Financial Statements

Highnoon Laboratories Limited

for the Year ended 31 December 2020

Independent Auditor's Report

To the members of Highnoon Laboratories Limited

Report on the audit of the unconsolidated financial statements

Opinion

We have audited the annexed unconsolidated financial statements of Highnoon Laboratories Limited (the Company), which comprise the unconsolidated statement of financial position as at 31 December 2020, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key Audit Matters	How the matter was addressed in our audit
1.Valuation of stock in trade:	
As disclosed in Note 20 to the accompanying unconsolidated financial statements, the stock in trade balance constitutes 32% of total assets of the Company. These are valued at lower of cost and net realizable value. The cost of work in process (WIP) and finished goods is determined at average manufacturing cost including a proportion of appropriate overheads. The basis for allocation of overheads includes management judgment. This, in combination with the significant share of stock in trade as part of total assets, made us conclude that valuation of stock in trade is a key audit matter of our audit.	and compliance of those policies with applicable accounting standards; - obtaining an understanding and assessing reasonableness of the management's determination of net realizable value (NRV) and key estimates adopted including future selling prices, future cost to complete work in process and the costs necessary to make the sales and their basis; - physical attendance at inventory count and reconciling the count results to the inventory listings to test the completeness of data; - assessment of the appropriateness of management's basis for the allocation of cost and overheads; and - substantive analytical and other procedures including the recalculation of valuation based on accounting and costing policy

Information Other than the unconsolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the unconsolidated financial statements and our auditor's report thereon.Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the 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 auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Sajjad Hussain Gill.

EY Ford Rhodes

Chartered Accountants
Lahore
Date 01 April 2021

Unconsolidated Statement of Financial Position

	Note	2020 Rupees	2019 Rupees
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorized share capital			
50,000,000 (2019: 50,000,000) Ordinary			
shares of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid up share capital	6	346,149,450	314,681,320
Revaluation surplus on operating fixed assets	7	413,928,517	356,336,117
Revenue reserves		3,726,120,784	2,770,544,138
Total Equity		4,486,198,751	3,441,561,575
Non-current liabilities			
Long term lease liabilities	8	129,565,601	61,214,905
Long term advances	9	33,266,627	27,609,796
Long term loan - secured	10	165,409,699	-
Deferred liabilities	11	528,330,185	415,166,574
		856,572,112	503,991,275
Current liabilities			
Trade and other payables	12	552,376,172	600,528,053
Unclaimed dividend		44,471,264	30,555,993
Mark up accrued		-	100,501
Current portion of long term liabilities	14	194,540,950	20,779,266
Provision for taxation - net		296,237,162	31,054,361
		1,087,625,548	683,018,174
Total Liabilities		1,944,197,660	1,187,009,449
TOTAL EQUITY AND LIABILITIES		6,430,396,411	4,628,571,024
CONTINGENCIES AND COMMITMENTS	15		

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements

Dr. Adeel Abbas Haideri
Chief Executive Officer

Taufiq Ahmed Khan
Director

As at 31 December 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	16	1,464,057,858	1,118,266,226
Intangible assets	17	-	-
Long term investment	18	200,000,000	200,000,000
Long term deposits		21,443,429	21,182,621
Long term advances		30,058,266	27,673,080
Deferred taxation	19	39,126,098	21,858,373
		1,754,685,651	1,388,980,300
Current assets			
Stock in trade	20	2,106,010,576	1,790,210,793
Trade debts	21	322,553,874	391,162,800
Advances	22	218,481,665	148,027,394
Trade deposits and prepayments	23	45,960,265	34,916,154
Other receivables	24	36,524,948	3,271,494
Loan to subsidiary	25	10,000,000	10,000,000
Short term investment	26	1,093,846,453	-
Tax refunds due from the Government	27	19,135,488	3,106,649
Cash and bank balances	28	823,197,491	858,895,440
		4,675,710,760	3,239,590,724
TOTAL ASSETS		6,430,396,411	4,628,571,024

Ashfaq P. Alidina
Chief Financial Officer

Unconsolidated Statement of Profit or Loss

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
Revenue from contracts with customers-net	29	10,697,633,870	9,047,692,893
Cost of revenue	30	(5,576,458,398)	(4,886,099,530)
Gross profit		5,121,175,472	4,161,593,363
Distribution, selling and promotional expenses	31	(2,645,473,995)	(2,386,788,950)
Administrative and general expenses	32	(448,033,689)	(369,802,343)
Research and development expenses	33	(6,377,871)	(5,012,518)
Other operating expenses	34	(179,128,806)	(120,205,668)
		(3,279,014,361)	(2,881,809,479)
Operating Profit		1,842,161,111	1,279,783,884
Other income	35	103,680,802	85,222,574
Finance costs	36	(24,110,253)	(23,920,563)
Profit before taxation		1,921,731,660	1,341,085,895
Taxation	37	(500,995,929)	(370,073,070)
Profit for the year		1,420,735,731	971,012,825
			Restated
Earnings per share - basic and diluted	38	41.04	28.05

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements

Dr. Adeel Abbas Haideri Chief Executive Officer	Taufiq Ahmed Khan Director	Ashfaq P. Alidina Chief Financial Officer

Unconsolidated Statement of Comprehensive Income

For The Year Ended 31 December 2020

	2020 Rupees	2019 Rupees
Profit for the year	1,420,735,731	971,012,825
Other comprehensive income		
Other comprehensive income to be reclassified to unconsolidated profit or loss in subsequent periods:	-	-
Other comprehensive income not to be reclassified to unconsolidated profit or loss in subsequent periods:	-	-
Revaluation surplus on property, plant and equipment - net of tax	79,413,254	-
Experience adjustments on defined benefit plan - net of tax	(45,923,428)	(27,043,185)
Total comprehensive income for the year	1,454,225,557	943,969,640

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements

Dr. Adeel Abbas Haideri Chief Executive Officer	Taufiq Ahmed Khan Director	Ashfaq P. Alidina Chief Financial Officer

Unconsolidated Statement of Cash Flow

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,921,731,660	1,341,085,895
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of operating fixed assets	16.1.1	130,546,078	118,471,798
Provision for Workers' Profit Participation Fund	24.3	103,127,525	72,136,965
Provision for defined benefit obligation	11.2.4	73,994,401	69,684,228
Provision for slow moving and obsolete stocks	20.1	41,314,367	17,704,485
Finance costs	36	24,110,253	23,920,563
Provision for Central Research Fund	34	20,833,843	14,557,776
Allowance for expected credit losses	21	9,232,159	5,452,010
Exchange loss / (gain) - net	34	8,243,972	61,983
Gain on disposal of operating fixed assets	35	(32,074,822)	(22,136,434)
		379,327,776	299,853,374
Profit before working capital changes		2,301,059,436	1,640,939,269
Working capital changes:			
(Increase) / decrease in current assets:			
Stock in trade		(357,114,150)	(454,987,184)
Trade debts		51,132,795	(115,167,038)
Advances		(70,454,271)	(72,763,938)
Trade deposits and prepayments		(11,044,111)	(4,343,281)
Other receivables		(34,029,755)	2,367,865
Loan to subsidiary		-	10,000,000
Tax refund due from government		(16,028,839)	4,531,513
(Decrease) / increase in current liabilities:			
Trade and other payables		(65,519,323)	245,508,622
		(503,057,654)	(384,853,441)

Unconsolidated Statement of Cash Flow

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
Cash generated from operations		1,798,001,782	1,256,085,828
Income tax paid		(242,843,757)	(398,943,666)
Gratuity paid		(22,872,379)	(46,503,156)
Finance costs paid		(21,803,098)	(23,850,538)
Workers' Profit Participation Fund paid		(102,351,224)	(75,678,410)
Central Research Fund paid		(14,557,776)	(10,257,194)
Net cash flows from operating activities		1,393,573,548	700,852,864
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(345,364,835)	(253,359,921)
Additions in long term advances		(2,385,186)	1,643,312
Increase in long term deposits - net		(260,808)	(7,161,857)
Addition in short term investment		(1,093,846,453)	-
Proceeds from disposal of operating fixed assets	16.1.4	87,141,984	96,295,566
Net cash flows used in investing activities		(1,354,715,298)	(162,582,900)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities- net		(17,484,212)	(78,837,745)
Long term loan received		333,333,337	-
Long term advances - net		4,765,116	(18,580,742)
Dividend paid		(395,170,440)	(361,931,580)
Net cash flows used in financing activities		(74,556,199)	(459,350,067)
Net (decrease) / increase in cash and cash equivalents		(35,697,949)	78,919,897
Cash and cash equivalents at beginning of the year		858,895,440	779,975,543
Cash and cash equivalents at end of the year	39	823,197,491	858,895,440

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements

Dr. Adeel Abbas Haideri Chief Executive Officer	Taufiq Ahmed Khan Director	Ashfaq P. Alidina Chief Financial Officer

Unconsolidated Statement of Changes in Equity

For The Year Ended 31 December 2020

	Share capital	Capital Reserves	Revenue reserves			Total
		Revaluation Surplus on operating fixed asset	General reserve	Unappropriated profit	Sub total	
	--- Rupees ---					
Balance as at 01 January 2019	286,073,930	370,409,400	114,000,000	2,099,966,374	2,213,966,374	2,870,449,704
Total comprehensive income for the year	-	-	-	943,969,640	943,969,640	943,969,640
Surplus transferred to unappropriated profit						
On account of incremental depreciation relating to surplus on revaluation of operating fixed assets net of tax	-	(13,527,623)	-	13,527,623	13,527,623	-
Effect of change in proportion of normal sales	-	(545,660)	-	-	-	(545,660)
Transaction with owners of the company, recognized directly in equity -Distributions						
Issuance of bonus shares @ 10%	28,607,390	-	-	(28,607,390)	(28,607,390)	-
Final dividend @ Rs. 13 per share for the year ended 31 December 2018	-	-	-	(372,312,109)	(372,312,109)	(372,312,109)
Balance as at 31 December 2019	314,681,320	356,336,117	114,000,000	2,656,544,138	2,770,544,138	3,441,561,575
Balance as at 1 January 2020	314,681,320	356,336,117	114,000,000	2,656,544,138	2,770,544,138	3,441,561,575
Profit for the year ended 31 December 2020	-	-	-	1,420,735,731	1,420,735,731	1,420,735,731
Other comprehensive income for the year - net of tax	-	79,413,254	-	(45,923,428)	(45,923,428)	33,489,826
Total comprehensive income for the year	-	79,413,254	-	1,374,812,303	1,374,812,303	1,454,225,557
Surplus transferred to unappropriated profit						
On account of incremental depreciation relating to surplus on revaluation of operating fixed assets - net of tax	-	(11,995,728)	-	11,995,728	11,995,728	-
On account of disposal of land	-	(9,322,461)	-	9,322,461	9,322,461	-
Effect of change in proportion of normal sales	-	(502,665)	-	-	-	(502,665)
Transaction with owners of the company, recognized directly in equity -Distributions						
Issuance of bonus shares @ 10%	31,468,130	-	-	(31,468,130)	(31,468,130)	-
Final dividend @ Rs. 13 per share for the year ended 31 December 2019	-	-	-	(409,085,716)	(409,085,716)	(409,085,716)
Balance as at 31 December 2020	346,149,450	413,928,517	114,000,000	3,612,120,784	3,726,120,784	4,486,198,751

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements

Dr. Adeel Abbas Haideri Chief Executive Officer	Taufiq Ahmed Khan Director	Ashfaq P. Alidina Chief Financial Officer

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

1. CORPORATE INFORMATION

Highnoon Laboratories Limited ("the Company") was incorporated in Pakistan under the Companies Act, 2017 ("the Act") and its shares are quoted on Pakistan Stock Exchange since November 1994. The Company is principally engaged in the manufacture, import, sale and marketing of pharmaceutical and allied consumer products. The registered office of the Company is situated at 17.5 KM, Multan Road, Lahore.

1.1 Geographical location and addresses of major business units of the Company are as under:

Business Units	Geographical Location	Address
Registered office / Manufacturing facility	Lahore	17.5 KM, Multan Road, Lahore
Regional Marketing Office	Lahore	2nd Floor, 587 - Block H-III, Abdul Haq Road, Opposite Emporium Mall Gate No.5, Johar Town, Lahore.
Corporate Office	Lahore	Office# 901 Tricon Corporate Centre, Jail Road, Lahore.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

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

- International Financial Reporting Standard (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Act and Islamic Financial Accounting Standard (IFAS) as issued by ICAP; and

- Provision and directives issued under the Act.

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

2.2 Basis of preparation

These unconsolidated financial statements have been prepared under the historical cost convention, except for revaluation of certain assets as referred to in Note 4.11 and recognition of certain employees retirement benefits at present value.

These unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of cost less accumulated impairment losses, if any; consolidated financial statements are prepared separately.

2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pak rupee (Rupee), which is also the functional currency of the Company. Figures have been rounded off to the nearest rupee, unless otherwise stated.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to Company's unconsolidated financial statements or where judgments were exercised in application of accounting policies are as follows:

		Notes
-	Leases	4.2.3
-	provisions	4.7
-	impairment of financial assets	4.8
-	staff retirement benefits	4.9
-	property, plant and equipment	4.11
-	expected credit loss	4.16.4
-	taxation	4.23

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year except for as mentioned in Note 4.1 and as follows:

4.1 Standards, interpretations and amendments to published approved accounting standards that became effective during the current year

IAS 1 and IAS 8 Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material, to clarify the definition of material and its alignment with the definition used in the Conceptual Framework (amendments)

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

IAS 28 'Long-term Interests in Associates and Joint Ventures – (Amendments)

IFRS 3 'Business Combinations' - Definition of business (amendments)

Amendments to the Conceptual Framework for Financial Reporting

IFRS 16 - Covid-19- Related Rent Concessions (amendments)

The adoption of above amendments do not have any significant impact on these unconsolidated financial statements of the Company. However, related changes to the accounting policies and related disclosures have been made in these financial statements.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

4.2 Leases

4.2.1 Lease liabilities

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.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

4.2.2 Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (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 that are considered of low value. 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.

4.2.3 Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms of three to ten years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

4.3 Financial instruments - Initial recognition and subsequent measurement

Initial Recognition

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

Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through unconsolidated statement of profit or loss ("FVTPL"),
- at fair value through unconsolidated statement of comprehensive income ("FVTOCI"), or
- at amortized cost.

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

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- 'the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through unconsolidated statement of profit and loss ("FVTPL"), or

- at amortized cost.

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

Subsequent measurement

i) Financial assets at FVTOCI

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

ii) Financial assets and liabilities at amortized cost

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

iii) Financial assets and liabilities at FVTPL

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

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

Impairment of financial asset

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

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For The Year Ended 31 December 2020

- bank balances for whom credit risk (the risk of default occurring over the expected life of the financial instrument has not increased since the inception.)

- other short term loans and receivables that have not demonstrated any increase in credit risk since inception.

Allowance for expected credit loss of trade receivables are always measured at an amount equal to life time ECLs. Life time ECLs are the ECLs that results from all possible defaults events over the expected life of a financial instrument. 12 month ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

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

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

Derecognition

i) Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in unconsolidated statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to unconsolidated statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve.

ii) Financial liabilities

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

4.4 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if the Company has legally enforceable right to offset the recognized amounts and the Company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

4.5 Trade and other payables

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

4.6 Dividend

Dividend to shareholders is recognized as a liability in the period in which it is approved.

4.7 Provisions

A provision is recognized when the Company has a present, legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation of which reliable estimate can be made.

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4.8 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of the impairment may include indicators that the trade debts or a group of trade debts is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the statement of profit or loss.

4.9 Staff retirement benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme for all of its permanent employees who have joined on or before 19 March 2013, under which benefits are paid on cessation of employment subject to a minimum qualifying period of service. Qualified actuaries have carried out the valuation as at 31 December 2020 using the project unit credit method.

Remeasurement adjustments are recognized in unconsolidated statement of comprehensive income when they occur. Amounts recorded in statement of profit or loss are limited to current and past service cost, gains or losses on settlements, and net interest income (expense). All other changes in net defined benefit liability are recognized in statement of comprehensive income with no subsequent recycling to statement of profit or loss. The distinction between short term and other long term employee benefits will be based on the expected timing of settlement rather than the employees entitlement to benefits.

Defined contribution plan

The Company also operates a recognized provident fund scheme for all of its permanent employees in accordance with the trust deed and rules made there under. Equal monthly contributions are made to the fund by the Company and employees at the rate of 8.33% (2019: 8.33%) of basic salary and cost of living allowance.

Compensated leave absences

Provision for compensated absences is made to the extent of value of accumulated accrued leaves / leave fare assistance of the employees at the reporting date as per entitlement on the basis of last drawn salary.

The managers or other executives are not allowed to carry forward un-availed leaves while workers can carry forward maximum 10 un-availed leaves for a maximum period of one year.

4.10 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

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When the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to unconsolidated statement of profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

4.11 Property, plant and equipment

4.11.1 Owned operating assets:

These are stated at cost amount less accumulated depreciation and impairment loss, if any; except for freehold land, building and plant and machinery which is stated at revalued amount. Revaluation is carried out every five or three years unless earlier revaluation is necessitated.

Deprecation is charged on reducing balance method at the rates in Note16.1 to write off the cost / revalued amount of an asset over its estimated useful life. The assets' residual values and useful lives are reviewed at each financial year end and adjusted, if its impact on depreciation is significant. Full month's depreciation is charged on additions, while no depreciation is charged in the month of disposal or deletion of assets. Surplus on revaluation of fixed assets relating to incremental depreciation (net of deferred taxation) is transferred directly to un-appropriated profit.

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company as per recognition criteria. All other expenditure in the form of normal repair and maintenance is charged to statement of profit or loss as and when incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or following disposal. Gains and losses on disposal of fixed assets are included in income currently, except that the related surplus on revaluation of property plant and equipment (net of deferred taxation) is transferred directly to unappropriated profit.

A revaluation surplus is recorded in other comprehensive income (OCI) and presented as a separate part of equity. However, the increase is recorded in the unconsolidated statement of profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognized in the unconsolidated statement of profit or loss however, a decrease is recorded in statement of other comprehensive income to the extent of any credit balance entry in revaluation surplus in respect of same assets. The revaluation reserve is not available for distribution to the Company's shareholders.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on assets original cost. Additionally, gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit.

4.11.2 Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses if any, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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4.12 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss and includes the expenditures on material, labour and appropriate overheads directly relating to the project. These costs are transferred to fixed assets as and when assets are available for intended use.

4.13 Intangible assets

Intangible assets include Intellectual Property, Rights, Trademarks and Software's, which are non-monetary assets without physical substance. These are recognized at cost, which comprises its purchase price, non-refundable purchase taxes and any directly attributable expenditures.

Changes in the expected useful lives or the expected pattern of consumption of future economic benefits at the rate in Note 17, embodied in the intangible assets, are accounted for by changing the recognized period or amortization method, as appropriate, and treated as a change in accounting estimate. The recognized expense on intangible assets with finite lives is recognized in the unconsolidated statement of profit or loss in the expense category, consistent with the function of the intangible asset.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written-down to their recoverable amount.

Subsequent expenditures on intangible assets are recognized as an expense when it is incurred unless the expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance.

4.14 Investments in subsidiaries

Investment in subsidiary company is measured at cost as per the requirements of IAS-27 "Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amounts of the investment and its recoverability to determine whether there is an indication that such investments have suffered an impairment loss. If such indication exists the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense in unconsolidated statement of profit or loss.

4.15 Stock in trade

These are valued at the lower of cost and net realizable value. Cost is determined using the following basis :

Raw materials	- on weighted average
Work-in-process	- at estimated manufacturing cost including appropriate overheads
Finished goods	
- Imported	- on weighted average
- Local	- on annual average manufacturing cost including appropriate overheads
Merchandise in transit/pledged	- at invoice value plus other charges incurred thereon

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. The Company revises the carrying amount of stock-in-trade on a regular basis and a provision is made for obsolescence, for items which are slow-moving and/or identified as a surplus to the Company's requirement. A provision is made for the excess of book values over the estimated net realizable value.

4.16 Contract balances:

4.16.1 Contract asset

A contract asset is the right to consideration in exchange for goods if the Company performs by transferring goods to customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

4.16.2 Trade debts

Trade debts are initially measured at their transaction price under IFRS 15 and subsequently measured at amortized cost less any allowance for expected credit losses (ECL).

4.16.3 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

4.16.4 Expected credit losses

Expected credit losses are calculated as a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Company in accordance with the contract and cash flows that the Company expects to receive). (Refer to Note 4.3 for detailed policy for impairment of financial assets).

4.16.5 Cash and cash equivalents

For the purpose of unconsolidated statement of cash flow, cash and cash equivalents comprise of cash in hand and balance with banks in current and saving accounts.

4.17 Segment reporting

The key financial decision maker considers the whole business as one operating segment.

4.18 Foreign currency translation

All monetary assets and liabilities in foreign currency are translated at the rates of exchange prevailing at the reporting date. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Transactions in foreign currencies are converted into Pak rupees at exchange rates prevailing on the date of transaction. All exchange gains/losses on foreign currency transactions are taken to unconsolidated statement of profit or loss.

4.19 Revenue from contracts with customers

According to the core principle of IFRS-15, the Company recognizes revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those good and services. The Company recognizes revenue in accordance with that core principle by applying the following steps:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when the entity satisfies a performance obligation

Revenue from local sales is recognized when Company satisfies the performance obligation of the goods is transferred i.e. on dispatch of goods to the customers. Export goods are considered dispatched when bill of lading / airway bill is prepared for shipment to customers. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

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4.20 Research and development cost

These costs are charged to unconsolidated statement of profit or loss as and when incurred, except for any development costs which are recognized as intangible assets when it is probable that the development project will be a success and certain criteria, including commercial and technological feasibility have been met.

4.21 Borrowing cost

Finance cost on long term liabilities / lease liabilities which are specifically obtained for the acquisition of qualifying assets i.e. assets that take a substantial period of time to get ready for their intended use, are capitalized up to the date of commissioning of respective asset. All other interest, mark-up and expenses are charged to unconsolidated statement of profit or loss in the period in which they are incurred.

4.22 Other income

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

Dividend income and entitlement of bonus shares are recognized when the right to receive is established. Gains and losses on sale of investments are accounted for on disposal of investments.

4.23 Taxation

Income tax on profit or loss for the year comprises current and deferred tax.

Current

Provision of current tax is based on the taxable income, alternative corporate tax or minimum tax provisions in accordance with Income Tax Ordinance 2001. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred taxation is provided using the balance sheet method for all temporary differences at the reporting date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, if any, to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference, carry-forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantially enacted at the reporting date.

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5 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date: (Annual periods beginning on or after)
Annual Improvements make minor amendments to IFRS 9 Financial Instruments and IAS 41 Agriculture.	01 January 2022
IAS 16 amendment regarding proceeds before intended use	01 January 2022
IAS 37 amendment regarding onerous contract	01 January 2022
Amendments to IFRS 3 Business Combinations update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	01 January 2022
IAS 1 amendment regarding the classification of Liabilities as Current and Non Current	01 January 2023

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

	Standard	IASB effective date (Annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 July 2009
IFRS 17	Insurance Contracts	01 January 2023

The above amendments and interpretations are not expected to have any significant impact on unconsolidated financial statements of the Company.

6. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	Note	2020 Rupees	2019 Rupees
5,905,000 (2019: 5,905,000) ordinary shares			
of Rs. 10 each fully paid in cash		59,050,000	59,050,000
95,000 (2019: 95,000) ordinary shares of Rs.10			
each issued for consideration other than cash	6.1	950,000	950,000
28,614,945 (2019: 25,468,131) ordinary shares			
of Rs. 10 each issued as bonus shares		286,149,450	254,681,320
	6.2	346,149,450	314,681,320

6.1 This represents the issuance of shares against the transfer of plant and machinery and other assets.

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6.2 Reconciliation of issued, subscribed and paid-up share capital

	2020 Number	2019 Number	2020 Rupees	2019 Rupees
Issued, subscribed and paid-up shares of Rs. 10 each as at 01 January	31,468,132	28,607,393	314,681,320	286,073,930
Issuance of bonus shares of Rs. 10 each	3,146,813	2,860,739	31,468,130	28,607,390
Issued, subscribed and paid-up shares of Rs. 10 each as at 31 December	34,614,945	31,468,132	346,149,450	314,681,320

7. REVALUATION SURPLUS ON OPERATING FIXED ASSETS

	Note	2020 Rupees	2019 Rupees
Gross surplus on revaluation of fixed assets as at 01 January		401,645,207	420,146,545
Additions during the year	16.1	92,972,395	-
Surplus on revaluation of operating fixed assets relating to disposal of land- transferred to unappropriated profit		(9,322,461)	-
Incremental depreciation relating to surplus on revaluation of fixed assets - transferred to unappropriated profit			
Net of deferred tax		(11,995,728)	(13,527,623)
Related deferred tax liability		(4,655,475)	(4,973,715)
		(16,651,203)	(18,501,338)
		468,643,938	401,645,207
Less related deferred tax liability on:			
Balance at the beginning of the year		45,309,090	49,737,145
Addition during the year		13,559,141	-
Effect of change in proportion of normal sales		502,665	545,660
Incremental depreciation relating to surplus on revaluation of operating fixed assets - transferred to unappropriated profit		(4,655,475)	(4,973,715)
	19	54,715,421	45,309,090
Surplus on revaluation of fixed assets as at 31 December	7.1	413,928,517	356,336,117

7.1 This represent surplus arising on revaluation of freehold land, building on freehold land and plant and machinery. This has been adjusted by incremental depreciation arising due to revaluation, net of deferred tax. The latest revaluation of land, building on freehold land and plant and machinery was carried out on 31 December 2020 by M/S Surval which resulted in a surplus of Rs. 92,972,395.

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8. LONG TERM LEASE LIABILITIES

	Note	2020 Rupees	2019 Rupees
Present value of lease payments		147,464,259	71,880,829
Less: Current portion shown under current liabilities	14	(17,898,658)	(10,665,924)
		129,565,601	61,214,905

	Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments
	2020		
	----Rupees----		
Within one year	35,892,362	(17,993,704)	17,898,658
After one year but not more than five years	145,707,064	(52,829,638)	92,877,426
More than five years	45,952,918	(9,264,743)	36,688,175
	227,552,344	(80,088,085)	147,464,259
	2019		
	----Rupees----		
Within one year	18,979,981	(8,314,057)	10,665,924
After one year but not more than five years	44,384,984	(25,496,200)	18,888,784
More than five years	56,545,564	(14,219,443)	42,326,121
	119,910,529	(48,029,700)	71,880,829

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2020 Rupees	2019 Rupees
As at 1 January	71,880,829	69,249,350
Additions	93,067,642	81,469,224
Accretion of interest	14,231,112	16,536,114
Payments	(31,715,326)	(95,373,859)
As at 31 December	147,464,259	71,880,829
Current maturity of lease liabilities	(17,898,658)	(10,665,924)
Long term lease liabilities	129,565,601	61,214,905

8.1 This outstanding lease liability relates to the lease contracts for warehouses, sales offices and city office used in its operations, capitalized under IFRS-16. These leases generally have lease terms between 2 to 10 years.

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	Note	2020 Rupees	2019 Rupees
9. LONG TERM ADVANCES			
Long term advances	9.1	42,488,254	37,723,138
Less: Current portion shown under current liabilities	14	(9,221,627)	(10,113,342)
		33,266,627	27,609,796

9.1 These represent advances taken from employees against future sale of vehicles as per the Company's policy. Present value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of long term advances is considered insignificant by the management at the financial statements level, hence not recognized.

	Note	2020 Rupees	2019 Rupees
10. LONG TERM LOAN - SECURED			
Long term loan	10.1	323,828,530	-
Less: Current portion of long term loan		(158,418,831)	-
		165,409,699	-

10.1 The movement of long term loan is as follows:

	Note	2020 Rupees	2019 Rupees
Addition during the year			
Loan obtained	10.1.1	333,333,332	-
Less: deferred grant		(17,416,898)	-
		315,916,434	-
Unwinding of loan		9,638,122	-
Payment during the year		(1,726,026)	-
Balance at the end of the year		323,828,530	-

10.1.1 This represents loan of Rs. 333 million obtained under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facility has an aggregate sanctioned limit of Rs. 400 million and is availed to finance wages and salaries (excluding bonuses, sales incentives, employee benefit plans, staff retirement benefits, gratuity etc.) of permanent, contractual, daily wagers as well as outsourced employees (collectively the Employees) for months of April to September 2020. It carries mark-up at SBP rate plus 3% per annum and is secured against first pari passu equitable mortgage charge of Rs. 266.67 million on fixed assets of the Company including land, building, plant and machinery situated at 17.5KM, Multan Road, Mouza Kanjrah, Lahore and exclusive charge of Rs. 533.34 million over the fixed assets of the Company with 25% margin. Further, the Company has also issued a demand Promissory note amounting to Rs. 342,092,236 in favour of bank. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using effective interest rate of 3M KIBOR at respective draw down dates. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

Salient features of the facility is as under:

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Bank name	Outstanding installments	Repayment	Installment (Rupees)	Repayment Date	Ending Date
Habib Bank Limited	8	Quarterly	41,666,667	1 January 2021	1 October 2021

	Note	2020 Rupees	2019 Rupees
11. DEFERRED LIABILITIES			
Deferred Grant	11.1	2,910,624	-
Gratuity	11.2	525,419,561	415,166,574
		528,330,185	415,166,574

11.1 Movement of deferred grant is as follows:

	Note	2020 Rupees	2019 Rupees
Addition during the year	10.1	17,416,898	-
Grant income recognized during the year		(5,504,440)	-
Closing balance		11,912,458	-
Less: Current portion		(9,001,834)	-
		2,910,624	-

11.2 Gratuity - General description

As discussed in Note 4.9, the Company operates an unfunded gratuity scheme for its employees, under which benefits are paid on cessation of employment subject to a minimum qualifying period of service. Qualified actuary have carried out the valuation as at 31 December 2020 using the projected unit credit method.

	Note	2020 Rupees	2019 Rupees
Present value of defined benefit obligation	11.2.1	525,419,561	415,166,574

11.2.1 Movement in the present value of define benefit obligation:

	2020 Rupees	2019 Rupees
Liability as at 01 January	415,166,574	356,611,531
Current service cost	28,838,597	25,664,512
Interest cost on defined benefit obligation	45,155,804	44,019,716
Benefits paid during the year	(20,377,394)	(46,279,530)
	53,617,007	23,404,698
Actuarial (gains)/losses from:		
changes in financial assumptions	41,402,458	(1,301,591)
experience adjustments	22,419,436	38,946,921
	63,821,894	37,645,330
Less: balance due but not paid	(7,185,914)	(2,494,985)
Liability as at 31 December	525,419,561	415,166,574

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	Note	2020 Rupees	2019 Rupees
11.2.2 Expense recognized in statement of profit or loss:			
Current service cost		28,838,597	25,664,512
Interest cost		45,155,804	44,019,716
		73,994,401	69,684,228
11.2.3 Remeasurement recognized in other comprehensive income:			
Actuarial losses / (gains) from changes in financial assumptions		41,402,458	(1,301,591)
Experience adjustments		22,419,436	38,946,921
		63,821,894	37,645,330
11.2.4 Changes in net recognized liability:			
Liability as at 01 January		417,661,559	356,835,157
Amount recognized during the year	11.2.2	73,994,401	69,684,228
Experience adjustments recognized during the year	11.2.3	63,821,894	37,645,330
Benefit paid during the year		(22,872,379)	(46,503,156)
Liability as at 31 December		532,605,475	417,661,559

11.2.5 Historical information for gratuity plan

	2020	2019	2018	2017	2016
	----------	----------	Rupees	----------	----------
Present value of defined benefit obligation	525,419,561	417,661,559	356,835,157	342,208,530	293,352,116
Remeasurement adjustment arising on plan liabilities	63,821,894	37,645,330	22,782,070	15,477,217	14,019,989
Remeasurement adjustment as percentage of outstanding liability	12.15%	9.01%	6.38%	4.52%	4.78%

The projected unit credit method with the following significant assumptions was used for the valuation of this scheme:

		2020	2019
-	Discount rate	11.25% p.a.	11.25% p.a.
-	Expected rate of increase in salary	9.75% p.a.	10.25% p.a.
-	Expected average remaining working life time	8.53 years	8 years
-	Mortality rates	SLIC 2001-2005	SLIC 2001-2005

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11.2.6 Estimated expense of current service cost and interest cost on defined benefit obligation to be charged to unconsolidated statement of profit or loss in 2021 amounting to Rs. 28.8 million and Rs. 44.2 million.

11.2.7 Sensitivity analysis

Significant assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	Note	2020 Rupees	2019 Rupees
Discount rate + 100 bps		483,651,923	382,421,584
Discount rate - 100 bps		(573,369,148)	(452,696,373)
Salary increase + 100 bps		573,331,210	453,057,205
Salary increase - 100 bps		(482,916,032)	(381,541,523)

12. TRADE AND OTHER PAYABLES

	Note	2020 Rupees	2019 Rupees
Trade creditors	12.1	162,377,911	308,299,405
Bills payable		20,391,302	71,129,750
Accrued expenses		240,256,964	157,098,834
Contract liabilities		76,851,860	26,029,986
Payable to Provident Fund Trust		9,737,634	7,953,622
Payable to Central Research Fund		20,756,994	14,480,927
Withholding tax payable		21,251,894	14,851,448
Payable to Employees Welfare Trust		751,613	684,081
		552,376,172	600,528,053

12.1 These includes a balance amounting to Rs. nil (2019: Rs. 133.77 million) due to Route 2 Health (Private) Limited, a related party.

13. SHORT TERM BORROWINGS

Following are the credit facilities available to the Company but are not availed at year end:

13.1 The Company has short term running finance facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs.619 million (2019: Rs. 505 million).Out of these facilities, Rs. 575 million is available as sublimit and can interchangeably be utilized for FATR, LG and L/C sight/Usance. These facilities carry mark-up at rates ranging from one month KIBOR plus 50 to 100 basis points (2019: one month KIBOR to three months KIBOR plus 50 to 100 basis points) per annum. These facilities along with their respective sublimit are secured by way of first pari passu charge for Rs. 95 million (2019: Rs. 684.62 million) on fixed assets, first joint pari passu hypothecation charge of Rs. 538 million (2019: Rs. 412 million) on stocks including but not limited to raw materials, goods in process and finished goods of the Company and Join pari passu on all present and future current asset of company.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

Out of total borrowing facility, Export Refinance Facility obtained under SBP regulations at a subsidized mark up rate ranging from SBP rate or SBP IERF rate + 1% (2019: 4%) per annum, amounting to Rs. 150 million (2019: Rs. 50 million).

13.2 The Company also has aggregate sanctioned import credit facilities available from various commercial banks amounting to Rs. 1,150 million (2019: Rs. 1405 million). Out of these facilities, Rs. 270 million is available as sublimit and can interchangeably be utilized as Running Finance. These facilities along with their respective sublimit are secured by way of lien over import documents, cash margin as per SBP and first pari passu hypothecation charge of Rs. 620 million on current assets including but not limited to raw material, medicines, goods in process and finished goods.

14. CURRENT PORTION OF LONG TERM LIABILITIES

	Note	2020 Rupees	2019 Rupees
Long term lease liabilities	8	17,898,658	10,665,924
Long term advances	9	9,221,627	10,113,342
Long term loan - secured	10	158,418,831	-
Deferred grant	11.1	9,001,834	-
		194,540,950	20,779,266

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

- While finalizing income tax assessments for the tax year 2010, Additional Commissioner Inland Revenue (ACIR) had made certain additions with aggregate tax impact of Rs.10 million. The Company had filed an appeal before Commission Inland Revenue CIR (Appeals) who had upheld the additions made by assessing officer. Being aggrieved, the Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR), who deleted the aforesaid additions. However, the Tax Department has filed reference before honorable Lahore High Court against the judgment of ATIR. The case is pending adjudication. Provision has not been recognized by the Company, as the management expects a favorable outcome.

- While finalizing income tax assessments for the tax year 2011, ACIR made additions amounting to Rs. 42.2 million with aggregate tax impact of Rs. 24 million. The Company filed an appeal before CIR (Appeals) who deleted additions aggregating to Rs. 39.7 million. For the remaining amount Rs. 2.5 million the Company has filed an appeal before the ATIR which is pending adjudication. Provision has not been recognized by the Company, as the management expects a favorable outcome.

- The ACIR had issued an amended assessment order u/s 122(1)/122(5)/177) of the Income Tax Ordinance, 2001 and made certain addition amounting to Rs. 24.1 million for the Tax year 2013. The company preferred an appeal to CIR against the aforesaid order. The CIR vide his appellate order, upheld the addition amounting to Rs. 24.1 million. Being aggrieved the company has filed an appeal against the afore mentioned addition before the ATIR, which is still pending. Provision has not been recognized by the Company, as the management expects a favorable outcome.

- The Deputy Commissioner Inland Revenue has passed orders under section 161/205 in respect of Tax Years 2015 and 2016 and created a demand of Rs. 2.7 million based on the observation that the Company has not deducted withholding tax while making payment to certain suppliers. Being aggrieved, the Company filed appeal before the CIR (Appeals) who upheld the order passed by DCIR. Against the treatment method out, the Company preferred appeal before Honorable ATIR which is pending adjudication. Provision has not been recognized by the Company, as the management expects a favorable outcome.

Unconsolidated Notes to the Financial Statements

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- The Deputy Commissioner Inland Revenue has passed orders under section 161/205 in respect of Tax Year 2013 and created a demand of Rs.1 million based on the observation that the Company has not deducted withholding tax while making payment to certain suppliers. Being aggrieved with the order, the Company has filed appeal before the CIR (Appeals), in respect of which the CIR (Appeals) has directed the department to verify the refunds and accordingly delete the default surcharge. The principle amount has been paid by the Company.

- The DCIR issued an order under section 161/205 of the Ordinance in respect of income tax year 2014 and created a demand of Rs.1.5 million based on the observation that the Company has not deducted withholding tax while making payments to certain suppliers against purchases and other services. Being aggrieved with the order, the Company has filed appeal in CIR (Appeals)), in respect of which the CIR (Appeals) has directed the department to verify the refunds and accordingly delete the default surcharge. The principle amount has been paid by the Company.

- The DCIR issued an order under section 45B of the Sales Tax Act, 1990 by creating demand of Rs. 4.3 million. The Company has preferred appeal against the said order which has been partially decided in the favor of the Company and demand has been reduced by Rs. 3.73 million. The Company has preferred appeal against the remaining amount before ATIR, which is pending adjudication. Provision has not been recognized by the Company, as the management expects a favorable outcome.

15.2 Commitments

	2020 Rupees	2019 Rupees
Commitments against irrevocable letters of credit include:		
Raw materials	434,422,145	454,330,227
Packing materials	82,632,094	47,346,415
Finished goods	-	12,940,473
Plant and machinery	10,101,258	64,983,943
	527,155,497	579,601,058

- Bank guarantees issued on behalf of the Company aggregate to Rs. 1.60 million (2019: Rs 1.60 million).
- Facilities of letters of guarantee amounting to Rs. 20 million (2019: Rs. 20 million) are available to the Company under charge of stocks and on present and future current assets and property, plant and equipment of the Company.

16. PROPERTY, PLANT AND EQUIPMENT

	Note	2020 Rupees	2019 Rupees
Operating fixed assets	16.1	1,254,814,228	924,621,069
Right of use assets	16.1	133,914,699	67,870,341
Capital work in progress	16.2	75,328,931	125,774,816
		1,464,057,858	1,118,266,226

16.1 Operating fixed assets

Reconciliation of the carrying amounts at the beginning and end of the year is as follows:

2020												
	Cost/revalued amount					Accumulated depreciation						
DESCRIPTION	As at 01 January	Additions / Transfers*	Revaluation Adjustment	Disposals	As at 31 December	As at 01 January	Depreciation charge for the year	(Disposal) / Transfers*	Revaluation Adjustment	As at 31 December	Net book value as at 31 December	Rate
	---------- Rupees ----------											
Land - freehold	249,700,000	-	43,600,000	(9,900,000)	283,400,000	-	-	-	-	-	283,400,000	-
Building on freehold land	488,294,364	-	187,723,484	-	676,017,848	359,899,772	12,839,459	-	143,298,617	516,037,848	159,980,000	10%
Plant and machinery	1,071,319,015	57,036,268	11,785,776	(33,695,663)	1,293,821,975	731,210,255	44,882,892	(32,240,420)	6,838,248	750,690,975	543,131,000	10%
		187,376,579 *										
Laboratory equipment	48,512,617	37,806,923	-	(9,980,360)	76,339,180	21,630,664	4,541,161	(7,970,412)	-	18,201,413	58,137,767	10%
Furniture and fixtures	36,762,206	455,983	-	-	37,218,189	18,020,351	1,891,490	-	-	19,911,841	17,306,348	10%
Electric and gas appliances	38,090,747	3,698,900	-	-	41,789,647	23,355,105	1,653,371	-	-	25,008,476	16,781,171	10%
Office equipment	78,784,143	11,224,208	-	(15,102,488)	78,847,172	55,295,652	8,200,927	(12,885,447)	-	50,611,132	28,236,040	25%
		3,941,309 *										
Vehicles	228,686,000	94,270,550	-	(65,291,019)	257,665,531	106,200,495	29,505,067	(25,806,089)	-	109,899,473	147,766,058	20%
Library books	52,806	-	-	-	52,806	51,157	165	-	-	51,322	1,484	10%
Neon sign	204,990	-	-	-	204,990	153,778	5,121	-	-	158,899	46,091	10%
Arms and ammunition	166,100	-	-	-	166,100	134,690	3,141	-	-	137,831	28,269	10%
	2,240,572,988	395,810,720	243,109,260	(133,969,530)	2,745,523,438	1,315,951,919	103,522,794	(78,902,368)	150,136,865	1,490,709,210	1,254,814,228	
Right-of-use assets:												
Buildings	81,469,224	93,067,642	-	-	174,536,866	13,598,883	27,023,284	-	-	40,622,167	133,914,699	10-33%
Total	2,322,042,212	488,878,362	243,109,260	(133,969,530)	2,920,060,304	1,329,550,802	130,546,078	(78,902,368)	150,136,865	1,531,331,377	1,388,728,927	

*This represents amount transferred from capital work in progress.

16.1 Operating fixed assets

Reconciliation of the carrying amounts at the beginning and end of the year is as follows:

2019										
	Cost/revalued amount				Accumulated depreciation					
DESCRIPTION	As at 01 January	Additions / Transfers	Disposals	As at 31 December	As at 01 January	Depreciation charge for the year	Transfer/ (Disposal)	As at 31 December	Net book value as at 31 December	Rate
	---------- Rupees ----------									
Land - freehold	249,700,000	-	-	249,700,000	-	-	-	-	249,700,000	-
Building on freehold land	488,294,364	-	-	488,294,364	345,633,706	14,266,066	-	359,899,772	128,394,592	10%
Plant and machinery	1,000,190,176	28,675,448	-	1,071,319,015	699,546,678	31,663,577	-	731,210,255	340,108,760	10%
		42,453,391**								
Laboratory equipment	40,803,503	7,709,114	-	48,512,617	19,315,113	2,315,551	-	21,630,664	26,881,953	10%
Furniture and fixtures	35,660,216	1,101,990	-	36,762,206	16,025,222	1,995,129	-	18,020,351	18,741,855	10%
Electric and gas appliances	35,244,997	725,750	-	38,090,747	21,967,532	1,387,573	-	23,355,105	14,735,642	10%
		2,120,000**								
Office equipment	72,566,155	5,867,988	-	78,784,143	48,517,141	6,778,511	-	55,295,652	23,488,491	25%
		350,000								
Vehicles	176,729,456	69,564,401	(136,804,857)	228,686,000	89,131,753	29,269,210	(62,645,724)	106,200,495	122,485,505	20%
		119,197,000*					50,445,256			
Library books	52,806	-	-	52,806	50,974	183	-	51,157	1,649	10%
Neon sign	204,990	-	-	204,990	148,088	5,690	-	153,778	51,212	10%
Arms and ammunition	166,100	-	-	166,100	131,200	3,490	-	134,690	31,410	10%
	2,099,612,763	277,765,082	(136,804,857)	2,240,572,988	1,240,467,407	87,684,980	(12,200,468)	1,315,951,919	924,621,069	
Right-of-use assets:										
Vehicles	119,197,000	(119,197,000)	-	-	33,257,321	17,187,935	(50,445,256)	-	-	20%
Building	-	81,469,224	-	81,469,224	-	13,598,883	-	13,598,883	67,870,341	5-10%
	119,197,000	(37,727,776)	-	81,469,224	33,257,321	30,786,818	(50,445,256)	13,598,883	67,870,341	
Total	2,218,809,763	240,037,306	(136,804,857)	2,322,042,212	1,273,724,728	118,471,798	(62,645,724)	1,329,550,802	992,491,410	

*This represents amount transferred from right of use assets.

**This represents amount transferred from capital work in progress.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
16.1.1 Depreciation charge has been allocated as under:			
Cost of sales	30	72,753,067	63,985,018
Distribution, selling and promotional expenses	31	36,959,064	41,297,724
Administrative and general expenses	32	20,833,947	13,189,056
		130,546,078	118,471,798

16.1.2 The latest revaluation of land, building on freehold land and plant and machinery was carried out on 31 December 2020 by M/S Surval which resulted in a surplus of Rs. 92.97 million over the net carrying value of assets.

16.1.3 Had the assets not been revalued, the carrying values would have been:

	2020 Rupees	2019 Rupees
Land - freehold	13,989,289	14,566,828
Building on freehold land	62,997,378	69,997,087
Plant and machinery	440,880,394	231,994,230
	517,867,061	316,558,145

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

16.1.4 Disposal of property, plant and equipment

Description	Reg. No	Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Gain / (Loss)	Mode of Sale	Particulars of Purchasers
		----------	----------	Rupees	----------	----------		
Freehold land		9,900,000	-	9,900,000	29,974,034	20,074,034	Compulsory Acquisition	National Highway Authority
Vehicle Type								Employees:
Motor Cars								
Suzuki Cultus	LEA-18-7657	1,250,000	(463,333)	786,667	1,038,846	252,179	Company Policy	Noureen Afzal
Toyota Corolla	LEB-18-4687	1,982,000	(708,675)	1,273,325	1,276,537	3,212	Company Policy	M.Nadeem Rana
Suzuki Cultus	LEB-17-8349	1,129,000	(545,533)	583,467	937,350	353,883	Company Policy	Umar Jamil
Suzuki Cultus	LEC-17A-1809	1,250,000	(502,667)	747,333	1,029,892	282,559	Company Policy	Qadir Khan
Honda City	LE-18A-7315	911,200	(15,187)	896,013	1,263,949	367,936	Company Policy	Muhammad Ramzan
Suzuki Mehran	LE-18A-7741	795,000	(250,867)	544,133	818,000	273,867	Company Policy	Irfan Ahmed
Toyota Corolla GLI	LEF-18-4339	2,172,000	(765,027)	1,406,973	1,406,973	-	Company Policy	Jawad Zafar
Honda City	LE-18A-7882	911,200	(60,747)	850,453	1,122,599	272,146	Company Policy	Anis Ur Rehman
Honda City	LE-18A-7880	911,200	(60,747)	850,453	1,122,599	272,146	Company Policy	Ghulam Mustafa
Toyota Corolla Altis	LE-19-1980	1,894,300	(126,287)	1,768,013	1,770,906	2,893	Company Policy	Shahid Tofique
Suzuki Cultus	LEA-18A-7492	1,340,000	(410,933)	929,067	1,046,367	117,300	Company Policy	Muhammad Mumtaz Arif
Honda City	LE-18A-7314	911,200	(75,933)	835,267	1,101,418	266,151	Company Policy	Muhammad Asad Ullah
Suzuki Cultus	LEA-18-7632	1,250,000	(556,667)	693,333	990,636	297,303	Company Policy	Shahzad Hussain
Suzuki Cultus	LEC-18A-5128	1,340,000	(476,444)	863,556	1,101,778	238,222	Company Policy	M.Naseer Shafqat
Honda City	LE-18A-7316	911,200	(106,307)	804,893	1,059,100	254,207	Company Policy	Abdul Khaliq
Honda Civic	LED-17-378	795,750	(106,100)	689,650	1,374,800	685,150	Company Policy	Aamir Zafar
Fortuner	LEC-18A-1950	4,757,200	(555,007)	4,202,193	4,083,844	(118,349)	Company Policy	Sajjad Butt
								Third party
Suzuki Cultus	LE-19A-7736	1,745,000	(114,879)	1,630,121	1,650,000	19,879	Insurance Claim	Reliance Insurances
Suzuki Mehran VXR	LEA-19-7661	860,000	(263,733)	596,267	931,000	334,733	Negotiations	Irfan Ahmad
Plant and Machinery:								
Air Conditioning complete unit		33,695,663	(32,239,821)	1,455,842	-	(1,455,842)	Scrap sales	Muhammad Iqbal
Laboratory Equipment:								
HPLC IV		4,673,461	(3,513,579)	1,159,882	-	(1,159,882)	Scrap sales	Muhammad Iqbal
FT-NIR		3,778,582	(2,992,321)	786,261	-	(786,261)	Scrap sales	Muhammad Iqbal
Office Equipment:								
IBM AS400 9406 Server		12,911,742	(12,038,910)	872,832	-	(872,832)	Scrap sales	Muhammad Iqbal
Ruckus Access Point-Head		788,950	(49,309)	739,641	-	(739,641)	Scrap sales	Muhammad Iqbal
Items having NBV less than Rs.500,000 each		41,104,882	(21,903,355)	19,201,527	32,041,356	12,839,829		
2020		133,969,530	(78,902,368)	55,067,162	87,141,984	32,074,822		
2019		136,804,857	(62,645,723)	74,159,134	96,295,566	22,136,432		

16.1.5 Forced sale value as per the last revaluation report as of 31 December 2020 is as fallows:

Asset Class	Forced sale value
	----Rupees ----
Freehold land	236,080,000
Building on freehold land	127,984,000
Plant and machinery	434,504,000
Total	798,568,000

Unconsolidated Notes to the Financial Statements

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16.1.6 Particulars of immovable assets of the Company are as follows:

Location and address	Usage of immovable property	Land area (kanal)	Coverage area (sqr.ft)
Land: Situated at 17.5 KM Multan Road Hadbast Mouza Kanjra, Tehsil & Distt. Lahore	Head Office, Manufacturing and Registered Office	43.6	237,402

16.2 Capital work in progress

Movement in capital work in progress is as follows:

	2020	2019
	---------- Rupees ----------	
Opening balance	125,774,816	30,982,977
Additions during the year	140,872,003	139,715,230
Transferred to owned assets	(191,317,888)	(44,923,391)
	75,328,931	125,774,816

17. INTANGIBLE ASSETS

PARTICULARS	Cost			Accumulated amortization			Book value as at 31 December	Rate %
	As at 01 January	Additions	As at 31 December	As at 01 January	For the year	As at 31 December		
	---------- Rupees ----------							
2020								
Registration and trademark*	154,434,175	-	154,434,175	154,434,175	-	154,434,175	-	10
Computer software	11,305,681	-	11,305,681	11,305,681	-	11,305,681	-	10-33
	165,739,856	-	165,739,856	165,739,856	-	165,739,856	-	
2019								
Registration and trademark*	154,434,175	-	154,434,175	149,361,158	5,073,017	154,434,175	-	10
Computer software	11,305,681	-	11,305,681	11,305,681	-	11,305,681	-	10-33
	165,739,856	-	165,739,856	160,666,839	5,073,017	165,739,856	-	

*This represents registration and trademarks of brands named as "Tres Orix Forte", "Skilax Drops" and "Blokium".

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	Note	2020 Rupees	2019 Rupees
18. LONG TERM INVESTMENT			
Subsidiary Company - Unlisted			
Curexa Health (Private) Limited	18.1	200,000,000	200,000,000

18.1 This represents 100% (2019: 100%) shares in the Company's subsidiary Curexa Health (Private) Limited. It is set up with the principle object to carry on business as manufacturers, importers, exporters, producers, preparers, refiners, buyer, seller and dealers of all kinds of pharmaceutical, drugs, medicines, medicaments, basic raw material, herbs salts, acids, alkalis, chemicals and surgical material, instruments and appliances patent and proprietary articles in Pakistan.

19. DEFERRED TAXATION	Note	2020 Rupees	2019 Rupees
Deferred tax liabilities on taxable temporary differences:			
Surplus on revaluation of operating fixed assets	7	(54,715,421)	(45,309,090)
Accelerated tax depreciation		(71,189,983)	(54,683,968)
Lease liabilities - net		3,721,116	1,091,282
		(122,184,288)	(98,901,776)
Deferred tax assets on deductible temporary differences:			
Allowance for expected credit losses		4,749,747	2,193,977
Provision for gratuity		144,295,974	113,648,634
Provision for stock		12,264,665	4,917,538
		161,310,386	120,760,149
Deferred tax asset - net		39,126,098	21,858,373

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	Note	2020 Rupees	2019 Rupees
19.1 Movement in deferred tax is as follows:			
At beginning of the year		21,858,373	(17,289,233)
Recognized as deferred tax (expense) / income in unconsolidated statement of profit or loss:			
- Surplus on revaluation of operating fixed assets		4,655,475	4,973,715
- Accelerated tax depreciation on fixed assets		(16,506,015)	(10,961,194)
- Leased liabilities		2,629,834	5,578,143
- Provision for stock		7,347,127	2,606,617
- Allowance for expected credit losses		2,555,770	1,492,086
- Gratuity		12,748,875	25,401,753
		13,431,066	29,091,120
Recognized in surplus on revaluation of operating fixed assets:			
- Effect of change in proportion of normal sales		(502,665)	(545,660)
Recognized as deferred tax income in other comprehensive income:			
- Gratuity		17,898,465	10,602,146
- Revaluation Surplus on operating fixed assets		(13,559,141)	-
		39,126,098	21,858,373

20. STOCK IN TRADE

	Note	2020 Rupees	2019 Rupees
Raw materials			
In hand		925,347,013	789,808,946
In transit		209,719,427	8,426,927
With third party		40,985,951	53,205,332
		1,176,052,391	851,441,205
Packing material			
In hand		277,093,218	181,641,000
In transit		10,033,774	-
With third party		8,006,406	8,775,967
		295,133,398	190,416,967
Work in process		125,940,489	167,463,552
Finished goods			
Trading - in hand		129,687,540	212,661,960
Trading - in transit		31,192,160	113,407,257
Manufactured		392,663,465	272,891,928
		553,543,165	598,961,145
Less: Provision for slow moving and obsolete items	20.1	(44,658,867)	(18,072,076)
		2,106,010,576	1,790,210,793

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
20.1 Provision for slow moving and obsolete items			
Opening provision		18,072,076	8,596,216
Charge for the year		41,314,367	17,704,485
Written off during the year		(14,727,576)	(8,228,625)
Closing provision		44,658,867	18,072,076

21. TRADE DEBTS

	Note	2020 Rupees	2019 Rupees
Foreign		35,150,306	62,953,923
Local		304,698,646	336,271,796
		339,848,952	399,225,719
Less: Allowance for expected credit losses	21.1	(17,295,078)	(8,062,919)
	21.2	322,553,874	391,162,800

	Note	2020 Rupees	2019 Rupees
21.1 Allowance for expected credit losses:			
Opening balance		8,062,919	2,610,909
Charged during the year	34	9,232,159	5,452,010
		17,295,078	8,062,919

21.2 These customers have no history of default. Age analysis of these trade debts is given in Note 41.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
22. ADVANCES			
Advances to staff - secured			
Non-executives:			
- against expenses		34,480,332	32,231,892
-- against salary	22..1	33,368,658	37,725,808
- current portion of advances against vehicles		15,670,441	12,808,820
		83,519,431	82,766,520
Advance to suppliers against goods and services - unsecured	22.2	134,962,234	65,260,874
		218,481,665	148,027,394

22.1 Advances to staff provided to meet business expenses are settled as and when the expenses are incurred. Advances to staff are interest free and settled against immediate salary. Any outstanding advance due from an employee at the time of leaving the service of the Company is adjustable against final settlement of staff provident fund.

22.2 This includes an advance of amounting to Rs. 0.9 million (2019: Rs.4.9 million) provided to subsidiary.

	Note	2020 Rupees	2019 Rupees
23. TRADE DEPOSITS AND PREPAYMENTS			
Trade deposits		28,763,605	22,411,600
Prepayments		17,196,660	12,504,554
		45,960,265	34,916,154

	Note	2020 Rupees	2019 Rupees
24. OTHER RECEIVABLES			
Receivable from			
National Highway Authority	24.1	29,974,034	-
Insurance companies	24.2	1,222,165	238,212
Workers' Profit Participation Fund	24.3	1,086,734	1,863,035
		32,282,933	2,101,247
Interest accrued		2,443,865	950,484
Others		1,798,150	219,763
		36,524,948	3,271,494

24.1 This represents the amount receivable against the compulsory acquisition of land for the construction of Multan Road.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

24.2 These includes claims receivable from various insurance companies against vehicles and equipment.

	Note	2020 Rupees	2019 Rupees
24.3 Workers' Profit Participation Fund			
Balance at the beginning of the year		1,863,035	(1,678,410)
Charge for the year		(103,127,525)	(72,136,965)
Amount received from fund		(2,648,776)	-
		(103,913,266)	(73,815,375)
Interest on funds utilized by the Company		-	(386,264)
		(103,913,266)	(74,201,639)
Paid during the year		105,000,000	76,064,674
		1,086,734	1,863,035
25. LOAN TO SUBSIDIARY	25.1	10,000,000	10,000,000

25.1 The loan has been provided to the subsidiary for working capital requirement of its cephalosporin unit. The tenure of loan is one year including a markup of 6M KIBOR plus 1.25%. A promissory note representing loan is delivered as security.

The maximum aggregate amount due from the subsidiary calculated with reference to month end balances was Rs. 10 million (2019: Rs. 10 million).

	Note	2020 Rupees	2019 Rupees
26. SHORT TERM INVESTMENT			
Investments at fair value through profit or loss			
Mutual Funds	26.1	1,093,846,453	-
26.1 These investments are measured at 'fair value through profit or loss'			
Balance at the beginning of the year		-	-
Additions during the year		1,368,066,025	50,000,000
Redemption during the year		(279,090,705)	(51,345,390)
Realized gain / (loss) on conversion of investments during the year	35	1,201,054	1,345,390
Un-realized gain / (loss) on remeasurement of investments during the year		3,670,079	-
Closing and fair value of short term investment	26.1.1	1,093,846,453	-

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

26.1.1 Mutual fund wise detail is as follows:	Units 2020 Numbers	Units 2019 Numbers	Fair Value 2020 Rupees	Fair Value 2019 Rupees
Alfalah GHP Income Fund	172,236	-	20,073,648	-
MCB Cash Management Optimizer Fund	499,013	-	50,338,315	-
Faysal MTS Fund	484,731	-	50,741,638	-
Askari High Yield Scheme	1,195,620	-	127,510,913	-
Meezan Rozana Amdani Fund	2,441,451	-	122,072,570	-
NBP Money Market Fund	10,301,978	-	101,986,491	-
NBP Financial Sector Income Fund	24,383,713	-	257,101,872	-
UBL Liquidity Plus Fund	1,001,941	-	101,370,954	-
UBL Government Securities Fund	2,485,703	-	262,650,051	-
	42,966,386	-	1,093,846,452	-

26.1.2 This includes unrealized gain on remeasurement and dividend income on mutual funds amounting to Rs. 3.6 million (2019: Nil) and Rs. 22.6 million (2019: Nil).

27. TAX REFUNDS DUE FROM THE GOVERNMENT	Note	2020 Rupees	2019 Rupees
Sales tax refundable - net		19,135,488	3,106,649

28. CASH AND BANK BALANCES

	Note	2020 Rupees	2019 Rupees
Cash and imprest		2,018,781	2,036,264
Balance with banks			
Current accounts			
-Local currency		63,994,807	112,865,150
-Foreign currency		23,730,151	11,415,440
-Saving accounts	28.1	557,073,909	606,024,891
Term deposit receipts	28.2	176,379,843	126,553,695
		821,178,710	856,859,176
		823,197,491	858,895,440

28.1 These represents saving accounts which carries profit at the rate of ranging from 12.07% - 5.75% (2019: 6%-12.07%).

28.2 These represents investments in term deposit receipts those carries profit at the rate of ranging from 6.7% - 13.5% (2019: 6.3%-10.2%).

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

29. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET	Note	2020 Rupees	2019 Rupees
Local sales	29.1	10,152,015,437	8,549,784,892
Export sales		555,251,793	394,095,555
		10,707,267,230	8,943,880,447
Toll manufacturing		335,132,336	359,401,831
		11,042,399,566	9,303,282,278
Less:			
Discount		240,705,131	172,854,723
Sales tax		33,645,150	33,105,672
Sales return		70,415,415	49,628,990
		(344,765,696)	(255,589,385)
		10,697,633,870	9,047,692,893

29.1 This includes trading sales amounting to Rs. 1.52 billion (2019: RS. 1.14 billion)

29.2 Geographical information

Sales to external customers - net	2020 Rupees	2019 Rupees
Pakistan	10,142,382,082	8,653,597,338
Afghanistan	342,690,105	237,662,988
United Arab Emirates	83,905,028	64,120,815
France	68,123,197	46,475,547
Kenya	26,187,259	21,728,199
Cambodia	18,751,887	13,191,911
Tanzania	7,952,868	10,496,582
Others	7,641,444	419,513
Total revenue from contracts with customers	10,697,633,870	9,047,692,893

Timing of revenue recognition	2020 Rupees	2019 Rupees
Goods transferred at a point in time	10,697,633,870	9,047,692,893

29.3 Performance obligation

The performance obligation is satisfied at a point in time for sale of goods and rendring of services. The Company makes sales against advances as well as credit terms. In case of credit sales, payment is generally due within 30-45 days.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
30. COST OF REVENUE			
Raw and packing material consumed		3,523,458,371	3,401,782,228
Salaries, wages and benefits	30.1	561,321,545	469,704,484
Fuel and power		107,924,220	94,496,512
Repair and maintenance		74,633,000	72,484,680
Depreciation	16.1.1	72,753,067	63,985,018
Rent, rates and taxes		12,591,696	27,075,588
Factory supplies		24,825,729	33,312,291
Vehicle running and maintenance		35,805,644	29,241,814
Stores consumed		34,631,258	33,610,771
Insurance		10,968,874	11,020,222
Printing and stationery		6,864,129	4,817,630
Fee and subscription		5,396,751	5,787,713
Ijarah rentals		644,402	2,568,196
Other direct costs		3,682,943	2,808,614
Traveling and conveyance		3,897,074	4,831,398
Telephone, postage and communication		1,089,993	957,989
Consultancy and professional charges		7,061,923	2,068,511
		4,487,550,619	4,260,553,659
Inventory effect of work in process			
Opening		167,463,552	111,922,424
Closing		(125,940,489)	(167,463,552)
		41,523,063	(55,541,128)
Cost of goods manufactured		4,529,073,682	4,205,012,531
Inventory effect of finished goods			
Opening		598,961,145	345,795,985
Purchases		1,001,966,736	934,252,159
Closing		(553,543,165)	(598,961,145)
		1,047,384,716	681,086,999
Cost of goods sold		5,576,458,398	4,886,099,530

30.1 This includes the following staff benefits:

	2020 Rupees	2019 Rupees
Defined benefit plan - Gratuity	28,861,548	31,850,427
Defined contribution plan - Provident Fund	11,595,014	9,321,192
Provision for compensated leave absences	8,246,124	6,606,606
	48,702,686	47,778,225

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
31. DISTRIBUTION, SELLING AND PROMOTIONAL EXPENSES			
Salaries and benefits	31.1	1,209,185,892	991,525,115
Traveling and conveyance		403,300,497	339,466,848
Training, seminars and symposia		244,326,224	430,894,990
Literature, promotion and advertisement material		391,274,527	265,789,708
Vehicle running and maintenance		70,213,716	75,408,897
Freight		80,482,928	75,902,930
Sample goods		68,627,663	54,499,003
Telephone, postage and communication		35,511,023	27,121,382
Newspapers and subscriptions		52,952,726	35,948,991
Insurance		30,174,281	30,131,868
Depreciation	16.1.1	36,959,064	41,297,724
Commission on sales		8,265,462	6,348,045
Office supplies		9,488,413	2,799,041
Ijarah rentals		751,039	2,574,779
Printing and stationery		2,844,473	4,623,704
Repair and maintenance		400,000	1,900,000
Others		98,254	69,121
Donation	31.2	609,813	453,089
Legal and professional charges		8,000	33,715
		2,645,473,995	2,386,788,950

31.1 This includes following staff benefits:

	2020 Rupees	2019 Rupees
Defined benefit plan - Gratuity	21,583,116	17,334,797
Defined contribution plan - Provident Fund	26,731,113	22,263,993
Provision for compensated leave absences	20,920,548	18,028,949
	69,234,777	57,627,739

31.2 None of the Directors or their spouses have any interest in the donees' fund.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
32. ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries and benefits	32.1	316,275,241	252,666,916
Vehicle running and maintenance		34,464,133	31,066,095
Depreciation	16.1.1	20,833,947	13,189,056
Rent, rates and taxes		18,234,605	15,598,852
Traveling and conveyance		10,930,536	10,778,135
Advertisement, seminars and symposia		7,630,938	8,040,106
Legal and professional charges		5,311,418	6,036,018
Insurance		5,275,245	5,862,456
Newspapers and subscriptions		5,379,849	2,894,434
Printing and stationery		2,666,385	2,666,663
Telephone, postage and communication		4,630,954	4,792,911
Ijarah rentals		310,070	3,919,459
Others		765,673	569,500
Repairs and maintenance		4,811,674	3,261,700
Office supplies		3,708,782	2,068,497
Auditors' remuneration	32.2	2,245,000	1,897,500
Donation	32.3	1,989,252	1,660,252
Electricity, gas and water		2,569,987	2,833,793
		448,033,689	369,802,343

	2020 Rupees	2019 Rupees
32.1 It includes the following staff benefits:		
Defined benefit plan - Gratuity	23,549,737	20,499,003
Defined contribution plan - Provident Fund	9,696,257	7,964,148
Provision for compensated leave absences	3,669,576	2,988,264
	36,915,570	31,451,415
32.2 Auditors' remuneration		
Statutory audit	1,500,000	1,265,000
Fee for review of half yearly financial information	435,000	396,000
Review of Statement of compliance of CCG	110,000	110,000
Out of pocket	200,000	126,500
	2,245,000	1,897,500
32.3 Donation to following organizations exceeds 0.5 million:		
Rhinology Research Society	900,000	
The Indus Hospital	550,000	
Khyber Teaching Hospital	500,000	

32.4 None of the Directors or their spouses have any interest in the donee's fund.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
33. RESEARCH AND DEVELOPMENT EXPENSES			
Salaries and benefits	33.1	5,093,354	3,851,262
Traveling		28,891	191,016
Insurance		34,903	60,989
Vehicle repair and maintenance		378,212	314,396
Office supplies		48,322	17,322
Others		794,189	577,533
		6,377,871	5,012,518

33.1 It includes the defined contribution plan - provident fund of Rs. 0.17 million (2019: Rs. 0.15 million)

	Note	2020 Rupees	2019 Rupees
34. OTHER OPERATING EXPENSES			
Worker's Profit Participation Fund	24.3	103,127,525	72,136,965
Exchange loss / (gain) - net		8,243,972	61,983
Worker's Welfare Fund		37,691,307	27,996,934
Central Research Fund		20,833,843	14,557,776
Allowance for expected credit losses	21.1	9,232,159	5,452,010
		179,128,806	120,205,668
35. OTHER INCOME			
Income from financial assets:			
Return on deposits		38,065,284	51,043,905
Dividend Income on short term investment		22,672,831	-
Realized gain on sale of short term investment		1,201,054	1,345,390
Unrealized gain on re-measurement of short term investment to fair value		3,670,079	-
Interest on loan to subsidiary		1,543,273	2,191,621
Income from non-financial assets:			
Gain on disposal of operating fixed assets	16.1.4	32,074,822	22,136,432
Scrap sales		4,453,459	8,505,224
		103,680,802	85,222,574
36. FINANCE COSTS			
Mark-up on short term borrowings		-	2,033,360
Mark-up on long term loans		4,133,676	-
Finance cost on lease liabilities	8	14,231,112	16,536,114
Interest on Workers' Profit Participation Fund		-	386,264
Bank charges		5,745,465	4,964,825
		24,110,253	23,920,563

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
37. TAXATION			
Current:			
For the year		543,866,546	397,018,294
Prior year		(29,439,551)	2,145,896
		514,426,995	399,164,190
Deferred:			
Relating to origination and reversal of temporary differences		(13,431,066)	(29,091,120)
		500,995,929	370,073,070

37.1 Reconciliation of tax charge for the year

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

	2020	2019
Average effective tax rate charged on income	26.77%	29.76%
Applicable tax rate	29.00%	29.00%
Tax effect of prior year	-1.53%	0.16%
Tax effect of tax credit and tax rebate	-0.04%	-0.05%
Tax effect under presumptive tax regime and others	-0.87%	0.02%
Tax effect of admissible expenses -net	0.21%	0.63%
	26.77%	29.76%

38. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company which is based on:

	Note	2020 Rupees	2019 Rupees
Profit after taxation	Rupees	1,420,735,731	971,012,825
			Restated
Weighted average number of ordinary shares	Number of shares	34,614,945	34,614,945
			Restated
Earnings per share	Rupees	41.04	28.05

38.1 The weighted average number of ordinary shares for the year ended 2019 have been restated due to issuance of 3,146,813 bonus shares in 2020 in accordance with the requirement of IAS 33.

	Note	2020 Rupees	2019 Rupees
39. CASH AND CASH EQUIVALENT			
Cash and bank balances	28	646,817,648	732,341,745
Term deposit receipts	28	176,379,843	126,553,695
		823,197,491	858,895,440

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

40. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the unconsolidated financial statements for remuneration, allowances including all benefits to the Chief Executive and Executives of the Company are as follows:

	2020		2019	
	Chief Executive	Executives	Chief Executive	Executives
	----Rupees----			
Short-term employee benefits				
Managerial remuneration	18,894,179	289,443,860	15,670,424	227,390,782
House Allowance / utility	6,213,708	109,006,709	5,421,496	81,741,640
Medical	-	6,360,725	-	5,156,999
	25,107,887	404,811,294	21,091,920	314,289,421
Retirement benefits	3,617,391	60,933,866	3,009,638	53,339,670
	28,725,278	465,745,160	24,101,558	367,629,091
Number of persons	1	69	1	60

40.1 In addition to the above, the chief executive and some of the executives have been provided with free use of the Company maintained and self-finance cars. Further, medical expenses are reimbursed in accordance with the Company's policies.

40.2 Managerial remuneration includes Rs. 71.4 million (2019: Rs. 51.06 million) charged in the statement of profit or loss in respect of bonus to chief executive and executives of the Company.

40.3 No meeting fee is paid to an independent and non-executive Director for attending Board meetings.

41. FINANCIAL RISK MANAGEMENT

41.1 Financial risk factors

The Company's financial liabilities comprise lease liabilities, unclaimed dividend, long term loan and trade and other payables. The main purpose of these financial liabilities is to raise finances for Company's operations. The Company has trade debts, profit accrued and advances, other receivables and cash, term deposits and short term investments that arrive directly from its operations.

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

(a) Market risk

(b) Credit risk

(c) Liquidity risk

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

The Board of Directors has the overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Company's activities.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Company are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the profit and loss account.

The following analysis demonstrates the sensitivity to a reasonably possible change in US Dollar and Euro exchange rates, with all other variables held constant, of the Company's profit before tax.

	Changes in FC Rate	Effects on Profit Before Tax 2020	Effects on Profit Before Tax 2019
		Rupees	Rupees
Receivables - USD	+10%	3,515,031	2,827,509
	-10%	(3,515,031)	(2,827,509)
Payables - Euro	+10%	1,254,052	840,453
	-10%	(1,254,052)	(840,453)
Payables - USD	+10%	638,121	-
	-10%	(638,121)	-
Payables - JPY	+10%	-	1,805,760
	-10%	-	(1,805,760)
Bank balance - USD	+10%	2,373,015	1,141,318
	-10%	(2,373,015)	(1,141,318)

	2020 Rupees	2019 Rupees
Reporting date rate:		
USD	159.83	154.82
Euro	196.64	174.05
JPY	1.55	1.43

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

(ii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from lease liabilities, long term loan, cash at bank and short term investments. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	2020 Rupees	2019 Rupees
Floating rate instruments		
Financial assets at amortized cost		
Cash and bank balances - deposit accounts	644,798,867	606,024,891
Loan to subsidiary	10,000,000	10,000,000
Financial assets at fair value through profit or loss		
Short term investments	1,093,846,453	-
	1,748,645,320	616,024,891
Financial liabilities at amortized cost		
Lease liabilities	147,464,259	71,880,829
Long term loan	323,828,530	-
Fair value sensitivity analysis for fixed rate instruments		
Term deposit receipts	176,379,843	126,553,695

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting dates were outstanding for the whole year.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

		Changes in Interest Rate	Effects on Profit Before Tax
			Rupees
Lease liabilities	2020	+1.50	(2,211,964)
		-1.50	2,211,964
	2019	+1.50	(1,078,212)
		-1.50	1,078,212
Long term Loan	2020	+1.50	4,857,428
		-1.50	(4,857,428)
	2019	+1.50	-
		-1.50	-
Short term deposits	2020	+1.50	2,645,698
		-1.50	(2,645,698)
	2019	+1.50	1,898,305
		-1.50	(1,898,305)
Loan to subsidiary	2020	+1.50	150,000
		-1.50	(150,000)
	2019	+1.50	150,000
		-1.50	(150,000)
Cash and bank balances - deposit accounts	2020	+1.50	9,671,983
		-1.50	(9,671,983)
	2019	+1.50	9,090,373
		-1.50	(9,090,373)
Short term investments	2020	+1.50	16,407,697
		-1.50	(16,407,697)
	2019	+1.50	-
		-1.50	-

(b) Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and record expected credit losses against those balances considered doubtful of recovery. Outstanding customer receivables are regularly monitored.

The credit risk on liquid funds is limited because the counter parties are banks and mutual funds with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and subscribers in case of trade debts.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	2020 Rupees	2019 Rupees
Financial assets at amortized cost:			
Trade debts		322,553,874	391,162,800
Advances to employees against salaries		33,368,658	37,725,808
Trade deposits		50,207,034	43,594,221
Other receivables		36,524,948	3,271,494
Loan to subsidiary		10,000,000	10,000,000
Term deposit receipts		176,379,843	126,553,695
Bank balances		644,798,867	730,305,481
Financial assets at fair value through profit or loss:			
Short term investments		1,093,846,453	-
		2,367,679,677	1,342,613,499

Credit risk related to trade debts is managed by established procedures and controls relating to customers credit risk management. Outstanding receivables are regularly monitored and shipments to foreign customers are covered by letters of credit.

The maximum credit risk exposure at reporting date is carrying value of financial assets stated above.

At 31 December 2020, the Company has 48 (2019: 56) customers who owed the Company more than Rs. 1 million each and accounted for approximately 96% (2019: 94%) of all receivables owing.

The aging of trade debts at the reporting date is:

	2020 Rupees	2019 Rupees
1–30 days	243,820,110	258,218,502
31–60 days	9,596,792	27,706,657
61–90 days	16,228,229	14,712,784
Over 90 days	70,203,821	98,587,776
	339,848,952	399,225,719
Less: Allowance for expected credit losses	(17,295,078)	(8,062,919)
	322,553,874	391,162,800

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.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate. The table below shows the bank balances held with some major counterparties at the reporting date:

	Rating			2020	2019
	Short term	Long term	Agency	Rupees	Rupees
Banks					
National Bank of Pakistan	A-1+	AAA	PACRA - VIS	2,403,721	1,176,688
United Bank Limited	A-1+	AAA	VIS	7,795,899	5,625,899
Habib Bank Limited	A-1+	AAA	VIS	610,100,467	694,929,988
Allied Bank Limited	A-1+	AAA	PACRA	72,704	2,028,067
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	19,568,900	24,390,459
JS Bank Limited	A-1+	AA-	PACRA	179,010,826	128,404,902
Bank Al Habib Limited	A1+	AA+	PACRA	18,730	18,730
Meezan Bank Limited	A-1+	AA+	VIS	24,122	24,122
Askari Bank Limited	A-1+	AA+	PACRA	-	80,412
Mobilink Microfinance Bank Limited	A-1	A	PACRA	2,183,341	179,909
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA	-	-
				821,178,710	856,859,176

	Rating		2020	2019
	Long term	Agency	Rupees	Rupees
Short term investments				
Alfalah GHP Income Fund	A+(f)	PACRA	20,073,648	-
MCB Cash Management Optimizer Fund	AA+(f)	PACRA	50,338,315	-
Faysal MTS Fund	AA-(f)	PACRA	50,741,638	-
Askari High Yield Scheme	A(f)	PACRA	127,510,913	-
Meezan Rozana Amdani Fund	AA+(f)	VIS	122,072,570	-
NBP Money Market Fund	AA(f)	PACRA	101,986,491	-
NBP Financial Sector Income Fund	A+(f)	PACRA	257,101,872	-
UBL Liquidity Plus Fund	AA+(f)	VIS	101,370,954	-
UBL Government Securities Fund	A+(f)	VIS	262,650,051	-
			1,093,846,452	-
			1,915,025,162	856,859,176

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

(c) **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company has positive working capital position at the year end. Therefore, management believes the liquidity risk to be low.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2020					
	Carrying amount	Contractual cash flows	within 1 year	1 to 2 years	2 to 5 years	more than 5 years
	Rupees					
31 December 2020						
Lease liabilities	147,464,259	227,552,344	35,892,362	43,685,425	102,021,637	45,952,920
Long term Loan	323,828,530	323,828,530	158,418,831	165,409,699	-	-
Trade and other payables	433,515,424	433,515,424	433,515,424	-	-	-
Unclaimed dividend	44,471,264	44,471,264	44,471,264	-	-	-
	949,279,477	1,029,367,562	672,297,881	209,095,124	102,021,637	45,952,920

	2019					
	Carrying amount	Contractual cash flows	within 1 year	1 to 2 years	2 to 5 years	more than 5 years
	Rupees					
31 December 2019						
Lease liabilities	71,880,829	119,910,529	18,979,981	13,170,848	31,214,136	56,545,564
Trade and other payables	542,670,707	542,670,707	542,670,707	-	-	-
Markup accrued	100,501	100,501	100,501	-	-	-
Unclaimed dividend	30,555,993	30,555,993	30,555,993	-	-	-
	645,208,030	693,237,730	592,307,182	13,170,848	31,214,136	56,545,564

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

41.2 Fair values of financial assets and liabilities

Fair value of financial assets measured at fair value through unconsolidated statement of profit or loss is derived from quoted market prices in active markets, if available.

The carrying values of other financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

41.3 Financial instruments by categories

	2020		
	AT FVTPL	Amortized cost	Total
	---------------------Rupees---------------------		
Assets as per statement of financial position:			
Long term Investment	-	200,000,000	200,000,000
Long term deposits	-	21,443,429	21,443,429
Advances	-	33,368,658	33,368,658
Trade debts	-	322,553,874	322,553,874
Trade deposits	-	28,763,605	28,763,605
Other receivables	-	36,524,948	36,524,948
Cash and bank balances	-	823,197,491	823,197,491
Short term Investments	1,093,846,453	-	1,093,846,453
	1,093,846,453	1,465,852,005	2,559,698,458

	2019	
	Amortized cost	Total
	-------Rupees-------	
Assets as per statement of financial position:		
Long term Investment	200,000,000	200,000,000
Long term deposits	21,182,621	21,182,621
Advances	37,725,808	37,725,808
Trade debts	391,162,800	391,162,800
Advances	-	-
Trade deposits	22,411,600	22,411,600
Other receivables	3,271,494	3,271,494
Cash and bank balances	858,895,440	858,895,440
	1,534,649,763	1,534,649,763

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	2020	2019
	Financial Liabilities at amortized cost	
	-------Rupees-------	
Liabilities as per statement of financial position:		
Lease liabilities	147,464,259	71,880,829
Long term Loan	323,828,530	-
Unclaimed dividend	44,471,264	30,555,993
Trade and other payables	433,515,424	542,670,707
Markup accrued on secured loans	-	100,501
	949,279,477	645,208,030

42. CAPITAL RISK MANAGEMENT

The Company's policy is to safeguard the Company's ability to remain as a going concern and ensure a strong capital base in order to maintain investors', creditors' and market's confidence and to sustain future development of the business. The Board of Directors monitors the returns on capital, which the Company defines as net operating income divided by total shareholders' equity. The Company's objectives when managing:

(a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

(b) to provide an adequate return to shareholders by pricing products.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares.

Consistent with the industry norms, the Company monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the unconsolidated statement of financial position less cash and cash equivalent. Total capital is calculated as 'equity' as shown in the unconsolidated statement of financial position plus net debt (as defined above).

The debt - to - equity ratio as at 31 December is as follows:

	2020 Rupees	2019 Rupees
Debt	323,828,530	-
Equity	4,486,198,751	3,441,561,575
Total equity and debt	4,810,027,281	3,441,561,575
Gearing ratio	7.22%	0%

The Company is not subject to any externally-imposed capital requirements.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

43. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

The carrying values of other financial assets and financial liabilities reflected in unconsolidated financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

43.1 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Company has short term investment carried at fair value through profit or loss as at 31 December 2020 Rs. 1,093 million (2019:Nil).

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

44. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise subsidiary, associated companies, companies in which directors are interested, staff retirement funds and directors and key management personnel (Note 40.). The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under respective notes to the of unconsolidated financial statements. Other significant transactions with related parties are as follows:

Undertaking	Relation	Nature of transaction	2020 Rupees	2019 Rupees
Route 2 health (Pvt) Ltd	Associate	Purchases	389,713,824	660,198,725
Curexa Health (Pvt) Ltd	Subsidiary	Purchases	460,876,474	309,693,276
Curexa Health (Pvt) Ltd	Subsidiary	Interest on loan to subsidiary	1,543,273	2,191,621
Staff provident fund	Staff retirement benefits	Contribution	48,200,180	39,703,424
Employee's Welfare Trust	Staff welfare benefits	Contribution	3,178,632	2,779,250

44.1 Transactions with key management personnel under the terms of employment are excluded from related party transactions.

45. PROVIDENT FUND TRUST

The Company has maintained an employee provident fund trust and investments out of provident fund are in the process of regularization in accordance with the provisions of section 218 of Companies Act 2017, and the rules formulated for this purpose. The salient information of the fund is as follows:

	Note	2020 Un-Audited	2019 Audited
Size of the fund		407,780,930	333,571,687
Cost of investments made		285,201,527	238,302,550
Percentage of investments made		77%	83%
Fair value of investment	45.1	313,328,637	275,366,359

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

45.1 Breakup of investments

Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2020		2019	
	Investment	% of investment as size of the fund	Investment	% of investment as size of the fund
	Rupees		Rupees	
Investment in shares (listed securities)	84,162,568	27%	68,799,325	25%
Special saving certificates	29,709,256	9%	121,866,595	44%
Mutual funds	199,456,813	64%	84,700,439	31%
	313,328,637	100%	275,366,359	100%

46. NUMBER OF EMPLOYEES

	2020	2019
Number of employees at the end of the year	2,113	1,825
Average number of employees during the year	1,969	1,838

47. EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Company in its meeting held on 25 March 2021 has proposed cash dividend at the rate of Rs. 15 (2019: Rs. 13) per share and 10% bonus shares for the year ended 31 December 2020, (2019: 10%) subject to the approval of shareholders in the Annual General Meeting to be held on 27 April 2021. These unconsolidated financial statements do not reflect these appropriations.

48. PLANT CAPACITY AND PRODUCTION

The capacity and production of the Company's plant is indeterminable as it is a multi-product plant involving varying processes of manufacture.

Unconsolidated Notes to the Financial Statements
For The Year Ended 31 December 2020

49. DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Company authorized these unconsolidated financial statements for issuance on 25 March 2021.

50. CORRESPONDING FIGURES

Corresponding figures have been re-arranged or reclassified wherever necessary, for better and fair presentation. However no significant rearrangement / reclassification have been made in these unconsolidated financial statements.

Dr. Adeel Abbas Haideri Chief Executive Officer	Taufiq Ahmed Khan Director	Ashfaq P. Alidina Chief Financial Officer

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Consolidated Financial Statements

Highnoon Laboratories Limited

and its subsidiary

Curexa Health (Private) Limited

for the Year ended 31 December 2020

Directors' Report to the Shareholders

The Director's are pleased to present the Consolidated Financial Statements of Highnoon Laboratories (the "Holding Company") and Curexa Health (Private) Limited, its wholly owned Subsidiary Company ("the Subsidiary")together mentioned as ("the Group") for the year ended 31 December 2020 and a review report on overall Group performance.

The Directors' Report on Group performance mainly focuses on the Subsidiary's financial performance and its operational initiatives from the Group's perspective. The contents of the Directors' report and Chairman's review on the performance and financial position of the holding Company, as applicable, form part of this report.

Financial Performance

We are proud to share that our consolidated revenue crossed 10 billion mark this year, and the Group gross profit increased to Rs. 5.242 billion (2019: Rs. 4.232 billion).

The consolidated financial highlights of the Group are summarized below:

	Consolidated	
	2020	2019
	(Rupees in thousand)	
Profit before tax	1,998,889	1,368,823
Taxation	(525,071)	(368,219)
Profit after tax	1,473,817	1,000,604
Profit available for appropriation	3,671,509	2,662,848
Appropriations		
Final cash dividend for the FY 2020 @ Rs. 15 per share	(519,224)	(409,086)
(FY 2019: @ Rs. 13 per share)		
Bonus share @ 10% (FY 2019:10%)	(34,615)	(31,468)

Earnings Per Share (eps)

Based on the consolidated audited financial statements of the Group for the year ended December 31, 2020 basic and diluted earnings per share (EPS) was Rs. 42.58 (2019: Rs. 28.91 Restated),witnessing an absolute increase of Rs. 13.67 per share.

The Subsidiary's Operations And Group Perspective

The Subsidiary operates a Cephalosporin Plant and currently produces Ceph related products for its Holding Company.

The flagship brand, Ceftro (Ceftriaxone) of the Subsidiary, launched in the last quarter of 2017, has made its market. During the year, Ceftro achieved sales revenue of Rs. 318 million growing by 27 percent, whereas the overall Ceftriaxone Market reflected a growth of 5 percent (IQVIA- MAT 12/2020). Xorbact, another injectable brand, registered a sales revenue of Rs. 83 million, witnessing 183 percent growth over last year. Oral dosage brand Cefia, launched in the 3rd quarter of 2019, is now ranked 12th largest in its therapeutic segment.

The Company also launched two more cephalosporin molecules Fortez and Evacef, to diversify its existing portfolio during the 4th quarter of the year. The Subsidiary plans to launch new products to diversify its antibiotic portfolio to strengthen market share and ensure optimum utilization of its existing capacity

We continue to invest in plant and machinery and technology to optimize costs; towards this end, the Subsidiary completed several projects of infrastructure improvement, laboratory upgradation, and efficiency improvement, safety, quality, and compliance. The major initiatives taken during the year include:

- Automation of dry powder suspension line to enhance compliance and productivity.
- Automation of the labeling operations.
- Technical floor up-gradation for smart maintenance, to ensure QMS compliance and maintenance of clean environment.
- Achieved ISO 45001:2018 certification. (Occupational Health and Safety Management System)A milestone towards in taking care of the employee's health and their safety at work.
- Developed in-house Clean Steam Quality Testing Kit and 24/7 WFI storage and loop temperature maintenance.

The Subsidiary's quality consciousness is reflected through accreditation from reputable bodies. The Subsidiary's quality control laboratory has been certified for compliance with ISO/IEC 17025:2017-Lab Management System (LMS). Also, Subsidiary' sensitivity to environment health and safety is evidenced by recent certification from SGS for ISO 14001:2015.

Acknowledgement

On behalf of the Board, we would like to express my sincere gratitude to the shareholders, Doctors, Pharmacists, Consumers, Business partners, and the Bankers for the continued patronage and business and to the employees and management for their continued, dedicated, untiring efforts and hard work.

For and on behalf of the Board

Lahore: 25 March 2021

Dr. Adeel Abbas Haideri
Chief Executive Officer

Taufiq Ahmed Khan
Director

ڈائریکٹرز رپورٹ

ہائی نون لیبارٹریز لمیٹڈ کا بورڈ آف ڈائریکٹرز (بورڈ) ہائی نون لیبارٹریز (ہولڈنگ کمپنی) اور کیور یکسا ہیلتھ (پرائیویٹ) لمیٹڈ، جو کے کلی طور پر اسکی ذیلی کمپنی ہے، اوران دونوں کا ذکر ہم گروپ کے نام سے کریں گے، کے اشتعمال شدہ تنقیح شدہ حسابات برائے سال مختتمہ 31 دسمبر 2020 اور گروپ کی مجموعی کارکردگی پر اپنی جائزہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہا ہے۔

گروپ کی کارکردگی پر ڈائریکٹرز رپورٹ کا بنیادی مقصد گروپ کے تناظر میں ذیلی کمپنی کی مالیاتی کارکردگی اور اسکے کاروباری امور کا جائزہ لینا ہے جبکہ ہولڈنگ کمپنی کی کارکردگی اور مالی حالت پر پیش کی گئی ڈائریکٹرز رپورٹ اور چیئرمین کے جائزہ کو بھی جہاں تک لاگو ہو اس رپورٹ کا بھی حصہ سمجھا جائے۔

مالی کارکردگی کا جائزہ

ہم یہ بتاتے ہوئے فخر محسوس کر رہے ہیں کہ گروپ نے 10 ارب روپے سے زائد فروخت کا ہدف حاصل کر لیا ہے اس سال کا بعد از ٹیکس اشتعمالاتی منافع 1.47 ارب روپے سے بڑھ گیا ہے۔ گروپ کا خام منافع 5.242 ارب روپے (2019: 4.232 ارب روپے) تک بڑھ گیا ہے۔

گروپ کے اشتعمال شدہ حسابات کی شہ سرخیاں	اشتمال شدہ 2020	2019
	'000' روپے	
قبل از ٹیکس خالص منافع	1,998,889	1,368,823
ٹیکس	(525,071)	(368,219)
بعد از ٹیکس خالص منافع	1,473,817	1,000,604
قابلِ تقسیم منافع	3,671,509	2,662,848
تخصیصِ منافع		
نقد ڈیوڈنڈ برائے مالی سال 2020 فی حصص 15 روپے کے حساب سے (2019: فی حصص 13 روپے)	(519,224)	(409,086)
بونس حصص 10 فیصد (2019:10 فیصد)	(34,615)	(31,468)

فی حِصص آمدنی

گروپ کے اشتعمالی تنقیح شدہ حسابات کی بنیاد پر فی حِصص آمدنی برائے مالی سال مختتمہ 31 دسمبر 2020 بڑھ کر 42.58 روپے (2019: 28.91 روپے) ہوگئی گزشتہ سال کے مقابلے میں اس میں فی حصص اضافہ 13.67 روپے ہوا۔

ذیلی کمپنی کے کاروبار اور گروپ کا تناظر

ذیلی کمپنی سیفلوسپورِن پلانٹ چلا رہی ہے اور اسوقت اسکی ادویات کی خرید وفروخت کے حقوق صرف اسکی ہولڈنگ کمپنی کو حاصل ہیں۔

ذیلی کمپنی کا معروف برانڈ سیفٹرو (سیف ٹرائگزون) جو 2017 کی آخری سہ ماہی میں متعارف کروایا گیا یہ برانڈ مارکیٹ میں اپنا قابلِ قدر مقام پیدا کرنے میں کامیاب ہوا ہے۔ اس سال سیفٹرو (سیف ٹرائگزون) کی آمدنِ فروخت 318 ملین روپے رہی ہے جو کہ گزشتہ سال کے مقابلہ میں 27 فیصد زیادہ ہے جبکہ مارکیٹ میں اس مالیکیول کی مجموعی فروخت میں 5 فیصد اضافہ ہوا ہے۔ زاربیکٹ جو کہ ہمارا دوسرا انجیکٹیبل برانڈ ہے، اس کی فروخت 83 ملین رہی اور گزشتہ سال کے موازنہ میں اضافہ کی شرح 183 فیصد رہی۔ کمپنی کی بذریع منہ استعمال ہونے دواسیفیا جو کہ سال 2019 کی تیسری سہ ماہی کے آغاز میں مارکیٹ میں متعارف کروایا گیا اس برانڈ نے تھیراپیوٹک سیگمنٹ میں بارہویں پوزیشن حاصل کر لی ہے۔ ذیلی کمپنی نے سال 2020 کی آخری سہ ماہی میں اپنے مجموعہ ادویات میں مزید تنوع پیدا کرنے کیلئے فورٹز اور ایواسیف کے نام سے دو مزید سیفلوسپورین دوائیں متعارف کروائیں۔ ذیلی کمپنی نئی ادویات متعارف کروانے کی منصوبہ بندی کر رہی ہے تا کہ یہ اپنے جراثیم کُش مجموعہ ادویات میں تنوع حاصل کر کے مارکیٹ میں اپنے حصہ کو بڑھا سکے اور ذیلی کمپنی کی میسر پیداواری صلاحیت سے بھرپور طریقے سے استفادہ کیا جا سکے۔

ہم پلانٹ اور مشینری کے ساتھ ساتھ ٹیکنالوجی کے حصول پر بھی سرمایہ لگا رہے ہیں تا کہ لاگتِ پیداوار کو موثر بنایا جا سکے اس مقصد کو حاصل کرنے کے لیے ذیلی کمپنی نے پیداواری ڈھانچے میں بہتری، لیبارٹری کو مزید فعال بنانے اور استعداد میں بہتری لانے کے منصوبے مکمل کرنے کیساتھ معیار و حفاظت پر بھی توجہ دی ہے۔ اس سال کے چند اہم اقدامات اور انکی افادیت درج ذیل ہیں:

- کوالٹی کے معیارات پر پورا اترنے اور اورل سیکشن کی پیداواری صلاحیت کو بڑھانے کیلئے آٹومیٹک ڈرائی پاوڈر سسپینشن مشین کی تنصیب
- 7/24 واٹر فار انجیکشن سٹوریج اور لوپ ٹمپریچر برقرار رکھنے کا نظام اور کلین سٹیم کوالٹی ٹیسٹنگ کٹ کی اندرونی ذرائع سے تشکیل
- خودکار لیبلنگ مشین کی تنصیب
- پیشہ ورانہ امور میں صحت وتحفظ کو یقینی بنانے والے معیار آئی ایس او 2018:45001 کے سرٹیفیکیٹ کا حصول ماحول، صحت اور تحفظ کو یقینی بنانے کے نظام کی طرف ایک اور سنگ میل عبور کرنا ہے۔ یہ نظام پیشوارنہ امور کی انجام دہی کے وقت کارکنان کی صحت اور تحفظ کا خیال رکھتا ہے۔

اظہارِ تشکر

ہم بورڈ کی طرف سے حصہ داروں، ڈاکٹروں، فارماسسٹ، صارفین، کاروباری شراکت داروں اور بنکاروں کا ان کی متواتر سر پرستی اور کاروبار کے لیے اور انتظامیہ و کارکنان کا ان کی انتھک کوششوں، متواتر محنت اور لگن کے لیے پُرخلوص شکریہ ادا کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

لاہور: 25 مارچ 2021

ڈاکٹر عدیل عباس حیدری
چیف ایگزیکٹو آفیسر

توفیق احمد خان
ڈائریکٹر

Independent Auditor's Report

To the members of Highnoon Laboratories Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the annexed consolidated financial statements of Highnoon Laboratories Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, andthe consolidated statement of profit or loss , the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of consolidated financial position of the Group as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year 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 Institute of Cost and Management Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Following are the key audit matters:

Key Audit Matters	How the matter was addressed in our audit
1.Valuation of stock in trade:	
As disclosed in Note 21 to the accompanying consolidated financial statements, the stock in trade balance constitutes 33% of total assets of the Group. These are valued at lower of cost and net realizable value.The cost of work in process (WIP) and finished goods is determined at average manufacturing cost including a proportion of appropriate overheads.	Our audit procedures included, amongst others: - Obtaining an understanding of internal controls over valuation of stock in trade and testing their design, implementation and operating effectiveness; - assessing the appropriateness of the Group's accounting policies for valuation of stock in trade and compliance of those policies with applicable accounting standards;

Following are the key audit matters:

Key Audit Matters	How the matter was addressed in our audit
1.Valuation of stock in trade:	
The basis for allocation of overheads includes management judgment. This, in combination with the significant share of stock in trade as part of total assets, made us conclude that valuation of stock in trade is a key audit matter of our audit.	- obtaining an understanding and assessing reasonableness of the management's determination of net realizable value (NRV) and key estimates adopted including future selling prices, future cost to complete work in process and the costs necessary to make the sales and their basis; - physical attendance at inventory count and reconciling the count results to the inventory listings to test the completeness of data; - assessment of the appropriateness of management's basis for the allocation of cost and overheads; and - substantive analytical and other procedures including the recalculation of valuation based on accounting and costing policy

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the 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 Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' 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 Sajjad Hussain Gill.

Chartered Accountants
Lahore
Date 01 April 2021

Consolidated Statement of Financial Position

	Note	2020 Rupees	2019 Rupees
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorized share capital			
50,000,000 (2019: 50,000,000) Ordinary			
shares of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid up share capital	6	346,149,450	314,681,310
Revenue reserves		3,785,508,559	2,776,848,331
Revaluation surplus on operating fixed assets	7	460,509,721	356,336,117
Total Equity		4,592,167,730	3,447,865,758
Non-current liabilities			
Long term lease liabilities	8	129,565,599	61,214,905
Long term advances	9	35,514,216	28,990,796
Long term loan - secured	10	175,437,704	19,000,839
Deferred liabilities	11	528,576,823	415,166,574
		869,094,344	524,373,114
Current liabilities			
Trade and other payables	12	583,375,119	619,367,418
Unclaimed dividend		44,471,264	30,555,993
Mark up accrued	13	250,749	2,884,222
Short term borrowings	14	32,210,395	36,442,430
Current portion of long term liabilities	15	221,586,450	46,112,599
Provision for taxation - net		298,133,139	23,894,534
		1,180,027,116	759,257,196
Total Liabilities		2,049,121,460	1,283,630,310
TOTAL EQUITY AND LIABILITIES		6,641,289,190	4,731,496,068
CONTINGENCIES AND COMMITMENTS	16		

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

Dr. Adeel Abbas Haideri
Chief Executive Officer

Taufiq Ahmed Khan
Director

As at 31 December 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	17	1,778,876,923	1,382,588,051
Intangible assets	18	922,162	1,408,441
Goodwill	19	834,230	834,230
Long term deposits		21,543,429	22,160,371
Long term advances		30,058,266	27,673,080
Deferred tax asset - net	20	28,902,300	28,357,882.00
		1,861,137,310	1,463,022,055
Current assets			
Stock in trade	21	2,182,900,364	1,830,646,899
Trade debts	22	322,553,874	391,162,800
Advances	23	219,203,696	146,171,036
Trade deposits and prepayments	24	48,301,875	35,410,001
Other receivables	25	36,333,012	3,066,099
Short term investment	26	1,093,846,453	-
Tax refunds due from the Government	27	18,879,456	2,987,866
Cash and bank balances	28	858,133,150	859,029,312
		4,780,151,880	3,268,474,013
TOTAL ASSETS		6,641,289,190	4,731,496,068

Ashfaq P. Alidina
Chief Financial Officer

Consolidated Statement of Profit or Loss

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
Revenue from contracts with customers-net	29	10,697,633,870	9,047,692,893
Cost of revenue	30	(5,455,347,788)	(4,815,219,189)
Gross profit		5,242,286,082	4,232,473,704
Distribution, selling and promotional expenses	31	(2,645,473,995)	(2,386,788,950)
Administrative and general expenses	32	(476,648,232)	(396,215,600)
Research and development expenses	33	(6,377,871)	(5,012,518)
Other operating expenses	34	(185,286,277)	(123,621,231)
		(3,313,786,375)	(2,911,638,299)
Operating Profit		1,928,499,707	1,320,835,405
Other income	35	102,137,529	83,030,953
Finance costs	36	(31,748,609)	(35,043,496)
Profit before taxation		1,998,888,627	1,368,822,862
Taxation	37	(525,071,303)	(368,218,960)
Profit for the year		1,473,817,324	1,000,603,902
			Restated
Earnings per share - basic and diluted	38	42.58	28.91

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

Dr. Adeel Abbas Haideri	Taufiq Ahmed Khan	Ashfaq P. Alidina
Chief Executive Officer	Director	Chief Financial Officer

Consolidated Statement of Comprehensive Income

For The Year Ended 31 December 2020

	2020 Rupees	2019 Rupees
Profit for the year	1,473,817,324	1,000,603,902
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:	-	-
Revaluation Surplus on operating fixed asset - net of tax	125,994,458	-
Experience adjustments on defined benefit plan - net of tax	(45,923,428)	(27,043,185)
Total comprehensive income for the year	1,553,888,354	973,560,717

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

Dr. Adeel Abbas Haideri	Taufiq Ahmed Khan	Ashfaq P. Alidina
Chief Executive Officer	Director	Chief Financial Officer

Consolidated Statement of Cash Flow

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,998,888,627	1,368,822,862
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of operating fixed assets	17.1.1	155,350,826	144,611,115
Amortization of intangible assets	18	486,279	483,943
Gain on disposal of operating fixed assets	35	(32,074,822)	(22,136,434)
Exchange loss - net	34	8,243,972	61,983
Provision for slow moving and obsolete stock	21.1	45,873,380	18,341,448
Provision for defined benefit obligation	11.2.2	73,994,401	69,684,228
Provision for Workers' Profit Participation Fund	25.2	107,545,092	75,375,779
Provision for Central Research Fund	34	21,726,281	15,120,789
Finance costs	36	31,748,609	35,043,496
Allowance for expected credit losses	22.2	9,232,159	5,452,010
		422,126,177	342,038,357
Profit before working capital changes		2,421,014,804	1,710,861,219
Working capital changes:			
(Increase) / decrease in current assets:			
Stock in trade		(398,126,845)	(481,064,460)
Trade debts		51,132,795	(115,167,038)
Advances		(73,032,660)	(69,794,360)
Trade deposits and prepayments		(12,891,874)	(4,167,839)
Other receivables		(34,029,755)	2,367,865
Tax refund due from government		(15,891,590)	4,622,584
(Decrease) / increase in current liabilities:			
Trade and other payables		(54,319,424)	247,909,685
		(537,159,353)	(415,293,563)

Consolidated Statement of Cash Flow

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
Cash flows generated from operations		1,883,855,451	1,295,567,656
Income tax paid		(247,550,659)	(403,170,058)
Gratuity paid		(22,872,379)	(46,503,156)
Finance costs paid		(31,935,478)	(34,810,286)
Workers' Profit Participation Fund paid		(106,782,250)	(78,711,829)
Central Research Fund paid		(14,852,487)	(10,525,496)
Net cash flows from operating activities		1,459,862,198	721,846,831
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(367,313,016)	(264,579,878)
(Additions) / Deletion in long term advances		(2,385,186)	1,643,312
Intangible asset acquired		-	(120,090)
Addition in short term investment		(1,093,846,453)	-
Decrease / (Increase) in long term deposits - net		616,942	(7,161,857)
Proceeds from disposal of operating fixed assets	17.1.4	87,141,984	96,295,566
Net cash flows used in investing activities		(1,375,785,729)	(173,922,947)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities - net		(17,484,212)	(78,837,745)
Long term loan received		361,465,552	-
Repayment of long term loan - net		(35,183,196)	(25,333,333)
(Decrease) / Increase in short term borrowings - net		(4,232,035)	14,430,618
Increase / (Decrease) in long term advances - net		5,631,705	(17,961,383)
Dividend paid		(395,170,445)	(361,931,580)
Net cash flows used in financing activities		(84,972,631)	(469,633,423)
Net (decrease) / increase in cash and cash equivalents		(896,162)	78,290,461
Cash and cash equivalents at beginning of the year		859,029,312	780,738,851
Cash and cash equivalents at end of the year	39	858,133,150	859,029,312

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

Dr. Adeel Abbas Haideri Chief Executive Officer	Taufiq Ahmed Khan Director	Ashfaq P. Alidina Chief Financial Officer

Consolidated Statement of Changes in Equity

For The Year Ended 31 December 2020

	Share capital	Capital Reserves	Revenue reserves			Total
		Revaluation Surplus on operating fixed asset	General reserve	Unappropriated profit	Sub total	
	----------	----------	----------	Rupees	----------	----------
Balance as at 1 January 2019	286,073,930	370,409,400	114,000,000	2,076,679,480	2,190,679,480	2,847,162,810
Profit for the year ended 31 December 2019	-	-	-	1,000,603,902	1,000,603,902	1,000,603,902
Other comprehensive loss	-	-	-	(27,043,185)	(27,043,185)	(27,043,185)
Total comprehensive income for the year	-	-	-	973,560,717	973,560,717	973,560,717
Surplus transferred to unappropriated profit						
On account of incremental depreciation relating to surplus on revaluation of operating fixed asset - net of tax	-	(13,527,623)	-	13,527,623	13,527,623	-
Effect of change in proportion of normal sales	-	(545,660)	-	-	-	(545,660)
Transaction with owners of the Group, recognized directly in equity - Distributions						
Issuance of bonus shares @ 10%	28,607,390	-	-	(28,607,390)	(28,607,390)	-
Final dividend @ Rs. 13 per share for the year ended 31 December 2018	-	-	-	(372,312,109)	(372,312,109)	(372,312,109)
Balance as at 31 December 2019	314,681,320	356,336,117	114,000,000	2,662,848,321	2,776,848,321	3,447,865,758
Profit for the year ended 31 December 2020	-	-	-	1,473,819,323	1,473,819,323	1,473,819,323
Other comprehensive income	-	125,994,458	-	(45,923,428)	(45,923,428)	80,071,030
Total comprehensive income for the year	-	125,994,458	-	1,427,895,895	1,427,895,895	1,553,890,353
Surplus transferred to unappropriated profit						
On account of incremental depreciation relating to surplus on revaluation of operating fixed asset - net of tax	-	(11,995,728)	-	11,995,728	11,995,728	-
On account of disposal of land	-	(9,322,461)	-	9,322,461	9,322,461	-
Effect of change in proportion of normal sales	-	(502,665)	-	-	-	(502,665)
Transaction with owners of the Group, recognized directly in equity - Distributions						
Issuance of bonus shares @ 10%	31,468,130	-	-	(31,468,130)	(31,468,130)	-
Final dividend @ Rs. 13 per share for the year ended 31 December 2019	-	-	-	(409,085,716)	(409,085,716)	(409,085,716)
Balance as at 31 December 2020	346,149,450	460,509,721	114,000,000	3,671,508,559	3,785,508,559	4,592,167,730

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

Dr. Adeel Abbas Haideri
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

1. CORPORATE INFORMATION

The Highnoon Group ("the Group") comprises of Highnoon Laboratories Limited ("HNL") ("the Holding Company") and Curexa Health (Private) Limited ("CHL") ("the Subsidiary Company").

Highnoon Laboratories Limited ("the Holding Company") was incorporated in Pakistan under the Companies Act, 2017 ("the Act") and its shares are quoted on Pakistan Stock Exchange since November 1994. The Company is principally engaged in the manufacture, import, sale and marketing of pharmaceutical and allied consumer products. The registered office of the Company is situated at 17.5 KM ,Multan Road, Lahore.

The Subsidiary Company was incorporated with the principle object to carry on business as manufacturer, importer and dealers of all kinds of pharmaceutical.

1.1 Geographical location and addresses of major business units of the Group are as under:

Business Units	Geographical Location	Address
Registered office / Manufacturing facility	Lahore	17.5 KM, Multan Road, Lahore
Regional Marketing Office	Lahore	2nd Floor, 587 - Block H-III, Abdul Haq Road, Opposite Emporium Mall Gate No.5, Johar Town, Lahore.
Corporate Office	Lahore	Office# 901 Tricon Corporate Centre, Jail Road, Lahore.
Subsidiary Registered office/ Manufacturing facility	Lahore	517- Sundar Industrial Estate, Raiwind, Lahore

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Act and Islamic Financial Accounting Standard (IFAS) as issued by ICAP; and

- Provision and directives issued under the Act.

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

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

2.2 Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention, except for revaluation of certain assets as referred to in Note 4.9 and recognition of certain employees retirement benefits at present value.

These financial statements are the consolidated financial statements of the Group in which investment in subsidiary is accounted for on the basis of acquisition method. Stand alone financial statements of the Parent and its Subsidiary are prepared separately.

2.3 Basis of consolidation

The Group's consolidated financial statements include the financial statement of the Holding Company HNL and its subsidiary company CHL. The Group uses the acquisition method of accounting to account for business combination. The consideration transferred is the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the Group, if any. Acquisition related cost is expensed as incurred. The Group recognizes any non-controlling interest in the acquire at the non-controlling interest's proportionate share of the identifiable net assets of the acquired. The financial statement of the Holding Company and its Subsidiary are prepared up to the same reporting date using consistent accounting policies. Identifiable assets acquired and liabilities assumed in the acquisition are measured initially at their fair value at the date of acquisition.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the value of non- controlling interest using proportionate share method over the net identifiable assets acquired and liabilities assumed. If this is less than the fair value of the net asset of the subsidiary acquired, the difference is recognized in statement of profit or loss. After initial recognition, it is measured at carrying value i.e. cost at the date of acquisition less any accumulated impairment.

The financial statements of CHL have been consolidated on line by line basis. Intra Group balances, transactions, income and expenses have been eliminated. Assets, liabilities, income and expense have been consolidated from the date Group acquired the control of the subsidiary till the control cease to exist. Unrealized gain or loss on intra group transactions are also eliminated but unrealized losses are however recognized to the extent of impairment, if any.

2.4 Non Controlling interest

The Group applies a policy of treating transactions with non-controlling interests as transaction with parties external to the Group. Disposals of non-controlling interests results in gain or loss for the Group that are recorded in the consolidated statement of profit or loss.

2.5 Functional and presentation currency

These consolidated financial statements are presented in Pak rupee (Rupee), which is also the functional currency of the Group. Figures have been rounded off to the nearest rupee, unless otherwise stated.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to Group's consolidated financial statements or where judgments were exercised in application of accounting policies are as follows:

		Notes
-	Leases	4.2.3
-	impairment of financial assets	4.3.3
-	provisions	4.7
-	staff retirement benefits	4.9
-	property, plant and equipment	4.11
-	expected credit loss	4.16.4
-	taxation	4.23

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year except for as mentioned in Note 4.1 and as follows:

4.1 Standards, interpretations and amendments to published approved accounting standards that became effective during the current year

IAS 1 and IAS 8 Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material, to clarify the definition of material and its alignment with the definition used in the Conceptual Framework (amendments)

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
IAS 28 'Long-term Interests in Associates and Joint Ventures – (Amendments)
IFRS 3 'Business Combinations' - Definition of business (amendments)
Amendments to the Conceptual Framework for Financial Reporting
IFRS 16 - Covid-19- Related Rent Concessions (amendments)

The adoption of above amendments do not have any significant impact on these consolidated financial statements of the Group. However, related changes to the accounting policies and related disclosures have been made in these consolidated financial statements.

4.2 Leases

4.2.1 Lease liabilities

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.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

4.2.2 Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (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 that are considered of low value. 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.

4.2.3 Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three to ten years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

4.3 Financial instruments - Initial recognition and subsequent measurement

Initial Recognition

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

Classification of financial assets

The Group classifies its financial instruments in the following categories:

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

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

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

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

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

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

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

Classification of financial liabilities

The Group classifies its financial liabilities in the following categories:

- at fair value through consolidated statement of profit and loss ("FVTPL"), or
- at amortized cost.

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

4.3.2 Subsequent measurement

i) Financial assets at FVTOCI

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

ii) Financial assets and liabilities at amortized cost

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

iii) Financial assets and liabilities at FVTPL

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

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

4.3.3 Impairment of financial asset

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

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

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs. Life time ECLs are the ECLs that results from all possible defaults events over the expected life of a financial instrument. 12 month ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

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

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

4.3.4 Derecognition

i) Financial assets

The Group derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in consolidated statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to consolidated statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve.

ii) Financial liabilities

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

4.4 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if the Group has legally enforceable right to offset the recognized amounts and the Group intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

4.5 Trade and other payables

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

4.6 Dividend

Dividend to shareholders is recognized as a liability in the period in which it is approved.

4.7 Provisions

A provision is recognized when the Group has a present, legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation of which reliable estimate can be made.

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4.8 Impairment of non-financial assets

The carrying amount of the assets except for inventories are reviewed at each reporting date to identify the circumstances indicating the occurrence of impairment loss or reversal of previously recognized impairment losses. If any such indication exists, the recoverable amount of such asset is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

Where an impairment loss subsequently reverses, the carrying amount of such asset is increased to the extent that it does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss has been charged. A reversal of the impairment loss is recognized as income in consolidated statement of profit or loss.

4.9 Staff retirement benefits

Defined benefit plan

The Group operates an unfunded gratuity scheme for all of its permanent employees who have joined on or before 19 March 2013, under which benefits are paid on cessation of employment subject to a minimum qualifying period of service. Qualified actuaries have carried out the valuation as at 31 December 2020 using the project unit credit method.

Remeasurement adjustments are recognized in consolidated statement of other comprehensive income when they occur. Amounts recorded in statement of profit or loss are limited to current and past service cost, gains or losses on settlements, and net interest income (expense). All other changes in net defined benefit liability are recognized in consolidated statement of other comprehensive income with no subsequent recycling to consolidated statement of profit or loss. The distinction between short term and other long term employee benefits will be based on the expected timing of settlement rather than the employees entitlement to benefits.

Defined contribution plan

The Group also operates a recognized provident fund scheme for all of its permanent employees in accordance with the trust deed and rules made there under. Equal monthly contributions are made to the fund by the Group and employees at the rate of 8.33% (2019: 8.33%) of basic salary and cost of living allowance.

Compensated leave absences

Provision for compensated absences is made to the extent of value of accumulated accrued leaves / leave fair assistance of the employees at the reporting date as per entitlement on the basis of last drawn salary. The managers or other executives are not allowed to carry forward un-availed leaves while worker can carry forward maximum 10 un-availed leaves for a maximum period of one year.

4.10 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to consolidated statement of profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

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4.11 Property, plant and equipment

4.11.1 Owned operating assets:

These are stated at cost amount less accumulated depreciation and impairment except for freehold land, building and plant and machinery which is stated at revalued amount. Revaluation is carried out every five years unless earlier revaluation is necessitated.

Deprecation is charged on reducing balance method at the rates in Note 17.1 to write off the cost / revalued amount of an asset over its estimated useful life. The assets' residual values and useful lives are reviewed at each financial year end and adjusted, if its impact on depreciation is significant. Full month's depreciation is charged on additions, while no depreciation is charged in the month of disposal or deletion of assets. Surplus on revaluation of fixed assets relating to incremental depreciation (net of deferred taxation) is transferred directly to equity.

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group as per recognition criteria. All other expenditure in the form of normal repair and maintenance is charged to consolidated statement of profit or loss as and when incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of operating fixed assets are included in consolidated statement of profit and loss, except that the related surplus on revaluation of property plant and equipment (net of deferred taxation) is transferred directly to unappropriated profit.

A revaluation surplus is recorded in consolidated statement of other comprehensive income (OCI) and presented as a separate part of equity. However, the increase is recorded in the consolidated statement of profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognized in the consolidated statement of profit or loss however, a decrease is recorded in consolidated statement of other comprehensive income to the extent of any credit balance entry in revaluation surplus in respect of same assets. The revaluation reserve is not available for distribution to the Group's shareholders.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on assets original cost. Additionally, gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit.

4.11.2 Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

4.12 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss and includes the expenditures on material, labor and appropriate overheads directly relating to the project. These costs are transferred to fixed assets as and when assets are available for intended use.

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4.13 Intangible assets

Intangible assets include Intellectual Property, Rights, Trademarks and Softwares, which are non-monetary assets without physical substance. These are recognized at cost, which comprises its purchase price, non-refundable purchase taxes and any directly attributable expenditures.

Changes in the expected useful lives or the expected pattern of consumption of future economic benefits at the rate in Note 18, embodied in the intangible assets, are accounted for by changing the recognized period or amortization method, as appropriate, and treated as a change in accounting estimate. The recognized expense on intangible assets with finite lives is recognized in the consolidated statement of profit or loss in the expense category, consistent with the function of the intangible asset.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written-down to their recoverable amount.

Subsequent expenditures on intangible assets are recognized as an expense when it is incurred unless the expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance.

4.14 Goodwill

Goodwill represents the excess of the aggregate of the consideration transferred and the value of non-controlling interest using proportionate share method over the net identifiable assets acquired and liabilities assumed. After initial recognition it is measured at carrying value i.e. at date of acquisition less any accumulated impairment.

4.15 Stock in trade

These are valued at the lower of cost and net realizable value. Cost is determined using the following basis :

Raw materials	- on moving average
Work-in-process	- at estimated manufacturing cost including appropriate overheads
Finished goods	
- Imported	- on moving average
- Local	- on annual average manufacturing cost including appropriate overheads
Merchandise in transit/pledged	- at invoice value plus other charges incurred thereon

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. The Group revises the carrying amount of stock-in-trade on a regular basis and a provision is made for obsolescence, for items which are slow-moving and/or identified as a surplus to the Group's requirement. A provision is made for the excess of book values over the estimated net realizable value.

4.16 Contract balances:

4.16.1 Contract asset

A contract asset is the right to consideration in exchange for goods if the Group performs by transferring goods to customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

4.16.2 Trade debts

Trade debts are initially measured at their transaction price under IFRS 15 and subsequently measured at amortized cost less any allowance for expected credit losses (ECL).

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4.16.3 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

4.16.4 Expected credit losses

Expected credit losses are calculated as a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Group in accordance with the contract and cash flows that the Group expects to receive). (Refer to Note 4.3.3 for detailed policy for impairment of financial assets).

4.16.5 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and balance with banks in current and saving accounts.

4.17 Segment reporting

The key financial decision maker considers the whole business as one operating segment.

4.18 Foreign currency translation

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

4.19 Revenue from contracts with customers

According to the core principle of IFRS-15, the Group recognizes revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those good and services. The Group recognizes revenue in accordance with that core principle by applying the following steps:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when the entity satisfies a performance obligation

Revenue from local sales is recognized when the Group satisfies the performance obligation of the goods is transferred i.e. on dispatch of goods to the customers. Export goods are considered dispatched when bill of lading / airway bill is prepared for shipment to customers. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

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4.20 Research and development cost

These costs are charged to consolidated statement of profit or loss as and when incurred, except for any development costs which are recognized as intangible assets when it is probable that the development project will be a success and certain criteria, including commercial and technological feasibility have been met.

4.21 Borrowing cost

Finance cost on long term liabilities / lease liabilities which are specifically obtained for the acquisition of qualifying assets i.e. assets that take a substantial period of time to get ready for their intended use, are capitalized up to the date of commissioning of respective asset. All other interest, mark-up and expenses are charged to consolidated statement of profit or loss in the period in which they are incurred.

4.22 Other income

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

Dividend income and entitlement of bonus shares are recognized when the right to receive is established. Gains and losses on sale of investments are accounted for on disposal of investments.

4.23 Taxation

Income tax on profit or loss for the year comprises current and deferred tax.

Current

Provision of current tax is based on the taxable income, alternative corporate tax or minimum tax provisions in accordance with Income Tax Ordinance 2001. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred taxation is provided using the balance sheet method for all temporary differences at the reporting date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, if any, to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference, carry-forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantially enacted at the reporting date.

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5 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below and have not been adopted early by the Group:

Standard or Interpretation	Effective date (Annual periods beginning on or after)
Annual Improvements make minor amendments to IFRS 9 Financial Instruments and IAS 41 Agriculture	01 January 2022
IAS 16 amendment regarding proceeds before intended use	01 January 2022
IAS 37 amendment regarding onerous contract	01 January 2022
Amendments to IFRS 3 Business Combinations update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	01 January 2022
IAS 1 amendment regarding the classification of Liabilities as Current and Non Current	01 January 2023

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

	Standard	IASB effective date (Annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 July 2009
IFRS 17	Insurance Contracts	01 January 2023

The above amendments and interpretations are not expected to have any significant impact on consolidated financial statements of the Group.

6. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	Note	2020 Rupees	2019 Rupees
5,905,000 (2019: 5,905,000) ordinary shares of Rs. 10 each fully paid in cash		59,050,000	59,050,000
95,000 (2019: 95,000) ordinary shares of Rs.10 each issued for consideration other than cash	6.1	950,000	950,000
28,614,945 (2019: 25,468,131) ordinary shares of Rs. 10 each issued as bonus shares		286,149,450	254,681,320
	6.2	346,149,450	314,681,320

6.1 This represents the issuance of shares against the transfer of plant and machinery and other assets.

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6.2 Reconciliation of Issued, subscribed and paid-up share capital

	2020 Number	2019 Number	2020 Rupees	2019 Rupees
Issued, subscribed and paid-up shares of Rs. 10 each as at 01 January	31,468,132	28,607,393	314,681,320	286,073,930
Issuance of bonus shares of Rs. 10 each	3,146,813	2,860,739	31,468,130	28,607,390
Issued, subscribed and paid-up shares of Rs. 10 each as at 31 December	34,614,945	31,468,132	346,149,450	314,681,320

7. REVALUATION SURPLUS ON OPERATING FIXED ASSETS	Note	2020 Rupees	2019 Rupees
Gross surplus on revaluation of fixed assets as at 01 January		401,645,207	420,146,545
Additions during the year	17.1	146,326,204	-
Surplus on revaluation of operating fixed assets relating to disposal of land - transferred to unappropriated profit		(9,322,461)	-
Incremental depreciation relating to surplus on revaluation of operating fixed assets - transferred to unappropriated profit			
Net of deferred tax		(11,995,728)	(13,527,623)
Related deferred tax liability		(4,655,475)	(4,973,715)
		(16,651,203)	(18,501,338)
		521,997,747	401,645,207
Less related deferred tax liability on:			
Balance at the beginning of the year		45,309,090	49,737,145
Addition during the year		20,331,746	-
Effect of change in proportion of normal sales		502,665	545,660
Incremental depreciation relating to surplus on revaluation of operating fixed assets - transferred to unappropriated profit		(4,655,475)	(4,973,715)
	20	61,488,026	45,309,090
Surplus on revaluation of fixed assets as at 31 December	7.1	460,509,721	356,336,117

7.1 This represent surplus arising on revaluation of freehold land, building on freehold land and plant and machinery. This has been adjusted by incremental depreciation arising due to revaluation, net of deferred tax. The latest revaluation of land, building on freehold land and plant and machinery was carried out on 31 December 2020 by M/S Surval which resulted in a surplus of Rs. 146 million.

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	Note	2020 Rupees	2019 Rupees
8. LONG TERM LEASE LIABILITIES			
Present value of lease payments		147,464,259	71,880,829
Less: Current portion shown under current liabilities	15	(17,898,658)	(10,665,924)
		129,565,599	61,214,905

	Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments
	2020		
	----Rupees----		
Within one year	35,892,362	(17,993,704)	17,898,658
After one year but not more than five years	145,707,064	(52,829,638)	92,877,426
More than five years	45,952,918	(9,264,743)	36,688,175
	227,552,344	(80,088,085)	147,464,259
	2019		
	----Rupees----		
Within one year	18,979,981	(8,314,057)	10,665,924
After one year but not more than five years	44,384,984	(25,496,200)	18,888,784
More than five years	56,545,564	(14,219,443)	42,326,121
	119,910,529	(48,029,700)	71,880,829

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Note	2020 Rupees	2019 Rupees
As at 1 January		71,880,829	69,249,350
Additions		93,067,642	81,469,224
Accretion of interest	36	14,231,112	16,536,114
Payments		(31,715,326)	(95,373,859)
As at 31 December		147,464,257	71,880,829
Current maturity of lease liabilities		(17,898,658)	(10,665,924)
Long term lease liabilities		129,565,599	61,214,905

This outstanding lease liability relates to the lease contracts for warehouses, sales offices and city office used in its operations, capitalized under IFRS-16. These leases generally have lease terms between 2 to 10 years.

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	Note	2020 Rupees	2019 Rupees
9. LONG TERM ADVANCES			
Long term advances	9.1	44,735,843	39,104,138
Less: Current portion shown under current liabilities	15	(9,221,627)	(10,113,342)
		35,514,216	28,990,796

9.1 This represent advances taken from employees against future sale of vehicles as per the Group's policy. Present value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of long term advances is considered insignificant by the management at the financial statements level, hence not recognized.

	Note	2020 Rupees	2019 Rupees
10. LONG TERM LOAN - SECURED			
JS Bank Term loan	10.1	12,667,504	44,334,172
Payroll financing loan	10.2	347,394,125	-
		360,061,629	44,334,172
Less: Current portion	15	(184,623,925)	(25,333,333)
		175,437,704	19,000,839

10.1 This represents the loan availed against the demand finance facility having limit of Rs. 95 million, for purchase of machinery and equipment of cephalosporin manufacturing plant. This loan is repayable in 20 equal quarterly installments over the term of five years, with mark-up payable quarterly at the rate of 1 month KIBOR plus 1.5% (2019: 1 month KIBOR plus 1.5%) per annum on the outstanding amount of loan. This loan has been secured against first Pari passu charge over plant and machinery to be imported and land and building, located at 517 Sundar Industrial Estate, Raiwind Road, Lahore owned by the Subsidiary having covered area of 12,356 square meters.

10.2 The movement of long term loan is as follows:	Note	2020 Rupees	2019 Rupees
Addition during the year			
Loan obtained	10.2.1	361,465,552	-
Less: deferred grant		(19,005,493)	-
		342,460,059	-
Unwinding of loan		10,702,338	-
Payment during the year		(5,768,272)	-
Balance at the end of the year		347,394,125	-

10.2.1 This represents loan of Rs. 361.46 million obtained under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facility has an aggregate sanctioned limit of Rs. 429 million and is availed to finance wages and salaries (excluding bonuses, sales incentives, employee benefit plans, staff retirement benefits, gratuity etc.) of permanent, contractual, daily wagers as well as outsourced employees (collectively the Employees) for months of April to September 2020. It carries mark-up at SBP rate plus 3% per annum and is secured against first pari passu equitable mortgage charge of Rs. 266.67 million on fixed assets of the parent including land, building, plant and machinery

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situated at 17.5KM, Multan Road, Mouza Kanjrah, Lahore, exclusive charge of Rs. 533.34 million over the operating fixed assets of the Parent with 25% margin and first charge over land, building and plant and machinery of the Subsidiary amounting to Rs. 130 million with 20% margin. Further, the Group has also issued a demand Promissory note amounting to Rs. 342,092,236 in favour of bank. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using effective interest rate of 3M KIBOR at respective draw down dates. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

Salient features of the facility is as under:

Bank name	Outstanding installments	Repayment	Installment (Rupees)	Repayment Date	Ending Date
Habib Bank Limited	8	Quarterly	41,666,667	1 January 2021	1 October 2021
JS Bank Limited	8	Quarterly	3,516,528	1 January 2021	1 October 2021

11. DEFERRED LIABILITIES

	Note	2020 Rupees	2019 Rupees
Deferred Grant	11.1	3,157,262	-
Gratuity	11.2	525,419,561	415,166,574
		528,576,823	415,166,574

11.1 Movement of deferred grant is as follows:

	2020 Rupees	2019 Rupees
Addition during the year	19,005,493	-
Grant income recognized during the year	(6,005,991)	-
Closing balance	12,999,502	-
Less: Current portion	(9,842,240)	-
	3,157,262	-

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11.2 Gratuity - General description

As discussed in Note 4.9, the Group operates an unfunded gratuity scheme for its employees, under which benefits are paid on cessation of employment subject to a minimum qualifying period of service. Qualified actuary have carried out the valuation as at 31 December 2020 using the projected unit credit method.

	Note	2020 Rupees	2019 Rupees
Present value of defined benefit obligation	11.2.1	525,419,561	415,166,574

11.2.1 Movement in the present value of define benefit obligation:

	2020 Rupees	2019 Rupees
Liability as at 01 January	415,166,574	356,611,531
Current service cost	28,838,597	25,664,512
Interest cost on defined benefit obligation	45,155,804	44,019,716
Benefits paid during the year	(20,377,394)	(46,279,530)
	53,617,007	23,404,698
Actuarial (gains)/losses from:		
changes in financial assumptions	41,402,458	(1,301,591)
experience adjustments	22,419,436	38,946,921
	63,821,894	37,645,330
Less: balance due but not paid	(7,185,914)	(2,494,985)
Liability as at 31 December	525,419,561	415,166,574

11.2.2 Expense recognized in consolidated statement of profit or loss:

	2020 Rupees	2019 Rupees
Current service cost	28,838,597	25,664,512
Interest cost	45,155,804	44,019,716
	73,994,401	69,684,228

11.2.3 Remeasurement recognized in consolidated statement of other comprehensive income:

	2020 Rupees	2019 Rupees
Actuarial losses / (gains) from changes in financial assumptions	41,402,458	(1,301,591)
Experience adjustments	22,419,436	38,946,921
	63,821,894	37,645,330

11.2.4 Changes in net recognized liability:

	Note	2020 Rupees	2019 Rupees
Liability as at 01 January		417,661,559	356,835,157
Amount recognized during the year	11.2.2	73,994,401	69,684,228
Experience adjustments recognized during the year	11.2.3	63,821,894	37,645,330
Benefit paid during the year		(22,872,379)	(46,503,156)
Liability as at 31 December		532,605,475	417,661,559

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11.2.5 Historical information for gratuity plan

	2020	2019	2018	2017	2016
	Rupees				
Present value of defined benefit obligation	525,419,561	417,661,559	356,835,157	342,208,530	293,352,116
Remeasurement adjustment arising on plan liabilities	63,821,894	37,645,330	22,782,070	15,477,217	14,019,989
Remeasurement adjustment as percentage of outstanding liability	12.15%	9.01%	6.38%	4.52%	4.78%

The projected unit credit method with the following significant assumptions was used for the valuation of this scheme:

	2020	2019
- Discount rate	11.25% p.a.	11.25% p.a.
- Expected rate of increase in salary	9.75% p.a.	10.25% p.a.
- Expected average remaining working life time	8.53 years	8 years
- Mortality rates	SLIC	SLIC
	2001-2005	2001-2005

11.2.6 Estimated expense of current service cost and interest cost on defined benefit obligation to be charged to consolidated statement of profit or loss in 2021 amounting to Rs. 28.8 million and Rs. 44.2 million.

11.2.7 Sensitivity analysis

Significant assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	Note	2020 Rupees	2019 Rupees
Discount rate + 100 bps		483,651,923	382,421,584
Discount rate - 100 bps		(573,369,148)	(452,696,373)
Salary increase + 100 bps		573,331,210	453,057,205
Salary increase - 100 bps		(482,916,032)	(381,541,523)

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	Note	2020 Rupees	2019 Rupees
12. TRADE AND OTHER PAYABLES			
Trade creditors	12.1	182,490,425	322,443,362
Bills payable		20,391,302	71,129,750
Accrued expenses		248,368,665	160,146,166
Contract liabilities		76,851,860	26,029,986
Payable to Provident Fund Trust		10,565,972	8,614,987
Payable to Central Research Fund		21,649,432	14,775,638
Withholding tax payable		22,305,850	15,543,448
Payable to Employees Welfare Trust		751,613	684,081
		583,375,119	619,367,418

12.1 This includes a balance amounting to Rs. nil (2019: Rs. 133.77 million) due to Route 2 Health (Private) Limited, a related party.

	2020	2019
13. MARK UP ACCRUED		
Mark-up on long term loan	-	1,734,418
Mark-up on running finance	64,851	507,685
Mark-up on finance against trust receipts	185,898	642,119
	250,749	2,884,222

	2020	2019
14. SHORT TERM BORROWINGS		
Short term borrowings from commercial banks	5,063,337	12,233,164
Finance against trust receipts	27,147,058	24,209,266
	32,210,395	36,442,430

Following are the credit facilities available to the Group at year end:

14.1 The Group has short term running finance facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs. 619 million (2019: Rs. 505 million). Out of these facilities, Rs. 575 million is available as sublimit and can interchangeably be utilized for FATR, LG and L/C sight/Usance. These facilities carry mark-up at rates ranging from one month KIBOR plus 50 to 100 basis points (2019: one month KIBOR to three months KIBOR plus 50 to 100 basis points) per annum. These facilities along with their respective sublimit are secured by way of first pari passu charge for Rs. 95 million (2019: Rs. 684.62 million) on fixed assets, first joint pari passu hypothecation charge of Rs. 538 million (2019: Rs. 412 million) on stocks including but not limited to raw materials, goods in process and finished goods of the Group and Join pari passu on all present and future current asset of Group.

Out of total borrowing facility, Export Refinance Facility obtained under SBP regulations at a subsidized mark up rate ranging from SBP rate or SBP IERF rate + 1% (2019: 4%) per annum, amounting to Rs. 150 million (2019: Rs. 50 million).

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14.2 The Group also has aggregate sanctioned import credit facilities available from various commercial banks amounting to Rs. 1,150 million (2019: Rs. 1405 million). Out of these facilities, Rs. 270 million is available as sublimit and can interchangeably be utilized as Running Finance. These facilities along with their respective sublimit are secured by way of lien over import documents, cash margin as per SBP and first pari passu hypothecation charge of Rs. 620 million on current assets including but not limited to raw material, medicines, goods in process and finished goods.

14.3 Short term running finances are availed from commercial banks against aggregate sanctioned limit of Rs. 50 million including Rs. 30 million for FATR (funds against trust receipt) and Rs.20 million related to Running finance (2019: Rs. 50 million including Rs. 30 million for FATR (funds against trust receipt) and Rs.20 million related to Running finance). These facilities carry mark-up at the rate of one month KIBOR plus 200 basis points (2019: One month KIBOR plus 200 basis points). These facilities are secured by way of hypothecation charge over all present and future current assets with 20% margin.

15. CURRENT PORTION OF LONG TERM LIABILITIES

	Note	2020 Rupees	2019 Rupees
Current maturity of lease liabilities	8	17,898,658	10,665,924
Long term advances	9	9,221,627	10,113,342
Long term loan - secured	10	184,623,925	25,333,333
Deferred grant	11.1	9,842,240	-
		221,586,450	46,112,599

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

- While finalizing income tax assessments for the tax year 2010, Additional Commissioner Inland Revenue (ACIR) had made certain additions with aggregate tax impact of Rs.10 million. The Group had filed an appeal before Commission Inland Revenue CIR (Appeals) who had upheld the additions made by assessing officer. Being aggrieved, the Group filed an appeal before Appellate Tribunal Inland Revenue (ATIR), who deleted the aforesaid additions. However, the Tax department has filed reference before honourable Lahore High Court against the judgment of ATIR. The case is pending adjudication. Provision has not been recognized by the Group, as the management expects a favourable outcome.

- While finalizing income tax assessments for the tax year 2011, ACIR made additions amounting to Rs. 42.2 million with aggregate tax impact of Rs. 24 million. The Group filed an appeal before CIR (Appeals) who deleted additions aggregating to Rs. 39.7 million. For the remaining amount Rs. 2.5 million the Group has filed an appeal before the ATIR which is pending adjudication. Provision has not been recognized by the Group, as the management expects a favourable outcome.

- The ACIR had issued an amended assessment order u/s 122(1)/122(5)/177) of the Income Tax Ordinance, 2001 and made certain addition amounting to Rs. 24.1 million for the tax year 2013. The Group preferred an appeal to CIR against the aforesaid order. The CIR vide his appellate order, upheld the addition amounting to Rs. 24.1 million. Being aggrieved the Group has filed an appeal against the aforementioned addition before the ATIR, which is still pending. Provision has not been recognized by the Group, as the management expects a favourable outcome.

- The Deputy Commissioner Inland Revenue (DCIR) has passed orders under section 161/205 in respect of the tax years 2015 and 2016 and created a demand of Rs. 2.7 million based on the observation that the Group has not deducted withholding tax while making payment to certain suppliers. Being aggrieved, the Group filed appeal before the CIR (Appeals) who upheld the order passed by DCIR. Against the treatment method out, the Group preferred appeal before Honourable ATIR which is pending adjudication. Provision has not been recognized by the Group, as the management expects a favourable outcome.

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- The DCIR has passed orders under section 161/205 in respect of the tax year 2013 and created a demand of Rs.1 million based on the observation that the Group has not deducted withholding tax while making payment to certain suppliers. Being aggrieved with the order, the Group has filed appeal before the CIR (Appeals), in respect of which the CIR (Appeals) has directed the department to verify the refunds and accordingly delete the default surcharge. The principle amount has been paid by the Group.

- The DCIR issued an order under section 161/205 of the Ordinance in respect of income tax year 2014 and created a demand of Rs. 1.5 million based on the observation that the Group has not deducted withholding tax while making payments to certain suppliers against purchases and other services. Being aggrieved with the order, the Group has filed appeal in CIR (Appeals), in respect of which the CIR (Appeals) has directed the department to verify the refunds and accordingly delete the default surcharge. The principle amount has been paid by the Group.

- The DCIR issued an order under section 45B of the Sales Tax Act, 1990 by creating demand of Rs. 4.3 million. The Group has preferred appeal against the said order which has been partially decided in the favour of the Group and demand has been reduced by Rs. 3.73 million. The Group has preferred appeal against the remaining amount before ATIR, which is pending adjudication. Provision has not been recognized by the Group, as the management expects a favourable outcome.

	2020 Rupees	2019 Rupees
16.2 Commitments		
Commitments against irrevocable letters of credit include:		
Raw materials	452,162,145	461,670,227
Packing materials	82,632,094	47,346,415
Finished goods	-	12,940,473
Plant and machinery	10,101,258	66,233,943
	544,895,497	588,191,058
Rentals under ijarah agreements:		
Within one year	1,268,633	22,043,348
After one year but not more than five years	44,628	1,291,293
	1,313,261	23,334,641

- Bank guarantees issued on behalf of the Group aggregate to Rs. 1.60 million (2019: Rs 1.60 million).
- Facilities of letters of guarantee amounting to Rs. 20 million (2019: Rs. 20 million) are available to the Group under charge of stocks and on present and future current assets and property, plant and equipment of the Group.

17. PROPERTY, PLANT AND EQUIPMENT

	Note	2020 Rupees	2019 Rupees
Operating fixed assets	17.1	1,556,392,096	1,188,571,085
Right of use assets	17.1	133,914,700	67,870,341
Capital work in progress	17.2	88,570,127	126,146,625
		1,778,876,923	1,382,588,051

17.1 Operating fixed assets

Reconciliation of the carrying amounts at the beginning and end of the year is as follows:

DESCRIPTION	2020 Cost/revalued amount: As at 01 January	Additions / Transfers*	Disposals	Revaluation Adjustment	As at 31 December	Accumulated depreciation: As at 01 January	Depreciation charge for the year	(Disposal) / Transfers*	Revaluation Adjustment	As at 31 December	Net book value as at 31 December	Rate
	Rupees											
Land - freehold	274,700,000	-	(9,900,000)	73,600,000	338,400,000	-	-	-	-	-	338,400,000	-
Building on freehold land	588,412,301	1,389,425	-	204,376,850	794,178,576	385,133,024	20,435,114	-	148,681,925	554,250,063	239,928,513	10%
Plant and machinery	1,220,268,638	62,127,742	(33,695,663)	28,392,429	1,464,469,725	760,885,792	57,147,714	(32,240,420)	11,361,150	797,154,236	667,315,489	10%
	-	187,376,579 *										
Laboratory equipment	76,529,480	38,096,923	(9,980,360)	-	104,646,043	25,705,725	6,957,091	(7,970,412)	-	24,692,404	79,953,639	10%
Furniture and fixtures	40,747,310	1,066,028	-	-	41,813,338	18,634,855	2,268,491	-	-	20,903,346	20,909,992	10%
Electric and gas appliances	57,508,238	3,698,900	-	-	61,207,138	27,194,986	3,211,132	-	-	30,406,118	30,801,020	10%
Office equipment	81,906,373	11,567,107	(15,102,488)	-	82,312,301	56,604,736	8,698,475	(12,885,447)	-	52,417,764	29,894,537	25%
	-	3,941,309 *										
Vehicles	228,826,700	95,625,500	(65,291,019)	-	259,161,181	106,253,109	29,601,099	(25,806,089)	-	110,048,119	149,113,062	20%
Library books	52,806	-	-	-	52,806	51,157	165	-	-	51,322	1,484	10%
Neon sign	204,990	-	-	-	204,990	153,778	5,121	-	-	158,899	46,091	10%
Arms and ammunition	166,100	-	-	-	166,100	134,690	3,141	-	-	137,831	28,269	10%
	2,569,322,936	404,889,513	(133,969,530)	306,369,279	3,146,612,198	1,380,751,852	128,327,543	(78,902,368)	160,043,075	1,590,220,102	1,556,392,096	
Right-of-use assets:												
Buildings	81,469,224	93,067,642	-	-	174,536,866	13,598,883	27,023,283	-	-	40,622,166	133,914,700	10-33%
Total	2,650,792,160	497,957,155	(133,969,530)	306,369,279	3,321,149,064	1,394,350,735	155,350,826	(78,902,368)	160,043,075	1,630,842,268	1,690,306,796	

*This represents amount transferred from capital work in progress.

17.1 Operating fixed assets

Reconciliation of the carrying amounts at the beginning and end of the year is as follows:

DESCRIPTION	2019 Cost/revalued amount: As at 01 January	Additions / Transfers	Disposals	As at 31 December	Accumulated depreciation: As at 01 January	Depreciation charge for the year	Transfer/ (Disposal)	As at 31 December	Net book value as at 31 December	Rate
	Rupees									
Land - freehold	274,700,000	-	-	274,700,000	-	-	-	-	274,700,000	-
Building on freehold land	588,160,901	251,400	-	588,412,301	362,558,881	22,574,143	-	385,133,024	203,279,277	10%
Plant and machinery	1,146,672,522	31,142,725	-	1,220,268,638	716,182,503	44,703,289	-	760,885,792	459,382,845	10%
		42,453,391 **								
Laboratory equipment	61,832,561	14,696,919	-	76,529,480	21,212,453	4,493,272	-	25,705,725	50,823,755	10%
Furniture and fixtures	38,737,410	2,009,900	-	40,747,310	16,336,055	2,298,800	-	18,634,855	22,112,455	10%
Electric and gas appliances	54,430,420	957,818	-	57,508,238	24,087,864	3,107,122	-	27,194,986	30,313,252	10%
		2,120,000 **								
Office equipment	75,388,887	6,167,486	-	81,906,373	49,257,657	7,347,079	-	56,604,736	25,301,637	25%
		350,000 **								
Vehicles	176,796,156	69,638,401	(136,804,857)	228,826,700	89,162,346	29,291,231	(62,645,724)	106,253,109	122,573,591	20%
		119,197,000 *					50,445,256 *			
Library books	52,806	-	-	52,806	50,974	183	-	51,157	1,649	10%
Neon sign	204,990	-	-	204,990	148,088	5,690	-	153,778	51,212	10%
Arms and ammunition	166,100	-	-	166,100	131,200	3,490	-	134,690	31,410	10%
	2,417,142,753	288,985,040	(136,804,857)	2,569,322,936	1,279,128,021	113,824,299	(12,200,468)	1,380,751,852	1,188,571,085	
Right-of-use assets:										
Vehicles	119,197,000	(119,197,000)*	-	-	33,257,321	17,187,935	(50,445,256)	-	-	20%
Building	-	81,469,224 *	-	81,469,224	-	13,598,883	-	13,598,883	67,870,341	10-33%
	119,197,000	(37,727,776)	-	81,469,224	33,257,321	30,786,818	(50,445,256)	13,598,883	67,870,341	
Total	2,536,339,753	251,257,264	(136,804,857)	2,650,792,160	1,312,385,342	144,611,117	(62,645,724)	1,394,350,735	1,256,441,424	

*This represents amount transferred from right of use assets.

**This represents amount transferred from capital work in progress.

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	Note	2020 Rupees	2019 Rupees
17.1.1 Depreciation charge has been allocated as under:			
Cost of revenue	30	96,587,662	89,230,079
Distribution, selling and promotional expenses	31	36,959,064	41,297,724
Administrative and general expenses	32	21,804,100	14,083,314
		155,350,826	144,611,115

17.1.2 The latest revaluation of land, building on freehold land and plant and machinery was carried out on 31 December 2020 by M/S Surval which resulted in a surplus of Rs. 146 million over the net carrying value of assets

17.1.3 Had the assets not been revalued, the carrying values would have been:

	2020 Rupees	2019 Rupees
Land - freehold	38,989,289	39,566,828
Building on freehold land	131,725,320	144,931,259
Plant and machinery	552,931,643	351,218,827
	723,646,252	535,716,914

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17.1.4 Disposal of property, plant and equipment

Description	Reg. No	Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Gain / (Loss)	Mode of Sale	Particulars of Purchasers
		Rupees						
Freehold land		9,900,000	-	9,900,000	29,974,034	20,074,034	Compulsory Acquisition	National Highway Authority
Vehicle Type								Employees:
Motor Cars								
Suzuki Cultus	LEA-18-7657	1,250,000	(463,333)	786,667	1,038,846	252,179	Company Policy	Noureen Afzal
Toyota Corolla	LEB-18-4687	1,982,000	(708,675)	1,273,325	1,276,537	3,212	Company Policy	M.Nadeem Rana
Suzuki Cultus	LEB-17-8349	1,129,000	(545,533)	583,467	937,350	353,883	Company Policy	Umar Jamil
Suzuki Cultus	LEC-17A-1809	1,250,000	(502,667)	747,333	1,029,892	282,559	Company Policy	Qadir Khan
Honda City	LE-18A-7315	911,200	(15,187)	896,013	1,263,949	367,936	Company Policy	Muhammad Ramzan
Suzuki Mehran	LE-18A-7741	795,000	(250,867)	544,133	818,000	273,867	Company Policy	Irfan Ahmed
Toyota Corolla GLI	LEF-18-4339	2,172,000	(765,027)	1,406,973	1,406,973	-	Company Policy	Jawad Zafar
Honda City	LE-18A-7882	911,200	(60,747)	850,453	1,122,599	272,146	Company Policy	Anis Ur Rehman
Honda City	LE-18A-7880	911,200	(60,747)	850,453	1,122,599	272,146	Company Policy	Ghulam Mustafa
Toyota Corolla Altis	LE-19-1980	1,894,300	(126,287)	1,768,013	1,770,906	2,893	Company Policy	Shahid Tofique
Suzuki Cultus	LEA-18A-7492	1,340,000	(410,933)	929,067	1,046,367	117,300	Company Policy	Muhammad Mumtaz Arif
Honda City	LE-18A-7314	911,200	(75,933)	835,267	1,101,418	266,151	Company Policy	Muhammad Asad Ullah
Suzuki Cultus	LEA-18-7632	1,250,000	(556,667)	693,333	990,636	297,303	Company Policy	Shahzad Hussain
Suzuki Cultus	LEC-18A-5128	1,340,000	(476,444)	863,556	1,101,778	238,222	Company Policy	M.Naseer Shafqat
Honda City	LE-18A-7316	911,200	(106,307)	804,893	1,059,100	254,207	Company Policy	Abdul Khaliq
Honda Civic	LED-17-378	795,750	(106,100)	689,650	1,374,800	685,150	Company Policy	Aamir Zafar
Fortuner	LEC-18A-1950	4,757,200	(555,007)	4,202,193	4,083,844	(118,349)	Company Policy	Sajjad Butt
								Third party
Suzuki Cultus	LE-19A-7736	1,745,000	(114,879)	1,630,121	1,650,000	19,879	Insurance Claim	Reliance Insurances
Suzuki Mehran VXR	LEA-19-7661	860,000	(263,733)	596,267	931,000	334,733	Negotiations	Irfan Ahmad
Plant and Machinery:								
Air Conditioning complete unit		33,695,663	(32,239,821)	1,455,842	-	(1,455,842)	Scrap sales	Muhammad Iqbal
Laboratory Equipment:								
HPLC IV		4,673,461	(3,513,579)	1,159,882	-	(1,159,882)	Scrap sales	Muhammad Iqbal
FT-NIR		3,778,582	(2,992,321)	786,261	-	(786,261)	Scrap sales	Muhammad Iqbal
Office Equipment:								
IBM AS400 9406 Server		12,911,742	(12,038,910)	872,832	-	(872,832)	Scrap sales	Muhammad Iqbal
Ruckus Access Point-Head		788,950	(49,309)	739,641	-	(739,641)	Scrap sales	Muhammad Iqbal
Items having NBV less than Rs.500,000 each		41,104,882	(21,903,355)	19,201,527	32,041,356	12,839,829		
2020		133,969,530	(78,902,368)	55,067,162	87,141,984	32,074,822		
2019		136,804,857	(62,645,723)	74,159,134	96,295,566	22,136,432		

17.1.5 Forced sale value as per the last revaluation report as of 31 December 2020 is as follows:

Asset Class	Forced sale value
	----Rupees----
Freehold land	280,080,000
Building on freehold land	191,982,400
Plant and machinery	533,812,000
Total	1,005,874,400

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

17.1.6 Particulars of immovable assets of the Group are as follows:

Location and address	Usage of immovable property	Land area (kanal)	Coverage area (sqr.ft)
Land: Situated at 17.5 KM Multan Road Hadbast Mouza Kanjra, Tehsil & Distt. Lahore	Head Office, Manufacturing and Registered Office	43.6	237,402
517 - Sundar Industrial Estate, Raiwind road Lahore	Pharmaceutical Production Plant	8.0	12,536

17.2 Capital work in progress

	2020	2019
Movement in capital work in progress is as follows:	---------- Rupees ----------	
Opening balance	126,146,625	30,982,977
Additions during the year	153,741,390	140,087,039
Transferred to operating fixed assets	(191,317,888)	(44,923,391)
	88,570,127	126,146,625

18. INTANGIBLE ASSETS

PARTICULARS	Cost			Accumulated amortization			Book value as at 31 December	Rate %
	As at 01 January	Additions	As at 31 December	As at 01 January	For the year	As at 31 December		
2020	---------- Rupees ----------							
Registration and trademark*	156,214,265	-	156,214,265	155,227,524	356,018	155,583,542	630,723	20%
Computer software	11,305,681	-	11,305,681	11,305,681	-	11,305,681	-	10-33%
License**	651,303	-	651,303	229,603	130,261	359,864	291,439	20%
	168,171,249	-	168,171,249	166,762,808	486,279	167,249,087	922,162	
2019								
Registration and trademark*	156,094,175	120,090	156,214,265	154,873,842	353,682	155,227,524	986,741	20%
Computer software	11,305,681	-	11,305,681	11,305,681	-	11,305,681	-	10-33%
License**	651,303	-	651,303	99,342	130,261	229,603	421,700	20%
	168,051,159	120,090	168,171,249	166,278,865	483,943	166,762,808	1,408,441	

*This represents registration and trademarks of brands named as "Tres Orix Forte", "Skilax Drops" and "Blokium".

**This represents prescribed fee deposited with Drug Regulatory Authority to obtain Drug Manufacturing License and Product Registration Certificates for brands named as "Ceftro", "Clafort" "Xorbact" "Maxum" "Cefatil" and "Cefia". License also includes software licenses.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
18.1 Amortization charge has been allocated as under:			
Cost of revenue	30	486,279	483,943
19. GOODWILL			
Goodwill on acquisition of subsidiary	19.1	834,230	834,230

19.1 On 02 September 2015, the Holding Company acquired 80% of the shareholding of the Subsidiary Company for cash consideration. It was acquired to get a quick access to Cephalosporin drug market in order to diversify the Group's product range and therapeutic presence.

The Group has elected to measure the non-controlling interest in the Subsidiary Company at non-controlling interest's proportionate share of net identifiable assets at the date of acquisition. Goodwill worked out at the date of acquisition is as follows:

	2015 Rupees
Assets Acquired:	
Property, plant and equipment	51,815,300
Capital work in progress	3,887,304
Cash and cash equivalents	11,816
	55,714,420
Less:	
Liabilities assumed:	
Trade and other payables	115,730
Directors' loans	1,265,477
	1,381,207
Total identifiable net assets at fair value	54,333,213
Purchase consideration transferred in cash	44,300,800
Non-controlling Interest at acquisition date	10,866,643
	55,167,443
Goodwill arising on acquisition	834,230
Net cash flow on acquisition of subsidiary company:	
Purchase consideration transferred in cash	44,300,800
Less: cash and cash equivalents of subsidiary company	(11,816)
Net cash flow on acquisition of subsidiary company	44,288,984

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	2016 Rupees

19.2 Acquisition of additional interest in Curexa Health (Private) Limited

In May 2016, the holding company acquired an additional 11.61% interest in the voting shares of Curexa Health (Private) Limited (formerly Procef Laboratories (Private) Limited), increasing its ownership interest to 100%. Cash consideration of Rs. 11 million was paid to the non- controlling shareholders. The carrying value of the net assets Procef Laboratories (Private) limited (excluding goodwill on the original acquisition) was Rs. 10 million. Following is a schedule of additional interest acquired in Curexa Health (Private) Limited (formerly Procef Laboratories (Private) Limited):

	2016 Rupees
Cash consideration paid to non- controlling interest	11,077,000
Carrying value of the additional interest in Curexa Health (Private) Limited	(10,036,523)
Difference recognized in unappropriated profits	1,040,477

20. DEFERRED TAX ASSET - NET

	Note	2020 Rupees	2019 Rupees
Deferred tax liabilities on taxable temporary differences:			
Surplus on revaluation of operating fixed assets	7	(61,488,026)	(45,309,090)
Accelerated tax depreciation		(95,098,580)	(79,068,493)
		(156,586,606)	(124,377,583)
Deferred tax assets on deductible temporary differences:			
Allowance for expected credit losses		4,749,747	2,193,977
Lease liability		3,721,116	1,091,282
Provision for gratuity		144,295,974	113,648,634
Provision for stock		13,630,547	5,244,860
Unused tax losses and tax credits		19,091,522	30,556,712
		185,488,906	152,735,465
Deferred tax asset - net		28,902,300	28,357,882

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

20.1 Movement in deferred tax is as follows:

	Note	2020 Rupees	2019 Rupees
At beginning of the year		28,357,882	(17,289,233)
Recognized as deferred tax (expense) / income in consolidated statement of profit and loss:			
- Surplus on revaluation of operating fixed assets		4,655,475	4,973,715
- Accelerated tax depreciation on operating fixed assets		(16,030,086)	(35,345,719)
- Leased liabilities		2,629,834	5,578,143
- Provision for stock		8,385,687	2,933,939
- Allowance for expected credit losses		2,555,770	1,492,086
- Unused tax Losses and tax credits		(11,465,190)	30,556,712
- Gratuity		12,748,875	25,401,753
		3,480,365	35,590,629
Recognized in surplus on revaluation of operating fixed assets:			
- Effect of change in proportion of normal sales		(502,666)	(545,660)
Recognized as deferred tax (expense) / income in consolidated statements of other comprehensive income:			
- Gratuity		17,898,465	10,602,146
- Revaluation Surplus on operating fixed assets		(20,331,746)	-
		28,902,300	28,357,882

21. STOCK IN TRADE

	Note	2020 Rupees	2019 Rupees
Raw materials			
In hand		967,435,860	804,797,902
In transit		211,553,806	8,426,927
With third party		40,985,951	53,205,332
		1,219,975,617	866,430,161
Packing material			
In hand		312,307,209	206,945,781
In transit		10,033,774	3,755,785
With third party		8,006,406	8,775,967
		330,347,389	219,477,533
Work in process		148,824,622	179,497,794
Finished goods			
Trading - in hand		131,479,668	213,790,656
Trading - in transit		31,192,160	113,407,257
Manufactured		370,449,711	257,244,270
		533,121,539	584,442,183
Less: Provision for slow moving and obsolete items	21.1	(49,368,803)	(19,200,772)
		2,182,900,364	1,830,646,899

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
21.1 Provision for slow moving and obsolete items			
Opening provision		19,200,772	9,306,296
Charge for the year		45,873,380	18,341,448
Written off during the year		(15,705,349)	(8,446,972)
Closing provision		49,368,803	19,200,772
22. TRADE DEBTS			
Foreign		35,150,306	62,953,923
Local	22.1	304,698,646	336,271,796
		339,848,952	399,225,719
Less: Allowance for expected credit losses	22.2	(17,295,078)	(8,062,919)
		322,553,874	391,162,800

22.1 These customers have no history of default. Age analysis of these trade debts is given in Note 40.

	Note	2020 Rupees	2019 Rupees
22.2 Allowance for expected credit losses:			
Opening balance		8,062,919	2,610,909
Charged during the year	34	9,232,159	5,452,010
		17,295,078	8,062,919

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
23. ADVANCES - considered good			
Advances to staff - secured			
Non-executives:			
- against expenses		34,490,332	32,241,892
- against salary		33,400,522	37,748,778
- current portion of advances against vehicles		15,670,441	12,808,820
		83,561,295	82,799,490
Advance to suppliers against goods and services - Unsecured		135,642,401	63,371,546
		219,203,696	146,171,036
24. TRADE DEPOSITS AND PREPAYMENTS			
Security deposits		1,106,544	-
Trade deposits		29,734,223	22,579,541
Short term prepayments		17,461,108	12,830,460
		48,301,875	35,410,001
25. OTHER RECEIVABLES			
Receivable from			
National Highway Authority		29,974,034	-
Insurance companies	25.1	1,222,165	1,408,459
Workers' Profit Participation Fund	25.2	894,798	1,657,640
		32,090,997	3,066,099
Interest accrued		2,443,865	-
Other		1,798,150	-
		36,333,012	3,066,099

25.1 This includes claims receivable from various insurance companies against vehicles and equipment.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

		2020 Rupees	2019 Rupees
25.2	Workers' Profit Participation Fund		
	Balance at the beginning of the year	1,657,640	(1,678,410)
	Charge for the year	(107,545,092)	(74,989,515)
	Amount received from fund	(2,648,776)	-
		(108,536,228)	(76,667,925)
	Interest on funds utilized by the Group	-	(386,264)
		(108,536,228)	(77,054,189)
	Paid during the year to the Fund	109,431,026	78,711,829
		894,798	1,657,640

	Note	2020 Rupees	2019 Rupees
26. SHORT TERM INVESTMENT			
Investments at fair value through profit or loss			
Mutual Funds	26.1	1,093,846,453	-
26.1 Movement in short term investment is as follows:			
Balance at the beginning of the year		-	-
Additions during the year		1,368,066,025	50,000,000
Redemption during the year		(279,090,705)	(51,345,390)
Realized gain / (loss) on conversion of investments during the year		1,201,054	1,345,390
Un-realized gain / (loss) on remeasurement of investments during the year		3,670,079	-
Closing and fair value of short term investment	26.1.1	1,093,846,453	-

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

26.1.1 Mutual fund wise detail is as follows:	Units 2020 Numbers	Units 2019 Numbers	Fair Value 2020 Rupees	Fair Value 2019 Rupees
Alfalah GHP Income Fund	172,236	-	20,073,648	-
MCB Cash Management Optimizer Fund	499,013	-	50,338,315	-
Faysal MTS Fund	484,731	-	50,741,638	-
Askari High Yield Scheme	1,195,620	-	127,510,913	-
Meezan Rozana Amdani Fund	2,441,451	-	122,072,570	-
NBP Money Market Fund	10,301,978	-	101,986,491	-
NBP Financial Sector Income Fund	24,383,713	-	257,101,872	-
UBL Liquidity Plus Fund	1,001,941	-	101,370,954	-
UBL Government Securities Fund	2,485,703	-	262,650,051	-
	42,966,386	-	1,093,846,452	-

26.1.2 This includes unrealized gain on remeasurement and dividend income on mutual funds amounting to Rs. 3.6 million (2019: Nil) and Rs. 22.6 million (2019: Nil).

	Note	2020 Rupees	2019 Rupees
27. TAX REFUNDS DUE FROM THE GOVERNMENT			
Sales tax refundable		18,879,456	2,987,866
28. CASH AND BANK BALANCES			
Cash and imprest		2,085,466	2,078,161
Balance with banks			
Current accounts			
-Local currency		98,863,781	112,957,125
-Foreign currency		23,730,151	11,415,440
-Saving accounts	28.1	557,073,909	606,024,891
Term deposit receipts	28.2	176,379,843	126,553,695
		856,047,684	856,951,151
		858,133,150	859,029,312

28.1 These represents saving accounts which carries profit at the rate of ranging from 12.07% - 5.75% (2019: 6%-12.07%).

28.2 These represents investments in term deposit receipts those carries profit at the rate of ranging from 6.7% - 13.5% (2019: 6.3%-10.2%).

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
29. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET			
Local sales	29.1	10,152,015,437	8,550,066,443
Export sales		555,251,793	394,095,555
		10,707,267,230	8,944,161,998
Toll manufacturing		335,132,336	359,401,831
		11,042,399,566	9,303,563,829
Less:			
Discount		240,705,131	172,854,723
Sales tax		33,645,150	33,387,223
Sales return		70,415,415	49,628,990
		(344,765,696)	(255,870,936)
		10,697,633,870	9,047,692,893

29.1 This includes trading sales amounting to Rs. 1.52 billion (2019: RS. 1.14 billion).

29.2 Geographical information

Sales to external customers - net	2020 Rupees	2019 Rupees
Pakistan	10,142,382,082	8,653,597,338
Afghanistan	342,690,105	237,662,988
United Arab Emirates	83,905,028	64,120,815
France	68,123,197	46,475,547
Kenya	26,187,259	21,728,199
Cambodia	18,751,887	13,191,911
Tanzania	7,952,868	10,496,582
Others	7,641,444	419,513
Total revenue from contracts with customers - net	10,697,633,870	9,047,692,893

29.3 Timing of revenue recognition

	2020 Rupees	2019 Rupees
Goods transferred at a point in time	10,697,633,870	9,047,692,893

29.4 Performance obligation

The performance obligation is satisfied at a point in time for sale of goods and rendering of services. The Group makes sales against advances as well as credit terms. In case of credit sales, payment is generally due within 30-45 days.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
30. COST OF REVENUE			
Raw and packing material consumed		3,750,603,000	3,555,868,493
Salaries, wages and benefits	30.1	605,696,118	505,994,035
Fuel and power		125,962,135	108,293,807
Repair and maintenance		83,323,592	77,677,380
Depreciation	17.1.1	96,587,662	89,230,079
Rent, rates and taxes		12,591,696	27,075,588
Factory supplies		24,825,729	33,312,291
Vehicle running and maintenance		41,317,698	33,754,201
Stores consumed		41,961,053	37,711,519
Insurance		12,394,575	11,839,771
Printing and stationery		7,310,819	5,230,265
Amortization of intangible assets	18.1	486,279	483,943
Fee and subscription		5,522,431	5,787,713
Ijarah rentals		2,682,966	4,644,538
Other direct costs		3,682,943	2,791,214
Traveling and conveyance		4,072,764	4,910,448
Telephone, postage and communication		1,089,993	957,989
Consultancy and professional charges		7,061,923	2,068,511
Staff welfare and entertainment		2,575,576	3,443,830
Legal and professional charges		1,137,480	1,048,576
Freight		1,377,278	833,820
		4,832,263,710	4,512,958,011
Inventory effect of work in process			
Opening		179,497,794	112,613,709
Closing		(148,824,622)	(179,497,794)
		30,673,172	(66,884,085)
Cost of goods manufactured		4,862,936,882	4,446,073,926
Inventory effect of finished goods			
Opening		584,442,183	329,028,564
Purchases		541,090,262	624,558,882
Closing		(533,121,539)	(584,442,183)
		592,410,906	369,145,263
Cost of goods sold		5,455,347,788	4,815,219,189

30.1 This includes the following staff benefits:

	2020 Rupees	2019 Rupees
Defined benefit plan - Gratuity	28,861,548	31,850,427
Defined contribution plan - Provident Fund	13,040,437	10,335,640
Provision for compensated leave absences	8,959,848	6,986,021
	50,861,833	49,172,088

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
31. DISTRIBUTION, SELLING AND PROMOTIONAL EXPENSES			
Salaries and benefits	31.1	1,209,185,892	934,091,303
Traveling and conveyance		403,300,497	339,466,848
Training, seminars and symposia		244,326,224	430,894,990
Literature, promotion and advertisement material		391,274,527	323,223,520
Vehicle running and maintenance		70,213,716	75,408,897
Freight		80,482,928	75,902,930
Sample goods		68,627,663	54,499,003
Telephone, postage and communication		35,511,023	27,121,382
Newspapers and subscriptions		52,952,726	35,948,991
Insurance		30,174,281	30,131,868
Depreciation	17.1.1	36,959,064	41,297,724
Commission on sales		8,265,462	6,348,045
Office supplies		9,488,413	2,799,041
Ijarah rentals		751,039	2,574,779
Printing and stationery		2,844,473	4,623,704
Repair and maintenance		400,000	1,900,000
Legal and professional charges		8,000	33,715
Others		98,254	69,121
Donation	31.2	609,813	453,089
		2,645,473,995	2,386,788,950

31.1 This includes following staff benefits:

	2020 Rupees	2019 Rupees
Defined benefit plan - Gratuity	21,583,116	17,334,797
Defined contribution plan - Provident Fund	26,731,113	22,263,993
Provision for compensated leave absences	20,920,548	18,028,949
	69,234,777	57,627,739

31.2 None of the Directors or their spouses have any interest in the donees' fund.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
32. ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries and benefits	32.1	337,519,686	270,668,787
Vehicle running and maintenance		36,354,003	32,686,620
Depreciation	17.1.1	21,804,100	14,083,314
Rent, rates and taxes		18,234,605	15,598,852
Traveling and conveyance		11,075,850	11,754,933
Advertisement, seminars and symposia		7,630,938	8,040,106
Legal and professional charges		5,712,224	6,250,018
Insurance		5,740,347	6,136,059
Newspapers and subscriptions		5,379,849	2,894,434
Printing and stationery		2,810,086	2,792,536
Telephone, postage and communication		5,484,500	5,680,729
Ijarah rentals		891,399	4,550,192
Others		765,673	569,500
Repairs and maintenance		5,017,024	3,529,248
Office supplies		3,708,782	2,068,497
Donation	32.3	1,989,252	1,660,252
Electricity, gas and water		2,569,987	2,833,793
Auditors' remuneration	32.2	2,645,000	2,252,500
Staff welfare and entertainment		1,246,466	1,385,005
Staff training & development		38,707	246,800
Fee and subscription		29,754	533,425
		476,648,232	396,215,600

32.1 It includes the following staff benefits:

	2020 Rupees	2019 Rupees
Defined benefit plan - Gratuity	23,549,737	20,499,003
Defined contribution plan - Provident Fund	10,541,982	8,256,248
Provision for compensated leave absences	3,856,880	3,249,766
	37,948,599	32,005,017

32.2 Auditors' remuneration

	2020 Rupees	2019 Rupees
Statutory audit	1,808,000	1,540,000
Fee for review of half yearly financial information	435,000	396,000
Review of Statement of compliance of CCG	110,000	110,000
Out of pocket	292,000	206,500
	2,645,000	2,252,500

32.3 Donation to following organizations exceeds 0.5 million:

	2020 Rupees
Rhinology Research Society	900,000
The Indus Hospital	550,000
Khyber Teaching Hospital	500,000

32.4 None of the Directors or their spouses have any interest in the donee's fund.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

		Note	2020 Rupees	2019 Rupees
33.	RESEARCH AND DEVELOPMENT EXPENSES			
	Salaries and benefits	33.1	5,093,354	3,851,262
	Traveling		28,891	191,016
	Insurance		34,903	60,989
	Vehicle repair and maintenance		378,212	314,396
	Printing and stationery		-	13,553
	Office supplies		48,322	17,322
	Others		794,189	563,980
			6,377,871	5,012,518

33.1 It includes the defined contribution plan - provident fund of Rs. 0.17 million (2019: Rs. 0.15 million)

		Note	2020 Rupees	2019 Rupees
34.	OTHER OPERATING EXPENSES			
	Worker's Profit Participation Fund	25.2	107,545,092	74,989,515
	Exchange loss / (gain) - net		8,243,972	61,983
	Worker's Welfare Fund		38,538,773	27,996,934
	Central Research Fund		21,726,281	15,120,789
	Allowance for expected credit losses	22.2	9,232,159	5,452,010
			185,286,277	123,621,231
35.	OTHER INCOME			
	Income from financial assets:			
	Return on deposits		38,065,284	51,043,905
	Dividend Income on short term investment		22,672,831	-
	Realized gain on sale of short term investment		1,201,054	1,345,390
	Unrealized gain on re-measurement of short term investment to fair value		3,670,079	-
	Income from non-financial assets:			
	Gain on disposal of operating fixed assets	17.1.4	32,074,822	22,136,432
	Scrap sales		4,453,459	8,505,224
			102,137,529	83,030,953
36.	FINANCE COSTS			
	Mark-up on long term loans		8,284,075	-
	Mark-up on short term borrowings		3,211,961	12,866,206
	Finance cost on lease liabilities	8	14,231,112	16,536,114
	Interest on Workers' Profit Participation Fund		-	386,264
	Bank charges		6,021,461	5,254,912
			31,748,609	35,043,496

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

		Note	2020 Rupees	2019 Rupees
37.	TAXATION			
	Current:			
	For the year		557,991,219	401,663,693
	Prior year		(29,439,551)	2,145,896
			528,551,668	403,809,589
	Deferred:			
	Relating to origination and reversal of temporary differences		(3,480,365)	(35,590,629)
			525,071,303	368,218,960

37.1 Reconciliation of tax charge for the year

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

	2020	2019
Average effective tax rate charged on income	26.44%	29.50%
Applicable tax rate	29.00%	29.00%
Tax effect of prior year	-1.53%	0.16%
Tax effect of tax credit and tax rebate	-0.04%	-0.05%
Tax effect under presumptive tax regime and others	-1.20%	0.04%
Tax effect of admissible expenses	0.21%	0.35%
	26.44%	29.50%

			2020 Rupees	2019 Rupees
38.	EARNINGS PER SHARE - BASIC AND DILUTED			
	There is no dilutive effect on the basic earnings per share of the Group which is based on:			
	Profit after taxation	Rupees	1,473,817,324	1,000,603,902
				Restated
	Weighted average number of ordinary shares	Number of shares	34,614,945	34,614,945
				Restated
	Earnings per share	Rupees	42.58	28.91

38.1 The weighted average number of ordinary shares for the year ended 2019 have been restated due to issuance of 3,146,813 bonus shares in 2020 in accordance with the requirement of IAS 33.

		2020 Rupees	2019 Rupees
39.	CASH AND CASH EQUIVALENT		
	Cash and bank balances	681,753,307	732,475,617
	Term deposit receipts	176,379,843	126,553,695
		858,133,150	859,029,312

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the consolidated financial statements for remuneration, allowances including all benefits to the Chief Executive and Executives of the Group are as follows:

	2020		2019	
	Chief Executive	Executives	Chief Executive	Executives
	--------Rupees--------			
Short-term employee benefits				
Managerial remuneration	26,454,962	291,692,107	22,284,833	235,439,030
House allowance	8,451,624	119,240,828	7,320,220	83,839,432
Medical	-	6,603,068	-	5,334,655
	34,906,586	417,536,003	29,605,053	324,613,117
Retirement benefits	4,083,624	63,277,961	3,009,638	53,650,137
	38,990,210	480,813,964	32,614,691	378,263,254
Number of persons	2	76	2	64

39.1 In addition to the above, the Chief Executive and some of the Executives have been provided with free use of the Group maintained and self-finance cars. Further, medical expenses are reimbursed in accordance with the Group's policies.

39.2 Managerial remuneration includes Rs. 74.27 million (2019: Rs. 54.09 million) charged in the consolidated statement of profit or loss in respect of bonus to Chief Executive and Executives of the Group.

39.3 No meeting fee is paid to an independent and Non-Executive Director for attending Board meetings.

40. FINANCIAL RISK MANAGEMENT

40.1 Financial risk factors

The Group's financial liabilities comprise liabilities against assets subject to lease liabilities, long term loan, short term borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finances for Group's operations. The Group has trade debts, profit accrued and advances, other receivables and cash and deposits that arrive directly from its operations.

The Group has exposure to the following risks from its use of financial instruments:

(a) Market risk

(b) Credit risk

(c) Liquidity risk

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

The Board of Directors has the overall responsibility for the establishment and oversight of Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Group's activities.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Group are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the profit and loss account.

The following analysis demonstrates the sensitivity to a reasonably possible change in US Dollar (USD), Japanese Yen (JPY) and Euro exchange rates, with all other variables held constant, of the Group's profit before tax.

	Changes in FC Rate	Effects on Profit Before Tax 2020	Effects on Profit Before Tax 2019
		Rupees	Rupees
Receivables - USD	+10%	3,515,031	2,827,509
	-10%	(3,515,031)	(2,827,509)
Payables - Euro	+10%	1,254,052	840,453
	-10%	(1,254,052)	(840,453)
Payables - USD	+10%	638,121	-
	-10%	(638,121)	-
Payables - JPY	+10%	-	1,805,760
	-10%	-	(1,805,760)
Bank balance - USD	+10%	2,366,059	1,141,318
	-10%	(2,366,059)	(1,141,318)

	2020 Rupees	2019 Rupees
Reporting date rate:		
USD	159.83	154.82
Euro	196.64	174.05
JPY	1.55	1.43

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

(ii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has no significant long-term interest-bearing assets. The Group's interest rate risk arises from lease liabilities, long term loan, short term borrowings, short term investments and short term deposits. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Group to fair value interest rate risk.

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	2020 Rupees	2019 Rupees
Floating rate instruments		
Financial assets at amortized cost		
Cash and bank balances - deposit accounts	557,073,909	606,024,891
Financial assets at fair value through profit or loss		
Short term investments	1,093,846,453	-
	1,650,920,362	606,024,891
Financial liabilities at amortized cost		
Lease liabilities	147,464,259	71,880,829
Long term loan	360,061,629	44,334,172
Short term borrowings	32,210,395	36,442,430
	539,736,283	152,657,431
Fair value sensitivity analysis for fixed rate instruments		
Term deposit receipts	176,379,843	126,553,695

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting dates were outstanding for the whole year.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

		Changes in Interest Rate	Effects on Profit Before Tax Rupees
Lease liabilities	2020	+1.50	(2,211,964)
		-1.50	2,211,964
	2019	+1.50	(1,078,212)
		-1.50	1,078,212
Short term deposits	2020	+1.50	2,645,698
		-1.50	(2,645,698)
	2019	+1.50	1,898,305
		-1.50	(1,898,305)
Cash and bank balances - deposit accounts	2020	+1.50	8,356,109
		-1.50	(8,356,109)
	2019	+1.50	9,090,373
		-1.50	(9,090,373)
Short term borrowings	2020	+1.50	483,156
		-1.50	(483,156)
	2019	+1.50	546,636
		-1.50	(546,636)
Short term investments	2020	+1.50	16,407,697
		-1.50	(16,407,697)
	2019	+1.50	-
		-1.50	-
Long term loan	2020	+1.50	5,400,924
		-1.50	(5,400,924)
	2019	+1.50	665,013
		-1.50	(665,013)

(b) Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Group does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and record expected credit loss against those balances considered doubtful of recovery. Outstanding customer receivables are regularly monitored.

The credit risk on liquid funds is limited because the counter parties are banks and mutual funds with reasonably high credit ratings. The Group believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and subscribers in case of trade debts.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2020 Rupees	2019 Rupees
Financial assets at amortized cost:		
Trade debts	339,848,952	399,225,719
Advance to employees against salaries	33,400,522	37,748,778
Trade deposits	29,734,223	22,579,541
Other receivables	36,333,012	3,066,099
Term deposit receipts	176,379,843	126,553,695
Bank balances	679,667,841	730,397,456
Financial assets at fair value through profit or loss:		
Short term investments	1,093,846,453	-
	2,389,210,846	1,319,571,288

Credit risk related to trade debts is managed by established procedures and controls relating to customers credit risk management. Outstanding receivables are regularly monitored and shipments to foreign customers are covered by letters of credit.

The maximum credit risk exposure at reporting date is carrying value of financial assets stated above.

At 31 December 2020, the Group has 48 (2019: 56) customers who owed the Group more than Rs. 1 million each and accounted for approximately 96% (2019: 94%) of all receivables owing.

The aging of trade debts at the reporting date is:

	2020 Rupees	2019 Rupees
1–30 days	243,820,110	258,218,502
31–60 days	9,596,792	27,706,657
61–90 days	16,228,229	14,712,784
Over 90 days	70,203,821	98,587,776
	339,848,952	399,225,719
Less: Allowance for expected credit losses	(17,295,078)	(8,062,919)
	322,553,874	391,162,800

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 Group. Accordingly the credit risk is minimal.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate. The table below shows the bank balances held with some major counterparties at the reporting date:

	Rating			2020 Rupees	2019 Rupees
	Short term	Long term	Agency		
Banks					
National Bank of Pakistan	A-1+	AAA	PACRA - VIS	2,410,557	1,176,688
United Bank Limited	A-1+	AAA	VIS	7,796,454	5,625,899
Habib Bank Limited	A-1+	AAA	VIS	644,962,050	695,311,644
Allied Bank Limited	A-1+	AAA	PACRA	72,704	2,028,067
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	19,568,900	24,390,459
JS Bank Limited	A-1+	AA-	PACRA	179,010,826	128,115,221
Bank Al Habib Limited	A1+	AA+	PACRA	18,730	18,730
Meezan Bank Limited	A-1+	AA+	VIS	24,122	24,122
Askari Bank Limited	A-1+	AA+	PACRA	-	80,412
Mobilink Microfinance Bank Limited	A-1	A	PACRA	2,183,341	179,909
				856,047,684	856,951,151
Short term investments					
Alfalah GHP Income Fund	N/A	A+(f)	PACRA	20,073,648	-
MCB Cash Management Optimizer Fund	N/A	AA+(f)	PACRA	50,338,315	-
Faysal MTS Fund	N/A	AA-(f)	PACRA	50,741,638	-
Askari High Yield Scheme	N/A	A(f)	PACRA	127,510,913	-
Meezan Rozana Amdani Fund	N/A	AA+(f)	VIS	122,072,570	-
NBP Money Market Fund	N/A	AA(f)	PACRA	101,986,491	-
NBP Financial Sector Income Fund	N/A	A+(f)	PACRA	257,101,872	-
UBL Liquidity Plus Fund	N/A	AA+(f)	VIS	101,370,954	-
UBL Government Securities Fund	N/A	A+(f)	VIS	262,650,051	-
				1,093,846,452	-
				1,949,894,136	856,951,151

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group has positive working capital position at the year end. Therefore, management believes the liquidity risk to be low.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2020					
	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years
	-----Rupees-----					
31 December 2020						
Long term loan	360,061,629	366,442,150	185,903,398	180,538,752	-	-
Short term borrowings	32,210,395	32,210,395	32,210,395	-	-	-
Lease liabilities	147,464,259	227,552,344	35,892,362	43,685,425	102,021,637	45,952,920
Trade and other payables	462,567,977	462,567,977	462,567,977	-	-	-
Mark up accrued	250,749	250,749	250,749	-	-	-
Unclaimed dividend	44,471,264	44,471,264	44,471,264	-	-	-
	1,047,026,273	1,133,494,879	761,296,145	224,224,177	102,021,637	45,952,920

	2019					
	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years
	-----Rupees-----					
31 December 2019						
Long term loan	69,667,505	80,847,633	16,388,462	15,681,749	29,017,544	19,759,878
Short term borrowings	69,249,350	78,473,033	39,178,433	39,294,600	-	-
Lease liabilities	22,011,812	26,316,278	26,316,278	-	-	-
Trade and other payables	308,092,117	308,092,117	308,092,117	-	-	-
Mark up accrued	2,651,012	2,651,012	2,651,012	-	-	-
Unclaimed dividend	20,175,464	20,175,464	20,175,464	-	-	-
	491,847,260	516,555,537	412,801,766	54,976,349	29,017,544	19,759,878

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

40.2 Fair values of financial assets and liabilities

Fair value of financial assets measured at fair value through consolidated statement of profit or loss is derived from quoted market prices in active markets, if available.

The carrying values of other financial assets and financial liabilities reflected in consolidated financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

40.3 Financial instruments by categories

	2020		
	AT FVTPL	Amortized cost	Total
	-----Rupees-----		
Assets as per consolidated statement of financial position:			
Long term deposits	-	21,543,429	21,543,429
Advances	-	33,400,522	33,400,522
Trade debts	-	339,848,952	339,848,952
Trade deposits	-	29,734,223	29,734,223
Other receivables	-	36,333,012	36,333,012
Cash and bank balances	-	858,133,150	858,133,150
Short term investments	1,093,846,453	-	1,093,846,453
	1,093,846,453	1,318,993,288	2,412,839,741

	2020
	Financial Liabilities at amortized cost
	-------Rupees-------
Liabilities as per consolidated statement of financial position:	
Long term loan	360,061,629
Lease liabilities	147,464,259
Mark-up accrued on secured loans	250,749
Unclaimed dividend	44,471,264
Short term borrowings	32,210,395
Trade and other payables	462,567,977
	1,047,026,273

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	2019		
	AT FVTPL	Amortized cost	Total
	---------------------Rupees---------------------		
Assets as per consolidated statement of financial position:			
Trade debts	-	399,225,719	399,225,719
Trade deposits	-	22,579,541	22,579,541
Other receivables	-	3,066,099	3,066,099
Cash and bank balances	-	859,029,312	859,029,312
	-	1,283,900,671	1,283,900,671

	2019
	Financial Liabilities at amortized cost
	-------Rupees-------
Liabilities as per consolidated statement of financial position:	
Long term loan	44,334,172
Lease liabilities	71,880,829
Mark-up accrued on secured loans	2,884,222
Unclaimed dividend	30,555,993
Short term borrowings	36,442,430
Trade and other payables	551,224,293
	737,321,939

40.4 CAPITAL RISK MANAGEMENT

The Group's policy is to safeguard the Group's ability to remain as a going concern and ensure a strong capital base in order to maintain investors', creditors' and market's confidence and to sustain future development of the business. The Board of Directors monitors the returns on capital, which the Group defines as net operating income divided by total shareholders' equity. The Group's objectives when managing:

(a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

(b) to provide an adequate return to shareholders by pricing products.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

Consistent with the industry norms, the Group monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the statement of financial position less cash and cash equivalent. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt (as defined above).

The debt - to - equity ratio as at 31 December is as follows:

	Note	2020 Rupees	2019 Rupees
Debt (Note 10 and 14)		392,272,024	80,776,602
Equity		4,592,167,730	3,447,865,758
Total equity and debt		4,984,439,754	3,528,642,360
Gearing ratio		8%	2%

The Group is not subject to any externally-imposed capital requirements.

41. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

The carrying values of other financial assets and financial liabilities reflected in these consolidated financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

41.1 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Group has short term investment carried at fair value through profit or loss as at 31 December 2020 Rs. 1,093 million (2019: Nil)

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

42. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Group comprise subsidiary, associated companies, companies in which directors are interested, staff retirement funds and directors and key management personnel (Note 39). The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under respective notes to the consolidated financial statements. Other significant transactions with related parties are as follows:

Undertaking	Relation	Nature of transaction	2020 Rupees	2019 Rupees
Route 2 health (Pvt) Ltd	Associate	Purchases	389,713,824	660,198,725
Staff provident fund	Staff retirement benefits	Contribution	50,491,328	80,713,396
Employee's Welfare Trust	Staff welfare benefits	Contribution	3,178,632	5,558,500

42.1 Transactions with key management personnel under the terms of employment are excluded from related party transactions.

43. PROVIDENT FUND TRUST

The Group has maintained an employee provident fund trust and investments out of provident fund are in the process of regularization in accordance with the provisions of section 218 of Companies Act 2017, and the rules formulated for this purpose. The salient information of the fund is as follows:

	Note	Un-Audited 2020 Rupees	Audited 2019 Rupees
Size of the fund		413,785,456	336,166,847
Cost of investments made		194,238,425	183,178,443
Percentage of investments made		76%	83%
Fair value of investment	43.1	316,115,689	277,866,359

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

43.1 Breakup of investments

Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2020		2019	
	Investment	% of investment	Investment	% of investment
	Rupees		Rupees	
Investment in shares (listed securities)	84,162,568	27%	68,799,325	40%
Special saving certificates	31,209,256	10%	121,866,595	11%
Mutual funds	200,743,865	63%	87,200,439	49%
	316,115,689	100%	277,866,359	100%

43.2 The figures of 2020 are based on un-audited financial statements.

44. NUMBER OF EMPLOYEES

	2020	2019
Number of employees at the end of the year	2,189	1,825
Average number of employees during the year	2,007	1,862

45. PLANT CAPACITY AND PRODUCTION

The capacity and production of the Group's plant is indeterminable as it is a multi-product plant involving varying processes of manufacture.

46. EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Group in its meeting held on 25 March 2021 has proposed cash dividend at the rate of Rs. 15 (2019: Rs. 13) per share and 10% bonus shares for the year ended 31 December 2020, (2019: 10%) subject to the approval of shareholders in the Annual General Meeting to be held on 27 April 2021. These consolidated financial statements do not reflect these appropriations.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

47. DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Group authorized the consolidated financial statements for issuance on 25 March 2021.

48. CORRESPONDING FIGURES

Corresponding figures have been re-arranged or reclassified wherever necessary, for better and fair presentation. However no significant rearrangement / reclassification have been made in these consolidated financial statements.

Dr. Adeel Abbas Haideri Chief Executive Officer	Taufiq Ahmed Khan Director	Ashfaq P. Alidina Chief Financial Officer

Form of Proxy

FOLIO NO./

CDC A/C NO.________________

I/We ____

of ____________________________________ District ________________________________ being a

member of **HIGHNOON LABORATORIES LIMITED** and

holder of ________________________________ ordinary shares, entitled to vote hereby appoint

Mr.__________________________ of ________________________ or failing him

Mr.____________________________________ of ____________________________________

as my/our proxy to attend and vote on my/our behalf at the Annual General Meeting of the Company to be held at REGISTERED OFFICE, 17.5 K.M. MULTAN ROAD, LAHORE on APRIL 27, 2021 at 10:00 a.m. and at any adjournment thereof.

As witness under my/our hand(s) this ________________________ day of ____________________ 2021.

Witness:

____
(Member's Signature)

01 ________________________

02 ________________________

Affix Revenue Stamp of Rs.5/-

Date:________________________

Place:________________________

Note:

1. This Form of Proxy duly completed in all respects, in order to be effective, must be submitted, at the Company's Registered Office at 17.5 K.M., Multan Road, Lahore not less than 48 hours before the time of holding the meeting. A Proxy must be a member of the Company. Signature should agree with the specimen registered with the Company.
2. The Proxy Form should be signed by two witnesses, mentioning their name address and CNIC number. Attested copy of the CNIC or the passport of beneficial owner and the proxy shall be furnished with the Proxy Form. Proxy shall produce his original CNIC or passport at the time of the meeting.
3. In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature shall be submitted along-with proxy to the Company.

AFFIX
CORRECT
POSTAGE STAMP

The Company Secretary
HIGHNOON LABORATORIES LIMITED
17.5 Kilometer, Multan Road,
Lahore - 53700, Pakistan

پراکسی فارم

فولیو/سی ڈی سی اکاؤنٹ نمبر ____________________

میں/ہم ____________________ از ____________________ ڈسٹرکٹ ____________________

بحیثیت ممبر ہائی نون لیبارٹریز لمیٹڈ اور حامل ____________ عمومی حصص کے مالکان ہیں۔ جناب ____________________

از ____________ یا ان کی عدم دستیابی کی صورت میں جناب ____________ از ____________ کو کمپنی کے

سالانہ اجلاس عام جو کمپنی کے رجسٹرڈ دفتر 17.5 کلومیٹر ملتان روڈ لاہور میں 27 اپریل 2021 بوقت صبح 10:00 بجے ہے
میں شرکت کرنے حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور نمائندہ (پراکسی) مقرر کرتا ہوں/ کرتے ہیں۔

میں/ہم بروز ____________ بتاریخ ____________ کو اپنے دستخط/مہر کے ساتھ اس امر کی تصدیق کرتا/ کرتی ہوں/ کرتے ہیں۔

دستخط ممبر ____________________

گواہان 1 ____________________

پانچ روپے کی ریوینیو ٹکٹ پر دستخط

2 ____________________

تاریخ: ____________________

جگہ: ____________________

اہم نکات۔

ا۔ باضابطہ مکمل شدہ اور دستخط کردہ یہ پراکسی فارم کمپنی کے رجسٹرڈ آفس بمقام 17.5 کلومیٹر ملتان روڈ لاہور میں اجلاس کے وقت سے 48 گھنٹے قبل پہنچ جانا چاہیئے۔

۲۔ پراکسی فارم دو افراد کی جانب سے گواہی کے ہمراہ ہونا چاہیئے جن کے نام پتے اور سی این آئی سی نمبر فارم پر درج ہوں۔ پراکسی فارم کے ساتھ حصص داران اور پراکسی (نمائندہ) کی تصدیق شدہ شناختی کارڈ یا پاسپورٹ کی کاپی بھیجنا لازم ہے۔

۳۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع نمونہ دستخط پراکسی فارم کے ساتھ کمپنی کو پیش کیئے جائیں (اگر وہ پہلے پیش نہ کیئے گئے ہوں)۔

صحیح ڈاک ٹکٹ چسپاں کریں

کمپنی سیکریٹری

ہائی نون لیبارٹریز لمیٹڈ

17.5 کلومیٹر ملتان روڈ، لاہور۔ ۵۳۷۰۰، پاکستان