڈرز آن لائن رابطے کے ذریعے سالانہ اجلاس عام میں شرکت کرنا چاہتے ہیں، ان سے التماس ہے کہ وہ PTC_AGM@bat.com پر 19 اپریل 2024 صبح 10:00 بجے تک ای میل ارسال کریں تا کہ ان شیئر ہولڈر کو کنکشن کا لنک بھیجا جاسکے۔

4۔ CNIC/NTN تفصیلات کی فراہمی (لازمی)

فیڈرل بورڈ آف ریونیو (ایف بی آر) کی جانب سے وقتاً فوقتاً جاری کردہ ایکٹو ٹیکس پیئر زلسٹ (ATL) کے مطابق CNIC نمبر/NTN تفصیلات کی فراہمی لازمی ہے جو کہ ٹیکس سٹیٹس کو چیک کرنے کے لیے ضروری ہیں۔

اس لیے تمام جوائنٹ ہولڈرز بشمول فزیکل سرٹیفکیٹس کے حامل افراد سے التماس کی جاتی ہے کہ وہ اپنے مؤثر شناختی کارڈ کی ایک نقل کمپنی یا اس کے رجسٹرار کو جمع کرائیں اگر پہلے سے فراہم نہیں کی تو حصص یافتگان کو شناختی کارڈ ارسال کرتے وقت اپنے متعلقہ فولیو نمبرز کا حوالہ دینا ہوگا۔ کسی مؤثر شناختی کارڈ کی کاپی موصول نہ ہونے کی صورت میں کمپنی کو اس طرح کے حصص یافتگان میں ڈیویڈنڈ کی تقسیم روکنے کے لیے کمپنیز ایکٹ 2017 کے سیکشن 243(3) کے تحت پابند کیا جائے گا۔

5۔ ڈیویڈنڈ کیلئے الیکٹرانک کریڈٹ مینڈیٹ (لازمی)

کمپنیز ایکٹ، 2017 کے سیکشن 242 کی دفعات کے تحت ایک لسٹڈ کمپنی کے لیے لازمی ہے کہ وہ اپنے حصص یافتگان کو صرف الیکٹرانک موڈ کے ذریعے کیش ڈیویڈنڈ ادا کرے تا کہ استحقاق کے حامل حصص یافتگان کی طرف سے نامزد کردہ اپنا متعلقہ بینک اکاؤنٹ میں براہ راست رقم منتقل ہو سکے۔ لہذا براہ راست اپنے بینک اکاؤنٹ میں ڈیویڈنڈ حاصل کرنے کے لیے، فزیکل شکل میں حصص کے حامل شیئر ہولڈرز سے التماس کی جاتی ہے کہ وہ کمپنی کی ویب سائٹ www.ptc.com.pk پر دستیاب "الیکٹرانک کریڈٹ مینڈیٹ فارم" کو پر کریں اور مکمل شدہ فارم شناختی کارڈ کی مؤثر کاپی یا درج ذیل معلومات کے ہمراہ کمپنی کے رجسٹرار میسرز فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ، 8-ایف، نزد ہوٹل فاران، نرسری، بلاک-6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی کو مورخہ 16 اپریل 2024 تک ارسال کریں۔

فولیو نمبر شیئر ہولڈر کا نام

بینک اکاؤنٹ کا عنوان

انٹرنیشنل بینک اکاؤنٹ (IBAN) (24 ہندسے)

بینک کا نام بینک برانچ کا نام اور پتہ

شیئر ہولڈر کا موبائل نمبر

شیئر ہولڈر کا لینڈ لائن نمبر

ای میل ایڈریس

CNIC/NTN نمبر، کارپوریٹ شیئر ہولڈر کی صورت میں (کاپی منسلک کریں)

ممبر کے دستخط

6۔ ڈیویڈنڈ سے انکم ٹیکس کی کٹوتی انکم ٹیکس آرڈیننس 2001 کے سیکشن 150 کے تحت (لازمی):

(i) انکم ٹیکس آرڈیننس کے تحت ڈیویڈنڈ کی ادائیگیوں سے انکم ٹیکس کی کٹوتی کے ریٹس درج ذیل ہیں:

1. انکم ٹیکس پیئر زلسٹ (ATL) میں شامل شیئر ہولڈرز کیلئے ٹیکس کٹوتی کا ریٹ 15 فیصد
2. انکم ٹیکس پیئر زلسٹ (ATL) میں شامل نہ ہونے والے شیئر ہولڈرز کیلئے ٹیکس کٹوتی کا ریٹ 30 فیصد

کمپنی کو 30% کی بجائے 15% کیش ڈیویڈنڈ کی رقم پر ٹیکس کٹوتی کرنے کے قابل بنانے کے لیے، ایسے حصص یافتگان جن کے نام ایف بی آر کی ویب سائٹ پر فراہم کردہ ایکٹو ٹیکس پیئر زلسٹ (ATL) میں درج نہیں ہیں، اس حقیقت کے باوجود کہ وہ فائلرز ہیں، انہیں مشورہ دیا جاتا ہے کہ وہ فوری طور پر اس بات کو یقینی بنائیں کہ ان کے نام ATL میں درج ہیں، بصورت دیگران کے کیش ڈیویڈنڈ پر 15% کی بجائے 30% ٹیکس کاٹا جائے گا۔

پاکستان ٹوبیکو کمپنی لمیٹڈ سالانہ اجلاسِ عام کا نوٹس

مطلع کیا جاتا ہے کہ پاکستان ٹوبیکو کمپنی لمیٹڈ ("کمپنی") کا ستتر واں سالانہ اجلاس عام بروز بدھ، مورخہ 24 اپریل 2024 کو صبح 10:00 بجے سیرینا ہوٹل، خیابانِ سہروردی، اسلام آباد میں اور اس کے ساتھ ساتھ الیکٹرانک ذرائع سے منعقد ہوگا۔ جس میں مندرجہ ذیل امور طے ہوں گے۔

عمومی امور

1۔ 31 دسمبر 2023 کو ختم ہونے والے سال کیلئے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کی وصولی، غور وخوض اور توثیق اور اس کے ساتھ ساتھ ڈائریکٹرز اور آڈیٹرز کی رپورٹس بھی شامل ہوں گی۔

2۔ بورڈ کی جانب سے تجویز کردہ 31 دسمبر 2023 کو ختم ہونے والے سال کیلئے حتمی منافع بحساب -/0 روپے پر غور وخوض اور منظوری کرنا۔

3۔ آڈیٹرز کی تقرری اور انکے معاوضہ کا تعین۔

بحکم بورڈ

مدیحہ ارشد چوہدری
کمپنی سیکریٹری

اسلام آباد 2 اپریل 2024

نوٹس

1۔ سالانہ رپورٹ

31 دسمبر 2023 کو ختم ہونے والے سال کی سالانہ رپورٹ کی سافٹ کاپی شیئر ہولڈرز کو ان کے دیئے گئے ای میل ایڈریس پر اور ایک لیٹر QR کوڈ کے ساتھ (تاکہ وہ سالانہ رپورٹ کی کاپی حاصل کرسکیں) ان کے رجسٹرڈ پتے پر ارسال کیا جارہا ہے اور ڈاؤن لوڈ کرنے کیلئے ہماری ویب سائٹ www.ptc.com.pk پر شائع کی جارہی ہے۔ وہ شیئر ہولڈرز جو سالانہ رپورٹ کی ہارڈ کاپی حاصل کرنے کے خواہاں ہیں ان سے درخواست کی جاتی ہے کہ وہ ہمیں PTC_AGM@bat.com پر مطلع کریں، انہیں سالانہ رپورٹ کی ہارڈ کاپی ارسال کردی جائے گی۔

2۔ شیئر ٹرانسفر بکس کی بندش:

کمپنی کی شیئر ٹرانسفر بکس مورخہ 17 اپریل 2024 سے 24 اپریل 2024 (بشمول دونوں ایام) تک بند رہیں گی۔ کمپنی کے شیئر رجسٹرار، فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ، 8-ایف، نزد ہوٹل فاران، نرسری، بلاک-6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی 75400 کے دفتر میں مورخہ 16 اپریل 2024 بروز منگل کو کاروبار کے اختتام تک بروقت وصول ہونے والے ٹرانسفرز ووٹ ڈالنے اور ڈیویڈنڈ ادائیگی کے حقدار ہوں گے۔

3۔ سالانہ اجلاس عام میں شرکت بذریعہ آن لائن پلیٹ فارم/سہولت:

سالانہ اجلاس عام میں شرکت کرنے اور ووٹ دینے کا حقدار کمپنی کا ممبر اپنا ایک نمائندہ (پراکسی) مقرر کرسکتا ہے جسے اس ممبر کی جگہ شرکت کرنے، بولنے اور ووٹ دینے کا حق حاصل ہوگا۔

نمائندہ (پراکسی) کے فارم اجلاس کے وقت (یعنی 24 اپریل 2024 کو صبح 10:00 بجے) سے کم از کم 48 گھنٹے (تعطیلات کے علاوہ) قبل کمپنی کے شیئر رجسٹرار کے دفتر میں جمع کرائے جائیں۔ مذکورہ 48 گھنٹوں یعنی 22 اپریل 2024 کو صبح 10:00 بجے کے بعد موصول ہونے والے پراکسی فارم مستند تصور نہیں ہوں گے۔ سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ میں اپنے حصص جمع کرانے والے ممبران کی حاضری درج ذیل لازمی شرائط کے مطابق ہوگی۔

GLOSSARY AND DEFINITIONS

AGM
Annual General Meeting

AJK
Azad Jammu & Kashmir

AKF
Akora Khattak Factory

ALT
Area Leadership Team

Amortisation
To charge a regular portion of an expenditure over a fixed period of time

APMEA
Asia-Pacific, Middle East and Africa

ASOP
Area Sales Operation Planning

ATL
Active Tax Payers List

AWS
Alliance for Water Stewardship

B2B
Business to Business

BA
Bachelors in Art

BAT
British American Tobacco

BAU
Business As Usual

BCM
Business Continuity Management

BIA
Business Impact Analysis

BOM
Battle of Minds

CASE
Centre for Advanced Studies in Energy

CbPMO
Capstan by Pall Mall

CDC
Central Depository Company

CEO
Chief Executive Officer

CFO
Chief Financial Officer

CGS
Chief of General Staff

CMA
Certified Management Accountant

CMT
Crisis Management Team

CNIC
Computerized National Identity Card

COGS
Cost of Goods Sold

COO
Chief Operating Officer

CORA
Corporate and Regulatory Affairs

CPA
Crop Protection Agents

Current Ratio
The current ratio indicates a company's ability to meet short-term debt obligation

D2C
Direct to Consumer

Debt-to-Equity Ratio
The ratio found by dividing total debt by the equity (all assets minus debts) held in stock (This is a measure of financial risk)

Dividend Payout Ratio
The ratio found by dividing the annual dividends per share by the annual earnings per share

DNP
Duty-Not-Paid

DTP
Directors' Training Program

Earnings Per Share
Earnings found by dividing the net income of the Company by the number of shares of common outstanding stock

GLOSSARY AND DEFINITIONS

EBITDA
Earnings before Interest, Taxes, Depreciation and Amortization

EH&S
Environment, Health & Safety

EOs
Equipment Owners

ESG
Environment, Social and Governance

ExCo
Executive Committee

FBR
Federal Board of Revenue

FED
Federal Excise Duty

Fiscal Deficit
Fiscal deficit occurs when a government's total expenditure exceeds the revenue that it generates, excluding money from borrowings

FMC
Factory Manufactured Cigarettes

FMCG
Fast-Moving Consumer Goods

FTSE
Financial Times Stock Exchange

FX
Foreign Exchange

GBS
Global Business Services

Gearing Ratio
Compares some form of owner's equity (or capital) to borrow funds

GJ
Gigajoule

GLT
Green Leaf Threshing

GoP
Government of Pakistan

HR
Human Resource

HR&RC
Human Resources and Remuneration Committee

HRBP
Human Resource Business Partner

ICAP
Institute of Chartered Accountants of Pakistan

ICP
Investment Corporation of Pakistan

IFAC
International Federation of Accountants

IHC
Islamabad High Court

IMP
International Marketing Principles

I-RECS
International Renewable Energy Certificates

IREN
Inland Revenue Enforcement Network

IT
Information Technology

IWS
Integrated Work System

JF
Jhelum Factory

KPIs
Key Performance Indicators

LEP
Limited Edition Pack

LLB
Bachelor of Laws

M.A
Masters in Arts

MBA
Masters in Business Administration

MCB
Muslim Commercial Bank

MD
Managing Director

GLOSSARY AND DEFINITIONS

MO
Modern Oral

MoU
Memorandum of Understanding

MTBF
Mean Time Between Failure

MW
Megawatt

NC
New Category

Net Working Capital
Current assets minus current liabilities

NIT
National Investment Trust

NRSP
National Rural Support Program

NTN
National Tax Number

NTO
Net Turn Over

Operating Cycle
The average time between purchasing or acquiring inventory and receiving cash proceeds from its sale

ORA
Overall Risk Assessment

PPE
Personal Protective Equipment

Price-Earnings Ratio (P/E)
The ratio found by dividing market price per share by earnings per share (This ratio indicates what investors think of the firm's earnings' growth and risk prospects)

PTB
Pakistan Tobacco Board

PTC
Pakistan Tobacco Company or "The Company"

R&D
Research and Development

Return on Equity (ROE)
The value found by dividing the Company's net income by its net assets (ROE measures the amount a company earns on investments)

RMC
Risk Management Committee

SAA
South Asia Area

SECP
Securities Exchange Commission of Pakistan

SoBC
Standards of Business Conduct

Sox
Sarbanes-Oxley

SPLY
Same Period Last Year

SRO
Statutory Regulatory Order

U.S.
United States of America

UAT
User Acceptance Test

UK
United Kingdom

VFM
Value for Money

Vs.
Versus

w.e.f.
with effect from

WIN
Women Inclusion Network

FORM OF PROXY

Pakistan Tobacco Company Limited

I/We ____

of ____

being a member(s) of Pakistan Tobacco Company Limited ("Company"), holding ________________________

Ordinary Share(s) as per Register Folio No./CDC accoun No .____________________________________

hereby appoint Mr./Ms.____

Folio No. / CDC Account No.(if member) _____________________ of ______________________

or failing him/her, Mr./Ms. ____

Folio No. / CDC Account No. (if member) ____

as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf at the 77th Annual General Meeting of the Company to be held on the 24th day of April 2024 and at any and every adjournment thereof.

Signed by_______________________________________

Signed under my/our hand this the _______day of _________, 2024

WITNESS – 1

NAME: ______________________

CNIC: ________________________

ADDRESS: ____________________

____

WITNESS – 2

NAME: ______________________

CNIC: ________________________

ADDRESS: ____________________

____

NOTE:

a. The signature should match with the specimen signature registered with the Company or with that on CNIC (in case of a CDC shareholder).

b. A Proxy need not be a member of the Company.

c. Proxy Forms (scanned copies) properly completed along with attested copies of CNIC or the Passport of the Proxy shall be sent to info.shares@famcosrs.com not less than 48 hours (excluding closed days) before the Meeting.

d. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the Form.

e. In case of a corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be sent at info.shares@famcosrs.com along with Proxy Form.

پراکسی فارم

میں/ہم---از--

پاکستان ٹوبیکو کمپنی لمیٹڈ (کمپنی) کا ممبر ہونے کے ناطے،--- عام شیئرز (ز) بمطابق رجسٹرفولیونمبر/سی ڈی سی

اکاؤنٹ نمبر------------ کے حامل ہیں مسٹر/مسز-----------------فولیونمبر/سی ڈی سی اکاؤنٹ نمبر (اگر ممبر ہے تو)-------------------

یاان کے نہ ہونے کی صورت میں مسٹر/مسز-----------------

فولیونمبر/سی ڈی سی اکاؤنٹ نمبر (اگر ممبر ہے تو)

کو24اپریل 2024 کومنعقد ہونے والے کمپنی کے77ویں اجلاس عام اوراس کے کسی بھی التواء پر ہونے والے اجلاس میں اپنی غیر حاضری پر اپنے نائب کے طور پر شرکت کرنے اور اپنی جگہ ووٹ دینے کے لئے مقرر کرتا/کرتے ہوں/ہیں۔

دستخط کردہ--------------------------------

یہ میرے/ہمارے ہاتھ کے دستخط شدہ ہے/ہیں------------ دن ---------------- 2024

گواہ نمبر1 ------------------------------	گواہ نمبر2 ------------------------------
نام: ------------------------------	نام: ------------------------------
شناختی کارڈنمبر: ------------------------------	شناختی کارڈنمبر: ------------------------------
پتہ: ------------------------------	پتہ: ------------------------------

نوٹ:

الف: دستخط، کمپنی کے ساتھ رجسٹرڈ نمونہ کے دستخط یا CNIC پر دستخط (کسی CDC شیئر ہولڈر کی صورت میں) کے ساتھ ملنے چاہیں۔

ب: کسی نمائندہ کو کمپنی کا ممبر ہونے کی ضرورت نہیں ہے۔

پ: نمائندے کا فارم (اسکین کاپی) مناسب طریقے سے CNIC کی تصدیق شدہ کاپیاں یا نمائندہ کے پاسپورٹ کے ساتھ info.shares@famcosrs.com پر اجلاس سے 48 گھنٹے پہلے (چھٹی کے علاوہ) بھیجے جائیں گے۔

ت: نمائندے کے فارم پر دوافراد کی گواہی موجود ہواور دونوں گواہوں کے نام پتے اور قومی شناختی کارڈ نمبر درج ہوں۔

ٹ: کسی کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی ریزولوشن/پاور آف آٹارنی مع نمونہ دستخط نمائندے کے فارم کے ساتھ info.shares@famcosrs.com پر بھیجے جائیں۔

PTC

PAKISTAN TOBACCO COMPANY