



Highnoon

# Rising + Highnoon

Geared For Another Leap

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Annual Report 2021

Rising  
Highnoon



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## BRAND STORY

Each day we're presented with an opportunity to learn, grow and evolve. We constantly strive to improve ourselves by taking the necessary steps for the betterment of all the stakeholders, starting internally from our employees to the board, which enhances the quality of our products and eventually reflects on our consumers.

In the current wave of change, in addition to redefining our purpose and realigning our vision, we underwent an aesthetic change as well to represent us better for what we stand for.

Reaching our potential and progressing beyond is what Highnoon stands for. Rising Highnoon: Geared for Another Leap aims to embark on goals and journeys higher than the ones that have ever been conquered before.

# Rising Highnoon

Geared For Another Leap

Without the  
courage, we  
would have never  
known the fear



# Rising Highnoon

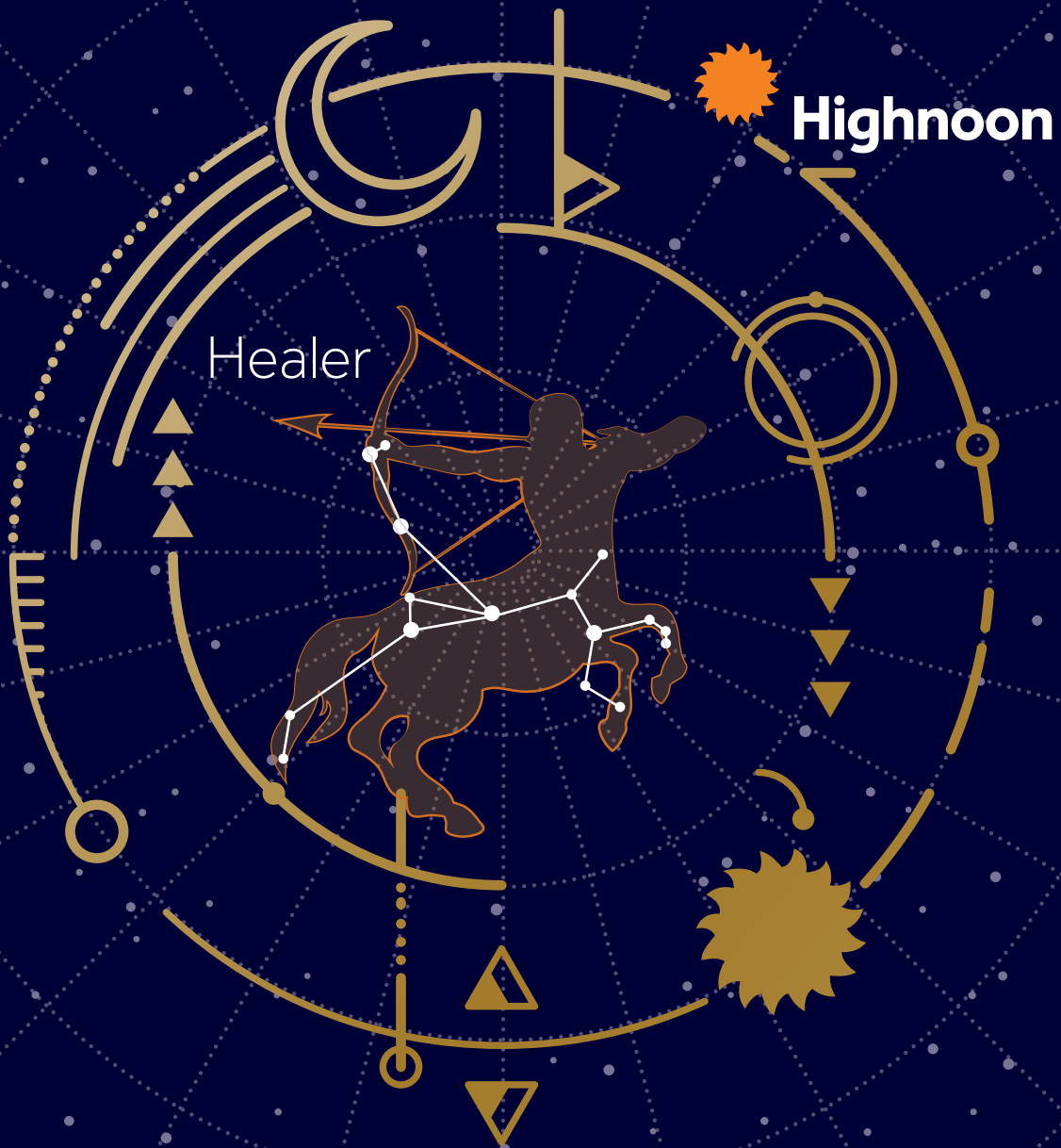
Geared For Another Leap

The reward of  
experience and  
effective leadership,  
shared by all



*Rising  
Highnoon*  
Geared For Another Leap

Provider of relief  
and remedy to  
those in need.  
Imparts knowledge  
and uplifts



# Rising Highnoon

Geared For Another Leap

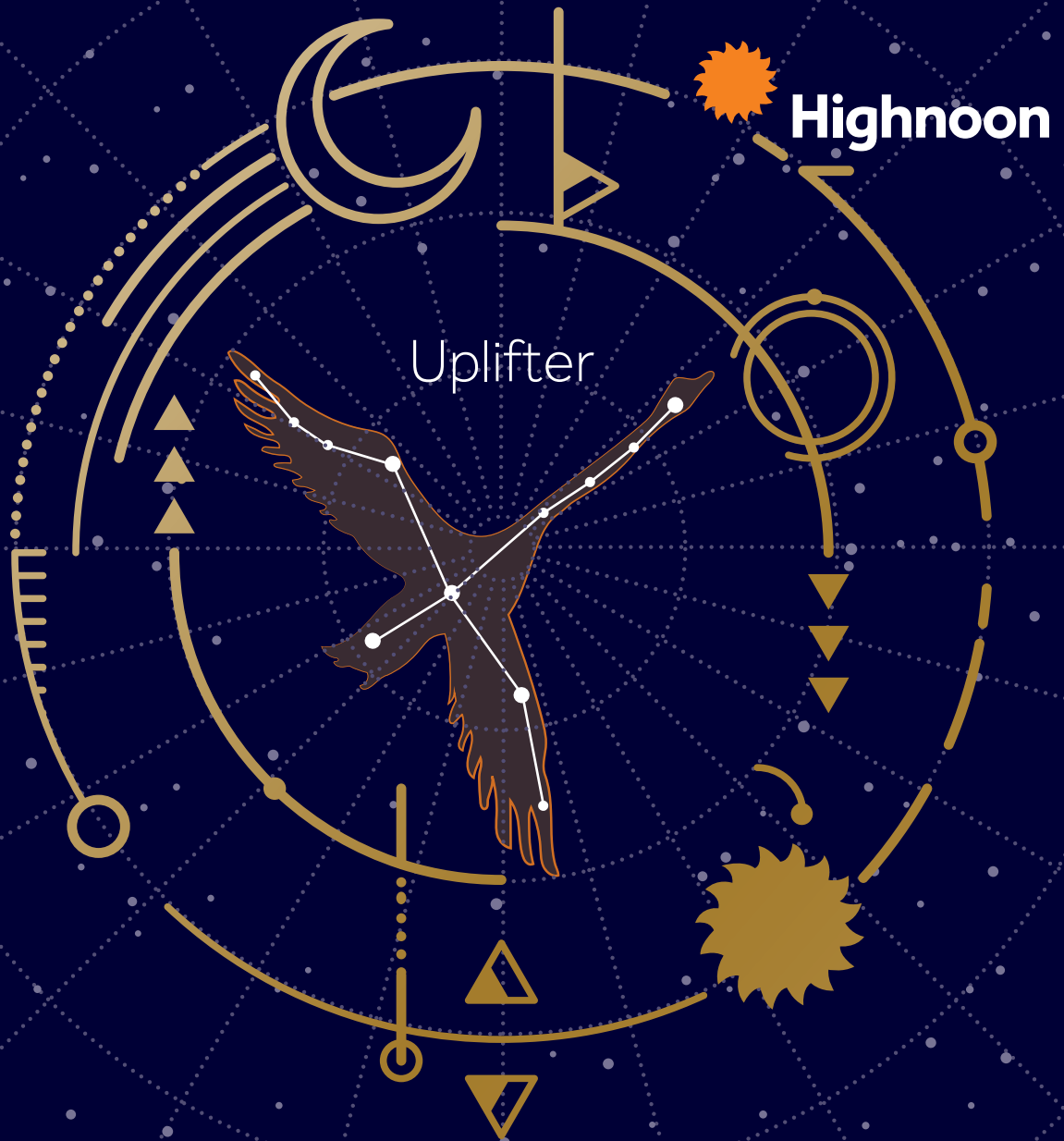
Daring to fall,  
committed to  
transform





Rising  
Highnoon  
Geared For Another Leap

Collaboration and  
understanding is  
the basis of  
effective teamwork





Rising  
Highnoon  
Geared For Another Leap

Growing for  
a better  
tomorrow



## FINANCIAL HIGHLIGHTS

**Sales**

Increased by

**21.5%**

2021: Rs. 13.00 billion  
2020: Rs. 10.70 billion

**Earnings  
Per Share**

Increased by

**27.3%**

2021: Rs. 47.48  
2020: Rs. 37.31

**Total  
Assets**

Grew by

**21.20%**

2021: Rs. 8.04 billion  
2020: Rs. 6.63 billion

**EBITDA**

up by

**24%**

2021: Rs. 2.570 billion  
2020: Rs. 2.076 billion

**Profit  
After Tax**

up by

**27.3%**

2021: Rs. 1.8 billion  
2020: Rs. 1.4 billion

**Equity**

Increased by

**29%**

2021: Rs. 5.76 billion  
2020: Rs. 4.48 billion

**Gross Profit**

up by

**25.3%**

2021: Rs. 6.4 billion  
2020: Rs. 5.1 billion

**Break-up  
Value**

Per Share Increased by

**20%**

2021: Rs. 141.00  
2020: Rs. 117.64

## COMPANY INFORMATION

### Board of Directors

Mr. Tausif Ahmad Khan  
Chairman

Dr. Adeel Abbas Haideri  
Chief Executive Officer

Mrs. Zainub Abbas  
Mrs. Nael Najam  
Mr. Ghulam Hussain Khan  
Mr. Taufiq Ahmed Khan  
Mr. Romesh Elapata

### 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  
Meezan Bank Limited

### Registered, Head office & 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

### Corporate Office

901-9th floor, Tricon Corporate  
Center 73-E, Jail Road, Lahore  
UAN : +92 304 111 0465  
Ph : +92 42 36407346

### 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 Committee

Mrs. Nael Najam  
Chairperson

Mrs. Zainub Abbas  
Member

Mr. Ghulam Hussain Khan  
Member

### Human Resource and Remuneration Committee

Mrs. Nael Najam  
Chairperson

Mrs. Zainub Abbas  
Member

Dr. Adeel Abbas Haideri  
Member

### Executive Committee

Dr. Adeel Abbas Haideri Chairman  
CEO

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. Azfar Abbas Haideri Member  
Director Commercial

Ms. Iram Naila Member  
Director  
Regulatory Affairs

### I.T. Steering Committee

Dr. Adeel Abbas Haideri Chairman  
CEO

Mr. Ashfaq P. Alidina Member  
Chief Financial Officer

Mr. Sajjad Hafeez Butt Member  
COO (Technical)

Mr. Azfar Abbas Haideri Member  
Director Commercial



The name Highnoon, exemplifies the purpose to enrich life with perseverance, passion, integrity and reliability.

As a foundation stone of our corporate identity, our logo is the symbolic reflection of our values. On the imagery and 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 belonging in all of us.

**Dr. Adeel Abbas**

Chief Executive Officer

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 39th Annual General Meeting of Highnoon Laboratories Limited will be held on Monday, April 18, 2022 at 11:00 a.m. at Registered Office, 17.5 Kilometer, Multan Road, Lahore to transact the following business:

1. To confirm Minutes of the last Extra Ordinary General Meeting held on August 31, 2021.
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, 2021, together with Directors' and Auditors' Reports thereon.
3. To consider and approve payment of Cash Dividend at the rate of 200% and Bonus Shares at the rate of 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, 2022.
5. To discuss any other business with the permission of the Chair.

By order of the Board

Lahore  
March 28, 2022

**Khadim Hussain Mirza**  
Company Secretary

## Notes:

### 1. CLOSURE OF SHARE TRANSFER BOOKS

The share transfer books of the Company will remain closed from April 11, 2022 to April 18, 2022 (both days inclusive) to determine the entitlement of payout.

### 2. PARTICIPATION IN THE AGM THROUGH VIDEO LINK FACILITY

The Securities & Exchange Commission of Pakistan (SECP) through its Circular No. 4 dated February 15, 2021 and circular No. 6 dated March 03, 2021 has directed listed companies to arrange participation of shareholders in Annual General Meeting through Video Link Facility in addition to allowing physical attendance by the members. 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.

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.

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.

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.

### 3. WITHHOLDING TAX ON DIVIDEND

To enable the Company to make a tax deduction on the amount of cash dividend at the respective rates of filer and non filer, all shareholders who are filers of 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 accounts 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 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.

### 4. ELECTRONIC DIVIDEND MANDATE

In compliance with S.R.O. 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

### 5. ELECTRONIC VOTING

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

### 6. CONSENT FOR VIDEO CONFERENCING FACILITY

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..

### 7. FINANCIAL STATEMENTS

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 2021 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 2021 in electronic form may apply 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.

Annual Audited Financial Statements for the year ended December 31, 2021, 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).

سینٹرل ڈیپازٹری کمپنی کی وساطت سے درج تمام حصہ داران سے گزارش ہے کہ اجلاس میں شرکت کے لیے اپنی 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 موثر مختارنامہ جس پر ان کے نام تحریر ہوں اور دستخط تصدیق کیے گئے ہوں نمائندگان اپنے ہمراہ لائیں۔

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 رجسٹرار کارپ لنک (پرائیویٹ) لمیٹڈ کو ارسال کریں۔

### 3۔ ڈیویڈنڈ پر ٹیکس کی کٹوتی

کمپنی آپ کے نقد منافع (کیش ڈیویڈنڈ) میں سے ٹیکس فائلر یا نان فائلر ہونے کی نسبت سے ٹیکس کٹوتی کرے گی، 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 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 پیئر لسٹ) کی فہرست میں شامل ہو جائیں۔ کارپوریٹ حصہ داران جو سی ڈی سی اکاؤنٹس کے حامل ہیں ان کے لیے لازمی ہے کہ وہ اپنے متعلقہ شریک حصہ داران کے پاس اپنا درست نیشنل ٹیکس نمبر (این ٹی این) درج کروالیں جبکہ کارپوریٹ فزیکل حصہ داران کے لیے ضروری ہے کہ وہ اپنے این ٹی این سرٹیفکیٹ کی نقل کمپنی یا اس کے شیئرز رجسٹرار کارپ لنک (پرائیویٹ) لمیٹڈ کو ارسال کریں۔ ایف بی آر نے 25 ستمبر 2014 کے اپنے وضاحتی خط نمبر 54/1 ای ایس پی 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۔

### 4۔ ڈیویڈنڈ کی الیکٹرونک ترسیل

کمپنیز ایکٹ کی دفعہ 242 اور ایس ای سی پی کے ایس آر او نمبر 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۔ ان سے گزارش ہے کہ جلد از جلد اپنے بینک اکاؤنٹ کی تفصیلات جو کہ ایک بینک کے نام، برانچ کا نام اور پتہ، بینک اکاؤنٹ ہولڈر کا نام، اور انٹرنیشنل بینک اکاؤنٹ نمبر (CNIC, IBAN) NO 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 شیئر بروکر کو فراہم کریں جبکہ فزیکل شیئر ہولڈر اپنے بینک اکاؤنٹ کی تفصیلات کمپنی کے شیئرز رجسٹرار میسرز کارپ لنک (پرائیویٹ) لمیٹڈ کو فراہم کریں۔ بینک اکاؤنٹ کی تفصیلات بھیجئے ہوئے اپنا فوئیو نمبر اور کمپنی کا نام ضرور لکھیں۔

### 5۔ الیکٹرونک رائے دی

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۔

### 6۔ ویڈیو کانفرنسنگ کی سہولت کے لیے رضامندی

کمپنیز ایکٹ 2017 کی دفعہ 132(2) 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 میڈیا کانفرنس کے ذریعے شرکت کی درخواست اجلاس سے 7 دن قبل تک موصول ہو جاتی ہے تو کمپنی ویڈیو کانفرنس کا اہتمام کریگی اگر اس شہر میں یہ سہولت موجود ہوئی۔

### 7۔ مالیاتی گوشوارے

ممبران کو مطلع کیا جاتا ہے کہ سیکورٹیز ایکسچینج کمیشن آف پاکستان نے اپنے سرکلر نمبر 2014(1)787 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 2021 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 پُر کر کے بھیج دیں۔ الیکٹرانک ترسیل کے ذریعے سالانہ رپورٹ حاصل کر نیوالے حصہ داران اگر بعد میں ہارڈ کاپی بھی حاصل کرنا چاہیں تو درخواست دے کر بلا معاوضہ سات یوم میں حاصل کر سکتے ہیں۔ ممبران سے یہ بھی درخواست کی جاتی ہے کہ اپنے رجسٹرڈ ای میل میں کسی بھی تبدیلی کو بروقت اطلاع کریں تاکہ کمپنی کی طرف سے معلومات کی موثر ترسیل کو یقینی بنایا جاسکے۔

کمپنی کے آڈٹ شدہ مالیاتی گوشوارے بعد ڈائریکٹرز اور آڈیٹرز رپورٹ برائے سال مختتم 31 دسمبر 2021 کمپنی کی ویب سائٹ [www.highnoon-labs.com](http://www.highnoon-labs.com) پر موجود ہیں۔



## سالانہ اجلاس عام

ہائی نون لیبارٹریز لمیٹڈ کے حصہ داران کا انتالیسواں سالانہ عام اجلاس بروز پیر 18 اپریل 2022 بوقت 11:00 بجے صبح کمپنی کے رجسٹرڈ دفتر واقع 17.5 کلو میٹر ملتان روڈ، لاہور میں مندرجہ ذیل امور پر فیصلہ کیلئے منعقد ہوگا۔

- 1- گزشتہ غیر معمولی اجلاس منعقدہ 31 اگست 2021ء کی کاروائی کی توثیق۔
- 2- 31 دسمبر 2021 کو ختم ہونے والے مالی سال کی بابت کمپنی کے تصفیح شدہ حسابات مع اشتهال شدہ حسابات ہمراہ ڈائریکٹرز و آڈیٹرز کی رپورٹس پر غور اور ان کی قبولیت۔
- 3- ڈائریکٹرز کے سفارش کردہ 200 فیصد نقد منافع کی ادائیگی اور 10 فیصد بونس شیئرز کے اجراء کی منظوری۔
- 4- آئندہ مالی سال مختتمہ 31 دسمبر 2022 کے لیے آڈیٹرز کا تقرر اور ان کے صلہ خدمت کا تعین۔
- 5- چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بورڈ آف ڈائریکٹرز  
(خادم حسین مرزا)  
کمپنی سیکرٹری

لاہور:

مورخہ مارچ 28، 2022

### 1- کمپنی کی منتقلی حصص کی کتب

کمپنی کی منتقلی حصص کی کتب 11 اپریل تا 18 اپریل 2022 (بشمول ہر دوایام) اعلان کردہ منافع کے حقدار ان کے تعین کے لیے بند رہیں گی۔

### 2- سالانہ عمومی اجلاس میں شرکت بذریعہ ویڈیولنک

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے سرکلر نمبر 4 مورخہ 15 فروری 2021 اور سرکلر نمبر 6 مورخہ 3 مارچ 2021 میں لسٹڈ کمپنیز کو ہدایت کی ہے کہ وہ حصہ داران کے سالانہ عمومی اجلاس میں ذاتی موجودگی کے علاوہ ویڈیولنک کا انتظام کریں۔ جو حصہ داران اجلاس میں شریک ہونا چاہتے ہیں وہ اپنے سمارٹ فون کمپیوٹرز، یا لیپ ٹاپ کے ذریعے ویڈیولنک پر شرکت کر سکتے ہیں۔ سالانہ اجلاس میں بذریعہ ویڈیولنک شرکت کے لیے حصہ داران کو درخواست کی جاتی ہے کہ وہ درج ذیل معلومات درج ذیل ای میل یا whats app نمبر پر اجلاس شروع ہونے سے کم از کم 48 گھنٹے پہلے فراہم کریں اور <https://zoom.us/download> سے ویڈیولنک حاصل کریں۔

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

دستخط حصہ دار

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

یہ درخواست وصول ہونے کے بعد حصہ داروں کو ان کے دیے گئے ای میل یا whats app نمبر پر ویڈیولنک میں رسائی کی معلومات دی جائیں گی۔ ممبران اجلاس میں زیر بحث لائے جانے والے معاملات سے متعلق اپنی رائے یا تجاویز مذکورہ ذرائع سے بھیج سکتے ہیں۔

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 بل پنی 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۔ ممبران کمپنی کی ویب سائٹ سے پراکسی فارم ڈاؤن لوڈ اور پرنٹ کر سکتے ہیں۔

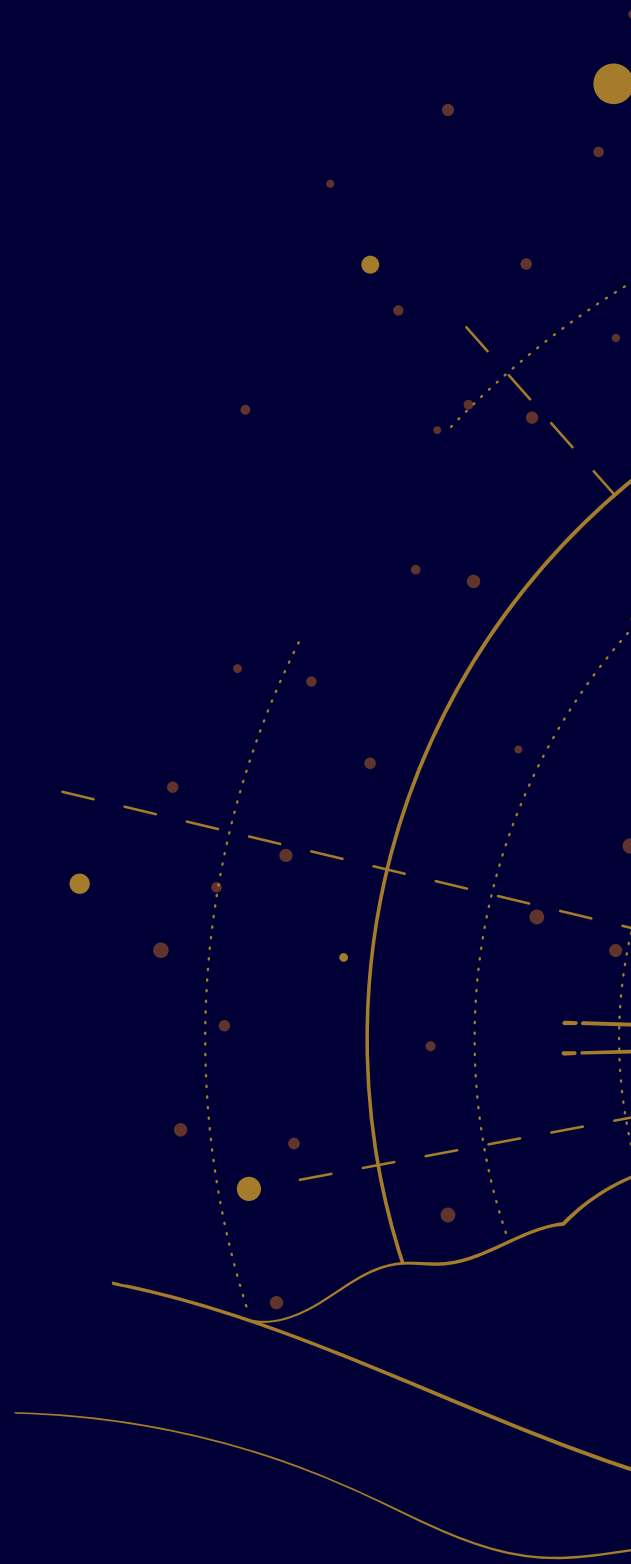
## HIGHNOON VALUES

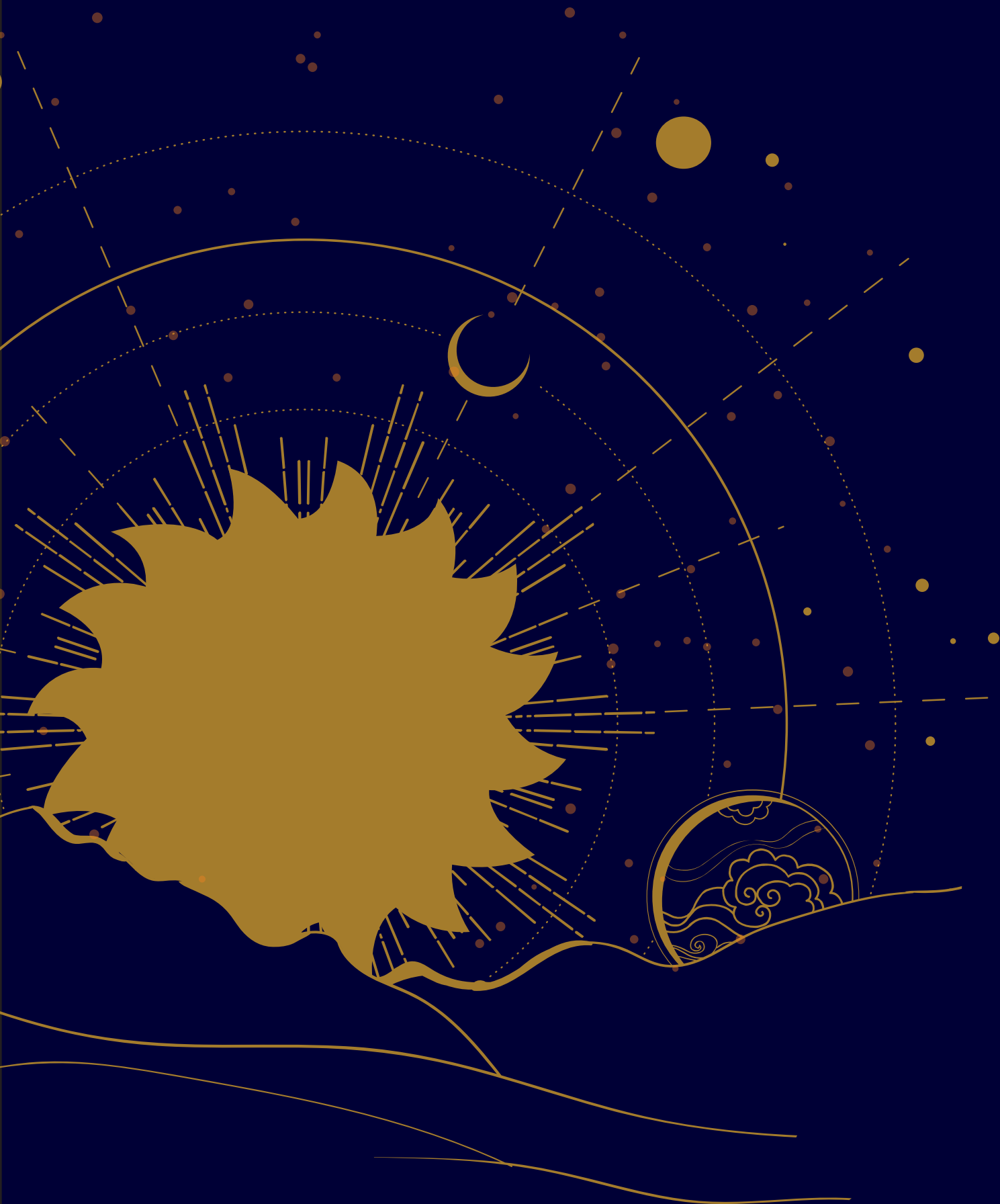
### OUR CORE

- Reliability
- Integrity
- Customer Focus
- Compassion
- Courage
- Perseverance

### OUR ASPIRATION

- Innovation
- Passion





## 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 2021. 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.

We are proud of our achievements in the year gone by. Generally, 2021 was a period of economic recovery from the aftermaths of the pandemic. Highnoon, however, delivered beyond expectations. Carrying forward the momentum of accelerated growth and professional excellence, Highnoon outperformed the growth indicators of the pharma industry of Pakistan by and large. It is an honour to share with you the financial highlights of 2021 with a promise of a continued upward trajectory - recreating our brand and making Highnoon synonymous to quality, innovation and professional excellence.

### FINANCIAL HIGHLIGHTS OF THE COMPANY

	2021	2020
	(Rupees in thousands)	
Profit before tax	2,372,144	1,921,732
Taxation	(564,111)	(500,996)
<b>Profit after tax</b>	<b>1,808,033</b>	<b>1,420,736</b>
<b>Profit available for appropriation</b>	<b>4,876,531</b>	<b>3,612,121</b>
<b>Appropriations:</b>		
Final cash dividend for the		
FY 2021 @ Rs. 20 per share	(761,529)	(519,224)
(FY 2020:@ Rs. 15 per share)		
Bonus share @ 10% (FY 2020:10%)	(38,076)	(34,615)

Highnoon's topline of Rs. 13 Bn depicts an increase of 22% since last year. A rigorous fiscal discipline reinforced with a continued focus on process efficiencies contributed towards a 27% increase in Profit for the year. According to the IQVIA MAT – 12/2021, Highnoon's 5 Yr CAGR, also being the highest in the industry, has been a phenomenal 25.06 % as compared to the industry average of 15.62 %. Your Company stood steadfast amidst the challenging economic environment and countered the inflationary impact of rupee devaluation and increased imported raw material prices through robust cost monitoring, operational efficiencies and apt working capital management.

### CHAIRMAN'S REVIEW

The Chairman of the Board has given his review on pages 34 to 39 which provides further insight of the company .

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 2021, Basic Earnings Per Share (EPS) of the Company is Rs. 47.48 (2020: Rs.37.31 Restated).

### DIVIDEND ANNOUNCEMENT

The Board is pleased to announce a final cash dividend of 200% (2020: 150 %) i.e. Rs. 20 per share (2020: Rs. 15 per share) and bonus shares at the rate of ten percent i.e. 10 shares for every 100 shares (2020: 10%) for the financial year ended 31 December 2021 subject to the approval by the shareholders at the Annual General Meeting to be held on 18 April 2022.

### PATTERN OF SHAREHOLDING

The shareholding information as of 31 December 2021 and other related information is set out on pages 48 to 51.

### 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 2 female directors and 5 male directors, categorized as follows:

Independent Directors	Mrs. Nael Najam 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. The Board met 6 times during the year under review to discharge their responsibilities. The attendance of members at the meetings is summarized as under:

Sr. No.	Member	No. of Meetings Attended
1.	Mr. Tausif Ahmad Khan	2
2.	Mrs. Zainub Abbas	2
3.	Mrs. Nael Najam	6
4.	Dr. Adeel Abbas Haideri	6
5.	Mr. Ghulam Hussain Khan	6
6.	Mr. Taufiq Ahmed Khan	6
7.	Mr. Romesh Elapata	1
8.	Mr. Shazib Masud (Ex Member)	2

#### 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 2021 except the following:

Sr. No.	Name	No. of Shares	Remarks
1.	Mr. Tausif Ahmad Khan	528	Purchase
2.	Mrs Nael Najam	500	Purchase

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 two non-executive directors of the Board. The Chairperson of the Committee is an independent director and the rest of the members are non-executive directors of the Company.

Sr. No.	Name	Category
1.	Mrs. Nael Najam	Chairperson / Independent Director
2.	Mr. Ghulam Hussain Khan	Member / Non-Executive Director
3.	Mrs. Zainub Abbas	Member / Non-Executive Director

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 4 meetings in 2021 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.	Mrs. Nael Najam	2
2.	Mrs. Zainub Abbas	2
3.	Mr. Ghulam Hussain Khan	4
4.	Mr. Shazib Masud (Ex-Member)	2

#### 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:

Sr. No.	Name of the Members	Category	No. of meetings attended
1	Mrs. Nael Najam (Independent Director)	Chairperson/ Independent	1
2	Dr. Adeel Abbas Haideri (CEO/Executive Director)	Member	1
3	Mrs. Zainab Abbas (Non-executive Director)	Member	1

## RISK MANAGEMENT

The Company embraces its responsibility of dealing in products that have a wide societal impact involving human life & health care. Hence, our Risk Identification & Mitigation apparatus extensively covers economic, operational, quality, technological, legal and environmental facets and aims to create value through

early identification and effective mitigation of these risks. Our Lean Risk Management Framework aims to combine tight estimating, creating optimal buffers and enhancing shareholder value and overall customer experience. The Risk Management Committee also strictly monitors the Corporate Risk Matrix to alleviate the possibility of any undesirable situation emerging from these risks that may infringe shareholder value.

## TECHNOLOGY FRONT

It is our strong belief, that we need to not only integrate in a world governed by technological nuances but also equip ourselves to thrive in it. The Company embarked upon SAP S4/HANNA to step up with the pace of leading corporates, mostly multinationals, and provide a solid foundation for building a system driven control environment where best practices are part of the way we do business.

## 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. 953 M (2020: Rs. 703 M).





### 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 2022. The Audit Committee has recommended the appointment of EY Ford Rhodes, Chartered Accountants as Auditors of the Company for the year ended 31 December 2022 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 38 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 43 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 2021. Based on the performance evaluation, the overall performance of the Board has been satisfactory.

### CORPORATE SOCIAL RESPONSIBILITY

Committed to the cause of social welfare and environment, Highnoon continues sponsorship to Thalassemia patients as it has for the last many years. Highnoon through its regular donations to Care Foundation, Fatimid Foundation, SOS Children's Villages of Pakistan and multiple patient facilitation programmes plays an important role to elevate the quality of life of many people. 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.

Realizing our duty to environment, Highnoon has initiated Solar Paneling Project at Plant to save on the financial cost as well as meet energy needs through sustainable sources. State of the art water treatment plant ensures that waste water emission is purified according to approved safety and hygiene standards thus guarding our environment.

### 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.
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 to the financial statements.
8. There have been no material changes since 31 December 2021 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 2021 was Rs.436.96 million as compared to Rs. 408.93 million as per audited accounts of 31 December 2020.
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](http://www.highnoon-labs.com) to retrieve their desired information.

### PROMISE FOR TOMORROW

2021 also saw the launch of our new ethos "Rising Highnoon – Gear for another Leap". Driven by the six elements of Courage, Healer, Rebirth, Uplifter, Resilience and Wisdom, we pledge to further consolidate our name as a leading pharmaceutical company of the country.



### ACKNOWLEDGMENT

We would like to express our sincerest gratitude and 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 sincerely appreciate the resolute 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: March 16, 2022.



## ڈائریکٹرز رپورٹ

- 6- کمپنی کی اس استعداد میں کہ وہ اپنے کاروبار کو جاری رکھ سکے گی کوئی شکوک و شبہات نہیں ہیں۔
- 7- اکاؤنٹنگ کے تخمینے محتاط رائے پر منحصر ہیں اور مالیاتی گوشواروں کے نوٹ 12 میں بیان کیے گئے واجبات کے علاوہ کوئی بھی سرکاری ٹیکسز، ڈیوٹیز، لیویز اور اخراجات کمپنی کے ذمہ واجب الادا نہیں ہیں۔
- 8- 31 دسمبر 2021 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 نادہندہ نہیں ہے اور نہ ہی ڈائریکٹرز اور اُنکے شرکاء حیات اسٹاک بروکرینج کرتے ہیں۔ بورڈ نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2017 کی پیروی پر تحریر اپنی رپورٹ کیساتھ علیحدہ سے منسلک کر دی ہے اور آڈیٹرز نے اس پر اپنی غیر کوالیفائیڈ رپورٹ جاری کر دی ہے۔
- 10- لسٹنگ ریگولیشنز میں بیان کردہ کارپوریٹ گورننس کی بہترین کاروباری عمل داری سے کسی قسم کا انحراف نہیں پایا گیا۔
- 11- پراویڈنٹ فنڈ کی سرمایہ کاری کی قدر 31 دسمبر 2021 پر غیر پڑتال شدہ حسابات کے مطابق 437 ملین روپے ہے جسکے موازنہ میں 31 دسمبر 2020 کے پڑتال شدہ حسابات کے مطابق یہ قدر 409 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 کے 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۔

### مستقبل کے لئے عزم

2021 میں ہم نے ایک نئی سوچ کا آغاز بھی کیا "Rising Highnoon - Gear for another Leap"۔ جرات، زخم پر مرہم رکھنے والا، نئی زندگی، حوصلہ افزائی کرنے والا، ہمت اور حکمت کے چھ رہنما اصولوں کو بنیاد بنا کر ہم ملک کی ایک سرکردہ دوا ساز کمپنی کے طور پر اپنے نام کو مزید مستحکم کرنے کا عہد کرتے 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 پُر اعتماد ہیں کہ مستقبل میں بھی اس رویے کا مظاہرہ کریں گے۔

### اجازت

بورڈ کمپنیز ایکٹ 2017 کی دفعہ 227 کے 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

ڈاکٹر عدیل عباس حیدری

ڈائریکٹر

چیف ایگزیکٹو آفیسر

لاہور

مارچ 16، 2022

## ڈائریکٹرز رپورٹ

اصول کی بنیاد پر ہوا اور آڈٹ کمیٹی اور بورڈ نے اپنے اجلاس میں ان لین دین پر منظوری دی کیونکہ تمام لین دین منظور شدہ قیمت کی پالیسی کی مطابق ہوا۔ ان لین دین کی تفصیلات مالیاتی گوشواروں کے نوٹ 43 میں دی گئیں ہیں۔

### بورڈ کی کارکردگی کا جائزہ

کوڈ آف کارپوریٹ گورنس کی مطابق بورڈ کی کارکردگی کی سالانہ جانچ پڑتال کی جاتی ہے۔ جس کا مقصد کمپنی کے تعین کردہ اہداف کے تناظر اور اس سے وابستہ پیدا ہونیوالی توقعات کے مقابلے میں بورڈ کی کارکردگی کو جانچنا ہے۔ جانچ پڑتال 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 عمل درآمد کرواتا ہے۔ بورڈ کی کارکردگی کی جانچ پڑتال کا ایک جامع پیمانہ تشکیل دیا گیا ہے اور اس پیمانے پر بورڈ کی کارکردگی کو پرکھا جاتا ہے۔ سال محترمہ 31 دسمبر 2021 کے لیے کارکردگی کی جانچ پڑتال مکمل کر لی گئی ہے اور اس کی بناء پر بورڈ کی کارکردگی کو تسلی بخش قرار دیا گیا ہے۔

### کمپنی کی سماجی ذمہ داری

سماجی بہبود اور ماحولیات کے لیے پرعزم، ہائی نون تھیلیسیسیا کے مریضوں کی کفالت پچھلے کئی سالوں سے جاری رکھے ہوئے ہے۔ ہائی نون کیئر فاؤنڈیشن، فاطمہ فاؤنڈیشن، ایس او ایس چلڈرن ویلجرف آف پاکستان کے لیے باقاعدہ عطیات اور متعدد مریضوں کے سہولت پروگراموں کے ذریعے بہت سے لوگوں کے معیار زندگی کو بلند کرنے میں اہم کردار ادا کرتا ہے۔ ہم خون کی خرابی میں مبتلا مریضوں کو آئرن چیلینجنگ لیڈٹ مفت فراہم کرتے رہتے ہیں۔ کمپنی نے پاکستان ریڈ کرسنٹ سوسائٹی کے ساتھ مل کر لاہور میں تھیلیسیسیا سنٹر قائم کیا ہے۔ کمپنی مفت آئرن چیلینجنگ ادویات کی فراہمی کے علاوہ تھیلیسیسیا سنٹر کے اخراجات میں مالی مدد بھی فراہم کرتی ہے۔ ہم ضرورت مند طلباء کی مالی مدد بھی کر رہے ہیں، تاکہ وہ اپنی تعلیم حاصل کریں۔ کمپنی پنجاب یونیورسٹی کالج آف فارمیسی کے غریب طلباء کو مالی مدد فراہم کرتی ہے۔ اس سلسلے میں، ہر سال، ہم فارمیسی کے طلباء کے لیے تین وظائف دیتے ہیں۔ اسی طرح، کمپنی کے ملازمین کے مستحق بچوں کو انڈر گوبوئیٹ/پوسٹ گوبوئیٹ سطح پر پیشہ ورانہ تعلیم کے لیے معاونت کرنے کے لیے ایک پروگرام شروع کیا گیا ہے۔

ماحولیات کے تئیں اپنے فرض کو محسوس کرتے ہوئے، ہائی نون نے پلانٹ میں سولر پینلنگ پروجیکٹ شروع کیا ہے تاکہ مالیاتی لاگت کو بھی بچایا جاسکے اور ساتھ ہی پائیدار ذرائع سے توانائی کی ضروریات کو پورا کیا جاسکے۔ جدید ترین واٹر ٹریٹمنٹ پلانٹ اس بات کو یقینی بناتا ہے کہ فضلے کے پانی کے اخراج کو منظور شدہ حفاظت اور حفظان صحت کے معیارات کے مطابق صاف کیا جائے اس طرح ہمارے ماحول کی حفاظت ہوتی ہے۔

### 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 مستقل عمل داری 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 عمل درآمد کی نگرانی کرنے کے لئے اپنی ذمہ داری لیتی ہیں۔ کوڈ آف کارپوریٹ گورنس 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 اس کے ساتھ ساتھ یہ کمپنی کی پالیسیز، طریقہ کار اور ضوابط عمل کی پیروی کا جائزہ لیتا ہے۔

### کارپوریٹ گورنس

بورڈ درج ذیل تمام امور میں کوڈ آف کارپوریٹ گورنس 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 پانی کے کاروباری معاملات، اس کے امور کے نتائج، کیش فلو، اور ایکویٹی میں تبدیلی کو بیان کرتے ہیں۔

2- کمپنی کے حسابات کے کھاتے باضابطہ طور پر بنائے جارہے 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- مالیاتی گوشوارے بناتے ہوئے ان تمام بین الاقوامی مالیاتی رپورٹنگ سٹینڈرڈز جو پاکستان میں لاگو ہیں 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 اس کی عمل داری کی نگرانی کی جاتی ہے۔



## ڈائریکٹرز رپورٹ

### ٹیکنالوجی فرنٹ

ہمارا یہ پختہ یقین ہے، کہ ہمیں نہ صرف ایک ایسی دنیا میں ضم ہونے کی ضرورت ہے جو جدید ٹیکنالوجی سے چلتی ہے بلکہ خود کو اس میں تیزی سے آگے بڑھنے کے لیے بھی تیار کرنا ہے۔ کمپنی نے SAP S4/HANNA کا آغاز کیا تاکہ سرکردہ کمپنیوں، زیادہ تر ملٹی نیشنلز کی رفتار سے آگے ہائی نون کو بڑھایا جائے، اور ایک ایسے نظام پر مبنی کنٹرول کے ماحول کی تعمیر کے لیے ایک ٹھوس بنیاد فراہم کی جائے جہاں کاروبار کرنے کے بہترین طریقوں پر عمل کرنا ہمارے کاروبار کا حصہ ہو۔

### قومی خزانے میں حصہ

سال 2021 میں کمپنی نے انکم ٹیکس، سیلز ٹیکس، کسٹم ڈیوٹی، ورکرز بھود فنڈ، ورکرز کی منافع میں شراکت کے فنڈ، مرکزی تحقیق فنڈ اور دیگر سرکاری واجبات کی مد میں حکومت اور اسکے منسلک اداروں کو 953 ملین روپے (703:2020 ملین 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 تشریح کی گئی ہے تاکہ ڈائریکٹر 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 لسٹڈ ریگولیشنز کے مطابق دو بار تعیناتی کے اہل ہیں، سال 2022 کیلئے انہوں نے اپنی خدمات پیش کیں ہیں۔ آڈٹ کمیٹی نے آڈیٹران میسرز ای وائی فورڈ روڈز، چارٹرڈ اکاؤنٹنٹس کو سال 31 دسمبر 2022 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 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 ضابطہ 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 اس کے شرکا اور ان کے شرکا بحیات اور نابالغ بچے کسی بھی وقت کمپنی کے حصص کی ملکیت یا ان کے لین دین میں شامل نہیں رہے۔

### ذیلی کمپنی

کیورکیسا ہیلتھ (پرائیویٹ) لمیٹڈ۔ مالیاتی کارکردگی کا جائزہ

کمپنی اور اسکی ذیلی کمپنی کی مجموعی 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 ڈائریکٹران 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 صرف بورڈ اور کمیٹیوں کے اجلاس میں شمولیت کرنے پر معاوضہ اور متعلقہ اخراجات لینے کے حقدار ہوں گے
- ایگزیکٹو ڈائریکٹرز کا معاوضہ کمپنی کی پالیسیوں کے مطابق مقرر کیا جاتا ہے۔ معاوضے میں تبدیلی ہر سال کمپنی کی مجموعی کارکردگی اور کارکردگی کے اہم اشاریوں کی بنیاد پر کی جاتی ہے۔ مراعات اور فوائد کمپنی کی پالیسیوں کے مطابق ادا کیے جاتے ہیں۔
- بورڈ انفرادی وسائل اور معاوضہ کمیٹی کی سفارشات پر وقتاً فوقتاً بورڈ مینٹگ میں شمولیت کیلئے ڈائریکٹر ان کے لئے معاوضے کا تعین کرتا ہے۔
- سال کے دوران ایگزیکٹو ڈائریکٹر کو دیے جانے والے معاوضے کی تفصیل مالیاتی گوشواروں کے نوٹ 38 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 کمیٹی 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 آرمز لینتھ کے

## ڈائریکٹرز رپورٹ

### آڈٹ کمیٹی

لسٹڈ کمپنیز (کوڈ آف کنڈٹ) ریگولیشنز 2019 کی متعلقہ شقوں کے مطابق بورڈ نے آڈٹ کمیٹی تشکیل دی ہے۔ جو کہ 2 نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے اور اس کے چیئر مین کمپنی کے ایک آزاد ڈائریکٹر ہیں اور اسکے بقیہ ممبرز نان ایگزیکٹو ڈائریکٹرز ہیں۔

نام	عہدہ
محترمہ نائل نجم	چیئر پرسن / آزاد ڈائریکٹر
محترم غلام حسین خان	ممبر / نان ایگزیکٹو ڈائریکٹر
محترمہ زینب عباس	ممبر / نان ایگزیکٹو ڈائریکٹر

آڈٹ کمیٹی مالی معاملات اور وسائل کی فراہمی، کارپوریٹ اکاؤنٹنگ اور فنانشل رپورٹنگ کے نظم، انٹرئل کنٹرول سسٹم کی موزونیت اور اثر پذیری، خطرات کے تدارک کی منصوبہ بندی اور انٹرئل اور ایکسٹرنل آڈٹ کے عمل کا جائزہ سالانہ بنیاد پر کرتی ہے۔ انٹرئل آڈٹ کے محکمے کا سربراہ آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ کمپنی سیکرٹری اس کمیٹی کے سیکرٹری کے طور بھی کام کرتا ہے۔ انٹرئل آڈٹ کا شعبہ مسلسل کے ساتھ کمپنی کے ریکارڈز اور آپریشنز کا معائنہ کرتا رہتا ہے تاکہ یقینی بنایا جائے کہ مالیاتی معلومات کی فراہمی کامل شفاف ہے اور متعلق قوانین کی پاسداری کرتا ہے اور انٹرئل کنٹرول کے نظام سے ہم آہنگ ہے۔

یہ کمیٹی مالی سال کی ہر سہ ماہی میں ملاقات کرتی ہے۔ یہ ملاقات سہ ماہی عبوری نتائج کی بورڈ کی طرف سے منظوری سے پہلے منعقد ہوتی ہے اور ایک بار ایکسٹرنل آڈٹ کی تجویز کے بعد ملتی ہے۔ سال 2021 میں اس کمیٹی نے 4 ملاقاتیں کی ہیں جس میں ایک دفعہ ہی ملاقات انٹرئل آڈٹ کے شعبہ کے سربراہ اور اس شعبہ کے دوسرے ممبران سے سی ایف او اور ایکسٹرنل آڈٹیرز کی غیر موجودگی میں کی گئی ہے اور ایک بار ایکسٹرنل آڈٹیرز سے سی ایف او اور انٹرئل آڈٹ کے شعبہ کے سربراہ کی غیر موجودگی میں کی گئی ہے۔ ان ملاقاتوں میں کمیٹی ممبران کی حاضری کی تفصیل درج ذیل ہے

ممبر کا نام	ملاقاتوں میں حاضری کی تعداد
محترمہ نائل نجم	2
محترمہ زینب عباس	2
محترم غلام حسین خان	4
محترم شازب مسعود (سابق ممبر)	2

### افراد و 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 افرادی وسائل کے نظم و نسق سے متعلقہ اصول سازی، انتخاب، کارکردگی کی جانچ پڑتال، معاوضہ کے تعین (بشمول بعداز ریٹائرمنٹ سہولیات)، سی ای او، سی ایف او، کمپنی سیکرٹری اور داخلی کنٹرول کے سربراہ کے جانشینی 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	جیٹ	ملاقاتوں میں حاضری کی تعداد
محترمہ نائل نجم	چیئر پرسن (آزاد ڈائریکٹر)	1
ڈاکٹر عدیل عباس	ممبر (سی ای او ایگزیکٹو ڈائریکٹر)	1
محترمہ زینب عباس	ممبر (نان ایگزیکٹو ڈائریکٹر)	1

### تدارک خطرات کیلئے ہماری فکر

کمپنی کو اس بات کا ادراک ہے کہ وہ ایسی مصنوعات بناتی ہے جن کے انسانی زندگی اور صحت کی دیکھ بھال پر مشتمل وسیع سماجی اثرات ہیں۔ لہذا، ہمارا تدارک خطرات ڈھانچہ بڑے پیمانے پر معاشی، پیداواری مراحل، کوالٹی، ٹیکنالوجی سے متعلقہ، قانونی اور ماحولیاتی پہلوؤں کا احاطہ کرتا ہے اور اس کا مقصد ان خطرات کی جلد شناخت اور مؤثر تدارک کے ذریعے قدر پیدا کرنا ہے۔ ہمارے مؤثر تدارک خطرات کا نظام کا مقصد لاگت کا سخت تخمینہ، بہترین بفرز بنانا اور اس طرح حصص یافتگان کی قدر اور مجموعی طور پر گاہک کی توقعات سے زیادہ اپنی خدمات کو بہتر بنانا ہے۔ تدارک خطرات کمیٹی کارپوریٹ رسک میٹرکس پر بھی کڑی نظر رکھتی ہے تاکہ ان خطرات سے پیدا ہونے والی کسی بھی ناپسندیدہ صورتحال کے امکان کو کم کیا جاسکے جس سے حصص یافتگان کی قدر میں کمی کا احتمال ہو۔

## ڈائریکٹرز رپورٹ

31 دسمبر 2021 حصص کی موجودہ ملکیتی معلومات صفحہ نمبر 48 سے 51 پر دی گئی ہے۔

### بورڈ اور اس کے اجلاس

کمپنی بورڈ اور اس کی 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 اضافے کا باعث ہے۔ اس میں 5 مرد اور 2 خواتین ڈائریکٹرز ہیں جنہیں درج ذیل کیٹگریز میں شمار کیا جاتا ہے۔

آزاد ڈائریکٹرز	محترمہ نائل نجم
نان ایگزیکٹو ڈائریکٹرز	محترم رویش ایلاپانا
	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، 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 2021 میں اپنے فرائض کی بجا آوری کے لیے بورڈ نے چھ ملاقاتیں کی ہیں جن میں حاضری کی تفصیل درج ذیل ہے:

بورڈ نمبر کا نام	ملاقاتوں میں حاضری کی تعداد
محترم توصیف احمد خان	2
محترمہ زینب عباس	2
محترمہ نائل نجم	6
ڈاکٹر عدیل عباس	6
ڈاکٹر غلام حسین خان	6
محترم توفیق احمد خان	6
محترم رویش ایلاپانا	1
محترم شازب مسعود (سابق ممبر)	2

### 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 2021 میں کمپنی کے حصص کا کوئی بھی لین دین نہیں کیا۔

نام	حصص کی تعداد	نوعیت
محترم توصیف احمد خان	528	مارکیٹ سے خریدے
محترمہ نائل نجم	500	مارکیٹ سے خریدے

پاکستان اسٹاک ایکسچینج اور سیکورٹیز اینڈ 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 کر دیا گیا تھا۔

## ڈائریکٹرز رپورٹ

ہائی نون لیبارٹریز لمیٹڈ کا بورڈ آف ڈائریکٹرز کمپنی کی سالانہ رپورٹ اور پڑتال شدہ حسابات برائے سال مختتمہ 31 دسمبر 2021 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۔ ہمیں گزری سال میں اپنی کامیابیوں پر فخر ہے۔ 2021 کرونا وبا کے بعد معاشی بحالی کا دور تھا۔ تاہم، ہائی نون نے توقعات سے بڑھ کر کامیابیاں حاصل کی ہیں۔ تیز تر نمو اور پیشہ ورانہ مہارت کی رفتار کو آگے بڑھاتے ہوئے، ہائی نون نے عمومی طور پر پاکستان کی دوا ساز صنعت کی نمو کے تمام اشاریوں کو پیچھے چھوڑ دیا۔ مسلسل ترقی کے پُر عزم ہو کر، اپنے برانڈ کو ایک نئی شکل دے کر اور ہائی نون کو معیار، جدت اور پیشہ ورانہ مہارت کا نشان بنا کر آپ کو 2021 کی مالی کارکردگی پیش کرنا ایک اعزاز کی بات ہے۔

2021	2020	
		'000 روپے
2,372,144	1,921,732	قبل از ٹیکس خالص منافع
(564,111)	(500,996)	ٹیکس
1,808,033	1,420,736	بعد از ٹیکس خالص منافع
4,876,531	3,612,121	قابل تقسیم منافع

### تخصیص منافع

(761,529)	(519,224)	نقد ڈیویڈنڈ برائے مالی سال 2021 فی حصص 20 روپے کے
		حساب سے (2020: فی حصص 15 روپے)
(38,076)	(34,615)	بونس حصص 10 فیصد (2020: 10 فیصد)

ہائی نون کی 13 ارب روپے کی فروخت پچھلے سال سے 22 فیصد کا اضافہ ظاہر کرتی ہے۔ سخت مالیاتی نظم و ضبط اور پیداواری مراحل پر مسلسل توجہ سے اس سال کے منافع میں 27 فیصد اضافہ ممکن ہوا۔ IQVIA MAT - 12/2021 کے مطابق، ہائی نون کا پانچ سالہ CAGR پاکستان کی دوا ساز صنعت میں سب سے زیادہ ہونے کی وجہ سے، صنعت کی اوسط 15.62 فیصد کے مقابلے میں غیر معمولی 25.06 فیصد رہا ہے۔ آپ کی کمپنی مشکل معاشی ماحول کے درمیان ثابت قدم رہی اور روپے کی قدر میں کمی اور درآمدی خام مال کی قیمتوں میں اضافہ کے اثرات کا مقابلہ انتہائی تندی سے لاگت کی نگرانی، پیداواری مراحل میں بہتری اور سرمائے کے مناسب استعمال کے ذریعے کیا۔

### جائزہ از چیئر مین

بورڈ کے چیئر مین نے اپنا تجویز صفحہ نمبر 34 سے 39 پر پیش کیا ہے جو درج ذیل معاملات پر آگاہی فراہم کرتا ہے۔  
بورڈ چیئر مین کے جائزہ کے مندرجات کو منظور کرتا ہے اور یہ ڈائریکٹر پورٹ کا حصہ ہیں۔

### فی حصص آمدنی

کمپنی کے پڑتال شدہ حسابات کی بنیاد پر فی حصص آمدنی برائے مالی سال ختمہ 31 دسمبر 2021 47.48 روپے (2020: 37.31 روپے) ہے۔

### ڈیویڈنڈ کا اعلان

بورڈ نقد ڈیویڈنڈ بحساب 200 فیصد (2020: 150 فیصد) جو کہ فی حصص 20 روپے (2020: 15 روپے) بنتا ہے اور بونس حصص بحساب 10 فیصد (2020: 15 فیصد) یعنی ہر 100 حصص پر 10 بونس حصص برائے سال مختتمہ 31 دسمبر 2021 کا اعلان کرتے ہوئے خوشی محسوس کرتا ہے۔ یہ تقسیم حصہ داروں کے سالانہ عام اجلاس منعقدہ 18 اپریل 2022 میں دی گئی منظوری سے مشروط ہے۔

### حصص کی ملکیتی معلومات

## CHAIRMAN'S REVIEW

I am delighted to share the extraordinary performance of your company for the year ended December 31, 2021. Despite unprecedented challenges that the world faced in general and Pakistan in particular, in terms of COVID-19, macro-economic inflationary pressure and supply chain volatility, your company has delivered another successful year.

### RECOGNITION

It gives me immense pride to share with you that Forbes magazine once again listed Highnoon amongst the best Asian pharmaceutical companies with consistent performance and growth.

**DAWN**  
TODAY'S PAPER | MARCH 22, 2022

HOME LATEST NO CONFIDENCE CORONAVIRUS PAKISTAN BUSINESS OPINION CULTURE SPORT MAGAZINES WORLD TECH PRISM POPULAR MULTIMEDIA ARCHIVE IN DEPTH

### Highnoon on Forbes' list

The Newspaper's Staff Reporter | Published September 22, 2021



**LAHORE: A Pakistani pharmaceutical company has made it to Forbes Asia's Best Under a Billion 2021.**

The is second time that Highnoon Laboratories, one of Pakistan's largest and fast growing company, made it to the list. Last time it was included on the list in 2019, before the outbreak of the pandemic.

Chairman Tausif Khan described the honour as one of the most defining and celebratory moments for the company ever. "It shows that the company is on the right track."

*Published in Dawn, September 22nd, 2021*



Among several other accolades, your company has been recognized and awarded a winning trophy at the 1st Pharma Export Summit & Awards, 2021 (PESA) organized by the Pakistan Pharmaceutical Manufacturers' Association (PPMA) this year.

These are testament to the fact that your Company is showing continuous commitment to its vision of enriching lives.

### FINANCIAL PERFORMANCE

Highnoon continues to deliver robust financial performance year over year. The year 2021 was no exception: Revenue increased by 22 % to PKR 13 billion along with posting a robust gross profit margin of 49% reflecting an absolute increase in gross profit of 25% over last year. Profit after tax of PKR 1.8 billion grew phenomenally by 27% resulting in earnings per share of PKR 47.48 compared to PKR 37.04 in the previous year. Our exports increased from PKR 555 million to PKR 625 million, registering an increase of 12.5%

Highnoon improved margins despite Covid -19 and the

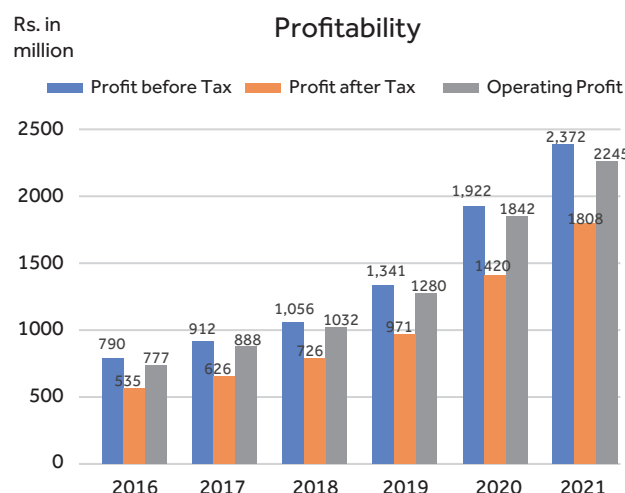
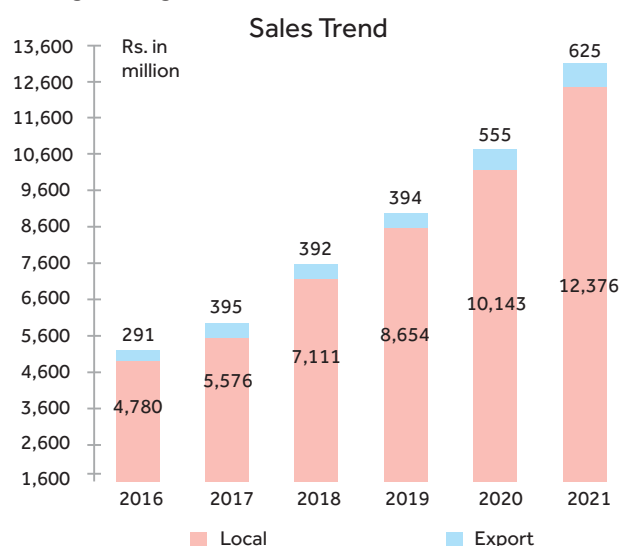


exchange rate challenge. This was possible because of improvements in the supply chain, competitive sourcing, and efficient plant operations.

Despite a challenging year, we kept our businesses moving and growing. Highnoon launched eight new products to enrich our product portfolio. We have a healthy pipeline of new products to feed our high growth rate in the coming years.

Owing to prudent working capital management, Highnoon's liquidity reserves increased manifold thus

strengthening our balance sheet.



### DAWN OF A NEW HORIZON

We are proud to announce that your Company is now amongst one of the few top players in the industry with an enterprise resource management system. While recognizing the ever-growing need for digital transformation, we have successfully implemented SAP S/4 HANA system. Several trainings were conducted to equip our employees with the skillset needed. This milestone would not have been achieved without the tireless efforts and teamwork of our employees.



### OUR STRENGTH, OUR TEAM

Our people are our real assets. We invest in the human capital to continuously nurture a high-performance culture and to practice our core values of trust and empowerment.

We continue to bring improvements in all aspects of our Human Resource Management ranging from human resource development to the well-being and safety of our employees. During the testing times of the pandemic, we ensured our employees' safety and arranged an in-house vaccination facility for the convenience of our employees and their families.

We have also launched an emergency medical service at our premises to provide an immediate response to employees with life threatening and emergency situations in these difficult times.

We encourage a healthy lifestyle for our employees. A unique initiative, Rahbar Ramadan was taken for creating awareness on Diabetes and its management during the holy month of Ramadan. The employees were enlightened in 25 pre Ramadan workshops aligned with the international guidelines on lifestyle modifications and their impact to manage the disease.

### AIMING HIGH – EXPANSION (Special Economic Zone)

Highnoon has acquired 12 acres of land at the Quaid-e-Azam Industrial Business Park for building a state-of-the-art facility to cater to the unmet medical needs of the future. We aim to expand our product portfolio with innovative dosage forms that we do not produce now.





### CORPORATE SOCIAL RESPONSIBILITY

Highnoon has always been a socially responsible entity. We believe in giving back to the planet we live on, and we aim to reduce our impact on the environment.

A wastewater treatment plant and effluent treatment plant were commissioned to make the water emissions safe for the environment. A 300 plus KW solar installation has also been undertaken not only to reduce utility costs but to also to factor in renewable sources of energy in the production equation.



Highnoon's continued contributions towards thalassemia has led us to support clinics working for disease management by providing an iron chelating agent free of cost to the vulnerable communities.

Like every year, we collaborated with Hilal-EAhmar to arrange a blood camp at the premises and encouraged the Highnoon Family to donate blood for serving humanity.

### BOARD OF DIRECTORS – LEADING FROM THE FRONT

During the year, election of Directors was held as per the requirements of the Companies Act, 2017. I would like to appreciate the valuable contributions made by our retiring director Mr. Shazib Masud during the term. I would also like to welcome the newly elected director Mrs. Nael Najam on the Board who would also be serving as the Chairperson of the Audit Committee as well as the Human Resource & Remuneration Committee.

### ACKNOWLEDGMENT

Finally, I extend my gratitude to the Board of Directors for their valuable support and commitment toward your company. I also want to express my sincere appreciation to our workforce, employees and management who are the pillars of our success.

## FUTURE OUTLOOK

We aspire for patient welfare and improved clinical outcomes with our innovative therapies. We continuously explore new solutions to for a better tomorrow.

I am confident that Highnoon will continue to serve humanity and will positively impact everyone associated with Highnoon.

Looking forward to another year of success. , and another year of "Rising Highnoon."

Tausif Ahmad Khan  
Chairman  
March 16, 2022

## اعلیٰ مقصد - توسیعی منصوبہ (پیش اکناک زون)

ہائی نون نے قائد اعظم بزنس پارک میں مستقبل کی طبی ضروریات سے ہم آہنگ ایک جدید ترین سہولت کی تعمیر کے لیے بارہ (12) ایکڑ اراضی حاصل کی ہے۔ ہمارا مقصد اپنی ادویات کو نت نئی خوراک کی شکل میں متعارف کرانا ہے جو ہم ابھی تیار نہیں کرتے ہیں۔

## کمپنی کی سماجی ذمہ داری

آپ کی کمپنی ہمیشہ سماجی طور پر باشعور ادارہ رہی ہے۔ ہم جس زمین میں رہتے ہیں اسے واپس دینے پر پختہ یقین رکھتے ہیں۔ ہائی نون کا مقصد ماحولیاتی صحت کے لیے ایک اہم کردار ادا کرتے ہوئے پائیدار ترقی کے اہداف حاصل کرنا ہے۔ ہم نے فضلے کے پانی کو صاف کرنے کا اور ایک ایٹلووینٹ ٹریٹمنٹ پلانٹ نصب کیا ہے، تاکہ ماحول پر آلودگی کے بوجھ کے اثرات کو کم کیا جاسکے۔ بہترین معیار کے شمسی توانائی سے چلنے والے پینلز کے ساتھ 300 کلوواٹ سے زیادہ استعداد کے پلانٹ پر بھی کام شروع کیا گیا ہے تاکہ نہ صرف بجلی کی مد میں ہونے والے خرچ کو کم کیا جاسکے بلکہ توانائی کے قابل تجدید ذرائع کو بھی اپنے توانائی کے استعمال میں شامل کیا جاسکے۔ اس کے علاوہ تھیلیسیمیا کی روک تھام میں ہائی نون کا بڑا کردار ہے کیونکہ ہم غیر محفوظ لوگوں کو آئرن چیلیٹنگ لمینٹ فیبرپروکسیپول فراہم کر کے اس بیماری کے لیے کام کرنے والی بڑے اداروں کی مدد کرتے رہتے ہیں۔ ہر سال کی طرح اس سال بھی ہم نے ہلال احمر کے ساتھ مل کر اپنے احاطے میں بلڈ کمپ کا اہتمام کیا اور ہائی نون کے ملازمین کی حوصلہ افزائی کی کہ وہ خون کا عطیہ دے کر انسانیت کی خدمت کے لیے اپنا کردار ادا کریں۔

## بورڈ آف ڈائریکٹرز - کمپنی کی مثالی شخصیات

سال کے دوران، ڈائریکٹرز کا انتخاب کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق ہوا۔ میں اپنے رہنما رہنے والے ڈائریکٹر جناب شازیب مسعود کی مدت ملازمت کے دوران کی گئی گرانقدر خدمات کی تعریف کرنا چاہوں گا۔ میں بورڈ میں منتخب ڈائریکٹر مسز نائل انجم کا بھی خیر مقدم کرنا چاہوں گا جو آڈٹ کمیٹی کے ساتھ ساتھ ہیومن ریسورس اینڈ ریمونریشن کمیٹی کی چیئر پرسن بھی ہوں گی۔

## اعتراف

آخر میں، میں بورڈ آف ڈائریکٹرز کا آپ کی کمپنی کے متین گراں قدر تعاون اور عزم کے لیے ان کا شکریہ ادا کرتا ہوں۔ میں اپنے ملازمین اور انتظامی عملے کے لیے بھی اپنی مخلصانہ تعریف کا اظہار کرنا چاہتا ہوں جو ہماری کامیابی کے ستون ہیں۔

## مستقبل پر نظر

ہم انسانیت کی خدمت کے لیے اپنے نت نئے طریقہ علاج کے ذریعے مریضوں کی فلاح و بہبود کی خواہش رکھتے ہیں۔ ہم صحت کی بہتر دیکھ بھال کیلئے مسلسل نئے امکانات تلاش کر رہے ہیں۔

مجھے یقین ہے کہ ہائی نون ایک نئے جوش کے ساتھ انسانیت کی خدمت جاری رکھے گی اور ہائی نون سے وابستہ ہر فرد پر مثبت اثر ڈالے گی۔ کامیابی کے ایک اور سال، ”رائزنگ ہائی نون“ کے ایک اور سال کے منتظر۔

بورڈ کی طرف سے

توصیف احمد خان  
چیئر مین

مارچ 16، 2022

لاہور

## چیرمین کا جائزہ

مجھے 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے آپ کی کمپنی کی غیر معمولی کارکردگی بتاتے ہوئے انتہائی خوشی محسوس ہو رہی ہے۔ کرونا وبا کی وجہ سے انتہائی مشکلات کے باوجود جن کا دنیا کو بالعموم اور پاکستان کو بالخصوص سامنا کرنا پڑا، افراط زر کے دباؤ اور خام مال کی ترسیل میں غیر یقینی صورت حال کے باوجود، آپ کی کمپنی نے اس سال بھی کامیابی حاصل کی ہے۔

### ہائی نون کی خدمات کا اعتراف

یہ بے حد فخر کی بات ہے کہ فوربس میگزین نے ایک بار پھر ہائی نون کو ایشیا کی بہترین دوا ساز کمپنیوں میں شامل کیا ہے جو لگاتار فروخت اور منافع میں نمو کا مظاہرہ کر رہی ہیں۔ اس سال پاکستان فارماسیوٹیکل مینوفیکچررز ایسوسی ایشن (PPMA) کے زیر اہتمام 1st فارما ایکسپوٹ سمٹ اینڈ ایوارڈز، 2021 (PESA) میں آپ کی کمپنی کی خدمات کو تسلیم کیا گیا اور اسے ٹرائی سے نوازا گیا۔ یہ اس حقیقت کا ثبوت ہیں کہ آپ کی کمپنی لگاتار لوگوں کی زندگی کو بہتر بنانے کے نصب العین کو حاصل کرنے کے لئے پُر عزم ہے۔

### مالیاتی کارکردگی

ہائی نون سال بہ سال لگاتار مضبوط مالیاتی کارکردگی کا مظاہرہ کر رہی ہے۔ سال 2021 بھی اس سے مستثنیٰ نہیں تھا: آمدن فروخت 22% بڑھ کر 13 ارب روپے ہو گئی اور 49% کے مضبوط مجموعی منافع کے مارجن کے ساتھ پچھلے سال کے مقابلے میں مجموعی منافع میں 25% کا اضافہ ہوا۔ بعد از ٹیکس منافع 1.8 ارب روپے رہا جو کہ 27% کا غیر معمولی اضافہ ہے جس کے نتیجے میں گزشتہ سال 37.04 روپے کے مقابلے میں اس سال 47.48 روپے فی حصص آمدنی ہوئی۔ ہماری برآمدات 555 ملین روپے سے بڑھ کر 625 روپے ملین ہو گئیں، جو کہ 12.5 فیصد کا اضافہ ظاہر کرتا ہے۔

کرونا وبا اور ڈالر کے مقابلے میں روپے کی قدر کم ہونے کی باوجود ہائی نون نے بہتر منافع حاصل کیا ہے۔ یہ خام مال کی ترسیل میں بہتری، مسابقتی خام مال کی خریداری، اور پلانٹ کو موثر انداز میں چلانے کی وجہ سے ممکن ہوا۔

ایک مشکل سال کے باوجود، ہم نے اپنے کاروبار کو نہ صرف رواں دواں رکھا بلکہ آگے بھی بڑھایا۔ ہائی نون نے اپنے پروڈکٹ پورٹ فولیو کو مزید تقویت دینے کے لیے آٹھ نئی ادویات متعارف کیں۔ ہمارے پاس نئی ادویات متعارف کروانے کے مزید کئی منصوبے ہیں تاکہ آنے والے سالوں میں بھی تیز تر شرح نمو حاصل کر سکیں۔

بہترین مالی وسائل کے استعمال سے ہائی نون کے مالی ذخائر میں کئی گنا اضافہ ہوا ہے اس طرح ہماری مالی بنیاد مضبوط ہوئی ہے۔

### ایک نئی صبح کا آغاز

ہمیں یہ اعلان کرتے ہوئے فخر محسوس ہو رہا ہے کہ آپ کی کمپنی اب انڈسٹری کے چند سرفہرست اداروں میں سے ایک ہے جس کے پاس انٹرپرائز ریسورس مینجمنٹ سسٹم ہے۔ ڈیجیٹل تبدیلی کی مسلسل بڑھتی ہوئی ضرورت کو تسلیم کرتے ہوئے، ہم نے SAP S/4 HANA سسٹم کو کامیابی سے نافذ کیا ہے۔ ملازمین کو اس میں شامل ہنرمندی سے آراستہ کرنے کے لیے متعدد تربیتی پروگرامز کا انعقاد کیا گیا ہے۔ یہ سنگ میل ہمارے ملازمین کی انتھک محنت اور باہمی تعاون کے بغیر حاصل نہیں کیا جاسکتا تھا۔

### ہماری طاقت، ہماری ٹیم

ہمارے لوگ ہی ہمارا اصل اثاثہ ہیں۔ ہم اعلیٰ کارکردگی کے رواج کو مسلسل پروان چڑھانے اور باہمی اعتماد، بااختیار فیصلہ سازی اور جوابدہی کی اپنی بنیادی اقدار پر عمل کرنے کے لیے افرادی قوت کی لگاتار تربیت اور بہتری پر سرمایہ صرف کرتے ہیں۔

ہم انسانی وسائل کی ترقی سے لے کر اپنے ملازمین کی فلاح و بہبود اور حفاظت تک ہیومن ریسورس مینجمنٹ کے تمام پہلوؤں میں بہتری لاتے رہتے ہیں۔ وبائی مرض کے آزمائشی اوقات کے دوران، ہم نے اپنے ملازمین کی حفاظت کو یقینی بنایا اور اپنے ملازمین اور ان کے اہل خانہ کی سہولت کے لیے ہائی نون کے احاطے میں وائسینیشن کی سہولت کا بندوبست کیا۔

ہم نے اپنے احاطے میں ایک ہنگامی طبی سروس بھی شروع کی ہے تاکہ ملازمین کو جان لیوا اور ہنگامی حالات میں فوری طبی سہولت فراہم کی جاسکے۔ ہم اپنے ملازمین کے لیے صحت مند طرز زندگی کی حوصلہ افزائی کرتے ہیں۔ رمضان کے مقدس مہینے میں ذیابیطس اور اس کے انتظام کے بارے میں آگاہی پیدا کرنے کے لیے ایک منفرد اقدام، رہبر رمضان اٹھایا گیا۔ ملازمین کو رمضان سے پہلے 25 ورکشاپس میں طرز زندگی میں تبدیلیوں اور بیماری سے نمٹنے کے لیے ان کے اثرات کے بارے میں بین الاقوامی رہنما خطوط کے مطابق آگاہی دی گئی۔

## SIX YEARS AT A GLANCE

2021      2020      2019      2018      2017      2016

Rupees in ('000')

### Summary of Balance Sheet

Share Capital	380,764	346,149	314,681	286,074	255,423	228,056
Reserves	5,381,858	4,140,050	3,126,880	2,584,375	2,160,528	1,586,340
Operating Fixed Assets	1,516,180	1,456,763	1,118,266	976,068	934,826	728,635
Non Current Assets	321,006	290,627	270,714	243,337	233,843	249,407
Current Assets	6,202,886	4,879,193	3,239,590	2,551,663	2,193,453	1,855,578
Current Liabilities	1,600,806	1,291,099	680,525	437,900	522,981	662,211
Net Working Capital	4,602,080	3,588,094	2,559,066	2,113,763	1,670,472	1,193,367
Non-current Liabilities	676,645	856,580	88,825	88,596	49,959	44,093

### Summary of Profit and Loss Account

Sales - Net	13,000,780	10,697,634	9,047,693	7,503,101	5,971,229	5,070,755
Gross Profit	6,415,593	5,121,176	4,161,593	3,500,432	2,845,891	2,378,020
Earning Before Interest, Tax, Depreciation and Amortization (EBITDA)	2,569,555	2,076,388	1,483,478	1,167,771	1,012,530	893,293
Operating Profit	2,245,423	1,842,161	1,279,784	1,031,609	887,981	776,532
Profit Before Tax	2,372,144	1,921,732	1,341,086	1,056,264	912,299	789,875
Net Profit After Tax	1,808,033	1,420,736	971,012.5	725,889	626,464	534,976

### Summary of Cash Flow Statement

Net Cash Flow from Operating Activities	1,708,234	1,333,188	700,853	433,184	267,060	637,570
Net Cash Flow from Investing Activities	(1,032,992)	(1,290,307)	(162,583)	23,244	(139,081)	(142,274)
Net Cash Flow from Financing Activities	(687,226)	(79,321)	(459,350)	(289,019)	(196,113)	(167,402)
Changes in Cash and Cash Equivalents	(10,724)	(35,698)	78,920	167,409	(68,134)	327,894
Cash and Cash Equivalents at Year End	812,473	823,198	858,895	779,975	612,566	680,700

### Financial Performance/Profitability Analysis

Sales Growth	%	21.53	18.24	20.59	25.65	17.76	15.14
Gross Profit Margin	%	49.35	47.87	46.00	46.65	47.66	46.90
EBITDA to Sales Margin	%	19.76	19.41	16.40	15.56	16.96	17.62
Operating Profit Margin	%	17.27	17.22	14.14	13.75	14.87	16.64
Profit Before Tax Margin	%	18.25	17.96	14.82	14.08	15.28	15.58
Profit After Tax Margin	%	13.91	13.12	10.73	9.67	10.49	10.55
Return on Equity	%	31.38	31.67	28.21	25.29	25.93	29.49
Return on Capital Employed	%	37.26	36.42	35	32	32.31	36.66

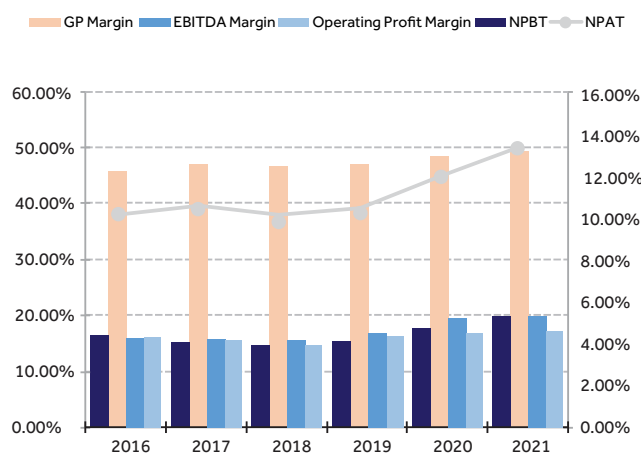
### Operating Performance/Liquidity Analysis

Inventory Turnover	Days	124.33	128	117	113	115	126
Debtors Turnover	Days	12.70	12.18	14	13	10	5
Creditors Turnover	Days	45.9	41.8	35.1	34.0	47.0	63.0
Cash Operating Cycle	Days	89.4	97.9	95.8	91.5	78.1	67.8
Assets Turnover Ratio	Times	1.62	1.61	1.95	1.99	1.78	1.79
Return on Assets	%	22.49	21	21	19	19	19
Current Ratio	Times	3.87	3.78	4.76	5.83	4.19	2.80
Quick Ratio	Times	2.43	2.15	2.13	2.74	2.06	1.30

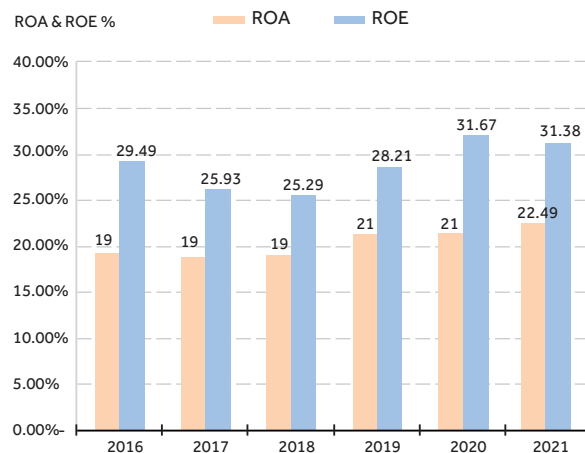
## SIX YEARS AT A GLANCE

		2021	2020	2019	2018	2017	2016
<b>Distribution Analysis</b>							
Pay out-Proposed	%						
- Cash Dividend per share	Rs.	20	15	13	13	10.00	8.50
- Bonus	%	10	10	10	10	12	12
Payout Ratio (after tax)	%	42.12	36.55	42.13	51.23	40.77	36.23
Dividend Yield	%	3.19	2.50	2.42	3.74	2.34	1.33
Earnings Per Share (after tax)	Rs./share	47.48	37.31	30.86	25.37	24.53	23.46
Price Earning Ratio	Times	13.21	16.05	17.41	13.70	17.40	27.24
Number of Shares	in '000'	38,076	34,615	31,468	28,607	25,542	22,806
Break-up Value of Share (Including surplus on Revaluation)	%	151.34	129.54	109.37	100.34	94.59	79.56
<b>Market Value of Share</b>							
- Year End	Rs.	627	599	537.26	347.65	426.78	639.00
- Highest	Rs.	680	650	590.00	495.81	750.00	658.91
- Lowest	Rs.	580	408	220	240	375.00	398.04
Market Capitalization	Rs. in '000'	23,873,903	20,762,363	16,906,568	9,945,363	10,900,943	14,572,804
* Based on proposed final dividend							

Profitability Margins



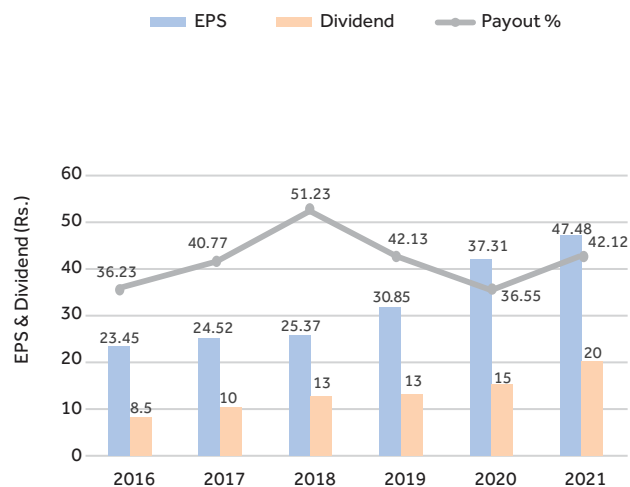
Shareholders' Equity, Assets and Return



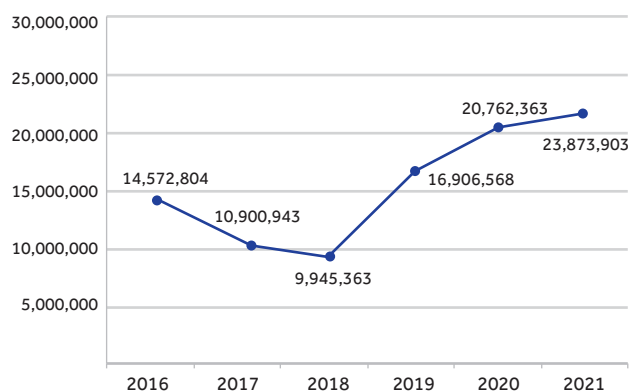


# GRAPHICAL PRESENTATION

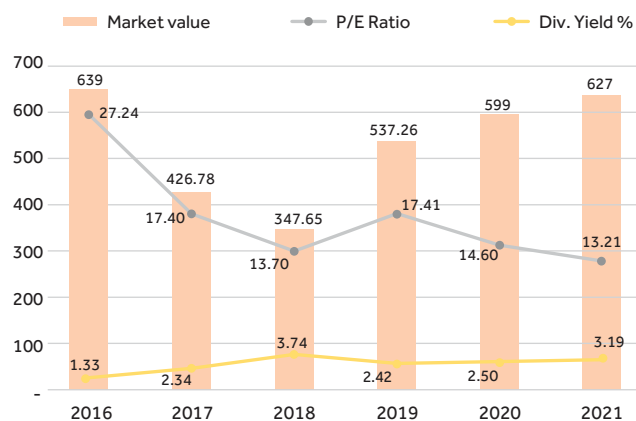
## EPS, Dividend and Payout %



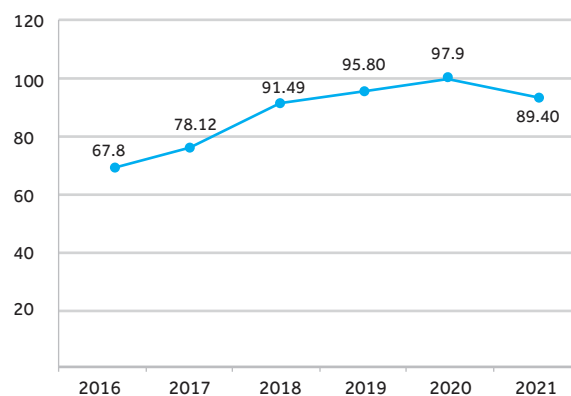
## Market Capitalization Rupees In '000'



## Dividend Yield, P/E Ratio and Market Value

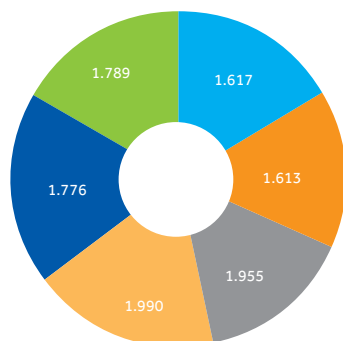


## Cash Operating Cycle (Days)

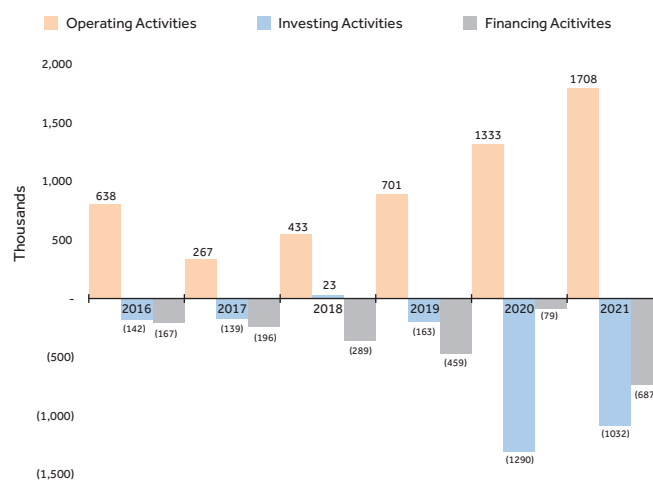


## Asset turnover (times)

2016 2017 2018 2019 2020 2021



## Cash flows analysis



# STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

## Value Added

Net Sales  
Material & Services  
Other Income

2021 Rs. in 000	2020 Rs. in 000
13,057,729	10,731,279
7,908,312	6,468,799
153,655	103,681
<u>5,303,072</u>	<u>4,366,161</u>

## Distribution

### Employees

Salaries Wages & Benefits  
Workers Profit Participation Fund

2,456,700	2,091,875
126,480	103,128
<u>2,583,180</u>	<u>2,195,003</u>

### Government

Income Tax  
Sales Tax  
Central Research Fund  
Workers Welfare Fund

564,111	500,996
56,949	33,645
23,716	20,834
52,881	37,691
<u>697,657</u>	<u>593,166</u>

### Society

Donation

16,791	2,599
--------	-------

### Provider of Finances

To Shareholder as Cash dividend  
To Banks as financial charges

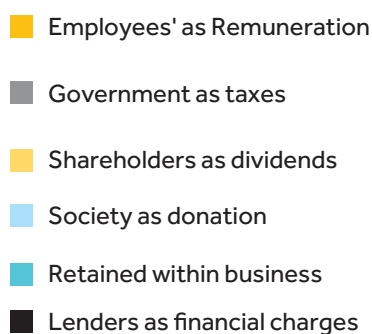
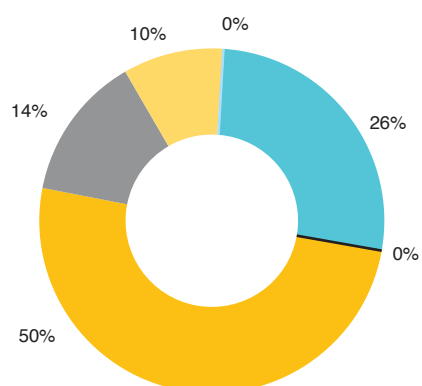
519,224	409,086
9,032	9,879
<u>528,256</u>	<u>418,964</u>

### Retained in Business

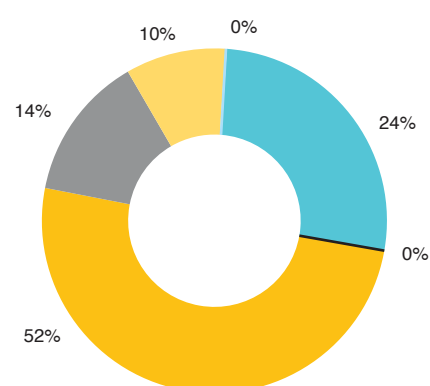
Depreciation and amortization  
Retained Profit

170,478	130,546
1,306,711	1,025,883
1,477,189	1,156,429
<u>5,303,072</u>	<u>4,366,161</u>

Year 2021



Year 2020



# HORIZONTAL ANALYSIS

## STATEMENT OF FINANCIAL POSITION

### Summary of Balance Sheet

	2021 Rs. in 000 %		2020 Rs. in 000 %		2019 Rs. in 000 %		2018 Rs. in 000 %		2017 Rs. in 000 %		2016 Rs. in 000 %	
Share capital	380,764	10	346,149	10	314,681	10	286,074	12	255,423	12	228,056	12
Revenue reserves	4,990,532	33.9	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
Surplus on revaluation of fixed assets	391,326	-5.5	413,929	16.2	356,336	-3.8	370,409	-3.5	384,003	83	209,884	-3.1
	5,762,622	28	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

### Non Current Liabilities

Long term loan - secured	-	-100	165,410	100	-	-	-	-	-	-	-	-
Long term lease Liabilities	119,758	-8	129,566	111.7	61,215	37.6	44,486	208	14,442	-14.3	16,844	50.9
Long term advances	10,240	-69	33,267	20.5	27,610	-37.4	44,110	24.2	35,517	30.3	27,249	34.4
Deferred liabilities	546,646	3	528,330	26.5	417,662	11.6	374,124	0.2	373,230	19.3	312,920	6.5
Total Non Current Liabilities	676,644	-21	856,573	69.1	506,486	9.5	462,720	9.3	423,189	18.5	357,013	9.8

### Current Liabilities

Trade and other payables	976,842	44	552,376	-7.6	598,034	74.5	342,712	-13.5	396,055	-14.5	463,045	18
Unclaimed dividend	64,337	45	44,471	0	30,556	0	20,175	-49.8	40,195	39.7	28,767	67.3
Mark-up accrued	-	0	-	-100	101	225.8	31	-51.6	64	243.7	19	-64.9
Provision for Taxation	295,491	0	296,237	853.9	31,054	-18.3	38,025	-35.7	59,102	-58.7	143,275	62.4
Current portion of long term liabilities	230,887	19	194,541	836.2	20,779	-43.8	36,957	34.1	27,566	1.7	27,105	7.6
Contract Liabilities	33,249	-57	76,852	100	-	-	-	-	-	-	-	-
Total Current Liabilities	1,600,806	50	1,087,625	59.8	680,525	55.4	437,900	-16.3	522,982	-21	662,211	26.6
	8,040,072	21.2	6,633,880	43	4,628,572	23	3,771,069	12	3,362,122	19	2,833,620	23.7

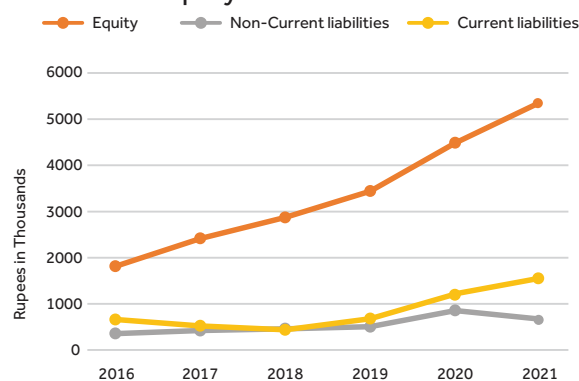
### Non Current Assets

Property, plant and equipments	1,516,181	4	1,456,763	30	1,118,266	14.6	976,068	4.4	934,826	28.3	728,634	-4.6
Intangible assets	21,189	100	-	0	-	-	-	-100	5,073	-76.7	21,766	-43.4
Long Term Investment	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	137.2
Long Term deposits	11,443	-47	21,443	1	21,183	51.1	14,021	10.4	12,696	4.8	12,112	14.5
Long Term advances	34,787	-7	37,353	35	27,673	-5.6	29,316	82.4	16,074	3.5	15,529	931.1
Deferred tax asset	53,587	37	39,126	79	21,858	100	-	-	-	-	-	-
Total Non Current Assets	1,837,187	5	1,754,685	26	1,388,980	13.9	1,219,405	4.3	1,168,669	19.5	978,041	8.8

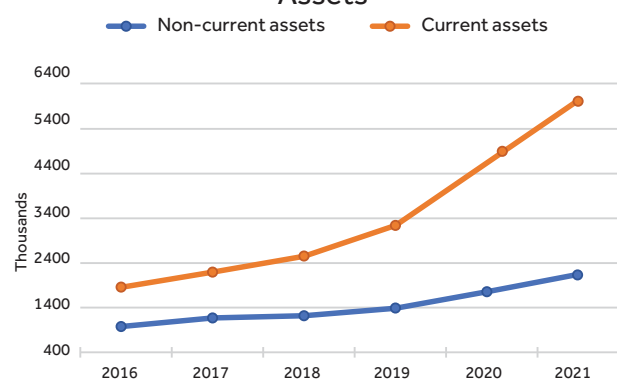
### Current Assets

Stock in trade	2,315,936	10	2,106,011	18	1,790,211	32.3	1,352,925	21.3	1,115,539	12.4	992,638	15.4
Trade Receivables	582,342	81	322,554	-18	391,163	39	281,510	12.3	250,692	233.6	75,154	10.7
Advances	316,746	-25	421,964	185	148,027	96.7	75,264	30	57,879	-22.5	74,673	-6.6
Trade Deposits & Prepayments	50,015	9	45,960	32	34,916	14.2	30,573	25.7	24,330	39.6	17,423	-11.6
Other receivables	26,860	-26	36,525	1017	3,271	-13.4	3,777	-44.7	6,835	49.4	4,576	46
Loan to subsidiary	10,000	0	10,000	0	10,000	-50	20,000	0	20,000	100	-	-
Tax refund due from government	29,197	53	19,135	100	3,107	-59.3	7,638	36.1	5,611	-46.1	10,413	30.9
Short term investment	2,059,740	88	1,093,846	35106	-	-	-	-100	100,000	100	-	-
Cash and bank balances	812,049	-1	823,197	-4	858,895	10.1	779,976	27.3	612,566	-10	680,700	92.9
Total Current Assets	6,202,885	27	4,879,192	51	3,239,590	27	2,551,663	16.3	2,193,452	18.2	1,855,578	33.3
	8,040,072	21	6,633,877	43	4,628,570	23	3,771,068	12	3,362,121	19	2,833,618	33.7

## Equity and Liabilities



## Assets



# VERTICAL ANALYSIS

## STATEMENT OF FINANCIAL POSITION

	2021		2020		2019		2018		2017		2016	
	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	380,764	4.7	346,149	5.2	314,681	6.8	286,074	7.6	255,423	7.6	228,056	8
Revenue reserves	4,990,532	62.1	3,726,121	56.2	2,770,544	59.9	2,213,966	58.7	1,776,525	52.8	1,376,456	48.6
Surplus on revaluation of fixed assets	391,326	4.9	413,929	6.2	356,336	7.7	370,409	9.8	384,003	11.4	209,884	7.4
	5,762,622	71.7	4,486,199	67.6	3,441,561	74	2,870,449	76	2,415,951	72	1,814,396	64

### Non Current Liabilities

Long term loan - secured	-	0.0	165,410	2.5	-	-	-	-	-	-	-	-
Long term lease Liabilities	119,758	1.5	129,566	2.0	61,215	1.3	44,486	1.2	14,442	0.4	16843.781	0.6
Long term advances	10,240	0.1	33,267	0.5	27,610	0.6	44,110	1.2	35,517	1.1	27248.879	1
Deferred liabilities	546,646	6.8	528,338	8.0	417,662	9	374,124	9.9	373,230	11.1	312920.256	11
Total Non Current Liabilities	676,644	8.4	856,580.30	12.9	506,486	10.9	462,720	12.3	423,189	12.6	357,013	12.6

### Current Liabilities

Trade and other payables	976,842	12.1	679,007	10.2	598,034	12.9	342,712	9.1	396,055	11.8	463,045	16.3
Unclaimed dividend	64,337	0.8	44,471	0.7	30,556	0.7	20,175	0.5	40,195	1.2	28,767	1
Mark-up accrued	-	0.0	-	0.0	101	0	31	0	64	0	19	0
Provision for Taxation	295,491	3.7	296,237	4.5	31,054	0.7	38,025	1	59,102	1.8	143,275	5.1
Current portion of long term liabilities	230,887	2.9	194,533	2.9	20,779	0.4	36,957	1	27,566	0.8	27,105	1
Contract Liabilities	33,249	0.4	76,852	1.2	-	-	-	-	-	-	-	-
Total Current Liabilities	1,600,806	19.9	1,291,100	19.5	680,525	14.8	437,900	11.6	522,982	15.7	662,211	23.5
	8,040,072	100	6,633,879	100	4,628,572	100	3,771,069	100	3,362,122	100	2,833,620	100

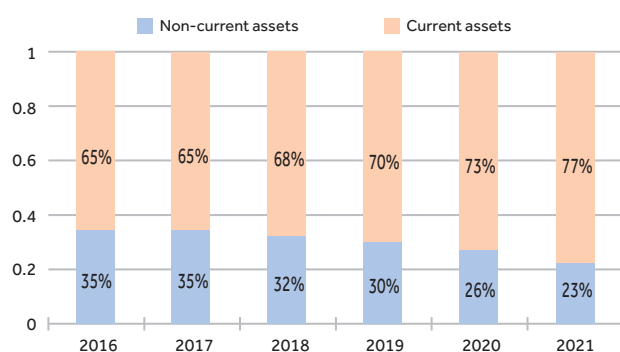
### Non Current Assets

Property, plant and equipments	1,516,181	18.9	1,456,763	22	1,118,266	24.2	976,068	25.9	934,826	27.8	728,634	25.7
Intangible assets	21,189	0.3	-	-	-	-	-	5,073	0.2	21,766	0.8	
Long Term Investment	200,000	2.5	200,000	3	200,000	4.3	200,000	5.3	200,000	5.9	200,000	7.1
Long Term deposits	11,443	0.1	21,443	0.3	21,183	0.5	29,316	0.8	16,074	0.5	15,529	0.5
Long Term advances	34,787	0.4	37,352.77	0.6	27,673	0.6	14,021	0.4	12,696	0.4	12,112	0.4
Deferred tax asset	53,587	0.7	39,126	0.6	21,858	0.5	-	-	-	-	-	-
Total Non Current Assets	1,837,187	22.9	1,754,686	26.5	1,388,980	30	1,219,405	32.3	1,168,669	34.8	978,041	34.5

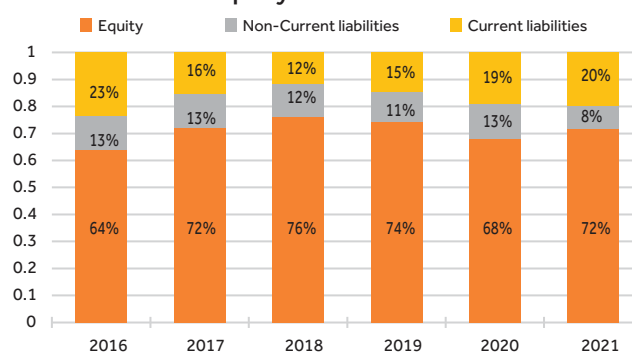
### Current Assets

Stock in trade	2,315,936	28.8	2,106,010	31.7	1,790,211	38.7	1,352,925	35.9	1,115,539	33.2	992,638	35
Trade Receivables	582,342	7.2	322,553	4.9	391,163	8.5	281,510	7.5	250,692	7.5	75,154	2.7
Advances	316,746	3.9	421,964	6.4	148,027	3.2	75,264	2	57,879	1.7	74,673	2.6
Trade deposits and prepayments	50,015	0.6	45,960	0.7	34,916.15	0.8	30,573	0.8	24,330	0.7	17,423	0.6
Other receivables	26,860	0.3	36,525	0.6	3,271	0.1	3,777	0.1	6,835	0.2	4,576	0.2
Loan to subsidiary	10,000	0.1	10,000	0.2	10,000	0.2	20,000	0.5	20,000	0.6	-	-
Tax refund due from government	29,197	0.4	19,135	0.3	3,106.65	0.1	7,638	0.2	5,611	0.2	10,413	0.4
Short term investment	2,059,740	25.6	1,093,846	16.5	-	-	-	-	100,000	3	-	-
Cash and bank balances	812,049	10.1	823,197	12.4	858,895	18.6	779,976	20.7	612,566	18.2	680,700	24
Total Current Assets	6,202,885	77.1	4,879,192	73.5	3,239,590	70	2,551,663	67.7	2,193,452	65.2	1,855,578	65.5
	8,040,072		6,633,878		4,628,570		3,771,069		3,362,122		2,833,619	

## Assets



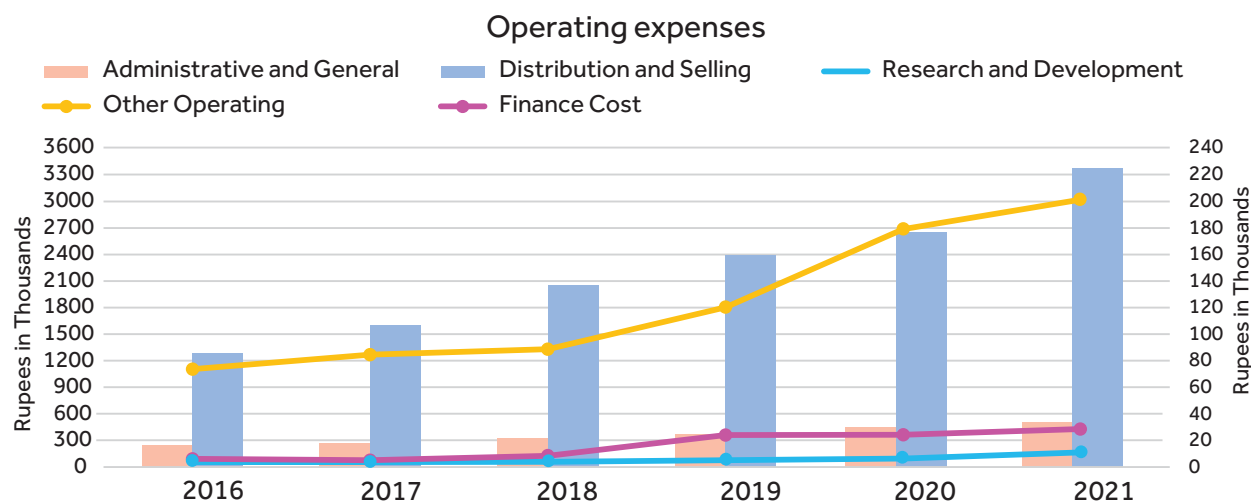
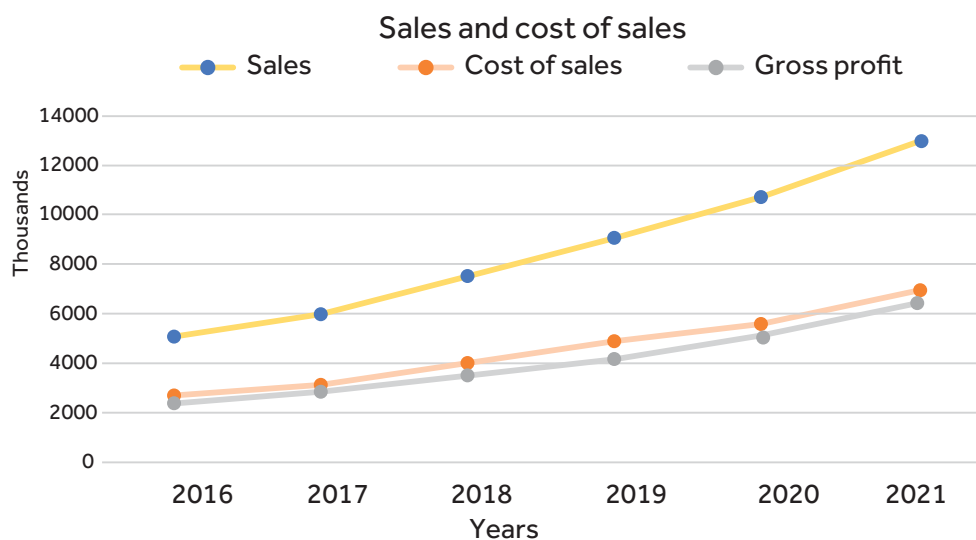
## Equity and liabilities



# HORIZONTAL ANALYSIS

## STATEMENT OF PROFIT OR LOSS

	2021 Rs. in 000 %		2020 Rs. in 000 %		2019 Rs. in 000 %		2018 Rs. in 000 %		2017 Rs. in 000 %		2016 Rs. in 000 %	
Sales - net	13,000,780	21.5	10697634	18.2	9,047,693	100	7,503,101	25.7	5,971,229	17.8	5,070,755	15.1
Cost of Sales	6,585,187	18.1	5576458	14.1	4,886,100	53.3	4,002,669	28.1	3,125,338	16.1	2,692,735	16.5
Gross Profit	6,415,593	25.3	5,121,176	23.1	4,161,593	46.7	3,500,432	23	2,845,891	19.7	2,378,020	13.7
Distribution, Selling and Promotional Expenses	3,416,349	29.1	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
Administrative and General Expenses	530,888	18.5	448,034	21.2	369,802	4.3	324,161	20	270,080	10.1	245,280	0.2
Research and Development Expenses	8,673	36.0	6,378	27.2	5,013	0.1	3,799	5.3	3,607	-1.2	3,653	20.1
Other Operating Expenses	214,260	19.6	179,129	49.0	120,206	1.2	88,655	4.9	84,486	14.9	73,550	0.7
	4,170,170	27.2	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
Operating Profit	2,245,423	21.9	1,842,161	43.9	1,279,784	13.7	1,031,609	16.2	887,981	14.4	776,532	20.3
Other Operating Income	153,655	48.2	103,681	21.7	85,223	0.4	33,044	12.9	29,278	50.8	19,414	-34.9
Finance Cost	26,935	20.0	24,110	0.8	23,921	0.1	8,388	69.1	4,960	-18.3	6,071	-30.6
Profit Before Taxation	2,372,144	23.4	1,921,732	43.3	1,341,086	14.1	1,056,264	15.8	912,298	15.5	789,875	18.5
Taxation	564,111	12.6	500,996	35.4	370,073	4.4	330,375	15.6	285,834	12.1	254,899	14.5
Profit After Taxation	1,808,033	27.3	1,420,736	46.3	971,012	9.7	725,889	15.9	626,464	17.1	534,976	20.5

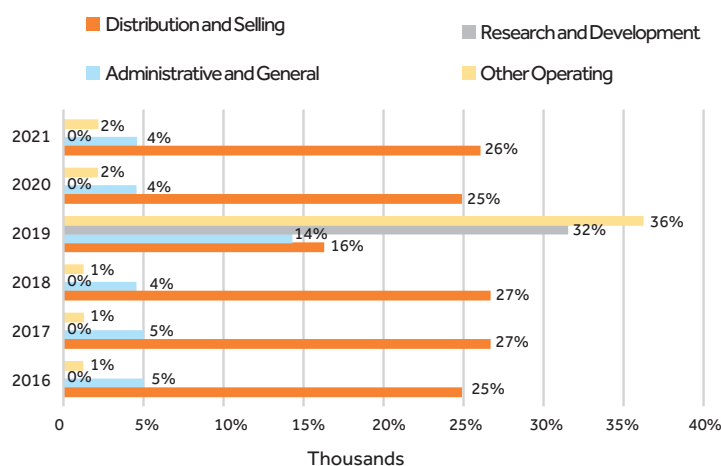


# VERTICAL ANALYSIS

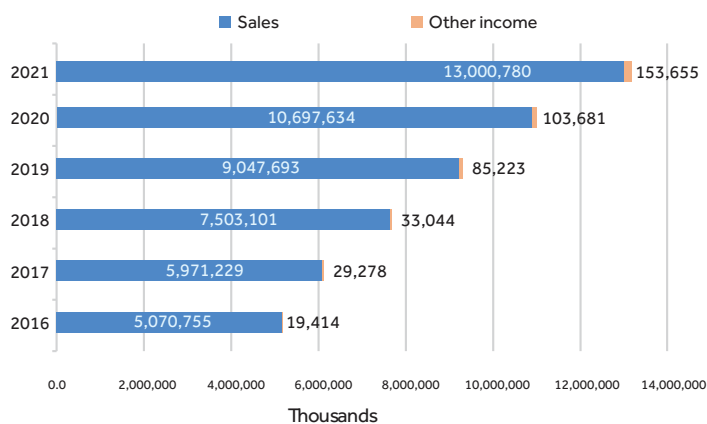
## STATEMENT OF PROFIT OR LOSS

	2021 Rs. in 000 %		2020 Rs. in 000 %		2019 Rs. in 000 %		2018 Rs. in 000 %		2017 Rs. in 000 %		2016 Rs. in 000 %	
Sales - net	13,000,780	100.0	10,697,634	100	9,047,693	100	7,503,101	100	5,971,229	100	5,070,755	100
Cost of Sales	6,585,187	50.7	5,576,458	52.1	4,886,100	54	4,002,669	53.3	3,125,338	52.3	2,692,735	53.1
Gross Profit	6,415,593	49.3	5,121,176	48	4,161,593	46	3,500,432	46.7	2,845,891	47.7	2,378,020	46.9
Distribution, Selling and Promotional Expenses	3,416,349	26.3	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
Administrative and General Expenses	530,888	4.1	448,034	4.2	369,802	4.1	324,161	4.3	270,080	4.5	245,280	4.8
Research and Development Expenses	8,673	0.1	6,378	0.1	5,013	0.1	3,799	0.1	3,607	0.1	3,653	0.1
Other Operating Expenses	214,260	1.6	179,129	1.7	120,206	1.3	88,655	1.2	84,486	1.4	73,550	1.5
Operating Profit	2,245,423	17.3	1,842,161	17.2	1,279,784	14.1	1,031,609	13.7	887,981	14.9	776,532	15.3
Other Operating Income	153,655	1.2	103,681	1.0	85,223	0.9	33,044	0.4	29,278	0.5	19,414	0.4
Finance Cost	26,935	0.2	24,110	0.2	23,921	0.3	8,388	0.1	4,960	0.1	6,071	0.1
Profit Before Taxation	2,372,144	18.2	1,921,732	18	1,341,085	14.8	1,056,264	14.1	912,298	15.3	789,875	15.6
Taxation	564,111	4.3	500,996	4.7	370,073	4.1	330,375	4.4	285,834	4.8	254,899	5
Profit After Taxation	1,808,033	13.9	1,420,736	13.3	971,012	10.7	725,889	9.7	626,464	10.5	534,976	10.6

## Operating Expenses



## Revenues





## PATTERN OF SHAREHOLDING

As at December 31,2021

Serial No.	No. of Shareholders	-----Shareholdings-----		Total Shares Held
		From	To	
1	1026	1	100	33,821
2	1074	101	500	253,231
3	402	501	1000	274,738
4	641	1001	5000	1,364,993
5	100	5001	10000	697,350
6	25	10001	15000	310,616
7	18	15001	20000	311,620
8	20	20001	25000	445,156
9	10	25001	30000	274,755
10	8	30001	35000	263,048
11	5	35001	40000	185,209
12	4	40001	45000	168,075
13	3	45001	50000	144,057
14	4	50001	55000	210,867
15	1	55001	60000	56,045
16	1	60001	65000	63,132
17	2	65001	70000	137,929
18	2	70001	75000	144,684
19	1	75001	80000	76,932
20	2	80001	85000	167,657
21	3	85001	90000	261,727
22	1	95001	100000	96,377
23	2	100001	105000	202,691
24	1	105001	110000	105,370
25	1	115001	120000	115,200
26	1	125001	130000	126,340
27	2	130001	135000	266,344
28	3	145001	150000	442,241
29	2	150001	155000	307,469
30	2	175001	180000	356,047
31	1	180001	185000	183,591
32	1	190001	195000	192,500
33	1	200001	205000	203,405
34	1	245001	250000	245,625
35	1	255001	260000	259,542
36	1	300001	305000	303,600
37	1	305001	310000	309,836
38	1	360001	365000	363,023
39	1	405001	410000	409,272
40	1	555001	560000	555,269
41	1	570001	575000	573,360
42	1	590001	595000	594,441
43	1	610001	615000	614,000
44	1	795001	800000	797,950
45	1	1370001	1375000	1,374,258
46	1	1380001	1385000	1,381,415
47	1	1525001	1530000	1,526,113
48	1	1665001	1670000	1,666,505
49	1	2115001	2120000	2,119,868
50	1	2430001	2435000	2,433,470
51	1	2845001	2850000	2,845,535
52	1	3170001	3175000	3,173,729
53	1	3580001	3585000	3,582,107
54	1	4500001	4505000	4,504,304
<b>TOTAL</b>	<b>3391</b>			<b>38,076,439</b>

Categories of shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and their spouse and minor children	8,577,262	22.5264%
Associated Companies, undertakings and related parties	239,940	0.6302%
NIT and ICP	573,757	1.507%
Banks, Development Financial Institutions, Non Banking Financial Institutions.	196,110	0.5150%
Insurance Companies	3,933,110	10.3295%
Modarabas and Mutual Funds	1,560,761	4.0990%
*Shareholders holding 10% or more	4,506,211	11.8346%
General Public		
a. Local	16,065,974	42.1940%
b. Foreign	695,546	1.827%
Others (to be specified)		
- Government Holding	414,686	1.0891%
- Joint Stock Companies	506,298	1.3297%
- Pension Funds	284,221	0.7464%
- Foreign Companies	4,681,743	12.2956%
- Others	347,031	0.9114%

Sr.#	Name	No. of Shares Held	Percentage
------	------	--------------------	------------

**Associated Companies, Undertakings and Related Parties (Name Wise Detail):**

HIGHNOON EMPLOYEES WELFARE TRUST	86,471	0.2271%
TRUSTEE-HIGHNOON LABORATORIES LIMITED STAFF PROVIDENT FUND (CDC)	153,469	0.4031%

**Mutual Funds (Name Wise Detail)**

1	CDC - TRUSTEE AKD INDEX TRACKER FUND (CDC)	4,019	0.0106%
2	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND (CDC)	920	0.0024%
3	CDC - TRUSTEE AL MEEZAN MUTUAL FUND (CDC)	1,218	0.0032%
4	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND (CDC)	21,016	0.0552%
5	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND (CDC)	146,783	0.3855%
6	CDC - TRUSTEE ALFALAH GHP ALPHA FUND (CDC)	7,024	0.0184%
7	CDC - TRUSTEE ALFALAH GHP ALPHA FUND (CDC)	2,568	0.0067%
8	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND (CDC)	33,763	0.0887%
9	CDC - TRUSTEE ALFALAH GHP STOCK FUND (CDC)	33,854	0.0889%
10	CDC - TRUSTEE ALFALAH GHP VALUE FUND (CDC)	7,915	0.0208%
11	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND (CDC)	26,000	0.0683%

12	CDC - TRUSTEE APF-EQUITY SUB FUND (CDC)	17,854	0.0469%
13	CDC - TRUSTEE APIF - EQUITY SUB FUND (CDC)	20,443	0.0537%
14	CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND (CDC)	15,684	0.0412%
15	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND (CDC)	126,340	0.3318%
16	CDC - TRUSTEE ATLAS STOCK MARKET FUND (CDC)	259,542	0.6816%
17	CDC - TRUSTEE HBL - STOCK FUND (CDC)	8,050	0.0211%
18	CDC - TRUSTEE HBL EQUITY SUB FUND	24,000	0.0630%
19	CDC - TRUSTEE HBL IPF EQUITY SUB FUND (CDC)	4,900	0.0129%
20	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND (CDC)	6,000	0.0158%
21	CDC - TRUSTEE HBL ISLAMIC EQUITY FUND (CDC)	9,100	0.0239%
22	CDC - TRUSTEE HBL MULTI - ASSET FUND (CDC)	1,500	0.0039%
23	CDC - TRUSTEE HBL PF EQUITY SUB FUND (CDC)	4,800	0.0126%
24	CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF) (CDC)	2,293	0.0060%
25	CDC - TRUSTEE JS ISLAMIC FUND (CDC)	22,118	0.0581%
26	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT (CDC)	5,740	0.0151%
27	CDC - TRUSTEE JS LARGE CAP. FUND (CDC)	21,626	0.0568%
28	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT (CDC)	7,074	0.0186%
29	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND (CDC)	53,000	0.1392%
30	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND (CDC)	115,200	0.3025%
31	CDC - TRUSTEE MEEZAN BALANCED FUND (CDC)	253	0.0007%
32	CDC - TRUSTEE MEEZAN ISLAMIC FUNWWWD (CDC)	131,463	0.3453%
33	CDC - TRUSTEE NBP BALANCED FUND (CDC)	10,220	0.0268%
34	CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND (CDC)	3,830	0.0101%
35	CDC - TRUSTEE NBP SARMAYA IZAFAT FUND (CDC)	9,079	0.0238%
36	CDC - TRUSTEE PICIC GROWTH FUND (CDC)	25,500	0.0670%
37	CDC - TRUSTEE PICIC INVESTMENT FUND (CDC)	19,500	0.0512%
38	CDC - TRUSTEE UBL ASSET ALLOCATION FUND (CDC)	6,801	0.0179%
39	CDC - TRUSTEE UBL RETIREMENT SAVINGS DIND - EQUITY SUB FUND (CDC)	36,683	0.0963%
40	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND (CDC)	134,881	0.3542%
41	CDC - TRUSTEE UNIT TRUST OF PAKISTAN (CDC)	26,688	0.0701%
42	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND (CDC)	34,722	0.0912%
43	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND (CDC)	30,000	0.0788%
44	CDC-TRUSTEE HBL ISLAMIC STOCK FUND (CDC)	10,000	0.0263%
45	MC FSL - TRUSTEE JS GROWTH FUND (CDC)	68,061	0.1787%

## Directors, CEO and their Spouse and Minor Children (Name Wise):

1	MR. TAUSIF AHMAD KHAN	2,846,063	7.4746%
2	MRS. ZAINUB ABBAS	1,666,505	4.3767%
3	MRS. NAEL NAJAM	500	0.0013%
4	MR. ADEEL ABBAS HAIDERI	922	0.0024%
5	MR. GHULAM HUSSAIN KHAN -	303,605	0.7974%
6	MR. TAUFIQ AHMED KHAN	3,758,921	9.8720%
7	MR. ROMESH ELAPATA	746	0.0020%

Executives:	-	-
Public Sector Companies & Corporations:	-	-
Banks, Development Finance Institutions, Non Banking Finance	4,416,177	11.5982%

**Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:**

**Shareholders holding five percent or more voting interest in the listed company (Name Wise)**

**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 AHMAD KHAN		528	258,684
2	MRS. ZAINUB ABBAS (CDC)		-	151,500
3	MRS. NAEL NAJAM		500	-
4	MR. ADEEL ABBAS HAIDERI		-	83
5	MR. GHULAM HUSSAIN KHAN		-	27,600
6	MR. TAUFIQ AHMED KHAN		-	341,718
7	MR. ROMESH ELAPATA		-	67

# STATEMENT OF COMPLIANCE

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

Name of Company: HIGHNOON LABORATORIES LIMITED

Year ended: December 31, 2021<sup>1</sup>

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

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

a. Male	5
b. Female	2

2. The composition of the Board is as follows:

a) Independent Directors*	2
b) Non-Executive Director	4
c) Executive Directors	1

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
4. The Company has prepared a Code of Conduct and appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy, and significant policies of the Company. A complete record of particulars of significant policies along with their dates of approval or amendment has been maintained.
6. 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.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording, and circulating minutes of the meeting of the Board.
8. The Board of directors has a formal policy and transparent procedures for the remuneration of directors in accordance with the Act and these Regulations.
9. 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.
10. 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.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

<sup>1</sup>Two independent Directors were appointed and fraction of 0.33 was not rounded up since the fraction is below half (0.5)

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

a) Audit Committee

- |                            |                     |
|----------------------------|---------------------|
| 1. Mrs. Nael Najam         | Chairperson /Member |
| 2. Mrs. Zainub Abbas       | Member              |
| 3. Mr. Ghulam Hussain Khan | Member              |

b) HR and Remuneration Committee

- |                            |                     |
|----------------------------|---------------------|
| 1. Mrs. Nael Najam         | Chairperson /Member |
| 2. Mrs. Zainub Abbas       | Member              |
| 3. Dr. Adeel Abbas Haideri | 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 committees were as per following:

- |                                  |   |
|----------------------------------|---|
| a) Audit Committee               | 4 |
| 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 16, 2022



## 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 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.


Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2021.



Chartered Accountants  
Lahore: March 26, 2022  
UDIN: CR202110087UOIEAP6ls

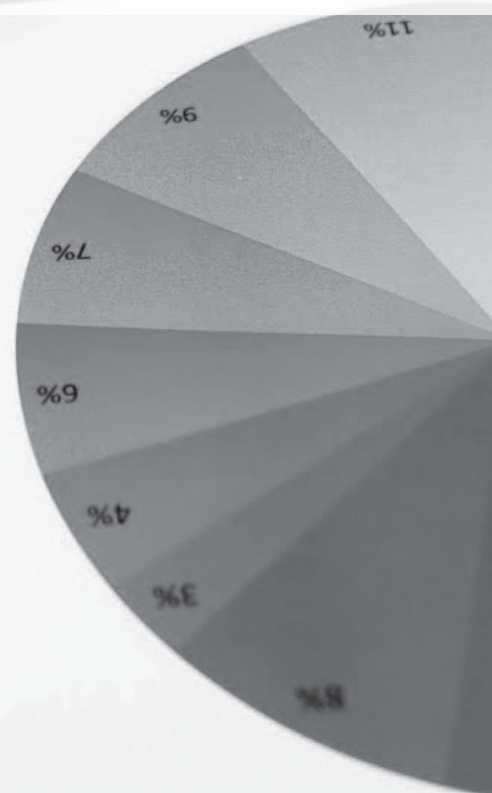
# Financial Statements

Highnoon Laboratories Limited  
for the year ended 31 December 2021



The background image is a grayscale photograph of a person's hands using a calculator and a pen on a desk. Various financial documents are scattered around, including a pie chart, a line graph, and a table titled 'Summary Of Sales (Percent)'.

Product Type 1	17%
Product Type 2	6%
Product Type 3	8%
Product Type 4	3%
Product Type 5	4%
Product Type 6	6%
Product Type 7	7%
Product Type 8	9%
Product Type 9	11%
Product Type 10	14%
Product Type 11	6%
Product Type 12	6%



# 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 2021, 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 2021 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 Matter

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 is the key audit matter:

Key Audit Matters	How the matter was addressed in our audit
1.Valuation of stock in trade:	
As disclosed in Note 19 to the accompanying unconsolidated financial statements, the stock in trade balance constitutes 29% 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.	<p>Our audit procedures included, amongst others:</p> <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 Company's accounting policies for valuation of stock in trade and compliance of those policies with applicable accounting standards;</li> <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 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: March 26, 2022  
UDIN: AR20211008740KTDWiQG



## Unconsolidated Statement of Financial Position

	Note	2021 Rupees	2020 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Share capital and reserves</b>			
Authorized share capital			
50,000,000 (2020: 50,000,000) Ordinary			
shares of Rs. 10 each		500,000,000	500,000,000
Share capital			
Issued, subscribed and paid up share capital	6	380,764,390	346,149,450
Capital reserve			
Revaluation surplus on operating fixed assets	7	391,326,324	413,928,517
Revenue reserves		4,990,531,928	3,726,120,784
<b>Total Equity</b>		<b>5,762,622,642</b>	<b>4,486,198,751</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	8	119,757,647	129,565,601
Long-term advances	9	10,240,467	33,266,627
Long-term loan - secured	10	-	165,409,699
Deferred liabilities	11	546,646,832	528,338,080
		676,644,946	856,580,007
<b>Current liabilities</b>			
Trade and other payables	12	976,842,403	679,006,512
Contract liabilities		33,248,835	76,851,860
Unclaimed dividend		64,336,749	44,471,264
Current portion of long-term liabilities	13	230,887,155	194,533,055
Provision for taxation - net		295,490,567	296,237,162
		1,600,805,709	1,291,099,853
<b>Total Liabilities</b>		<b>2,277,450,655</b>	<b>2,147,679,860</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,040,073,297</b>	<b>6,633,878,611</b>

### CONTINGENCIES AND COMMITMENTS

14

The annexed notes from 1 to 48 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

## As at 31 December 2021

	Note	2021 Rupees	2020 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	1,516,180,602	1,456,763,358
Intangible assets	16	21,189,000	-
Long-term investment	17	200,000,000	200,000,000
Long-term deposits		11,443,429	21,443,429
Long-term advances		34,787,298	37,352,766
Deferred tax assets	18	53,586,728	39,126,098
		<b>1,837,187,057</b>	<b>1,754,685,651</b>
<b>Current assets</b>			
Stock in trade	19	2,315,936,343	2,106,010,576
Trade receivables	20	582,342,125	322,553,874
Advances	21	316,746,105	421,963,865
Trade deposits and prepayments	22	50,014,922	45,960,265
Other receivables	23	26,860,159	36,524,948
Loan to subsidiary	24	10,000,000	10,000,000
Short-term investment	25	2,059,740,193	1,093,846,453
Tax refunds due from the Government	26	29,197,207	19,135,488
Cash and bank balances	27	812,049,186	823,197,491
		<b>6,202,886,240</b>	<b>4,879,192,960</b>
<b>TOTAL ASSETS</b>		<b>8,040,073,297</b>	<b>6,633,878,611</b>

Dr. Adeel Abbas Haideri  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

Ashfaq P. Alidina  
Chief Financial Officer

## Unconsolidated Statement of Profit or Loss

For The Year Ended 31 December 2021

	Note	2021 Rupees	2020 Rupees
Revenue from contracts with customers-net	28	13,000,780,140	10,697,633,870
Cost of sales	29	(6,585,186,710)	(5,576,458,398)
Gross profit		6,415,593,430	5,121,175,472
Distribution, selling and promotional expenses	30	(3,416,349,020)	(2,645,473,995)
Administrative and general expenses	31	(530,888,118)	(448,033,689)
Research and development expenses	32	(8,672,580)	(6,377,871)
Other operating expenses	33	(214,260,217)	(179,128,806)
		(4,170,169,935)	(3,279,014,361)
Operating profit		2,245,423,495	1,842,161,111
Other income	34	153,655,331	103,680,802
Finance costs	35	(26,934,608)	(24,110,253)
Profit before taxation		2,372,144,218	1,921,731,660
Taxation	36	(564,111,056)	(500,995,929)
Profit for the year		1,808,033,162	1,420,735,731
			Restated
Earnings per share - basic and diluted	37	47.48	37.31

The annexed notes from 1 to 48 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 2021

	2021 Rupees	2020 Rupees
Profit for the year	1,808,033,162	1,420,735,731
Other comprehensive income		
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	(17,177,141)	(63,821,894)
Related deferred tax	4,995,147	17,898,466
	(12,181,994)	(45,923,428)
Total comprehensive income for the year	1,795,851,168	1,454,225,557

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

Dr. Adeel Abbas Haideri  
Chief Executive Officer

Taufig Ahmed Khan  
Director

Ashfaq P. Alidina  
Chief Financial Officer

## Unconsolidated Statement of Cash Flow

For The Year Ended 31 December 2021

	Note	2021 Rupees	2020 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		2,372,144,218	1,921,731,660
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of operating fixed assets	16.1.1	170,477,774	130,546,078
Provision for Workers' Profit Participation Fund	23.3	126,480,188	103,127,525
Provision for defined benefit obligation	11.2.2	81,877,775	73,994,401
Provision for slow moving and obsolete stocks	20.1	22,774,150	41,314,367
Provision for Worker's Welfare Fund		52,881,432	37,691,307
Finance costs	35	26,934,608	24,110,253
Provision for Central Research Fund	34	23,715,543	20,833,843
Allowance for expected credit losses	20.1	10,582,999	9,232,159
Bad debts written off	20.1	5,505,270	-
Exchange (gain) / loss - net	34	(3,536,257)	8,243,972
Gain on disposal of operating fixed assets	34	(4,173,645)	(32,074,822)
Un-realized gain on remeasurement of short-term investments	25.1	(11,191,851)	(3,670,079)
Return on deposits	34	(29,148,228)	(38,065,284)
Dividend Income on short-term investment	34	(103,442,831)	(22,672,831)
		369,736,927	352,610,889
<b>Profit before working capital changes</b>		<b>2,741,881,145</b>	<b>2,274,342,549</b>
<b>Working capital changes:</b>			
<b>(Increase) / decrease in current assets:</b>			
Stock in trade		(232,699,917)	(357,114,150)
Trade debtors		(273,600,501)	50,391,135
Advances		105,217,760	(70,454,271)
Trade deposits and short-term prepayments		(4,054,657)	(11,044,111)
Other receivables		28,113,171	(34,029,755)
Tax refund due from the Government		(10,061,719)	(16,028,839)
<b>(Decrease) / increase in current liabilities:</b>			
Trade and other payables		268,670,444	(116,341,197)
Contract liabilities		(43,603,025)	50,821,874
		(162,018,444)	(503,799,314)
<b>Cash generated from operations</b>		<b>2,579,862,701</b>	<b>1,770,543,235</b>

## Unconsolidated Statement of Cash Flow

For The Year Ended 31 December 2021

	Note	2021 Rupees	2020 Rupees
Income tax paid		(573,993,917)	(242,843,757)
Workers' Welfare Fund paid		(52,881,432)	(37,691,307)
Gratuity paid		(51,873,114)	(22,872,379)
Finance cost paid		(28,336,460)	(21,803,098)
Workers' Profit Participation Fund paid		(144,923,570)	(102,351,224)
Central Research Fund paid		(20,833,843)	(14,557,776)
Long-term advances - net		1,214,184	4,765,116
<b>Net cash flows from operating activities</b>		<b>1,708,234,549</b>	<b>1,333,188,810</b>

### CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment		(252,155,070)	(345,364,835)
Purchase of intangibles		(21,189,000)	-
Additions in long-term advances		2,565,468	(2,385,186)
Decrease / (Increase) in long-term deposits		10,000,000	(260,808)
Addition in short-term investment		(954,701,889)	(1,090,176,374)
Return on deposits		29,148,228	38,065,284
Dividend Income on short-term investment		103,442,831	22,672,831
Proceeds from disposal of operating fixed assets	16.1.4	49,472,974	87,141,984
<b>Net cash flows used in investing activities</b>		<b>(1,033,416,458)</b>	<b>(1,290,307,104)</b>

### CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of lease liabilities- net		(21,201,284)	(17,484,212)
Repayment of long-term loan		(166,666,660)	-
Long-term loan received		-	333,333,337
Dividend paid		(499,358,690)	(395,170,440)
<b>Net cash flows used in financing activities</b>		<b>(687,226,634)</b>	<b>(79,321,315)</b>
Net foreign exchange difference		1,260,238	741,660
<b>Net decrease in cash and bank balances</b>		<b>(11,148,305)</b>	<b>(35,697,949)</b>
Cash and bank balances at beginning of the year		823,197,491	858,895,440
<b>Cash and bank balances at end of the year</b>		<b>812,049,186</b>	<b>823,197,491</b>

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

Dr. Adeel Abbas Haideri  
Chief Executive Officer

Taufig Ahmed Khan  
Director

Ashfaq P. Alidina  
Chief Financial Officer



# Unconsolidated Statement of Changes in Equity

For The Year Ended 31 December 2021

	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 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
<b>Surplus transferred to unappropriated profit</b>						
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)
<b>Transaction with owners of the company, recognized directly in equity -Distributions</b>						
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
Profit for the year ended 31 December 2021	-	-	-	1,808,033,162	1,808,033,162	1,808,033,162
Other comprehensive income for the year - net of tax	-	-	-	(12,181,994)	(12,181,994)	(12,181,994)
Total comprehensive income for the year	-	-	-	1,795,851,168	1,795,851,168	1,795,851,168
<b>Surplus transferred to unappropriated profit</b>						
On account of incremental depreciation relating to surplus on revaluation of operating fixed assets - net of tax	-	(13,135,746)	-	13,135,746	13,135,746	-
On account of disposal of plant and machinery - net of tax	-	(9,263,345)	-	9,263,345	9,263,345	-
Effect of change in proportion of normal sales	-	(203,102)	-	-	-	(203,102)
<b>Transaction with owners of the company, recognized directly in equity -Distributions</b>						
Issuance of bonus shares @ 10%	34,614,940	-	-	(34,614,940)	(34,614,940)	-
Final dividend @ Rs. 15 per share for the year ended 31 December 2020	-	-	-	(519,224,175)	(519,224,175)	(519,224,175)
Balance as at 31 December 2021	380,764,390	391,326,324	114,000,000	4,876,531,928	4,990,531,928	5,762,622,642

The annexed notes from 1 to 48 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 2021

## 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
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 10 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 2021

## 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:

	Note
- Leases	4.2.3
- Impairment of financial asset	4.3
- Provisions	4.7
- Staff retirement benefits	4.8
- Expected credit loss	4.15.4
- Taxation	4.22

## 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

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS-16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

These amendments had no impact on the consolidated financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

## Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Company has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

## 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.

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

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.

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.

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

## 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:

- 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.

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit



## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

### Impairment of non-financial assets

Assets that have an indefinite useful life, for example freehold land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date, or whenever events or changes in circumstances indicate, that the carrying amount may not be recoverable. Carrying amounts of other non-financial assets are also reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized, equal to the amount by which the asset's carrying amount exceeds its recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment loss are restricted to the depreciated cost of the asset. An impairment loss, or the reversal of an impairment loss, is recognized in the unconsolidated statement of profit or loss for the year.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in statements of profit or loss.

Impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### 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

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

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.

## 4.8 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. This valuation is carried out by an independent actuary as at 31 December 2021 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% (2020: 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

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

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

## 4.9 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 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.

## 4.10 Property, plant and equipment

### 4.10.1 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.

Depreciation is charged on reducing balance method at the rates in Note 15.1 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

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

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.

## 4.10.2 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.

## 4.11 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.

## 4.12 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 16, 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.

## 4.13 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.

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

### 4.14 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.

### 4.15 Contract balances:

#### 4.15.1 Contract asset

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

#### 4.15.2 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).

#### 4.15.3 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.

#### 4.15.4 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).

#### 4.15.5 Cash and cash equivalents

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

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

## 4.15.6 Assets and liabilities arising from rights of return

### Right of return Assets

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products. Returns for the Company comprise of expired products or near expiry products (i.e. within 6 months of expiry), which are of nil value by the time of return and are subject to destructions as per statutory laws.

### Refund Liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

## 4.16 Segment reporting

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

## 4.17 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.

## 4.18 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 2021

## Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. In general, the contracts for the sale of goods provides customer with a right to return near expiry products.

## Right of return

In general, the contracts for sales of goods provides a customer with a right to return near expiry products. The Company uses the expected value method to estimate the goods that will be returned because this method best predicts the amount of variable consideration to which the Company will not be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For products that are expected to be returned, the Company recognizes a provision under refund liability netting off with trade receivables and a corresponding adjustment in sales return.

### 4.19 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.

### 4.20 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.

### 4.21 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.

### 4.22 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



# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

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.

## 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:

### IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

# Unconsolidated Notes to the Financial Statements

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## Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

## Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

## Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

## Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

## IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

## IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

## IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

## Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

## Unconsolidated Notes to the Financial Statements

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The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

### Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company expects that the adoption of the above improvements to the standards will have no material effect on the Company's financial statements, in the period of initial application.

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 or Interpretation	Effective date: (Annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 January 2004
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	2021 Rupees	2020 Rupees
	5,905,000 (2020: 5,905,000) ordinary shares of Rs. 10 each fully paid in cash		59,050,000	59,050,000
	95,000 (2020: 95,000) ordinary shares of Rs.10 each issued for consideration other than cash	6.1	950,000	950,000
	32,076,439 (2020: 28,614,945) ordinary shares of Rs. 10 each issued as bonus shares		320,764,390	286,149,450
		6.2	380,764,390	346,149,450

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

# Unconsolidated Notes to the Financial Statements

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

	2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees
Issued, subscribed and paid-up shares				
of Rs. 10 each as at 01 January	34,614,945	31,468,132	346,149,450	314,681,320
Issuance of bonus shares of Rs. 10 each	3,461,494	3,146,813	34,614,940	31,468,130
Issued, subscribed and paid-up shares				
of Rs. 10 each as at 31 December	38,076,439	34,614,945	380,764,390	346,149,450

7. REVALUATION SURPLUS ON OPERATING FIXED ASSETS	Note	2021 Rupees	2020 Rupees
Opening balance of gross surplus on revaluation of fixed assets		468,643,938	401,645,207
Additions during the year		-	92,972,395
Surplus on revaluation of operating fixed assets relating to disposal of land- transferred to unappropriated profit		-	(9,322,461)
Surplus on revaluation of operating fixed assets relating to disposal of plant and machinery - transferred to unappropriated profit		(12,791,990)	-
Incremental depreciation relating to surplus on revaluation of fixed assets - transferred to unappropriated profit - net of deferred tax		(13,338,848)	(11,995,728)
Related deferred tax liability		(5,188,985)	(4,655,475)
		(18,527,833)	(16,651,203)
		437,324,115	468,643,938
Less related deferred tax liability on:			
Balance at the beginning of the year		54,715,421	45,309,090
Effect of change in applicable tax rate		-	-
Addition during the year		-	13,559,141
Effect of change in proportion of normal sales		203,102	502,665
Effect of change in tax rate		-	-
Surplus on revaluation of operating fixed assets relating to disposal of plant and machinery - transferred to unappropriated profit		(3,528,645)	-
Incremental depreciation relating to surplus on revaluation of operating fixed assets - transferred to unappropriated profit		(5,392,087)	(4,655,475)
	18	45,997,791	54,715,421
Closing balance of surplus on revaluation of fixed assets	7.1	391,326,324	413,928,517

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

- 7.1 This represents 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.

8. LEASE LIABILITIES	Note	2021 Rupees	2020 Rupees
Present value of lease payments		149,505,355	147,464,259
Less: Current portion shown under current liabilities	13	(29,747,708)	(17,898,658)
		119,757,647	129,565,601

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

	Note	2021 Rupees	2020 Rupees
As at 1 January		147,464,259	71,880,829
Additions		27,062,194	93,067,642
Accretion of interest		17,902,625	14,231,114
Payments		(37,930,926)	(31,715,326)
Written off		(4,992,797)	-
As at 31 December		149,505,355	147,464,259
Current portion		(29,747,708)	(17,898,658)
Non-current portion		119,757,647	129,565,601

8.1 Maturity analysis:	2021		
	Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments
	-----Rupees-----		
Within one year	41,589,908	(11,842,200)	29,747,708
After one year but not more than five years	127,781,184	(37,087,852)	90,693,332
More than five years	34,301,007	(5,236,692)	29,064,315
	203,672,099	(54,166,744)	149,505,355
	-----Rupees-----		
	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

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

	2021 Rupees	2020 Rupees
<b>8.2 Salient features of the leases are as follows:</b>		
- Discounting factor	8.94% - 13.68%	8.94% - 13.68%
- Lease term	36 to 120 Months	24 to 120 Months
<b>8.3 Amount recognised in statement of profit or loss:</b>		
The following are the amounts recognised in profit or loss:		
Interest expense on lease liabilities	17,902,625	14,231,112
Expenses relating to short-term leases	28,481,082	30,826,301
Total amount recognised in profit or loss	46,383,707	45,057,413

## 8.4 Cash outflow for leases

The Company had total cash outflows for leases of Rs.43.51 million in 2021 (2020: Rs. 39.96 million). The Company also had non-cash additions to right-of-use assets and lease liabilities of Rs. 27 million in 2021 (2020: Rs. 93 million).

	Note	2021 Rupees	2020 Rupees
<b>9. LONG TERM ADVANCES</b>			
Long term advances	9.1	43,702,438	42,488,254
Less: Current portion shown under current liabilities	13	(33,461,971)	(9,221,627)
		10,240,467	33,266,627

- 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.



## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

	Note	2021 Rupees	2020 Rupees
<b>10. LONG TERM LOAN - SECURED</b>			
Long term loan	10.1	164,758,957	323,828,530
Less: Current portion of long term loan		(164,758,957)	(158,418,831)
		-	165,409,699

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

Opening balance as at 01 January		323,828,530	-
Addition during the year			
Loan obtained	10.1.1	-	333,333,332
Less: deferred grant		-	(17,416,898)
		-	315,916,434
Unwinding of loan		15,720,381	9,638,122
Payment during the year		(174,789,954)	(1,726,026)
Closing balance as at 31 December		164,758,957	323,828,530

**10.1.1** This represents loan of Rs. 333 million obtained under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facility has an aggregate sanctioned limit of Rs. 400 million 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 Kanjra, 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 the effective interest rate of 3 Months 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 2022

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

11. DEFERRED LIABILITIES	Note	2021 Rupees	2020 Rupees
Deferred Grant	11.1	-	2,918,519
Gratuity	11.2	546,646,832	525,419,561
		546,646,832	528,338,080
11.1 Movement of deferred grant is as follows:			
Opening balance as at 01 January		11,912,458	-
Addition during the year	10.1	-	17,416,898
Grant income recognized during the year		(8,993,939)	(5,504,440)
Closing balance		2,918,519	11,912,458
Less: Current portion		(2,918,519)	(8,993,939)
Non-current portion		-	2,918,519
11.2 Gratuity - General description			
As discussed in Note 4.8, 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.			
	Note	2021 Rupees	2020 Rupees
Present value of defined benefit obligation	11.2.1	546,646,832	525,419,561
11.2.1 Movement in the present value of define benefit obligation:			
Liability as at 01 January		525,419,561	415,166,574
Current service cost		34,443,465	28,838,597
Interest cost on defined benefit obligation		47,434,310	45,155,804
Benefits paid during the year		(44,687,200)	(20,377,394)
		37,190,575	53,617,007
Actuarial losses from:			
changes in financial assumptions		823,015	41,402,458
experience adjustments		16,354,126	22,419,436
		17,177,141	63,821,894
		579,787,277	532,605,475
Less: balance due but not paid		(33,140,445)	(7,185,914)
Liability as at 31 December		546,646,832	525,419,561

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

		2021	2020
		Rupees	Rupees
<b>11.2.2 Expense recognized in statement of profit or loss:</b>	<b>Note</b>		
Current service cost		34,443,465	28,838,597
Interest cost		47,434,310	45,155,804
		81,877,775	73,994,401
<b>11.2.3 Remeasurement recognized in other comprehensive income:</b>			
Actuarial losses from changes in financial assumptions		823,015	41,402,458
Experience adjustments		16,354,126	22,419,436
		17,177,141	63,821,894
<b>11.2.4 Changes in net recognized liability:</b>			
Liability as at 01 January		532,605,475	417,661,559
Amount recognized during the year	11.2.2	81,877,775	73,994,401
Experience adjustments recognized during the year	11.2.3	17,177,141	63,821,894
Benefits due but not paid		-	-
Benefit paid during the year		(51,873,114)	(22,872,379)
Liability as at 31 December		579,787,277	532,605,475

### 11.2.5 Historical information for gratuity plan

	2021	2020	2019	2018	2017
	-----Rupees-----				
Present value of defined benefit obligation	546,646,832	525,419,561	417,661,559	356,835,157	342,208,530
Remeasurement adjustment arising on plan liabilities	17,177,141	63,821,894	37,645,330	22,782,070	15,477,217
Remeasurement adjustment as percentage of outstanding liability	3.14%	12.15%	9.01%	6.38%	4.52%

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

	2021	2020
- Discount rate used for interest cost	9.75% p.a.	11.25% p.a.
- Discount rate used for year end obligation	11.75% p.a.	9.75% p.a.
- Expected rate of increase in salary	11.75% p.a.	9.75% p.a.
Expected average remaining working life time	8 years	8.53 years
- Mortality rates	SLIC	SLIC
	2001-2005	2001-2005

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

**11.2.6** Estimated expense of current service and interest cost on defined benefit obligation to be charged to statement of profit or loss for the year ending 31 December 2022 amounts to Rs. 33.7 million and Rs. 62 million respectively.

**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	2021 Rupees	2020 Rupees
Discount rate + 100 bps		503,943,649	483,651,923
Discount rate - 100 bps		(595,275,352)	(573,369,148)
Salary increase + 100 bps		595,249,018	573,331,210
Salary increase - 100 bps		(503,194,909)	(482,916,032)

**11.2.8** The following are the expected payments in future years;

Within next 12 months	37,011,663	52,216,723
Between 2 and 5 years	183,059,729	142,437,354
Between 5 and 10 years	497,252,964	228,149,755
Beyond 10 years	3,183,006,044	2,583,620,723
Total expected payments	3,900,330,400	3,006,424,555

The average duration of the defined benefit plan obligation at the end of the reporting period is 8 years (2020: 9 years).

12. TRADE AND OTHER PAYABLES	Note	2021 Rupees	2020 Rupees
Trade creditors	12.1	257,443,455	149,330,774
Accrued expenses		521,824,792	253,304,101
Bills payable		139,902,021	223,873,502
Payable to Central Research Fund		23,638,694	20,756,994
Payable to Provident Fund Trust	12.3	11,625,789	9,737,634
Withholding tax payable		21,581,110	21,251,894
Payable to Employees Welfare Trust		826,542	751,613
		976,842,403	679,006,512

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

**12.1** These includes a balance amounting to Rs. 31.2 million (2020: Nil) due to Route 2 Health (Private) Limited, a related party.

**12.2** Terms and conditions of the above financial liabilities;

- Trade payables are non-interest bearing and are normally settled on 15 - 30 days term.
- Accrued liabilities mainly includes accruals for salaries and payables to utility companies against utility bills. Salaries are paid till 4th of the subsequent month and payable to utilities companies are usually settled within due dates of utilities bills.
- Bill payables are normally paid when import documents presented to Company's bank for release of payment.
- Withholding tax payable is normally paid within 7 working days from the date of withholding in accordance with the requirements of Income Tax Ordinance, 2001.
- Payable to central research fund is normally paid within 6 months after the closing of annual financial reporting in accordance with the Drugs (Licensing, Registering And Advertising) Rules, 1976.
- Payable to provident fund is normally paid within 30 days from the end of month.

**12.3** All the investments out of provident fund have been made in the collective investment schemes, listed equity and debt securities in accordance with the provisions of section 218 of Companies Act 2017, and the rules formulated for this purpose.

		2021	2020
13. CURRENT PORTION OF LONG TERM LIABILITIES	Note	Rupees	Rupees
Lease liabilities	8	29,747,708	17,898,658
Long-term advances		33,461,971	9,221,627
Long-term loan - secured	10	164,758,957	158,418,831
Deferred grant	11.1	2,918,519	8,993,939
		230,887,155	194,533,055

## 14. CONTINGENCIES AND COMMITMENTS

### 14.1 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.

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

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- 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.
  - 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 of before 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 2021

14.2 Commitments	2021 Rupees	2020 Rupees
The Company has following commitments against;	269,338,321	136,513,374
Letter of contracts	689,036,351	387,820,028
Bank contracts	111,100,000	24,037,403
Capital expenditure	1,069,474,672	548,370,805

14.3 The Company has given the post dated cheques of Rs. 16 million (2020: 14 million) to Total Parco Pakistan Limited as a security against fuel cards provided to employees. As mentioned in note 10.1.1, the Company has also issued a demand promisory note of Rs. 342 million in the favour of bank as a security against long term loan under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme).

### 14.4 Un-availed short-term borrowing facilities:

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

#### 14.4.1 Under Mark-up arrangements:

The Company has short-term running finance facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs.369 million (2020: Rs. 369 million). These facilities along with their respective sublimits are secured against joint pari passu hypothecation charge of Rs. 732 million (2020: Rs. 732 million) on current Assets of the Company including but not limited to raw material, goods in process and finished goods, with the respective banks. These facilities carry markup at the rate one month KIBOR plus 0.35% - 1% (2020: one month KIBOR plus 0.5% - 1%) per annum on the outstanding balances.

The Company also has aggregate sanctioned import credit facilities available from various commercial banks amounting to Rs. 2,050 (2020: Rs.1,150 million) that have been secured by way of lien over import documents. Out of the total aggregate facilities, Rs. 1,019 million (2020: Rs. 519 million) are available as sublimits against cash margin as per SBP along with the registered hypothecation charge over present and future current assets of the Company.

Out of aforementioned facilities, the Company has also obtained Export Refinance Facility under SBP regulations at a subsidized mark up rate ranging from SBP rate to SBP rate plus 1% (2020: SBP rate plus 1%) per annum, amounting to Rs. 50 million (2020: Rs. 50 million). Other than Export Refinance Facility, facilities of letters of guarantee amounting to Rs. 20 million (2020: Rs. 20 million) are also available to the Company under the pari pasu hypothecation charge on present and future current assets of the Company.



# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

## 14.4.2 Under Shariah Compliant arrangement:

The Company has short-term borrowing facility i.e. Running Musharakah available from Islamic bank under profit arrangements having sanctioned limit of Rs. 250 million (2020: Rs. 250 million). This facility carries profit rate of one month KIBOR plus 0.3% (2020: one month KIBOR plus 0.35%) per annum on the outstanding balance. This facility is secured by first pari passu charge on all the present and future current assets of the Company. The Company has also an aggregate Export Refinance Facilities amounting to Rs. 450 million (2020: 100 million available as sub limits. These facilities carry profit at the rate of SBP rate plus 1% (2020: SBP rate plus 1%).

## 14.5 Un-availed Long-term borrowing facilities:

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

### Under SBP Renewable Energy Scheme

The Company has also obtained Long-term borrowing facility for setting up solar based power project under SBP financing Scheme for renewable Energy having sanctioned limit of Rs. 50 million (2020: Nil) and carries markup at the rate of SBP LTTF rate + 0.5% (2020: Nil). This facility is secured against Lien on investment fund of Rs. 67 million placed in MCB-Arif Habib Savings and Investment Limited (25% margin of limit).

15. PROPERTY, PLANT AND EQUIPMENT	Note	2021 Rupees	2020 Rupees
Operating fixed assets	15.1	1,376,185,167	1,254,814,228
Right of use assets	15.1	126,628,439	133,914,699
Capital work in progress	15.2	13,366,996	68,034,431
		1,516,180,602	1,456,763,358

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

## 15.1 Operating fixed assets

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

2021												
DESCRIPTION	Cost/revalued amount				Accumulated depreciation					Net book value as at 31 December	Rate	
	As at 01 January	Additions / Transfers*	Write off	Disposals	As at 31 December	As at 01 January	Depreciation charge for the year	Write off	(Disposal) / Transfers			As at 31 December
----- Rupees -----												
Land - freehold	283,400,000	-	-	-	283,400,000	-	-	-	-	-	283,400,000	-
Building on freehold land	676,017,848	1,727,537	-	-	677,745,385	516,037,848	16,055,585	-	-	532,093,433	145,651,952	10%
Leasehold improvement	-	30,486,732	-	-	30,486,732	-	3,556,785	-	-	3,556,785	26,929,947	20%
Plant and machinery	1,293,821,975	82,759,625	-	(106,170,400)	1,270,411,200	750,690,975	61,034,620	-	(89,751,067)	721,974,528	548,436,672	10%
Laboratory equipment	76,339,180	25,698,548	-	-	102,037,728	18,201,413	8,288,114	-	-	26,489,527	75,548,201	10-20%
Furniture and fixtures	37,218,189	18,957,443	-	-	56,175,632	19,911,841	5,249,228	-	-	25,161,069	31,014,563	10%
Electric and gas appliances	41,789,647	11,865,867	-	-	53,655,514	25,008,476	2,309,029	-	-	27,317,505	26,338,009	10-20%
Office equipment	78,847,172	41,722,707	-	-	120,569,879	50,611,132	10,496,849	-	-	61,107,981	59,461,898	10-25%
Vehicles	257,665,531	93,400,943	-	(55,939,094)	295,127,380	109,899,473	32,951,972	-	(27,127,990)	115,723,455	179,403,925	20%
Library books	52,806	-	(52,806)	-	-	51,322	136	(51,458)	-	-	-	10%
Neon sign	204,990	-	(204,990)	-	-	158,899	4,225	(163,124)	-	-	-	10%
Arms and ammunition	166,100	-	(166,100)	-	-	137,831	2,591	(140,422)	-	-	-	10%
	2,745,523,438	306,619,402	(423,896)	(162,109,494)	2,889,609,450	1,490,709,210	139,949,134	(355,004)	(116,879,057)	1,513,424,283	1,376,185,167	
Right-of-use assets:												
Buildings	174,536,866	27,062,194	(8,048,909)	(4,628,382)	188,921,769	40,622,167	30,528,640	(4,229,095)	(4,628,382)	62,293,330	126,628,439	10-33%
Total	2,920,060,304	333,681,596	(8,472,805)	(166,737,876)	3,078,531,219	1,531,331,377	170,477,774	(4,584,099)	(12,1507,439)	1,575,717,613	1,502,813,606	

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

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

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

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

15.1.1 Depreciation charge has been allocated as under:	Note	2021 Rupees	2020 Rupees
Cost of sales	29	94,336,560	72,753,067
Distribution, selling and promotional expenses	30	39,013,487	36,959,064
Administrative and general expenses	31	37,127,727	20,833,947
		170,477,774	130,546,078

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

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

	Note	2021 Rupees	2020 Rupees
Land - freehold		13,989,289	13,989,289
Building on freehold land		58,367,593	62,997,378
Plant and machinery		468,970,535	440,880,394
		541,327,417	517,867,061

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

## 15.1.4 Disposal of property, plant and equipment

Description		Cost / Revalued amount	Accumulated Depreciation	Written Down Value	Sales Proceeds	Gain / (Loss)	Mode of Sale	Particulars of Purchasers
-----Rupees-----								
Reg. No		Employees:						
Motor Cars								
Toyota Corolla	LE-19-7342	1,894,300	(318,624)	1,575,676	1,603,840	28,164	Company Policy	Faisal Shahazad
Toyota Corolla	LE-19-7341	1,894,300	(318,624)	1,575,676	1,577,109	1,433	Company Policy	Iram Naila
Toyota Corolla	LE-19-7348	2,331,000	(839,160)	1,491,840	1,491,840	-	Company Policy	Qaiser Rashid
Toyota Corolla	LE-19-7346	2,331,000	(864,024)	1,466,976	1,466,976	-	Company Policy	Humayun Nizami
Toyota Corolla	LE-18-6048	2,397,000	(1,018,699)	1,378,301	1,384,500	6,199	Company Policy	Azfar Shams
Toyota Corolla	LEA-17-9747	1,660,500	(965,311)	695,189	850,176	154,987	Company Policy	Umar Latif
Honda City	LE-18A-7881	911,200	(153,265)	757,935	1,088,902	330,967	Company Policy	Zain-UI-Abadin
Suzuki Cultus	LEA-19-7809	1,410,000	(505,985)	904,015	1,173,538	269,523	Company Policy	Sheheryar Ilyas
Suzuki Cultus	LEA-19-7652	1,410,000	(612,880)	797,120	1,127,220	330,100	Company Policy	Muhammad Imran Khan
Suzuki Cultus	LEC-18-3550	1,250,000	(607,892)	642,108	905,634	263,526	Company Policy	Shahzad Hussain
Suzuki Cultus	LE-18A-7105	697,800	(117,371)	580,429	1,039,879	459,450	Company Policy	Syed M. Ahsan Wasti
Suzuki Cultus	LE-18A-7107	697,800	(156,722)	541,078	1,018,107	477,029	Company Policy	Abdul Moiz
Suzuki Cultus	LEA-18-7637	1,250,000	(727,333)	522,667	924,518	401,851	Company Policy	Waheed Shahzad Mughal
Suzuki Cultus	LEA-18-7635	1,250,000	(727,333)	522,667	924,518	401,851	Company Policy	Nasir Khan
Third party:								
Suzuki Cultus	LEA-19-7810	1,410,000	(645,116)	764,884	1,600,000	835,116	Auction	Shoaib Iqbal
Items having NBV less than Rs.500,000 each		139,738,490	(108,655,722)	31,082,768	31,296,217	213,449		
2021		162,533,390	(117,234,061)	45,299,329	49,472,974	4,173,645		
2020		133,969,530	(78,902,368)	55,067,162	87,141,984	32,074,822		

## 15.1.5 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

For The Year Ended 31 December 2021

15.1.6 The above amount does not include assets which are capitalized from 1st January 2021 to 31 December 2021.

15.1.7 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

### 15.2 Capital work in progress

Movement in capital work in progress is as follows:

	Plant and Machinery		Others		Total	
	2021	2020	2021	2020	2021	2020
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Opening balance	59,201,859	125,774,816	8,832,572	-	68,034,431	125,774,816
Additions during the year	11,600,253	120,803,622	102,413,183	12,773,882	114,013,436	133,577,503
Transferred to owned assets	(69,014,113)	(187,376,579)	(99,666,758)	(3,941,309)	(168,680,871)	(191,317,888)
	1,787,999	59,201,859	11,578,997	8,832,573	13,366,996	6,8034,431

16. INTANGIBLE ASSETS	Note	2021 Rupees	2020 Rupees
Intangible assets	16.1	-	-
Software - under implementation	16.2	21,189,000	-
		21,189,000	-

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

## 16.1. Intangible assets

	2021							
	Cost			Accumulated amortization				
PARTICULARS	As at 01 January	Additions	As at 31 December	As at 01 January	For the year	As at 31 December	Book value as at 31 December	Rate %
	----- Rupees -----							
Registration and trademark*	154,434,175	-	154,434,175	154,434,175	-	154,434,175	-	10%
Computer software	11,305,681	-	11,305,681	11,305,681	-	11,305,681	-	10-33%
	165,739,856	-	165,739,856	165,739,856	-	165,739,856	-	
	2020							
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".

16.2 This represents the cost of licence and other directly attributeable costs of SAP S/4HANA.

	Note	2021 Rupees	2020 Rupees
<b>17. LONG TERM INVESTMENT</b>			
Subsidiary Company - Unlisted			
Curexa Health (Private) Limited	17.1	200,000,000	200,000,000

17.1 This represents 100% (2020: 100%) shares in the Company's subsidiary Curexa Health (Private) Limited, a private limited Company incorporated under the Companies Act 2017 which has a principal objective to carry out business as manufacturer and dealer of all kinds of pharmaceuticals. The registered office and manufacturing facility of the Company is situated at 517 - Sundar Industrial Estate, Raiwind, Lahore. The Company's interest in Curexa Health (Private) Limited is recorded at cost in the unconsolidated financial statements.

	Note	2021 Rupees	2020 Rupees
<b>18. DEFERRED TAXATION</b>			
Deferred tax liabilities on taxable temporary differences:			
Surplus on revaluation of operating fixed assets	7	(45,997,791)	(54,715,421)
Accelerated tax depreciation		(71,469,853)	(71,189,983)
Lease liabilities - net		6,310,552	3,721,116
		(111,157,092)	(122,184,288)
Deferred tax assets on deductible temporary differences:			
Allowance for expected credit losses		6,171,494	4,749,747
Provision for gratuity		150,791,435	144,295,974
Provision for stock		7,780,891	12,264,665
		164,743,820	161,310,386
Deferred tax asset - net		53,586,728	39,126,098



## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

18.1 Movement in deferred tax is as follows:	Note	2021 Rupees	2020 Rupees
At beginning of the year		39,126,098	21,858,373
Recognized as deferred tax (expense) / income in unconsolidated statement of profit or loss:			
- Surplus on revaluation of operating fixed assets		8,717,630	4,152,810
- Accelerated tax depreciation on fixed assets		(279,870)	(16,506,015)
- Lease liabilities		2,589,436	2,629,834
- Provision for stock		(4,483,774)	7,347,127
- Allowance for expected credit losses		1,421,747	2,555,770
- Gratuity		1,500,314	12,748,875
		9,465,483	12,928,401
Recognized in surplus on revaluation of operating fixed assets:			
- Effect of change in proportion of normal sales			
Recognized as deferred tax income in other comprehensive income:			
- Gratuity		4,995,147	17,898,465
- Revaluation Surplus on operating fixed assets		-	(13,559,141)
		53,586,728	39,126,098

### 19. STOCK IN TRADE

Raw materials			
In hand		1,082,881,247	925,347,013
In transit		162,249,057	209,719,427
With third party		84,793,190	40,985,951
		1,329,923,494	1,176,052,391
Packing material			
In hand		330,609,389	277,093,218
In transit		12,959,510	10,033,774.00
With third party		7,050,343	8,006,406
		350,619,242	295,133,398
Work in process		237,040,152	125,940,489
Finished goods			
Trading -in hand		136,804,857	129,687,540
Trading -in transit		4,081,795	31,192,160
Manufactured		285,673,971	392,663,465
		426,560,623	553,543,165
Less: Provision for slow moving and obsolete items	19.1	(28,207,168)	(44,658,867)
		2,315,936,343	2,106,010,576

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

19.1 Provision for slow moving and obsolete items	Note	2021 Rupees	2020 Rupees
Opening provision		44,658,867	18,072,076
Charge for the year		22,774,150	41,314,367
Written off during the year		(39,225,849)	(14,727,576)
Closing provision		28,207,168	44,658,867

## 20. TRADE RECEIVABLES

Foreign		86,675,859	35,150,306
Local		518,039,073	304,698,646
		604,714,932	339,848,952
Less: Allowance for expected credit losses	20.1	(22,372,807)	(17,295,078)
	20.2	582,342,125	322,553,874

20.1 Allowance for expected credit losses:			
Opening balance		17,295,078	8,062,919
Charged during the year	33	10,582,999	9,232,159
Written off during the year		(5,505,270)	-
		22,372,807	17,295,078

20.2 These customers have no history of default. Age analysis of these trade debts is given in Note 39.

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

21. ADVANCES	Note	2021 Rupees	2020 Rupees
Advances to staff - secured			
- against expenses	21.1	44,240,005	34,480,332
- against salary	21	55,184,494	33,368,658
- current portion of advances against vehicles		20,047,866	15,670,441
		119,472,365	83,519,431
Advance to suppliers against goods and services	21.3	52,658,045	91,468,320
Margin against letter of credit	21.4	144,615,695	246,976,114
		316,746,105	421,963,865

21.1 Advances to staff provided to meet business expenses are settled as and when the expenses are incurred.

21.2 Advances to staff are interest free and settled against immediate salary. These advances are secured against final settlement of staff provident fund.

21.3 This includes an advance of amounting to Rs. 2 million (2020: Rs.0.9 million) provided to the subsidiary.

21.4 Comparative figure includes amounting to Rs. 203 million which has been reclassified from trade and other payables.

22. TRADE DEPOSITS AND PREPAYMENTS	Note	2021 Rupees	2020 Rupees
Trade deposits		27,735,434	28,763,605
Prepayments		22,279,488	17,196,660
		50,014,922	45,960,265

### 23. OTHER RECEIVABLES

Receivable from			
National Highway Authority	23.1	-	29,974,034
Insurance companies	23.2	2,765,294	1,222,165
Workers' Profit Participation Fund	23.3	19,535,116	1,086,734
		22,300,410	32,282,933
Interest accrued		3,499,325	2,443,865
Others		1,060,424	1,798,150
		26,860,159	36,524,948

23.1 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 2021

**23.2** These include claims receivable from various insurance companies against vehicles and equipment.

<b>23.3 Workers' Profit Participation Fund</b>	<b>Note</b>	<b>2021 Rupees</b>	<b>2020 Rupees</b>
Balance at the beginning of the year		1,086,734	1,863,035
Charge for the year		(126,480,188)	(103,127,525)
Amount received from fund		(71,430)	(2,648,776)
		(125,464,884)	(103,913,266)
Paid during the year		145,000,000	105,000,000
		19,535,116	1,086,734
<b>24. LOAN TO SUBSIDIARY</b>	<b>24.1</b>	<b>10,000,000</b>	<b>10,000,000</b>

**24.1** 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 (2020: Rs. 10 million).

<b>25. SHORT TERM INVESTMENT</b>	<b>Note</b>	<b>2021 Rupees</b>	<b>2020 Rupees</b>
<b>Investments at fair value through profit or loss</b>			
Mutual Funds	25.1	2,059,740,193	1,093,846,453
<b>25.1</b> These investments are measured at 'fair value through profit or loss			
Balance at the beginning of the year		1,093,846,453	-
Additions during the year		1,372,471,989	1,368,066,025
Redemption during the year		(417,170,045)	(279,090,705)
Realized (loss) / gain on redemption of investments during the year	33	(600,055)	1,201,054
Un-realized gain on remeasurement of investments during the year		11,191,851	3,670,079
Closing and fair value of short term investment	25.1.1	2,059,740,193	1,093,846,453

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

		Units		Fair Value	
		2021 Numbers	2020 Numbers	2021 Rupees	2020 Rupees
25.1.1 Mutual fund wise detail is as follows:					
	Alfalah GHP Income Fund	182,378	172,236	21,463,277	20,073,648
	Alfalah GHP Money Market Fund	743,899	-	73,174,515	
	MCB Cash Management Optimizer Fund	1,053,705	499,013	106,472,418	50,338,315
	Faysal MTS Fund	-	484,731	-	50,741,638
	Faysal Money Market Fund	781,225	-	79,775,221	-
	Askari High Yield Scheme	1,262,382	1,195,620	135,846,646	127,510,913
	Askari Sovereign Cash Fund	498,687	-	53,288,782	-
	Meezan Rozana Amdani Fund	3,113,012	2,441,451	155,650,609	122,072,570
	NBP Money Market Fund	11,022,846	10,301,978	109,250,251	101,986,491
	NBP Financial Sector Income Fund	26,027,168	24,383,713	274,719,359	257,101,872
	UBL Liquidity Plus Fund	4,032,473	1,001,941	408,808,274	101,370,954
	NIT Money Market Fund	-	2,485,703	-	262,650,051
		11,319,746	-	109,404,217	-
	HBL Money Market Fund	652,053	-	69,853,326	-
	ABL Cash Fund	9,471,643	-	96,787,876	-
	ABL Government Security Fund	3,839,029	-	40,000,000	-
	Atlas Money Market Fund	200,821	-	101,911,500	-
	JS Cash Fund	959,165	-	102,151,080	-
	First Habib Cash Bank	1,185,576	-	121,182,842	-
		76,345,808	42,966,386	2,059,740,193	1,093,846,452
26.	TAX REFUNDS DUE FROM THE GOVERNMENT		Note	2021 Rupees	2020 Rupees
	Sales tax refundable - net			29,197,207	19,135,488
27.	CASH AND BANK BALANCES				
	Cash and imprest			1,989,458	2,018,781
	Balance with banks				
	Current accounts				
	-Local currency			182,281,706	63,994,807
	-Foreign currency			12,234,160	23,730,151
	Saving accounts	27.1		520,543,862	557,073,909
	Term deposit receipts	27.2		95,000,000	176,379,843
				810,059,728	821,178,710
				812,049,186	823,197,491

**27.1.** These represents saving accounts which carries profit at the rate of ranging from 5.56% - 7.26% (2020: 12.07% - 5.75%).

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

**27.2** These represents investments in term deposit receipts. They carry profit at the rate of ranging from 5% - 10.5% (2020: 6.7% - 13.5%).

		2021 Rupees	2020 Rupees
<b>28. REVENUE FROM CONTRACTS WITH CUSTOMERS- NET</b>	<b>Note</b>		
Local sales	28.1	12,586,009,487	10,152,015,437
Export sales		624,529,466	555,251,793
		13,210,538,953	10,707,267,230
Toll manufacturing		384,381,096	335,132,336
		13,594,920,049	11,042,399,566
Less:			
Discount		424,846,075	240,705,131
Sales tax		56,948,666	33,645,150
Sales return		112,345,168	70,415,415
		(594,139,909)	(344,765,696)
	28.4	13,000,780,140	10,697,633,870

**28.1** This includes trading sales amounting to Rs. 2.7 billion (2020: RS. 1.52 billion)

## 28.2 Geographical information

### Revenue from external customers - net

Pakistan	12,434,705,044	10,142,382,082
Afghanistan	296,150,881	342,690,105
United Arab Emirates	106,311,447	83,905,028
France	68,123,197	68,123,197
Kenya	64,625,112	26,187,259
Iraq	14,367,650	-
Cambodia	6,874,703	18,751,887
Tanzania	3,914,213	7,952,868
Others	5,707,893	7,641,444
<b>Total revenue from contracts with customers</b>	<b>13,000,780,140</b>	<b>10,697,633,870</b>

### Timing of revenue recognition

Goods transferred at a point in time	13,000,780,140	10,697,633,870
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## 28.3 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 2021

### 28.4 Contract balances

Trade receivables		694,687,293	392,969,289
Contract liabilities	28.4.1	(33,248,835)	(76,851,860)
Refund liabilities		(112,345,168)	(70,415,415)
		549,093,290	245,702,014

28.4.1 Contract liabilities represent short-term advances received from customers against delivery of goods in future. Contract liabilities as at the beginning of the year, aggregating to Rs. 76.85 million (2020: Rs. 26.02 million), have been recognized as revenue upon dispatch of goods.

29. COST OF REVENUE	Note	2021 Rupees	2020 Rupees
Raw and packing material consumed		3,822,642,022	3,523,458,371
Salaries, wages and benefits	29.1	616,827,101	561,321,545
Fuel and power		138,957,797	107,924,220
Repairs and maintenance		103,144,445	74,633,000
Depreciation	15.1.1	94,336,560	72,753,067
Factory supplies		47,759,796	24,825,729
Vehicle running and maintenance		41,168,233	35,805,644
Stores consumed		40,567,105	34,631,258
Insurance		11,565,168	10,968,874
Printing and stationery		11,539,051	6,864,129
Fee and subscription		19,843,501	5,396,751
Rent, rates and taxes		13,522,141	12,591,696
Traveling and conveyance		6,297,758	3,897,074
Consultancy and professional charges		6,983,757	7,061,923
Other direct costs		3,487,692	3,682,943
Telephone, postage and communication		1,963,396	1,089,993
Ijarah rentals		-	644,402
		4,980,605,523	4,487,550,619

### Inventory effect of work in process

Opening	125,940,489	167,463,552
Closing	(237,040,152)	(125,940,489)
	(111,099,663)	41,523,063

Cost of goods manufactured 4,869,505,860 4,529,073,682

### Inventory effect of finished goods

Opening	553,543,165	598,961,145
Purchases	1,588,698,308	1,001,966,736
Closing	(426,560,623)	(553,543,165)
	1,715,680,850	1,047,384,716

Cost of goods sold 6,585,186,710 5,576,458,398



# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

		2021	2020
	Note	Rupees	Rupees
29.1 This includes the following staff benefits:			
Defined benefit plan - Gratuity		23,055,948	28,861,548
Defined contribution plan - Provident Fund		14,244,570	11,595,014
Provision for compensated leave absences		5,436,373	8,246,124
		42,736,891	48,702,686

## 30. DISTRIBUTION, SELLING AND PROMOTIONAL EXPENSES

Salaries and benefits	30.1	1,470,603,581	1,209,185,892
Traveling and conveyance		470,312,032	403,300,497
Training, seminars and symposia		335,772,558	244,326,224
Literature, promotion and advertisement material		642,468,306	391,274,527
Vehicle running and maintenance		146,721,837	70,213,716
Freight		99,806,832	80,482,928
Sample goods		80,847,774	68,627,663
Newspapers and subscriptions		54,363,511	52,952,726
Depreciation	15.1.1	39,013,487	36,959,064
Insurance		31,701,332	30,174,281
Telephone, postage and communication		22,380,128	35,511,023
Commission on sales		5,791,482	8,265,462
Rent, rates and taxes		7,222,380	-
Office supplies		4,808,907	9,488,413
Printing and stationery		3,525,677	2,844,473
Repairs and maintenance		884,466	400,000
Others		124,730	106,254
Ijarah rentals		-	751,039
		3,416,349,020	2,644,864,182

30.1 This includes following staff benefits:			
Defined benefit plan - Gratuity		29,526,629	21,583,116
Defined contribution plan - Provident Fund		33,251,756	26,731,113
Provision for compensated leave absences		10,278,017	20,920,548
		73,056,402	69,234,777

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

		2021	2020
31. ADMINISTRATIVE AND GENERAL EXPENSES	Note	Rupees	Rupees
Salaries and benefits	31.1	361,919,685	315,665,428
Depreciation	15.1.1	37,127,727	20,833,947
Vehicle running and maintenance		35,255,609	34,464,133
Donation	31.4	16,790,527	2,599,065
Repairs and maintenance		12,528,910	4,811,674
Newspapers and subscriptions		11,987,737	5,379,849
Telephone, postage and communication		8,928,044	4,630,954
Rent, rates and taxes		7,736,561	18,234,605
Traveling and conveyance		5,744,562	10,930,536
Legal and professional charges		5,823,565	5,311,418
Electricity, gas and water		5,597,941	2,569,987
Office supplies		5,590,616	3,708,782
Insurance		4,896,154	5,275,245
Advertisement, seminars and symposia		3,127,000	7,630,938
Printing and stationery		3,974,894	2,666,385
Auditors' remuneration	31.2	2,469,500	2,245,000
Others		1,389,086	765,673
Ijarah rentals		-	310,070
		530,888,118	448,643,502
31.1 It includes the following staff benefits:			
Defined benefit plan - Gratuity		29,295,198	23,549,737
Defined contribution plan - Provident Fund		9,447,753	9,696,257
Provision for compensated leave absences		1,923,294	3,669,576
		40,666,245	36,915,570
31.2 Auditors' remuneration			
Statutory audit		1,650,000	1,500,000
Fee for review of half yearly financial information		478,500	435,000
Review of Statement of compliance of CCG		121,000	110,000
Out of pocket		220,000	200,000
		2,469,500	2,245,000

31.3 There is no donation to a single party exceeding Rs. 1 million or 10 percent of the Company's total amount of donation.

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

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

32. RESEARCH AND DEVELOPMENT EXPENSES	Note	2021 Rupees	2020 Rupees
Salaries and benefits	32.1	7,350,627	5,093,354
Vehicle repair and maintenance		537,196	378,212
Traveling		16,332	28,891
Insurance		47,092	34,903
Office supplies		43,890	48,322
Others		677,443	794,189
		8,672,580	6,377,871

32.1 It includes the defined contribution plan - provident fund of Rs. 0.22 million (2020: Rs. 0.17 million)

33. OTHER OPERATING EXPENSES	Note	2021 Rupees	2020 Rupees
Workers' Profit Participation Fund	23.3	126,480,188	103,127,525
Workers' Welfare Fund		52,881,432	37,691,307
Central Research Fund		23,715,543	20,833,843
Allowance for expected credit losses	20.1	10,582,999	9,232,159
Realized loss on sale of short-term investment		600,055	-
Exchange loss		-	8,243,972
		214,260,217	179,128,806

34. OTHER INCOME			
Income from financial assets:			
Return on deposits		29,148,228	38,065,284
Dividend Income on short-term investment		103,442,831	22,672,831
Realized gain on sale of short-term investment		-	1,201,054
Unrealized gain on re-measurement of short term investment to fair value		11,191,851	3,670,079
Interest on loan to subsidiary		901,445	1,543,273
Exchange gain - net		3,536,257	-
Income from non-financial assets:			
Gain on disposal of operating fixed assets	15.1.4	4,173,645	32,074,822
Scrap sales		1,261,074	4,453,459
		153,655,331	103,680,802

35. FINANCE COSTS			
Finance cost on lease liabilities	8	17,902,625	14,231,112
Mark-up on Long-term loans		5,690,038	4,133,676
Bank charges		3,341,945	5,745,465
		26,934,608	24,110,253

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

36. TAXATION	Note	2021 Rupees	2020 Rupees
Current income tax:			
Charge for the year		625,421,098	543,866,546
Adjustments in respect of current income tax of previous year		(51,844,559)	(29,439,551)
		573,576,539	514,426,995
Deferred			
Relating to origination and reversal of temporary differences		(9,465,483)	(13,431,066)
		564,111,056	500,995,929

### 36.1 Reconciliation of tax charge for the year

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

Profit before tax		2,372,144,218	1,921,731,660
Tax at applicable tax rate of 29% (2020: 29%)		687,921,823	557,302,181
Effect of non-deductible expenses for tax purposes		10,922,582	7,281,406
Effect of non-chargeable income for tax purposes		(4,221,888)	(1,064,323)
Effect of allowable deductions / charge for tax purposes:			
Depreciation of operating fixed assets		10,554,274	(3,706,326)
Gain / loss on disposal of fixed asset.		2,132,191	(1,209,392)
WPPF / WWF		(4,223,299)	(569,058)
Allowance for expected credit losses		1,549,235	2,677,326
Gratuity		8,283,349	14,053,554
Lease payments		(5,853,017)	(4,806,448)
Effect of amounts subject to fixed / final taxes		(81,644,152)	(26,092,374)
Prior year income tax charge		(51,844,559)	(29,439,551)
Average tax expense charged to profit or loss		573,576,539	514,426,995

37. EARNINGS PER SHARE - BASIC AND DILUTED	Note	2021 Rupees	2020 Rupees
There is no dilutive effect on the basic earnings per share of the Company which is based on:			
Profit after taxation	Rupees	1,808,033,162	1,420,735,731
Weighted average number of ordinary shares	Number of shares	38,076,439	Restated 38,076,439
Earnings per share	Rupees	47.48	Restated 37.31

37.1 The weighted average number of ordinary shares for the year ended 2020 have been restated due to issuance of 3,461,494 bonus shares in 2021 in accordance with the requirement of IAS 33.

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

## 38. 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:

	2021		2020	
	Chief Executive	Executives	Chief Executive	Executives
-----Rupees-----				
<b>Short-term employee benefits</b>				
Managerial remuneration	24,065,159	366,298,277	18,894,179	289,443,860
House Allowance / utility	7,997,784	141,081,831	6,213,708	109,006,709
Medical	12,500	8,864,563	-	6,360,725
	32,075,443	516,244,671	25,107,887	404,811,294
Retirement benefits	1,332,576	20,678,264	3,617,391	60,933,866
	33,408,019	536,922,935	28,725,278	465,745,160
Number of persons	1	95	1	69

**38.1** In addition to the above, 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.

**38.2** Managerial remuneration includes Rs. 92.2 million (2020: Rs. 71.4 million) charged in the statement of profit or loss in respect of bonus to chief executive and executives of the Company.

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

## 39. FINANCIAL RISK MANAGEMENT

### 39.1 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, advances, other receivables, cash, term deposits and short-term investments that arrive directly from its operations.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management policies focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

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 2021	Effects on Profit Before Tax 2020
		Rupees	Rupees
Receivables - USD	+10%	8,750,753	3,515,031
	-10%	(8,750,753)	(3,515,031)
Payables - Euro	+10%	1,008,836	1,254,052
	-10%	(1,008,836)	(1,254,052)
Payables - USD	+10%	310,157	638,121
	-10%	(310,157)	(638,121)
Bank balance - USD	+10%	1,224,360	2,373,015
	-10%	(1,224,360)	(2,373,015)
		2021	2020
		Rupees	Rupees
Reporting date rate:			
USD		178.169	159.83
Euro		201.86	196.64

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

(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:

	2021 Rupees	2020 Rupees
<b>Floating rate instruments</b>		
<b>Financial assets at amortized cost</b>		
Cash and bank balances - deposit accounts	520,543,862	557,073,909
Loan to subsidiary	10,000,000	10,000,000
<b>Financial assets at fair value through profit or loss</b>		
Short term investments	2,059,740,193	1,093,846,453
	<b>2,590,284,055</b>	<b>1,660,920,362</b>

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

	2021 Rupees	2020 Rupees
<b>Floating rate instruments</b>		
<b>Financial assets at amortized cost</b>		
Cash and bank balances - deposit accounts	520,543,862	557,073,909
Loan to subsidiary	10,000,000	10,000,000
<b>Financial assets at fair value through profit or loss</b>		
Short term investments		
<b>Financial liabilities at amortized cost</b>		
Lease liabilities	149,505,355	147,464,259
Long-term loan	164,758,957	323,828,530
<b>Fair value sensitivity analysis for fixed rate instruments</b>		
Term deposit receipts	95,000,000	176,379,843



## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

### 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.

		Changes in Interest Rate	Effects on Profit Before Tax
		Rupees	Rupees
Lease liabilities	2021	+1.50	(2,242,580)
		-1.50	2,242,580
	2020	+1.50	(2,211,964)
		-1.50	2,211,964
Long term Loan	2021	+1.50	2,471,384
		-1.50	(2,471,384)
	2020	+1.50	4,857,428
		-1.50	(4,857,428)
Short term deposits	2021	+1.50	1,425,000
		-1.50	(1,425,000)
	2020	+1.50	2,645,698
		-1.50	(2,645,698)
Loan to subsidiary	2021	+1.50	150,000
		-1.50	(150,000)
	2020	+1.50	150,000
		-1.50	(150,000)
Cash and bank balances - deposit accounts	2021	+1.50	7,808,158
		-1.50	(7,808,158)
	2020	+1.50	9,671,983
		-1.50	(9,671,983)
Short term investments	2021	+1.50	30,896,103
		-1.50	(30,896,103)
	2020	+1.50	16,407,697
		-1.50	(16,407,697)

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

## (b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economical, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits, other receivables and balances with banks. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk on trade debts, the Company has developed a formal approval process, whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and records an allowance for expected credit loss. The credit risk on liquid funds such as balances with banks is limited because the counter parties are banks with reasonably high credit ratings.

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

		2021	2020
	Note	Rupees	Rupees
<b>Financial assets at amortized cost:</b>			
Trade receivables		582,342,125	322,553,874
Advances to employees against salaries		55,184,494	33,368,658
Trade deposits		39,178,863	50,207,034
Other receivables		26,860,159	36,524,948
Loan to subsidiary		10,000,000	10,000,000
Term deposit receipts		95,000,000	176,379,843
Bank balances		715,059,728	644,798,867
<b>Financial assets at fair value through profit or loss:</b>			
short-term investments		2,059,740,193	1,093,846,453
		<b>3,583,365,562</b>	<b>2,367,679,677</b>

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

### (i) Trade receivables

Credit risk related to trade receivables 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.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

The Company does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment.

At 31 December 2021, the Company has 34 (2020: 48) customers who owed the Company more than Rs.1 million each and accounted for approximately 95% (2020: 96%) of all receivables owing.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

	Trade receivables				
	Days past due				
	2021				
	<30 days	30-60 days	61-90 days	>90 days	Total
	-----Rupees-----				
31 December 2021					
Expected credit loss rate	0.85%	6.17%	21.38%	56.17%	
Estimated total gross carrying amount at default	604,778,929	36,027,163	2,523,952	25,760,604	669,090,648
Expected credit loss	5,140,621	2,222,876	539,621	14,469,689	22,372,807
	Trade receivables				
	Days past due				
	2020				
	<30 days	30-60 days	61-90 days	>90 days	Total
	-----Rupees-----				
31 December 2020					
Expected credit loss rate	1.52%	2.57%	6.76%	16.56%	
Estimated total gross carrying amount at default	284,035,994	9,596,792	16,228,229	70,247,493	380,108,508
Expected credit loss	4,317,347	246,638	1,097,028	11,634,065	17,295,078

## ii) Financial instruments and cash deposits

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 and term deposit receipts held with some major counterparties at the reporting date:

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

	Rating			Rupees 2021	Rupees 2020
	Short term	Long term	Agency		
Cash and short term Deposits					
National Bank of Pakistan	A-1+	AAA	PACRA - VIS	22,198,894	2,403,721
United Bank Limited	A-1+	AAA	VIS	2,796,069	7,795,899
Habib Bank Limited	A-1+	AAA	VIS	594,327,570	610,100,467
Allied Bank Limited	A-1+	AAA	PACRA	25,389	72,704
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	1,961,976	19,568,900
JS Bank Limited	A-1+	AA-	PACRA	104,947,714	179,010,826
Bank Al Habib Limited	A-1+	AAA	PACRA	18,730	18,730
Meezan Bank Limited	A-1+	AAA	VIS	3,918,816	24,122
Askari Bank Limited	A-1+	AA+	PACRA	25,780,648	-
Mobilink Microfinance Bank Limited	A-1	A	PACRA	4,042,021	2,183,341
MCB Bank Limited	A-1+	AAA	PACRA	35,826	-
Faysal Bank Limited	A-1+	AA	PACRA - VIS	6,075	-
First Habib Modaraba	A-1+	AA+	PACRA - VIS	50,000,000	
				810,059,728	821,178,710

	Rating		Rupees 2021	Rupees 2020
	Long term	Agency		
Short term investments				
UBL Liquidity Plus Fund	AA+(f)	VIS	408,808,274	101,370,954
NBP Financial Sector Income Fund	A+(f)	PACRA	274,719,359	257,101,872
Meezan Rozana Amdani Fund	AA+(f)	VIS	155,650,609	122,072,570
Askari High Yield Scheme	A(f)	PACRA	135,846,646	127,510,913
First Habib Cash Fund	AA+(f)	VIS	121,182,843	-
NIT Money Market Fund	AAA(f)	PACRA	109,404,217	-
NBP Money Market Fund	AA(f)	PACRA	109,250,251	101,986,491
MCB Cash Management Optimizer Fund	AA+(f)	PACRA	106,472,418	50,338,315
JS Cash Fund	AA+(f)	PACRA	102,151,080	-
Atlas Money Market Fund	AA+(f)	PACRA	101,911,500	-
ABL Cash Fund	AA+(f)	VIS	96,787,876	-
Faysal Money Market Fund	AA(f)	PACRA	79,775,221	-
Alfalah GHP Money Market Fund	AA+(f)	PACRA	73,174,515	-
HBL Money Market Fund	AA+(f)	VIS	69,853,326	-
Askari Sovereign Cash Fund	AA-(f)	VIS	53,288,782	-
ABL Government Security Fund	AA-(f)	VIS	40,000,000	-
Alfalah GHP Income Fund	A+(f)	PACRA	21,463,277	20,073,648
Faysal MTS Fund	AA-(f)	PACRA	-	50,741,638
UBL Government Securities Fund	AA(f)	VIS	-	262,650,051
			2,059,740,194	1,093,846,452
			2,869,799,922	1,915,025,162

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counterparties on their obligations to the Company. Further, the Company has assessed that the ECL on bank balances is immaterial and hence, has not been recognized.

## iii) Other financial assets

Other financial assets mainly comprise of Long-term and short-term deposits, other receivables and advances to employees. The Company has assessed, based on historical experience, that the ECL associated with these financial assets is trivial and therefore, no ECL has been recognized on these financial assets.

## 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.

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

	2021					
	Carrying amount	Contractual cash flows	within 1 year	1 to 2 years	2 to 5 years	more than 5 years
31 December 2021	-----Rupees-----					
Lease liabilities	149,505,355	203,672,099	41,589,907	45,748,897	82,032,287	34,301,007
Long term Loan	164,758,957	164,758,957	164,758,957	-	-	-
Trade and other payables	931,622,599	931,622,599	931,622,599	-	-	-
Unclaimed dividend	64,336,749	64,336,749	64,336,749	-	-	-
	1,310,223,660	1,364,390,404	1,202,308,212	45,748,897	82,032,287	34,301,007

	2020					
	Carrying amount	Contractual cash flows	within 1 year	1 to 2 years	2 to 5 years	more than 5 years
31 December 2020	-----Rupees-----					
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

### d) Price risk

Other price risk is the risk of changes in fair value of investment in mutual funds as a result of changes in the levels of net asset value of units held by the Company. As of 31 December 2021, had there been increase / decrease in net asset value by 1% with all other variables held constant, the profit before tax for the year would have been higher / lower by Rs. 20.59 million (2020: Rs. 10.94 million)



# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

## 39.2 Financial instruments by categories

2021		
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	-	11,443,429	11,443,429
Advances	-	55,184,494	55,184,494
Trade debts	-	582,342,125	582,342,125
Trade deposits	-	27,735,434	27,735,434
Other receivables	-	36,524,948	36,524,948
Cash and short-term deposits	-	812,049,186	812,049,186
short-term Investments	2,059,740,193	-	2,059,740,193
		1,725,279,616	3,785,019,809

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 short-term deposits	-	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

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

	2021	2020
	Financial Liabilities at amortized cost	
	-----Rupees-----	
Liabilities as per statement of financial position:		
Lease liabilities	149,505,355	147,464,259
Long-term Loan	164,758,957	323,828,530
Unclaimed dividend	44,471,264	44,471,264
Trade and other payables	931,622,599	433,515,424
	1,290,358,175	949,279,477

### 40. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to be paid to shareholders, issue new shares or sell assets to reduce debt.

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

	2021 Rupees	2020 Rupees
Long-term loan		
Lease liabilities	164,758,957	323,828,530
Trade and other payables	149,505,355	147,464,259
	931,622,599	433,515,424
Less: Cash and short-term deposits	1,245,886,911	904,808,213
Net debt	(812,049,186)	(823,197,491)
	433,837,725	81,610,722
Share capital		
Revaluation surplus on operating fixed assets	380,764,390	346,149,450
Revenue reserves	391,326,324	413,928,517
	4,990,531,928	3,726,120,784
	5,762,622,642	4,486,198,751
Total capital employed		
	6,196,460,367	4,567,809,473
Gearing ratio	7%	2%

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 2020.

## 41. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Long-term loan	Lease liabilities	Total
31 December 2021	-----Rupees-----		
Opening balance	323,828,530	147,464,259	471,292,789
Addition in leases	-	27,062,194	27,062,194
Cash flows - net	(174,789,954)	(37,930,926)	(212,720,880)
Finance cost	15,720,381	17,902,625	33,623,006
Recognition of grant	-	-	-
Others	-	(4,992,797)	(4,992,797)
Closing balance	164,758,957	149,505,355	314,264,312

	2020		
	Long-term loan	Lease liabilities	Total
31 December 2020	-----Rupees-----		
Opening balance	-	71,880,829	71,880,829
Addition in leases	-	93,067,642	93,067,642
Cash flows - net	331,607,306	(31,715,326)	299,891,980
Finance cost	9,638,122	14,231,114	23,869,236
Recognition of grant	(17,416,898)	-	(17,416,898)
Closing balance	323,828,530	147,464,259	471,292,789

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

### 42. FAIR VALUE MEASUREMENT

#### 42.1 Fair value hierarchy

Detail of the Company's investments in mutual funds, and information about the fair value hierarchy as at the end of the reporting period are as follow:

	Fair value measurement using			
	Quoted price in active market	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
31 December 2021	-----Rupees-----			
Short-term investment	2,059,740,193	-	-	2,059,740,193

	Fair value measurement using			
	Quoted price in active market	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
31 December 2020	-----Rupees-----			
Short-term investment	1,093,846,453			1,093,846,453

#### Revalued Property, plant and equipment:

Land - freehold	-	283,400,000	-	283,400,000
Building on freehold land	-	159,980,000	-	159,980,000
Plant and machinery	-	543,131,000	-	543,131,000
	1,093,846,453	986,511,000	-	2,080,357,453

There are no transfers between levels 1, 2 and 3 during the year and there were no changes in valuation techniques during the years.

# Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

## 43. 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 38.). The Company 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	2021 Rupees	2020 Rupees
Route 2 health (Pvt) Ltd	Associate	Purchases	784,091,690	389,713,824
Route 2 health (Pvt) Ltd	Associate	Payments	791,933,095	568,402,711
Curexa Health (Pvt) Ltd	Subsidiary	Purchases	541,112,201	460,876,474
Curexa Health (Pvt) Ltd	Subsidiary	Interest on loan to subsidiary	901,445	1,543,273
Curexa Health (Pvt) Ltd	Subsidiary	Payments	533,261,736	448,892,590
Curexa Health (Pvt) Ltd	Subsidiary	Adjustment against transfer of packing material	9,204,489	7,992,882
Staff provident fund	Staff retirement benefits	Contribution	57,173,152	48,200,180
Employee's Welfare Trust	Staff welfare benefits	Contribution	3,650,782	3,178,632

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

## 44. NUMBER OF EMPLOYEES

	2021	2020
Number of employees at the end of the year	2,315	1,825
Average number of employees during the year	2,070	1,838

## Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

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### 45. 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.

### 46. EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Company in its meeting held on March 16, 2022 has proposed cash dividend at the rate of Rs.20 (2020: Rs. 15) per share and 10% bonus shares for the year ended 31 December 2021, (2020: 10%) subject to the approval of shareholders in the Annual General Meeting to be held on April, 18 2022. These unconsolidated financial statements do not reflect these appropriations.

### 47. DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Company authorized these unconsolidated financial statements for issuance on 16 March 2022.


### 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 unconsolidated financial statements.

# Consolidated Financial Statements

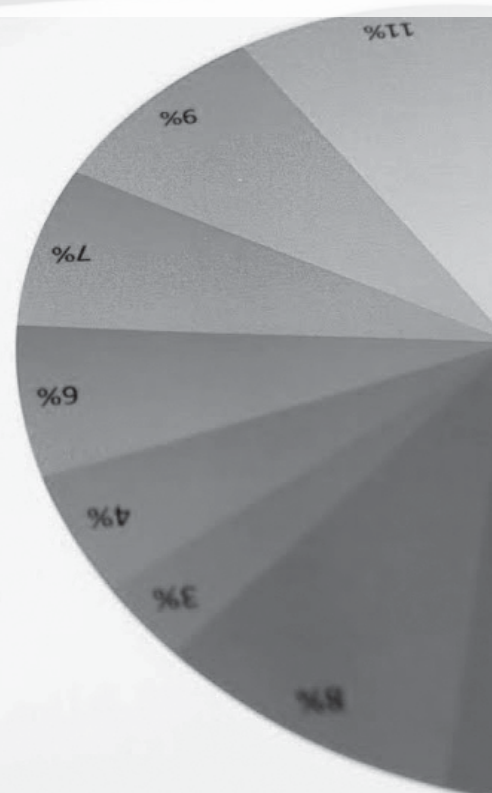
Highnoon Laboratories Limited  
and its subsidiary

Curexa Health (Private) Limited  
for the year ended 31 December 2021



The background image shows a hand holding a pen over a financial document. The document contains various charts and tables. A pie chart is visible in the top left corner, and a line graph is in the bottom left corner. The main table is titled 'Summary Of Sales (Percent)' and lists 12 product types with their respective percentages.

Product Type 1	17%
Product Type 2	6%
Product Type 3	8%
Product Type 4	3%
Product Type 5	4%
Product Type 6	6%
Product Type 7	7%
Product Type 8	9%
Product Type 9	11%
Product Type 10	14%
Product Type 11	6%
Product Type 12	6%





## Group Directors' Report to the Shareholders

The Directors are pleased to present the Consolidated Financial Statements of Highnoon Laboratories Limited the ("Holding Company") and Curexa Health (Private) Limited its wholly owned Subsidiary company ("the Subsidiary") together mentioned as ("the Group") for the year ended December 31, 2021 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

	Consolidated	
	2021	2020
	(Rupees in thousands)	
Profit before tax	2,435,742	1,998,889
Taxation	(579,320)	(525,071)
<b>Profit after tax</b>	<b>1,856,422</b>	<b>1,473,817</b>
<b>Profit available for appropriation</b>	<b>4,985,967</b>	<b>3,671,509</b>
<b>Appropriations:</b>		
Final cash dividend for the FY 2021 @ Rs. 20 per share (FY 2020:@ Rs. 15 per share)	(761,529)	(519,224)
Bonus share @ 10% (FY 2020:10%)	(38,076)	(34,615)

### EARNINGS PER SHARE

Based on the Consolidated audited financial statements of the Group for the year ended December 31, 2021 basic & diluted earnings per share is Rupees 48.76 (2020: Rs. 38.71 restated) registering an increase of 26%.

### THE SUBSIDIARY'S OPERATIONS AND GROUP PERSPECTIVE

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

As per IQVIA, our subsidiary Company's flagship brand Ceftro (Ceftriaxone) achieved sales revenue of Rs. 432 million (2020:318 million) registering a growth of 38 percent. Xorbact, another injectable brand has registered a sales revenue of Rs.182 million in comparison to Rupees 83 million in 2020, witnessing a growth of 119 percent.

Evacef & Fortez, our newly launched cephalosporin molecules have rapidly captured the anti-infective market. Fortez has achieved a sales revenue of Rs. 39 Mn at the growth rate of 517 per cent as per IQVIA- MAT 01/2021. Where as Evacef is contributing an annual revenue of Rs. 13 Mn with a massive growth rate of 999 percent.

### OPERATIONAL EXCELLENCE

The Company completed several projects of infrastructure improvement, lab up-gradation, and efficiency improvement to improve capacity, safety, quality, and compliance. The major initiatives taken during the year include:

- Construction of new Packaging and Finished Goods store to enhance the storage capacity
- Developed in-house calibration system for pressure gauges which not only enhance the compliance but also helps in cost efficiency.

## WAY FORWARD

The continuously increasing brand reputation witnessed by faster than market sales growth building a very prosperous outlook for the Group. The management of the subsidiary company, in alignment with the Group's long-term business strategy, is keen to build up its reputation as a quality conscious pharma producer not only in national market but international markets as well. As a pre-requisite, the Company is pursuing a comprehensive plan to upgrade the manufacturing facility to get accreditation from a globally recognized regulatory body which will open many international business venues. The planned installation of a newly acquired high-speed powder, filling, and sealing machine is one of the core initiatives in making its operations more compliant and cost-efficient. There are many projects in the pipeline to also increase the plant's productivity and to make it responsive to the growing business needs.

On behalf of the Board, we would like to express our sincere gratitude to the shareholders, Doctors, Pharmacists, Consumers, Business partners, and Bankers for their continued patronage and trust and the employees and management for their utmost dedication and valuable efforts.

For and on behalf of the Board

**Dr. Adeel Abbas Haideri**  
Chief Executive Officer

**Taufiq Ahmed Khan**  
Director

Lahore: March 16, 2022

ایواسیف اور فورٹز، ہمارے نئے متعارف کیے گئے سیفالوسپورن مالیکیولز نے مارکیٹ میں دستیاب انفیکشن ختم کرنے والی سب ادویات سے سبقت لے گئے ہیں۔ IQVIA- MAT 01/2021 کے مطابق فورٹز نے 517 فیصد کی شرح نمو سے 39 ملین روپے کی آمدن فروخت حاصل کی ہے۔ جبکہ ایواسیف 999 فیصد کی زبردست شرح نمو کے ساتھ 13 ملین روپے سالانہ آمدنی میں حصہ ڈال رہا ہے۔

### پیداواری امور میں بہتری

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 ان کی افادیت درج ذیل ہیں:

- 1- سٹوریج کی صلاحیت کو بڑھانے کے لیے نئے پیکیٹنگ اور تیار سامان کے اسٹور کی تعمیر۔
- 2- پریشر گیجز کے لیے اندرون خانہ کیلیبریشن سسٹم تیار کیا جو نہ صرف دوا ساز قوانین سے موافق بناتا ہے بلکہ لاگت کی کمی میں بھی مدد کرتا ہے۔

### مستقبل پر ایک نظر

ہمارے برانڈ کی مارکیٹ میں مسلسل بڑھتی ہوئی ساکھ اور فروخت میں تیزی سے اضافہ گروپ کے خوشحال مستقبل کی نوید دے رہا ہے۔ ذیلی کمپنی کی انتظامیہ، گروپ کی طویل مدتی کاروباری حکمت عملی کے مطابق، نہ صرف قومی مارکیٹ بلکہ بین الاقوامی منڈیوں میں بھی ایک اعلیٰ معیار کے بارے میں شعور رکھنے والے دوا ساز ادارے کے طور پر اپنی ساکھ بنانے کا خواہاں ہے۔ ایک شرط کے طور پر، کمپنی عالمی سطح پر تسلیم شدہ ریگولیٹری ادارے سے ایکریڈٹیشن حاصل کرنے کے لیے مینوفیکچرنگ سہولیات کو بہتر کرنے کے لیے ایک جامع منصوبے پر عمل پیرا ہے جس سے بہت سے بین الاقوامی کاروباری مواقع کھلیں گے۔ نئی خریدی گئی تیز رفتار پاؤڈر، فلنگ اور سیلنگ مشین کی تنصیب اس منصوبے کے پیداواری مراحل کو مزید بنانے اور لاگت کو کم کرنے کے لیے بنیادی اقدامات میں سے ایک ہے۔ پلانٹ کی پیداواری صلاحیت کو بڑھانے اور اسے بڑھتی ہوئی کاروباری ضروریات سے ہم آہنگ کرنے کے لیے مزید منصوبے تیار ہیں۔

### اظہار تشکر

ہم بورڈ کی طرف سے حصہ داروں، ڈاکٹروں، فارماسسٹ، صارفین، کاروباری شراکت داروں اور بنکاروں کی متواتر سرپرستی اور انتظامیہ و کارکنان کی انتھک کوششوں متواتر محنت اور لگن کے لیے پر خلوص شکر یہ ادا کرتے ہیں

منجانب بورڈ آف ڈائریکٹرز

توفیق احمد خان

ڈائریکٹر

ڈاکٹر عدیل عباس حیدری

چیف ایگزیکٹو آفیسر

لاہور

مارچ 16، 2022

## گروپ ڈائریکٹر رپورٹ

ہائی نون لیبارٹریز لمیٹڈ کا بورڈ آف ڈائریکٹرز (بورڈ) ہائی نون لیبارٹریز (ہولڈنگ کمپنی) اور کیوریکسا ہیلتھ (پرائیویٹ) لمیٹڈ، جو کے کلی طور پر اسکی ذیلی کمپنی ہے، اور ان دونوں کا ذکر ہم گروپ کے نام سے کریں گے، کے مجموعی حسابات برائے سال اختتام 31 دسمبر 2021 اور گروپ کی مجموعی کارکردگی پر اپنی جائزہ رپورٹ پیش کرتے ہوئے خوشی 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 ڈائریکٹرز رپورٹ اور پیپر مین کے جائزہ کو بھی جہاں تک لاگو ہواس رپورٹ کا بھی حصہ سمجھا جائے۔ بیان کردہ ڈائریکٹرز رپورٹ اور ہولڈنگ کمپنی کی کارکردگی اور مالیاتی معلومات پر چیئرمین کا جائزہ، جیسا کہ قابل اطلاق ہو، اس رپورٹ کا حصہ ہے۔

### مالی کارکردگی کا جائزہ

ہم یہ بتاتے ہوئے فخر محسوس کر رہے ہیں کہ گروپ نے 13 ارب روپے سے زائد فروخت کا ہدف حاصل کر لیا ہے اس سال کا گروپ کا خام منافع 6.523 ارب روپے (2020: 5.242 ارب روپے) تک بڑھ گیا ہے۔

### گروپ کے مجموعی حسابات کی شہ سرخیاں

مجموعی	2020	2021
قبل از ٹیکس خالص منافع	1,998,889	2,435,742
ٹیکس	(525,071)	(579,320)
بعد از ٹیکس خالص منافع	1,473,817	1,856,422
قابل تقسیم منافع	3,671,509	4,985,967

### تخصیص منافع

نقد ڈیویڈنڈ برائے مالی سال 2021 فی حصص 20 روپے کے حساب سے (2020: فی حصص 15 روپے)	(519,224)	(761,529)
بونس حصص 10 فیصد (2020: 10 فیصد)	(34,615)	(38,076)

### فی حصص آمدنی

گروپ کے پڑتال شدہ مجموعی حسابات کی بنیاد پر فی حصص آمدنی برائے مالی سال اختتام 31 دسمبر 2021 بڑھ کر 48.76 روپے (2020: 38.71 روپے) ہو گئی گزشتہ سال کے مقابلے میں اس میں فی حصص اضافہ 26 فیصد ہوا۔

### ذیلی کمپنی کے کاروبار اور گروپ کا تناظر

ذیلی ادارہ سیفالوسپورن پلانٹ چلاتا ہے اور فی الحال اپنی ہولڈنگ کمپنی کے لیے سیف سے متعلقہ ادویات تیار کرتا ہے۔

IQVIA کے مطابق ذیلی کمپنی کا معروف برانڈ سیفٹرو (سیف ٹرانگزنون) کی آمدن فروخت 432 ملین روپے رہی ہے جو کہ گزشتہ سال کے مقابلہ میں 38 فیصد زیادہ ہے۔ زار بیکیٹ جو کہ ہمارا دوسرا ٹیکھنیکل برانڈ ہے، اس کی فروخت 182 ملین روپے (2020: 83 ملین روپے) رہی اور گزشتہ سال کے موازنہ میں اضافہ کی شرح 119 فیصد رہی۔ کمپنی کی بذریعہ منہ استعمال ہونے دوا سیفیا نے گزشتہ سال کے مقابلے میں 60 فیصد کی شرح سے بڑھ 228 ملین روپے (IQVIA-MAT 01/2021) کی آمدن فروخت حاصل کی۔

# 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 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, 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 consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 Group's affairs as at 31 December 2021 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 consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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

Key Audit Matters	How the matter was addressed in our audit
<b>1.Valuation of stock in trade:</b>	
As disclosed in Note 22 to the accompanying consolidated financial statements, the stock in trade balance constitutes 29% 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. 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.	<p>Our audit procedures included, amongst others:</p> <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> <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 consolidated 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 consolidated financial statements and our auditor's report thereon.

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

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

#### Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 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 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current 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.

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



Chartered Accountants

Lahore: March 26, 2022

UDIN: AR202110087IijRctlSz

## Consolidated Statement of Financial Position

	Note	2021 Rupees	2020 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Share capital and reserves</b>			
Authorized share capital			
50,000,000 (2020: 50,000,000) Ordinary			
shares of Rs. 10 each		500,000,000	500,000,000
<b>Share capital</b>			
Issued, subscribed and paid up share capital	6	380,764,390	346,149,450
<b>Capital reserve</b>			
Revaluation surplus on operating fixed assets	7	436,249,408	460,509,721
Revenue reserves		5,099,966,603	3,785,508,559
<b>Total Equity</b>		<b>5,916,980,401</b>	<b>4,592,167,730</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	8	119,757,647	129,565,601
Long-term advances	9	10,240,467	35,514,216
Long-term loan - secured	10	-	175,437,704
Deferred liabilities	11	546,646,832	528,576,823
		676,644,946	869,094,344
<b>Current liabilities</b>			
Trade and other payables	12	997,463,724	714,107,854
Contract liabilities		33,248,835	76,851,860
Unclaimed dividend		64,336,749	44,471,264
Markup accrued	13	649,155	250,749
Short term borrowings	14	46,616,000	32,210,395
Current portion of long-term liabilities	15	245,186,934	221,586,450
Provision for taxation - net		296,560,291	298,133,139
		1,684,061,688	1,387,611,711
<b>Total Liabilities</b>		<b>2,360,706,634</b>	<b>2,256,706,055</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,277,687,035</b>	<b>6,848,873,785</b>

### CONTINGENCIES AND COMMITMENTS

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The annexed notes from 1 to 50 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

## As at 31 December 2021

	Note	2021 Rupees	2020 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17	1,829,680,375	1,771,582,422
Intangible assets	18	21,624,882	922,162
Goodwill	19	834,230	834,230
Long-term deposits		11,543,429	21,543,429
Long-term advances	20	38,094,634	37,352,766
Deferred tax assets	21	37,246,285	28,902,300
		<b>1,939,023,835</b>	<b>1,861,137,309</b>
<b>Current assets</b>			
Stock in trade	22	2,438,761,425	2,178,788,273
Stores and spares		11,663,484	4,112,091
Trade receivables	23	582,342,125	322,553,874
Advances	24	323,925,430	422,685,896
Trade deposits and prepayments	25	52,606,687	48,301,875
Other receivables	26	23,751,863	35,438,214
Short-term investment	27	2,059,740,193	1,093,846,453
Tax refunds due from the Government	28	28,814,302	18,879,456
Cash and bank balances	29	817,057,691	863,130,344
		<b>6,338,663,200</b>	<b>4,987,736,476</b>
<b>TOTAL ASSETS</b>		<b>8,277,687,035</b>	<b>6,848,873,785</b>

Dr. Adeel Abbas Haideri  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

Ashfaq P. Alidina  
Chief Financial Officer

## Consolidated Statement of Profit or Loss

For The Year Ended 31 December 2021

	Note	2021 Rupees	2020 Rupees
Revenue from contracts with customers - net	30	13,000,780,140	10,697,633,870
Cost of sales	31	(6,477,058,163)	(5,454,875,682)
Gross profit		6,523,721,977	5,242,758,188
Distribution, selling and promotional expenses	32	(3,416,349,022)	(2,645,473,995)
Administrative and general expenses	33	(568,805,854)	(477,008,990)
Research and development expenses	34	(8,672,580)	(6,377,871)
Other operating expenses	35	(219,711,486)	(185,397,625)
		(4,213,538,942)	(3,314,258,481)
Operating profit		2,310,183,035	1,928,499,707
Other income	36	156,680,790	102,137,529
Finance costs	37	(31,121,531)	(31,748,609)
Profit before taxation		2,435,742,294	1,998,888,627
Taxation	38	(579,320,352)	(525,071,303)
Profit for the year		1,856,421,942	1,473,817,324
			Restated
Earnings per share - basic and diluted	39	48.76	38.71

The annexed notes from 1 to 50 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 2021

	2021 Rupees	2020 Rupees
Profit for the year	1,856,421,942	1,473,817,324
Other comprehensive income		
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	-	125,994,458
Experience adjustments on defined benefit plan	(17,177,141)	(63,821,894)
Related deferred tax	4,995,147	17,898,466
	(12,181,994)	(45,923,428)
Total comprehensive income for the year	1,844,239,948	1,553,888,354

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

Dr. Adeel Abbas Haideri  
Chief Executive Officer

Taufig Ahmed Khan  
Director

Ashfaq P. Alidina  
Chief Financial Officer

## Consolidated Statement of Cash Flow

For The Year Ended 31 December 2021

	Note	2021 Rupees	2020 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		2,435,742,294	1,998,888,627
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of operating fixed assets	17.1.1	196,916,540	155,350,826
Amortization of intangible assets	18.1	486,279	486,279
Provision for Workers' Profit Participation Fund	35	129,351,552	107,545,092
Provision for defined benefit obligation	11.2.2	81,877,775	73,994,401
Provision for slow moving and obsolete stocks	22.1	26,264,850	45,873,380
Provision for Worker's Welfare Fund		53,951,156	38,538,773
Finance costs	37	31,121,531	31,748,609
Provision for Central Research Fund	35	24,295,616	21,726,281
Allowance for expected credit losses on long term advances	20.1	930,108	-
Allowance for expected credit losses on trade receivables	23.1	10,582,999	9,232,159
Bad debts written off	23.1	5,505,270	-
Exchange (gain) / loss - net	36	(2,517,036)	8,243,972
Gain on disposal of operating fixed assets	36	(6,754,282)	(32,074,822)
Un-realized gain on remeasurement of short-term investments	27.1	(11,191,851)	(3,670,079)
Return on deposits	36	(29,148,228)	(38,065,284)
Dividend Income on short-term investment	36	(103,442,831)	(22,672,831)
		408,229,448	396,256,756
<b>Profit before working capital changes</b>		<b>2,843,971,742</b>	<b>2,395,145,383</b>
<b>Working capital changes:</b>			
<b>(Increase) / decrease in current assets:</b>			
Stock in trade		(286,238,002)	(397,754,945)
Store and spares		(7,551,393)	(371,900)
Trade debtors		(274,619,722)	50,391,135
Advances		98,760,466	(73,032,660)
Trade deposits and short-term prepayments		(4,304,812)	(12,891,874)
Other receivables		28,350,103	(34,029,755)
Tax refund due from the Government		(9,934,846)	(15,891,590)
<b>(Decrease) / increase in current liabilities:</b>			
Trade and other payables		257,768,252	(104,369,735)
Contract liabilities		(43,603,025)	50,821,874
		(241,372,979)	(537,129,450)
<b>Cash generated from operations</b>		<b>2,602,598,763</b>	<b>1,858,015,933</b>

## Consolidated Statement of Cash Flow

For The Year Ended 31 December 2021

	Note	2021 Rupees	2020 Rupees
Income tax paid		(583,847,452)	(247,550,659)
Workers' Welfare Fund paid		(53,951,156)	(38,538,773)
Gratuity paid		(51,873,114)	(22,872,379)
Finance cost paid		(32,324,992)	(31,935,478)
Workers' Profit Participation Fund paid		(149,627,401)	(102,556,619)
Central Research Fund paid		(21,726,281)	(14,852,487)
Long-term advances - net		(836,683)	5,631,705
<b>Net cash flows from operating activities</b>		<b>1,708,411,684</b>	<b>1,405,341,243</b>

### CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment		(278,162,985)	(367,313,016)
Purchase of intangibles		(20,702,720)	-
Additions in long-term advances		(1,671,976)	(2,385,186)
Decrease in long-term deposits		10,000,000	616,942
Addition in short-term investment		(954,701,889)	(1,090,176,374)
Return on deposits		29,148,228	38,065,284
Dividend Income on short-term investment		103,442,831	22,672,831
Proceeds from disposal of operating fixed assets	17.1.4	52,942,051	87,141,984
<b>Net cash flows used in investing activities</b>		<b>(1,059,706,460)</b>	<b>(1,311,377,535)</b>

### CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of lease liabilities- net		(21,201,284)	(17,484,212)
Repayment of long-term loan		(189,883,746)	(35,183,196)
Increase / (Decrease) in short term borrowings - net		14,405,605	(4,232,035)
Long-term loan received		-	361,465,552
Dividend paid		(499,358,690)	(395,170,445)
<b>Net cash flows used in financing activities</b>		<b>(696,038,115)</b>	<b>(90,604,336)</b>
Net foreign exchange difference		1,260,238	741,660
Net decrease in cash and bank balances		(46,072,653)	4,101,032
Cash and bank balances at beginning of the year		863,130,344	859,029,312
<b>Cash and bank balances at end of the year</b>		<b>817,057,691</b>	<b>863,130,344</b>

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

Dr. Adeel Abbas Haideri  
Chief Executive Officer

Taufig Ahmed Khan  
Director

Ashfaq P. Alidina  
Chief Financial Officer

# Consolidated Statement of Changes in Equity

For The Year Ended 31 December 2021

	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 2020	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 for the year - net of tax	-	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
<b>Surplus transferred to unappropriated profit</b>						
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)
<b>Transaction with owners of the company, recognized directly in equity -Distributions</b>						
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
Profit for the year ended 31 December 2021	-	-	-	1,856,421,942	1,856,421,942	1,856,421,942
Other comprehensive income for the year - net of tax	-	-	-	(12,181,994)	(12,181,994)	(12,181,994)
Total comprehensive income for the year	-	-	-	1,844,239,948	1,844,239,948	1,844,239,948
<b>Surplus transferred to unappropriated profit</b>						
On account of incremental depreciation relating to surplus on revaluation of operating fixed assets - net of tax	-	(14,793,866)	-	14,793,866	14,793,866	-
On account of disposal of plant and machinery - net of tax	-	(9,263,345)	-	9,263,345	9,263,345	-
Effect of change in proportion of normal sales	-	(203,102)	-	-	-	(203,102)
<b>Transaction with owners of the company, recognized directly in equity -Distributions</b>						
Issuance of bonus shares @ 10%	34,614,940	-	-	(34,614,940)	(34,614,940)	-
Final dividend @ Rs. 15 per share for the year ended 31 December 2020	-	-	-	(519,224,175)	(519,224,175)	(519,224,175)
Balance as at 31 December 2021	380,764,390	436,249,408	114,000,000	4,985,966,603	5,099,966,603	5,916,980,401

The annexed notes from 1 to 50 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 2021

## 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 Group is principally engaged in the manufacture, import, sale and marketing of pharmaceutical and allied consumer products. The registered office of the Group 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 Company are as under:

Business Units	Geographical Location	Address
Registered office / Manufacturing facility	Lahore	17.5 KM, Multan Road, 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 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 consolidated financial statements have been prepared under the historical cost convention, except for revaluation of certain assets as referred to in Note 10 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. Standalone financial statements of the Parent and its Subsidiary are prepared separately.

# Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

## 2.3 Basis of consolidation

The Group's consolidated financial statements include the financial statement of the Holding Group HNL and its subsidiary Group 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 Group 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 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.

# Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

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:

	Note
- Leases	4.2.3
- Impairment of financial asset	4.3
- Provisions	4.7
- Staff retirement benefits	4.8
- 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

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS-16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

#### Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

# Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

## 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.

# Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

## Classification of financial assets

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

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

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

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

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

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

## Classification of financial liabilities

The Company 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.

## 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 consolidated statement of comprehensive income/(loss).

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

### 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 consolidated 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 consolidated 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 Group'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 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:

- 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.

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

# Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

## Impairment of non-financial assets

Assets that have an indefinite useful life, for example freehold land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date, or whenever events or changes in circumstances indicate, that the carrying amount may not be recoverable. Carrying amounts of other non-financial assets are also reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized, equal to the amount by which the asset's carrying amount exceeds its recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment loss are restricted to the depreciated cost of the asset. An impairment loss, or the reversal of an impairment loss, is recognized in the consolidated statement of profit or loss for the year.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in statements of profit or loss.

Impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## 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 recognized 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 recognized in the consolidated statement of profit or loss and comprehensive income.

# Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

## 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.

## 4.8 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. This valuation is carried out by an independent actuary as at 31 December 2021 using the project unit credit method.

Remeasurement adjustments are recognized in consolidated statement of comprehensive income when they occur. Amounts recorded in consolidated 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 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% (2020: 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 un-availed leaves for a maximum period of one year.



# Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

## 4.9 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.

## 4.10 Property, plant and equipment

### 4.10.1 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.

Depreciation 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 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 Group 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 consolidated statement of other comprehensive income 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.

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### 4.10.2 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 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 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.

### 4.11 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.

### 4.12 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 16, 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.

### 4.13 Good will

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.

### 4.14 Investments in subsidiaries

Investment in subsidiary Group is measured at cost as per the requirements of IAS-27 "Separate Financial Statements". However, at subsequent reporting dates, the Group 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

# Consolidated Notes to the Financial Statements

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the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense in consolidated 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 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).

### 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 for detailed policy for impairment of financial assets).

### 4.16.5 Cash and cash equivalents

For the purpose of consolidated statement of cash flow, cash and cash equivalents comprise of cash in hand, balance with banks in current and saving accounts and short-term deposit receipts.

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### 4.16.6 Assets and liabilities arising from rights of return

#### Right of return Assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products. Returns for the Group comprise of expired products or near expiry products (i.e. within 6 months of expiry), which are of nil value by the time of return and are subject to destructions as per statutory laws.

#### Refund Liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to below accounting policy on variable consideration.

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

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## Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. In general, the contracts for the sale of goods provides customer with a right to return near expiry products.

## Right of return

In general, the contracts for sales of goods provides a customer with a right to return near expiry products. The Group uses the expected value method to estimate the goods that will be returned because this method best predicts the amount of variable consideration to which the Group will not be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For products that are expected to be returned, the Group recognizes a provision under refund liability netting off with trade receivables and a corresponding adjustment in sales return.

## 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

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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.

### 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:

#### IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

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## Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

## Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

## Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

## Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.



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The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

### IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

### IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that Group includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. The Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

### IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

The Group applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

### Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how Groups use measurement techniques and inputs to develop accounting estimates.



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The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

## Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how Groups apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group expects that the adoption of the above improvements to the standards will have no material effect on the Group's financial statements, in the period of initial application.

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 or Interpretation	Effective date: (Annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 January 2004
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	2021 Rupees	2020 Rupees
	5,905,000 (2020: 5,905,000) ordinary shares of Rs. 10 each fully paid in cash		59,050,000	59,050,000
	95,000 (2020: 95,000) ordinary shares of Rs.10 each issued for consideration other than cash	6.1	950,000	950,000
	32,076,439 (2020: 28,614,945) ordinary shares of Rs. 10 each issued as bonus shares		320,764,390	286,149,450
		6.2	380,764,390	346,149,450

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

	2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees
Issued, subscribed and paid-up shares of Rs. 10 each as at 01 January	34,614,945	31,468,132	346,149,450	314,681,320
Issuance of bonus shares of Rs. 10 each	3,461,494	3,146,813	34,614,940	31,468,130
Issued, subscribed and paid-up shares of Rs. 10 each as at 31 December	38,076,439	34,614,945	380,764,390	346,149,450

7.	REVALUATION SURPLUS ON OPERATING FIXED ASSETS	Note	2021 Rupees	2020 Rupees
	Opening balance of gross surplus on revaluation of fixed assets		521,997,747	401,645,207
	Additions during the year		-	146,326,204
	Surplus on revaluation of operating fixed assets relating to disposal of land- transferred to unappropriated profit		-	(9,322,461)
	Surplus on revaluation of operating fixed assets relating to disposal of plant and machinery - transferred to unappropriated profit		(12,791,990)	-
	Incremental depreciation relating to surplus on revaluation of fixed assets - transferred to unappropriated profit - net of deferred tax		(14,996,968)	(11,995,728)
	Related deferred tax liability		(5,866,246)	(4,655,475)
			(20,863,214)	(16,651,203)
			488,342,543	521,997,747
	Less related deferred tax liability on:			
	Balance at the beginning of the year		61,488,026	45,309,090
	Addition during the year		-	20,331,746
	Effect of change in proportion of normal sales		203,102	502,665
	Effect of change in tax rate		-	-
	Surplus on revaluation of operating fixed assets relating to disposal of plant and machinery - transferred to unappropriated profit		(3,528,645)	-
	Incremental depreciation relating to surplus on revaluation of operating fixed assets - transferred to unappropriated profit		(6,069,348)	(4,655,475)
			52,093,135	61,488,026
	Closing balance of surplus on revaluation of fixed assets		436,249,408	460,509,721

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- 7.1** This represents 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. 146,326,204.

8. LEASE LIABILITIES	Note	2021 Rupees	2020 Rupees
Present value of lease payments		149,505,355	147,464,259
Less: Current portion shown under current liabilities	15	(29,747,708)	(17,898,658)
		119,757,647	129,565,601

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

	Note	2021 Rupees	2020 Rupees
As at 1 January		147,464,259	71,880,829
Additions		27,062,194	93,067,642
Accretion of interest		17,902,625	14,231,114
Payments		(37,930,926)	(31,715,326)
Written off		(4,992,797)	-
As at 31 December		149,505,355	147,464,259
Current portion		(29,747,708)	(17,898,658)
Non-current portion		119,757,647	129,565,601

8.1 Maturity analysis:	2021		
	Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments
	-----Rupees-----		
Within one year	41,589,908	(11,842,200)	29,747,708
After one year but not more than five years	127,781,184	(37,087,852)	90,693,332
More than five years	34,301,007	(5,236,692)	29,064,315
	203,672,099	(54,166,744)	149,505,355
	-----Rupees-----		
	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

## Consolidated Notes to the Financial Statements

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	2021 Rupees	2020 Rupees
<b>8.2 Salient features of the leases are as follows:</b>		
- Discounting factor	8.94% - 13.68%	8.94% - 13.68%
- Lease term	36 to 120 Months	24 to 120 Months

### 8.3 Amount recognised in statement of profit or loss:

The following are the amounts recognised in profit or loss:

Interest expense on lease liabilities	17,902,625	14,231,112
Expenses relating to short-term leases	29,026,838	30,930,101
Total amount recognised in profit or loss	46,929,463	45,161,213

### 8.4 Cash outflow for leases

The Group had total cash outflows for leases of Rs. 43.51 million in 2021 (2020: Rs. 39.96 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of Rs. 27 million in 2021 (2020: Rs. 93 million).

9. LONG TERM ADVANCES	Note	2021 Rupees	2020 Rupees
Long term advances	9.1	43,899,160	44,735,843
Less: Current portion shown under current liabilities	15	(33,658,693)	(9,221,627)
		10,240,467	35,514,216

9.1 These 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	2021 Rupees	2020 Rupees
<b>10. LONG TERM LOAN - SECURED</b>			
JS Bank Term loan	10.1	-	12,667,504
Payroll financing loan	10.2	178,615,376	347,394,125
		178,615,376	360,061,629
Less: Current portion of long term loan	15	(178,615,376)	(184,623,925)
		-	175,437,704

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- 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 markup payable quarterly at the rate of 1 month KIBOR plus 1.5% (2020: 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 Company having covered area of 12,356 square meters.

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

Opening balance as at 01 January		347,394,125	-
Addition during the year			
Loan obtained	10.2.1	-	361,465,552
Less: deferred grant		-	(19,005,493)
		-	342,460,059
Unwinding of loan		17,138,420	10,702,338
Payment during the year		(185,917,169)	(5,768,272)
Closing balance as at 31 December		178,615,376	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 situated at 17.5KM, Multan Road, Mouza Kanjra, 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.

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

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 2022
JS Bank Limited	8	Quarterly	3,516,528	1 January 2021	1 October 2022

11. DEFERRED LIABILITIES	Note	2021 Rupees	2020 Rupees
Deferred Grant	11.1	-	3,157,262
Gratuity	11.2	546,646,832	525,419,561
		546,646,832	528,576,823

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

Opening balance as at 01 January		12,999,502	-
Addition during the year	10.2	-	19,005,493
		12,999,502	19,005,493
Grant income recognized during the year		(9,834,345)	(6,005,991)
Closing balance		3,165,157	12,999,502
Less: Current portion	15	(3,165,157)	(9,842,240)
Non-current portion		-	3,157,262

### 11.2 Gratuity - General description

As discussed in Note 4.8, 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.

	Note	2021 Rupees	2020 Rupees
Present value of defined benefit obligation	11.2.1	546,646,832	525,419,561

### 11.2.1 Movement in the present value of define benefit obligation:

Liability as at 01 January		525,419,561	415,166,574
Current service cost		34,443,465	28,838,597
Interest cost on defined benefit obligation		47,434,310	45,155,804
Benefits paid during the year		(44,687,200)	(20,377,394)
		37,190,575	53,617,007
Actuarial losses from:			
changes in financial assumptions		823,015	41,402,458
experience adjustments		16,354,126	22,419,436
		17,177,141	63,821,894
		579,787,277	532,605,475
Less: balance due but not paid		(33,140,445)	(7,185,914)
Liability as at 31 December		546,646,832	525,419,561

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

		2021	2020
	Note	Rupees	Rupees
<b>11.2.2 Expense recognized in statement of profit or loss:</b>			
Current service cost		34,443,465	28,838,597
Interest cost		47,434,310	45,155,804
		81,877,775	73,994,401
<b>11.2.3 Remeasurement recognized in other comprehensive income:</b>			
Actuarial losses from changes in financial assumptions		823,015	41,402,458
Experience adjustments		16,354,126	22,419,436
		17,177,141	63,821,894
<b>11.2.4 Changes in net recognized liability:</b>			
Liability as at 01 January		532,605,475	417,661,559
Amount recognized during the year	11.2.2	81,877,775	73,994,401
Experience adjustments recognized during the year	11.2.3	17,177,141	63,821,894
Benefits due but not paid		-	-
Benefit paid during the year		(51,873,114)	(22,872,379)
Liability as at 31 December		579,787,277	532,605,475

### 11.2.5 Historical information for gratuity plan

	2021	2020	2019	2018	2017
	-----Rupees-----				
Present value of defined benefit obligation	546,646,832	525,419,561	417,661,559	356,835,157	342,208,530
Remeasurement adjustment arising on plan liabilities	17,177,141	63,821,894	37,645,330	22,782,070	15,477,217
Remeasurement adjustment as percentage of outstanding liability	3.14%	12.15%	9.01%	6.38%	4.52%

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

	2021	2020
- Discount rate used for interest cost	9.75% p.a.	11.25% p.a.
- Discount rate used for year end obligation	11.75% p.a.	9.75% p.a.
- Expected rate of increase in salary	11.75% p.a.	9.75% p.a.
Expected average remaining working life time	8 years	8.53 years
- Mortality rates	SLIC	SLIC
	2001-2005	2001-2005

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

**11.2.6** Estimated expense of current service and interest cost on defined benefit obligation to be charged to statement of profit or loss for the year ending 31 December 2022 amounts to Rs. 33.7 million and Rs. 62 million respectively.

**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	2021 Rupees	2020 Rupees
Discount rate + 100 bps		503,943,649	483,651,923
Discount rate - 100 bps		(595,275,352)	(573,369,148)
Salary increase + 100 bps		595,249,018	573,331,210
Salary increase - 100 bps		(503,194,909)	(482,916,032)

**11.2.8** The following are the expected payments in future years;

Within next 12 months	37,011,663	52,216,723
Between 2 and 5 years	183,059,729	142,437,354
Between 5 and 10 years	497,252,964	228,149,755
Beyond 10 years	3,183,006,044	2,583,620,723
Total expected payments	3,900,330,400	3,006,424,555

The average duration of the defined benefit plan obligation at the end of the reporting period is 8 years (2020: 9 years).

12. TRADE AND OTHER PAYABLES	Note	2021 Rupees	2020 Rupees
Trade creditors	12.1	262,619,850	168,544,850
Accrued expenses		534,758,703	263,085,802
Bills payable		139,902,021	223,873,502
Payable to Central Research Fund		24,218,767	21,649,432
Payable to Provident Fund Trust	12.3	12,437,406	10,565,972
Withholding tax payable		22,700,435	22,305,850
Payable to Employees Welfare Trust		826,542	751,613
Workers' Profit Participation Fund payable	26.3	-	3,330,833
	12.2	997,463,724	714,107,854



## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

**12.1** These includes a balance amounting to Rs. 31.2 million (2020: Nil) due to Route 2 Health (Private) Limited, a related party.

**12.2** Terms and conditions of the above financial liabilities;

- Trade payables are non-interest bearing and are normally settled on 15 - 30 days term.
- Accrued liabilities mainly includes accruals for salaries and payables to utility companies against utility bills. Salaries are paid till 4th of the subsequent month and payable to utilities companies are usually settled within due dates of utilities bills.
- Bill payables are normally paid when import documents presented to Group's bank for release of payment.
- Withholding tax payable is normally paid within 7 working days from the date of withholding in accordance with the requirements of Income Tax Ordinance, 2001.
- Payable to central research fund is normally paid within 6 months after the closing of annual financial reporting in accordance with the Drugs (Licensing, Registering And Advertising) Rules, 1976.
- Payable to provident fund is normally paid within 30 days from the end of month.

**12.3** All the investments out of provident fund have been made in the collective investment schemes, listed equity and debt securities in accordance with the provisions of section 218 of Companies Act 2017, and the rules formulated for this purpose.

		2021 Rupees	2020 Rupees
<b>13. MARKUP ACCRUED</b>	Note		
Markup on long term loan		106,374	
Markup on short term borrowing		95,186	64,851
Markup on finance against trust receipts		447,595	185,898
		649,155	250,749
<b>14. SHORT TERM BORROWINGS</b>			
Short term borrowings from commercial banks		-	5,063,337
Finance against trust receipts	14.1	46,616,000	27,147,058
		46,616,000	32,210,395

**14.1** Finance against trust receipts (FATR) is availed from commercial bank against sanctioned limit of Rs. 50 million (2020: Rs. 30 million). This facility carries mark-up at the rate of one month KIBOR plus 200 basis points (2020: One month KIBOR plus 200 basis points) payable at maturity of respective bill. This facility is secured by way of hypothecation charge of Rs. 62.5 million over all present and future current assets of Subsidiary Company with 20% margin and trust receipts.

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

15. CURRENT PORTION OF LONG TERM LIABILITIES	Note	2021	2020
		Rupees	Rupees
Lease liabilities	8	29,747,708	17,898,658
Long-term advances	9	33,658,693	9,221,627
Long-term loan - secured	10	178,615,376	184,623,925
Deferred grant	11.1	3,165,157	9,842,240
		245,186,934	221,586,450

## 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 honorable 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 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 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 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 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 afore mentioned addition before the ATIR, which is still pending. Provision has not been recognized by the Group, 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 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 Honorable ATIR which is pending adjudication. Provision has not been recognized by the Group, as the management expects a favorable outcome.
- 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 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

## Consolidated Notes to the Financial Statements

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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 favor of the Group and demand has been reduced by Rs. 3.73 million. The Group has preferred appeal against the remaining amount of before ATIR, which is pending adjudication. Provision has not been recognized by the Group, as the management expects a favorable outcome.
- The Additional Commissioner Inland Revenue (ACIR), Lahore has issued amended assessment order under section 122(5A) of the Income Tax Ordinance, 2001 on June 29, 2021 and disallowed tax credit of tax year 2019 of amounting to Rs. 3.09 million under section 65D of the Income Tax Ordinance, 2001.

The Group has filed appeal before the Commissioner Inland Revenue (Appeals), Lahore, date for hearing has yet to be fixed. The Group expect favorable outcome of the appeal. However, The Group has accounted for the full provision thereagainst in the respective year.

- The Additional Commissioner Inland Revenue (ACIR), Lahore has issued amended assessment order under section 122(5A) of the Income Tax Ordinance, 2001 on June 29, 2021 and disallowed tax credit of tax year 2019 of amounting to Rs. 3.09 million under section 65D of the Income Tax Ordinance, 2001.

The Group has filed appeal before the Commissioner Inland Revenue (Appeals), Lahore, date for hearing has yet to be fixed. The Group expect favorable outcome of the appeal. However, the Group has accounted for the full provision thereagainst in the respective year.a

	2021 Rupees	2020 Rupees
<b>16.2 Commitments</b>		
The Group has following commitments against;	279,838,321	154,253,374
Letter of contracts	689,036,351	387,820,028
Bank contracts	115,090,000	24,037,403
Capital expenditure	1,083,964,672	566,110,805
Rentals under ijarah agreements:		
Within one year	-	1,268,633
After one year but not more than five years	-	44,628
	-	1,313,261

- 16.3** The Group has given the post dated cheques of Rs. 16 million (2020: 14 million) to Total Parco Pakistan Limited as a security against fuel cards provided to employees. As mentioned in note 10.1.1, the Group has also issued a demand promissory note of Rs. 342 million in the favor of bank as a security against long term loan under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme).

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

### 16.4 Un-availed short-term borrowing facilities:

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

#### 16.4.1 Under Mark-up arrangements:

The Group has short-term running finance facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs. 389 million (2020: Rs. 389 million). These facilities along with their respective sublimits are secured against joint pari passu hypothecation charge of Rs. 732 million (2020: Rs. 732 million) on current Assets of the Group including but not limited to raw material, goods in process and finished goods, with the respective banks. These facilities carry markup at the rate one month KIBOR plus 0.35% - 1% (2020: one month KIBOR plus 0.5% - 1%) per annum on the outstanding balances.

The Group also has aggregate sanctioned import credit facilities available from various commercial banks amounting to Rs. 2,050 (2020: Rs.1,150 million) that have been secured by way of lien over import documents. Out of the total aggregate facilities, Rs. 1,019 million (2020: Rs. 519 million) are available as sublimits against cash margin as per SBP along with the registered hypothecation charge over present and future current assets of the Group.

Out of aforementioned facilities, the Group has also obtained Export Refinance Facility under SBP regulations at a subsidized mark up rate ranging from SBP rate to SBP rate plus 1% (2020: SBP rate plus 1%) per annum, amounting to Rs. 50 million (2020: Rs. 50 million). Other than Export Refinance Facility, facilities of letters of guarantees amounting to Rs. 20 million (2020: Rs. 20 million) are also available to the Group under the pari passu hypothecation charge on present and future current assets of the Group

#### 16.4.2 Under Shariah Compliant arrangements:

The Group has short-term borrowing facility i.e. Running Musharakah available from Islamic bank under profit arrangement having sanctioned limit of Rs. 250 million (2020: Rs. 250 million). This facility carries profit rate of one month KIBOR plus 0.3% (2020: one month KIBOR plus 0.35%) per annum on the outstanding balance. This facility is secured by first pari passu charge on all the present and future current assets of the Group. The Group has also an aggregate Export Refinance Facilities amounting to Rs. 450 million (2020: 100 million available as sub limits. These facilities carry profit at the rate of SBP rate plus 1% (2020: SBP rate plus 1%).

### 16.5 Un-availed Long-term borrowing facilities:

Following is the credit facility available to the Group but is not availed at year end:

#### Under SBP Renewable Energy Scheme

The Group has also obtained Long-term borrowing facility for setting up solar based power project under SBP financing Scheme for renewable Energy having sanctioned limit of Rs. 50 million (2020: Nil) and carries markup at the rate of SBP LTTF rate + 0.5% (2020: Nil). This facility is secured against Lien on investment fund of Rs. 67 million placed in MCB-Arif Habib Savings and Investment Limited (25% margin of limit).

## Consolidated Notes to the Financial Statements

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17. PROPERTY, PLANT AND EQUIPMENT	Note	2021 Rupees	2020 Rupees
Operating fixed assets	17.1	1,682,948,599	1,556,392,096
Right of use assets	17.1	126,628,439	133,914,699
Capital work in progress	17.2	13,714,996	81,275,627
Advances - considered good		6,388,341	-
		1,829,680,375	1,771,582,422

# Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

## 15.1 Operating fixed assets

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

2021												
DESCRIPTION	Cost/revalued amount				Accumulated depreciation					Net book value as at 31 December	Rate	
	As at 01 January	Additions / Transfers*	Write off	Disposals	As at 31 December	As at 01 January	Depreciation charge for the year	Write off	(Disposal) / Transfers			As at 31 December
----- Rupees -----												
Land - freehold	338,400,000	-	-	-	338,400,000	-	-	-	-	-	338,400,000	-
Building on freehold land	794,228,064	4,284,665	-	-	798,512,729	554,250,064	24,146,263	-	-	578,396,327	220,116,402	10%
Leasehold improvement	-	30,486,732	-	-	30,486,732	-	3,556,785	-	-	3,556,785	26,929,947	20%
Plant and machinery	1,464,420,236	102,726,082	-	(106,170,400)	1,460,975,918	797,154,236	74,476,853	-	(89,751,067)	781,880,022	679,095,896	10%
Laboratory equipment	104,646,043	33,819,181	-	-	138,465,224	24,692,404	10,601,891	-	-	35,294,295	103,170,929	10-20%
Furniture and fixtures	41,813,338	19,069,212	-	-	60,882,550	20,903,346	5,618,205	-	-	26,521,551	34,360,999	10%
Electric and gas appliances	61,207,138	11,941,916	-	-	73,149,054	30,406,119	3,715,450	-	-	34,121,569	39,027,485	10-20%
Office equipment	82,312,301	42,393,385	-	-	124,705,686	52,417,762	11,039,684	-	-	63,457,446	61,248,240	10-25%
Vehicles	259,161,181	94,411,000	-	(56,873,051)	296,699,130	110,048,119	33,225,817	-	(27,173,507)	116,100,429	180,598,701	20%
Library books	52,806	-	(52,806)	-	-	51,322	136	(51,458)	-	-	-	10%
Neon sign	204,990	-	(204,990)	-	-	158,899	4,225	(163,124)	-	-	-	10%
Arms and ammunition	166,100	-	(166,100)	-	-	137,831	2,591	(140,422)	-	-	-	10%
	3,146,612,197	339,132,173	(423,896)	(163,043,451)	3,322,277,023	1,590,220,102	166,387,900	(355,004)	(116,924,574)	1,639,328,424	1,682,948,599	
Right-of-use assets:												
Buildings	174,536,866	27,062,194	(8,048,909)	(4,628,382)	188,921,769	40,622,167	30,528,640	(4,229,095)	(4,628,382)	62,293,330	126,628,439	10-33%
Total	3,321,149,063	366,194,367	(8,472,805)	(167,671,833)	3,511,198,792	1,630,842,269	196,916,540	(4,584,099)	(121,552,956)	1,701,621,754	1,809,577,038	

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2020												
DESCRIPTION	Cost/revalued amount				Accumulated depreciation				Net book value as at 31 December	Rate		
	As at 01 January	Additions / Transfers *	Revaluation Adjustment	Disposals	As at 31 December	As at 01 January	Depreciation charge for the year	Revaluation Adjustment			(Disposal) / Transfers *	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	8,698,474	(12,885,447)	-	52,417,763	29,894,538	25%
	-	3,941,309 *								-		
Vehcles	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	128,327,542	(78,902,368)	160,043,075	1,590,220,101	1,556,392,097	
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	2,650,792,160	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.

## Consolidated Notes to the Financial Statements

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17.1.1 Depreciation charge has been allocated as under:	Note	2021 Rupees	2020 Rupees
Cost of sales	31	119,589,669	96,587,662
Distribution, selling and promotional expenses	32	39,013,487	36,959,064
Administrative and general expenses	33	38,313,384	21,804,100
		196,916,540	155,350,826

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. 146.27 million over the net carrying value of assets.

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

	Note	2021 Rupees	2020 Rupees
Land - freehold		38,989,289	38,989,289
Building on freehold land		122,688,991	131,725,320
Plant and machinery		588,754,383	552,931,643
		750,432,663	723,646,252



# Consolidated Notes to the Financial Statements

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## 17.1.4 Disposal of property, plant and equipment

Description		Cost / Revalued amount	Accumulated Depreciation	Written Down Value	Sales Proceeds	Gain / (Loss)	Mode of Sale	Particulars of Purchasers
-----Rupees-----								
Reg. No		Employees:						
Motor Cars								
Toyota Corolla	LE-19-7342	1,894,300	(318,624)	1,575,676	1,603,840	28,164	Group Policy	Faisal Shahzad
Toyota Corolla	LE-19-7341	1,894,300	(318,624)	1,575,676	1,577,109	1,433	Group Policy	Iram Naila
Toyota Corolla	LE-19-7348	2,331,000	(839,160)	1,491,840	1,491,840	-	Group Policy	Qaiser Rashid
Toyota Corolla	LE-19-7346	2,331,000	(864,024)	1,466,976	1,466,976	-	Group Policy	Humayun Nizami
Toyota Corolla	LE-18-6048	2,397,000	(1,018,699)	1,378,301	1,384,500	6,199	Group Policy	Azfar Shams
Toyota Corolla	LEA-17-9747	1,660,500	(965,311)	695,189	850,176	154,987	Group Policy	Umar Latif
Honda City	LE-18A-7881	911,200	(153,265)	757,935	1,088,902	330,967	Group Policy	Zain-Ul-Abadin
Suzuki Cultus	LEA-19-7809	1,410,000	(505,985)	904,015	1,173,538	269,523	Group Policy	Sheheryar Ilyas
Suzuki Cultus	LEA-19-7652	1,410,000	(612,880)	797,120	1,127,220	330,100	Group Policy	Muhammad Imran Khan
Suzuki Cultus	LEC-18-3550	1,250,000	(607,892)	642,108	905,634	263,526	Group Policy	Shahzad Hussain
Suzuki Cultus	LE-18A-7105	697,800	(117,371)	580,429	1,039,879	459,450	Group Policy	Syed M. Ahsan Wasti
Suzuki Cultus	LE-18A-7107	697,800	(156,722)	541,078	1,018,107	477,029	Group Policy	Abdul Moiz
Suzuki Cultus	LEA-18-7637	1,250,000	(727,333)	522,667	924,518	401,851	Group Policy	Waheed Shahzad Mughal
Suzuki Cultus	LEA-18-7635	1,250,000	(727,333)	522,667	924,518	401,851	Group Policy	Nasir Khan
Third party:								
Suzuki Cultus	LEA-19-7810	1,410,000	(645,116)	764,884	1,600,000	835,116	Auction	Shoaib Iqbal
Items having NBV less than Rs.500,000 each		140,672,447	(108,701,239)	31,971,208	34,765,294	2,794,086		
2021		163,467,347	(117,279,578)	46,187,769	52,942,051	6,754,282		
2020		133,969,530	(78,902,368)	55,067,162	87,141,984	32,074,822		

## 17.1.5 Disposal of property, plant and equipment

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

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

17.1.6 The above amount does not include assets which are capitalized from 1st January 2021 to 31 December 2021.

17.1.7 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
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:

	Plant and Machinery		Others		Total	
	2021	2020	2021	2020	2021	2020
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Opening balance						
Additions during the year	72,443,055	126,146,625	8,832,572	-	81,275,627	126,146,625
Transferred to owned assets	11,600,253	140,122,197	102,787,700	6,927,732	114,387,953	147,049,929
	(82,255,309)	(187,979,618)	(99,693,275)	(3,941,309)	(181,948,584)	(191,920,927)
	1,787,999	78,289,204	11,926,997	2,986,423	13,714,996	81,275,627

18. INTANGIBLE ASSETS	Note	2021 Rupees	2020 Rupees
Intangible assets	18.1	435,882	922,162
Software - under implementation	18.2	21,189,000	-
		21,624,882	922,162

# Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

## 18.1 Intangible assets

	2021							
	Cost			Accumulated amortization				
PARTICULARS	As at 01 January	Additions	As at 31 Decembe	As at 01 January	For the year	As at 31 December	Book value as at 31 December	Rate %
	----- Rupees -----							
Registration and trademark*	156,214,265	-	156,214,265	155,583,543	356,018	155,939,561	274,704	10-20%
Computer software	11,305,681	-	11,305,681	11,305,681	-	11,305,681	-	10-33%
License**	651,303	-	651,303	359,864	130,261	490,125	161,178	20%
	168,171,249	-	168,171,249	167,249,088	486,279	167,735,367	435,882	
	2020							
Registration and trademark*	156,214,265	-	156,214,265	155,227,524	356,018	155,583,542	630,723	10-20%
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	

\*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.

18.2 This represents the cost of license and other directly attributable costs of SAP S/4HANA.

18.2 Amortization charge on intangible assets has been allocated to cost of sales.

19. GOODWILL	Note	2021 Rupees	2020 Rupees
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.

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

The Group has elected to measure the non-controlling interest in the Subsidiary Company using proportionate share method over the net identifiable assets acquired and liabilities assumed at the date of acquisition. Goodwill worked out at the date of acquisition is as follows:

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

### 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):

# Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

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

	Note	2021 Rupees	2020 Rupees
<b>20. LONG TERM INVESTMENT</b>			
Long-term advances to employees against			
- Vehicles		54,835,164	53,023,207
- Salaries	20.1	4,761,972	-
Less: current portion		(21,502,502)	(15,670,441)
		<b>38,094,634</b>	<b>37,352,766</b>

## 20.1 Movement of long term advances against salaries is as follows;

Opening balance as at 01 January	-	-
Advance given during the year	7,540,000	-
Advance received during the year	(1,847,920)	-
	5,692,080	-
Less: Allowance for expected credit loss	(930,108)	-
Closing balance as at 31 December	4,761,972	-

## 21. DEFERRED TAXATION

### Deferred tax liabilities on taxable temporary differences:

Surplus on revaluation of operating fixed assets	7	(52,093,135)	(61,488,026)
Accelerated tax depreciation		(96,165,654)	(95,098,580)
Lease liabilities - net		6,310,552	3,721,116
		<b>(141,948,237)</b>	<b>(152,865,490)</b>

### Deferred tax assets on deductible temporary differences:

Allowance for expected credit losses		6,171,494	4,749,747
Provision for gratuity		150,791,435	144,295,974
Provision for stock		7,780,891	13,630,547
Unused tax losses		14,450,702	19,091,522
		<b>179,194,522</b>	<b>181,767,790</b>
Deferred tax assets - net		<b>37,246,285</b>	<b>28,902,300</b>

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

21.1 Movement in deferred tax is as follows:	Note	2021 Rupees	2020 Rupees
At beginning of the year		28,902,300	28,357,882
Recognized as deferred tax (expense) / income in unconsolidated statement of profit or loss:			
- Surplus on revaluation of operating fixed assets		7,930,426	4,152,809
- Accelerated tax depreciation on fixed assets		397,391	(16,030,086)
- Lease liabilities		2,589,436	2,629,834
- Provision for stock		(5,849,656)	8,385,687
- Allowance for expected credit losses		1,421,747	2,555,770
- Gratuity		1,500,314	12,748,875
- Unused tax losses		(4,945,077)	(11,465,190)
		3,044,581	2,977,699
Recognized in surplus on revaluation of operating fixed assets:			
- Effect of change in proportion of normal sales			
Recognized as deferred tax income in other comprehensive income:			
- Gratuity		4,995,147	17,898,465
- Revaluation Surplus on operating fixed assets		-	(20,331,746)
		36,942,028	28,902,300

## 22. STOCK IN TRADE

Raw materials			
In hand		1,132,542,540	963,323,769
In transit		178,880,881	211,553,806
With third party		84,793,190	40,985,951
		1,396,216,611	1,215,863,526
Packing material			
In hand		378,109,398	312,307,209
In transit		12,959,510	10,033,774
With third party		7,050,343	8,006,406
		398,119,251	330,347,389
Work in process		253,045,580	148,824,622
Finished goods			
Trading -in hand		124,702,997	131,479,668
Trading -in transit		4,081,795	31,192,160
Manufactured		294,293,059	370,449,711
		423,077,851	533,121,539
Less: Provision for slow moving and obsolete items	22.1	(31,697,868)	(49,368,803)
		2,438,761,425	2,178,788,273

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

22.1 Provision for slow moving and obsolete items	Note	2021 Rupees	2020 Rupees
Opening provision		49,368,803	19,200,772
Charge for the year		26,264,850	45,873,380
Reversal during the year		(2,365,488)	-
Written off during the year		(41,570,297)	(15,705,349)
Closing provision		31,697,868	49,368,803

### 23. TRADE RECEIVABLES

Foreign		86,675,859	35,150,306
Local		518,039,073	304,698,646
		604,714,932	339,848,952
Less: Allowance for expected credit losses	23.1	(22,372,807)	(17,295,078)
	23.2	582,342,125	322,553,874

#### 23.1 Allowance for expected credit losses:

Opening balance		17,295,078	8,062,919
Charged during the year	35	10,582,999	9,232,159
Written off during the year		(5,505,270)	-
		22,372,807	17,295,078

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

24. ADVANCES	Note	2021 Rupees	2020 Rupees
Advances to staff - secured			
- against expenses	24.1	44,270,005	34,490,332
- against salary	24.2	55,268,858	33,400,522
- current portion of advances against vehicles		21,502,502	15,670,441
		121,041,365	83,561,295
Advance to suppliers against goods and services		58,268,370	92,148,487
Margin against letter of credit	24.3	144,615,695	246,976,114
		323,925,430	422,685,896

24.1 Advances to staff provided to meet business expenses are settled as and when the expenses are incurred.

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

**24.2** Advances to staff are interest free and settled against immediate salary. These advances are secured against final settlement of staff provident fund.

**24.3** Comparative figure includes amounting to Rs. 203 million which has been reclassified from trade and other payables.

		2021	2020
	Note	Rupees	Rupees
<b>25. TRADE DEPOSITS AND PREPAYMENTS</b>			
Trade deposits		27,744,808	30,840,767
Prepayments		22,529,249	17,461,108
Letters of credit		2,332,630	-
		<b>52,606,687</b>	<b>48,301,875</b>

### 26. OTHER RECEIVABLES

Receivable from

National Highway Authority	26.1	-	29,974,034
Insurance companies	26.2	2,765,294	1,222,165
Workers' Profit Participation Fund	26.3	16,663,752	-
		<b>19,429,046</b>	<b>31,196,199</b>
Interest accrued		3,499,325	2,443,865
Others		823,492	1,798,150
		<b>23,751,863</b>	<b>35,438,214</b>

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

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

		2021	2020
	Note	Rupees	Rupees
<b>26.3 Workers' Profit Participation Fund</b>			
Balance at the beginning of the year		(3,330,833)	1,657,640
Charge for the year		(129,351,552)	(107,545,092)
Interest charged for the period		(209,834)	-
Amount received from fund		(71,430)	(2,648,776)
		<b>(132,963,649)</b>	<b>(108,536,228)</b>
Paid during the year		149,627,401	105,205,395
		<b>16,663,752</b>	<b>(3,330,833)</b>



# Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

27. SHORT TERM INVESTMENT	Note	2021 Rupees	2020 Rupees
Investments at fair value through profit or loss			
Mutual Funds	27.1	2,059,740,193	1,093,846,453
27.1 These investments are measured at 'fair value through profit or loss			
Balance at the beginning of the year		1,093,846,453	-
Additions during the year		1,372,471,989	1,368,066,025
Redemption during the year		(417,170,045)	(279,090,705)
Realized (loss) / gain on redemption of investments during the year	35	(600,055)	1,201,054
Un-realized gain on remeasurement of investments during the year		11,191,851	3,670,079
Closing and fair value of short term investment	27.1.1	2,059,740,193	1,093,846,453

27.1.1 Mutual fund wise detail is as follows:	Units		Fair Value	
	2021 Numbers	2020 Numbers	2021 Rupees	2020 Rupees
Alfalah GHP Income Fund	182,378	172,236	21,463,277	20,073,648
Alfalah GHP Money Market Fund	743,899	-	73,174,515	-
MCB Cash Management Optimizer Fund	1,053,705	499,013	106,472,418	50,338,315
Faysal MTS Fund	-	484,731	-	50,741,638
Faysal Money Market Fund	781,225	-	79,775,221	-
Askari High Yield Scheme	1,262,382	1,195,620	135,846,646	127,510,913
Askari Sovereign Cash Fund	498,687	-	53,288,782	-
Meezan Rozana Amdani Fund	3,113,012	2,441,451	155,650,609	122,072,570
NBP Money Market Fund	11,022,846	10,301,978	109,250,251	101,986,491
NBP Financial Sector Income Fund	26,027,168	24,383,713	274,719,359	257,101,872
UBL Liquidity Plus Fund	4,032,473	1,001,941	408,808,274	101,370,954
UBL Government Securities Fund	-	2,485,703	-	262,650,052
NIT Money Market Fund	11,319,746	-	109,404,217	-
HBL Money Market Fund	652,053	-	69,853,326	-
ABL Cash Fund	9,471,643	-	96,787,876	-
ABL Government Security Fund	3,839,029	-	40,000,000	-
Atlas Money Market Fund	200,821	-	101,911,500	-
JS Cash Fund	959,165	-	102,151,080	-
First Habib Cash Bank	1,185,576	-	121,182,842	-
	76,345,808	42,966,386	2,059,740,193	1,093,846,453

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

			2021 Rupees	2020 Rupees
28.	<b>TAX REFUNDS DUE FROM THE GOVERNMENT</b>	Note		
	Sales tax refundable - net		28,814,302	18,879,456
29.	<b>CASH AND BANK BALANCES</b>			
	Cash and imprest		1,992,946	2,085,466
	Balance with banks			
	Current accounts			
	-Local currency		187,286,723	103,860,975
	-Foreign currency		12,234,160	23,730,151
	Saving accounts	29.1	520,543,862	557,073,909
	Term deposit receipts	29.2	95,000,000	176,379,843
			815,064,745	861,044,878
			817,057,691	863,130,344

29.1. These represents saving accounts which carries profit at the rate of ranging from 5.56% - 7.26% (2020: 12.07% - 5.75%).

29.2. These represents investments in term deposit receipts. They carry profit at the rate of ranging from 5% - 10.5% (2020: 6.7% - 13.5%).

			2021 Rupees	2020 Rupees
30.	<b>REVENUE FROM CONTRACTS WITH CUSTOMERS- NET</b>	Note		
	Local sales	30.1	12,586,009,487	10,152,015,437
	Export sales		624,529,466	555,251,793
			13,210,538,953	10,707,267,230
	Toll manufacturing		384,381,096	335,132,336
			13,594,920,049	11,042,399,566
	Less:			
	Discount		424,846,075	240,705,131
	Sales tax		56,948,666	33,645,150
	Sales return		112,345,168	70,415,415
			(594,139,909)	(344,765,696)
		30.4	13,000,780,140	10,697,633,870

30.1 This includes trading sales amounting to Rs. 2.7 billion (2020: RS. 1.52 billion)

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

### 30.2 Geographical information

#### Revenue from external customers - net

Pakistan	12,434,705,044	10,142,382,082
Afghanistan	296,150,881	342,690,105
United Arab Emirates	106,311,447	83,905,028
France	68,123,197	68,123,197
Kenya	64,625,112	26,187,259
Iraq	14,367,650	-
Cambodia	6,874,703	18,751,887
Tanzania	3,914,213	7,952,868
Others	5,707,893	7,641,444
<b>Total revenue from contracts with customers</b>	<b>13,000,780,140</b>	<b>10,697,633,870</b>

#### Timing of revenue recognition

Goods transferred at a point in time	13,000,780,140	10,697,633,870
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### 30.3 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.

### 30.4 Contract balances

Trade receivables	694,687,293	392,969,289
Contract liabilities	30.4.1 (33,248,835)	(76,851,860)
Refund liabilities	(112,345,168)	(70,415,415)
	<b>549,093,290</b>	<b>245,702,014</b>

**30.4.1** Contract liabilities represent short-term advances received from customers against delivery of goods in future. Contract liabilities as at the beginning of the year, aggregating to Rs. 76.85 million (2020: Rs. 26.02 million), have been recognized as revenue upon dispatch of goods.

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

31. COST OF REVENUE	Note	2021 Rupees	2020 Rupees
Raw and packing material consumed		4,120,329,763	3,750,491,652
Salaries, wages and benefits	31.1	679,028,827	605,696,118
Fuel and power		160,088,827	125,601,377
Repairs and maintenance		114,480,207	83,323,592
Depreciation	17.1.1	119,589,669	96,587,662
Factory supplies		47,759,796	24,825,729
Vehicle running and maintenance		48,239,014	41,317,698
Stores consumed		45,494,632	41,961,053
Insurance		12,785,166	12,394,575
Printing and stationery		12,125,507	7,310,819
Fee and subscription		20,532,186	5,522,431
Rent, rates and taxes		14,067,897	12,695,496
Traveling and conveyance		6,436,967	4,072,764
Consultancy and professional charges		8,003,487	8,095,603
Other direct costs		3,487,692	3,682,943
Telephone, postage and communication		1,963,396	1,089,993
Ijarah rentals		1,192,722	2,682,966
Provision for slow moving and obsolete stock		3,490,700	-
Staff welfare and entertainment		2,400,967	2,575,576
Freight expenses		1,665,625	1,377,278
Amortization of intangible assets		486,279	486,279
		5,423,649,326	4,831,791,604
Inventory effect of work in process			
Opening		148,824,622	179,497,794
Closing		(253,045,580)	(148,824,622)
		(104,220,958)	30,673,172
Cost of goods manufactured		4,869,505,860	4,529,073,682
Inventory effect of finished goods			
Opening		533,121,539	584,442,183
Purchases		1,047,586,107	541,090,262
Closing		(423,077,851)	(533,121,539)
		1,157,629,795	592,410,906
Cost of goods sold		6,477,058,163	5,454,875,682

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

	Note	2021 Rupees	2020 Rupees
<b>31.1 This includes the following staff benefits:</b>			
Defined benefit plan - Gratuity		23,055,948	28,861,548
Defined contribution plan - Provident Fund		16,270,161	11,595,014
Provision for compensated leave absences		5,436,373	8,246,124
		<b>44,762,482</b>	<b>48,702,686</b>

### 32. DISTRIBUTION, SELLING AND PROMOTIONAL EXPENSES

Salaries and benefits	32.1	1,470,603,581	1,209,185,892
Traveling and conveyance		470,312,032	403,300,497
Training, seminars and symposia		335,772,558	244,326,224
Literature, promotion and advertisement material		642,468,306	391,884,340
Vehicle running and maintenance		146,721,837	70,213,716
Freight		99,806,832	80,482,928
Sample goods		80,847,774	68,627,663
Newspapers and subscriptions		54,363,511	52,952,726
Depreciation	17.1.1	39,013,487	36,959,064
Insurance		31,701,332	30,174,281
Telephone, postage and communication		22,380,128	35,511,023
Commission on sales		5,791,482	8,265,462
Rent, rates and taxes		7,222,380	-
Office supplies		4,808,909	9,488,413
Printing and stationery		3,525,677	2,844,473
Repairs and maintenance		884,466	400,000
Others		124,730	106,254
Ijarah rentals		-	751,039
		<b>3,416,349,022</b>	<b>2,645,473,995</b>

<b>32.1 This includes following staff benefits:</b>			
Defined benefit plan - Gratuity		29,526,629	21,583,116
Defined contribution plan - Provident Fund		33,251,756	26,731,113
Provision for compensated leave absences		10,278,017	20,920,548
		<b>73,056,402</b>	<b>69,234,777</b>

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

		2021	2020
33. ADMINISTRATIVE AND GENERAL EXPENSES	Note	Rupees	Rupees
Salaries and benefits	33.1	390,225,498	336,909,873
Depreciation	17.1.1	38,313,384	21,804,100
Vehicle running and maintenance		37,509,853	36,354,003
Donation	33.3	16,790,527	2,599,065
Repairs and maintenance		12,896,694	5,017,024
Newspapers and subscriptions		12,133,237	5,409,603
Telephone, postage and communication		9,815,553	5,484,500
Rent, rates and taxes		7,736,561	18,234,605
Traveling and conveyance		7,249,806	11,075,850
Legal and professional charges		6,119,065	5,712,224
Electricity, gas and water		5,979,353	2,930,745
Office supplies		5,590,616	3,708,782
Insurance		5,284,148	5,740,347
Advertisement, seminars and symposia		3,127,000	7,630,938
Printing and stationery		4,253,609	2,810,086
Auditors' remuneration	33.2	3,061,500	2,645,000
Others		1,389,086	765,673
Ijarah rentals		203,371	891,399
Staff welfare and entertainment		1,077,993	1,246,466
Staff training & development		49,000	38,707
		568,805,854	477,008,990
33.1 It includes the following staff benefits:			
Defined benefit plan - Gratuity		29,295,198	23,549,737
Defined contribution plan - Provident Fund		10,513,721	10,541,982
Provision for compensated leave absences		1,923,294	3,856,880
		41,732,213	37,948,599
33.2 Auditors' remuneration			
Statutory audit		2,150,000	1,808,000
Fee for review of half yearly financial information		478,500	435,000
Review of Statement of compliance of CCG		121,000	110,000
Out of pocket		312,000	292,000
		3,061,500	2,645,000

33.3 There is no donation to a single party exceeding Rs. 1 million or 10 percent of the Group's total amount of donation..

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

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

34. RESEARCH AND DEVELOPMENT EXPENSES	Note	2021 Rupees	2020 Rupees
Salaries and benefits	34.1	7,350,627	5,093,354
Vehicle repair and maintenance		537,196	378,212
Traveling		16,332	28,891
Insurance		47,092	34,903
Office supplies		43,890	48,322
Others		677,443	794,189
		8,672,580	6,377,871

34.1 It includes the defined contribution plan - provident fund of Rs. 0.22 million (2020: Rs. 0.17 million)

35. OTHER OPERATING EXPENSES	Note	2021 Rupees	2020 Rupees
Workers' Profit Participation Fund	26.3	129,351,552	107,545,092
Workers' Welfare Fund		53,951,156	38,538,773
Central Research Fund		24,295,616	21,726,281
Allowance for expected credit losses on trade receivables	23.1	10,582,999	9,232,159
Allowance for expected credit losses on long term advances	20.1	930,108	-
Realized loss on sale of short-term investment		600,055	-
Exchange loss		-	8,355,320
		219,711,486	185,397,625

36. OTHER INCOME			
<b>Income from financial assets:</b>			
Return on deposits		29,148,228	38,065,284
Dividend Income on short-term investment		103,442,831	22,672,831
Realized gain on sale of short-term investment		-	1,201,054
Unrealized gain on re-measurement of short term investment to fair value		11,191,851	3,670,079
Exchange gain - net		2,517,036	-
<b>Income from non-financial assets:</b>			
Reversal of provision against slow moving and obsolete stock		2,365,488	-
Gain on disposal of operating fixed assets	17.1.4	6,754,282	32,074,822
Scrap sales		1,261,074	4,453,459
		156,680,790	102,137,529

37. FINANCE COSTS			
Finance cost on lease liabilities	8	17,902,625	14,231,112
Mark-up on Long-term loans		6,712,802	8,284,075
Bank charges		3,681,357	6,021,461
Mark-up on short term borrowings		2,614,913	3,211,961
Interest on Workers' (Profit) Participation Fund		209,834	-
		31,121,531	31,748,609

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

38. TAXATION	Note	2021 Rupees	2020 Rupees
Current income tax:			
Charge for the year		634,513,749	557,991,219
Adjustments in respect of current income tax of previous year		(51,844,559)	(29,439,551)
		582,669,190	528,551,668
Deferred			
Relating to origination and reversal of temporary differences		(3,348,838)	(3,480,365)
		579,320,352	525,071,303

### 38.1 Reconciliation of tax charge for the year

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

Profit before tax		2,435,742,294	1,998,888,627
Tax at applicable tax rate of 29% (2020: 29%)		706,365,265	579,677,702
Effect of non-deductible expenses for tax purposes		21,014,775	17,323,756
Effect of non-chargeable income for tax purposes		(8,588,713)	(1,064,323)
Effect of allowable deductions / charge for tax purposes:			
Depreciation of operating fixed assets		(5,564,568)	(23,986,904)
Gain / loss on disposal of fixed asset.		2,878,136	(1,209,392)
WPPF / WWF		(5,366,215)	(2,099,821)
Allowance for expected credit losses		869,345	2,393,772
Gratuity		8,283,349	14,053,554
Lease payments		(5,853,017)	(4,806,448)
Effect of amounts subject to fixed / final taxes		(81,644,152)	(24,372,865)
Effect of tax credit		2,119,544	2,082,188
Prior year income tax charge		(51,844,559)	(29,439,551)
Average tax expense charged to profit or loss		582,669,190	528,551,668

39. EARNINGS PER SHARE - BASIC AND DILUTED	Note	2021 Rupees	2020 Rupees
There is no dilutive effect on the basic earnings per share of the Company which is based on:			
Profit after taxation	Rupees	1,856,421,942	1,473,817,324
Weighted average number of ordinary shares	Number of shares	38,076,439	Restated 38,076,439
Earnings per share	Rupees	48.76	Restated 38.71

39.1 The weighted average number of ordinary shares for the year ended 2020 have been restated due to issuance of 3,461,494 bonus shares in 2021 in accordance with the requirement of IAS 33.



# Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

## 40. 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:

	2021			2020		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
-----Rupees-----						
<b>Short-term employee benefits</b>						
Managerial remuneration	24,065,159	8,259,950	383,121,304	18,894,179	7,560,783	291,692,107
House Allowance / utility	7,997,784	2,557,920	146,667,675	6,213,708	2,237,916	119,240,828
Medical	12,500	-	9,599,101	-		6,360,725
	32,075,443	10,817,870	539,388,080	25,107,887	9,798,699	417,293,660
Retirement benefits	1,332,576	532,692	21,743,936	3,617,391	466,233	63,277,961
	33,408,019	11,350,562	561,132,016	28,725,278	10,264,932	480,571,621
Number of persons	1	1	102	1	1	76

**40.1** In addition to the above, 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.

**40.2** Managerial remuneration includes Rs. 96.9 million (2020: Rs. 75.1 million) charged in the consolidated statement of profit or loss in respect of bonus to chief executive, director and executives of the Group.

**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 Group's financial liabilities comprise lease liabilities, unclaimed dividend, 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, advances, other receivables, cash, term deposits and short-term investments that arrive directly from its operations.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management policies focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

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 consolidated statement of profit and loss.

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 Group's profit before tax.

	Changes in FC Rate	Effects on Profit Before Tax 2021	Effects on Profit Before Tax 2020
		Rupees	Rupees
Receivables - USD	+10%	8,750,753	3,515,031
	-10%	(8,750,753)	(3,515,031)
Payables - Euro	+10%	1,008,836	1,254,052
	-10%	(1,008,836)	(1,254,052)
Payables - USD	+10%	310,157	638,121
	-10%	(310,157)	(638,121)
Bank balance - USD	+10%	1,224,360	2,366,059
	-10%	(1,224,360)	(2,366,059)
		2021 Rupees	2020 Rupees
Reporting date rate:			
USD		178.169	159.83
Euro		201.86	196.64

# Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

(ii) **Interest rate risk**

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

The Group has no significant long-term interest-bearing assets. The Group's interest rate risk arises from lease liabilities, Long-term loan, short term borrowings, cash at bank and short-term investments. 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 Company's interest bearing financial instruments was:

	2021 Rupees	2020 Rupees
<b>Floating rate instruments</b>		
<b>Financial assets at amortized cost</b>		
Cash and bank balances - deposit accounts	520,543,862	557,073,909
<b>Financial assets at fair value through profit or loss</b>		
Short term investments	2,059,740,193	1,093,846,453
	2,580,284,055	1,650,920,362
	2021 Rupees	2020 Rupees
<b>Financial assets at amortized cost</b>		
Lease liabilities	149,505,355	147,464,259
Long-term loan	178,615,376	360,061,629
Short term borrowings	46,616,000	32,210,395
	374,736,731	539,736,283
<b>Fair value sensitivity analysis for fixed rate instruments</b>		
Term deposit receipts	95,000,000	176,379,843

**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 2021

		Changes in Interest Rate	Effects on Profit Before Tax
		Rupees	Rupees
Lease liabilities	2021	+1.50	(2,242,580)
		-1.50	2,242,580
	2020	+1.50	(2,211,964)
		-1.50	2,211,964
Long term Loan	2021	+1.50	2,679,231
		-1.50	(2,679,231)
	2020	+1.50	5,400,924
		-1.50	(5,400,924)
Short term borrowings	2021	+1.50	699,240
		-1.50	(699,240)
	2020	+1.50	483,156
		-1.50	(483,156)
Short term deposits	2021	+1.50	1,425,000
		-1.50	(1,425,000)
	2020	+1.50	2,645,698
		-1.50	(2,645,698)
Cash and bank balances - deposit accounts	2021	+1.50	7,808,158
		-1.50	(7,808,158)
	2020	+1.50	8,356,109
		-1.50	(8,356,109)
Short term investments	2021	+1.50	30,896,103
		-1.50	(30,896,103)
	2020	+1.50	16,407,697
		-1.50	(16,407,697)

# Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

## (b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economical, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

Credit risk of the Group arises principally from the trade debts, loans and advances, trade deposits, other receivables and balances with banks. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk on trade debts, the Group has developed a formal approval process, whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and records an allowance for expected credit loss. The credit risk on liquid funds such as balances with banks is limited because the counter parties are banks with reasonably high credit ratings.

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

		2021	2020
	Note	Rupees	Rupees
<b>Financial assets at amortized cost:</b>			
Trade receivables		604,714,932	339,848,952
Advances to employees against salaries		55,268,858	33,400,522
Trade deposits		39,288,237	29,734,223
Other receivables		23,751,863	36,333,012
Term deposit receipts		95,000,000	176,379,843
Bank balances		720,064,745	679,667,841
<b>Financial assets at fair value through profit or loss:</b>			
short-term investments		2,059,740,193	1,093,846,453
		<b>3,597,828,828</b>	<b>2,389,210,846</b>

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

### (i) Trade receivables

Credit risk related to trade receivables 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.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

The Group does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment.

At 31 December 2021, the Group has 34 (2020: 48) customers who owed the Group more than Rs.1 million each and accounted for approximately 95% (2020: 96%) of all receivables owing.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

	Trade receivables				
	Days past due				
	2021				
	<30 days	30-60 days	61-90 days	>90 days	Total
	-----Rupees-----				
31 December 2021					
Expected credit loss rate	0.85%	6.17%	21.38%	56.17%	
Estimated total gross carrying amount at default	604,778,929	36,027,163	2,523,952	25,760,604	669,090,648
Expected credit loss	5,140,621	2,222,876	539,621	14,469,689	22,372,807
	Trade receivables				
	Days past due				
	2020				
	<30 days	30-60 days	61-90 days	>90 days	Total
	-----Rupees-----				
31 December 2020					
Expected credit loss rate	1.52%	2.57%	6.76%	16.56%	
Estimated total gross carrying amount at default	284,035,994	9,596,792	16,228,229	70,247,493	380,108,508
Expected credit loss	4,317,347	246,638	1,097,028	11,634,065	17,295,078

### ii) Financial instruments and cash deposits

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 and term deposit receipts held with some major counterparties at the reporting date:

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

	Rating			Rupees 2021	Rupees 2020
	Short term	Long term	Agency		
Cash and Short-term Deposits					
National Bank of Pakistan	A-1+	AAA	PACRA - VIS	22,198,894	2,410,557
United Bank Limited	A-1+	AAA	VIS	2,796,069	7,796,454
Habib Bank Limited	A-1+	AAA	VIS	594,327,570	644,962,050
Allied Bank Limited	A-1+	AAA	PACRA	25,389	72,704
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	1,961,976	19,568,900
JS Bank Limited	A-1+	AA-	PACRA	104,947,714	179,010,826
Bank Al Habib Limited	A-1+	AAA	PACRA	18,730	18,730
Meezan Bank Limited	A-1+	AAA	VIS	3,918,816	24,122
Askari Bank Limited	A-1+	AA+	PACRA	25,780,648	-
Mobilink Microfinance Bank Limited	A-1	A	PACRA	4,042,021	2,183,341
MCB Bank Limited	A-1+	AAA	PACRA	35,826	-
Faysal Bank Limited	A-1+	AA	PACRA - VIS	6,075	-
First Habib Modaraba	A-1+	AA+	PACRA - VIS	50,000,000	
				810,059,728	856,047,684

	Rating		Rupees 2021	Rupees 2020
	Long term	Agency		
Short term investments				
UBL Liquidity Plus Fund	AA+(f)	VIS	408,808,274	101,370,954
NBP Financial Sector Income Fund	A+(f)	PACRA	274,719,359	257,101,872
Meezan Rozana Amdani Fund	AA+(f)	VIS	155,650,609	122,072,570
Askari High Yield Scheme	A(f)	PACRA	135,846,646	127,510,913
First Habib Cash Fund	AA+(f)	VIS	121,182,843	-
NIT Money Market Fund	AAA(f)	PACRA	109,404,217	-
NBP Money Market Fund	AA(f)	PACRA	109,250,251	101,986,491
MCB Cash Management Optimizer Fund	AA+(f)	PACRA	106,472,418	50,338,315
JS Cash Fund	AA+(f)	PACRA	102,151,080	-
Atlas Money Market Fund	AA+(f)	PACRA	101,911,500	-
ABL Cash Fund	AA+(f)	VIS	96,787,876	-
Faysal Money Market Fund	AA(f)	PACRA	79,775,221	-
Alfalah GHP Money Market Fund	AA+(f)	PACRA	73,174,515	-
HBL Money Market Fund	AA+(f)	VIS	69,853,326	-
Askari Sovereign Cash Fund	AA-(f)	VIS	53,288,782	-
ABL Government Security Fund	AA-(f)	VIS	40,000,000	-
Alfalah GHP Income Fund	A+(f)	PACRA	21,463,277	20,073,648
Faysal MTS Fund	AA-(f)	PACRA	-	50,741,638
UBL Government Securities Fund	AA(f)	VIS	-	262,650,051
			2,059,740,194	1,093,846,452
			2,869,799,922	1,949,894,136



# Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counterparties on their obligations to the Group. Further, the Group has assessed that the ECL on bank balances is immaterial and hence, has not been recognized.

## iii) Other financial assets

Other financial assets mainly comprise of Long-term and short-term deposits, other receivables and advances to employees. The Group has assessed, based on historical experience, that the ECL associated with these financial assets is trivial and therefore, no ECL has been recognized on these financial assets.

## 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 consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

	2021					
	Carrying amount	Contractual cash flows	within 1 year	1 to 2 years	2 to 5 years	more than 5 years
-----Rupees-----						
31 December 2021						
Lease liabilities	149,505,355	203,672,099	41,589,907	45,748,897	82,032,287	34,301,007
Long-term loan	178,615,376	178,615,376	178,615,376	-	-	-
Markup accrued	649,155	649,155	649,155	-	-	-
Short term borrowings	46,616,000	46,616,000	46,616,000	-	-	-
Trade and other payables	973,244,957	973,244,957	973,244,957	-	-	-
Unclaimed dividend	64,336,749	64,336,749	64,336,749	-	-	-
	1,412,967,592	1,467,134,336	1,305,052,144	45,748,897	82,032,287	34,301,007

	2020					
	Carrying amount	Contractual cash flows	within 1 year	1 to 2 years	2 to 5 years	more than 5 years
-----Rupees-----						
31 December 2020						
Lease liabilities	147,464,259	227,552,344	35,892,362	43,685,425	102,021,637	45,952,920
Long-term Loan	360,061,629	366,442,150	185,903,398	180,538,752	-	-
Short term borrowings	32,210,395	32,210,395	32,210,395	-	-	-
Trade and other payables	692,458,422	692,458,422	692,458,422	-	-	-
Markup accrued	250,749	250,749	250,749	-	-	-
Unclaimed dividend	44,471,264	44,471,264	44,471,264	-	-	-
	1,276,916,718	1,363,385,324	991,186,590	224,224,177	102,021,637	45,952,920

### d) Price risk

Other price risk is the risk of changes in fair value of investment in mutual funds as a result of changes in the levels of net asset value of units held by the Group. As of 31 December 2021, had there been increase / decrease in net asset value by 1% with all other variables held constant, the profit before tax for the year would have been higher / lower by Rs. 20.59 million (2020: Rs. 10.94 million).

# Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

## 41.2 Financial instruments by categories

2021		
AT FVTPL	Amortized cost	Total

-----Rupees-----

### Assets as per statement of financial position:

Long-term deposits	-	11,543,429	11,543,429
Advances	-	55,268,858	55,268,858
Trade receivables	-	582,342,125	582,342,125
Trade deposits	-	27,744,808	27,744,808
Other receivables	-	23,751,863	23,751,863
Cash and short-term deposits	-	817,057,691	817,057,691
short-term Investments	2,059,740,193	-	2,059,740,193
	2,059,740,193	1,517,708,774	3,577,448,967

2020		
AT FVTPL	Amortized cost	Total

-----Rupees-----

### Assets as per statement of financial position:

Long-term deposits	-	21,543,429	21,543,429
Advances	-	33,400,522	33,400,522
Trade receivables	-	339,848,952	339,848,952
Trade deposits	-	29,734,223	29,734,223
Other receivables	-	36,333,012	36,333,012
Cash and short-term deposits	-	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

# Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

	2021	2020
	Financial Liabilities at amortized cost	
Liabilities as per consolidated statement of financial position:	-----Rupees-----	
Lease liabilities	149,505,355	147,464,259
Long-term Loan	178,615,376	360,061,629
Short term borrowings	46,616,000	32,210,395
Markup accrued	649,155	250,749
Unclaimed dividend	64,336,749	44,471,264
Trade and other payables	973,244,957	692,458,422
	1,412,967,592	1,276,916,718

## 42. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends to be paid to shareholders, issue new shares or sell assets to reduce debt.

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.

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 consolidated statement of financial position less cash and cash equivalent. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt (as defined above).

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

	2021 Rupees	2020 Rupees
Long-term loan	178,615,376	360,061,629
Lease liabilities	149,505,355	147,464,259
Trade and other payables	973,244,957	692,458,422
Short term borrowings	46,616,000	32,210,395
Unclaimed dividend	64,336,749	44,471,264
Mark-up accrued	649,155	250,749
	1,412,967,592	1,276,916,718
Less: Cash and short-term deposits	(817,057,691)	(863,130,344)
Net debt	595,909,901	413,786,374
Share capital	380,764,390	346,149,450
Revaluation surplus on operating fixed assets	436,249,408	460,509,721
Revenue reserves	5,099,966,603	3,785,508,559
Total capital employed	5,916,980,401	4,592,167,730
	6,512,890,302	5,005,954,104
Gearing ratio	9%	8%

# Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 2020.

## 43. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Long-term loan	Lease liabilities	Total
<b>31 December 2021</b>	-----Rupees-----		
Opening balance	360,061,629	147,464,259	507,525,888
Addition in leases	-	27,062,194	27,062,194
Cash flows - net	(188,159,055)	(37,930,926)	(226,089,981)
Finance cost	6,712,802	17,902,625	24,615,427
Recognition of grant	-	-	-
Others	-	(4,992,797)	(4,992,797)
Closing balance	178,615,376	149,505,355	328,120,731

	2020		
	Long-term loan	Lease liabilities	Total
<b>31 December 2020</b>	-----Rupees-----		
Opening balance	44,334,172	71,880,829	116,215,001
Addition in leases	-	93,067,642	93,067,642
Cash flows - net	326,448,875	(31,715,326)	294,733,549
Finance cost	8,284,075	14,231,114	22,515,189
Recognition of grant	(19,005,493)	-	(19,005,493)
Closing balance	360,061,629	147,464,259	507,525,888

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

### 44. FAIR VALUE MEASUREMENT

#### 44.1 Fair value hierarchy

Detail of the Group's investments in mutual funds, and information about the fair value hierarchy as at the end of the reporting period are as follow:

	Fair value measurement using			
	Quoted price in active market	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
31 December 2021	-----Rupees-----			
Short-term investment	2,059,740,193	-	-	2,059,740,193

	Fair value measurement using			
	Quoted price in active market	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
31 December 2020	-----Rupees-----			
Short-term investment	1,093,846,453			1,093,846,453

#### Revalued Property, plant and equipment:

Land - freehold	-	283,400,000	-	283,400,000
Building on freehold land	-	159,980,000	-	159,980,000
Plant and machinery	-	543,131,000	-	543,131,000
	1,093,846,453	986,511,000	-	2,080,357,453

There are no transfers between levels 1, 2 and 3 during the year and there were no changes in valuation techniques during the years.

# Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

## 45. 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 40.). The Group carries out transactions with various related parties. Amounts due from and to related parties are shown under respective notes to the of consolidated financial statements. Other significant transactions with related parties are as follows:

Undertaking	Relation	Nature of transaction	2021 Rupees	2020 Rupees
Route 2 health (Pvt) Ltd	Associate	Purchases	784,091,690	389,713,824
Route 2 health (Pvt) Ltd	Associate	Payments	791,933,095	568,402,711
Staff provident fund	Staff welfare benefits	Contribution	60,264,729	48,200,180
Employee's Welfare Trust	Staff welfare benefits	Contribution	3,650,782	3,178,632

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

## 46. NUMBER OF EMPLOYEES

	2021	2020
Number of employees at the end of the year	2,315	2,189
Average number of employees during the year	2,252	2,007

## 47. 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.

## 48. EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Company in its meeting held on March 16, 2022 has proposed cash dividend at the rate of Rs.20 (2020: Rs. 15) per share and 10% bonus shares for the year ended 31 December 2021, (2020: 10%) subject to the approval of shareholders in the Annual General Meeting to be held on April, 18 2022. These consolidated financial statements do not reflect these appropriations.

## Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2021

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### 49. DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Company authorized these consolidated financial statements for issuance on 16 March 2022.

### 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 consolidated financial statements except as discussed in Note 24.3.







# 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 18, 2022 at 11:00 a.m. and at any adjournment thereof.

As witness under my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

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  
POSTAGESTAMP

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 اپریل 18، 2022 بوقت صبح 11:00 بجے ہے  
میں شرکت کرنے حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور نمائندہ (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

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

دستخط ممبر \_\_\_\_\_

گواہان 1 \_\_\_\_\_

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  
۱۷۰۵ کلومیٹر ملتان روڈ، لاہور۔ ۵۳۷۰۰، پاکستان

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