



**A BRAND NEW DAY**



17.5 Kilometer Multan Road, Lahore - 53700, Pakistan  
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**2020**  
ANNUAL REPORT

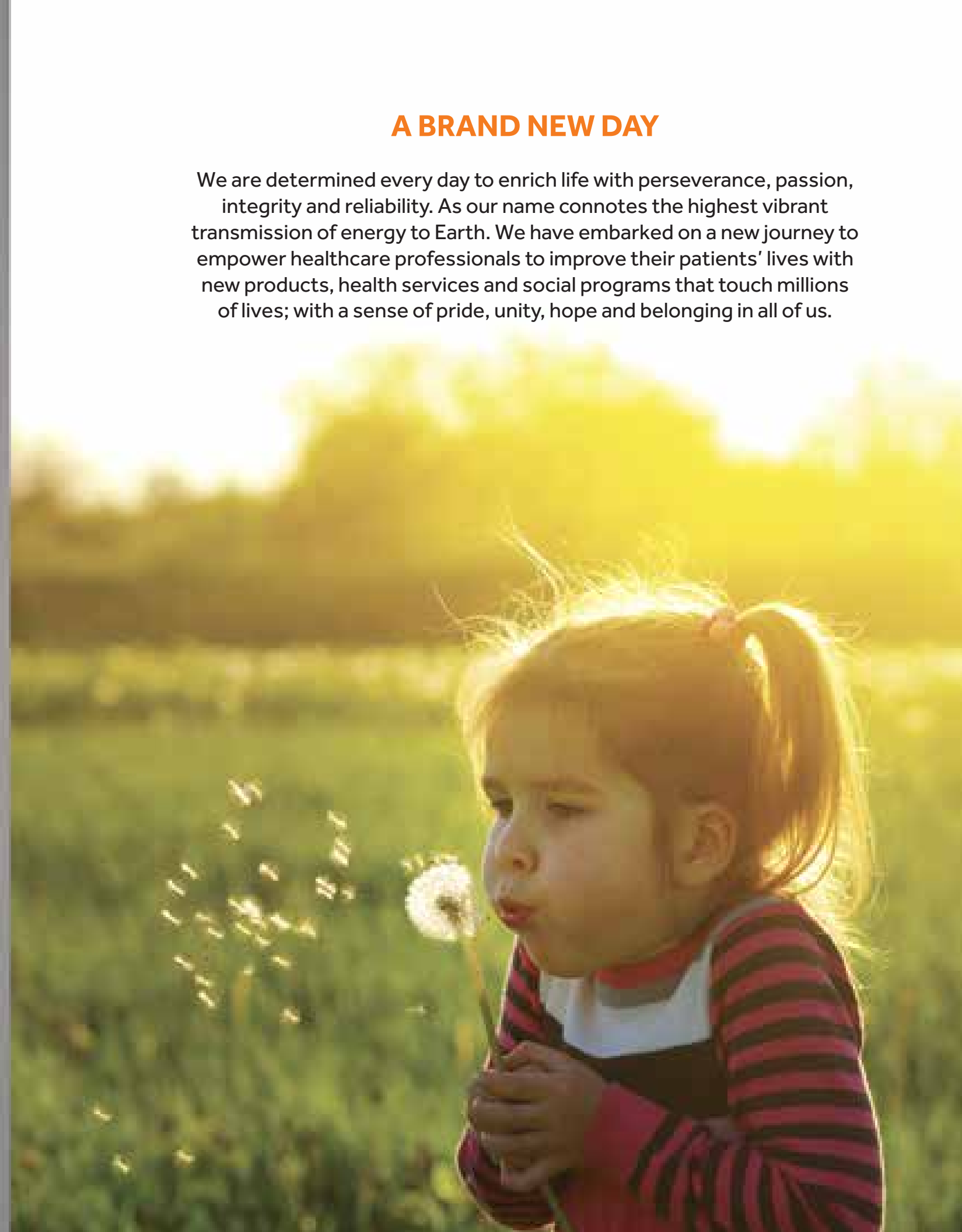


## **A BRAND-NEW JOURNEY: MARKING NEW MILESTONES AND TERRITORIES**

As a foundation stone of our corporate identity, our logo is the symbolic reflection of our values. On the imagery and the nuances of the new mark: The bright colourful sun at the angle is a bolder and global version. It connotes the highest vibrant transmission of energy to Earth. A deep sense of simplicity, solidity and permanence. Vim and vigour. Our boundless optimism. Culminating the highest peaks. To sum up, our new mark embeds a sense of pride, unity, hope and aspires everyone at Highnoon to outperform.

## **A BRAND NEW DAY**

We are determined every day to enrich life with perseverance, passion, integrity and reliability. As our name connotes the highest vibrant transmission of energy to Earth. We have embarked on a new journey to empower healthcare professionals to improve their patients' lives with new products, health services and social programs that touch millions of lives; with a sense of pride, unity, hope and belonging in all of us.



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# FINANCIAL HIGHLIGHTS



A NEW DAWN



# COMPANY INFORMATION

## Board of Directors

Mr. Tausif Ahmad Khan  
Chairman

Dr. Adeel Abbas Haideri  
Chief Executive Officer

Mr. Ghulam Hussain Khan  
Mr. Shazib Masud  
Mr. Taufiq Ahmed Khan  
Mrs. Zainub Abbas  
Mr. Romesh Elapata  
Ms. Nael Najam  
(Alternate Director)

## Chief Financial Officer

Mr. Ashfaq P. Alidina  
Tel : +92 42 3751 1953  
Email : ashfaq.alidina@highnoon.com.pk

## Company Secretary

Mr. Khadim Hussain Mirza  
Tel: +92 42 3751 0036  
Email: khadim@highnoon.com.pk

## Bankers

Habib Bank Limited  
United Bank Limited  
J.S. Bank Limited  
Allied Bank Limited  
Habib Metropolitan Bank Limited

## Registered, Headoffice & Plant

17.5 Kilometer Multan Road,  
Lahore - 53700, Pakistan  
UAN : +92 42 111 000 465  
Fax : +92 42 3751 0037  
E-mail : info@highnoon.com.pk  
Web : www.highnoon-labs.com

## Legal Advisor

Raja Muhammad Akram  
& Company

## Tax Advisor

Yousuf Islam & Associates

## Auditors

EY Ford Rhodes  
Chartered Accountants

## Shares Registrar

Corplink (Pvt.) Ltd.  
Wings Arcade,  
1-K Commercial,  
Model Town, Lahore.  
Tel : +92 42 3591 6714, 3591 6719  
Fax : +92 42 3586 9637

## Audit Commitee

Mr. Shazib Masud  
Chairman

Mr. Ghulam Hussain Khan  
Member

Mrs. Zainub Abbas  
Member

Mr. Khadim Hussain Mirza  
Secretary

## Human Resource and Remuneration Committee

Mr. Shazib Masud  
Chairman

Dr. Adeel Abbas Haideri  
Member

Mrs. Zainub Abbas  
Member

## Executive Committee

Dr. Adeel Abbas Haideri    Chairman  
CEO

Mr. Javed Hussain            Member  
Group Director Finance

Mr. Ashfaq P. Alidina        Member  
Chief Financial Officer

Mr. Sajjad Hafeez Butt      Member  
COO (Technical)

Dr. Saleem Akhtar            Member  
Group Director  
Quality Operations

Mr. Ahmad Raza              Member  
Group Director  
Research & Development

Mr. Aamir Zafar              Member  
COO (SB)

Mr. Azfar Abbas Haideri     Member  
Director Commercial

Ms. Iram Naila                Member  
Associate Director  
Regulatory Affairs

## I.T. Steering Committee

Dr. Adeel Abbas Haideri    Chairman  
CEO

Mr. Javed Hussain            Member  
Group Director Finance

Mr. Ashfaq P. Alidina        Member  
Chief Financial Officer

Mr. Sajjad Hafeez Butt      Member  
COO (Technical)

Mr. Aamir Zafar              Member  
COO (SB)

Mr. Azfar Abbas Haideri     Member  
Director Commercial

BEYOND  
BOUNDARIES

# NOTICE OF ANNUAL GENERAL MEETING



NOTICE is hereby given that the 38th Annual General Meeting of Highnoon Laboratories Limited will be held on Tuesday, April 27, 2021, at 10:00 a.m., at Registered Office, 17.5 Kilometer, Multan Road, Lahore to transact the following business:

1. To confirm Minutes of the last Annual General Meeting held on May 12, 2020.
2. To receive, consider and adopt the annual audited financial statements of the Company and consolidated financial statements with its subsidiary for the year ended December 31, 2020, together with Directors' and Auditors' Reports thereon.
3. To consider and approve payment of Cash Dividend at the rate of one hundred fifty percent (150%) and Bonus Shares at the rate of ten percent (10%) to the shareholders as recommended by the Board of Directors.
4. To appoint Auditors and fix their remuneration for the year ending December 31, 2021.
5. To discuss any other business with the permission of the Chair.

By order of the Board

Lahore  
06 April 2021

Khadim Hussain Mirza  
Company Secretary

## Notes:

1. The share transfer books of the Company will remain closed from April 26, 2021, to May 08, 2021 (both days inclusive) to determine the entitlement of payout.
2. A member entitled to attend and vote at this meeting may appoint another member as a proxy to attend and vote instead of him. The instrument of proxy must be received at the Registered Office of the Company, 17.5 K.M. Multan Road, Lahore not less than 48 hours before the time of holding the meeting. Members are advised to immediately intimate any change in their address to our Shares Registrar M/s Corplink (Pvt.) Limited. Members may download and print the proxy form from the Company's website.

3. All CDC accountholders shall authenticate their identity by showing the original CNIC at the time of attending the meeting. In the case of a corporate entity, a certified copy of the resolution of the Board of Directors / valid Power of Attorney having the name and specimen signature of the nominee should be produced at the time of the meeting.
4. In compliance with a regulatory requirement, the dividend will not be paid to shareholders whose CNIC Nos. are not available with the Company. Shareholders who have not yet provided a copy of their CNIC are requested to provide the same to our Shares Registrar M/s Corplink (Pvt.) Limited at the earliest.
5. To enable the Company to make a tax deduction on the amount of cash dividend @15% instead of @ 30%, all shareholders who are filer of the tax return are advised to make sure that their names are entered in the Active Taxpayers List (ATL) provided on the website of FBR. Corporate shareholders having CDC account are required to have their NTN updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to our Share Registrars M/s Corplink (Pvt.) Ltd. The FBR vide its Clarification letter No.1(54) Exp/2014-132872-R of September 25, 2014, has clarified that holders of shares held in joint accounts will be treated individually as filers or non-filers and tax will be deducted according to the proportionate holding of each shareholder.
6. In compliance with S.RO. 1145(I) 2017 of SECP and Section 242 of the Companies Act 2017, it is mandatory to make payment of any cash dividend through electronic mode by directly crediting the dividend amount in the shareholder's designated bank account. The shareholders who have not yet provided details of their bank account are once again requested to provide the details giving Name of designated Bank, Branch Name and Address, Title of Account and IBAN No. along-with a valid copy of CNIC. CDC shareholders are requested to have their bank account details updated with their respective participants and physical shareholders send the details to the Company or our Share Registrar M/S Corplink (Pvt.) Ltd. Please mention the Company name and Folio No. while sending the details of the Bank Account.
7. Members can exercise their right to poll subject to meeting the requirement of Section 143-145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.
8. According to Section 132(2) of the Companies Act 2017, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 7 days before the date of the meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.
9. The Securities & Exchange Commission of Pakistan (SECP) through its Circular No. EMD/ MISC/82/2012-77 dated February 15, 2021, has directed the listed companies to arrange participation of shareholders in annual general meetings through videos link, webinar, zooming, etc., in addition to allowing physical attendance by the members. This direction has been issued to safeguard the shareholders against the continuing threat posed by the COVID-19 pandemic and to protect their wellbeing. The members who are willing to attend and participate in the AGM can do so through video-link via smartphones, computers, tablets, etc. To attend the AGM through video-link, members are requested to get their following particulars registered by sending an email or WhatsApp at the number/address given below, at least 48 hours before the time of the AGM, and download video-link from <https://zoom.us/download>.

Name	Folio/CDC Account No.	CNIC No	Cell phone	Email

Signature of Member

WhatsApp	Email
0333-4374060	Khadim@highnoon.com.pk

Upon receipt of requests, the video-link login credentials will be shared with the interested shareholders on their email addresses or WhatsApp messages. The members can send their comments/ suggestions related to the agenda items of the meeting through the above mentioned means.

10. Members are hereby informed that according to SECP SRO 787(1)/2014 dated September 8, 2014, and under Section 223(6) of the Companies Act 2017, circulation of Audited Financial Statements and Notice of Annual General Meeting has been allowed in electronic format through email. In compliance with the above requirements, soft copies of the Annual Report 2020 are being emailed to the members who have opted to receive such communication in electronic format. Other members who wish to receive the Annual Report 2020 in electronic form may file an application as per the format provided on the Company's website. The members who have provided consent to receive the Annual Report through email can subsequently request a hard copy which shall be provided free of cost within seven days. Members are also requested to intimate any change in their registered email addresses on time, to ensure effective communication by the Company.
11. Annual Audited Financial Statements for the year ended December 31, 2020, along-with Directors' and Auditors' Report of the Company have also been placed on the Company's website, i.e. [www.highnoon-labs.com](http://www.highnoon-labs.com).

## سالانہ اجلاس عام

ہائی نون لیبارٹریز لمیٹڈ کے حصہ داران کا اڑتیسواں سالانہ عام اجلاس بروز منگل 27 اپریل 2021ء بوقت 10:00 بجے صبح کمپنی کے رجسٹرڈ دفتر 17.5 کلومیٹر ملتان روڈ، لاہور میں مندرجہ ذیل امور پر فیصلہ کیلئے منعقد ہوگا۔

- 1- گزشتہ سالانہ عام اجلاس منعقدہ 12 مئی 2020ء کی کاروائی کی توثیق۔
- 2- 31 دسمبر 2020ء کو ختم ہونے والے مالی سال کی بابت کمپنی کے نتیجہ شدہ حسابات بمعہ اشتمال شدہ حسابات ہمراہ ڈائریکٹرز و آڈیٹرز کی رپورٹس پر غور اور ان کی قبولیت۔
- 3- ڈائریکٹرز کے سفارش کردہ ایک سو پچاس فیصد %150 نقد منافع کی ادائیگی اور دس فیصد %10 بونس شیئرز کے اجراء کی منظوری۔
- 4- آئندہ مالی سال تختہ 31 دسمبر 2021ء کے لیے آڈیٹرز کا تقرر اور ان کے صلہ خدمت کا تعین۔
- 5- چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

تکم بورڈ آف ڈائریکٹرز

(خادم حسین مرزا)

کمپنی سیکرٹری

لاہور:

مورخہ 06 اپریل 2021ء

## نوٹ:

- 1- کمپنی کی منتقلی حصہ کتب 26 اپریل تا 08 مئی 2021ء (بشمول ہر دو ایام) اعلان کردہ منافع کے حقداران کے تعین کے لیے بند رہیں گی۔
- 2- حصہ داران جو کہ اجلاس میں شرکت کے اہل ہیں اپنی جگہ دوسرے حصہ دار کو شرکت کرنے اور ووٹ دینے کے لیے اپنا نمائندہ مقرر کر سکتے ہیں۔ اختیار نامہ نمائندگی اجلاس کے وقت سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں لازماً وصول ہو جانا چاہیے۔ اجلاس میں شرکت کے لیے اپنا اصل شناختی کارڈ ہمراہ لائیں۔ حصہ داران سے درخواست ہے کہ ان کے پتہ جات میں اگر کوئی تبدیلی ہے تو فوراً مطلع فرمائیں۔
- 3- سینٹرل ڈیپازٹری کمپنی کی وساطت سے درج تمام حصہ داران سے گزارش ہے کہ اجلاس میں شرکت کے لیے اپنا اصل شناختی کارڈ ضرور ہمراہ لائیں تاکہ ان کی شناخت میں آسانی ہو جبکہ کمپنی یا ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد کی مصدقہ کاپی یا منوٹر مختار نامہ جس پر ان کے نام تحریر ہوں اور دستخط تصدیق کیے گئے ہوں نمائندگان اپنے ہمراہ لائیں۔
- 4- ایس ای سی پی کی ہدایت کے مطابق جن حصہ داران کے شناختی کارڈ نمبر کا اندراج کمپنی کے ریکارڈ میں نہیں ہوگا انھیں ڈیویڈنڈ کی ادائیگی نہیں ہوگی۔ جن حصہ داران نے اپنے کمپیوٹرائزڈ شناختی کارڈ کی کاپی پہلے فراہم نہیں کی تو فوراً شیئرز رجسٹر کارپ لنک (پرائیویٹ) لمیٹڈ کو ارسال کریں۔
- 5- اس امر کو یقینی بنانے کے لیے کہ کمپنی آپ کے نقد منافع (کیش ڈیویڈنڈ) میں سے 15% کے بجائے 30% ٹیکس کٹوتی نہ کرے وہ تمام حصہ داران جن کے نام FBR (فیڈرل بورڈ آف ریونیو) کی ویب سائٹ پر ٹیکس کی ادائیگی کرنے والے فعال افراد کے طور پر موجود نہیں ہیں باوجود اس کے کہ وہ ٹیکس کی ادائیگی کرتے ہیں ان سے گزارش ہے کہ اس امر کو یقینی بنائیں کہ ان کے نام ٹیکس کی ادائیگی کرنے والے فعال افراد (ایکٹیو ٹیکس پیئرز لسٹ) کی فہرست میں شامل ہو جائیں۔ کارپوریٹ حصہ داران جو سی ڈی سی اکاؤنٹس کے حامل ہوں ان کے لیے لازمی ہے کہ وہ اپنے متعلقہ شراکت داروں سے اپنا نیشنل ٹیکس نمبر (این ٹی این) آپ ڈیٹ کرالیں جبکہ کارپوریٹ فزیکل جن حصہ داران کے لیے ضروری ہے کہ وہ اپنے این ٹی این سرٹیفکیٹ کی نقل کمپنی یا اس کے شیئرز رجسٹر کارپ لنک (پرائیویٹ) لمیٹڈ کو ارسال کریں۔ ایف بی آر نے 25 ستمبر 2014 کے اپنے وضاحتی خط نمبر 1/1/1/ ای ایکس پی/2014-132872- آر میں واضح کیا ہے کہ مشترکہ اکاؤنٹ میں منعقد حصص رکھنے والوں کو انفرادی طور پر فائلر یا نان فائلر سمجھا جائے گا۔ اور ہر شیئر ہولڈر کی متناسب ہولڈنگ کے مطابق ٹیکس کی کٹوتی کی جائے گی۔

## سالانہ اجلاس عام

کمپنیز ایکٹ کی دفعہ 242 اور ایس ای سی پی کے ایس آر ونمبر 2017(1) 1145 کی روشنی میں اس امر کو یقینی بنایا جانا لازم ہے کہ حصہ داران کو نقد منافع کی ترسیل برقی طریقہ کار سے حصہ داران کے فراہم کردہ بینک اکاؤنٹس میں کی جائے۔ حصہ داران کے بینک اکاؤنٹ کی تفصیلات جاننے کے لیے کمپنی پہلے ہی حصہ داران کو خط کے ذریعے نوٹس جاری کر چکی ہے جن حصہ داران نے اب تک اپنے بینک اکاؤنٹ کی تفصیلات فراہم نہیں کی ہیں۔ اُن سے گزارش ہے کہ وہ جلد از جلد اپنے بینک اکاؤنٹ کی تفصیلات جو کہ بینک کے نام، برانچ کا نام اور پتہ، بینک اکاؤنٹ ہولڈر کا نام، اور انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN NO), CNIC کی کاپی پر مشتمل ہیں فراہم کر دیں۔ وہ حصہ داران جن کے حصص سی ڈی سی پر ہیں وہ اپنے بینک اکاؤنٹ کی تفصیلات اپنے شیئرز بروکر کو فراہم کریں جبکہ فزیکل شیئرز ہولڈر اپنے بینک کی اکاؤنٹ کی تفصیلات کمپنی کے شیئرز رجسٹر اریڈرز کارپ لنک (پرائیویٹ) لمیٹڈ کو فراہم کریں۔ بینک اکاؤنٹ کی تفصیلات بھیجتے ہوئے اپنا فوئیو نمبر اور کمپنی کا نام ضرور لکھیں۔

ممبرز کمپنیز ایکٹ 2017 کی دفعہ 143-145 اور کمپنیز ریگولیشنز 2018 پوسٹل بیلٹ کی متعلقہ شرائط کو پورا کرنے کی صورت میں اپنے ووٹ دینے کا حق استعمال کر سکتے ہیں۔

کمپنیز ایکٹ 2017 کی دفعہ (2) 132 کی روشنی میں اگر کمپنی کو کسی ایک جغرافیائی مقام پر مجموعی طور 10 فیصد یا زیادہ کے حصہ داران کی جانب سے اجلاس میں ویڈیو کانفرنس کے ذریعے شرکت کی درخواست اجلاس سے 7 دن قبل تک موصول ہو جاتی ہے تو کمپنی ویڈیو کانفرنس کا اہتمام کرے گی اگر اس شہر میں یہ سہولت موجود ہوگی۔

سیکورٹیز ایکسچینج کمیشن آف پاکستان نے اپنے سرکلر نمبر ای ایم ڈی/ایم آئی سی 82/77-2012 بتاریخ 15 فروری 2021 میں اسلڈ کمپنیز کو ہدایت کی ہے کہ وہ حصہ داران کے سالانہ عمومی اجلاس میں ذاتی موجودگی کے علاوہ ویڈیو لنک، ویبینار، زومنگ وغیرہ کا انتظام کریں۔ یہ ہدایت حصہ داران کی کرونا وبا کے جاری خطرات سے بچاؤ اور انکی صحت کے تحفظ کے مد نظر دی گئی ہے۔ جو حصہ داران اجلاس میں شریک ہونا چاہتے ہیں وہ اپنے سمارٹ فون، کمپیوٹرز، بالیپ ٹاپ کے ذریعے ویڈیو لنک پر شرکت کر سکتے ہیں۔ سالانہ اجلاس میں بذریعہ ویڈیو لنک شرکت کے لیے حصہ داران کو درخواست کی جاتی ہے کہ وہ درج ذیل معلومات درج ذیل ای میل یا فون نمبر پر اجلاس شروع ہونے سے کم از کم 48 گھنٹے پہلے فراہم کریں اور یہ درخواست وصول ہونے کے بعد حصہ داروں کو ان کے دیے گئے ای میل یا فون نمبر پر ویڈیو لنک میں رسائی کی معلومات دی جائیں گی۔

نام	فولیو سی ڈی سی اکاؤنٹ نمبر	شناختی کارڈ نمبر	موبائل نمبر	ای میل

دستخط حصہ دار

وائس ایپ	ای میل
0923334374060	khadim@highnoon.com.pk

10- ممبران کو مطلع کیا جاتا ہے کہ سیکورٹیز ایکسچینج کمیشن آف پاکستان نے اپنے سرکلر نمبر 2014/787(1) بتاریخ 8 ستمبر 2014 اور کمپنیز ایکٹ 2017 کی دفعہ (6) 223 کے تحت آڈٹ شدہ مالیاتی گوشوارے اور سالانہ عمومی اجلاس کے نوٹس کو بذریعہ ای میل بھیجنے کی اجازت دی ہے۔ اس سرکلر کی تعمیل کے لیے سالانہ رپورٹ 2020 کی سافٹ کاپیاں ان حصہ داران کو بھیجی جارہی ہیں جو بذریعہ ای میل ترسیل کے لیے رضامندی ظاہر کر چکے ہیں۔ ان کے علاوہ جو ممبران بھی درج بالا الیکٹرانک ترسیل کے خواہشمند ہیں وہ کمپنی کی ویب سائٹ پر موجود فارم پر کر کے بھیج دیں۔ الیکٹرانک ترسیل کے ذریعے سالانہ رپورٹ حاصل کرنیوالے حصہ داران اگر بعد میں ہارڈ کاپی بھی حاصل کرنا چاہیں تو درخواست دے کر بلا معاوضہ سائٹ یوم میں حاصل کر سکتے ہیں۔

11- کمپنی کے آڈٹ شدہ مالیاتی گوشوارے بمعہ ڈائریکٹرز اور آڈیٹرز پورٹس برائے سال تختہ 31 دسمبر 2020 کمپنی کی ویب سائٹ www.highnoon-labs.com پر موجود ہیں۔



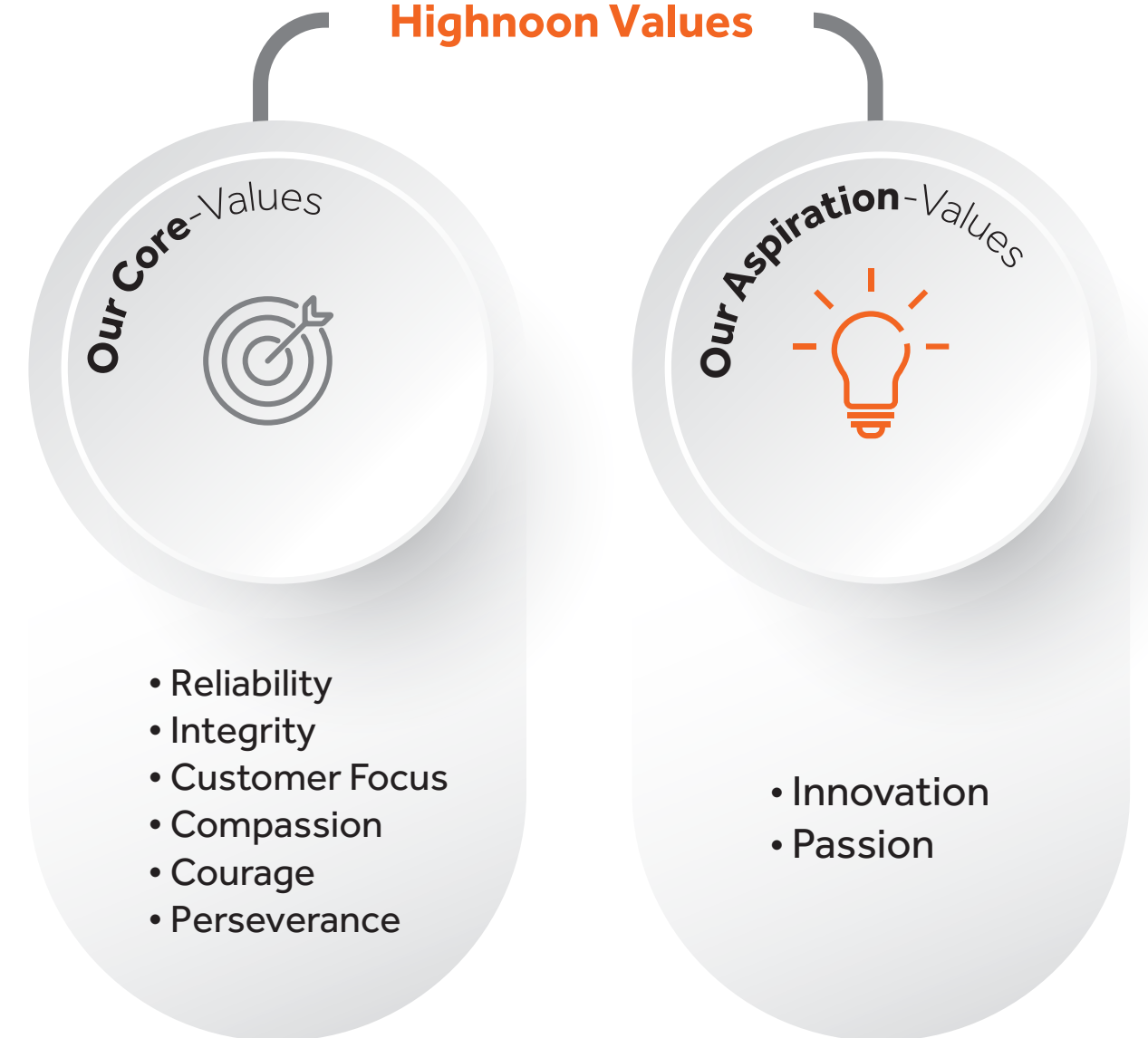
## Highnoon Values



**Our Core-Values**  
at the heart of  
our business

**Our Aspiration-Values**  
that set us apart to  
create the future we  
imagined

## Highnoon Values



### INHERENT VALUES EXPECTATIONS FROM ALL ORGANISATIONS

- Diversity
- Teamwork
- Accountability
- Quality
- Environmentalism

## Directors' Report to the Shareholders

The Board of Directors ("the Board") of Highnoon Laboratories Limited ("the Company") is pleased to submit its annual report and audited accounts for the year ended 31 December 2020. The Directors' Report has been prepared in accordance with Section 227 of the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations 2019.

By the grace of Almighty, it is indeed a proud moment for us to share that 2020 has been yet another year of all round professional excellence. I would also like to extend gratitude to all our employees who went extra miles and kept company goals ahead of their safety. Our teams have not only embraced the challenge but delivered beyond expectations. I would also like to assure you of our continuous momentum and resilience in 2021 to ascend to new heights. It is our pleasure to share with you the financial highlights of 2020 and our promise for tomorrow to build on a sustainable growth paradigm.

### FINANCIAL HIGHLIGHTS OF THE COMPANY

	2020 (Rupees in thousands)	2019
Profit before tax	1,921,731	1,341,086
Taxation	(500,996)	(370,073)
<b>Profit after tax</b>	<b>1,420,736</b>	<b>971,013</b>
<b>Profit available for appropriation</b>	<b>3,612,121</b>	<b>2,656,544</b>
<b>Appropriations:</b>		
Final cash dividend for the FY 2020 @ Rs. 15 per share (FY 2019:@ Rs. 13 per share)	(519,224)	(409,086)
Bonus share @ 10% (FY 2019:10%)	(34,615)	(31,468)

### CHAIRMAN'S REVIEW

The Chairman of the Board has given his review on pages 24 to 33 which provides insight on:

- ▶ Economic Overview and Financial Performance
- ▶ Products and Market
- ▶ Corporate Social Responsibility-Healthcare
- ▶ Operational Excellence
- ▶ Quality Operations
- ▶ Future Business Outlook and Challenges

The Board endorses the contents of Chairman's review and it forms part of this Directors' Report.

### EARNINGS PER SHARE

Based on the audited accounts for the year ended 31 December 2020, Basic Earnings Per Share (EPS) of the Company is Rs. 41.04 (2019: Rs.28.05 Restated).

### DIVIDEND ANNOUNCEMENT

The Board is pleased to announce a final cash dividend of 150% (2019: 130%) i.e. Rs. 15 per share (2019: Rs. 13 per share) and bonus shares at the rate of ten percent i.e. 10 shares for every 100 shares (2019: 10%) for the financial year ended 31 December 2020 subject to the approval by the shareholders at the Annual General Meeting to be held on 27 April 2021.

### PATTERN OF SHAREHOLDING

The shareholding information as of 31 December 2020 and other related information is set out on pages 42 to 44.

### THE BOARD AND MEETINGS

The Company complies with all the requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to the composition, procedures and meetings of the Board and its committees.

The Board comprises of 7 directors including the Chief Executive Officer and possesses a diverse mix of gender, knowledge and expertise to enhance its effectiveness. The Board consists of 1 female director and 6 male directors, categorized as follows:

Independent Directors	Mr. Shazib Masud Mr. Romesh Elapata
Non-Executive Directors	Mr. Tausif Ahmad Khan Mr. Ghulam Hussain Khan Mr. Taufiq Ahmed Khan Mrs. Zainub Abbas
Executive Director	Dr. Adeel Abbas Haideri

The Board reviews all significant matters of the Company ; these include Company's strategic direction, annual business plans, targets, regular performance tracking against targets, decision on long-term investments and potential financing options. The Board is committed to maintain high standards of Corporate Governance. In 2020 the Board met four times during the year under review to discharge their responsibilities. The attendance of members at the meetings is summarized as under:

Sr. No.	Members of the Board	No. of Meetings Attended
1.	Mr. Tausif Ahmad Khan	3
2.	Mr. Ghulam Hussain Khan	3
3.	Mr. Taufiq Ahmed Khan	4
4.	Mr. Shazib Masud	4
5.	Mrs. Zainub Abbas	3
6.	Dr. Adeel Abbas Haideri	4
7.	Ms. Nael Najam	4

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

Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary their spouses and minor children have not sold or purchased shares of the Company during 2020 except the following:

Sr. No.	Name	No. of Shares	Remarks
1.	Mr. Ghulam Hussain Khan (non-executive director)	16,350	Sold in the market

In compliance with requirements of Regulations PSX and SECP were informed of the details of transactions. The members of the Board were also apprised with the details of these transactions in meetings held immediately after the transactions.

### AUDIT COMMITTEE

The Board has established an Audit Committee in accordance with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019. The Audit Committee consists of three non-executive directors of the Board. The Chairman of the Committee is an independent director and the rest of the members are non-executive directors of the Company.

1.	Mr. Shazib Masud	Chairman
2.	Mr. Ghulam Hussain Khan	Member
3.	Mrs. Zainub Abbas	Member

The Committee periodically reviews the financial aspects and appropriateness of resources, the corporate accounting and financial reporting process, the effectiveness and adequacy of internal controls, the management of risks and the external and internal audit process. The head of internal audit reports to the Audit Committee and the Company Secretary also acts as the Secretary of the Committee. The internal audit function continuously examines the Company's records and operations, ensuring fair financial reporting processes, compliance with applicable laws and adherence with internal control systems.

The Committee meets once every quarter of the financial year. These meetings are held prior to the approval of the interim results of the Company by the Board and after completion of external audit. The Committee held 5 meetings in 2020 and met once with the head of Internal Audit and other members of the Internal Audit function without the CFO and the external auditors being present. The Committee also met with the external auditors without the CFO and Head of Internal Audit being present.

The attendance by each member in those meetings is

summarized as under:

Sr. No.	Name of the Members	No. of Meetings Attended
1.	Mr. Shazib Masud	5
2.	Mr. Ghulam Hussain Khan	5
3.	Mrs. Zainub Abbas	1

### HUMAN RESOURCE AND REMUNERATION COMMITTEE

In compliance with requirement of Listed Companies (Code of Corporate Governance) Regulations, 2019, Human Resource and Remuneration (HR & R) Committee consists of three members, majority of which are non-executive directors. The Committee is responsible for recommending to the Board human resource management policies, selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO, CFO, Company Secretary and head of Internal Audit and consideration & approval on recommendation of CEO on such matters for key management positions who report directly to the CEO. Following are the members of HR & R Committee:

1.	Mr. Shazib Masud (Independent director)	Chairman
2.	Dr. Adeel Abbas Haideri (CEO/Executive director)	Member
3.	Mrs. Zainub Abbas (Non-executive director)	Member

The attendance in the meeting is given as under:

Sr. No.	Name of the Members	No. of Meetings Attended
1.	Mr. Shazib Masud	1
2.	Dr. Adeel Abbas Haideri	1
3.	Mrs. Zainub Abbas	-

### OUR RISK MANAGEMENT IDEOLOGY

Highnoon believes in value creation by instituting a robust risk identification & mitigation apparatus in the company. We believe that in today's day and age, there is a significant need to assess the risks engulfing the business operations beforehand and to take necessary preventive measures well ahead of others to maintain our competitive streak. Operating in a well regulated industry and being in the business that has a huge societal impact, we truly embrace our responsibilities to the pharma sector and to the nation at large.

Owing to this vow, we have laid down a Lean Risk Management Framework to combine tight estimating,



creating optimal buffers and enhancing shareholder value and overall customer experience. The Risk Management Committee strictly monitors the environmental, operational, legal, quality compliance and financial risks and formulates strategies to mitigate the same.

### CONTRIBUTION TO NATIONAL EXCHEQUER

During the year, the contribution to the National Exchequer has further increased and the Company paid/payable on account of different government levies, including custom duty, sales tax, WPPF, WWF, CRF and income tax amounted to Rs. 1.16 billion (2019:Rs.845 million).

### STATEMENT OF ETHICS AND BUSINESS PRACTICES

The Board has prepared and disseminated the Statement of Ethics and Business Practices. The statement is placed on the website of the Company and circulated throughout the Company to every Director and employee for awareness and understanding of the standards of conduct in relation to persons associated or dealing with the Company.

### EXTERNAL AUDITORS

The external auditors of the Company EY Ford Rhodes, Chartered Accountants shall retire on the conclusion of Annual General Meeting. Being eligible for re-appointment under the listing regulations, they have offered their services as auditors of the Company for the financial year 2021. The Audit Committee has recommended the appointment of EY Ford Rhodes, Chartered Accountants as Auditors of the Company for the year ended 31 December 2021 and the Board agrees to the recommendation of the Audit Committee.

The Auditors have also given their consent for the next year. They have confirmed having received a satisfactory rating under the Quality Control Review of The Institute of Chartered Accountants of Pakistan and that the firm and all its partners are fully compliant with the code of ethics issued by International Federation of Accountants (IFAC). Further, they are also not rendering any related services to the Company. The Auditors have also confirmed that neither the firm nor any of their partners, their spouses or minor children at any time during the year held or traded in the shares of the Company.

### SUBSIDIARY COMPANY Curexa Health (Private) Limited (The Subsidiary)-Performance Review

A separate Directors' Report is annexed with the Consolidated Financial Statements with its wholly owned subsidiary. A brief review of subsidiary's individual financial performance as well as review on Group results is given in that report.

### DIRECTORS' REMUNERATION

The Company has an approved Directors Remuneration policy governing remuneration of executive, non-executive and independent directors of the Company.

The significant features of the policy are:

- Non-executive directors are only entitled to receive fees and incidental expenses for attending meetings of the Board and its Committees.
- The remuneration of the executive directors is fixed in line with the Company policies. The remuneration is reviewed annually on the basis of overall corporate performance in a given year and the key performance indicators. Perquisites and benefits are paid in accordance with the Company policies.
- The Board of Directors ("BOD") on recommendation of Human Resource & Remuneration (HR & R) Committee from time to time, determine and approve the remuneration of the members of the BOD for attending Board Meetings.
- Details of the remuneration paid to executive Director during the year is given in Note 40 of the Financial Statements.

### RELATED PARTY TRANSACTIONS

In compliance with the requirements of Companies Act, 2017 the details of all related party transactions occurred during the year were placed before the Board periodically for consideration and approval on recommendation of the Audit Committee. The pricing method for related party transactions was approved by the Board. All the transactions were at arm's length and the Audit Committee and the Board have approved all related party transactions in their respective meetings in compliance with approved pricing method. The details of related party transactions are given in note 40 and note 44 to the financial statements.

### BOARD'S PERFORMANCE REVIEW

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors is carried out to ensure that the Board's overall performance and effectiveness is not only being measured but also benchmarked against expectations with respect to the objectives set for the Company. Improvement areas if any, identified during the process of performance evaluation are duly considered by the Board and corrective action plans are framed and implemented accordingly. A comprehensive criterion has

been developed and the performance of the Board is evaluated against this criterion. The Board has completed annual evaluation for the year ended 31 December 2020. Based on the performance evaluation, the overall performance of the Board has been satisfactory.

### CORPORATE SOCIAL RESPONSIBILITY

The corporate social endeavor of Highnoon needs no introduction. We maintain our constant sponsorship to causes of health, education, relief & rehabilitation work and women development.

With a constant support to Thalassemia patients for the last many years, we continue to provide free of cost iron chelating agent to patients suffering from blood disorders. The Company in collaboration with Pakistan Red Crescent Society has established a Thalassemia Centre in Lahore. The Company in addition to the provision of free of cost iron chelating medicines also providing financial assistance to support operations of the Thalassemia Centre. We are also financially assisting needy students, so they pursue their education.



The company provides financial assistance to the underprivileged students of Punjab University College of Pharmacy. In this regard, every year, we award three funded scholarships for pharmacy students. Similarly, a program has been initiated to support deserving children of company employees towards professional education at undergraduate/ post graduate level.

During this Pandemic Situation, Patient Healthcare Facilitation programs were run across the country to take precautionary measures and provide basic sanitization facilities at clinics and hospitals at mass level.



### INTERNAL CONTROL ENVIRONMENT

The integrity and reliability of the internal control systems are achieved through clear policies and procedures, process automation, training and development of employees and on structure that segregates responsibilities. The Board and its sub-committee(s) are independent of the management and take full responsibility for providing oversight for the development and operation of controls. In compliance with Code of Corporate Governance the management has established an effective internal audit function which directly reports to the Audit Committee. The audit function independently provides assurance to the audit committee on the adequacy and effectiveness of the internal controls in place as well as compliance with the Company's policies and standard operating procedures.

### CORPORATE GOVERNANCE

The Directors confirm compliance with the Corporate and Financial Reporting framework of the Code of Corporate Governance and other regulations for the following:

1. The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act 2017. These Statements, prepared by the management present fairly the Company's state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper Books of accounts have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements except changes mentioned in 4.1 to the financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
5. The System of internal controls is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as a going concern.

## ڈائریکٹرز رپورٹ

مستقل عملداری ممکن بنانے کیلئے اسکی نگرانی کی جاتی ہے۔ یہ نظام انتظامی ڈھانچے ترتیب دیتا ہے، ذمہ داریوں کا تعین کرتا ہے اور اختیارات تفویض کرتا ہے۔ اختیارات کی حدود غیر مبہم انداز میں وضع کی گئی ہیں، طریقہ کار اور ضابطہ عمل بنا کر اپنی اصل روح کیساتھ نافذ کئے گئے ہیں تاکہ کمپنی حکمت عملی اور کاروبار سے منسلک مقاصد حاصل کر سکے۔ بورڈ اور اسکی کمیٹیاں انتظامیہ سے جدا ہیں اور تمام کاروباری امور کے لیے کنٹرولز وضع کرنے اور ان پر عملدرآمد کی نگرانی کرنے کے لئے اپنی ذمہ داری لیتی ہیں۔ کوڈ آف کارپوریٹ گورننس کی مطابق بورڈ نے داخلی آڈٹ کا ایک موثر شعبہ قائم کیا ہوا ہے جو آڈٹ کمیٹی کو جوابدہ ہے۔ یہ شعبہ آڈٹ کمیٹی کو باور کرواتا ہے کہ داخلی کنٹرولز مناسب اور موثر ہیں اسکے ساتھ ساتھ یہ کمپنی کی پالیسیز، طریقہ کار اور ضوابط عمل کی پیروی کا جائزہ لیتا ہے۔

### کارپوریٹ گورننس

بورڈ درج ذیل تمام امور میں کوڈ آف کارپوریٹ گورننس کے کارپوریٹ اور مالیاتی رپورٹنگ کے ڈھانچے کی اور دوسرے ضوابط کی پیروی کی تصدیق کرتا ہے۔

1۔ مالیاتی گوشوارے اور انکے نوٹس کمپنیز ایکٹ 2017 کی مطابق بنائے گئے۔ انتظامیہ کے تیار کردہ یہ گوشوارے شفافیت کیساتھ کمپنی کے کاروباری معاملات، اسکے امور کے نتائج، کیش فلو، اور ایکوٹی میں تبدیلی کو بیان کرتے ہیں۔

2۔ کمپنی کے حسابات کے کھاتے باضابطہ طور پر بنائے جا رہے ہیں۔

3۔ مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیز کا توازن کیساتھ اطلاق کیا گیا ہے ماسوائے ان تبدیلیوں کے جو ان گوشواروں کے نوٹ 4.1 میں بیان کی گئی ہیں اور اکاؤنٹنگ کے تخمینوں کی بنیاد مناسب اور محتاط رائے پر ہے۔

4۔ وہ تمام بین الاقوامی مالیاتی رپورٹنگ سٹینڈرڈز جو پاکستان میں لاگو ہیں مالیاتی گوشوارے بناتے وقت ان کی پیروی کی گئی ہے۔

5۔ داخلی کنٹرول کا نظام اپنی ساخت کے اعتبار سے مضبوط ہے اور موثر طور پر نافذ کیا گیا ہے اور اسکی عملداری کی نگرانی کی جاتی ہے۔

6۔ کمپنی کی اس استعداد میں کدہ اپنے کاروبار کو جاری رکھ سکے کی کوئی شکوک و شبہات نہیں ہیں۔

7۔ اکاؤنٹنگ کے تخمینے محتاط رائے پر منحصر ہیں اور مالیاتی گوشواروں کے نوٹ 12 اور 15 میں بیان کیے گئے واجبات کے علاوہ کوئی بھی سرکاری ٹیکسیز، ڈیوٹیز، لیویز اور اخراجات کمپنی کے ذمہ واجب الادا نہیں ہیں۔

8۔ 31 دسمبر 2020 کے بعد سے لیکر اس رپورٹ کی تاریخ تک کوئی بھی ایسی تبدیلی واقع نہیں ہوئی نہ ہی کمپنی نے کوئی بڑی ذمہ داری اٹھائی ہے جس سے کمپنی کی مالی حالت پر اثر پڑے۔

9۔ کوئی بھی ڈائریکٹر مالیاتی اداروں یا بینکوں کا ناہندہ نہیں ہے اور نہ ہی ڈائریکٹرز اور انکے شرکاء حیات اسٹاک بروکر تاج کرتے ہیں۔ بورڈ نے لفظ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی پیروی پر تخریر اپنی رپورٹ کیساتھ علیحدہ سے منسلک کر دی ہے اور آڈیٹرز نے اس پر اپنی غیر کوالیفائیڈ رپورٹ جاری کر دی ہے۔

10۔ لفظ ریگولیشنز میں بیان کردہ دکارپوریٹ گورننس کی بہترین کاروباری عملداری سے کسی قسم کا انحراف نہیں پایا گیا۔

11۔ پراویڈنٹ فنڈ کی سرمایہ کاری کی قدر 31 دسمبر 2020 پر غیر تصفیق شدہ حسابات کی مطابق 313 ملین روپے ہے جسکے موازنہ میں 31 دسمبر 2019 کے تصفیق شدہ حسابات کی مطابق یہ قدر 275 ملین روپے تھی۔

12۔ گزشتہ چھ سال کے اہم اعداد و شمار سرمایہ کاروں کی رہنمائی کے لئے اس رپورٹ کیساتھ منسلک ہے۔

### ویب پر موجودگی

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ضوابط کی مطابق کمپنی کی تمام اہم معلومات بشمول سالانہ اور سہ ماہی مالیاتی گوشوارے کمپنی کی ویب سائٹ پر موجود ہے۔ حصہ داران اور عوام الناس کمپنی کی ویب سائٹ پر جا کر مطلوبہ معلومات حاصل کر سکتے ہیں۔

### اظہار تشکر

ہم اپنے حصہ داران، ماہرین طب اور صارفین کے شکر گزار ہیں کہ انھوں نے کمپنی پر متواتر اعتماد کا مظاہرہ کیا۔ ہم ہائی نون خاندان کے ہر فرد کی استقامت، عزم، لگن اور جدت پسند فکر کا مظاہرہ کرنے پر پُر خلوص تعریف کرنا چاہتے ہیں اور پر اعتماد ہیں کہ وہ مستقبل میں بھی اسی رویے کا مظاہرہ کریں گے۔

### اجازت

بورڈ کمپنیز ایکٹ 2017 کی دفعہ 227 کی مطابق چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر کو اپنی طرف سے ڈائریکٹرز رپورٹ پر دستخط کرنے کی اجازت دیتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

توفیق احمد خان

ڈائریکٹر

ڈاکٹر عدیل عباس حیدری

چیف ایگزیکٹو آفیسر

لاہور

25 مارچ 2021ء

7. Accounting estimates are based on prudent judgments and there are no outstanding statutory payments on account of Government taxes, duties, levies and charges except for those which have been disclosed in note 12 and note 15 to the financial statements.

8. There have been no material changes since 31 December 2020 and the Company has not entered any commitment, which would affect the financial position at the report date.

9. None of the Directors has been convicted as a defaulter in payment of any loans of Banks / DFIs, neither they nor their spouses are engaged in the business of stock brokerage. The Board has separately appended "Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017" and auditors have given unqualified review report thereon.

10. There has been no significant departure from the Best Practices of Corporate Governance, as detailed in the listing regulations.

11. The fair value of investment of the Provident Fund based on un-audited accounts as on 31 December 2020 was Rs.313.32 million as compared to Rs. 275.37 million as per audited accounts of 31 December 2019.

12. Key financial data for the last six years as an investors' guide is annexed to the Report.

### WEB PRESENCE

In compliance with the requirements of Securities and Exchange Commission of Pakistan (SECP) all information relating to the Company including periodic financial statements / annual reports etc., are available on the website. Stakeholders and general public can log on to Company's website www.highnoon-labs.com to retrieve their desired information.

### ACKNOWLEDGMENT

We would like to express our sincerest appreciation to all our stakeholders – our shareholders, medical professionals and customers who have consistently strengthened our company with their belief, preference for our products and confidence in us. We would also like to place on record our sincere appreciation for the unflinching commitment and loyalty of each member of our Highnoon family with a promise to build on this trust in years to come.

### AUTHORIZATION

The Board in compliance with requirement of section 227(5) of Companies Act 2017, authorized the Chief Executive Officer and a director to sign the Directors' Report on behalf of the Board.

For and on behalf of the Board

Dr. Adeel Abbas Haideri  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

Lahore: 25 March 2021



خدمات کے معیار کے جائزہ کے تحت تسلی بخش درجہ بندی کے حامل ہیں اور یہ کہ فرم اور اسکے شرکاء انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس کے جاری کردہ ضابطہء اخلاق پر پورا اترتے ہیں۔ مزید یہ کہ وہ کمپنی کو کوئی دوسری خدمت فراہم نہیں کر رہے۔ آڈیٹرز نے اس بات کی تصدیق کی ہے کہ نہ فرم اور نہ ہی اسکے شرکاء اور ان کے شرکاء حیات اور نابالغ بچے کسی بھی وقت کمپنی کے حصص کی ملکیت یا ان کے لین دین میں شامل نہیں رہے۔

### ذیلی کمپنی

کیوریکسا ہیلتھ (پرائیویٹ) لمیٹڈ۔ مالیاتی کارکردگی کا جائزہ کمپنی اور اسکی ذیلی کمپنی کے اشتغال مالیاتی گوشواروں کے ساتھ ایک علیحدہ ڈائریکٹر رپورٹ پیش کی گئی ہے جو گروپ کے مالیاتی کارکردگی کے ساتھ ساتھ ذیلی کمپنی کے انفرادی کاروباری امور اور مالیاتی کارکردگی پر جائزہ پیش کرتی ہے۔

### ڈائریکٹرز کا معاوضہ

- کمپنی نے ڈائریکٹرز کے معاوضہ کے تعین کے لئے ایک پالیسی وضع کر کے منظور کی ہے جو ایگزیکٹو، نان ایگزیکٹو اور آزاد ڈائریکٹران کے معاوضہ کا تعین کرتی ہے۔
- اس پالیسی کے مطابق نان ایگزیکٹو ڈائریکٹران بورڈ اور کمیٹیوں کی میٹنگز میں شمولیت کیلئے کمپنی کے آرٹیکلز آف ایسوسی ایشن کی شقوں کے مطابق معاوضہ لینے کے حقدار ہوں گے
- بورڈ انفرادی وسائل اور معاوضہ کمپنی کی سفارشات پر وقتاً فوقتاً بورڈ میٹنگ میں شمولیت کیلئے ڈائریکٹران کے لئے معاوضے کا تعین کرتا ہے
- سال کے دوران ایگزیکٹو ڈائریکٹر کو دیے جانے والے معاوضے کی تفصیل مالیاتی گوشواروں کے نوٹ 40 میں بتادی گئی ہے۔

### متعلقہ پارٹیوں سے لین دین

کمپنیز ایکٹ 2017 کی دفعات کے مطابق متعلقہ پارٹیوں سے ہونے والے لین دین کی تمام تفصیلات آڈٹ کمپنی کی سفارشات اور منظوری کیساتھ بورڈ کے سامنے جائزہ کے لیے پیش کی جاتی رہیں ہیں۔ متعلقہ پارٹیوں سے ہونے والے لین دین میں قیمتوں کے تعین کی پالیسی بورڈ سے منظور شدہ ہے۔ تمام لین دین آرمر لینتھ کے اصول کی بنیاد پر ہوا اور آڈٹ کمپنی اور بورڈ نے اپنی میٹنگ میں ان لین دین پر منظوری دی کیونکہ تمام لین دین منظور شدہ قیمت کی پالیسی کے مطابق ہوا۔ ان لین دین کی تفصیلات مالیاتی گوشواروں کے نوٹ 40 اور 44 میں دی گئیں ہیں۔

### بورڈ کی کارکردگی کا جائزہ

کوڈ آف کارپوریٹ گورننس کے مطابق بورڈ کی کارکردگی کی سالانہ قدر پیمانی کی جاتی ہے۔ جبکہ مقصد کمپنی کے متعین کردہ اہداف کے تناظر اور اس سے وابستہ پیدا ہونیوالی توقعات کے مقابلے میں بورڈ کی کارکردگی کو جانچنا ہے۔ قدر پیمانی کے عمل میں ان تمام امور کی نشاندہی کی جاتی ہے جہاں بہتری کی گنجائش موجود ہے بورڈ ان امور پر غور کرنے کے بعد ان کے لیے اصلاحی منصوبے بناتا ہے اور ان پر عملدرآمد کرواتا ہے۔

بورڈ کی قدر پیمانی کا ایک جامع پیمانہ تشکیل دیا گیا ہے اور اسی پیمانے پر بورڈ کی کارکردگی کو پرکھا جاتا ہے۔ سال ختم 31 دسمبر 2020 کے لیے یہ قدر پیمانی مکمل کر لی گئی ہے اور اسکی بناء پر بورڈ کی کارکردگی کو تسلی بخش قرار دیا گیا ہے۔

### کمپنی کی سماجی ذمہ داری

کمپنی کا مقصد اسکی سماجی ذمہ داریوں سے متعلقہ سرگرمیاں کرنے کے لئے اسکی رہنمائی کرتا ہے۔ ہم باقاعدگی کیساتھ صحت عامہ کے مختلف فلاحی منصوبوں کے لئے تعاون فراہم کرتے ہیں جس میں امداد اور بحالی، فروغ تعلیم، مفت ادویات کی فراہمی، خواتین اور بچوں کی بہبود سے متعلق اقدامات چند ایک ہیں۔ ہم گذشتہ کئی سالوں سے تھیلیمیا کے مریضوں کی مدد کر رہے ہیں اور امراض خون سے متاثرہ مریضوں کو آئرن چیلیٹنگ ایجنٹ جیسی ادویات مفت فراہم کرتے رہیں گے۔ ہلال احمر سوسائٹی کے ساتھ مل کر کمپنی نے لاہور میں تھیلیمیا مرکز قائم کیا جسکے امور کو جاری رکھنے کے لئے کمپنی آئرن چیلیٹنگ ایجنٹ مفت فراہم کرنے کے علاوہ مالی معاونت بھی فراہم کر رہی ہے۔

تعلیمی مواقعوں کو بہتر بنا کر ملازمت کے حصول میں آسانی پیدا کرنا ہمارا اقدام رہا ہے جسے ہم نے اپنے کاروباری امور سے منسلک کیا ہے اور ان کا جزو بنایا ہے۔ تعلیم ایک دوسرا اہم شعبہ ہے جہاں کمپنی باقاعدگی سے تعاون فراہم کر رہی ہے۔ ہمارا مقصد مستحق طلباء کی مدد کرنا ہے تاکہ وہ اپنی تعلیم کے حصول کو یقینی بنائیں۔ کمپنی پنجاب یونیورسٹی کے فارمیسی کالج کے مستحق طلباء کو مالی معاونت فراہم کر رہی ہے۔ اسی طرح کمپنی اپنے مستحق کارکنان کے بچوں کی گریجویٹ اور انڈر گریجویٹ پیشہ ورانہ تعلیم کے حصول کے لئے مالی معاونت فراہم کرنے کا منصوبہ پر عملدرآمد کر رہی ہے۔

کرونا وبا سے پیدا ہونے والی صورتحال کے دوران مریضوں کو، ہیاتھ کیر سہولیات ملک بھر میں مہیا کرنے کے لئے مختلف پروگرام ترتیب دیئے گئے۔ اور احتیاطی تدابیر اختیار کرنے کے ساتھ ساتھ کلینک اور ہسپتالوں میں بڑے پیمانے پر بنیادی سینیٹائزیشن سہولیات مہیا کی گئیں۔

### داخلی کنٹرول کا مناسب نظام

بورڈ نے مینجمنٹ ٹیم کی مدد سے کمپنی میں ایک مناسب داخلی کنٹرول کا نظام قائم کر رکھا ہے۔ یہ نظام اپنی ساخت کے اعتبار سے مضبوط ہے اور اسے کمپنی میں ہر سطح پر موثر طور پر نافذ کیا گیا ہے اور اسکی

ایکسٹرنل آڈٹ کے بعد ملتی ہے۔ سال 2020 میں اس کمپنی نے پانچ ملاقاتیں کی ہیں جس میں ایک دفعہ یہ ملاقات انٹرنل آڈٹ کے شعبہ کے سربراہ اور اس شعبہ کے دوسرے ممبران سے سی ایف او اور ایکسٹرنل آڈیٹرز کی غیر موجودگی میں کی گئی ہے اور ایک بار ایکسٹرنل آڈیٹرز سے سی ایف او اور انٹرنل آڈٹ کے شعبہ کے سربراہ کی غیر موجودگی میں کی گئی ہے۔ ان ملاقاتوں میں کمپنی ممبران کی حاضری کی تفصیل درج ذیل ہے:

ممبر کا نام	ملاقاتوں میں حاضری کی تعداد
محترم شاذب مسعود	5
محترم غلام حسین خان	5
محترمہ زینب عباس	1

### انفرادی وسائل اور معاوضہ کی کمیٹی

لسٹڈ کمپنیز (کوڈ آف کنڈٹ) ریگولیشنز 2019 کی متعلقہ شقوں کے مطابق یہ کمیٹی تین ممبران پر مشتمل ہے جن میں سے اکثریت نان ایگزیکٹو ڈائریکٹرز کی ہے۔ یہ کمیٹی بورڈ کو انفرادی وسائل کی تنظیم سے متعلقہ اصول سازی، انتخاب، قدر پیمانی، معاوضہ کے تعین، سی ای او، سی ایف او، کمپنی سیکرٹری اور داخلی کنٹرول کے سربراہ کے پیش رو کی منصوبہ سازی پر تجاویز دینے کی ذمہ دار ہے۔ اور ان اہم عہدیداروں کے معاملات پر بھی سی ای او کی تجاویز اور منظوری کے بعد غور کرتی ہے جو براہ راست سی ای او کو رپورٹ کرتے ہیں۔ اس کمیٹی کی ترتیب درج ذیل ہے۔

نام	حیثیت
محترم شاذب مسعود	چیئر مین (آزاد ڈائریکٹر)
ڈاکٹر عدیل عباس	ممبر (سی ای او۔ ایگزیکٹو ڈائریکٹر)
محترمہ زینب عباس	ممبر (ایگزیکٹو ڈائریکٹر)

سال 2020 میں کمیٹی کی واحد ملاقات میں محترم شاذب مسعود اور ڈاکٹر عدیل عباس حاضر تھے۔

### تدارک خطرات کیلئے ہماری فکر

ہائی نون کاروبار کو لاحق خطرات کو جانچنے اور ان سے نمٹنے کیلئے کمپنی میں ایک موثر تدارک خطرات ڈھانچہ استعمال کرتے ہوئے اپنی کاروباری قدر میں اضافہ پر یقین رکھتی ہے۔ ہمارا خیال ہے موجودہ دور کے حالات میں کاروباری امور کو درپیش خطرات کو جانچنے اور مسابقت داروں سے پہلے ان خطرات کے تدارک کیلئے اقدامات اٹھا کر ہم اپنی مسابقتی برتری کو برقرار رکھ سکتے ہیں۔

ہم ایک ایسی صنعت سے وابستہ ہیں جو ایک سخت انضباطی ماحول میں کام کرتی ہیں اور ہمارا کاروبار معاشرے پر بہت بڑا اثر رکھتا ہے۔ ہمیں دواسازی کی صنعت سے وابستہ اپنی قومی ذمہ داریوں کا حقیقی طور پر ادراک ہے۔ اس ادراک کے پیش نظر ہم نے تدارک خطرات کیلئے ایک موثر ڈھانچہ بنایا ہوا ہے جو خطرات کو جانچنے، حفاظتی نظام کی تشکیل، حصہ داروں کیلئے قدر میں اضافہ، اور صارفین کے اطمینان بخش تجربات جیسے عوامل کو ایک جگہ پر یکجا کرتا ہے۔

ہماری رسک مینجمنٹ کمیٹی ماحولیاتی، کاروباری، قانونی، مصنوعات کے معیار سے متعلقہ، اور مالیاتی خطرات کی باقاعدگی سے نگرانی کرتی ہے اور اور ان سے نمٹنے کیلئے موثر حکمت عملی مرتب کرتی ہے۔

### قومی خزانے میں حصہ

سال 2020 میں کمپنی نے انکم ٹیکس، سیلز ٹیکس، کسٹم ڈیوٹی، ورکرز بہبود فنڈ، ورکرز کی منافع میں شراکت کے فنڈ، مرکزی تحقیقی فنڈ اور دیگر سرکاری واجبات کی مد میں حکومت اور اسکے منسلکہ اداروں کو 1.16 بلین روپے (2019: 845 بلین روپے) جمع کروائے ہیں یا کروائے گی۔

### کاروباری اخلاقیات اور مطلوبہ ضابطہ عمل کی تحریر

بورڈ نے کاروباری اخلاقیات اور مطلوبہ ضابطہ عمل کی تحریر تیار کروا کے اسکی ترویج کو ہر سطح پر ممکن بنایا ہے۔ یہ تحریر کمپنی کی ویب سائٹ پر بھی موجود ہے اور پوری کمپنی میں اسکی تشہیر کی گئی ہے تاکہ ڈائریکٹرز سے لیکر کارکن کی سطح تک ہر فرد معیاری ضابطہ عمل کو سمجھ سکے اور اس سے آگاہ ہو جو اسے پیشہ ورانہ امور میں کمپنی کے معاملات میں اور دوسرے لوگوں کیساتھ اختیار کرنا پڑتا ہے۔

### بیرونی آڈیٹران

کمپنی کے آڈیٹران میسرز ای وائی فورڈ روڈز، چارٹرڈ اکاؤنٹنٹس سالانہ عام اجلاس کے انعقاد پر ریٹائرڈ ہو جائیں گے اور لسٹر ریگولیشنز کے مطابق دوبارہ تعیناتی کے اہل ہیں، سال 2021 کیلئے انہوں نے اپنی خدمات پیش کیں ہیں۔ آڈٹ کمیٹی نے ڈیٹران میسرز ای وائی فورڈ روڈز، چارٹرڈ اکاؤنٹنٹس کو سال ختم 31 دسمبر 2021 کیلئے کمپنی کے آڈیٹرز کے طور پر تعینات کرنے کی سفارش کی ہے اور بورڈ نے اس سفارش سے اتفاق کیا ہے۔ آڈیٹران نے اگلے سال تعیناتی کے لیے اپنی رضامندی ظاہر کی ہے اور یہ بتایا ہے کہ وہ انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے

آزاد ڈائریکٹرز	محترم شاذب مسعود
نان ایگزیکٹو ڈائریکٹرز	محترم رویش ایلا پانا
	محترم توصیف احمد خان
	محترم غلام حسین خان
	محترم توفیق احمد خان
	محترمہ زینب عباس
ایگزیکٹو ڈائریکٹر	ڈاکٹر عدیل عباس
بورڈ کمپنی کے تمام اہم معاملات کا باقاعدہ جائزہ لیتا ہے۔ ان میں کمپنی کی اسٹریٹجک سمت، سالانہ کاروباری منصوبہ سازی اور اہداف کا تعین، اہداف کے تقابل میں اصل کارکردگی کا باقاعدہ جائزہ اور طویل مدتی سرمایہ کاری اور سرمایہ کی فراہمی کے ممکنہ ذرائع کے انتخاب پر فیصلہ سازی شامل ہیں۔ بورڈ کارپوریٹ نظم و نسق کے اعلیٰ معیارات کو برقرار رکھنے کے لیے پرعزم ہے۔ سال 2020 میں اپنے فرائض کی بجا آوری کے لیے بورڈ نے چار ملاقاتیں کی ہیں جن میں حاضری کی تفصیل درج ذیل ہے:	
بورڈ ممبر کا نام	ملاقاتوں میں حاضری کی تعداد
محترم توصیف احمد خان	3
محترم غلام حسین خان	4
محترم توفیق احمد خان	4
محترم شاذب مسعود	4
محترمہ زینب عباس	3
ڈاکٹر عدیل عباس	4
محترمہ نائل نجم	4

## ڈائریکٹرز، سی ای او، سی ایف او اور کمپنی سیکریٹری کا کمپنی کے حصص کا لین دین

ڈائریکٹرز، سی ای او، سی ایف او اور کمپنی سیکریٹری ان کے شرکاء حیات اور ان کے نابالغ بچوں نے درج ذیل خرید و فروخت کے علاوہ سال 2020 میں کمپنی کے حصص کا کوئی بھی لین دین نہیں کیا۔	
نام	حصص کی تعداد
محترم غلام حسین خان	16,350
پاکستان اسٹاک ایکسچینج اور سیکیورٹیز ایکسچینج کمیشن آف پاکستان کو ان لین دین کی معلومات موجودہ ضوابط کے مطابق دے دی گئی تھی اور بورڈ کو بھی لین دین کے فوراً بعد ہونے والی ملاقات میں مطلع کروایا گیا تھا۔	

## آڈٹ کمیٹی

لسٹڈ کمپنیز (کوڈ آف کنڈٹ) ریگولیشنز 2019 کی متعلقہ شقوق کے مطابق بورڈ نے آڈٹ کمیٹی تشکیل دی ہے۔ جو کہ تین نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے اور اسکے چیئر مین کمپنی کے ایک آزاد ڈائریکٹر ہیں۔ ممبران کے نام درج ذیل ہیں۔

نام	عہدہ
محترم شاذب مسعود	چیئر مین
محترم غلام حسین خان	ممبر
محترمہ زینب عباس	ممبر

آڈٹ کمیٹی مالی معاملات اور وسائل کی فراہمی، کارپوریٹ اکاؤنٹنگ اور فنانشل رپورٹنگ کے نظم، انٹرنل کنٹرول سسٹم کی موزونیت اور اثربندی، خطرات کے تدارک کی منصوبہ بندی اور انٹرنل اور ایکسٹرنل آڈٹ کے عمل کا جائزہ سالانہ بنیاد پر کرتی ہے۔ انٹرنل آڈٹ کے محکمے کا سربراہ آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ کمپنی سیکرٹری اس کمیٹی کے سیکرٹری کے طور بھی کام کرتا ہے۔

انٹرنل آڈٹ کا شعبہ تسلسل کے ساتھ کمپنی کے ریکارڈز اور آپریشنز کا معائنہ کرتا رہتا ہے تاکہ یہ یقینی بنایا جائے کہ مالیاتی معلومات کی فراہمی کا عمل شفاف ہے اور متعلقہ قوانین کی پاسداری کرتا ہے اور انٹرنل کنٹرول کے نظام سے ہم آہنگ ہے۔ یہ کمیٹی مالی سال کی ہر سہ ماہی میں ملاقات کرتی ہے اور یہ ملاقات سہ ماہی نتائج کی بورڈ کی طرف سے منظوری سے پہلے منعقد ہوتی ہے اور ایک بار یہ کمیٹی

ہائی نوٹ لیبارٹریز لمیٹڈ کا بورڈ آف ڈائریکٹرز کمپنی کی سالانہ رپورٹ اور نتیجہ شدہ حسابات برائے سال ختمہ 31 دسمبر 2020 پیش کرتے ہوئے خوشی محسوس کر رہا ہے۔ ڈائریکٹرز رپورٹ کمپنیز ایکٹ 2017 کی دفعہ 227 اور لسٹڈ کمپنیز (کوڈ آف کنڈٹ) ریگولیشنز 2019 کے مطابق تیار کی گئی ہے۔

اللہ تعالیٰ کے فضل و کرم سے ہمارے لیے یہ بتانا باعث فخر ہے کہ سال 2020 بھی ہماری ہمہ جہت پیشہ ورانہ مہارت اور کارکردگی کا آئینہ دار ہے۔ ہم اپنے تمام کارکنان کے ممنون ہیں کہ جنہوں نے کمپنی کے مقاصد کے حصول کو اپنے ذاتی تحفظ پر بھی ترجیح دے کر غیر معمولی اقدامات کیے۔ ہماری ٹیموں نے نہ صرف مشکل حالات کا مقابلہ کیا بلکہ توقع سے بڑھ کر کارکردگی کا مظاہرہ کیا۔ ہم آپ کو یقین دلاتے ہیں کہ کارکردگی کا یہ تسلسل سال 2021 میں نہ صرف برقرار رہے گا بلکہ کامیابیوں کی نئی بلندیوں کو حاصل کریگا۔ سال 2020 کے مالی نتائج کی شہ سرخیاں اور مستقبل میں پائیدار ترقی کو برقرار رکھنے کا عزم آپ کے سامنے پیش کرنا ہمارے لیے باعث مسرت ہے۔

## کمپنی کے مالی تجزیہ کی شہ سرخیاں

	2019	2020
قبل از ٹیکس خالص منافع	'000' روپے 1,341,086	'000' روپے 1,921,731
ٹیکس	(370,070)	(500,996)
بعد از ٹیکس خالص منافع	971,013	1420,736
قابل تقسیم منافع	2,656,544	3,612,121
تخصیص منافع		
نقدیہ ڈیوڈنڈ برائے مالی سال 2020 فی حصص 15 روپے کے حساب سے (2019: فی حصص 13 روپے)	(409,086)	(519,224)
بونس حصص 10 فیصد (2019: 10 فیصد)	(31,468)	(34,615)

## جائزہ از چیئر مین

بورڈ کے چیئر مین نے اپنا تجزیہ صفحہ نمبر 24 سے 33 پر پیش کیا ہے جو درج ذیل معاملات پر آگاہی فراہم کرتا ہے

- معیشت کا جائزہ اور کمپنی کی مالی کارکردگی
- مصنوعات اور مارکیٹ
- کارپوریٹ سماجی ذمہ داریاں
- پیداواری امور میں بہتری
- معیار کو برقرار رکھنے کے امور
- مستقبل کا منظر نامہ اور درپیش مشکلات

بورڈ چیئر مین کے جائزہ کے مندرجات کو منظور کرتا ہے اور یہ ڈائریکٹرز رپورٹ کا حصہ ہیں۔

## فی حصص آمدنی

کمپنی کے نتیجہ شدہ حسابات کی بنیاد پر فی حصص آمدنی برائے مالی سال ختمہ 31 دسمبر 2020 41.04 روپے (2019: 28.05 روپے) تھی۔

## ڈیوڈنڈ کا اعلان

بورڈ نقدیہ ڈیوڈنڈ بحساب 150 فیصد (2019: 130 فیصد) جو کہ فی حصص 15 روپے (2019: 13 روپے) بنتا ہے اور بونس حصص بحساب 10 فیصد (2019: 10 فیصد) یعنی ہر 100 حصص پر 10 بونس حصص برائے سال ختمہ 31 دسمبر 2020 کا اعلان کرتے ہوئے خوشی محسوس کرتا ہے۔ یہ تقسیم حصہ داروں کے سالانہ عام اجلاس منعقدہ 27 اپریل 2021 میں دی گئی منظوری سے مشروط ہے۔

## حصص کی ملکیتی معلومات

کمپنی کے حصص کی خرید و فروخت پاکستان اسٹاک ایکسچینج پر ہوتی ہے۔ 31 دسمبر 2020 پر حصص کی موجودہ ملکیتی معلومات صفحہ نمبر 42 سے 44 پر دی گئی ہے۔

## بورڈ اور اسکے اجلاس

کمپنی بورڈ اور اسکی تمام کمیٹیوں کی تشکیل، معاملات اور ملاقاتوں سے متعلقہ کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کنڈٹ) ریگولیشنز 2019 کے مطلوبہ قوانین پر عمل کرتی ہے۔ بورڈ بشمول چیف ایگزیکٹو 7 ڈائریکٹرز پر مشتمل ہے اور بالفاظ تشکیل جنسی تنوع، قابلیت اور مہارت کا حامل ہونا اسکی کارکردگی میں اضافہ کا باعث ہے۔ اس میں 6 مرد اور 1 خاتون ڈائریکٹر ہیں جنہیں درج ذیل کیلگریز میں شام کیا جاتا ہے۔



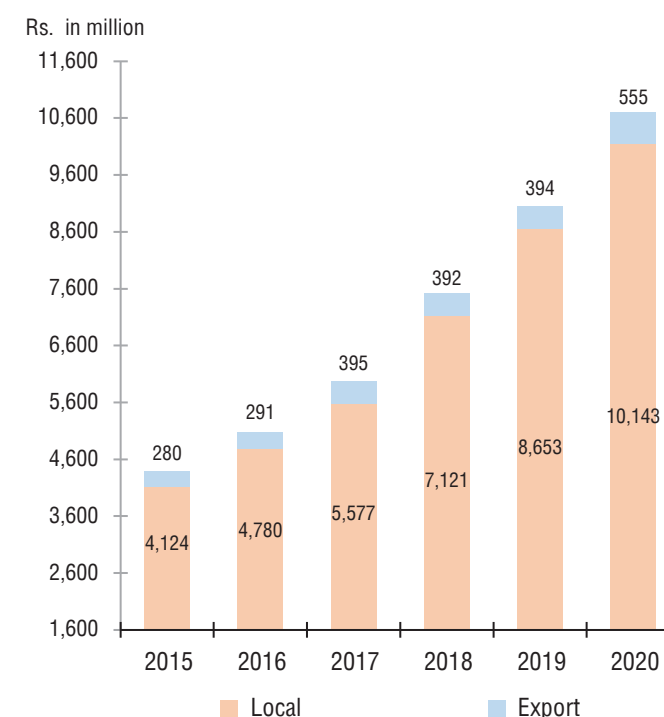
# Highnoon

## Chairman's Review

I welcome you to the 38th Annual General Meeting of Highnoon Laboratories Limited. It is indeed a pleasure to present the annual performance review with the audited financial statements and auditor's report for the year ended December 31, 2020.

The year 2020 brought unprecedented challenges for businesses and households alike. We, however, endured and emerged stronger than before. By delivering stable performance in demanding times of uncertainty, your Company continued to show growth in revenue & in profitability.

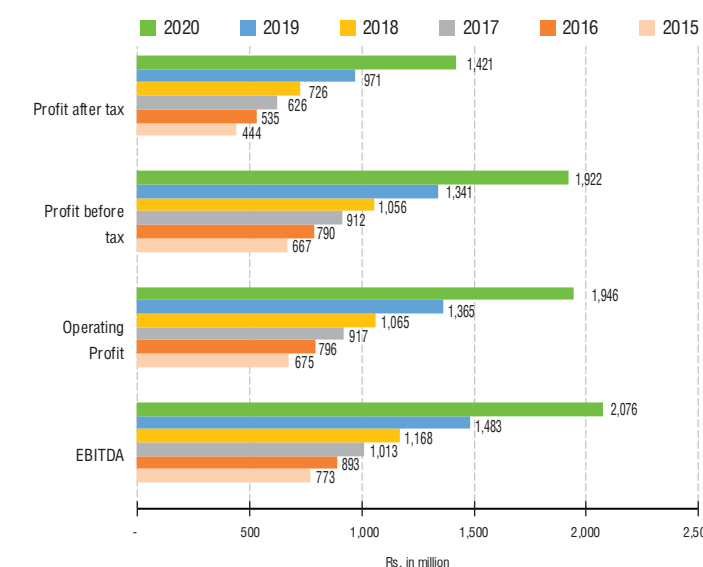
### Sales Trend



Gross sales revenue increased by 19 percent to Rs. 11 billion, while net sales revenue increased to Rs. 10.7 billion over last year's net sales of Rs. 9 billion. Profit before tax grew by a phenomenal 43 percent to Rs. 1.9 billion, whereas profit after tax (PAT) jumped to Rs.1.4 billion, resulting in earnings per share of Rs. 41.04 compared to Rs. 28.05 in the previous year.

Due to the devaluation of our currency, the cost of imported raw material increased. However, the impact of depreciation was minimized by efficient plant operations and competitive sourcing.

### Profitability



Your Company posted a robust gross profit margin of 48% showing a growth of 2% over last year. A focused approach to distribution, selling and marketing activities resulted in a saving of 2%. Highnoon also resorted to a rigorous financial management strategy to build healthy liquid reserves. The PAT of Rs.1,420 million is 46% higher than last year. High after-tax profit margin further emphasizes the Company's mission to increase shareholder value.

### PRODUCTS & MARKET

The Company grew notably by registering a cumulative growth of 25.7% thus making Highnoon the fastest growing pharmaceutical Company based on last three year CAGR. New product launches, customer expansion strategies, innovative marketing campaigns, synchronization of the trade channels and effectiveness of our sales teams are the drivers of Highnoon's growth. Highnoon is now ranked 13th in the industry with a value of Rs. 11.2 billion and a market share of 2.2%.

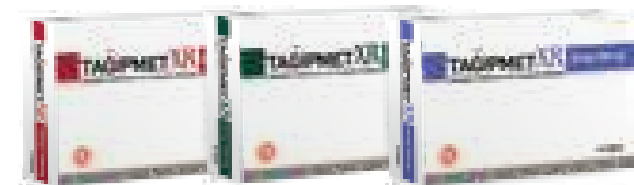
Highnoon's cardiometabolic portfolio now stands at Rs. 3.2 billion which is amongst the largest in the industry. The cardiometabolic portfolio grew by Rs. 410 million over last year. Highnoon reduced its time to market new products which enabled it to report highest number of launches in this therapeutic area. Apiban, Hitica, Rivaro and Sacuvia are the noteworthy brands successfully launched this year. Tagipmet, the signature brand of the cardiometabolic segment, is valued at Rs. 868 million with above market growth of 15.6%



## Chairman's Review

and a market share of 46.0% in the extended release category. The other key contributor is Misar, with a topline of Rs. 400 million which is now a leading Telmisartan in Pakistan. Another promising brand in this therapeutic segment is Triforge with a value of Rs. 339 million. Triforge is already a leader in triple combination segment as well as in the anti-hypertensive segment.

Respiratory portfolio remains a major component of our momentum. Our respiratory product Combivair became the first brand of the Company to cross the Rs. 1 billion mark. Combivair with a sizeable market share of 70% continues to be the leading Dry Power Inhaler (DPI) of Pakistan. Kestine, the third largest brand of Highnoon grew by 22% and is a Rs. 700 million brand. Tiovair, the other leading brand is worth Rs. 375 million having CAGR of 20%.



Within the primary care segment, DXL (Dexlansoprazole) was included in the most successful launches of Q3 2020 by IQVIA.



Highnoon's anti-infectives are contributing considerably to the sales. Ceftra is now ranked at 12th position in the segment with a reported a value of Rs. 312 million and a growth of 25.2%, followed by Cefia with sales of Rs. 143 million. Our other brands Montit (montelukast), Omsta

(omeprazole) Fosbu V (sofosbuvir + velpatasvir) and Azipos (azithromycin) were amongst the top new launches of 2020.



Herbal and Nutraceuticals portfolio contributed well with Prospan, the leading ivy leaf cough syrup, valued at Rs. 190 million and by Bonnisan, the leader in the anti-colic market of Pakistan with sales value of Rs. 176 million.



Our export business grew by 41%. Afghanistan, Sri Lanka, Kenya and French speaking African countries came out to be Company's top export markets.

## OPERATIONAL EXCELLENCE

Our production volumes increased by 6% from last year. Our team also implemented a multitude of projects covering production, packaging, engineering, process improvements, quality and warehousing to enhance performance and to integrate drivers of efficiency and compliance further into our operations. Few notable mentions would be batch-size enhancements, manpower optimization in printing and cartonating area and the installation of pneumatic pump for dispensing of solvents in the dispensing area. The team also resorted to smart vendor sourcing thus ensuring uninterrupted raw material and packaging supply during the pandemic. We endeavor to promote sustainability in our operations. A strict preventive maintenance schedule ensures uninterrupted production of life saving drugs. A proper waste management system is in place where hazardous and non-hazardous waste is managed according to the best practices.



## QUALITY OPERATIONS

Our products provide relief and are curative. We believe in delivering the best healthcare products to millions of patients who trust us with their lives. We stand behind our products and see to it that our products are consumed with confidence. Our robust quality assurance is integrated into our operations. Our QC Lab is accredited under ISO /IEC 17025 – 2017. QMS is regularly audited by the internal

## Chairman's Review

compliance and audit function as well as reviewed by surveillance bodies for its effectiveness. The Company also works closely with the medical professionals to get feedback on the products' quality and efficacy, and on changing medical conditions and disease evolutions. Our research and development functions are well equipped and well-placed to respond to the changing medical needs.



### THE TECHNOLOGY FRONT

The year 2020 has seen technology take over many of the Company's processes, thereby enhancing overall process effectiveness and ensuring data transparency. With our eyes set at SAP S4 HANNA, we are leaping towards next level of enterprise management.



### HIGHNOON BRAND 2.0 – A FRESHER OUTLOOK

We embarked on a journey to refresh our corporate image to match our aspirations to be one to the top pharma players in the country. The new brand ID has been rolled out company-wide in the first phase. We have plans to leverage our facelift to excite our internal and external customers.

### OUR CORPORATE OFFICE – THE BEST ADDRESS IN TOWN

Highnoon inaugurated a new corporate office at Tricon Corporate Center, Gulberg, Lahore. Situated in the heart of the city, our new office space provides an ideal work environment. The modern office houses our commercial, financial and other key support functions.



### OUR TEAM, OUR STRENGTH

We are proud how bravely the people at Highnoon responded to the pandemic. It was difficult to manage supplies during the pandemic but the people at Highnoon ensured uninterrupted supplies of our life saving medicines. In addition, the people at Highnoon worked hard and initiated the Corona Combat initiatives to provide safety to healthcare providers and patients.



At Highnoon, we encourage a culture of ownership and inspire our people to take responsibility of the actions we take. We facilitate open communication and introduced a "Speak Up" space for people to share their ideas across the organization. In the pursuit of a well-balanced and a diverse work environment we employ women in all functions and many of them in the leading position. Interactive sessions of our "Women's Forum" are organized to ensure women's participation and empowerment. The Company always

invests in talent and uses creative tools to develop and retain the finest to ensure healthy succession processes. New employees are given an encompassing orientation sessions for productive onboarding. The Company's orientation programs for new employees are designed to ensure that new entrants are acquainted with the Company's culture, policies, values, mission and goals.



Highnoon values and takes good care of its people. The spirit of one Highnoon family forms a strong bond that holds the team together. Highnoon stands by its people in the hour of need. In the wake of pandemic, Highnoon acted to support our workforce by establishing a full-time online telemedicine clinic for all employees and their families, and by providing complete medical coverage for employees and their immediate family members affected by Covid-19. We also ensured employee safety through out the pandemic with sanitization protocols, socially distanced working, work from home options and screening at entrance and exit points.

### CORPORATE SOCIAL RESPONSIBILITY

Detailed initiatives undertaken by the company are mentioned in the Directors Report that include our sponsorship to causes of health including thalassemia.

This year the outbreak of novel coronavirus (COVID-19) required extraordinary initiative to prevent the transmission of the virus. Highnoon made efforts to ensure that patients seeking healthcare are provided the best care they need. During the pandemic, patients were unable to get the medical attention they urgently needed because of the lockdowns. Also, patients were avoiding visits to the doctors out of fear of catching Coronavirus. Highnoon Laboratories Limited extended its support to the healthcare community



by launching the Corona Combat Clinic initiative across Pakistan. Corona Combat Clinic initiative is focused on providing state of the art protection equipment to healthcare centers all over Pakistan. This not only helped to protect doctors, nurses, support staff but also brought confidence among patients. Additionally, disinfection and sanitization services along with air quality improvement initiatives were also taken at various health centers and protocols were established to ensure strict compliance with WHO guidelines.



We believe that medical intervention should not be delayed under any circumstances. Hence under the umbrella of Corona Combat Clinic initiative, online services have also been rolled out to encourage patients to seek medical advice at home if they so desire.

### LOOKING AHEAD

We aim to continue to deliver patient welfare through our innovative therapy options to serve humanity. Our expanding product pipeline is designed to cater to the unmet medical needs of the future.

I take this opportunity to thank the members of the medical profession, trade, institutions, government & semi-government hospitals, customers and shareholders for their continued trust and support. On behalf of the board and management, I would also like to thank all the employees of the Company for their strong commitment to Highnoon. I am confident that Highnoon will continue to serve humanity and will positively impact everyone associated with Highnoon.

I truly look forward to another year of accomplishment!

For & on behalf of the Board

Tausif Ahmad Khan  
Chairman  
March 25, 2021

## جائزہ ازچیرمین

### ہائی نون برانڈ 2.0 ایک جدید اور تازہ تصویر

ہم نے ملک کے سرفہرست ادویات سازوں میں سے ایک ہونے کے لیے اپنے کارپوریٹ امیج کو تازہ کرنے کے سفر کا آغاز کیا۔ نئے برانڈ آئی ڈی کو پہلے مرحلے میں کمپنی بھر میں متعارف کروایا گیا ہے۔ ہم نے اندرونی اور بیرونی صارفین کو اپنی فیس لفٹ کے ذریعے پرجوش کرنے کے لیے منصوبہ سازی کی ہے۔

### ہمارا کارپوریٹ آفس۔ شہر کا بہترین پینے

ہائی نون نے ٹرانسکون کارپوریٹ سینٹر، گلبرگ، لاہور میں ایک نئے کارپوریٹ آفس کا افتتاح کیا۔ شہر کے وسط میں واقع، ہمارے نئے دفتر کی جگہ کام کے لیے ایک مثالی ماحول فراہم کرتا ہے۔ جدید دفتر میں ہمارے تجارتی، مالی اور دیگر اہم معاون افعال ہیں۔

### ہماری طاقت ہماری ٹیم

ہمیں فخر ہے کہ ہائی نون کے لوگوں نے اس وباء کا کتنی بہادری سے مقابلہ کیا۔ وباء کے دوران رسد کا انتظام کرنا مشکل تھا لیکن ہائی نون کے لوگوں نے ہماری جان بچانے والی ادویات کی بلا تعطل فراہمی کو یقینی بنایا۔ اس کے علاوہ ہائی نون کے لوگوں نے سخت محنت کی اور صحت کی دیکھ بھال فراہم کرنے والوں اور مریضوں کو تحفظ فراہم کرنے کے لیے کورونا کمیٹی مہم کے تحت اقدامات کا آغاز کیا۔

ہائی نون میں ہم احساس ملکیت کے ماحول کی حوصلہ افزائی کرتے ہیں اور اپنے لوگوں کو آمادہ کرتے ہیں کہ وہ اپنے اقدامات کی ذمہ داری اٹھائیں۔ ہم اپنے لوگوں کے لیے اظہار خیال کی آزادی کو ہموار کرتے ہیں اور کمپنی بھر میں اپنے خیالات بانٹنے کے لیے ”بولو“ کے نام سے ایک سہولت متعارف کرائی۔ زیادہ متوازن اور متنوع کام کے ماحول کے حصول کے لئے ہم نے تمام شعبوں میں خواتین کی خدمات حاصل کیں ہیں جن میں سے بہت سی خواتین سرکردہ عہدوں پر فائز ہیں۔ خواتین کی شمولیت اور انہیں با اختیار بنانے کے لئے ہمارے ہاں ویمن فورم کے تبادلہ خیال کے اجلاسوں کا اہتمام کیا جاتا ہے۔ کمپنی ہمیشہ صلاحیتوں پر سرمایہ کاری جاری رکھتی ہے اور صحت مند جانشینی کے عمل کو یقینی بنانے کے لئے بہترین لوگوں کو ترقی دینے اور برقرار رکھنے کے لئے تخلیقی آلات کا استعمال کرتی ہے۔ نئے ملازمین کو تعمیری انداز کے ساتھ تنظیمی ڈھانچے میں شامل کرنے کے لئے اور ٹینیشن اجلاس مہیا کئے جاتے ہیں۔ نئے ملازمین کے لئے کمپنی کے اور ٹینیشن پروگرام اس بات کو یقینی بنانے کے لئے بنائے گئے ہیں کہ نئے کارکنان کو کمپنی کی ثقافت، پالیسیوں، اقدار، مشن اور اہداف سے آگاہی دی جاسکے۔

ہائی نون کا خیال ہے کہ ہم سب ایک خاندان ہیں اور ہم نے ہمیشہ اپنے ملازمین کو ضرورت کی اس گھڑی میں حقیقی طور پر اپنی انتہائی تعاون کا یقین دلا کر اس فکر کا عملی مظاہرہ کیا ہے۔ وباء کے تناظر میں ہائی نون نے اپنی افرادی قوت کو مدد فراہم کرنے کے لئے بہت سے فوری اقدامات اختیار کیے جن میں ہائی نون کے تمام ملازمین اور ان کے اہل خانہ کے لیے کل وقتی آن لائن ٹیلی میڈیسن کلینک کا قیام اور کووڈ-19 سے متاثرہ ملازمین اور ان کے خاندان کے افراد کو مکمل طبی کوریج فراہم کرنا جیسے اقدامات شامل ہیں۔ ہم نے پلانٹ اور کام کی سہولیات کی مکمل اور باقاعدہ سینیٹائزیشن اور داخلی اور خارجی مقامات پر مناسب انسانی ٹریفک اسکریننگ کے ذریعے ملازمین کی حفاظت کو بھی یقینی بنایا۔

### کارپوریٹ سماجی ذمہ داریاں

کمپنی کی جانب سے کئے گئے تفصیلی اقدامات کا ذکر ڈائریکٹرز رپورٹ میں کیا گیا ہے جس میں تھیلیسیمیا سمیت صحت کی سہولیات کے لئے ہماری کفالت شامل ہے۔ اس سال کورونا کی وبائی صورتحال کے پیش نظر وائرس کے پھیلاؤ کو روکنے کے لیے غیر معمولی اقدامات اٹھانے کی ضرورت تھی۔ ہائی نون نے اس امر کو یقینی بنانے کے لئے کوششیں کیں کہ صحت

کی دیکھ بھال کے خواہاں مریضوں کو وہ بہترین سہولت فراہم کی جائے جس کی انہیں ضرورت ہے۔ وبائی صورتحال کے دوران لاک ڈاؤن کی وجہ سے مریض فوری طور پر درکار طبی امداد حاصل کرنے سے قاصر رہے اور اس کی وجہ یہ بھی تھی کہ مریض کورونا وباء میں مبتلا ہونے کے خوف سے ڈاکٹروں کے پاس جانے سے گریز کر رہے تھے۔ اس صورتحال کے درمیان اور ہیلتھ کیئر فراہم کرنے والوں کے تحفظ کے حصول کے لئے ہائی نون لیبارٹریز لمیٹڈ نے پاکستان بھر میں کورونا کامیٹی کلینک جیسے اقدامات شروع کر کے ہیلتھ کیئر کمیونٹی کی مدد کی۔ کورونا کامیٹی کلینک جیسے اقدام کا مقصد پاکستان بھر کے ہیلتھ کیئر سینٹرز کو کورونا سے تحفظ کے جدید آلات فراہم کرنے پر مرکوز رہا۔ اس سے نہ صرف ڈاکٹروں، نرسوں، معاون عملہ کو تحفظ فراہم کرنے میں مدد ملی بلکہ مریضوں میں اعتماد بھی پیدا ہوا۔ مزید برآں مختلف مراکز صحت میں ڈس انفیکشن اور سینیٹائزنگ کی سہولیات کیساتھ ساتھ ہوا کے معیار کو بہتر بنانے جیسے اقدامات اٹھائے گئے اور ایسے ضوابط قائم کئے گئے جن کی مدد سے ڈیلیو ایج اوکے بین الاقوامی رہنما اصولوں پر سختی سے عملدرآمد میں مدد ملے۔

ہم سمجھتے ہیں کہ طبی سہولیات کی فراہمی میں کسی بھی صورت میں تاخیر نہیں ہونی چاہئے۔ لہذا کورونا کامیٹی کلینک اقدامات کے ذریعے مریضوں کو گھر بیٹھے طبی مشورہ لینے کی ترغیب دینے کے لئے آن لائن خدمات بھی مہیا کی گئی ہیں۔

### مستقبل پر نظر

ہمارا مقصد اپنے اختراعی طریقہ علاج کے ذریعے مریضوں کی فلاح و بہبود کی تسہیل جاری رکھتے ہوئے انسانیت کی خدمت کرنا ہے۔ ہماری مصنوعات کی پھیلتی ہوئی پائپ لائن کی بنیاد مستقبل کی تشدد، علاج طبی ضروریات کو مد نظر رکھتے ہوئے رکھی گئی ہیں۔

میں اس موقع پر طبی پیشے، تجارت، اداروں، سرکاری اور نیم سرکاری ہسپتالوں، صارفین اور حصہ داران کے مسلسل اعتماد اور تعاون پر ان کا شکریہ ادا کرتا ہوں۔ بورڈ اور انتظامیہ کی جانب سے میں ہائی نون کے لیے پرعزم اپنے تمام کارکنان کا بھی شکریہ ادا کرنا چاہتا ہوں۔ مجھے یقین ہے کہ ہائی نون انسانیت کی خدمت جاری رکھے گی اور اس سے وابستہ تمام افراد کے لئے بہتری لائے گی۔

میں حقیقتاً کامیابیوں کے ایک اور سال کا منتظر ہوں۔

بورڈ کی طرف سے

توصیف احمد خان  
چیرمین

25 مارچ 2021ء  
لاہور



## جائزہ ازچیمز مین

میں آپ کو ہائی نون لیبارٹریز لمیٹڈ کے اڈیتیسویں سالانہ عام اجلاس میں خوش آمدید کہتا ہوں۔

کمپنی کی سالانہ کارکردگی کا جائزہ بمعہ آڈٹ شدہ مالیاتی گوشوارے برائے سال تختہ 31 دسمبر 2020 پیش کرنا میرے لیے باعث مسرت ہے۔

سال 2020 کاروبار اور گھرانوں دونوں کے لیے غیر معمولی نوعیت کی مشکلات لے کر آیا۔ تاہم ہم نے ثابت قدمی دکھائی اور پہلے سے زیادہ مضبوط بن کر ابھرے۔ غیر یقینی صورتحال اور مشکلات کے باوجود ہائی نون نے مستحکم کارکردگی کا مظاہرہ کیا اور آمدن اور نفع میں اضافے کے رجحان کو برقرار رکھا۔

### مالی کارکردگی

خام آمدن فروخت 19 فیصد کی شرح سے بڑھ کر 11 ارب روپے جبکہ خالص آمدن فروخت گزشتہ سال کی 9 ارب روپے آمدن سے بڑھ کر 10.7 ارب روپے تک پہنچ گئی۔ قبل از ٹیکس منافع 43 فیصد کی غیر معمولی شرح سے بڑھ کر 1.9 ارب روپے جبکہ بعد از ٹیکس منافع 1.4 ارب روپے ہو گیا جسکے نتیجہ میں فی حصص آمدنی گزشتہ سال 28.04 روپے فی حصص کے مقابلے میں اس سال 41.04 روپے فی حصص ہو گئی۔

سال 2020 میں گزشتہ سال کے تقابل میں رہنے والی روپے کی قدر میں کمی کی وجہ سے اگرچہ خام مال میں باتناسب آمدن فروخت اضافہ ہوا تاہم ہم نے مسابقتی سروسنگ کے ذریعے بھی اس کو قابو میں رکھا۔ آپ کی کمپنی نے 48 فیصد کی زبردست شرح منافع حاصل کی اور گزشتہ سال سے 2 فیصد اضافی شرح حاصل کی۔ تقسیم، فروخت اور مارکیٹنگ کے اخراجات کے لیے ایک مرکز نقطہ نظر کے نتیجے میں پچھلے سال سے خالص آمدن فروخت کے تناسب میں 2 فیصد کی بچت ہوئی۔ ہائی نون نے لیکویڈیٹی کا بہترین انتظام کرنے کے لیے بڑے لیکویڈ ذخائر قائم کر کے مالیاتی انتظام کے قابل بھروسہ حکمت عملی کا سہارا لیا ہے۔ امسال بعد از ٹیکس خالص منافع 1420 ملین روپے گزشتہ سال کے 971 ملین روپے کے مقابلے میں 46 فیصد زیادہ ہے۔ بعد از ٹیکس منافع کی بلند شرح حصہ داران کے حصص کی قدر کو بڑھانے کے لیے کمپنی کے بھرپور عزم کا اظہار ہے۔

### مصنوعات اور مارکیٹ

کمپنی نے 25.7 فیصد مجموعی نمو حاصل کر کے قابل ذکر ترقی کی ہے، جس کے ذریعے گزشتہ چار سالہ اوسط شرح نمو کی بنیاد پر ہائی نون تیزی سے ترقی کرنے والی دواساز کمپنی بن گئی۔ نئی مصنوعات کی شروعات، صارفین کی تعداد میں توسیع کی حکمت عملیاں، اختراعی مارکیٹنگ مہمات، تجارتی چینل کی ہم آہنگی، سٹیز فورس کی موثر کارکردگی ہائی نون کی ترقی کی بنیاد فراہم کرتے ہیں۔ ہائی نون لیبارٹریز نے اپنی مارکیٹ اسٹینڈنگ کو نمایاں طور پر مستحکم کیا ہے اور 11.2 ارب روپے مالیت کے ساتھ 13 ویں نمبر پر ہے جس کا مارکیٹ شیئر 2.2 فیصد ہے۔

ہائی نون کے شعبہ کارڈیومیٹابولک سے متعلقہ ہماری مجموعہ ادویات کی مالیت 3.2 ارب روپے ہے اور یہ صنعت کا سب سے بڑا پورٹ فولیو ہے۔ کارڈیومیٹابولک سے متعلقہ ہماری مجموعہ ادویات کی فروخت میں گزشتہ سال کے مقابلے میں 410 ملین روپے اضافہ ہوا ہے۔ ہائی نون نے نئی دوا متعارف کروانے کے وقت میں کمی کی ہے جس نے کمپنی کو اس شعبہ ہائے علاج میں سب سے زیادہ نئی ادویات متعارف کروانے کے قابل بنایا ہے۔ اس سال میں ایپی بان، ہائپرٹیکا، ریوار اور اورسا کوویا جیسی نئی ادویات کو کامیابی سے متعارف کروایا گیا۔ ٹیکمیٹ کارڈیومیٹابولک پورٹ فولیو میں استعارہ کی حیثیت رکھنے والا برانڈ ہے اس کی مالیت فروخت 868 ملین روپے تھی، جس میں شرح اضافہ مارکیٹ کی مجموعی اوسط شرح اضافہ 15.6 فیصد سے زیادہ ہے اور ایکٹیوڈ ڈریلیز کیٹگری میں 46 فیصد مارکیٹ شیئر رکھتا ہے۔ دوسرے اہم شراکت داروں میں مسار شامل ہے، جس نے 400 ملین روپے کی مالیت فروخت حاصل کر کے ٹیلیسارٹن مارکیٹ کے سب سے بڑے برانڈ کا اعزاز حاصل کیا ہے۔ مزید برآں 339 ملین روپے کی مالیت والی ٹرائی فورج اس شعبہ ہائے علاج کا ایک اور امیدوار برانڈ ہے۔ ٹرائی فورج نے ٹرپل کمبی نیشن کے ساتھ ساتھ ایٹمی ہائپرٹینشن شعبہ ہائے علاج میں پہلے ہی سرکردہ مقام پالیا ہے۔

ریسپیریٹری مجموعہ ادویات کمپنی کے ترقی کے رجحان میں بڑا حصہ برقرار رکھے ہوئے ہے۔ ہماری ریسپیریٹری دوا کوئی وائر 1 ارب سے زائد کی مالیت حاصل کرنے والا کمپنی کا سب سے پہلا برانڈ ہے۔ کوئی وائر 70 فیصد مارکیٹ شیئر کے ساتھ پاکستان کے سرکردہ ڈرائی پاؤڈر انہیلر کا مقام حاصل کئے ہوئے ہے۔ کیٹین ہائی نون کا تیسرا بڑا برانڈ 22 فیصد شرح نمو کے ساتھ 700 ملین روپے کی مالیت حاصل کر چکا ہے۔ ٹائیو وائیر ایک اور سرکردہ برانڈ ہے جو 20 فیصد کی اوسط شرح نمو کے ساتھ 375 ملین روپے کی مالیت حاصل کر چکا ہے۔

## جائزہ ازچیمز مین

ہائی نون کی ایٹمی انٹیکٹو ایک دوسرا مجموعہ ادویات ہے جو کمپنی کی آمدن فروخت میں خاطر خواہ اضافے کا موجب بنا۔ اس شعبہ میں سیفیر 12 ویں نمبر پر رہا، جس سے، 25.2 فیصد شرح نمو کے ساتھ 312 ملین روپے کی مالیت فروخت حاصل ہوئی جس کے بعد سیفیر 143 ملین روپے کی فروخت حاصل کئے ہوئے ہیں۔ اس کے علاوہ مونٹ (مونٹیسلو کاسٹ)، اومٹا (اومپرازول) اور ازپوس (ازیتھرو مائیسین) 2020 کی کامیاب ترین نئی متعارف کروائی جانے والی ادویات کی فہرست میں شامل ہوئے۔

ہربل اور نیوٹراسیوٹیکلز مجموعہ ادویات نے بھی 2020 میں اپنے نمایاں برانڈز کے ذریعے ایک خاطر خواہ حصہ ڈالا جس میں پروسپین 190 ملین روپے کی فروخت کے ساتھ آئیوبیوز کھانسی کے سرکردہ شربت کے طور پر اور اس کے بعد بونیسان پاکستان کی ایٹمی کوک مارکیٹ میں 176 ملین روپے کی فروخت کے ساتھ ایک چوٹی کے برانڈ کے طور پر شمار ہوا۔

### ایکسپورٹ مارکیٹ

ہمیں برآمدی کاروبار میں 41 فیصد شرح نمو حاصل ہوئی ہے۔ افغانستان، کینیا، فرانسیسی بولنے والے افریقی ممالک اور سری لنکا ہماری سرکردہ برآمدی مارکیٹ بن کر ابھری ہیں۔

### پیداواری امور میں بہتری

گزشتہ سال کے مقابلے میں ہمارے پیداواری حجم میں 6 فیصد اضافہ ہوا۔ ہماری ٹیم نے کارکردگی بڑھانے کے لیے اور کارکردگی اور معیار کے اصولوں پر عملدرآمد میں مسلسل بہتری پیدا کرنے والے عناصر کو پیداواری امور کا جزو بنانے کے لیے پیداوار، پیکجنگ، انجینئرنگ، پیداواری مراحل میں بہتری، پیداواری معیار اور ویز باؤسنگ سمیت تمام پہلوؤں کا احاطہ کرنے والے متعدد منصوبوں کو بھی نافذ کیا۔ چند قابل ذکر منصوبوں میں بیچ سائز میں اضافہ، پرنٹنگ اور کارڈنگ ایریا میں افرادی قوت کو بہتر بنانا اور ڈسپننگ ایریا میں ساولوٹنس کی ڈسپننگ کے لیے نیویٹنگ پمپ کی تنصیب شامل ہے۔ ٹیم نے اسارٹ وینڈر سروسنگ کا بھی سہارا لیا اس طرح بلا تعطل خام مال اور پیکنگ کی فراہمی کو یقینی بنایا گیا۔

ہم اپنے پیداواری امور میں استحکام کو فروغ دینے کی کوشش کرتے ہیں۔ انسدادی دیکھ بھال کا موثر نظام قائم کیا گیا ہے جو اس بات کو یقینی بناتا ہے کہ فاضل مادوں کے اخراج کی مقدار قانونی حدود کو پورا کریں۔ فاضل مواد کو ٹھکانے لگانے کا مناسب نظام قائم ہے جہاں منظور شدہ خدمت فراہم کرنے والوں کے ذریعے قانونی ضرور رساں اور غیر ضرور رساں فضلے کو ٹھکانے لگایا جاتا ہے۔

### معیار کو برقرار رکھنے کے امور

ہماری مصنوعات راحت فراہم کرتے ہیں اور موثر ذریعہ علاج ہیں۔ ہم لاکھوں مریضوں کو بہترین صحت کی دیکھ بھال کی مصنوعات پہنچانے پر یقین رکھتے ہیں جو اپنی زندگیوں کے لیے ہم پر بھروسہ کرتے ہیں۔ ہم اپنی مصنوعات کے پیچھے کھڑے ہیں اور یہ دیکھتے ہیں کہ ہماری مصنوعات اعتماد کے ساتھ استعمال کی جاتی ہیں۔ ہمارے مضبوط معیار کی یقین دہانی ہمارے پیداواری امور سے مربوط ہے۔ ہماری کیوسٹی لیب آئی ایس او آئی ای سی 17025-2017 کے تحت تسلیم شدہ ہے۔ کیو ایم ایس کا باقاعدگی سے اندرونی تعیل اور آڈٹ فنکشن کے ذریعہ آڈٹ کیا جاتا ہے اور ساتھ ہی نگرانی کے اداروں کے ذریعہ اس کی تاثیر کا جائزہ لیا جاتا ہے۔ کمپنی مصنوعات کے معیار اور افادیت اور بدلتے ہوئے طبی حالات اور بیماریوں کے ارتقا کے بارے میں رائے حاصل کرنے کے لیے طبی پیشہ ور افراد کے ساتھ مل کر کام کرتی ہے۔ ہماری تحقیق اور ترقیاتی افعال بدلتی ہوئی طبی ضروریات کو پورا کرنے کے لیے اچھی طرح سے لیس ہے۔

### ٹیکنالوجی فرنٹ

سال 2020 میں ٹیکنالوجی نے کمپنی کے بہت سے امور کو اپنی تحویل میں لیا ہے جس سے مجموعی طریقہ کار مزید موثر ہوا ہے اور ڈیٹا کی شفافیت کو یقینی بنایا گیا ہے۔ SAP S4 HANA میں اپنی نظریں جماتے ہوئے ہم انٹر پرائز مینجمنٹ کی اگلی سطح کی طرف بڑھ رہے ہیں۔

## Six Years at a Glance

	2020	2019	2018	2017	2016	2015
	(Rupees in '000')					
Summary of Balance Sheet						
Share Capital	346,149	314,681	286,074	255,423	228,056	203,622
Reserves	4,140,050	3,126,880	2,584,375	2,160,528	1,586,340	1,238,661
Operating Fixed Assets	1,464,058	1,118,266	976,068	934,826	728,635	763,884
Non Current Assets	290,627	270,714	243,337	233,843	249,407	134,845
Current Assets	4,675,711	3,239,590	2,551,663	2,193,453	1,855,578	1,391,757
Current Liabilities	1,087,625	680,525	437,900	522,981	662,211	523,048
Net Working Capital	3,588,086	2,559,066	2,113,763	1,670,472	1,193,367	868,709
Non-current Liabilities	328,243	88,825	88,596	49,959	44,093	31,429
Deferred Liabilities	528,330	417,662	374,124	373,230	312,920	293,727

### Summary of Profit and Loss Account

Sales - Net	10,697,634	9,047,693	7,503,101	5,971,229	5,070,755	4,403,995
Gross Profit	5,121,176	4,161,593	3,500,432	2,845,891	2,378,020	2,092,316
"Earning Before Interest, Tax, Depreciation and Amortization (EBITDA)"	2,076,388	1,483,478	1,167,771	1,012,530	893,293	773,439
Operating Profit	1,842,161	1,279,784	1,031,609	887,981	776,532	645,623
Profit Before Tax	1,921,732	1,341,086	1,056,264	912,299	789,875	666,705
Net Profit After Tax	1,420,736	971,012.5	725,889	626,464	534,976	444,021

### Summary of Cash Flow Statement

Net Cash Flow from Operating Activities	1,393,574	700,853	433,184	267,060	637,570	335,766
Net Cash Flow from Investing Activities	(1,354,715)	(162,583)	23,244	(139,081)	(142,274)	(163,911)
Net Cash Flow from Financing Activities	(74,556)	(459,350)	(289,019)	(196,113)	(167,402)	(154,547)
Changes in Cash and Cash Equivalents	(35,698)	78,920	167,409	(68,134)	327,894	17,308
Cash and Cash Equivalents at Year End	823,198	858,895	779,975	612,566	680,700	352,795

### Financial Performance/Profitability Analysis

Sales Growth	%	18.24	20.59	25.65	17.76	15.14	19.15
Gross Profit Margin	%	47.87	46.00	46.65	47.66	46.90	47.51
EBITDA to Sales Margin	%	19.41	16.40	15.56	16.96	17.62	17.56
Operating Profit Margin	%	17.22	14.14	13.75	14.87	16.64	14.66
Profit Before Tax Margin	%	17.96	14.82	14.08	15.28	15.58	15.14
Profit After Tax Margin	%	13.28	10.73	9.67	10.49	10.55	10.08
Return on Equity	%	42.84	38.97	25.29	25.93	29.49	30.79
Return on Capital Employed	%	29.51	27.50	24.53	25.40	32.45	30.13

### Operating Performance/Liquidity Analysis

Inventory Turnover	Days	128	117	113	115	126	118
Debtors Turnover	Days	12	14	13	10	5	6
Creditors Turnover	Days	38.55	36.01	34.53	47	63	65
Cash Operating Cycle	Days	101	95	91	78	68	59
Assets Turnover Ratio	Times	1.66	1.95	1.99	1.78	1.79	1.92
Fixed Assets Turnover	Times	6.10	6.51	6.15	5.11	5.18	4.90
Return on Assets	%	29.89	28.97	28.01	27.13	27.88	29.11
Current Ratio	Times	4.30	4.76	5.83	4.19	2.80	2.66
Quick Ratio	Times	2.36	2.13	2.74	2.06	1.30	1.02

## Six Years at a Glance

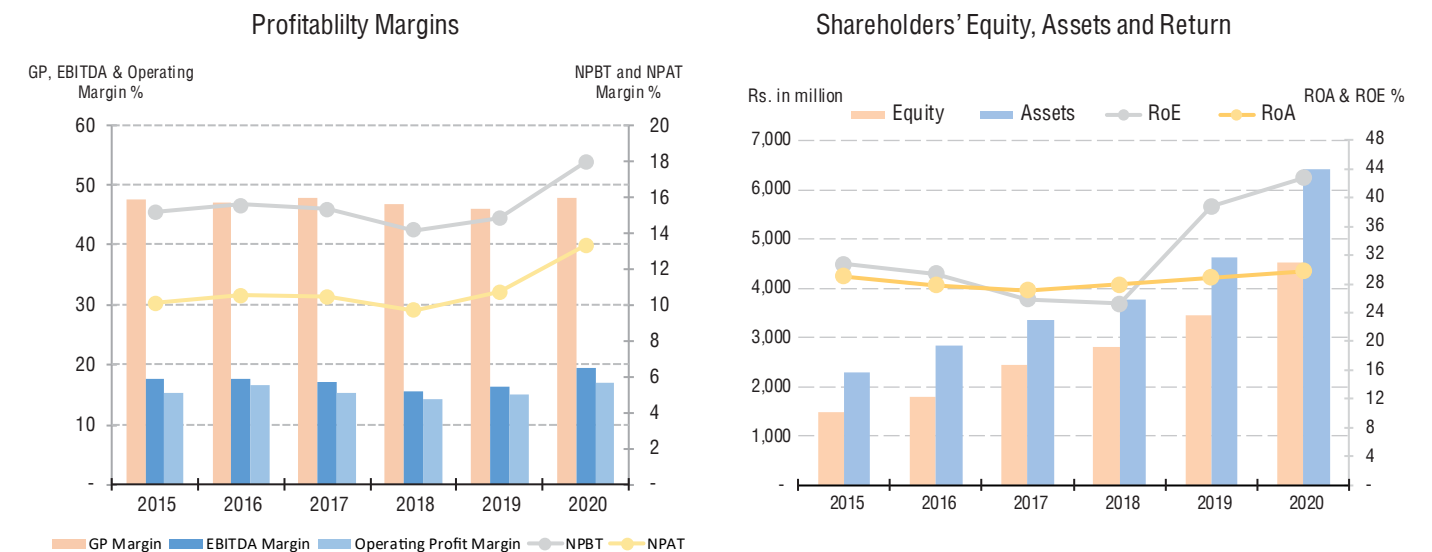
	2020	2019	2018	2017	2016	2015
<b>Distribution Analysis</b>						
Pay out-Proposed						
- Cash Dividend per share	Rs. 15	13	13	10.00	8.50	7.50
- Bonus	% 10	10	10	12	12	12
Payout Ratio (after tax)	% 38.98	45.37	55.17	45.66	41.35	39.90
Dividend Yield	% 2.67	2.61	4.03	2.62	1.52	1.51
Earnings Per Share (after tax)	Rs./share 41.04	30.86	25.37	24.53	23.46	19.47
Price Earning Ratio	Times 14.61	17.41	13.70	17.40	27.24	29.66

### Capital Structure/Market Value Analysis

Long Term Debt : Equity Ratio		07:93	02:98	03:97	02:98	02:98	03:97
Financial leverage	Times 1.43	1.34	1.31	1.39	1.77	1.59	
Shareholders' Net Worth as % of							
Total Assets	% 69.77	74.35	76.12	71.86	56.62	62.97	
Financial Charges Coverage	Times 76.41	53.50	122.99	179.03	127.90	73.75	
Number of Shares	in '000' 34,615	31,468	28,607	25,542	22,806	20,362	
Break-up Value of Share							
- Excluding Surplus on Revaluation Rs.	117.65	98.04	87.39	79.55	70.36	60.19	
- Including Surplus on Revaluation Rs.	129.60	109.37	100.34	94.59	79.56	70.83	
Market Value of Share							
- Year End	Rs. 599.81	537.26	347.65	426.78	639.00	577.40	
- Highest	Rs. 650.00	590.00	495.81	750.00	658.91	619.95	
- Lowest	Rs. 408	220	240	375.00	398.04	203.00	

Market Capitalization	Rs. in '000'	20,762,363	16,906,568	9,945,363	10,900,943	14,572,804	11,757,019
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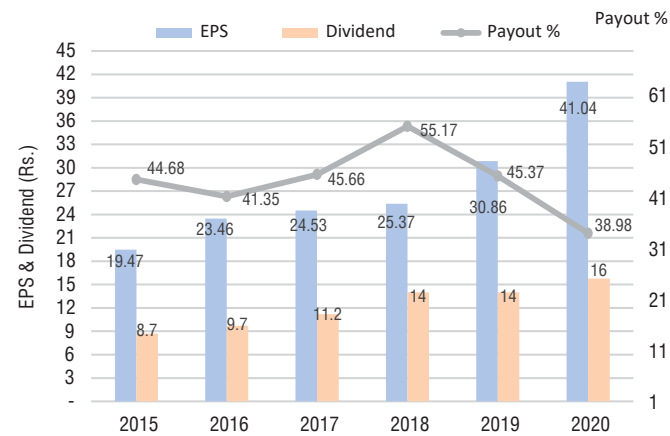
\* Based on proposed final dividend



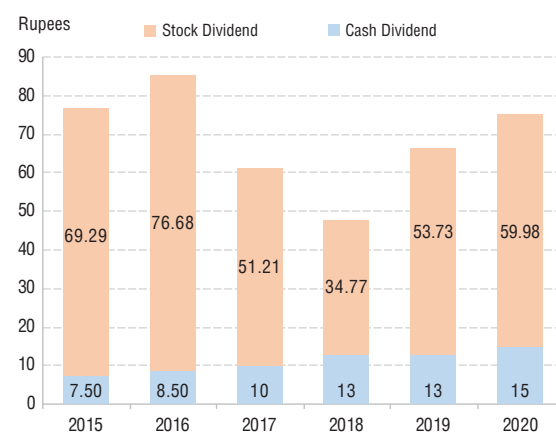


## Graphical Presentation

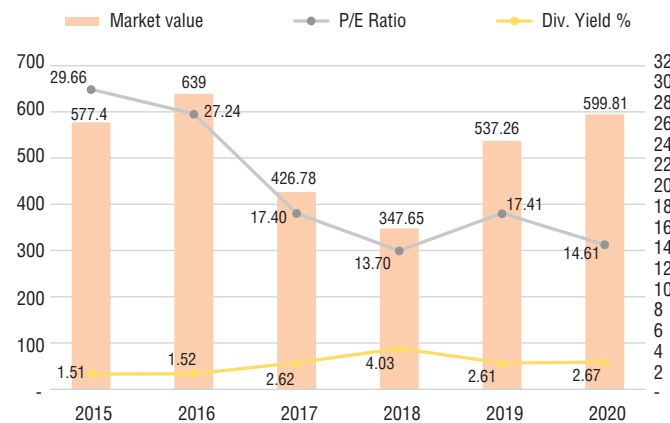
EPS, Dividend and Payout %



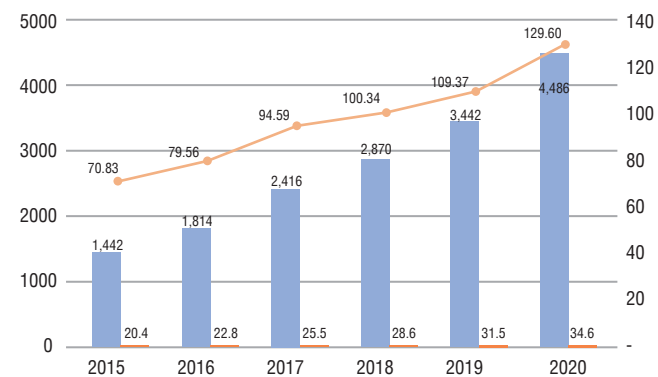
Market Value of Payout Proposed



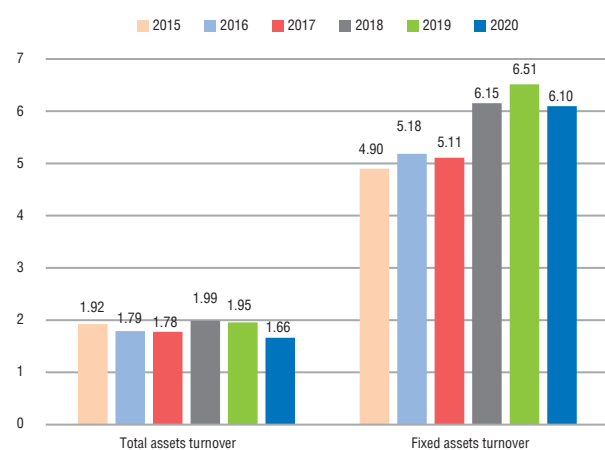
Dividend Yield, P/E Ratio and Market Value



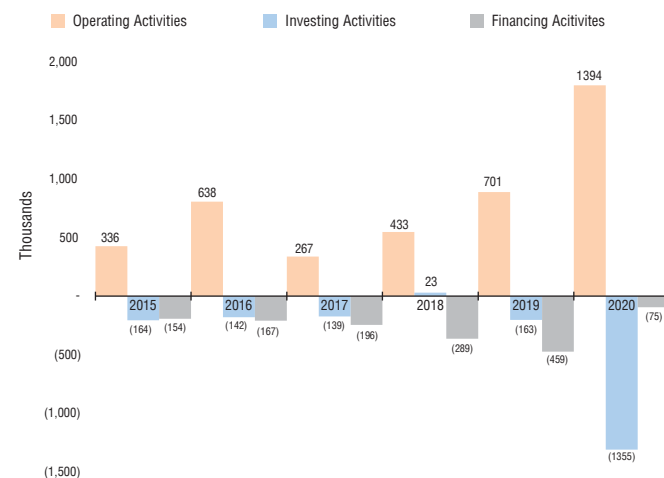
Shareholders' Net Worth



Asset turnover (times)



Cash flows analysis



## Statement of Value Addition and its Distribution

### Value Added

Net Sales  
Material & Services  
Other Income

### Distribution

Employees  
Salaries Wages & Benefits  
Workers Profit Participation Fund

Government  
Income Tax  
Sales Tax  
Central Research Fund  
Workers Welfare Fund

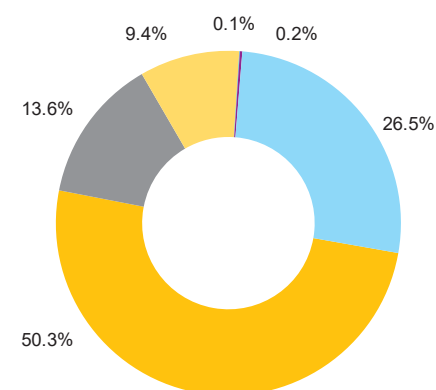
Society  
Donation

Provider of Finances  
To Shareholder as Cash dividend  
To Banks as financial charges

Retained in Business  
Depreciation and amortization  
Retained Profit

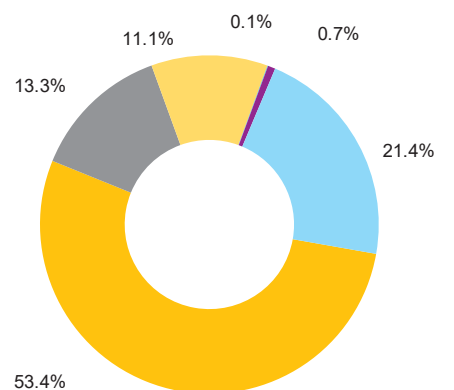
	2020 Rs. in 000	2019 Rs. in 000
Net Sales	10,731,279	9,080,799
Material & Services	6,468,799	5,818,735
Other Income	103,681	85,223
<b>Total Value Added</b>	<b>4,366,161</b>	<b>3,347,286</b>
Employees		
Salaries Wages & Benefits	2,091,876	1,713,897
Workers Profit Participation Fund	103,128	72,137
<b>Total Employees</b>	<b>2,195,004</b>	<b>1,786,034</b>
Government		
Income Tax	500,996	370,073
Sales Tax	33,645	33,106
Central Research Fund	20,834	14,558
Workers Welfare Fund	37,691	27,997
<b>Total Government</b>	<b>593,166</b>	<b>445,734</b>
Society		
Donation	2,599	2,113
Provider of Finances		
To Shareholder as Cash dividend	409,086	372,312
To Banks as financial charges	9,879	23,921
<b>Total Provider of Finances</b>	<b>418,965</b>	<b>396,233</b>
Retained in Business		
Depreciation and amortization	130,546	118,472
Retained Profit	1,025,881	598,700
<b>Total Retained in Business</b>	<b>1,156,427</b>	<b>717,172</b>
<b>Total Distribution</b>	<b>4,366,161</b>	<b>3,347,286</b>

Year 2020



Employees' as Remuneration  
Government as taxes  
Shareholders as dividends  
Society as donation  
Lenders as financial charges  
Retained within business

Year 2019



## Horizontal Analysis

### STATEMENT OF FINANCIAL POSITON

	2020		2019		2018		2017		2016		2015	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
<b>Share Capital and Reserve</b>												
Share capital	346,149	10.0	314,681	10.0	286,074	12.0	255,423	12.0	228,056	12.0	203,622	12.0
Revenue reserves	3,726,121	34.5	2,770,544	25.1	2,213,966	24.6	1,776,525	29.1	1,376,456	34.7	1,021,981	39.7
Surplus on revaluation of fixed assets	413,929	16.2	356,336	-3.8	370,409	-3.5	384,003	83.0	209,884	-3.1	216,680	-2.0
	4,486,199	30.4	3,441,561	19.9	2,870,449	18.8	2,415,951	33.2	1,814,396	25.8	1,442,283	57.9

#### Non Current Liabilities

Long term loan - secured	165,410	100.0	-	-	-	-	-	-	-	-	-	-
Long term lease Liabilities	129,566	111.7	61,215	37.6	44,486	208.0	14,442	-14.3	16,844	50.9	11,162	-63.1
Long term advances	33,267	20.5	27,610	-37.4	44,110	24.2	35,517	30.3	27,249	34.4	20,267	55.2
Deferred liabilities	528,330	26.5	417,662	11.6	374,124	0.2	373,230	19.3	312,920	6.5	293,727	9.1
Total Non Current Liabilities	856,573	69.1	506,486	9.5	462,720	9.3	423,189	18.5	357,013	9.8	325,156	4.0

#### Current Liabilities

Trade and other payables	552,376	-7.6	598,034	74.5	342,712	-13.5	396,055	-14.5	463,045	18.0	392,397	-4.1
Unclaimed dividend	44,471	0.0	30,556	0.0	20,175	-49.8	40,195	39.7	28,767	67.3	17,189	51.2
Mark-up accrued	-	-100.0	101	225.8	31	-51.6	64	243.7	19	-64.9	53	-76.4
Income tax-net	296,237	853.9	31,054	-18.3	38,025	-35.7	59,102	-58.7	143,275	62.4	88,197	58.5
Current portion of long term liabilities	194,541	836.2	20,779	-43.8	36,957	34.1	27,566	1.7	27,105	7.6	25,202	-24.3
Total Current Liabilities	1,087,625	59.8	680,525	55.4	437,900	-16.3	522,982	-21.0	662,211	26.6	523,048	5.0
	6,430,397	38.9	4,628,572	23.4	3,771,069	12.2	3,362,122	18.7	2,883,619	23.7	2,290,487	17.8

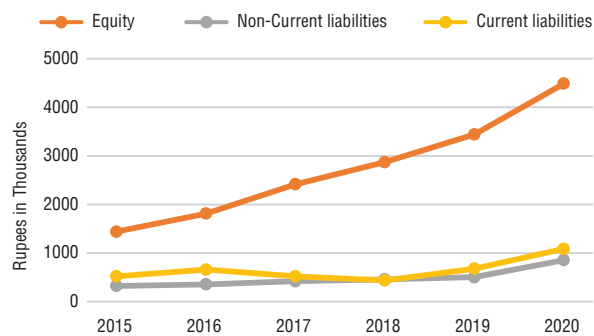
#### Non Current Assets

Property, plant and equipments	1,464,058	30.9	1,118,266	14.6	976,068	4.4	934,826	28.3	728,634	-4.6	763,884	1.7
Intangible assets	-	-	-	-	-	-100	5,073	-76.7	21,766	-43.4	38,459	-39.4
Long Term Investment	200,000	0.0	200,000	0.0	200,000	0.0	200,000	0.0	200,000	137.2	84,300	100.0
Long Term deposits	30,058	41.9	21,183	51.1	14,021	10.4	12,696	4.8	12,112	14.5	10,580	577.3
Long Term advances	21,443	-22.5	27,673	-5.6	29,316	82.4	16,074	3.5	15,529	931.1	1,506	-81.9
Deferred tax asset	39,126	100	21,858	100	-	-	-	-	-	-	-	-
	1,754,685	26.3	1,388,980	13.9	1,219,405	4.3	1,168,669	19.5	978,041	8.8	898,729	9.0

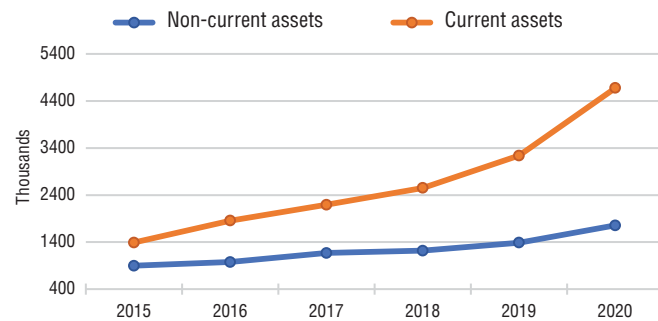
#### Current Assets

Stock in trade	2,106,011	17.6	1,790,211	32.3	1,352,925	21.3	1,115,539	12.4	992,638	15.4	860,324	35.5
Trade debts	322,554	-17.5	391,163	39.0	281,510	12.3	250,692	233.6	75,154	10.7	67,898	-10.1
Advances	218,482	47.6	148,027	96.7	75,264	30.0	57,879	-22.5	74,673	-6.6	79,941	84.8
Trade deposits and short term prepayments	45,960	31.6	34,916	14.2	30,573	25.7	24,330	39.6	17,423	-11.6	19,709	11.7
Other receivables	36,525	1016.6	3,271	-13.4	3,777	-44.7	6,835	49.4	4,576	46.0	3,135	69.8
Loan to subsidiary	10,000	0.0	10,000	-50.0	20,000	0.0	20,000	100	-	-	-	-
Tax refund due from government	19,135	515.9	3,107	-59.3	7,638	36.1	5,611	-46.1	10,413	30.9	7,955	-33.6
Short term investment	1,093,846	100	-	-	-	-100	100,000	100	-	-	-	-
Cash and bank balances	823,198	-4.2	858,895	10.1	779,976	27.3	612,566	-10.0	680,700	92.9	352,795	5.2
	4,675,711	44.3	3,239,590	27.0	2,551,663	16.3	2,193,452	18.2	1,855,578	33.3	1,391,757	24.2
	6,430,397	38.9	4,628,572	22.7	3,771,069	12.2	3,362,122	18.7	2,833,619	23.7	2,290,486	17.8

### Equity and Liabilities



### Assets



## Vertical Analysis

### STATEMENT OF FINANCIAL POSITON

	2020		2019		2018		2017		2016		2015	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
<b>Share Capital and Reserve</b>												
Share capital	346,149	5.4	314,681	6.8	286,074	7.6	255,423	7.6	228,056	8.0	203,622	8.9
Revenue reserves	3,726,121	57.9	2,770,544	59.9	2,213,966	58.7	1,776,525	52.8	1,376,456	48.6	1,021,981	44.6
Surplus on revaluation of fixed assets	413,929	6.4	356,336	7.7	370,409	9.8	384,003	11.4	209,884	7.4	216,680	9.5
	4,486,199	70	3,441,561	74	2,870,449	76	2,415,951	72	1,814,396	64	1,442,283	63

#### Non Current Liabilities

Long term loan - secured	165,410	2.6	-	-	-	-	-	-	-	-	-	-
Long term lease liabilities	129,566	2.0	61,215	1.3	44,486	1.2	14,442	0.4	16843.781	0.6	11,162	0.5
Long term advances	33,267	0.5	27,610	0.6	44,110	1.2	35,517	1.1	27248.879	1.0	20,267	0.9
Deferred liabilities	528,330	8.2	417,662	9.0	374,124	9.9	373,230	11.1	312920.256	11.0	293,727	12.8
Total Non Current Liabilities	856,573	13.3	506,486	10.9	462,720	12.3	423,189	12.6	357,013	12.6	325,156	14.2

#### Current Liabilities

Trade and other payables	552,376	8.6	598,034	12.9	342,712	9.1	396,055	11.8	463,045	16.3	392,397	17.1
Unclaimed dividend	44,471	0.7	30,556	0.7	20,175	0.5	40,195	1.2	28,767	1.0	17,199	0.8
Mark-up payable on secured loans	-	-100	101.00	0.0	31.00	0.0	64	0.0	19	0.0	53	0.0
Income tax-net	296,237	4.6	31,054	0.7	38,025	1.0	59,102	1.8	143,275	5.1	88,197	3.9
Current portion of long term liabilities	194,541	3.0	20,779	0.4	36,957	1.0	27,566	0.8	27,105	1.0	25,202	1.1
Total Current Liabilities	1,087,625	16.9	680,525	14.8	437,900	11.6	522,982	15.7	662,211	23.5	523,048	22.9
	6,430,397	100.0	4,628,572	100.0	3,771,069	100.0	3,362,122	100.0	2,833,620	100.0	2,290,487	100.0

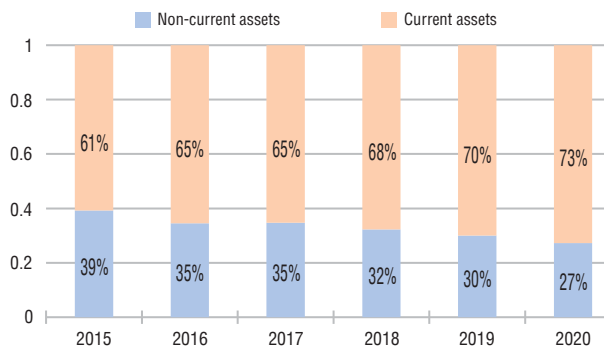
#### Non Current Assets

Property, plant and equipments	1,464,058	22.8	1,118,266	24.2	976,068	25.9	934,826	27.8	728,634	25.7	763,884	33.4
Intangible assets	-	-	-	-	-	-	5,073	0.2	21,766	0.8	38,459	1.7
Long term Investment	200,000	3.1	200,000	4.3	200,000	5.3	200,000	5.9	200,000	7.1	84,300	3.7
Long Term advances	30,058	0.5	21,183	0.5	29,316	0.8	16,074	0.5	15,529	0.5	1,506	0.1
Long Term deposits	21,443	0.3	27,673	0.6	14,021	0.4	12,696	0.4	12,112	0.4	10,580	0.5
Deferred tax asset	39,126	0.6	21,858	0.5	-	-	-	-	-	-	-	-
	1,754,685	27.3	1,388,980	30.0	1,219,405	32.3	1,168,669	34.8	978,041	34.5	898,729	39.2

#### Current Assets

Stock in trade	2,106,011	32.8	1,790,210.79	38.7	1,352,925	35.9	1,115,539	33.2	992,638	35.0	860,324	37.6
Trade debts	322,554	5.0	391,162.80	8.5	281,510	7.5	250,692	7.5	75,154	2.7	67,898	3.0
Advances	218,482	3.4	148,027.39	3.2	75,264	2.0	57,879	1.7	74,673	2.6	79,941	3.5
Trade deposits and short term prepayments	45,960	0.7	34,916.15	0.8	30,573	0.8	24,330	0.7	17,423	0.6	19,709	0.9
Other receivables	36,525	0.6	3,271.00	0.1	3,777	0.1	6,835	0.2	4,576	0.2	3,135	0.1
Loan to subsidiary	10,000	0.2	10,000.00	0.2	20,000	0.5	20,000	0.6	-	-	-	-
Tax refund due from government	19,135	0.3	3,106.65	0.1	7,638	0.2	5,611	0.2	10,413	0.4	7,955	0.3
Short term investment	1,093,846	17.0	-	-	-	-	100,000	3.0	-	-	-	-
Cash and bank balances	823,198	12.8	858,895.44	18.6	779,976	20.7	612,566	18.2	680,700	24.0	352,795	15.4
	4,675,711	72.7	3,239,590	70.0	2,551,663	67.7	2,193,452	65.2	1,855,578	65.5	1,391,757	60.8
	6,430,397	100.0	4,628,572	100.0	3,771,069	100.0	3,362,122	100.0	2,833,619	100.0	2,290,486	100.0

### Assets

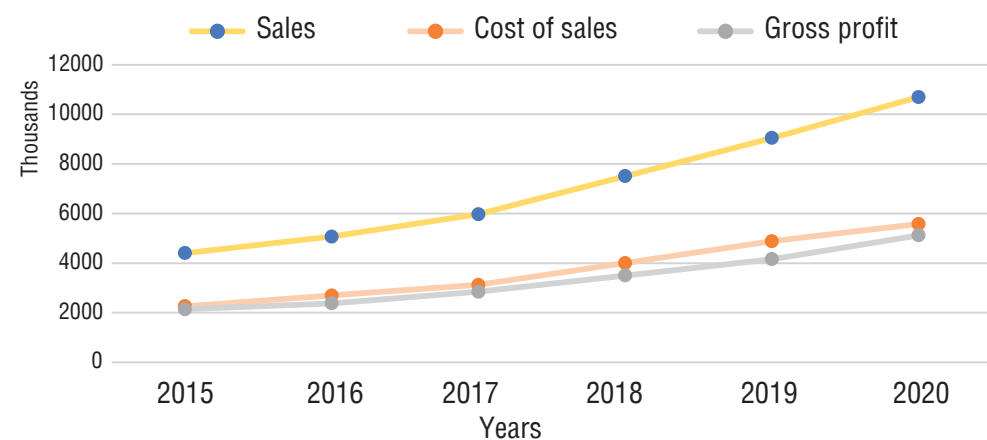


## Horizontal Analysis

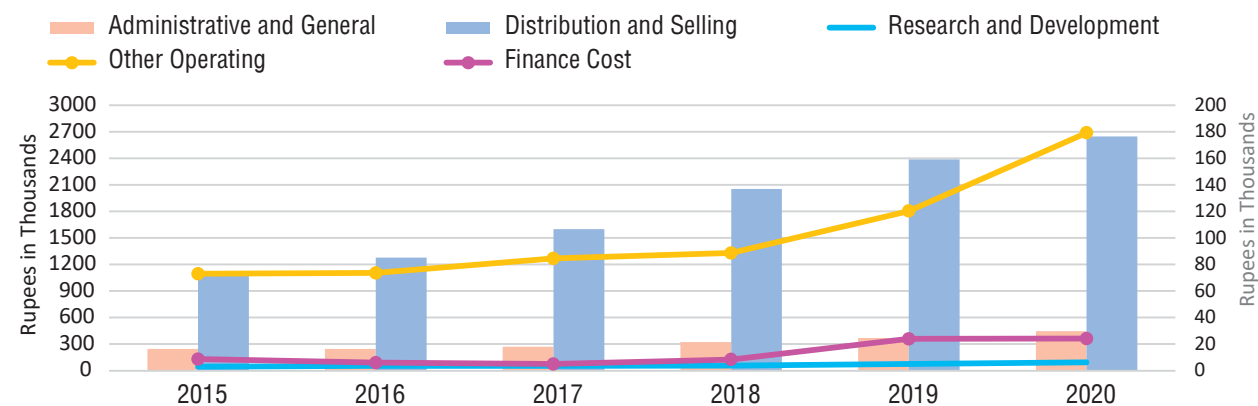
### STATEMENT OF PROFIT OR LOSS

	2020		2019		2018		2017		2016		2015	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
Sales - net	10,697,634	18.24	9,047,693	100.0	7,503,101	25.7	5,971,229	17.8	5,070,755	15.1	4,403,995	19.2
Cost of Sales	5,576,458	14.1	4,886,100	53.3	4,002,669	28.1	3,125,338	16.1	2,692,735	16.5	2,311,679	13.3
Gross Profit	5,121,176	23.1	4,161,593	46.7	3,500,432	23.0	2,845,891	19.7	2,378,020	13.7	2,092,316	26.4
Distribution, Selling and Promotional Expenses	2,645,474	10.8	2,386,789	27.4	2,052,208	28.3	1,599,737	25.1	1,279,005	13.6	1,125,961	16.2
Administrative and General Expenses	448,034	21.2	369,802	4.3	324,161	20.0	270,080	10.1	245,280	0.2	244,669	11.4
Research and Development Expenses	6,378	27.2	5,013	0.1	3,799	5.3	3,607	-1.2	3,653	20.1	3,041	-22.3
Other Operating Expenses	179,129	49.0	120,206	1.2	88,655	4.9	84,486	14.9	73,550	0.7	73,022	58.3
	3,279,015	13.8	2,881,810	32.9	2,468,823	26.1	1,957,910	22.3	1,601,488	10.7	1,446,693	16.8
Operating Profit	1,842,161	43.9	1,279,784	13.7	1,031,609	16.2	887,981	14.4	776,532	20.3	645,623	54.9
Other Operating Income	103,681	21.7	85,223	0.4	33,044	12.9	29,278	50.8	19,414	-34.9	29,837	198.8
Finance Cost	24,110	0.8	23,921	0.1	8,388	69.1	4,960	-18.3	6,071	-30.6	8,754	-29.2
Profit Before Taxation	1,921,732	43.3	1,341,086	14.1	1,056,264	15.8	912,298	15.5	789,875	18.5	666,706	60.9
Taxation	500,996	35.4	370,073	4.4	330,375	15.6	285,834	12.1	254,899	14.5	222,683	56.3
Profit After Taxation	1,420,736	46.3	971,012	9.7	725,889	15.9	626,464	17.1	534,976	20.5	444,023	63.3

### Sales and cost of sales



### Operating expenses

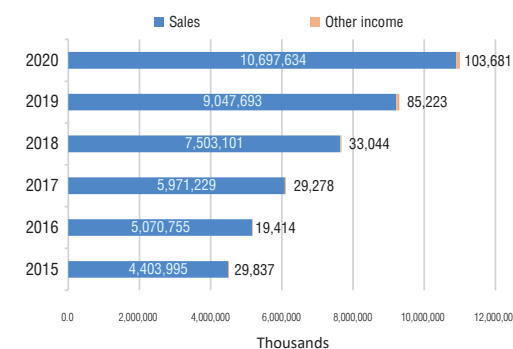


## Vertical Analysis

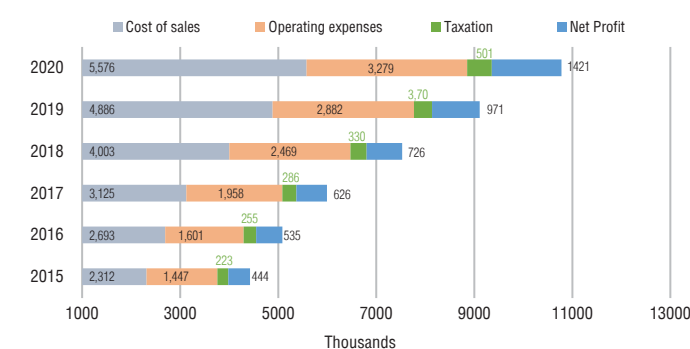
### STATEMENT OF PROFIT OR LOSS

	2020		2019		2018		2017		2016		2015	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
Sales - net	10,697,634	100	9,047,693	100	7,503,101	100	5,971,229	100	5,070,755	100	4,403,995	100
Cost of Sales	5,576,458	52.1	4,886,100	54.0	4,002,669	53.3	3,125,338	52.3	2,692,735	53.1	2,311,679	52.5
Gross Profit	5,121,176	47.9	4,161,593	46.0	3,500,432	46.7	2,845,891	47.7	2,378,020	46.9	2,092,316	47.5
Distribution, Selling and Promotional Expenses	2,645,474	24.7	2,386,789	26.4	2,052,208	27.4	1,599,737	26.8	1,279,005	25.2	1,125,961	25.6
Administrative and General Expenses	448,034	4.2	369,802	4.1	324,161	4.3	270,080	4.5	245,280	4.8	244,669	5.6
Research and Development Expenses	6,378	0.1	5,013	0.1	3,799	0.1	3,607	0.1	3,653	0.1	3,041	0.1
Other Operating Expenses	179,129	1.7	120,206	1.3	88,655	1.2	84,486	1.4	73,550	1.5	73,022	1.7
	3,279,015	30.7	2,881,810	31.9	2,468,823	32.9	1,957,910	32.8	1,601,488	31.6	1,446,693	32.9
Operating Profit	1,842,161	17.2	1,279,784	14.1	1,031,609	13.7	887,981	14.9	776,532	15.3	645,623	14.6
Other Operating Income	103,681	1.0	85,223	0.9	33,044	0.4	29,278	0.5	19,414	0.4	29,837	0.7
Finance Cost	24,110	0.2	23,921	0.3	8,388	0.1	4,960	0.1	6,071	0.1	8,754	0.2
Profit Before Taxation	1,921,732	18.0	1,341,086	14.8	1,056,264	14.1	912,298	15.3	789,875	15.6	666,706	15.1
Taxation	500,996	4.7	370,073	4.1	330,375	4.4	285,834	4.8	254,899	5.0	222,683	5.1
Profit After Taxation	1,420,736	13.3	971,012	10.7	725,889	9.7	626,464	10.5	534,976	10.6	444,023	10.2

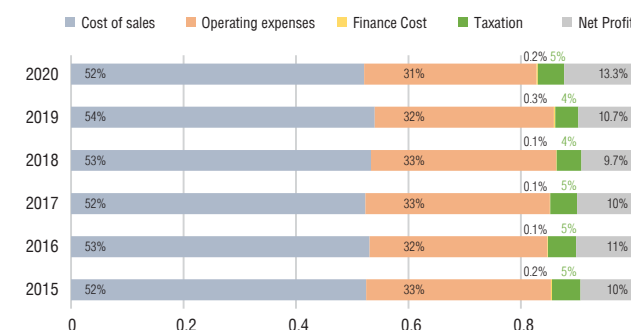
### Revenues



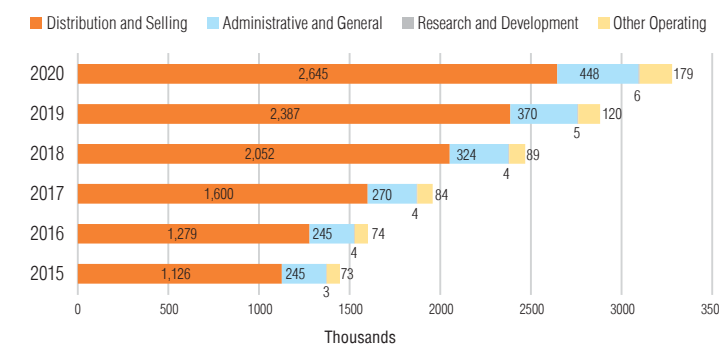
### Expenses and Profit



### Expenses and profit as % of Sales



### Operating Expenses



## Pattern of Shareholding as at December 31, 2020

Sr. #	No. of Shareholders	Shareholding		Total Shares Held
		From	To	
1	998	1	100	34,237
2	1133	101	500	267,260
3	398	501	1000	275,693
4	638	1001	5000	1,299,111
5	100	5001	10000	689,481
6	26	10001	15000	325,522
7	20	15001	20000	349,969
8	13	20001	25000	281,799
9	8	25001	30000	222,985
10	5	30001	35000	160,112
11	8	35001	40000	310,342
12	5	40001	45000	213,692
13	5	45001	50000	229,399
14	5	50001	55000	257,082
15	2	55001	60000	117,368
16	2	60001	65000	128,517
17	2	65001	70000	137,269
18	1	70001	75000	74,058
19	3	75001	80000	232,610
20	1	80001	85000	80,740
21	1	85001	90000	87,616
22	4	90001	95000	372,963
23	1	125001	130000	128,535
24	1	130001	135000	132,235
25	2	135001	140000	279,518
26	1	150001	155000	155,000
27	2	160001	165000	325,145
28	1	170001	175000	170,651
29	1	180001	185000	184,914
30	1	210001	215000	212,420
31	1	220001	225000	223,296
32	1	275001	280000	276,000
33	1	285001	290000	288,033
34	1	330001	335000	334,438
35	1	335001	340000	338,730
36	1	370001	375000	372,066
37	1	485001	490000	489,000
38	1	500001	505000	504,790
39	1	535001	540000	535,287
40	1	540001	545000	540,401
41	1	1245001	1250000	1,249,326
42	1	1255001	1260000	1,255,832
43	1	1385001	1390000	1,387,376
44	1	1515001	1520000	1,515,005
45	1	2210001	2215000	2,212,246
46	1	2545001	2550000	2,549,229
47	1	2885001	2890000	2,885,209
48	1	3000001	3005000	3,000,080
49	1	3160001	3165000	3,161,474
50	1	3760001	3765000	3,760,884
Total		3408		34,614,945

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	7,797,517	22.5264%
Associated Companies, undertakings and related parties.	218,128	0.6302%
NIT and ICP	535,649	1.5475%
Banks Development Financial Institutions, Non Banking Financial Institutions.	174,434	0.5039%
Insurance Companies	4,606,247	13.3071%
Modarabas and Mutual Funds	1,193,601	3.4482%
*Shareholders holding 10% or more	3,760,884	10.8649%
General Public		
a. Local	14,720,170	42.5255%
b. Foreign	643,224	1.8582%
Others (to be specified)		
- Government Holding	376,988	1.0891%
- Joint Stock Companies	1,002,309	2.8956%
- Pension Funds	174,784	0.5049%
- Foreign Companies	2,912,749	8.4147%
- Others	477,273	1.3788%

Sr. #	Name	No. of Shares Held	Percentage
	Associated Companies, Undertakings and Related Parties		
	HIGHNOON EMPLOYEES WELFARE TRUST	78,610	0.2271%
	TRUSTEE-HIGHNOON LABORATORIES LIMITED STAFF PROVIDENT FUND (CDC)	139,518	0.4031%
	<b>Mutual Funds</b>		
1	CDC - TRUSTEE ABL STOCK FUND (CDC)	4,346	0.0126%
2	CDC - TRUSTEE AKD INDEX TRACKER FUND (CDC)	3,290	0.0095%
3	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND (CDC)	2,200	0.0064%
4	CDC - TRUSTEE AL MEEZAN MUTUAL FUND (CDC)	1,108	0.0032%
5	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND (CDC)	15	0.0000%
6	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND (CDC)	44,500	0.1286%
7	CDC - TRUSTEE ALFALAH GHP ALPHA FUND (CDC)	16,095	0.0465%
8	CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND (CDC)	10,380	0.0300%
9	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND (CDC)	77,330	0.2234%
10	CDC - TRUSTEE ALFALAH GHP STOCK FUND (CDC)	50,740	0.1466%
11	CDC - TRUSTEE ALFALAH GHP VALUE FUND (CDC)	15,300	0.0442%
12	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND (CDC)	30,000	0.0867%
13	CDC - TRUSTEE APF-EQUITY SUB FUND (CDC)	12,595	0.0364%
14	CDC - TRUSTEE APIF - EQUITY SUB FUND (CDC)	18,585	0.0537%
15	CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND (CDC)	12,895	0.0373%
16	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND (CDC)	93,855	0.2711%
17	CDC - TRUSTEE ATLAS STOCK MARKET FUND (CDC)	212,420	0.6137%
18	CDC - TRUSTEE HBL - STOCK FUND (CDC)	53,800	0.1554%
19	CDC - TRUSTEE HBL IPF EQUIRY SUB FUND (CDC)	3,513	0.0101%
20	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND (CDC)	2,500	0.0072%
21	CDC - TRUSTEE HBL ISLAMIC EQUITY FUND (CDC)	8,550	0.0247%
22	CDC - TRUSTEE HBL MULTI - ASSET FUND (CDC)	3,300	0.0095%
23	CDC - TRUSTEE HBL PF EQUITY SUB FUND (CDC)	4,796	0.0139%
24	CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF) (CDC)	2,635	0.0076%
25	CDC - TRUSTEE JS ISLAMIC FUND (CDC)	24,380	0.0704%
26	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT (CDC)	6,400	0.0185%
27	CDC - TRUSTEE JS LARGE CAP. FUND (CDC)	26,160	0.0756%
28	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT (CDC)	8,340	0.0241%
29	CDC - TRUSTEE MEEZAN BALANCED FUND (CDC)	1,549	0.0045%
30	CDC - TRUSTEE MEEZAN ISLAMIC FUND (CDC)	74,058	0.2139%
31	CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND (CDC)	1,800	0.0052%
32	CD C- TRUSTEE NBP SARMAYA IZAF A FUND (CDC)	6,954	0.0201%
33	CDC - TRUSTEE PICIC GROWTH FUND (CDC)	42,250	0.1221%
34	CDC - TRUSTEE PICIC INVESTMENT FUND (CDC)	32,900	0.0950%
35	CDC - TRUSTEE UBL ASSET ALLOCATION FUND (CDC)	1	0.0000%
36	CDC - TRUSTEE UBL DEDICATED EQUITY FUND (CDC)	600	0.0017%
37	CDC - TRUSTEE UBL RETIREMENT SAVINGS DIND - EQUITY SUB FUND (CDC)	31,767	0.0918%
38	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND (CDC)	40,000	0.1156%

Sr. #	Name	No. of Shares Held	Percentage
39	CDC - TRUSTEE UNIT TRUST OF PAKISTAN (CDC)	26,080	0.0753%
40	CDC - TRUSTEE MEEZAN DEDICATED EQUITY FUND (CDC)	3,250	0.0094%
41	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND (CDC)	59,975	0.1733%
42	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND (CDC)	20,000	0.0578%
43	CDC-TRUSTEE HBL ISLAMIC STOCK FUND (CDC)	20,455	0.0591%
44	MC FSL - TRUSTEE JS GROWH FUND (CDC)	46,870	0.1354%
45	MC FSL - TRUSTEE JS VALUE FUND (CDC)	29,745	0.0859%
46	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND (CDC)	1,815	0.0052%
Directors, CEO and their Spouse and Minor Children (Name Wise):			
1	MR. TAUSIF AHMED KHAN (CDC)	2,586,851	7.4732%
2	MR. GHULAM HUSSAIN KHAN - (CDC)	276,005	0.7974%
3	MR. SHAZIB MASUD	935	0.0027%
4	MR. TAUFIQ AHMED KHAN	3,417,203	9.8720%
5	MR. ADEEL ABBAS HAYDIRI	839	0.0024%
6	MST. ZAINUB ABBAS (CDC)	1,515,005	4.3767%
7	MR. ROMESH ALEXANDER	679	0.0020%
Executives:			
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance		4,958,969	14.3261%
Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:			
Shareholders holding five percent or more voting intrest in the listed company (Name Wise)			
1	MR. TAUQIR AHMED KHAN (CDC)	3,760,884	10.8649%
2	MR. TAUFIQ AHMED KHAN	3,417,203	9.8720%
3	JUBILEE LIFE INSURANCE COMPANY LIMITED (CDC)	3,000,080	8.6670%
4	PHARMATEC INVESTMENTS LIMITED	2,885,209	8.3352%
5	MR. TAUSIF AHMED KHAN	2,586,851	7.4732%
6	MRS. NOSHEEN RIAZ KHAN (CDC)	2,398,249	6.9284%

All trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company

Secretary and their spouses and minor children:

Sr. #	Name	Sale	Purchase	Bonus
1	MR. TAUSIF AHMED KHAN (CDC)	-	-	235,167
2	MR. GHULAM HUSSAIN KHAN - (CDC)	1 6,350	-	26,305
3	MR. SHAZIB MASUD	-	-	85
4	MR. TAUFIQ AHMED KHAN (CDC)	-	-	310,653
5	MR. ADEEL ABBAS HAYDIRI	-	-	76
6	MST. ZAINUB ABBAS (CDC)	-	-	137,727
7	MR. ROMESH ALEXANDER	-	-	61

## Statement of Compliance

### with the Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: HIGHNOON LABORATORIES LIMITED

Year ended: December 31, 2020

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

- The total number of directors are 7 as per the following:

a. Male:	6
b. Female:	1
- The composition of the Board is as follows:

a) Independent Directors	2
b) Non-Executive Director	4
c) Executive Directors	1
- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
- The Company has prepared a Code of Conduct and appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
- The Board has developed a vision/mission statement, overall corporate strategy, and significant policies of the Company. A complete record of particulars of significant policies along with their dates of approval or amendment has been maintained.
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
- The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording, and circulating minutes of the meeting of the Board.
- The Board of directors has a formal policy and transparent procedures for the remuneration of directors in ordinance with the Act and these Regulations.
- Six Directors are duly certified or exempted from the Directors' Training Program. The Board will arrange the said Program for one member within the prescribed time limit.
- The Board has approved the appointment of Chief Financial Officer, Company Secretary, and Head of Internal Audit, including their remuneration and terms and conditions of employment, and complied with relevant requirements of the Regulations.
- Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.



## Statement of Compliance

### with Listed Companies (Code of Corporate Governance) Regulations, 2019

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

a) Audit Committee

- |                      |                   |
|----------------------|-------------------|
| 1. Mr. Shazib Masud  | Chairman / Member |
| 2. Mr. G.H. Khan     | Member            |
| 3. Mrs. Zainub Abbas | Member            |

b) HR and Remuneration Committee

- |                            |                   |
|----------------------------|-------------------|
| 1. Mr. Shazib Masud        | Chairman / Member |
| 2. Dr. Adeel Abbas Haideri | Member            |
| 3. Mrs. Zainub Abbas       | Member            |

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

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

- |                                  |   |
|----------------------------------|---|
| a) Audit Committee               | 5 |
| b) HR and Remuneration Committee | 1 |

15. The Board has set up an effective internal audit function and the internal auditors of the Company are suitably qualified and experienced for the purpose and fully conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with the Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses, and minor children do not hold shares of the Company and that the firm and all its partners comply with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

18. We confirm that all other requirements of the Regulations have been complied with.

TAUSIF AHMAD KHAN  
Chairman

Dr. ADEEL ABBAS HAIDERI  
Chief Executive Officer

March 25, 2021

## Independent Auditor's Review Report

### To the members of Highnoon Laboratories Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Highnoon Laboratories Limited (the Company) for the year ended 31 December 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2020.



Chartered Accountants

Audit Engagement Partner: Sajjad Hussain Gil  
Lahore

01 April 2021



# 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.



Chartered Accountants  
Lahore  
Date 01 April 2021

## Unconsolidated Statement of Financial Position

	Note	2020 Rupees	2019 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Share capital and reserves</b>			
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
<b>Total Equity</b>		<b>4,486,198,751</b>	<b>3,441,561,575</b>
<b>Non-current liabilities</b>			
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
<b>Current liabilities</b>			
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
<b>Total Liabilities</b>		<b>1,944,197,660</b>	<b>1,187,009,449</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,430,396,411</b>	<b>4,628,571,024</b>

### 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
<b>ASSETS</b>			
<b>Non-current assets</b>			
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
<b>Current assets</b>			
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
<b>TOTAL ASSETS</b>		<b>6,430,396,411</b>	<b>4,628,571,024</b>

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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
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
<b>Profit before working capital changes</b>		<b>2,301,059,436</b>	<b>1,640,939,269</b>
<b>Working capital changes:</b>			
<b>(Increase) / decrease in current assets:</b>			
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
<b>(Decrease) / increase in current liabilities:</b>			
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
<b>Cash generated from operations</b>		<b>1,798,001,782</b>	<b>1,256,085,828</b>
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)
<b>Net cash flows from operating activities</b>		<b>1,393,573,548</b>	<b>700,852,864</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
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
<b>Net cash flows used in investing activities</b>		<b>(1,354,715,298)</b>	<b>(162,582,900)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
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)
<b>Net cash flows used in financing activities</b>		<b>(74,556,199)</b>	<b>(459,350,067)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(35,697,949)</b>	<b>78,919,897</b>
Cash and cash equivalents at beginning of the year		858,895,440	779,975,543
<b>Cash and cash equivalents at end of the year</b>	39	<b>823,197,491</b>	<b>858,895,440</b>

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 Revaluation Surplus on operating fixed asset	Revenue reserves			Total
			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:

# Unconsolidated Notes to the Financial Statements

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.

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

### 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.

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

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 Note 16.1 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.

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

## 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

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

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.



## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

### 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.

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

### 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.



## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

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.

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

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.

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
<b>9. LONG TERM ADVANCES</b>			
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)
		<b>33,266,627</b>	<b>27,609,796</b>

- 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
<b>10. LONG TERM LOAN - SECURED</b>			
Long term loan	10.1	323,828,530	-
Less: Current portion of long term loan		(158,418,831)	-
		<b>165,409,699</b>	<b>-</b>

**10.1 The movement of long term loan is as follows:**

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

**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:

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

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
<b>11. DEFERRED LIABILITIES</b>			
Deferred Grant	11.1	2,910,624	-
Gratuity	11.2	525,419,561	415,166,574
		<b>528,330,185</b>	<b>415,166,574</b>

**11.1 Movement of deferred grant is as follows:**

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)	-
		<b>2,910,624</b>	<b>-</b>

**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.

Present value of defined benefit obligation	11.2.1	525,419,561	415,166,574
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**11.2.1 Movement in the present value of define benefit obligation:**

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)
		<b>53,617,007</b>	<b>23,404,698</b>
Actuarial (gains)/losses from:			
changes in financial assumptions		41,402,458	(1,301,591)
experience adjustments		22,419,436	38,946,921
		<b>63,821,894</b>	<b>37,645,330</b>
Less: balance due but not paid		(7,185,914)	(2,494,985)
Liability as at 31 December		<b>525,419,561</b>	<b>415,166,574</b>

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

For The Year Ended 31 December 2020		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	SLIC			
			2001-2005	2001-2005			

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

<b>11.2.6</b> 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.			
<b>11.2.7 Sensitivity analysis</b>			
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 + 100bps		483,651,923	382,421,584
Discount rate - 100bps		(573,369,148)	(452,696,373)
Salary increase + 100bps		573,331,210	453,057,205
Salary increase - 100bps		(482,916,032)	(381,541,523)
<b>12. TRADE AND OTHER PAYABLES</b>			
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.

<b>14. CURRENT PORTION OF LONG TERM LIABILITIES</b>	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	-
		<b>194,540,950</b>	<b>20,779,266</b>

### 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

For The Year Ended 31 December 2020

- 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.

<b>15.2 Commitments</b>	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
	<b>527,155,497</b>	<b>579,601,058</b>

- 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.

<b>16. PROPERTY, PLANT AND EQUIPMENT</b>	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
		<b>1,464,057,858</b>	<b>1,118,266,226</b>

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

DESCRIPTION	2020										Net book value as at 31 December	Rate
	Cost/revalued amount					Accumulated depreciation						
	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		
----- 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%
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										
DESCRIPTION	Cost/revalued amount			Accumulated depreciation				Net book value as at 31 December	Rate	
	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
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
<b>16.1.1 Depreciation charge has been allocated as under:</b>			
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
		<b>130,546,078</b>	<b>118,471,798</b>
<b>16.1.2</b> 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.			
<b>16.1.3</b> Had the assets not been revalued, the carrying values would have been:			
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
		<b>517,867,061</b>	<b>316,558,145</b>

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

16.1.4 Disposal of property, plant and equipment									
Description		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		Reg. No						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 follows:

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

## 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

2020								
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 -----							
Registration and trademark*	154,434,175	-	154,434,175	154,434,175	-	154,434,175	-	100
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".

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
<b>18. LONG TERM INVESTMENT</b>			
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.

	Note	2020 Rupees	2019 Rupees
<b>19. DEFERRED TAXATION</b>			
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



## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
<b>19.1 Movement in deferred tax is as follows:</b>			
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
<b>20. STOCK IN TRADE</b>			
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
<b>20.1 Provision for slow moving and obsolete items</b>			
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
<b>21. TRADE DEBTS</b>			
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
<b>21.1 Allowance for expected credit losses:</b>			
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
<b>22. ADVANCES</b>			
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.

### 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

### 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

	Note	2020 Rupees	2019 Rupees
<b>24.2</b>	These includes claims receivable from various insurance companies against vehicles and equipment.		
<b>24.3 Workers' Profit Participation Fund</b>			
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
<b>26. SHORT TERM INVESTMENT</b>			
Investments at fair value through profit or loss			
Mutual Funds	26.1	1,093,846,453	-
<b>26.1</b> 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

	Units		Fair Value	
	2020 Numbers	2019 Numbers	2020 Rupees	2019 Rupees
<b>26.1.1</b> Mutual fund wise detail is as follows:				
Alfalsh 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).

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

### 28. CASH AND BANK BALANCES

Cash and imprest		2,018,781	2,036,264
<b>Balance with banks</b>			
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

	Note	2020 Rupees	2019 Rupees
<b>29. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET</b>			
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

<b>Sales to external customers - net</b>			
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
<b>Total revenue from contracts with customers</b>		10,697,633,870	9,047,692,893

### Timing of revenue recognition

Goods transferred at a point in time		10,697,633,870	9,047,692,893
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### 29.3 Performance obligation

The performance obligation is satisfied at a point in time for sale of goods and rendering 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
<b>30. COST OF REVENUE</b>			
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
		<b>4,487,550,619</b>	<b>4,260,553,659</b>
Inventory effect of work in process			
Opening		167,463,552	111,922,424
Closing		(125,940,489)	(167,463,552)
		<b>41,523,063</b>	<b>(55,541,128)</b>
Cost of goods manufactured		<b>4,529,073,682</b>	<b>4,205,012,531</b>
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)
		<b>1,047,384,716</b>	<b>681,086,999</b>
Cost of goods sold		<b>5,576,458,398</b>	<b>4,886,099,530</b>
<b>30.1 This includes the following staff benefits:</b>			
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
		<b>48,702,686</b>	<b>47,778,225</b>

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
<b>31. DISTRIBUTION, SELLING AND PROMOTIONAL EXPENSES</b>			
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
		<b>2,645,473,995</b>	<b>2,386,788,950</b>
<b>31.1 This includes following staff benefits:</b>			
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
		<b>69,234,777</b>	<b>57,627,739</b>

**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
<b>32. ADMINISTRATIVE AND GENERAL EXPENSES</b>			
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
		<b>448,033,689</b>	<b>369,802,343</b>
<b>32.1 It includes the following staff benefits:</b>			
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
		<b>36,915,570</b>	<b>31,451,415</b>
<b>32.2 Auditors' remuneration</b>			
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
		<b>2,245,000</b>	<b>1,897,500</b>
<b>32.3 Donation to following organizations exceeds 0.5 million:</b>			
Rhinology Research Society		900,000	
The Indus Hospital		550,000	
Khyber Teaching Hospital		500,000	
<b>32.4 None of the Directors or their spouses have any interest in the donee's fund.</b>			

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
<b>33. RESEARCH AND DEVELOPMENT EXPENSES</b>			
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
		<b>6,377,871</b>	<b>5,012,518</b>
<b>33.1 It includes the defined contribution plan - provident fund of Rs. 0.17 million (2019: Rs. 0.15 million)</b>			
<b>34. OTHER OPERATING EXPENSES</b>			
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
		<b>179,128,806</b>	<b>120,205,668</b>
<b>35. OTHER INCOME</b>			
<b>Income from financial assets:</b>			
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
<b>Income from non-financial assets:</b>			
Gain on disposal of operating fixed assets	16.1.4	32,074,822	22,136,432
Scrap sales		4,453,459	8,505,224
		<b>103,680,802</b>	<b>85,222,574</b>
<b>36. FINANCE COSTS</b>			
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
		<b>24,110,253</b>	<b>23,920,563</b>

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
<b>37. TAXATION</b>			
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

<b>37.1 Reconciliation of tax charge for the year</b>	2020	2019
Numerical reconciliation between the average effective tax rate and the applicable tax rate is as follows:		
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%

	Note	2020 Rupees	2019 Rupees
<b>38. EARNINGS PER SHARE - BASIC AND DILUTED</b>			
There is no dilutive effect on the basic earnings per share of the Company which is based on:			
Profit after taxation	Rupees	1,420,735,731	971,012,825
Weighted average number of ordinary shares	Number of shares	34,614,945	34,614,945
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
<b>39. CASH AND CASH EQUIVALENT</b>			
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-----			
<b>Short-term employee benefits</b>				
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
<b>Floating rate instruments</b>		
<b>Financial assets at amortized cost</b>		
Cash and bank balances - deposit accounts	644,798,867	606,024,891
Loan to subsidiary	10,000,000	10,000,000
<b>Financial assets at fair value through profit or loss</b>		
Short term investments	1,093,846,453	-
	<b>1,748,645,320</b>	<b>616,024,891</b>

### 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
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### 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

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:		
<b>Financial assets at amortized cost:</b>		
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
<b>Financial assets at fair value through profit or loss:</b>		
Short term investments	1,093,846,453	-
	<b>2,367,679,677</b>	<b>1,342,613,499</b>

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
	<b>339,848,952</b>	<b>399,225,719</b>
Less: Allowance for expected credit losses	(17,295,078)	(8,062,919)
	<b>322,553,874</b>	<b>391,162,800</b>

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 Rupees	2019 Rupees
	Short term	Long term	Agency		
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 Rupees	2019 Rupees
	Long term	Agency		
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-----					
<b>31 December 2020</b>						
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-----					
<b>31 December 2019</b>						
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:

- 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
- 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 (FY 2019: @ Rs. 13 per share)	(519,224)	(409,086)
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, Ceftra (Ceftriaxone) of the Subsidiary, launched in the last quarter of 2017, has made its market. During the year, Ceftra 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's 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

## ڈائریکٹر رپورٹ

ہائی نون لیبارٹریز لمیٹڈ کا بورڈ آف ڈائریکٹرز (بورڈ) ہائی نون لیبارٹریز (ہولڈنگ کمپنی) اور کیوریکسا ہیلتھ (پرائیویٹ) لمیٹڈ، جو کئی طور پر اسکی ذیلی کمپنی ہے، اور ان دونوں کا ذکر ہم گروپ کے نام سے کریں گے، کے اشتعال شدہ متنتجج شدہ حسابات برائے سال ختمہ 31 دسمبر 2020 اور گروپ کی مجموعی کارکردگی پر اپنی جائزہ رپورٹ پیش کرتے ہوئے خوش محسوس کر رہا ہے۔

گروپ کی کارکردگی پر ڈائریکٹر 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 ڈائریکٹر رپورٹ اور چیئر مین 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 اشتعالاتی 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 اشتعال شدہ حسابات کی شہ سرخیاں

قبل از ٹیکس خالص منافع	2020	2019	اشتعال شدہ
ٹیکس	(525,071)	(368,219)	'000' روپے
بعد از ٹیکس خالص منافع	1,473,817	1,368,823	
قابل تقسیم منافع	3,671,509	2,662,848	
تخصیص 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 حصص آمدنی

گروپ کے اشتعالاتی متنتجج شدہ حسابات کی بنیاد پر فی حصص آمدنی برائے مالی سال ختمہ 31 دسمبر 2020 بڑھ کر 42.58 روپے (2019: 28.91 روپے) ہو گئی گزشتہ سال کے مقابلے میں اس میں فی حصص اضافہ 13.67 روپے ہوا۔

ذیلی کمپنی کے کاروبار اور گروپ کا تناظر

ذیلی کمپنی سیفلو سپورن پلانٹ چلا رہی ہے اور اس وقت اسکی ادویات کی خرید و فروخت کے حقوق صرف اسکی ہولڈنگ کمپنی کو حاصل ہیں۔

ذیلی کمپنی کا معروف برانڈ سیفٹرو (سیف ٹرانگلوون) جو 2017 کی آخری سہ ماہی میں متعارف کروایا گیا یہ برانڈ مارکیٹ میں اپنا قابل قدر مقام پیدا کرنے میں کامیاب ہوا ہے۔ اس سال سیفٹرو (سیف ٹرانگلوون) کی آمدن فروخت 318 ملین روپے رہی ہے جو کہ گزشتہ سال کے مقابلہ میں 27 فیصد زیادہ ہے جبکہ مارکیٹ میں اس مالیکول کی مجموعی فروخت میں 5 فیصد اضافہ ہوا ہے۔ زاربیکٹ جو کہ ہمارا دوسرا انجینئرنگ برانڈ ہے، اس کی فروخت 83 ملین رہی اور گزشتہ سال کے موازنہ میں اضافہ کی شرح 183 فیصد رہی۔ کمپنی کی بذریعہ منہ استعمال ہونے دو اسینفیا 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 ایوا سیف کے نام سے دو مزید سیفلو سپورین دوائیں متعارف کروائیں۔ ذیلی کمپنی نئی ادویات متعارف کروانے کی منصوبہ بندی کر رہی ہے تاکہ یہ اپنے جراثیم کش مجموعہ ادویات میں تنوع حاصل کر کے مارکیٹ میں اپنے حصہ کو بڑھاسکے اور ذیلی کمپنی کی میسر پیداواری صلاحیت سے بھرپور طریقے سے استفادہ کیا جاسکے۔

ہم پلانٹ اور مشینری کے ساتھ ساتھ ٹیکنالوجی کے حصول پر بھی سرمایہ لگا رہے ہیں تاکہ لاگت پیداوار کو موثر بنایا جاسکے 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 آٹومینٹ ڈرائی پاؤڈر سپینیشن مشین کی تنصیب

- 24/7 وائر فار انجیکشن سٹوریج اور لوپ ٹمبر پیچ برقرار رکھنے کا نظام اور کلین سٹیم کوالٹی ٹیسٹنگ کٹ کی اندرونی ذرائع سے تشکیل

- خود کار لمبلنگ مشین کی تنصیب

- پیشہ ورانہ امور میں صحت و تحفظ کو یقینی بنانے والے معیار آئی ایس او 45001:2018 کے سرٹیفیکیٹ کا حصول ماحول، صحت اور تحفظ کو یقینی بنانے کے نظام کی طرف ایک اور سنگ

میل عبور کرنا ہے۔ یہ نظام پیشہ ورانہ امور کی انجام دہی کے وقت کارکنان کی صحت اور تحفظ کا خیال رکھتا ہے۔

### اظہار تشکر

ہم بورڈ کی طرف سے حصہ داروں، ڈاکٹروں، فارماسسٹ، صارفین، کاروباری شراکت داروں اور بکاروں کا ان کی متواتر سرپرستی اور کاروبار کے لیے اور انتظامیہ و کارکنان کا ان کی انتھک کوششوں، متواتر محنت اور لگن کے لیے پُر خلوص شکر یہ ادا کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

توفیق احمد خان  
ڈائریکٹر

ڈاکٹر عدیل عباس حیدری  
چیف ایگزیکٹو آفیسر

لاہور: 25 مارچ 2021



# 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, and the 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: <ul style="list-style-type: none"><li>- Obtaining an understanding of internal controls over valuation of stock in trade and testing their design, implementation and operating effectiveness;</li><li>- assessing the appropriateness of the Group's accounting policies for valuation of stock in trade and compliance of those policies with applicable accounting standards;</li></ul>

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.	<ul style="list-style-type: none"><li>- 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;</li><li>- physical attendance at inventory count and reconciling the count results to the inventory listings to test the completeness of data;</li><li>- assessment of the appropriateness of management's basis for the allocation of cost and overheads; and</li><li>- substantive analytical and other procedures including the recalculation of valuation based on accounting and costing policy</li></ul>

### 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
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Share capital and reserves</b>			
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
<b>Total Equity</b>		<b>4,592,167,730</b>	<b>3,447,865,758</b>
<b>Non-current liabilities</b>			
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
<b>Current liabilities</b>			
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
<b>Total Liabilities</b>		<b>2,049,121,460</b>	<b>1,283,630,310</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,641,289,190</b>	<b>4,731,496,068</b>

### CONTINGENCIES AND COMMITMENTS

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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
<b>ASSETS</b>			
<b>Non-current assets</b>			
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
<b>Current assets</b>			
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
<b>TOTAL ASSETS</b>		<b>6,641,289,190</b>	<b>4,731,496,068</b>

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  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

Ashfaq P. Alidina  
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  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

Ashfaq P. Alidina  
Chief Financial Officer



## Consolidated Statement of Cash Flow

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
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
<b>Profit before working capital changes</b>		<b>2,421,014,804</b>	<b>1,710,861,219</b>
<b>Working capital changes:</b>			
<b>(Increase) / decrease in current assets:</b>			
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
<b>(Decrease) / increase in current liabilities:</b>			
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
<b>Cash flows generated from operations</b>			
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)
<b>Net cash flows from operating activities</b>		<b>1,459,862,198</b>	<b>721,846,831</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
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
<b>Net cash flows used in investing activities</b>		<b>(1,375,785,729)</b>	<b>(173,922,947)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
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)
<b>Net cash flows used in financing activities</b>		<b>(84,972,631)</b>	<b>(469,633,423)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(896,162)</b>	<b>78,290,461</b>
Cash and cash equivalents at beginning of the year		859,029,312	780,738,851
<b>Cash and cash equivalents at end of the year</b>	39	<b>858,133,150</b>	<b>859,029,312</b>

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 Revaluation Surplus on operating fixed asset	Revenue reserves			Total
			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						
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.

# Consolidated 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 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.

# Consolidated 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 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:



# Consolidated Notes to the Financial Statements

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.

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.

# Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

## 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.

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

### 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.

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

### 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).

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

### 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.

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

### 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.



## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

### 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
Surplus on revaluation of fixed assets as at 31 December	7.1	460,509,721

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.



## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
<b>8. LONG TERM LEASE LIABILITIES</b>			
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
<b>As at 1 January</b>		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)
<b>As at 31 December</b>		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.

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
<b>9. LONG TERM ADVANCES</b>			
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
<b>10. LONG TERM LOAN - SECURED</b>			
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.

	Note	2020 Rupees	2019 Rupees
<b>10.2 The movement of long term loan is as follows:</b>			
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

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

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:

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	-

## Consolidated Notes to the Financial Statements

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	Note	2020 Rupees	2019 Rupees
<b>11.2 Gratuity - General description</b>			
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.			
Present value of defined benefit obligation	11.2.1	525,419,561	415,166,574
<b>11.2.1 Movement in the present value of define benefit obligation:</b>			
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
<b>11.2.2 Expense recognized in consolidated statement of profit or loss:</b>			
Current service cost		28,838,597	25,664,512
Interest cost		45,155,804	44,019,716
		73,994,401	69,684,228
<b>11.2.3 Remeasurement recognized in consolidated statement of other comprehensive income:</b>			
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
<b>11.2.4 Changes in net recognized liability:</b>			
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

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

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

## Consolidated Notes to the Financial Statements

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	Note	2020 Rupees	2019 Rupees
<b>12. TRADE AND OTHER PAYABLES</b>			
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.

### 13. MARKUP 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

### 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).

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

**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.

<b>15. CURRENT PORTION OF LONG TERM LIABILITIES</b>	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	-
		<b>221,586,450</b>	<b>46,112,599</b>

### 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.

## Consolidated Notes to the Financial Statements

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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
<b>16.2 Commitments</b>		
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
	<b>544,895,497</b>	<b>588,191,058</b>
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
	<b>1,313,261</b>	<b>23,334,641</b>

- 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.

<b>17. PROPERTY, PLANT AND EQUIPMENT</b>	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
		<b>1,778,876,923</b>	<b>1,382,588,051</b>



17.1 Operating fixed assets

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

2020												
DESCRIPTION	Cost/revalued amount				Accumulated depreciation				Net book value as at 31 December	Rate		
	As at 01 January	Additions / Transfers*	Disposals	Revaluation Adjustment	As at 31 December	As at 01 January	Depreciation charge for the year	(Disposal) / Transfers*			Revaluation Adjustment	As at 31 December
----- 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:

2019										
DESCRIPTION	Cost/revalued amount			Accumulated depreciation				Net book value as at 31 December	Rate	
	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
----- 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.

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

	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:			
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

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

17.1.4 Disposal of property, plant and equipment								
Description		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		Reg. No						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

Movement in capital work in progress is as follows:

	2020	2019
	----- 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

2020								
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 -----								
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
Less:	55,714,420
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):

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
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### 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

Note  
2020  
Rupees  
2019  
Rupees

### 20.1 Movement in deferred tax is as follows:

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
<b>21.1 Provision for slow moving and obsolete items</b>			
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
<b>22. TRADE DEBTS</b>			
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
<b>22.1</b> These customers have no history of default. Age analysis of these trade debts is given in Note 40.			
<b>22.2 Allowance for expected credit losses:</b>			
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
<b>23. ADVANCES - considered good</b>			
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
<b>24. TRADE DEPOSITS AND PREPAYMENTS</b>			
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
<b>25. OTHER RECEIVABLES</b>			
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
<b>25.2 Workers' Profit Participation Fund</b>		
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

26. SHORT TERM INVESTMENT	Note	2020 Rupees	2019 Rupees
<b>Investments at fair value through profit or loss</b>			
Mutual Funds	26.1	1,093,846,453	-
<b>26.1 Movement in short term investment is as follows:</b>			
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

	Units		Fair Value	
26.1.1 Mutual fund wise detail is as follows:	2020 Numbers	2019 Numbers	2020 Rupees	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
<b>27. TAX REFUNDS DUE FROM THE GOVERNMENT</b>			
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
<b>29. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET</b>			
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

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
<b>Total revenue from contracts with customers - net</b>	<b>10,697,633,870</b>	<b>9,047,692,893</b>

### 29.3 Timing of revenue recognition

Goods transferred at a point in time	10,697,633,870	9,047,692,893
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### 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
<b>30. COST OF REVENUE</b>			
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:

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
<b>31. DISTRIBUTION, SELLING AND PROMOTIONAL EXPENSES</b>			
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
		<b>2,645,473,995</b>	<b>2,386,788,950</b>
<b>31.1 This includes following staff benefits:</b>			
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
		<b>69,234,777</b>	<b>57,627,739</b>

**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
<b>32. ADMINISTRATIVE AND GENERAL EXPENSES</b>			
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
		<b>476,648,232</b>	<b>396,215,600</b>
<b>32.1 It includes the following staff benefits:</b>			
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
		<b>37,948,599</b>	<b>32,005,017</b>
<b>32.2 Auditors' remuneration</b>			
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
		<b>2,645,000</b>	<b>2,252,500</b>
<b>32.3 Donation to following organizations exceeds 0.5 million:</b>			
Rhinology Research Society		900,000	
The Indus Hospital		550,000	
Khyber Teaching Hospital		500,000	
<b>32.4</b> 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
<b>33. RESEARCH AND DEVELOPMENT EXPENSES</b>			
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
		<b>6,377,871</b>	<b>5,012,518</b>

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

### 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
		<b>185,286,277</b>	<b>123,621,231</b>

### 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
		<b>102,137,529</b>	<b>83,030,953</b>

### 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
		<b>31,748,609</b>	<b>35,043,496</b>

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2020

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

### 37.1 Reconciliation of tax charge for the year

2020 2019

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

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%
	<b>26.44%</b>	<b>29.50%</b>

### 38. EARNINGS PER SHARE - BASIC AND DILUTED

2020  
Rupees 2019  
Rupees

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
Weighted average number of ordinary shares	Number of shares	34,614,945	34,614,945
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
<b>39. CASH AND CASH EQUIVALENT</b>		
Cash and bank balances	681,753,307	732,475,617
Term deposit receipts	176,379,843	126,553,695
	<b>858,133,150</b>	<b>859,029,312</b>

## 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

<b>(ii) Interest rate risk</b>		
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
<b>Floating rate instruments</b>		
<b>Financial assets at amortized cost</b>		
Cash and bank balances - deposit accounts	557,073,909	606,024,891
<b>Financial assets at fair value through profit or loss</b>		
Short term investments	1,093,846,453	-
	1,650,920,362	606,024,891
<b>Financial liabilities at amortized cost</b>		
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
<b>Fair value sensitivity analysis for fixed rate instruments</b>		
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:		
<b>Financial assets at amortized cost:</b>		
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
<b>Financial assets at fair value through profit or loss:</b>		
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

Alfalsh 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

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### 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:

- 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
- 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

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## 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 وہی 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 \_\_\_\_\_

2 \_\_\_\_\_

تاریخ: \_\_\_\_\_

جگہ: \_\_\_\_\_

پانچ روپے کی ریونیوٹکٹ پر دستخط

اہم نکات۔

۱۔ 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

چاہئے۔

۲۔ پراکسی فارم دو افراد کی جانب سے گواہی کے ہمراہ ہونا چاہئے 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 کئے جائیں (اگر وہ پہلے پیش نہ کئے گئے ہوں)۔

صحیح ڈاک ٹکٹ چسپاں کریں

کمپنی سیکریٹری  
ہائی نون لیبارٹریز لمیٹیڈ  
۱۷.۵ کلومیٹر ملتان روڈ، لاہور۔ ۵۳۷۰۰، پاکستان