

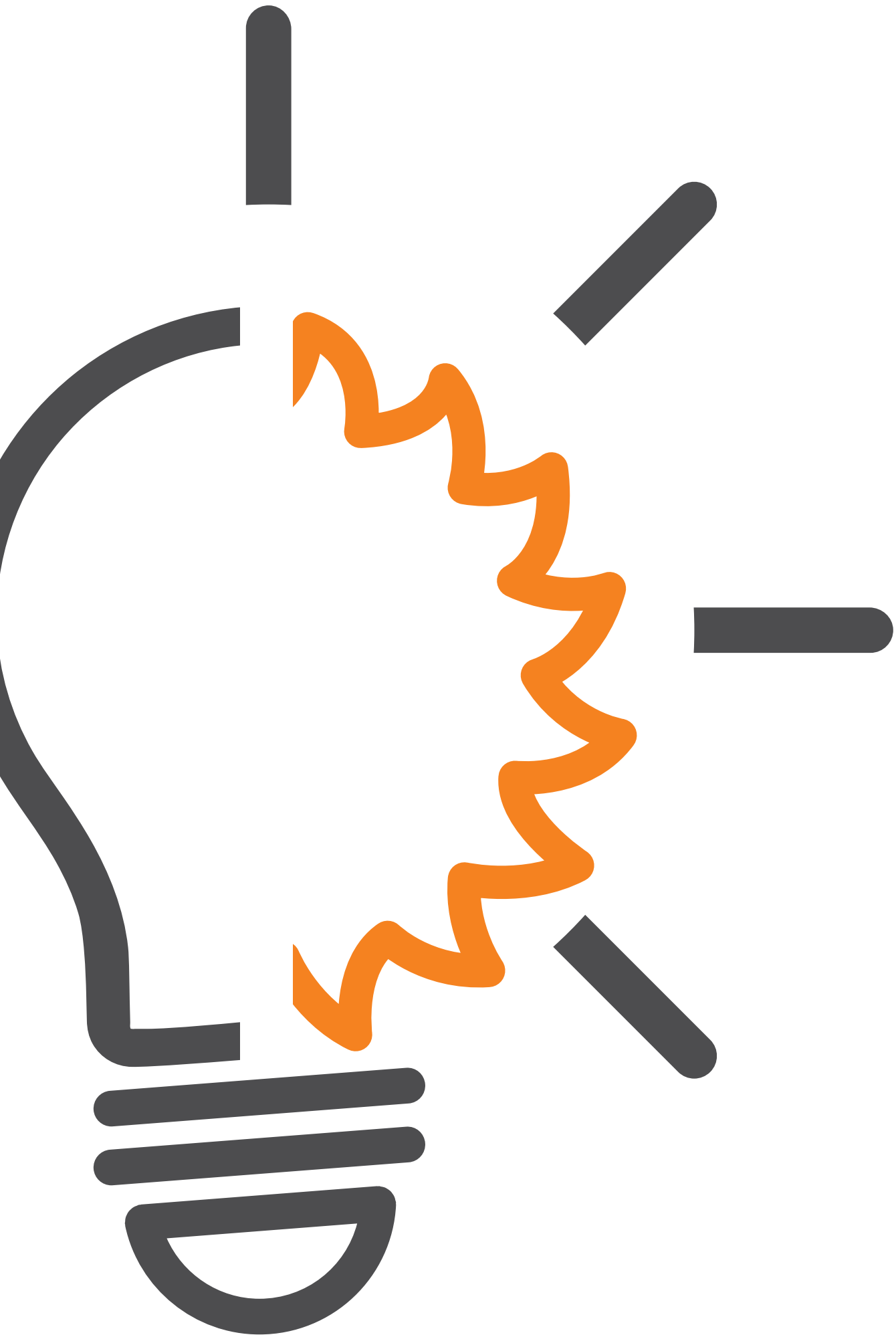


**Innovate to
Accelerate**



Highnoon

Annual Report
2022



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Innovate to Accelerate

We believe in taking risks and embracing change. We're constantly leveraging modern technologies, creating differentiated offerings, pushing the boundaries of what's possible and seeking new ways to accelerate our progress.

Innovation breeds progress and growth. And we're determined to create a culture of creativity and collaboration to encourage our people to think outside the box and embrace new ideas.

At every step, we remind ourselves that these innovations are not only for our profitability. We also have to make a positive impact on the world. Whether it's supporting local communities, reducing our environmental footprint, or promoting ethical business practices, we are making a meaningful difference through our Environmental Social Governance program.

So let us embrace innovation and all that it represents. Let us be bold, daring, curious and creative and use our passion to strive for a brighter future. For with innovation, anything is possible, and possibilities are limitless.



Highnoon

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2022



**Achieve
to Celebrate**



**Empower
to Care**



**Inform
to Enlighten**



**Innovate
to Sustain**



**Passion
to Progress**



Innovate to Accelerate



Achieve to Celebrate

Last year, we had more than one reason to celebrate. The milestones that we achieved are a testament to the exceptional teamwork and strong leadership in Highnoon. These achievements are a result of the collective efforts of a motivated team, led by inspiring leaders, who have demonstrated their commitment to excellence and delivering exceptional results.



● Forbes Asia Best under a Billion

All the bold risks we take, the tough decisions we make, and the innovation we embrace are always for one mission – enriching life. No matter how hard the journey is, how numerous the challenges are, how many uncertainties we face, or the setbacks we have, our commitment never shivers.

And it is this unwavering persistence that always pays off. Like the years 2019 and 2021, we made it to the prestigious Forbes Asia Best under a Billion 2022 list. It marks the third time, and we could not be prouder as a team.

But this recognition is not just about us. It's about the impact we have had on the world around us. It's about the lives we have touched, the communities we have uplifted, and the difference we have made.

HONOURED FOR THE
THIRD TIME



Innovate to Accelerate

● New and Improved Packaging

We have rebranded our product packaging and labelling. The new design helps to create consistency in the product portfolio and corporate brand identity. We are proud to be the first company in

Pakistan's pharmaceutical industry to take such a leap. This rebranding sets the tone of our organization which is trustworthy, serious, empathic, and innovative in its approach.





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Empower to Care

Highnoon is committed to improving healthcare outcomes by organizing and sponsoring educational programs for healthcare professionals (HCPs). By equipping HCPs with the latest knowledge and tools, we can ensure that patients receive the best possible care and health solutions.

Internal Medicine Certificate Course

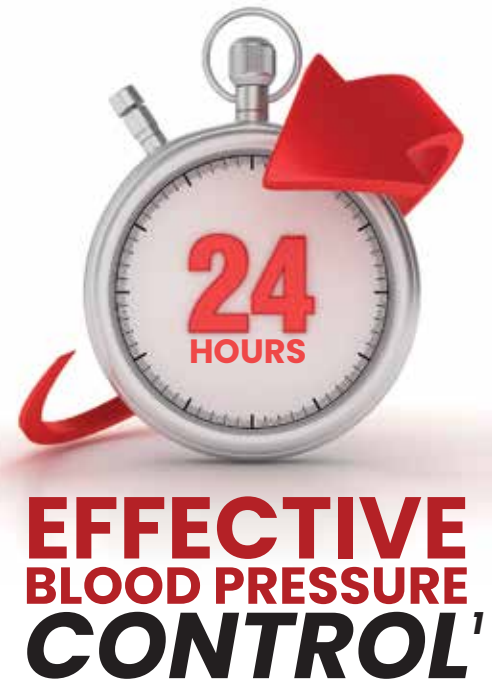
Highnoon supported Internal Medicine Certificate Course that was organized by Aga Khan University (AKU) and Pakistan Society of Internal Medicine (PSIM) for capacity building of healthcare professionals around Pakistan.



THE AGA KHAN UNIVERSITY

● Hypertension: Guidelines to Practice

Highnoon in collaboration with the European Society of Hypertension conducted a short course on Hypertension: Guidelines to Practice. The course was executed in 80 Cardiology & Medicine wards across the country.



● Webinar on Standardization of Diabetes Treatment

To raise awareness about diabetes treatment and equip HCPs with the latest SOPs, the Embassy of Japan and Pakistan Endocrine Society (PES), in collaboration with Highnoon, organized a live webinar about the Standardization of Diabetes Treatment.



70th
Anniversary
of the Establishment
of Diplomatic Relations



Embassy of Japan and Pakistan
Endocrine Society (PES) are hosting

a Webinar on Standardization
of Diabetes Treatment



● Intensive Diabetes Course (IDC) 2022

Highnoon successfully arranged the Intensive Diabetes Course (IDC) 2022 to update physicians on the distinct clinical entities in diabetes Management. It was organized in collaboration with International Society of Endocrinology (ISE), Weill Cornell Medicine, Faculty of Medicine Rabigh and King Abdul Aziz University.



● Updates in Diabetes Management

Highnoon in collaboration with Weil Cornell School of Medicine and Pakistan Endocrine Society organized a capacity-building program for more than 200 Physicians & Diabetologists. Distinguished course directors Dr Riaz A Malik and Dr Hamid Farooqui led this program.



**Weill Cornell
Medicine-Qatar**

Innovate to Accelerate

● MI – Cath Link Live Surgery

Highnoon Cardiology organized 'MI – Cath Link' – a live surgery – in collaboration with the Pakistan Society of Interventional Cardiology and Pakistan Cardiac Society. It was aimed to provide a unique experience for learners by broadcasting live cases from the Catheterization Laboratories of various National and International Cardiac Institutions.




PCI – Left Main/Bifurcation International Webinar



Mohaned Egred

Operator



Live from United Kingdom 



Afsar Raza

Course Director



Shao-Liang Chen

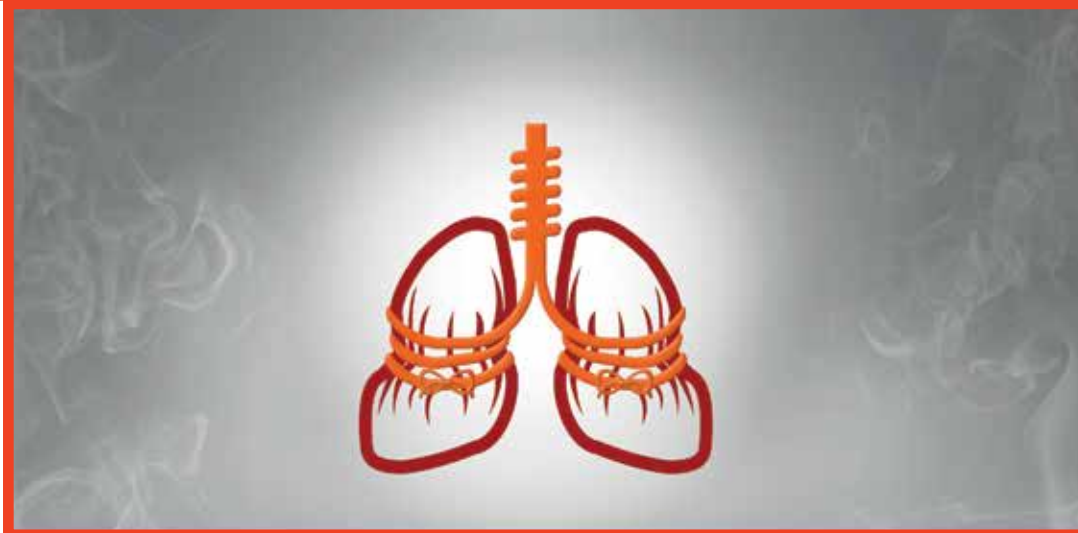
Chairman

● Royal College of Physicians

For the first time in Pakistan, a novel certification program under the accreditation of the Royal College of Physicians (RCOP) was introduced in the pulmonology segment in which doctors were trained on how to differentiate between patients of asthma and COPD in a clinical setting through the case-based course and according to assessment.



**Royal College
of Physicians**



● Spirometry Workshops: Hands-on Training Program

Highnoon inaugurated spirometry rooms in several pulmonology wards and clinics. These rooms will help HCPs with precise and timely diagnoses. Over 30 workshops were held all over Pakistan to train HCPs to effectively use spirometry.

Innovate to Accelerate



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● Healthcare Superstars

Highnoon partnered with Cipla and launched Healthcare Superstars in Pakistan, an academic engagement through a unique activity for the capacity building of doctors. Highly qualified healthcare professionals around the globe shared their knowledge through discussions and real-life case studies.



HEALTHCARE SUPERSTARS

A **Cipla** Initiative



STAR SPEAKER

DR. CHRISTINE JENKINS

MBBS, MD, FRACP, FAHMS, FThorSoc
AUSTRALIA

STAR ANCHOR

DR. SUJEET K RAJAN

MD (Chest), DETRO, DNB (Resp Med), FCCP (USA)
INDIA

STAR SPEAKER

DR. CHRISTOPHER WORSNOP

MBBS, BSc, PhD, FRACP, FCCP, FThorSoc
AUSTRALIA

Innovate to Accelerate



Inform to Enlighten

Through educational initiatives, Highnoon is empowering individuals with the knowledge to make informed decisions about their health and well-being. Throughout the year, the company was involved in promoting healthy lifestyles, and disease prevention awareness campaigns.

Through these initiatives, Highnoon is making a positive impact on the lives of individuals and the health of our society as a whole.



صنفِ نازک سے صنفِ آہن

WOMEN WELLNESS TALKS



● Sinf-e-Nazuk se Sinf-e-Ahan

Sinf-e-Nazuk se Sinf-e-Ahan, Women Wellness Talks, is a web series started in 2022. It is aimed to empower and inspire women of all ages and backgrounds. Several experts and thought leaders in the field of women's health and wellness have come to the show and explored a variety of topics related to women's health, well-being, and self-care. They shared their expertise and personal experiences, offering valuable insights and practical tips that our viewers could implement in their daily lives.

We believe that the information they shared will continue to make a positive difference in the lives of many women.



● May Measurement Month

Highnoon collaborated with International Society of Hypertension and organized May Measurement Month to raise awareness about hypertension. Free hypertension screenings were held at more than 1,500 sites, and more than 35,000 data were collected.



Innovate to Accelerate



Highnoon

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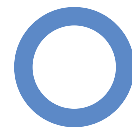
● World Diabetes Day

In November, Highnoon launched a 14-day nationwide campaign to raise awareness about diabetes and its impact. This campaign was organized in recognition of World Diabetes Day, which is celebrated globally on November 14th every year. Through this campaign, we aimed to educate people about the risk factors associated with diabetes and encourage

them to adopt healthy lifestyles to prevent the onset of this disease. Renowned doctors, influencers, and celebrities came together to endorse this campaign and spread awareness about the importance of diabetes prevention.

This campaign was also noticed and shared by International Diabetes Federation.

By **2030**, an estimated **643 million** adults will be living with diabetes.



world diabetes day
14 November

PROTECT TOMORROW
#AAJSAY

Diabetes

is a silent killer, though it is preventable.





The maximum recommended daily amount of sugar is

30gm
for adults



Maintain sugar intake
AAJ SAY



Almost **1 in 2** adults living with diabetes are **undiagnosed**.



Timely check blood sugar level



Maintain a balanced diet



Exercise regularly



Follow prescription for diabetes medications

Innovate to Accelerate



Highnoon
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Innovate to Sustain

Our **Environmental Social Governance** program is an integral part of our organization's commitment to making the world a better place to live. We know that whether it is through the use of renewable energy, the implementation of recycling programs, raising awareness, or the reduction of waste, every small step makes a difference. For that reason, we take every opportunity to promote sustainable practices,

reduce our carbon footprint, and educate the masses.

The **Environmental Social Governance** program is more than just a box-ticking exercise for us. It is a reflection of our beliefs & core values as an organization.

Furthermore, as the old saying goes on, 'Action speaks louder than the words.' So, let our actions speak for our commitment to create a brighter and healthier future.

● Installation of 306 KW Solar Panel System

We have installed a 306 KW solar panel system at our plant facility to reduce our carbon emission.



● Extending Tomorrows: Climate Drive

Team Cardiology organized a plantation campaign in which plants were placed in the chambers of more than 1,000 healthcare practitioners.



Innovate to Accelerate



Highnoon
Annual Report
2022

● Providing Care to Thalassemia Patients

Highnoon has been actively involved in supporting thalassemia patients for several years. The company provides financial assistance, medication, and other resources to help patients, thalassemia centres and even countries. The company has also organized various awareness campaigns and blood donation drives to spread awareness about thalassemia and its prevention.

Highnoon works with Pakistan Red Crescent Society and sponsors JTK Thalassemia Centre & Blood Bank. Furthermore, the company has partnered with Pakistan Thalassemia Welfare Society, Fatmid Foundation, Sundus Foundation, Thalassemia Society of Pakistan Lahore, and Help International Welfare Trust.

This care is not confined to the geographical boundaries of Pakistan. Highnoon donated thalassemia drugs, Feripro Capsules, to Sri Lanka. It was the first phase of a long-term philanthropic cause. The company plans to donate these medicines to Sri Lanka after every six months.



means it hasn't
been done yet.



Highnoon

Ministry of Health
Sri Lanka

**Free for life medicines for
Thalassemia
Patients**

From Highnoon to the people
of Sri Lanka

● Blood Donation Drive

On World Blood Donor Day, our employees showed kindness by coming together to donate blood. Their selfless act of giving the gift of life is a true reflection of their compassion and commitment to making a positive impact on the world.



The collected blood was donated to
JTK THALASSEMIA CENTRE.



Innovate to Accelerate



Highnoon
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● Plant for Pakistan

Plant for Pakistan is a unique and eco-friendly approach. Rather than using traditional paper products, Highnoon has started using seed papers that can be planted to grow into plants. This initiative will reduce paper waste and increase greenery in the country.

Seed papers are made from recycled paper which is embedded with the seeds of various plants. When these papers are planted in the soil, they decompose, and the seeds grow into plants.

This initiative will create a significant impact, both in terms of reducing paper waste and increasing greenery, and it sets an excellent example for other companies to follow.





An environmental sustainability initiative by Highnoon

**GREENER IT IS
HEALTHIER WE ARE**

#EnvironmentalSocialGovernance



● Rehnuma

Under the guidance of highly qualified doctors, Highnoon Respiratory launched an initiative called "Rehnuma" - a free medical camp for labourers employed in various industries. The primary objective was to promote awareness among underprivileged communities, specifically the workforce, about their medical conditions, specifically asthma, allergy, and COPD.



● Free BP Assessments

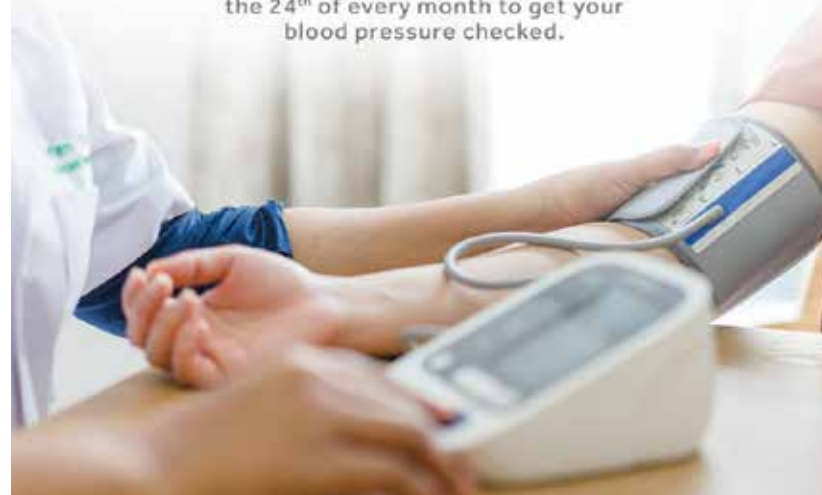
Highnoon Cardiology has initiated free blood pressure check-up. This initiative aims to promote health and wellness in our community by providing individuals with regular access to blood pressure monitoring. On the 24th of every month, designated clinics all over Pakistan provide free BP assessments.



Free Blood Pressure Check-up Every Month

In Your City

Visit our designated clinics in your city on the 24th of every month to get your blood pressure checked.



Innovate to Accelerate



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Passion to Progress

When you are changing, you must engage and bring people along with you. Highnoon has always believed in developing a work culture that helps employees find new directions, build new skills, gain growth and express themselves.

PINKT&BER



● Breast Cancer Awareness

On World Breast Cancer Day, our resilient female employees showed their strength and courage against breast cancer. They expressed their support to those who are fighting this disease, demonstrating the power of compassion and solidarity.



Top Consultant

Dr Amina Khan, breast surgeon at Shaukat Khanum, conducted an educational session.

Innovate to Accelerate



Our core values



Reliability



Integrity



Customer Focus



Compassion



Courage



Perseverance



Highnoon

Annual Report
2022



Our Aspiring Values



Passion



Innovation

FINANCIAL HIGHLIGHTS

Sales

Increased by

> 22%

2022: Rs. 15.82 billion
2021: Rs. 13.00 billion

**Earnings
Per Share**

Increased by

> 34%

2022: Rs. 57.71
2021: Rs. 43.17

**Total
Assets**

Grew by

> 31%

2022: Rs. 10.64 Billion
2021: Rs. 8.15 Billion

EBITDA

up by

> 41%

2022: Rs. 3.59 billion
2021: Rs. 2.54 billion

**Profit
After Tax**

up by

> 34%

2022: Rs. 2.42 Billion
2021: Rs. 1.81 Billion

Equity

Increased by

> 29%

2022: Rs. 7.45 billion
2021: Rs. 5.56 billion

**Gross Profit
Margin**

> 25%

2022: 51%
2021: 49%

**Break-up
Value**

Per Share Increased by

> 17%

2022: Rs. 178
2021: Rs. 151

COMPANY INFORMATION

Board of Directors

Mr. Tausif Ahmad Khan
Chairman

Dr. Adeel Abbas Haideri
Chief Executive Officer

Mr. Ghulam Hussain Khan
Director

Mr. Taufiq Ahmed Khan
Director

Mr. Romesh A.I.Elapata
Director

Mrs. Zainub Abbas
Director

Mrs. Nael Najam
Director*

*Ms. Nael Najam resigned on 19 December 2022 and was replaced by Mr. Tariq Wajid on 24 February 2023

Chief Financial Officer

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

Chief Internal Auditor

Ms. Annie Mazher Malik
Tel: +92 42 3515 8051
Email:
annie.mazher@highnoon.com.pk

Company Secretary

Ms. Mahnoor Ather
Tel: +92 42 35158051
Email:
mahnoor.ather@highnoon.com.pk

Bankers

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

Registered Office and Plant

17.5 Kilometer Multan Road,
Lahore - 53700, Pakistan
UAN : +92 42 111 000 465
Fax : +92 42 3751 0037
E-mail :
investor.relations@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 35158051 - 2

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

Ms. Zainub Abbas
Member

Mr. Ghulam Hussain Khan
Member

* resigned on 19 December 2022

Human Resource and Remuneration Committee

Mrs. Nael Najam*
Chairperson

Mrs. Zainub Abbas
Member

Dr. Adeel Abbas Haideri
Member

*resigned on 19 December 2022

Management Committee

Dr. Adeel Abbas Haideri Chairman
Chief Executive Officer

Mr. Ashfaq P. Alidina Member
Chief Financial Officer

Mr. Sajjad Hafeez Butt Member
Chief Operating Officer
(Technical)

Mr. Azfar Abbas Haideri Member
Chief Commercial Officer

Mr. Zulfiqar Zaidi Member
Director HR and Strategic
Planning

Mr. Shahnawaz Baig Member
Group Director
Commercial Excellence

I.T. Steering Committee

Dr. Adeel Abbas Haideri Chairman
Chief Executive Officer

Mr. Ashfaq P. Alidina Member
Chief Financial Officer

Mr. Sajjad Hafeez Member
Chief Operating Officer
(Technical)

Mr. Ali Ahmed Sarwar Member
Chief Information Officer

Mr. Taufiq Ahmed Khan Member
Director

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 40th Annual General Meeting of Highnoon Laboratories Limited will be held on Saturday, 29 April, 2023, at 11:00 a.m. at the Company's Registered Office: 17.5 Kilometer, Multan Road, Lahore, to transact the following business:

ORDINARY BUSINESS

1. To confirm minutes of the last Annual General Meeting held on Monday, 18 April 2022.
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, 2022, 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, 2023.

SPECIAL BUSINESS

5. To consider and, if thought fit, pass, with or without modification, the following special resolution in accordance with Section 85 (1)(a) of the Companies Act, 2017 to increase the authorized share capital of the Company from Rs. 500,000,000/- (PKR Five Hundred Million only) divided into 50,000,000 (Fifty Million) shares of Rs. 10 each to Rs. 1000,000,000/- (PKR One Billion only) divided into 100,000,000 (One Hundred Million) shares of Rs. 10/- each and to make necessary changes to the Memorandum and Articles of Association in relation thereto.

RESOLVED THAT the increase in authorized share capital of the Company from Rs. 500,000,000/- (PKR Five Hundred Million only) divided into 50,000,000 (Fifty Million) shares of Rs. 10 each to Rs. 1000,000,000/- (PKR One Billion only) divided into 100,000,000 (One Hundred Million) shares of Rs. 10/- each, and to make necessary changes to the Memorandum and Articles of Association in relation thereto, be and is hereby approved.

FURTHER RESOLVED THAT Dr. Adeel Abbas Haideri, the Chief Executive of the Company (the "Authorized Officer") or such other person delegated by him and / or Mr. Ashfaq Alidina, Chief Financial Officer, and / or Ms. Mahnoor Ather, Company Secretary, be and is hereby empowered and authorized to undertake, execute and implement all the decisions in respect of the said issuance and to take and do and/or cause to be taken or done any/all necessary acts, deeds and things, and to take any or all necessary actions which are or may be necessary, incidental and/or consequential to give effect to the aforesaid resolution, including signing and execution of documents and agreements and to complete all necessary legal formalities and to file all necessary documents as may be necessary or incidental for the purposes of implementing the aforesaid resolution.

OTHER BUSINESS

6. To discuss any other business with the permission of the Chair.

By order of the Board

Lahore
07 April 2023

Mahnoor Ather
Company Secretary

Notes:

1. CLOSURE OF SHARE TRANSFER BOOKS

The share transfer books of the Company will remain closed from 19 April 2023, to 29 April 2023 (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
0333-4369177	Mahnoor.ather@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.RO. 1145(I) 2017 of SECP and Section 242 of the Companies Act 2017, it is mandatory to make payment of any cash dividend through electronic mode by directly crediting the dividend amount in the shareholder's designated bank account. The shareholders who have not yet provided details of their bank account are once again requested to provide the details giving Name of designated Bank, Branch Name and Address, Title of Account and IBAN No. along with a valid copy of CNIC. CDC shareholders are requested to have their bank account details updated with their respective participants and physical shareholders send the details to the Company or our Share Registrar M/S Corplink (Pvt.) Ltd. Please mention the Company name and Folio No. while sending the details of the Bank Account.

5. ELECTRONIC VOTING

In accordance with the Companies (Postal Ballot) Regulation, 2018, (the "Regulations") the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for, inter alia, all businesses classified as special business under the Companies Act, 2017 in the manner and subject to conditions contained in the Regulations.

Detail of E-Voting facility will be shared through e-mail with those members of the company who have valid cell numbers / e-mail addresses available in the Register of Members of the Company by the end of business on April 20, 2023 by Corplink (Private) Limited being the e voting service provider.

Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.

Members shall cast vote online from April 26, 2023 9.00 a.m. till April 28, 2023 5:00 p.m. Voting shall close on April 28, 2023, at 5:00 p.m. Once the vote on the resolution has been casted by a Member, he/she shall not be allowed to change it subsequently.

6. PROCEDURE FOR VOTING THROUGH POSTAL BALLOT

Members may alternatively opt for voting through postal ballot. For convenience of the members, Ballot Paper is annexed to this notice and the same is also available on the Company's website [<https://highnoon-labs.com/>] to download.

The members must ensure that the duly filled and signed ballot paper, along with a copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post at the Company's registered address, 17.5kms, Multan Road, Lahore or email at investor.relations@highnoon.com.pk one day before the AGM, i.e., on April 28, 2023 before 5:00 p.m. A postal ballot received after this time / date shall not be considered for voting. The signature on the Ballot Paper shall match with signature on the CNIC.

7. 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.

8. 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 2022 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 2022 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, 2022, along with Directors' and Auditors' Report of the Company have also been placed on the Company's website, i.e. www.highnoon-labs.com.

9. REPLACEMENT OF PHYSICAL SHARES INTO CDC ACCOUNT

Members, who hold physical shares, are advised to convert their shares into electronic form in terms of section 72 of the Companies Act, 2017.

برقی ذرائع سے رائے دہی کا ارادہ رکھنے والے اراکین کی شناخت کی تصدیق برقی ذرائع سے دستخط یا لاگ ان کے ذریعے کی جائے گی۔

ممبران 26 اپریل 2023 صبح 9:00 بجے سے 28 اپریل 2023 شام 5:00 بجے تک انٹرنیٹ کے ذریعے رائے دہی کریں گے۔ رائے دہی 28 اپریل 2023 کو شام 5:00 بجے ختم ہوگی۔ کسی رکن کی طرف سے قرارداد پر ایک بار رائے دہی کرنے کے بعد اسے تبدیل کرنے کی اجازت نہیں ہوگی۔

6- ڈاک کے ذریعے حق رائے دہی استعمال

اراکین متبادل طور پر ڈاک کے ذریعے رائے دہی کا انتخاب کر سکتے ہیں۔ اراکین کی سہولت کے لیے، بیلٹ پیپر اس نوٹس کے ساتھ منسلک ہے اور یہ کمپنی کی ویب سائٹ [https://highnoon-labs.com/] پر بھی دستیاب ہے۔

اراکین اس بات کو یقینی بنائیں کہ صحیح طریقے سے اندراج کئے گئے اور دستخط شدہ بیلٹ پیپر، کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی کاپی کے ہمراہ کمپنی کے رجسٹرڈ پتے، 17.5 کلومیٹر، ملتان روڈ، لاہور یا ای میل investor.relations@highnoon.com.pk کے ذریعے سالانہ اجلاس عام AGM سے ایک دن پہلے، یعنی 28 اپریل 2023 کو شام 5:00 بجے سے پہلے چیزین تک پہنچیں۔ اس وقت/ تاریخ کے بعد موصول ہونے والا ڈاک کے ذریعے بھیجا گیا بیلٹ رائے دہی کے لیے زیر غور نہیں آئے گا۔ بیلٹ پیپر پر دستخط قومی شناختی کارڈ CNIC پر دستخط سے مماثل ہونے چاہئے۔

7- ویڈیو کانفرنسنگ کی سہولت کے لیے رضامندی

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

8- مالیاتی گوشوارے

ممبران کو مطلع کیا جاتا ہے کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے سرکل 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 2022 کی سافٹ کاپیاں ان حصہ داران کو بھیجی جا رہی 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 بارڈر 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 بمعہ ڈائریکٹرز اور آڈیٹرز رپورٹس برائے سال اختتام 31 دسمبر 2022 کمپنی کی ویب سائٹ www.highnoon-labs.com پر موجود ہیں۔

9- حصص کی دستاویزات سے الیکٹرانک شکل میں تبدیلی

دستاویزات کی شکل میں حصص رکھنے والے ممبران کو ہدایت کی جاتی ہے کہ وہ کمپنیز ایکٹ 2017 کے سیکشن 72 کے مطابق اپنے حصص کو الیکٹرانک شکل میں تبدیل کریں۔

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

ای میل	واٹس اپ
Mahnoor.ather@highnoon.com.pk	0334-4369177

یہ درخواست وصول ہونے کے بعد حصہ داروں کو ان کے دیے گئے ای میل یا واٹس اپ نمبر پر وڈیولنک 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 قبل کمپنی کے رجسٹرڈ دفتر میں لازماً وصول ہو جانا چاہیے۔ حصہ داران سے درخواست ہے کہ ان کے پتہ جات میں اگر کوئی تبدیلی ہے تو فوری طور پر ہمارے شیئرز رجسٹرار میسرز کارپ لنک (پرائیویٹ) لمیٹڈ کو مطلع فرمائیں۔ ممبران کمپنی کی ویب سائٹ سے پر کسی فارم ڈاؤن لوڈ اور پرنٹ کر سکتے ہیں۔

سینٹرل ڈیپازٹری کمپنی کی وساطت سے درج تمام حصہ داران سے گزارش ہے کہ اجلاس میں شرکت کے لیے اپنا اصل شناختی کارڈ ضرور ہمراہ لائیں تاکہ ان کی شناخت میں آسانی ہو جبکہ کمپنی یا ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد کی مصدقہ کاپی یا موثر مختار نامہ 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 ہو گا انھیں ڈیویڈنڈ کی ادائیگی نہیں ہوگی۔ جن حصہ داران نے اپنے کمپیوٹر انڈر 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 (کمیشن 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 نہیں ہیں باوجود اس کے کہ وہ ٹیکس کی ادائیگی کرتے ہیں ان سے گزارش ہے کہ اس امر کو یقینی بنائیں کہ ان کے نام ٹیکس کی ادائیگی کرنے والے فعال افراد (ایکٹیو ٹیکس بیئر 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 شرکت داروں سے اپنا بینشل 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 ایکس پی میں واضح کیا ہے کہ مشترکہ اکاؤنٹ میں 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 (IBAN NO.)، CNIC، کی کاپی پر مشتمل ہیں فراہم کر دیں۔ وہ حصہ داران جن کے حصص سی ڈی سی پر ہیں وہ اپنے بینک اکاؤنٹ کی تفصیلات اپنے شیئرز بروکر کو فراہم کریں جبکہ فزیکل شیئر ہولڈر اپنے بینک کی اکاؤنٹ کی تفصیلات کمپنی کے شیئرز رجسٹرار میسرز کارپ لنک (پرائیویٹ) لمیٹڈ کو فراہم کریں۔ بینک اکاؤنٹ کی تفصیلات بھیجتے ہوئے اپنا فولیو نمبر اور کمپنی کا نام ضرور لکھیں۔

5- برقی ذرائع سے حق رائے دہی استعمال

کمپنیز (پوسٹل بیلٹ) ریگولیشن، 2018، (the "Regulations") کے مطابق برقی ذرائع اور ڈاک کے ذریعے رائے دہی کے حق کا استعمال کرنے کی سہولت ہر اسٹاک ایچینج میں درج کمپنی کے ممبران کو کمپنیز ایکٹ، 2017 کے شرائط و ضوابط کے مطابق فراہم کی جائے گی۔

برقی ذرائع سے رائے دہی کی سہولت کی تفصیلات کے بارے میں کمپنی کے ان اراکین کو ای میل کے ذریعے مطلع کیا جائے گا جن کا اندراج 20 اپریل 2023 کو کارپ لنک (پرائیویٹ) لمیٹڈ جو کہ برقی ذرائع سے رائے دہی کی خدمات فراہم کرنے والا ادارہ ہے، کے کمپنی کے ممبران کی فہرست میں درست موبائل نمبر / ای میل ایڈریس کے ساتھ موجود ہے۔

سالانہ اجلاس عام

ہائی نون لیبارٹریز لمیٹڈ کے حصہ داران کا چالیسواں سالانہ اجلاس عام بروز ہفتہ مورخہ 29 اپریل 2023 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 سالانہ اجلاس عام منعقدہ 18 اپریل 2022 کی کاروائی کی توثیق۔
- 2- 31 دسمبر 2022ء کو ختم ہونے والے مالی سال کے کمپنی کے شدہ حسابات مع مجموعی حسابات ہمراہ ڈائریکٹرز و آڈیٹرز کی رپورٹ کی وصولی اور غور و فکر۔
- 3- ڈائریکٹرز کی سفارش کردہ دوسو فیصد 200% نقد منافع کی ادائیگی اور دس فیصد 10% بونس شیئرز کے اجراء کی منظوری۔
- 4- آئندہ مالی سال اختتام 31 دسمبر 2023 کے لیے آڈیٹرز کا تقرر اور ان کے معاوضہ کا تعین۔

خصوصی امور

- 5- کمپنیز ایکٹ 2017 کے سیکشن 85(1)(a) کے مطابق مندرجہ ذیل خصوصی قرارداد یعنی کمپنی کے 50 کروڑ روپے کے 5 کروڑ حصص بحساب 10 روپے فی حصص کے منظور شدہ سرمایہ کو بڑھا کر 100 کروڑ روپے کے 10 کروڑ حصص بحساب 10 روپے فی حصص کرنا اور اس سے متعلقہ میمورنڈم اور ایسوسی ایشن کے معاملات میں ضروری تبدیلیاں کرنے پر غور کرنے اور موافق ہونے پر، ترمیم کے ساتھ یا اس کے بغیر منظور کرنا۔
- طے پایا کہ، کمپنی کے 50 کروڑ روپے کے 5 کروڑ حصص بحساب 10 روپے فی حصص کے منظور شدہ سرمایہ کو بڑھا کر 100 کروڑ روپے کے 10 کروڑ حصص بحساب 10 روپے فی حصص کرنا اور اس سے متعلقہ میمورنڈم اور ایسوسی ایشن کے معاملات میں ضروری تبدیلیاں کرنے کو منظور کر لیا گیا ہے۔
- مزید یہ طے کیا گیا کہ ڈاکٹر عدیل عباس حیدری، کمپنی کے چیف ایگزیکٹو (جو کہ "مجاز افسر" ہیں) یا اس طرح کا دوسرا شخص جو انھوں نے اور/یا جناب اشفاق علی دینا، چیف فنانشل آفیسر، اور/یا محترمہ ماہ نور اطہر، کمپنی سکریٹری نے مقرر کیا ہو، کے ذریعہ اس جاری کردہ قرارداد کے سلسلے میں تمام فیصلے لینے، ان پر عمل درآمد کرنے اور کوئی بھی/تمام ضروری کارروائیاں کرنے اور/یا کرنے کا سبب بننے، مذکورہ قرارداد کو عملی جامہ پہنانے کے لیے کوئی بھی یا تمام ضروری کارروائیاں کرنے جو ضروری ہوں یا حادثاتی اور/یا نتیجہ خیز ہوں، بشمول دستاویزات اور معاہدوں پر دستخط کرنا اور ان پر عمل درآمد کرنا اور تمام ضروری قانونی رسمی کارروائیوں کو مکمل کرنا اور تمام ضروری دستاویزات کو فائل کرنے کا بااختیار اور مجاز ہے

دیگر امور

- 6- چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

حکام بورڈ آف ڈائریکٹرز
(ماہ نور اطہر)
کمپنی سیکرٹری

لاہور:
مورخہ 07 اپریل 2023ء

1- کمپنی کی منتقلی حصص کی کتب

کمپنی کی منتقلی حصص کی کتب 19 اپریل 2023ء تا 29 اپریل 2023ء (بشمول ہر دو ایام) اعلان کردہ منافع کے حقداران کے تعین کے لیے بند رہیں گی۔

2- سالانہ عمومی اجلاس میں شرکت بذریعہ ویڈیولنک

سیکیورٹیز 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 کیپوٹرز، یا لپ 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 واٹس اپ نمبر پر اجلاس شروع ہونے سے کم از کم 48 گھنٹے پہلے فراہم کریں اور <https://zoom.us/download> سے ویڈیولنک حاصل کریں۔

CHAIRMAN'S REVIEW

I am pleased to share the extraordinary performance of your Company for the year ended December 31, 2022. The year 2022 witnessed some unprecedented challenges - a political turmoil, an economic crisis, and a catastrophic flooding in Pakistan to name a few. The spiral web of high inflation, depreciating rupee, precariously low foreign reserves and supply chain volatility engulfed all major industries including the pharmaceutical industry. Despite these tough circumstances for businesses and individuals alike, your Company posted excellent results we are proud of!

INTERNATIONAL RECOGNITION - The Forbes Asia Best Under a Billion 2022 – Again!

It is a gratifying moment for me that Highnoon right now is making its mark on the world stage consistently. As a testimony to its focused approach towards all round professional excellence, market competitiveness and most importantly, patient welfare, Highnoon has made it to the Forbes Asia Best Under a Billion 2022 list- yet again. Highnoon has been included in this esteemed hall of fame now three times in the last four years between 2019 - 2022.

It is indeed a magnificent moment for the entire country and our healthcare system to have their representation on the panel of Asia's top 200 performing corporates. What makes it more special to me is that Highnoon is an intrinsic Pakistani pharmaceutical brand that has risen to international prominence through engraining quality centric business practices in it's DNA.

FINANCIAL PERFORMANCE

Highnoon continued to deliver strong financial performance this year as well. Revenue increased by 22% to PKR 16 billion along with a robust gross profit margin of 51% reflecting an absolute increase in GP of 25% since last year. This feat could not be achieved had it not been for a well deliberated market penetration approach propelled by effective cost planning and cost control. The exchange rate instability was managed through competitive material sourcing and efficient plant operations.

Our exports have increased from PKR 625 million to PKR 888 million, registering an increase of 42% since last year. The footprint in Africa consolidated with Sudan and Ghana enabled our exports to grow.

We operated with a growth mindset and kept our focus on the new product launches.

There were:

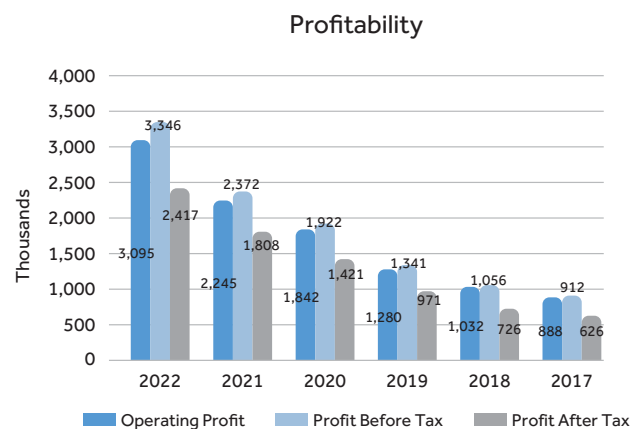
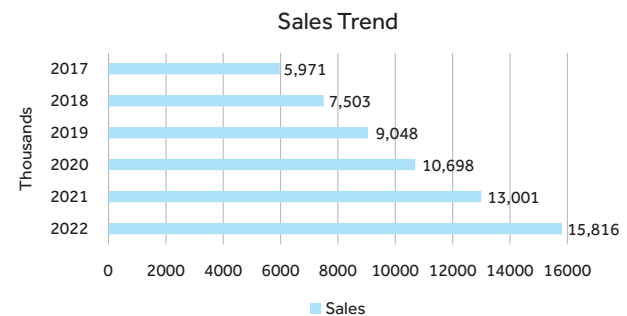
- 6 new product launches for primary care and specialized segments
- Also, more than 10 new products await launch in the forthcoming year

With the establishment of our state of the art product development facility, the Company reinvigorated its focus

on pipeline development. Numerous specialized products including first-to-market molecules promise an exponential growth ahead.

Profit after tax of PKR 2.5 billion grew by a phenomenal 33% resulting in earnings per share of PKR 59.04 compared to PKR 44.32 in the previous year.

The working capital was aptly managed and new working capital lines were managed to meet the challenges of the fast developing business landscape thus strengthening the overall outlook of the balance sheet.



REGULATORY ENVIRONMENT

For pharmaceutical industry, regulatory environment is one of the most important external factors that affects a company's progress and speed. There has been a continuous flow of stringent regulatory requirements from DRAP regarding product registrations, quality compliance and controlled prices, posing challenges to the pharma industry resulting in extensive documentation and delayed new product approvals from DRAP. Despite

all these challenges we have been able to renew our drugs manufacturing license for the next five years, obtain certificate of Good Manufacturing Practices, renewed product registrations and secured new registrations to enhance our COPD & Diabetic products portfolio.

OPERATIONAL EXCELLENCE

Our continuous process improvement has enabled us to optimize operations, supply chain and business practices thereby generating sustainable efficiencies throughout the Company. To manage the organic growth, initiatives like ongoing batch size enhancements with the addition of a new high capacity granulation line (500 kg) and optimization of the packaging process by introducing online system from blistering till cartoning were carried out during the year resulting in significant improvements in our operations and margins. There has been a capacity enhancement of the packaging area to six blistering and cartoning lines and two dry powder & sachet lines

To enhance the health and safety standards of the employees, a modern system for managing fire risks is also being implemented.

Your company is committed to produce quality products with unmatched consistency, thus ensuring uninterrupted supply to the healthcare community.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility has always been our business ethos. With our well cemented collaborations with Pakistan Red Crescent Society, Fatimid Foundation and likes, we have served thalassemic patients by providing an iron chelating agent, Feripro, to the vulnerable communities

We also conducted phase one of donating Thalassemia treatment drugs to Sri Lankan thalassemic patients. This consignment of the medicine was officially handed over to the Minister of Health Dr. Keheliya Rambukwella at the Ministry of Health in Sri Lanka.

Like every year, we collaborated with Hilal-E Ahmar to arrange a blood camp at our premises and encouraged the Highnoon Family to donate blood to serve humanity. Supporting the education of children of deserving families by granting scholarships for Punjab University is another noble cause very dear to us.

Our environmental, social and governance program is an integral part of our organization's commitment to making the world a better place to live. We know the importance of renewing energy, recycling, waste reduction and take steps to make a difference. We encourage sustainable practices to reduce our carbon footprint.

BOARD OF DIRECTORS

The Board of Directors of the Company have provided valuable input throughout the year towards corporate excellence and improved managerial practices – which ultimately leads to improved results of the Company. I would specifically like to appreciate the valuable contributions made by our outgoing director Ms. Nael Najam during the term for her contribution towards board practices. Due to the resignation of Ms. Najam in December 2022, a casual vacancy was created on the Board. The members during the remainder of the year have sought potential candidates to fill the casual vacancy and ensure onboarding of a capable candidate who would also be the Chairperson of the Audit Committee as well as the Human Resource & Remuneration Committee.

ACKNOWLEDGMENT

Finally, I extend my gratitude and sincere appreciation to all our employees, to our workforce and to our dynamic management team who never fail to respond to the challenging situations with their commendable resilience.

FUTURE OUTLOOK

We aspire for a world of superior and affordable healthcare. Our innovative therapeutic solutions and our intention to serve humanity result in improved clinical outcomes. We are always open to learn and to create new possibilities of hope for ourselves and for everyone around us.

Looking forward to another year of innovation and another year of success.

Tausif Ahmad Khan
Chairman
23 February 2023

ملازمین کی صحت اور حفاظت کے معیار کو بہتر کرنے کے لیے آگ کے خطرات سے نمٹنے کے لیے ایک جدید نظام بھی نافذ کیا جا رہا ہے۔ آپ کی کمپنی بے مثال مستقل مزاجی سے معیاری ادویات تیار کرنے اور حفظان صحت سے متعلقہ برادری کو ان ادویات کی بلا تعطل فراہمی یقینی بنانے کے لیے پرعزم ہے۔

کمپنی کی سماجی ذمہ داری

کمپنی کی سماجی ذمہ داری ہمیشہ سے ہماری کاروباری اخلاقیات کا اہم حصہ رہی ہے۔ پاکستان ریڈ کریڈٹ سوسائٹی، فاطمید فاؤنڈیشن اور اسی طرح کے اداروں کے ساتھ اپنے مضبوط تعاون کی بدولت، ہم نے پیدائشی طور پر کمزور افراد کو آئرن چیلیٹنگ ایجنٹ، فیروپروکسیپول فراہم کر کے ہم نے کھلیسیمیہ کے مریضوں کی خدمت کی ہے۔ ہم نے سری لنکا کے کھلیسیمیہ کے مریضوں کو کھلیسیمیہ کا علاج عطیہ کرنے کا پہلا مرحلہ بھی مکمل کیا ہے۔ یہ دوا سرکاری طور پر سری لنکا کی وزارت صحت میں وزیر صحت ڈاکٹر کیہلیا رامبو کو بلا کے حوالے کی گئی۔

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۔ پنجاب یونیورسٹی کے لیے وظائف دے کر مستحق خاندانوں کے بچوں کی تعلیم میں معاونت کرنا ہمارے لیے ایک اور عظیم مقصد ہے۔ ہمارا ماحولیاتی سماجی اور گورننس پروگرام دنیا کو رہنے کے لیے ایک بہتر جگہ بنانے کے لیے ہماری تنظیم کے عزم کا ایک لازمی حصہ ہے۔ ہم تجدید توانائی کی اہمیت جانتے ہیں، ری سائیکلنگ، فضلہ میں کمی اور روزمرہ طریقوں سے ہٹ کر اقدامات کرتے ہیں۔ ہم کام کرنے کے پائیدار طریقوں کا اپنا کر ماحولیاتی آلودگی کم کرنے کی حوصلہ افزائی کرتے ہیں۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز نے کمپنی کو اعلیٰ ترین معیار پر پہنچانے اور منظم طریقوں پر چلانے کے لیے سال بھر قیمتی رائے فراہم کی ہے جس کی باعث کمپنی ترقی کی راہ پر گامزن ہے۔ میں خاص طور پر ہماری سبکدوش ہونے والی ڈائریکٹر محترمہ نائیل نجم کی بورڈ کی کارکردگی میں گراں قدر معاونت کی تعریف کرنا چاہوں گا۔ دسمبر 2022 میں محترمہ نجم کے استعفیٰ کی وجہ سے بورڈ میں ایک آسامی پیدا ہو گئی۔ باقی سال کے دوران اراکین نے ممکنہ امیدواروں کے ذریعے آسامی کو پُر کرنے اور ایک قابل امیدوار کی شمولیت کو یقینی بنانے کی کوشش کی ہے جو آڈٹ کمیٹی کے ساتھ ساتھ ہیڈ آف ریسورس اینڈ ریورنیشن کمیٹی کا چیئر پرسن بھی ہو گا۔

اعتراف

آخر میں، میں اپنے تمام ملازمین اور متحرک انتظامی عملے کا تہ دل سے شکریہ ادا کرتا ہوں جو اپنی قابل تحسین استقامت سے مشکل حالات کا جواب دینے میں کبھی ناکام نہیں ہوئے۔

مستقبل پر نظر

ہم دنیا کو بہتر اور کم لاگت میں صحت کی دیکھ بھال مہیا کرنے کی خواہش رکھتے ہیں۔ انسانیت کی خدمت کے ہمارے ارادے کے ساتھ ہمارے نئے نئے علاج کے حل مریضوں کے لئے بہتر طبی نتائج کے حصول کا ذریعہ ہیں۔ ہم ہمیشہ نئے طریقے سیکھنے اور اپنے اور اپنے آس پاس کے ہر فرد کے لیے امید کے نئے امکانات پیدا کرنے کی تلاش میں رہتے ہیں۔

جدت اور رفتار کے ایک اور سال.. ہائی نون ہونے کا ایک اور سال کی توقعات کے ساتھ۔

بورڈ کی طرف سے

توصیف احمد خان
چیئر مین

23 فروری 2023

لاہور

چیئر مین کا جائزہ

مجھے 31 دسمبر 2022 کو ختم ہونے والے سال کی آپ کی کمپنی کی غیر معمولی کارکردگی بتاتے ہوئے انتہائی خوشی محسوس ہو رہی ہے۔ سال 2022 میں کچھ غیر معمولی مشکلات رہیں، جیسا کہ سیاسی انتشار، معاشی بحران، اور پاکستان میں تباہ کن سیلاب۔ شدید افراط زر، روپے کی قدر میں لگاتار کمی، غیر معمولی طور پر زرمبادلہ میں کمی اور خام مال کی خرید کے اتار چڑھاؤ نے تمام بڑی صنعتوں بشمول دواسازی کی صنعت کو اپنی لپیٹ میں لے لیا۔ کاروباری اداروں اور عام شہری کے لیے ان مشکل حالات کے باوجود، آپ کی کمپنی نے بہترین نتائج حاصل کیے ہیں جن پر ہم سب کو فخر ہونا چاہیے!

عالمی سطح پر ہائی نون کی خدمات کا اعتراف - ایک بار پھر فوربس ایشیا 2022 میں ایک ارب سے کم اداروں میں بہترین کارکردگی - دوبارہ!

یہ میرے لیے خوشی کا لمحہ ہے کہ ہائون اب عالمی سطح پر مسلسل اپنی شناخت بنا رہی ہے۔ ہمہ جہت پیشہ ورانہ مہارت، مارکیٹ کی مسابقت اور سب سے بڑھ کر، مریضوں کی فلاح و بہبود کے لیے اپنی توجہ کو زور رکھنے کے ثبوت کے طور پر، ہائون نے فوربس ایشیا کی بہترین ایک ارب سے کم والے اداروں کی 2022 کی فہرست میں ایک بار پھر جگہ حاصل کی ہے۔ ہائون کو 2019 - 2022 کے چار سالوں میں سے تین بار اس اعلیٰ اعزاز سے نوازا گیا ہے۔

یہ واقعی پورے ملک اور ہمارے صحت کے نظام کے لیے ایک شاندار لمحہ ہے کہ ایشیا کے 200 بہترین کارکردگی کا مظاہرہ کرنے والے اداروں کی درمیان ہم نے ان کی نمائندگی کی ہے۔ میرے لیے جو چیز سے زیادہ خاص بناتی ہے وہ یہ ہے کہ ہائون ایک خالص پاکستانی دواساز ادارہ ہے جو اپنے اندر معیاری کاروباری طریقوں کو سمورے بین الاقوامی سطح پر مقبولیت حاصل کر چکا ہے

مالیاتی کارکردگی

ہائی نون سال بہ سال لگاتار مضبوط مالیاتی کارکردگی کا مظاہرہ کر رہی ہے۔ آمدن فروخت 22% بڑھ کر 16 ارب روپے ہو گئی اور 51% کے مضبوط مجموعی منافع کے مارجن کے ساتھ پچھلے سال کے مقابلے میں مجموعی منافع میں 25% کا اضافہ ہوا۔ یہ اہم ہدف حاصل نہیں کیا جاسکتا تھا اگر مارکیٹ میں رسائی پر خصوصی توجہ اور لاگت کو قابو رکھنے کی مؤثر منصوبہ بندی نہ کی جاتی۔ زر مبادلہ کی شرح کے عدم استحکام کو مسابقتی خام مال کی فراہمی اور پلانٹ کے معاملات کو منظم طریقے پر چلا کر نپٹا گیا۔

ہماری برآمدات 625 ملین روپے سے بڑھ کر 888 روپے ملین ہو گئیں، جو کہ 42 فیصد کا اضافہ ظاہر کرتا ہے۔ سوڈان اور گھانا کی شمولیت سے براعظم افریقہ میں ہماری موجودگی مضبوط ہوئی اور یہ ہماری برآمدات بڑھانے میں مددگار رہا۔ ہم نے کمپنی کی لگاتار نمو کو ہدف بناتے ہوئے، اپنی توجہ نئی ادویات کے اجراء پر مرکوز رکھی۔ جیسا کہ درج ذیل ہے۔

- بنیادی اور خصوصی صحت کے شعبوں میں 6 ادویات متعارف کیں۔
 - اس کے علاوہ، 10 سے زیادہ نئی ادویات آنے والے سال میں متعارف کی جائیں گی۔
- ہمارے جدید ترین ادویات تخلیق کرنے کے شعبے کے قیام سے، کمپنی نے مستقبل میں نئی ادویات کی تیاری پر اپنی توجہ کو جلا بخشی ہے جہاں جہاں متعدد خصوصی ادویات بشمول ایسی ادویات جو کہ پہلے مارکیٹ میں ناپید ہیں، سے زبردست نمو کی توقع ہے۔
- بعد از ٹیکس منافع 2.5 ارب روپے رہا جو کہ 33% کا غیر معمولی اضافہ ہے جس کے نتیجے میں گزشتہ سال 44.32 روپے کے مقابلے میں اس سال 59.04 روپے کی فی حصص آمدنی ہوئی۔ ورکنگ کیپیٹل کا مناسب طریقے سے انتظام اور استعمال کیا گیا۔ مزید سرمایہ کا انتظام کیا گیا تاکہ تیزی سے بدلتے ہوئے کاروباری منظر نامے کی مشکلات سے نمٹنے کے لیے مددگار ہو، اس طرح مجموعی طور پر سرمایہ کے انتظام اور استعمال کو تقویت ملی ہے۔

ریگولیٹری ماحول

دواساز اداروں کے لیے، ریگولیٹری ماحول ایک انتہائی اہم بیرونی عوامل میں سے ایک ہے جو کمپنی کی ترقی اور رفتار کو متاثر کرتا ہے۔ مصنوعات کی رجسٹریشن، معیار کی تعمیل اور کنٹرول شدہ قیمتوں کے حوالے سے DRAP کی جانب سے سخت ریگولیٹری تقاضوں کا سلسلہ جاری ہے، جس سے دواساز اداروں کو بہت سی مشکلات درپیش ہیں جس کے نتیجے میں کثیر دستاویزات اور DRAP سے نئی ادویات کی منظوری میں تاخیر ہوئی ہے۔ ان تمام مشکلات کے باوجود ہم اگلے پانچ سالوں کے لیے اپنے دواسازی کے لائسنس کی تجدید کرنے، بہترین دواسازی کے طریقوں کا سرٹیفکیٹ حاصل کرنے، ادویات کے رجسٹریشن کی تجدید نو اور اپنی پھیپھڑوں کے امراض اور ذیابیطس کی ادویات کی تعداد کو بڑھانے کے لیے نئی رجسٹریشن حاصل کرنے میں کامیاب رہے ہیں۔

پیداواری مراحل میں لگاتار بہتری

ہماری مسلسل کام کرنے کے طریقوں میں بہتری کے عمل نے ہمیں پیداواری مراحل، خام مال کے خریداری اور کاروباری طریقوں کو بہتر بنانے میں بہت مدد کی ہے جس سے پوری کمپنی میں پائیدار بہترین کارکردگی کا ماحول پیدا ہوتا ہے۔ حقیقی نمو کو منظم کرنے کے لیے، نئی تیز رفتار گرانولیشن لائن (500 کلوگرام) کے اضافے کے ساتھ پیچ سائز میں اضافہ اور بلسٹر سے لے کر پیکنگ تک خود کار نظام متعارف کراتے ہوئے پیکنگ کے عمل میں بہتری جیسے اقدامات سے اس سال کے دوران کیے گئے جس کے نتیجے میں بہتر مارجن کے ساتھ ہمارے پیداواری مراحل میں میں نمایاں بہتری ہوئی ہے۔ پیکنگ ایریا کی صلاحیت کو چھ بلسٹر اور کارٹوننگ لائنوں اور ڈرائی پاؤڈر اور سائے لائنوں تک بڑھایا گیا ہے۔

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 2022. 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 accomplishments despite a turbulent year. With the persistent dollar devaluation, inflationary trends and other logistics challenges blemishing the economy, our company delivered promising growth and beyond expectations.

FINANCIAL HIGHLIGHTS OF THE COMPANY

	2022	2021
	(Rupees in thousands)	
Profit before tax	3,345,504	2,372,144
Taxation	(928,332)	(564,111)
Profit after tax	2,417,172	1,808,033
Profit available for appropriation	6,545,682	4,876,531
Appropriations:		
Final cash dividend for the		
FY 2022 (@ Rs. 20 per share	(837,682)	(761,529)
(FY 2021:@ Rs. 20 per share)		
Bonus share @ 10% (FY 2021:10%)	(41,884)	(38,076)

Highnoon Laboratories Limited strengthened its position in the year 2022. It secured the 12th rank with a market share of 2.45%. Furthermore, it achieved a notable 5-year CAGR of 24.32% as compared to the industry average of 15.67% as per IQVIA MAT – 12/2022 – making it yet again the fastest growing pharmaceutical company in Pakistan. Highnoon's topline of Rs. 16 Bn depicts an increase of 22% since last year. Amidst the general volatility that affected the momentum of pharma business in the country, exacerbated with the imposition of super tax, rupee depreciation and raw material import constraints in the wake of foreign exchange turmoil, we delivered robustly posting bottom line profitability increase of 34%. Our fiscal discipline reinforced with unwavering focus on process efficiencies helped us navigate these challenges.

Strong organic growth from leading portfolios, new product launches, geographic expansion, robust commercial excellence facilitation, scalable distribution and channel management served as key growth drivers for Highnoon in the wake of the prevailing economic challenges.

CHAIRMAN'S REVIEW

The Chairman of the Board has given his review on pages 36 to 39 which provides insight on:

- Economic Overview
- Products and Market
- Operational Excellence
- IT & Infrastructure
- Human Resource
- Future Business Outlook

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 2022, Basic Earnings Per Share (EPS) of the Company is Rs. 57.71 (2021: Rs.43.17 Restated).

DIVIDEND ANNOUNCEMENT

The Board is pleased to announce a final cash dividend of 200% (2021: 200%) i.e. Rs. 20 per share (2021: Rs. 20 per share) and bonus shares at the rate of ten percent i.e. 10 shares for every 100 shares (2021: 10%) for the financial year ended 31 December 2022 subject to the approval by the shareholders at the Annual General Meeting to be held on 29th April 2023.

PATTERN OF SHAREHOLDING

The shareholding information as of 31 December 2022 and other related information is set out on pages 60 to 63.

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 consisted of 2 female directors (now 1) and 5 male directors (now 6), 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

*resigned on 19 December 2022

The Board reviews all significant matters of the Company; these include Company's strategic direction, annual business plans, targets, regular performance tracking against targets, decision on long-term investments and potential financing options. The Board is committed to maintain high standards of Corporate Governance. In 2022 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 BOD Meetings Attended
1.	Mr. Tausif Ahmad Khan	5
2.	Mrs. Zainub Abbas	1
3.	Mrs. Nael Najam*	5
4.	Dr. Adeel Abbas Haideri	6
5.	Mr. Ghulam Hussain Khan	5
6.	Mr. Taufiq Ahmed Khan	6
7.	Mr. Romesh Alexander	0

*resigned on 19 December 2022

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 2022 except the following:

Sr. No.	Name	No. of Shares	Remarks
1.	Mr. GH Khan	700	Sale
2.	Mrs. Huma Hussain (spouse of Mr. GH Khan)	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 Chairman 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

*resigned on 19 December 2022

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 2022 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*	4
2.	Mrs. Zainub Abbas	1
3.	Mr. Ghulam Hussain Khan	3

*resigned on 19 December 2022

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

*resigned on 19 December 2022

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 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.

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 2023. The Audit Committee has recommended the appointment of EY Ford Rhodes, Chartered Accountants as Auditors of the Company for the year ended 31 December 2023 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

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 41 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 46 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 2022. 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 2022 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, 2019" 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 2022 was Rs.483.6 million as compared to Rs.437million as per audited accounts of 31 December 2021.
12. Key financial data for the last six years as an investors' guide is annexed to the Report.

WEB PRESENCE

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

ACKNOWLEDGMENT

We would like to express our sincerest 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.

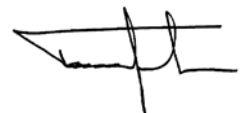
AUTHORIZATION

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: 23 February 2023

- 2- کمپنی کے حسابات کے کھاتے باضابطہ طور پر بنائے جا رہے ہیں۔
- 3- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیز کا توازن کیا گیا ہے ماسوائے ان تہذیبوں 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۔
- 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 2022 کے بعد سے لیکر اس رپورٹ کی تاریخ تک کوئی بھی ایسی تبدیلی واقع نہیں ہوئی، نہ ہی کمپنی نے کوئی بڑی ذمہ داری اٹھائی ہے جس سے کمپنی کی مالی حالت پر اثر پڑے۔
- 9- کوئی بھی ڈائریکٹر مالیاتی اداروں یا بینکوں کا ناہندہ نہیں ہے اور نہ ہی ڈائریکٹرز اور ان کے شرکاء حیات اسٹاک بروکرینج کرتے ہیں۔ بورڈ نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2019 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 31 دسمبر 2022 پر غیر پڑتال شدہ حسابات کے مطابق 483.6 ملین روپے ہے جسکے موازنہ میں 31 دسمبر 2021 کے پڑتال شدہ حسابات کے مطابق یہ 437 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 www.highnoon-labs.com پر جا کر مطلوبہ معلومات حاصل کر سکتے ہیں۔

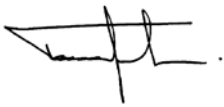
اظہار تشکر

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

اجازت نامہ

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۔

مخانب بورڈ آف ڈائریکٹرز



توفیق احمد خان

ڈائریکٹر



ڈاکٹر عدیل عباس حیدری

چیف ایگزیکٹو آفیسر

23 فروری 2023

لاہور

ڈائریکٹرز رپورٹ

- 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 افراد کی وسائل اور معاوضہ کمپنی کی سفارشات پر وقتاً فوقتاً بورڈ میٹنگ میں شمولیت کیلئے ڈائریکٹران کے لئے معاوضے کا تعین کرتا ہے۔
- سال کے دوران ایگزیکٹو ڈائریکٹرز کو دیے جانے والے معاوضے کی تفصیل مالیاتی گوشواروں کے نوٹ 41 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 اصول کی بنیاد پر ہو اور آڈٹ کمیٹی اور بورڈ نے اپنے اجلاس میں ان لین دین پر منظوری دی کیونکہ تمام لین دین منظور شدہ قیمت کی پالیسی کے مطابق ہوا۔ ان لین دین کی تفصیلات مالیاتی گوشواروں کے نوٹ 46 میں دی گئیں ہیں۔

بورڈ کی کارکردگی کا جائزہ

کوڈ آف کارپوریٹ گورننس کے 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 ہونے والی 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 اختتام 31 دسمبر 2022 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 تھیلیسیمیاء کے مریضوں کی کفالت پچھلے کئی سالوں سے جاری رکھے ہوئے ہے۔ ہائی نون کیئر فاؤنڈیشن، فاطمید فاؤنڈیشن، ایس او ایس چلڈرن ویلج آف پاکستان کے لیے باقاعدہ عطیات اور متعدد مریضوں کے سہولت پر دیگر امور 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 چیلمینگ ایجنٹ مفت فراہم کرتے رہتے ہیں۔ کمپنی نے پاکستان ریڈ کریسنٹ سوسائٹی کے ساتھ مل کر لاہور میں تھیلیسیمیاء سنٹر قائم کیا ہے۔ کمپنی مفت آئرن چیلمینگ ادویات کی فراہمی کے علاوہ تھیلیسیمیاء 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 فار میڈیسی 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 انڈرگریجویٹ/پوسٹ گریجویٹ 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 پر وجیکٹ 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 وائٹریٹنگ 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 نظام

بورڈ نے بیجمنٹ 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 وغیرہ ہم انداز میں وضع کی گئی ہیں، طریقہ کار اور مضابطہ 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 کنٹرول وضع کرنے اور ان پر عمل درآمد کی نگرانی کرنے کے لئے اپنی ذمہ داری لیتی ہیں۔ کوڈ آف کارپوریٹ گورننس کے مطابق بورڈ نے داخلی آڈٹ کا ایک موثر شعبہ قائم کیا ہوا ہے جو آڈٹ کمیٹی کو جو ابدا ہے۔ یہ شعبہ آڈٹ کمیٹی کو باور کرواتا ہے کہ داخلی کنٹرول مناسب اور موثر ہیں اس کے ساتھ ساتھ یہ کمپنی کی پالیسیسز، طریقہ کار اور مضوابط عمل کی پیروی کا جائزہ لیتا ہے۔

کارپوریٹ گورننس

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

- 1- مالیاتی گوشوارے اور ان کے نوٹس کمپنیز ایکٹ 2017 کے مطابق بنائے گئے۔ انتظامیہ کے تیار کردہ یہ گوشوارے شفافیت کیساتھ پانی کے کاروباری معاملات، اس کے امور کے نتائج، کیش فلوز، اور اکیویٹی میں تبدیلی کو بیان کرتے ہیں۔

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	حیثیت	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

* 19 دسمبر 2022 کو مستعفی ہوئیں

تدارک خطرات کا نظام

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 موثر تدارک کے ذریعے قدر پیدا کرنا ہے۔ ہمارے موثر 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 میٹریکس پر بھی کڑی نظر رکھتی ہے تاکہ ان خطرات سے پیدا ہونے والی کسی بھی ناپسندیدہ صورت حال کے امکان کو کم کیا جاسکے جس سے حصص یافتگان کی قدر میں کمی کا احتمال ہو۔

کاروباری اخلاقیات اور مطلوبہ ضابطہ عمل کا بیان

بورڈ نے کاروباری اخلاقیات اور مطلوبہ ضابطہ عمل کی تیار کروا کے اسکی ترویج کو ہر سطح پر ممکن بنایا ہے۔ یہ تحریر کمپنی کی ویب سائٹ پر بھی موجود ہے اور پوری کمپنی میں اسکی تشہیر کی گئی ہے تاکہ ڈائریکٹرز سے لیکر کارکن کی سطح تک ہر فرد معیاری ضابطہ عمل کو جھکے 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 فور ڈی وڈز، چارٹرڈ اکاؤنٹنٹس سالانہ عام اجلاس کے انعقاد پر ریٹائرڈ ہو جائیں گے اور لسٹڈ ریگولیشنز کے مطابق دوبارہ تعیناتی کے اہل ہیں، سال 2023 کیلئے انہوں نے اپنی خدمات پیش کیں ہیں۔ آڈٹ کمیٹی نے آڈیٹران میسرز ای وائی فور ڈی وڈز، چارٹرڈ اکاؤنٹنٹس کو سال اختتام 31 دسمبر 2023 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 شرکاء اور ان کے شرکاء حیات اور نبالغہ سچے کسی بھی وقت کمپنی کے حصص کی ملکیت یا ان کے لین دین میں شامل نہیں رہے۔

ذیلی کمیٹی

کیور کیسا ہیلتھ (پرائیویٹ) لمیٹڈ

کمپنی اور اسکی ذیلی کمیٹی کی مجموعی گوشواروں کے ساتھ ایک علیحدہ ڈائریکٹر رپورٹ پیش کی گئی ہے جو گروپ کے مالیاتی کارکردگی کے ساتھ ساتھ ذیلی کمیٹی 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

ڈائریکٹرز رپورٹ

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 2022 میں کمپنی کے حصص کا کوئی بھی لین دین نہیں کیا۔

نام	حصص کی تعداد	نوعیت
محترم غلام حسین خان	700	بیچے
محترمہ ہما حسین (زوجہ محترم غلام حسین خان)	500	خریدے

پاکستان اسٹاک ایکسچینج اور سیکیورٹیز اینڈ اینڈیکس 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۔

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 چیئرمین کمپنی کے ایک آزاد ڈائریکٹر ہیں اور اسکے بقیہ ممبرز نان ایگزیکٹو ڈائریکٹرز ہیں۔

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

* 19 دسمبر 2022 کو مستعفی ہوئیں

آڈٹ کمیٹی مالی معاملات اور وسائل کی فراہمی، کارپوریٹ گورننس اور فنانشل رپورٹنگ کے نظم، انٹرنل کنٹرول سسٹم کی موزونیت اور اثر پذیری، خطرات کے تدارک کی منصوبہ بندی اور انٹرنل اور ایکسٹرنل آڈٹ کے عمل کا جائزہ سالانہ بنیاد پر کرتی ہے۔ انٹرنل آڈٹ کے محکمے کا سربراہ آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ کمپنی سیکریٹری اس کمیٹی کے سیکریٹری کے طور پر بھی کام کرتا ہے۔ انٹرنل آڈٹ کا شعبہ تسلسل 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 انٹرنل 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 تکمیل کے بعد ملتی ہے۔ سال 2022 میں اس کمیٹی نے 4 ملاقاتیں کی ہیں جس میں ایک دفعہ ہی ملاقات انٹرنل آڈٹ کے شعبہ کے سربراہ اور اس شعبہ کے دوسرے ممبران سے سی ایف او اور ایکسٹرنل آڈٹرز کی غیر موجودگی میں کی گئی ہے اور ایک بار ایکسٹرنل آڈٹرز سے سی ایف او اور انٹرنل 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*	4
محترمہ زینب عباس	1
محترم غلام محسین خان	3

* 19 دسمبر 2022 کو مستعفی ہوئیں

افراد کی 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 بعد از ریٹائرمنٹ سہولیات)، سی ای او، سی ایف او، کمپنی سیکریٹری اور داخلی کنٹرول

فی حصص آمدنی

کمپنی کے پڑتال شدہ حسابات کی بنیاد پر فی حصص آمدنی برائے مالی سال اختتام 31 دسمبر 2022 57.71 روپے (2021: 43.17) روپے دوبارہ بیان کیا گیا ہے۔

ڈیویڈنڈ کا اعلان

بورڈ نقد ڈیویڈنڈ بحساب 200 فیصد (2021: 200) فیصد) جو کہ فی حصص 20 روپے (2021: 20) روپے بنتا ہے اور بونس حصص بحساب 10 فیصد (2021: 10) فیصد) یعنی ہر 100 حصص پر 10 بونس حصص برائے سال اختتام 31 دسمبر 2022 کا اعلان کرتے ہوئے خوشی محسوس کرتا ہے۔ یہ تقسیم حصہ داروں کے سالانہ عام اجلاس منعقدہ 29 اپریل 2023 میں دی گئی منظوری سے مشروط ہے۔

حصص کی ملکیتی معلومات

31 دسمبر 2022 حصص کی موجود ملکیتی معلومات صفحہ نمبر 60 سے 63 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 آفیسر، 7 ڈائریکٹرز پر مشتمل ہے جو کہ بورڈ کی کارکردگی میں اضافے کو یقینی بنانے کیلئے بالفاظ جنسی تنوع، قابلیت اور مہارت تشکیل دیا گیا ہے۔ اس میں 5 مرد ڈائریکٹرز (اب چھ) 2 خواتین ڈائریکٹرز (اب ایک) ہیں جنہیں درج ذیل کیئرگیز میں شمار کیا جاتا ہے۔

آزاد ڈائریکٹرز	محترمہ نائل نجم *
نان ایگزیکٹو ڈائریکٹرز	محترم رویش ایلا پانا محترم توصیف احمد خان محترم غلام حسین خان محترم توفیق احمد خان محترمہ زینب عباس
ایگزیکٹو ڈائریکٹرز	ڈاکٹر عدیل عباس

* 19 دسمبر 2022 کو مستعفی ہوئیں

بورڈ کمپنی کے تمام اہم معاملات کا باقاعدہ جائزہ لیتا ہے۔ ان میں کمپنی کی اسٹریٹیجک سمت، سالانہ کاروباری منصوبہ سازی، اہداف کا تعین، اہداف کے تقابلیں 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 2022 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
محترمہ توصیف احمد خان	5
محترمہ زینب عباس	1
محترمہ نائل نجم *	5
ڈاکٹر عدیل عباس	6
محترم غلام حسین خان	5
محترم توفیق احمد خان	6
محترم رویش ایلا پانا	0

* 19 دسمبر 2022 کو مستعفی ہوئیں

ڈائریکٹرز رپورٹ

ہائی نون لیبارٹریز لمیٹڈ کا بورڈ آف ڈائریکٹرز کمپنی کی سالانہ رپورٹ اور پڑتال شدہ حسابات برائے سال محنتہ 31 دسمبر 2022 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۔ انتہائی غیر مستحکم سال کے باوجود ہم نے قابل فخر کامیابیاں حاصل کیں۔ ڈالر کی مسلسل قدر میں کمی، افراط زر کے رجحانات اور دیگر ترسیل کی مشکلات کے ساتھ جو معیشت کو نقصان پہنچا رہے ہیں، آپ کی کمپنی نے امید افزا اور توقعات سے بڑھ کر نمو کا مظاہرہ کیا ہے۔

مالیاتی کارکردگی

2022	2021	
روپے '000'		
3,345,504	2,372,144	قبل از ٹیکس خالص منافع
(928,332)	(564,111)	ٹیکس
2,417,172	1,808,033	بعد از ٹیکس خالص منافع
6,545,682	4,876,531	قابل تقسیم منافع

تخصیص منافع

(837,682)	(761,529)	نقد ڈیویڈنڈ برائے مالی سال 2022 فی حصص 20 روپے کے حساب سے (2021: فی حصص 15 روپے)
(41,884)	(38,076)	بونس حصص 10 فیصد (2021: 10 فیصد)

ہائون لیبارٹریز لمیٹڈ نے سال 2022 میں اپنی ساکھ مزید مضبوط کی۔ اس نے 2.45 فیصد مارکیٹ شیئر کے ساتھ 12 واں درجہ حاصل کیا۔ مزید برآں، اس نے IQVIA MAT- کے مطابق دو اساز صنعت کی اوسط 15.67% کے مقابلے میں 24.32% کا 5 سال کا قابل ذکر CAGR حاصل کیا۔ جس نے اسے ایک بار پھر پاکستان میں سب سے تیزی سے ترقی کرنے والی دو اساز کمپنی بنا دیا۔

2022 کی ہائون کی آمدن فروخت 16 ارب روپے رہی جو کہ پچھلے سال سے 22 فیصد کا اضافہ ظاہر کرتا ہے۔ زبردست کاروباری اتار چڑھاؤ کے درمیان جس نے ملک میں دو اسازی کے کاروبار کی رفتار کو متاثر کیا اور اسے مزید سپر ٹیکس کے نفاذ، روپے کی قدر میں کمی اور غیر ملکی زرمبادلہ کی انتہائی کمی کے نتیجے میں خام مال کی درآمد کی رکاوٹوں نے مزید بڑھایا، ان حالات کے مقابلہ کرتے ہوئے، ہم نے 34 فیصد کا مستحکم منافع میں اضافہ کیا۔ ہمارے مالیاتی نظم و ضبط اور پیداواری مراحل کی کارکردگی پر غیر متزلزل توجہ کی مدد سے ہم ان مشکلات میں سے کامیابی سے گزر سکے۔

سرکردہ ادویات میں مستحکم نمو، نئی ادویات کے اجراء، جغرافیائی توسیع، مضبوط تجارتی سہولیات، اور ادویات کی موثر اور وسیع ترسیل نے موجودہ اقتصادی مشکلات کے تناظر میں ہائی نون کے لیے مضبوط حقیقی نمو کے کلیدی محرکات کے طور پر کام کیا۔

جائزہ از چیئر مین

بورڈ کے چیئر مین نے اپنا تجزیہ صفحہ نمبر 36 سے 39 پر پیش کیا ہے جو درج ذیل معاملات پر آگاہی فراہم کرتا ہے۔

- اقتصادی جائزہ
- ادویات اور مارکیٹ کاربجان
- پیداواری مراحل میں لگاتار بہتری
- انفارمیشن ٹیکنالوجی اور انفراسٹرکچر
- افرادی قوت
- مستقبل پر ایک نظر

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

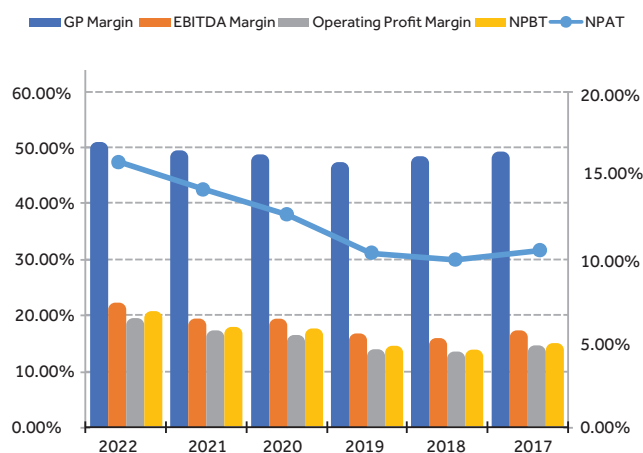
SIX YEARS AT A GLANCE

	2022	2021	2020	2019	2018	2017	
	Rupees in ('000')						
Summary of Balance Sheet							
Share Capital	418,841	380,764	346,149	314,681	286,074	255,423	
Reserves	7,026,396	5,381,858	4,140,050	3,126,880	2,584,375	2,160,528	
Operating Fixed Assets	2,058,612	1,516,181	1,456,763	1,118,266	976,068	934,826	
Non Current Assets	351,318	321,006	290,627	270,714	243,337	233,843	
Current Assets	8,230,171	6,315,231	4,879,193	3,239,590	2,551,663	2,193,453	
Current Liabilities	2,439,744	1,713,151	1,291,099	680,525	437,900	522,981	
Net Working Capital	5,790,427	4,602,081	3,588,094	2,559,066	2,113,763	1,670,472	
Non-current Liabilities	755,121	676,645	856,580	88,825	88,596	49,959	
Summary of Profit and Loss Account							
Sales - Net	15,815,937	13,000,780	10,697,634	9,047,693	7,503,101	5,971,229	
Gross Profit	8,030,084	6,415,593	5,121,176	4,161,593	3,500,432	2,845,891	
Earning Before Interest, Tax, Depreciation (EBITDA)	3,589,462	2,538,619	2,076,388	1,483,477	1,167,771	1,012,530	
Operating Profit	3,094,917	2,245,423	1,842,161	1,279,784	1,031,609	887,981	
Profit Before Tax	3,345,504	2,372,144	1,921,732	1,341,086	1,056,264	912,299	
Net Profit After Tax	2,417,172	1,808,033	1,420,736	971,012	725,889	626,464	
Summary of Cash Flow Statement							
Net Cash Flow from Operating Activities	(462,519)	1,733,087	1,333,188	700,853	433,184	267,060	
Net Cash Flow from Investing Activities	492,002	(1,033,416)	(1,290,307)	(162,583)	23,244	(139,081)	
Net Cash Flow from Financing Activities	(413,856)	(712,080)	(79,321)	(459,350)	(289,019)	(196,113)	
Changes in Cash and Cash Equivalents	(379,434)	(11,148)	(35,698)	78,920	167,409	(68,134)	
Cash and Cash Equivalents at Year End	432,615	812,049	823,198	858,895	779,975	612,566	
Financial Performance/Profitability Analysis							
Sales Growth	%	21.65%	21.53%	18.24%	20.59%	25.65%	17.76%
Gross Profit Margin	%	50.77%	49.35%	47.87%	46.00%	46.65%	47.66%
EBITDA to Sales Margin		22.70%	19.53%	19.41%	16.40%	15.56%	16.96%
Operating Profit Margin	%	19.57%	17.27%	17.22%	14.14%	13.75%	14.87%
Profit Before Tax Margin	%	21.15%	18.25%	17.96%	14.82%	14.08%	15.28%
Profit After Tax Margin	%	15.28%	13.91%	13.28%	10.73%	9.67%	10.49%
Return on Equity	%	32.47%	31.38%	31.67%	28.21%	25.29%	25.93%
Return on Capital Employed	%	41.46%	37.40%	36.4%	35%	32%	32.31%
Operating Performance/Liquidity Analysis							
Inventory Turnover	Days	144	123	128	117.4	112.5	115.4
Debtors Turnover	Days	23.4	14.3	12.2	13.6	12.9	9.7
Creditors Turnover	Days	62.9	51.5	41.8	35.1	34.0	47.0
Cash Operating Cycle	Days	104.7	85.3	97.9	95.8	91.5	78.1
Assets Turnover Ratio	Times	1.68	1.62	1.61	1.95	1.99	1.78
Return on Assets	%	26%	24%	21%	21%	19%	19%
Current Ratio	Times	3.37	3.69	3.78	4.76	5.83	4.19
Quick Ratio	Times	1.80	2.33	2.15	2.13	2.74	2.06

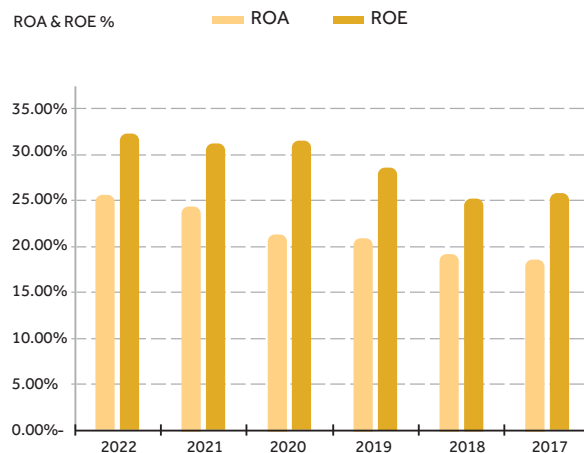
SIX YEARS AT A GLANCE

		2022	2021	2020	2019	2018	2017
		Rupees in ('000')					
Distribution Analysis							
Pay out-Proposed							
Cash Dividend per share	Rs.	20	20	15	13	13	10
Bonus	%	10	10	10	10	10	12
Payout Ratio (after tax)	%	34.66	42.12	36.55	42.13	51.23	40.77
Dividend Yield	%	3.70	3.19	2.50	2.42	3.74	2.34
Earnings Per Share (after tax)	Rs./share	57.71	43.17	37.31	30.86	25.37	24.53
Price Earning Ratio	Times	9.36	14.52	16.05	17.41	13.70	17.40
Number of Shares	(in Millions)	41.88	38.08	34.61	31.47	28.61	25.54
Break-up Value of Share(Including surplus on Revaluation)	Rs.	177.76	151.34	129.60	109.37	100.34	94.59
Market Value of Share							
Year End	Rs.	540	627	599	537.26	347.65	426.78
Highest	Rs.	615	680	650	590	495.81	750
Lowest	Rs.	496	580	408	220	240	375
Market Capitalization	(in Millions)	22,617	23,874	20,734	16,907	9,945	10,901
Based on proposed final dividend							

Profitability Margins

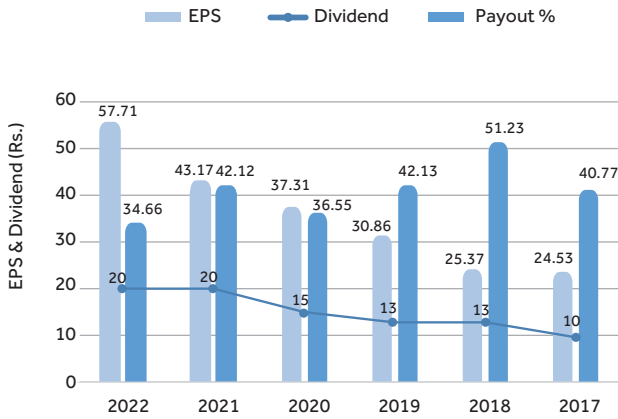


Shareholders' Equity, Assets and Return

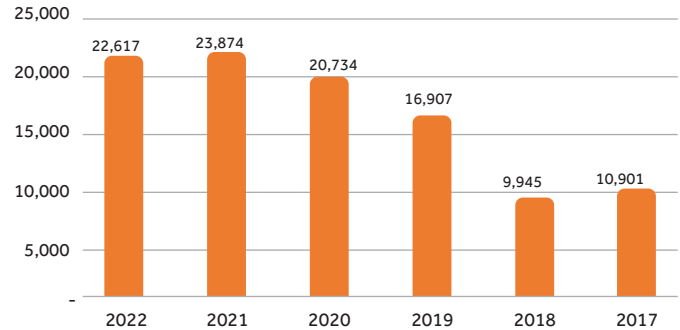


GRAPHICAL PRESENTATION

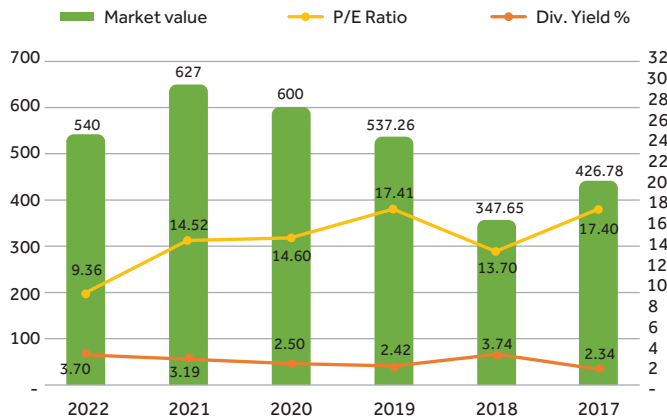
EPS, Dividend and Payout %



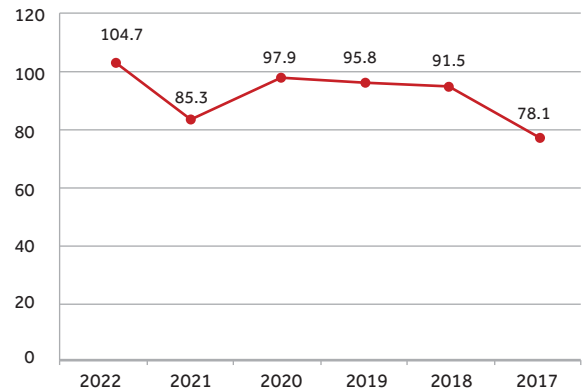
Market Capitalization (Millions)



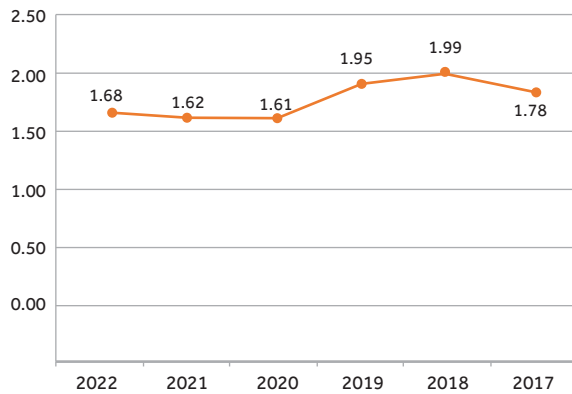
Dividend Yield, P/E Ratio and Market Value



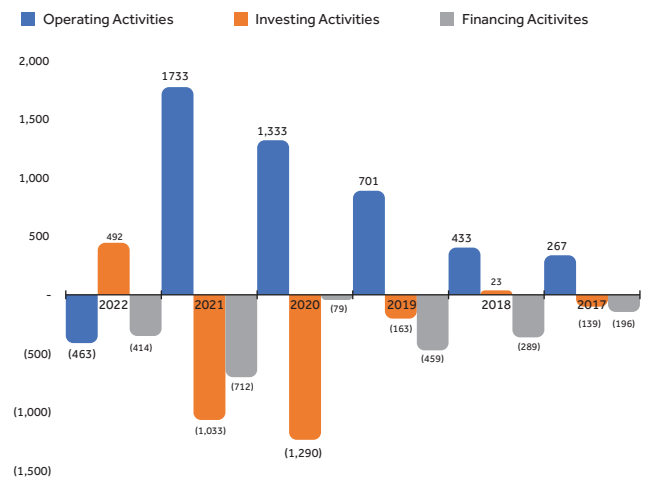
Cash Operating Cycle (Days)



Asset Turnover (Times)



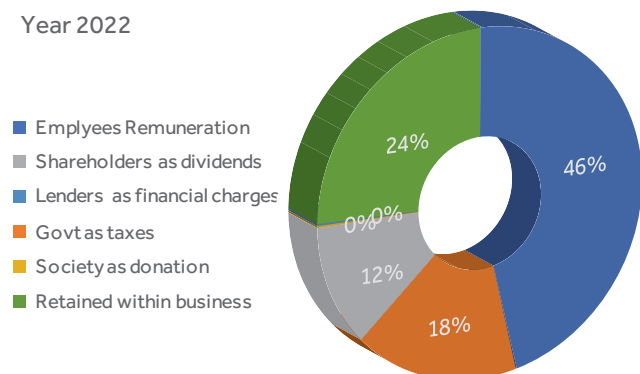
Cash flows analysis (Millions)



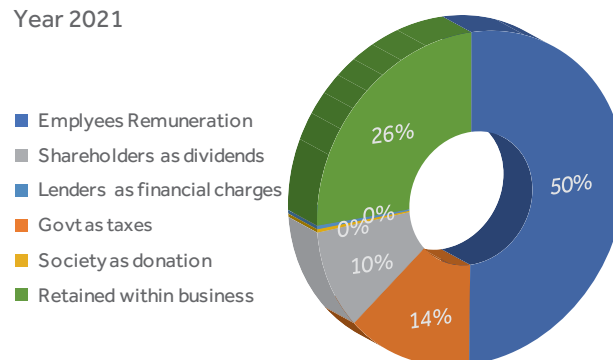
STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	2022 Rs. in 000	2021 Rs. in 000
Value Added		
Sales	15,815,937	13,057,729
Material & Services (COS+All Operating Cost Less Cost Explicitly Mentioned Below)	9,387,129	7,908,312
Other Income	304,988	162,649
	6,733,796	5,312,066
Distribution		
Employees		
Salaries Wages & Benefits	2,854,448	2,456,700
Workers Profit Participation Fund	177,078	126,480
	3,031,526	2,583,180
Government		
Income Tax	928,332	564,111
Sales Tax	109,463	56,949
Central Research Fund	35,416	23,716
Workers Welfare Fund	70,831	52,881
	1,144,042	697,657
Society		
Donation(Admin Exp)	6,561	16,791
Provider of Finances		
To Shareholder as Cash dividend-(Last Year dividend payment)	761,529	519,224
To Banks as financial charges (Markup on LT,ST Loans & Bank Charges)	27,501	18,026
	789,029	537,250
Retained in Business		
Depreciation and amortization	189,558	170,478
Retained Profit	1,573,080	1,315,705
	1,762,638	1,486,183
	6,733,796	5,312,066

Year 2022



Year 2021

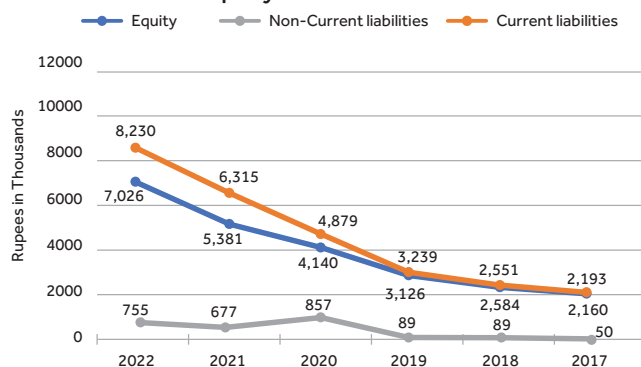


HORIZONTAL ANALYSIS

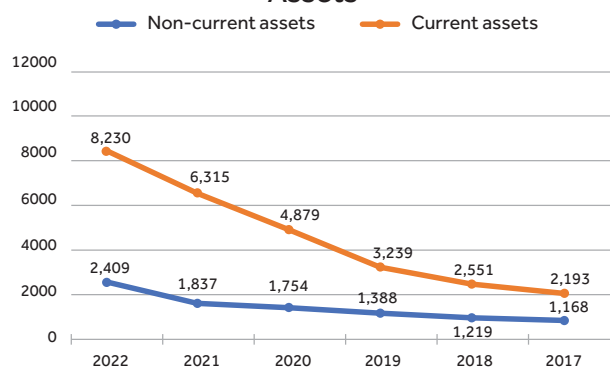
STATEMENT OF FINANCIAL POSITION

	2022		2021		2020		2019		2018		2017	
	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%
Summary of Balance Sheet												
Share Capital	418,841	10	380,764	10	346,149	10	314,681	10	286,074	12	255,423	12
Revenue Reserves	6,659,682	33	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
Surplus on Revaluation of fixed Assets	366,714	-6	391,326	-5.5	413,929	16.2	356,336	-3.8	370,409	-3.5	384,003	83
	7,445,236	29	5,762,622	28	4,486,199	30	3,441,561	20	2,870,449	19	2,415,951	33
Non Current Liabilities												
Long-term loan - secured	15,439	0	-	-100	165,410	100	-	0	-	-	-	-
Long-term lease liabilities	183,934	54	119,758	-8	129,566	112	61,215	38	44,486	208	14,442	-14.30
Long-term advances	25,088	145	10,240	-69	33,267	20	27,610	-37	44,110	24	35,517	30.3
Deferred liabilities	530,660	-3	546,646	3	528,330	26	417,662	12	374,124	0.2	373,230	19.3
Total Non Current Liabilities	755,121	12	676,644	-21	856,573	69	506,487	9	462,720	9	423,189	18.5
Current Liabilities												
Trade & Other Payables	1,503,749	27	1,179,435	74	679,007	14	598,034	75	342,712	-13	396,055	-14
Unclaimed Dividend	98,853	54	64,337	45	44,471	46	30,556	51	20,175	-50	40,195	40
Unpaid Dividend	63,475	0	-	0	-	-100	101	226	31	-52	64	237
Mark up Accrued	-	0	-	0	-	-100	101	226	31	-52	64	237
Provision for Taxation	124,622	-39	205,243	-31	296,237	854	31,054	-18	38,025	-36	59,102	-59
Current Portion of Long-term Liabilities	112,277	-51	230,887	19	194,533	836	20,779	-44	36,957	34	27,566	2
Contract Liabilities	72,264	117	33,249	-57	76,852	100	-	-	-	-	-	-
Short - term borrowings	464,505	0	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	2,439,744	42	1,713,151	50	1,291,100	43	680,524	23	437,900	12	522,982	19
	10,640,101	31	8,152,417	50	6,633,872	43	4,628,572	23	3,771,069	12	3,362,122	19
Non Current Assets												
Property, plant and equipments	2,058,612	36	1,516,181	4	1,456,763	30	1,118,266	15	976,068	4	934,826	28
Intangible assets	35,835	69	21,189	100	-	0	-	0	-	-100	5,073	-77
Long-term Investment	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0
Long-term deposits	48,177	321	11,443	-47	21,443	1	21,183	51	14,021	10	12,696	5
Long-term advances	32,774	-6	34,787	-7	37,353	35	27,673	-6	29,316	82	16,074	4
Deferred tax asset	34,531	-36	53,587	37	39,126	79	21,858	100	-	0	-	0
Total Non Current Assets	2,409,930	31	1,837,187	5	1,754,685	26	1,388,980	14	1,219,405	4%	1,168,669	19
Current Assets												
Stock In Trade	3,835,095	66	2,315,936	10	2,106,011	18	1,790,211	32	1,352,925	21	1,115,539	12
Trade Receivables	1,330,337	92	694,687	115	322,554	-18	391,163	39	281,510	12	250,692	234
Advances, trade deposits and prepayments	971,808	165	366,761	467,924	182,943	105,837	82,209					
Other Receivables	31,698	18	26,860	-26	36,520	1016	3,273	-13	3,778	-45	6,836	49
Loan to Subsidiary	10,000	0	10,000	0	10,000	0	10,000	-50	20,000	0	20,000	100
Short Term Investment	1,193,597	-42	2,059,740	88	1,093,846	35106	3,107	-59	7,638	36	5,611	-46
Tax Refunds due from Government	425,022	1356	29,197	53	19,135	100	-	0	-	-100	100,000	100
Cash & Bank Balances	432,615	-47	812,049	-1	823,197	-4	858,895	10	779,976	27	612,566	-10
	-	0	-	-	-	-	-	-	-	-	-	-
Total Current Assets	8,230,171	30	6,315,230	29	4,879,187	51	3,239,592	27	2,551,664	16	2,193,453	18
TOTAL Assets	10,640,101		8,152,417		6,633,872		4,628,572		3,771,069		3,362,122	

Equity and Liabilities



Assets

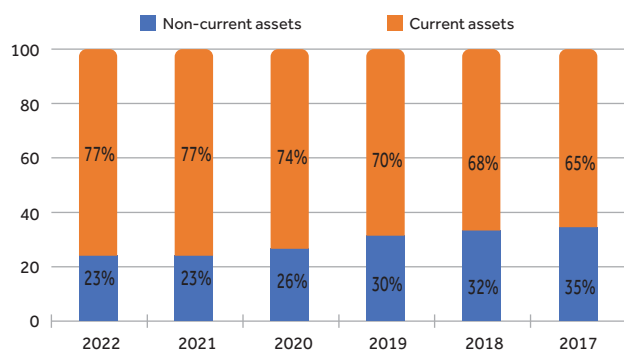


VERTICAL ANALYSIS

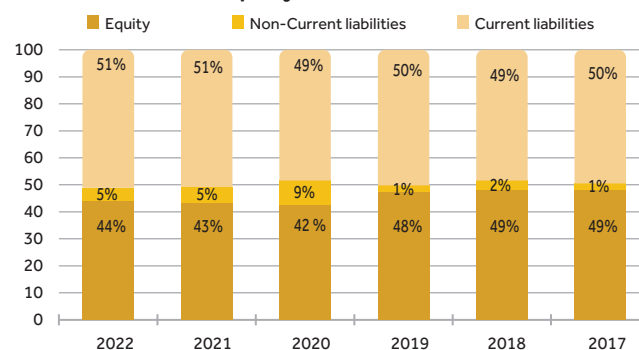
STATEMENT OF FINANCIAL POSITION

	2022		2021		2020		2019		2018		2017	
	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%
Share Capital	418,841	3.9	380,764	4.7	346,149	5.2	314,681	6.8	286,074	7.6	255,423	7.6
Revenue Reserves	6,659,682	62.6	4,990,532	61.2	3,726,121	56.2	2,770,544	59.9	2,213,966	58.7	1,776,525	52.8
Surplus on Revaluation of fixed Assets	366,714	3.4	391,326	4.8	413,929	6.2	356,336	7.7	370,409	9.8	384,003	11.4
	7,445,236	70	5,762,622	70.7	4,486,199	67.6	3,441,561	74.4	2,870,449	76.1	2,415,951	71.9
Non Current Liabilities												
Long-term loan - secured	15,439	0.1	-	0	165,410	2.5	-	0	-	0	-	0
Long-term lease liabilities	183,934	1.7	119,758	1.5	129,566	2	61,215	1.3	44,486	1.2	14,442	0.4
Long-term advances	25,088	0.2	10,240	0.1	33,267	0.5	27,610	0.6	44,110	1.2	35,517	1.1
Deferred liabilities	530,660	5	546,646	6.7	528,338	8	417,662	9	374,124	9.9	373,230	11.1
Total Non Current Liabilities	755,121	7.1	676,644	8.3	856,580	12.9	506,487	10.9	462,720	12.3	423,189	12.6
Current Liabilities												
Trade & Other Payables	1,503,749	14.1	1,179,435	14.5	679,007	10.2	598,034	12.9	342,712	9.1	396,055	11.8
Unclaimed Dividend	98,853	0.9	64,337	0.8	44,471	0.7	30,556	0.7	20,175	0.5	40,195	1.2
Unpaid Dividend	63,475	0.6	-	0	-	-	-	-	-	-	-	-
Mark up Accrued	-	0	-	0	-	0	101	0	31	0	64	0
Provision for Taxation	124,622	1.2	205,243	2.5	296,237	4.5	31,054	0.7	38,025	1	59,102	1.8
Current Portion of Long-term Liabilities	112,277	1.1	230,887	2.8	194,533	2.9	20,779	0.4	36,957	1	27,566	0.8
Contract Liabilities	72,264	0.7	33,249	0.4	76,851.86	1.2	-	0	-	0	-	0
Short - term borrowings	464,505	4.4	-	0	-	-	-	-	-	-	-	-
Total Current Liabilities	2,439,744	22.9	1,713,151	21	1,291,100	19.5	680,524	14.7	437,900	11.6	522,982	15.6
	10,640,101	100	8,152,417	100	6,633,879	100	4,628,572	100	3,771,069	100	3,362,122	100
Property, plant and equipments	2,058,612	19.3	1,516,181	18.6	1,456,763	22	1,118,266	24.2	976,068	25.9	934,826	27.8
Intangible assets	35,835	0.3	21,189	0.3	0	0	-	0	-	0	5,073	0.2
Long-term Investment	200,000	1.9	200,000	2.5	200,000	3	200,000	4.3	200,000	5.3	200,000	5.9
Long-term deposits	48,177	0.5	11,443	0.1	21,443	0.3	21,183	0.5	14,021	0.4	12,696	0.4
Long-term advances	32,774	0.3	34,787	0.4	37,353	0.6	27,673	0.6	29,316	0.8	16,074	0.5
Deferred tax asset	34,531	0.3	53,587	0.7	39,126	0.6	21,858	0.5	-	0	-	0
Total Non Current Assets	2,409,930	22.6	1,837,187	22.5	1,754,686	26.5	1,388,980	30	1,219,405	32.3	1,168,669	34.8
Stock In Trade	3,835,095	36	2,315,936	28.4	2,106,011	31.7	1,790,211	38.7	1,352,925	35.9	1,115,539	33.2
Trade Receivables	1,330,337	12.5	694,687	8.5	322,554	4.9	391,163	8.5	281,510	7.5	250,692	7.5
Advances, trade deposits and prepayments	971,808	9.1	366,761	4.5	467,924	-	182,943	-	105,837	-	82,209	-
Other Receivables	31,698	0.3	26,860	0.3	36,525	0.6	3,271	0.1	3,777	0.1	6,835	0.2
Loan to Subsidiary	10,000	0.1	10,000	0.1	10,000	0.2	10,000	0.2	20,000	0.5	20,000	0.6
Short Term Investment	1,193,597	11.2	2,059,740	25.3	1,093,846	16.5	3,107	0.1	7,638	0.2	5,611	0.2
Tax Refunds due from Government	425,022	4	29,197	0.4	19,135	0.3	-	0	-	0	100,000	3.0
Cash & Bank Balances	432,615	4.1	812,049	10	823,197	12.4	858,895	18.6	779,976	20.7	612,566	18.2
Total Current Assets	8,230,171	77.4	6,315,230	77.5	4,879,192	73.5	3,239,590	70	2,551,663	67.7	2,193,452	65.2
	10,640,101		8,152,417		6,633,878		4,628,570		3,771,068		3,362,121	

Assets



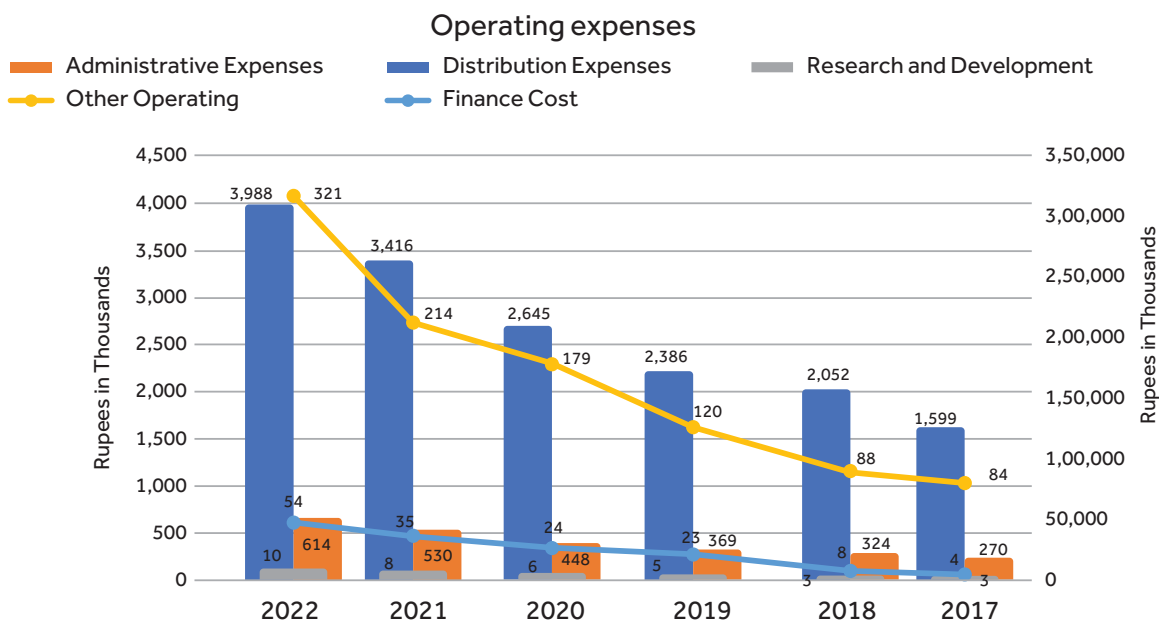
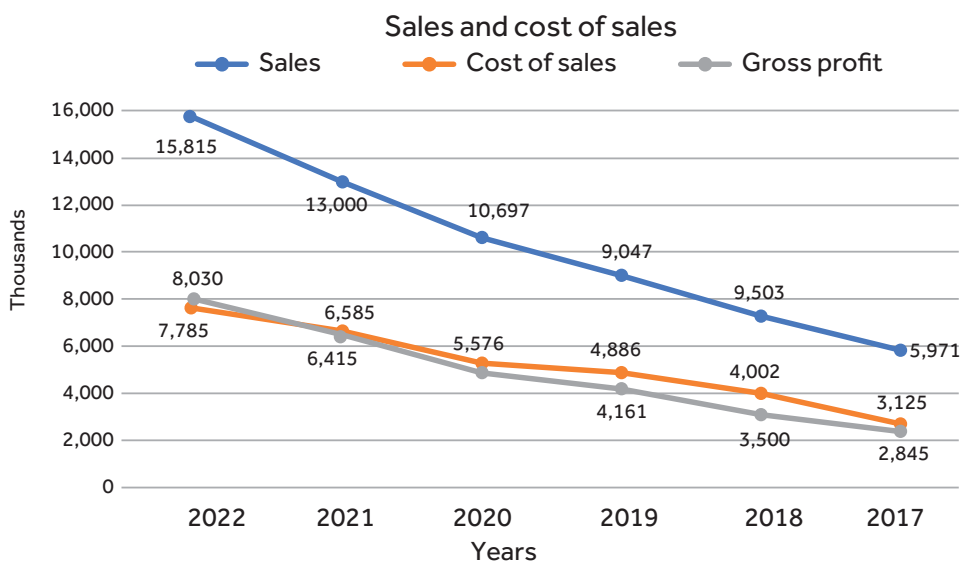
Equity and liabilities



HORIZONTAL ANALYSIS

STATEMENT OF PROFIT OR LOSS

	2022		2021		2020		2019		2018		2017	
	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%
Sales-Net	15,815,937	21.7	13,000,780	21.5	10,697,634	18.2	9,047,693	20.6	7,503,101	25.7	5,971,229	17.8
Cost of Sales	7,785,853	18.2	6,585,187	18.1	5,576,458	14.1	4,886,100	22.1	4,002,669	28.1	3,125,338	16.1
Gross Profit	8,030,084	25.2	6,415,593	25.3	5,121,176	23.1	4,161,593	18.9	3,500,432	23	2,845,891	19.7
Distribution, Selling & Promotional Expenses	3,988,456	16.7	3,416,349	29.1	2,645,474	10.8	2,386,789	16.3	2,052,208	28.3	1,599,737	25.1
Admin & General Expenses	614,629	15.8	530,888	18.5	448,034	21.2	369,802	14.1	324,161	20	270,080	10.1
Research & Development Expenses	10,631	22.6	8,673	36	6,378	27.2	5,013	32.0	3,799	5.3	3,607	-1.3
Other Operating Expenses	321,451	50	214,260	19.6	179,129	49	120,206	35.6	88,655	4.9	84,486	14.9
	4,935,167	18.3	4,170,170	27.2	3,279,015	13.8	2,881,810	16.7	2,468,823	26.1	1,957,910	22.3
Operating Profit	3,094,917	37.8	2,245,423	21.9	1,842,161	43.9	1,279,783	24.1	1,031,609	16.2	887,981	14.4
Other Income	304,988	87.5	162,649	56.9	103,681	21.7	85,223	157.9	33,044	12.9	29,278	50.8
Finance Cost	54,400	51.4	35,929	49	24,110	0.8	23,921	185.2	8,388	69.1	4,960	-18.3
Profit Before Tax	3,345,504	41	2,372,144	23.4	1,921,732	43.3	1,341,086	27	1,056,265	15.8	912,299	15.5
Tax	928,332	64.6	564,111	12.6	500,996	35.4	370,073	12	330,375	15.6	285,834	12.1
Profit After Tax	2,417,172	33.7	1,808,033	27.3	1,420,736	46.3	971,012	33.8	725,890	15.9	626,465	17.1

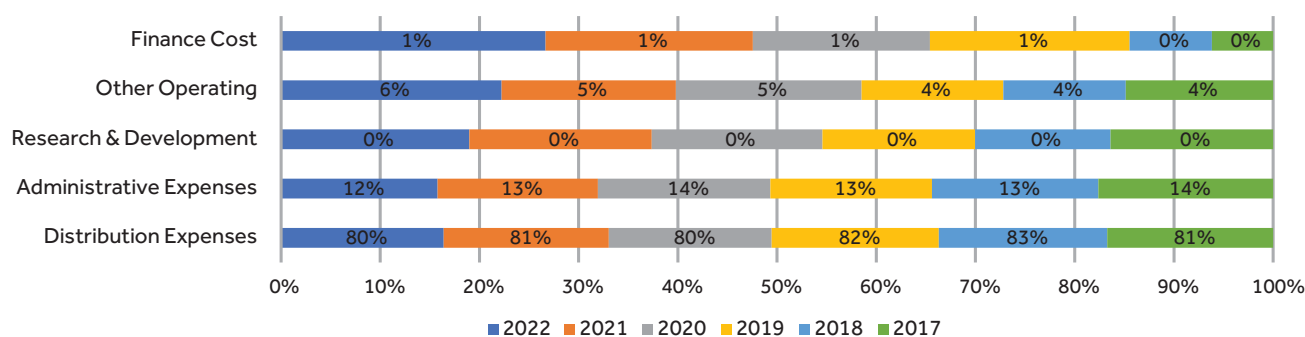


VERTICAL ANALYSIS

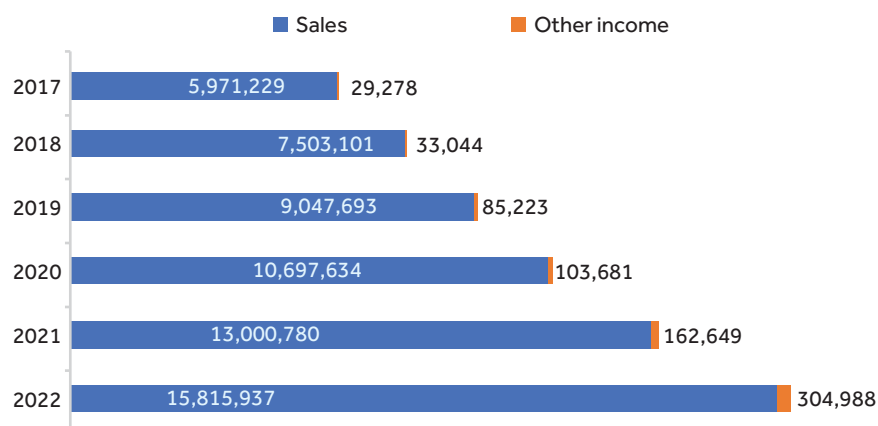
STATEMENT OF PROFIT OR LOSS

	2022		2021		2020		2019		2018		2017	
	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%
Sales-Net	15,815,937	100	13,000,780	100	10,697,634	100	9,047,693	100	7,503,101	100	5,971,229	100
Cost of Sales	7,785,853	49.2	6,585,187	50.7	5,576,458	52.1	4,886,100	22.1	4,002,669	53.3	3,125,338	52.3
Gross Profit	8,030,084	50.8	6,415,593	49.3	5,121,176	47.9	4,161,593	18.9	3,500,432	46.7	2,845,891	47.7
Distribution, Selling & Promotional Expenses	3,988,456	25.2	3,416,349	26.3	2,645,474	24.7	2,386,789	16.3	2,052,208	27.4	1,599,737	26.8
Admin & General Expenses	614,629	3.9	530,888	4.1	448,034	4.2	369,802	14.1	324,161	4.3	270,080	4.5
Research & Development Expenses	10,631	0.1	8,673	0.1	6,378	0.1	5,013	32	3,799	0.1	3,607	0.1
Other Operating Expenses	321,451	2.0	214,260	1.6	179,129	1.7	120,206	35.6	88,655	1.2	84,486	1.4
	4,935,167	31.2	4,170,170	32.1	3,279,015	30.7	2,881,810	16.7	2,468,823	32.9	1,957,910	32.8
Operating Profit	3,094,917	19.6	2,245,423	17.3	1,842,161	17.2	1,279,783	24.1	1,031,609	13.7	887,981	14.9
Other Income	304,988	1.9	162,649	1.3	103,681	1	85,223	157.9	33,044	0.4	29,278	0.5
Finance Cost	54,400	0.3	35,929	0.3	24,110	0.2	23,921	185.2	8,388	0.1	4,960	0.1
Profit Before Tax	3,345,504	21.2	2,372,144	18.2	1,921,732	18	1,341,086	27	1,056,265	14.1	912,299	15.3
Tax	928,332	5.9	564,111	4.3	500,996	4.7	370,073	12	330,375	4.4	285,834	4.8
Profit After Tax	2,417,172	15.3	1,808,033	13.9	1,420,736	13.3	971,012	33.8	725,890	9.7	626,465	10.5

Operating Expenses



Revenues



PATTERN OF SHAREHOLDING

As at December 31,2022

Serial No.	No. of Shareholders	-----Shareholdings-----		Total Shares Held
		From	To	
1	1058	1	100	33,677
2	1114	101	500	265,868
3	419	501	1000	293,383
4	673	1001	5000	1,456,624
5	105	5001	10000	739,640
6	28	10001	15000	345,532
7	17	15001	20000	304,788
8	18	20001	25000	408,283
9	11	25001	30000	309,345
10	5	30001	35000	156,969
11	5	35001	40000	190,850
12	6	40001	45000	251,586
13	4	45001	50000	187,411
14	3	50001	55000	158,461
15	3	55001	60000	177,553
16	1	65001	70000	69,445
17	1	70001	75000	73,877
18	1	75001	80000	76,854
19	4	80001	85000	330,379
20	1	90001	95000	93,170
21	3	95001	100000	287,899
22	1	105001	110000	106,014
23	2	110001	115000	223,020
24	1	120001	125000	123,607
25	2	135001	140000	274,043
26	1	140001	145000	144,609
27	1	145001	150000	150,000
28	2	160001	165000	321,464
29	1	165001	170000	168,815
30	1	170001	175000	172,000
31	1	190001	195000	193,774
32	1	195001	200000	197,876
33	1	200001	205000	201,950
34	1	210001	215000	211,750
35	1	225001	230000	228,900
36	1	270001	275000	270,187
37	1	280001	285000	284,526
38	1	300001	305000	303,600
39	1	330001	335000	330,819
40	1	395001	400000	399,325
41	1	450001	455000	450,199
42	1	535001	540000	538,600
43	1	610001	615000	610,795
44	1	630001	635000	630,696
45	1	650001	655000	653,885
46	1	670001	675000	674,190
47	1	875001	880000	877,745
48	1	970001	975000	972,406
49	1	1510001	1515000	1,511,683

Serial No.	No. of Shareholders	-----Shareholdings-----		Total Shares Held
		From	To	
50	1	1675001	1680000	1,678,724
51	1	1830001	1835000	1,833,155
52	1	2675001	2680000	2,676,817
53	1	2740001	2745000	2,741,074
54	1	3130001	3135000	3,130,088
55	1	3490001	3495000	3,491,101
56	1	3940001	3945000	3,940,317
57	1	4950001	4955000	4,954,734
TOTAL	3519			41,884,082

Categories of shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	9,433,733	22.5234%
Associated Companies, undertakings and related parties. (Parent Company)	802,533	1.9161%
NIT and ICP	631,132	1.5069%
Banks Development Financial Institutions, Non Banking Financial Institutions.	215,296	0.5140%
Insurance Companies	4,694,264	11.2078%
Modarabas and Mutual Funds	1,295,257	3.0925%
Shareholders holding 10% or more	4,956,831	11.8346%
General Public		
a. Local	17,113,298	40.8587%
b. Foreign	765,100	1.8267%
Others (to be specified)		
- Government Holding	456,154	1.0891%
- Joint Stock Companies	645,912	1.5421%
- Pension Funds	281,362	0.6718%
- Foreign Companies	5,140,274	12.2726%
- Others	409,767	0.9783%

Sr.#	Name	No. of Shares Held	Percentage
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Associated Companies, Undertakings and Related Parties (Name Wise Detail):

1	HIGHNOON EMPLOYEES WELFARE TRUST	95,118	0.2271%
2	ROUTE 2 HEALTH (PRIVATE) LIMITED (CDC)	538,600	1.2859%
3	TRUSTEE-HIGHNOON LABORATORIES LIMITED STAFF PROVIDENT FUND (CDC)	168,815	0.4031%
		802,533	1.9161%

Mutual Funds (Name Wise Detail)

1	CDC - TRUSTEE AKD INDEX TRACKER FUND (CDC)	5,140	0.0123%
2	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND (CDC)	1,100	0.0026%
3	CDC - TRUSTEE AL HABIB ISLAMIC STOCK FUND (CDC)	5,000	0.0119%
4	CDC - TRUSTEE AL MEEZAN MUTUAL FUND (CDC)	1,339	0.0032%
5	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND (CDC)	21,677	0.0518%
6	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND (CDC)	161,461	0.3855%
7	CDC - TRUSTEE ALFALAH GHP ALPHA FUND (CDC)	9,289	0.0222%
8	CDC - TRUSTEE ALFALAH GHP DEDICATED EQUITY FUND (CDC)	866	0.0021%
9	CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND (CDC)	1,474	0.0035%
10	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND (CDC)	21,129	0.0504%
11	CDC - TRUSTEE ALFALAH GHP STOCK FUND (CDC)	22,250	0.0531%
12	CDC - TRUSTEE ALFALAH GHP VALUE FUND (CDC)	7,206	0.0172%
13	CDC - TRUSTEE APF-EQUITY SUB FUND (CDC)	19,639	0.0469%
14	CDC - TRUSTEE APIF - EQUITY SUB FUND (CDC)	22,287	0.0532%
15	CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND (CDC)	17,252	0.0412%
16	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND (CDC)	138,474	0.3306%
17	CDC - TRUSTEE ATLAS STOCK MARKET FUND (CDC)	284,526	0.6793%
18	CDC - TRUSTEE JS ISLAMIC FUND (CDC)	21,679	0.0518%
19	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT (CDC)	5,544	0.0132%
20	CDC - TRUSTEE JS LARGE CAP. FUND (CDC)	23,238	0.0555%
21	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT (CDC)	7,121	0.0170%
22	CDC - TRUSTEE MEEZAN BALANCED FUND (CDC)	278	0.0007%
23	CDC - TRUSTEE MEEZAN ISLAMIC FUND (CDC)	144,609	0.3453%
24	CDC - TRUSTEE NBP BALANCED FUND (CDC)	11,242	0.0268%
25	CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND (CDC)	2,313	0.0055%
26	CD C- TRUSTEE NBP SARMAYA IZAFI FUND (CDC)	9,786	0.0234%
27	CDC - TRUSTEE UBL ASSET ALLOCATION FUND (CDC)	4,765	0.0114%
28	CDC - TRUSTEE UBL RETIREMENT SAVINGS DIND - EQUITY SUB FUND (CDC)	39,031	0.0932%
29	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND (CDC)	135,569	0.3237%
30	CDC - TRUSTEE UNIT TRUST OF PAKISTAN (CDC)	33,636	0.0803%
31	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND (CDC)	39,694	0.0948%
32	MC FSL - TRUSTEE JS GROWH FUND (CDC)	73,877	0.1764%

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

1	MR. TAUSIF AHMAD KHAN (CDC)	3,130,668	7.4746%
2	MR. GHULAM HUSSAIN KHAN - (CDC)	333,265	0.7957%
3	MR. TAUFIQ AHMED KHAN (CDC)	4,134,811	9.8720%
4	DR. ADEEL ABBAS HAIDERI	1,014	0.0024%
5	MS. ZAINUB ABBAS	1,833,155	4.3767%
6	MR. ROMESH ELAPATA	820	0.0020%

Executives**Public Sector Companies & Corporations:**

Banks, Development Finance Institutions, Non Banking Finance	5,193,688	12.4001%
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Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:**Shareholders holding five percent or more voting interest in the listed company (Name Wise)**

1	MR. TAUQIR AHMED KHAN	4,956,831	11.8346%
2	MR. TAUFIQ AHMED KHAN	4,134,811	9.8720%
3	JUBILEE LIFE INSURANCE COMPANY LIMITED (CDC)	2,741,074	6.5444%
4	PHARMATEC INVESTMENTS LIMITED	3,491,101	8.3351%
5	MR. TAUSIF AHMAD KHAN	3,130,668	7.4746%
6	MRS. NOSHEEN RIAZ KHAN (CDC)	2,907,033	6.9407%

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

S. No.	NAME	SALE	PURCHASE	BONUS
1	MR. TAUSIF AHMAD KHAN (CDC)		-	284,605
2	MR. GHULAM HUSSAIN KHAN - (CDC)	700	-	30,360
3	MR. TAUFIQ AHMED KHAN (CDC)		-	375,890
4	DR. ADEEL ABBAS HAIDERI		-	92
5	MS. ZAINUB ABBAS		-	166,650
6	MR. ROMESH ELAPATA		-	74

STATEMENT OF COMPLIANCE

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

Name of Company: HIGHNOON LABORATORIES LIMITED
 Year ended: December 31, 2022

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.
- *Two independent Directors were appointed and fraction of 0.33 was not rounded up since the fraction is below half (0.5)
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. All Seven Directors are duly certified or exempted from the directors' Training Program.
 10. The Board has approved the appointment of Company Secretary, including the remuneration and terms and conditions of employment, and complied with relevant requirements of the regulations.
 11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

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

a) Audit Committee

- | | |
|----------------------------|---------------------------------|
| 1. Mrs. Nael Najam | Chairman /Independent Director |
| 2. Mrs. Zainub Abbas | Member/ Non -Executive Director |
| 3. Mr. Ghulam Hussain Khan | Member/ Non -Executive Director |

b) HR and Remuneration Committee

- | | |
|----------------------------|---------------------------------|
| 1. Mrs. Nael Najam | Chairman /Independent Director |
| 2. Mrs. Zainub Abbas | Member/ Non -Executive Director |
| 3. Dr. Adeel Abbas Haideri | Member /CEO/ Executive Director |

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.

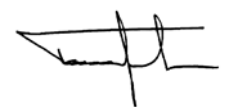
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with the Audit Oversight Board of Pakistan, That They and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not close relative (Spouses, Parent, dependent and non-dependent children) of the Chief Executive officer, Chief Financial Officer, Head of Internal Audit , Company Secretary or Directors of the Company.

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

18. We confirm that all other requirements of the Regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the regulations have been complied with.



Dr. Adeel Abbas Haideri
Chief Executive Officer



Mr. Taufiq Ahmed Khan
Director

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 2022 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 2022.



Chartered Accountants
Engagement Partner: Abdullah Fahad Masood
Lahore: 22 March 2023
UDIN: CR202210177Yjik6SU3D

Financial Statements

Highnoon Laboratories Limited
for the year ended 31 December 2022



INDEPENDENT AUDITOR'S REPORT

To the members of Highnoon Laboratories Limited

Report on the Audit of the Unconsolidated Financial Statements as at 31 December 2022

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 2022, 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 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters	How the matter was addressed in our audit
Revenue Recognition	
<p>As described in note 31, the Company generates revenue from a range of pharmaceutical and consumer products. As mentioned in the note 4.16, the Company recognizes revenue when the control is transferred to the customers which is generally when the goods are being dispatched from the warehouse. During the year ended 31 December 2022, the Company generated total revenue of Rs. 15.8 billion as compared to Rs. 13 billion during the previous year, which represents an increase of approximately 22%.</p> <p>Considering the significance of amounts involved and revenue being a key indicator of performance measurement of the Company and its management, we have considered revenue recognition as a Key Audit Matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Obtained an understanding of the Company's processes and related internal controls for revenue recognition and on a sample basis, tested the effectiveness of those controls, specifically in relation to recognition of revenue and timing thereof; Evaluated the appropriateness of the Company's revenue recognition policies and procedures to assess compliance with International Financial Reporting Standards ("IFRS") as applicable in Pakistan; On a sample basis, reviewed sales transactions near the reporting date to assess whether transactions are recorded in relevant accounting period i.e. performed procedures around the cut - off of revenue. Performed substantive analytical procedures including developing an expectation of the current year revenue based on trend analysis information taking into account historical sales and market patterns; Tested supporting evidence in relation to a sample of sales transactions including but not limited to sales orders, sales tax invoices, pick slips, outward gate pass and performing other tests of details; Correlated the revenue transactions with movement in receivables and cash balances and compared with the results from our balance confirmation procedures; and Reviewed and assessed the adequacy of disclosures provided in Note 31 of the unconsolidated financial statements in accordance with the applicable financial reporting standards and the Companies Act, 2017.

Information Other than the unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the 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 the Board of Directors for the Unconsolidated Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key

audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Abdullah Fahad Masood



EY Ford Rhodes
Chartered Accountants
Lahore: 22 March 2023
UDIN: AR2022101772wZVB9WdY

Unconsolidated Statement of Financial Position As at 31 December 2022

	Note	2022 Rupees	2021 Rupees
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorized share capital 50,000,000 (2021: 50,000,000) ordinary shares of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid up share capital	6	418,840,820	380,764,390
Capital reserve	7	366,714,040	391,326,324
Revenue reserves		6,659,681,588	4,990,531,928
Total Equity		7,445,236,448	5,762,622,642
LIABILITIES			
Non-current liabilities			
Lease liabilities	8	183,933,646	119,757,647
Long-term advances	9	25,087,760	10,240,467
Long-term loan - secured	10	15,439,012	-
Deferred liabilities	11	530,660,193	546,646,832
		755,120,611	676,644,946
Current liabilities			
Trade and other payables	12	1,503,748,779	1,179,434,682
Contract liabilities	13	72,263,670	33,248,835
Unclaimed dividend		98,853,172	64,336,749
Unpaid dividend		63,474,580	-
Current portion of long-term liabilities	14	112,276,756	230,887,155
Short - term borrowings	15	464,505,032	-
Provision for taxation - net		124,621,903	205,243,456
		2,439,743,892	1,713,150,877
Total Liabilities		3,194,864,503	2,389,795,823
TOTAL EQUITY AND LIABILITIES		10,640,100,951	8,152,418,465

CONTINGENCIES AND COMMITMENTS

16

The annexed notes from 1 to 52 form an integral part of these unconsolidated financial statements.



Dr. Adeel Abbas Haideri
Chief Executive Officer



Taufiq Ahmed Khan
Director



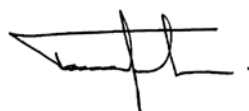
Ashfaq P. Alidina
Chief Financial Officer

Unconsolidated Statement of Financial Position As at 31 December 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	17	2,058,612,015	1,516,180,602
Intangible assets	18	35,835,396	21,189,000
Long-term investment	19	200,000,000	200,000,000
Long-term deposits	20	48,176,589	11,443,429
Long-term advances	21	32,774,328	34,787,298
Deferred tax assets	22	34,531,275	53,586,728
		2,409,929,603	1,837,187,057
Current assets			
Stock in trade	23	3,835,094,512	2,315,936,343
Trade receivables	24	1,330,336,964	694,687,293
Advances, trade deposits and prepayments	25	971,808,060	366,761,027
Other receivables	26	31,697,863	26,860,159
Loan to subsidiary	27	10,000,000	10,000,000
Short-term investments	28	1,193,596,924	2,059,740,193
Tax refunds due from the Government	29	425,021,817	29,197,207
Cash and bank balances	30	432,615,208	812,049,186
		8,230,171,348	6,315,231,408
TOTAL ASSETS		10,640,100,951	8,152,418,465



Dr. Adeel Abbas Haideri
Chief Executive Officer



Taufiq Ahmed Khan
Director



Ashfaq P. Alidina
Chief Financial Officer

Unconsolidated Statement of Profit or Loss

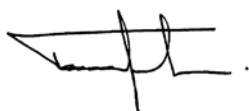
For The Year Ended 31 December 2022

	Note	2022 Rupees	2021 Rupees
Revenue from contracts with customers-net	31	15,815,936,998	13,000,780,140
Cost of sales	32	(7,785,853,279)	(6,585,186,710)
Gross profit		8,030,083,719	6,415,593,430
Distribution, selling and promotional expenses	33	(3,988,456,127)	(3,416,349,020)
Administrative and general expenses	34	(614,628,783)	(530,888,118)
Research and development expenses	35	(10,631,228)	(8,672,580)
Other operating expenses	36	(321,451,059)	(214,260,217)
		(4,935,167,197)	(4,170,169,935)
Operating profit		3,094,916,522	2,245,423,495
Other income	37	304,988,106	162,649,270
Finance costs	38	(54,400,245)	(35,928,547)
Profit before taxation		3,345,504,383	2,372,144,218
Taxation	39	(928,332,042)	(564,111,056)
Profit for the year		2,417,172,341	1,808,033,162
			Restated
Earnings per share - basic and diluted	40	57.71	43.17

The annexed notes from 1 to 52 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

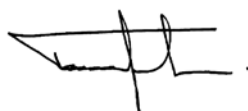
For The Year Ended 31 December 2022

		2022 Rupees	2021 Rupees
Profit for the year		2,417,172,341	1,808,033,162
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Revaluation surplus on property, plant and equipment - net of tax	7	(5,011,923)	-
Remeasurement gain / (loss) on gratuity - net	11.2.3	46,524,657	(17,177,141)
Related deferred tax	22	(14,542,491)	4,995,147
		31,982,166	(12,181,994)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		-	-
Total comprehensive income for the year		2,444,142,584	1,795,851,168

The annexed notes from 1 to 52 form an integral part of these unconsolidated financial statements.



Dr. Adeel Abbas Haideri
Chief Executive Officer



Taufiq Ahmed Khan
Director



Ashfaq P. Alidina
Chief Financial Officer

Unconsolidated Statement of Cash Flow

For The Year Ended 31 December 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,345,504,383	2,372,144,218
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of operating fixed assets	17.1.1	187,821,664	170,477,774
Amortization of intangible assets	18.3	1,736,104	-
Provision for Workers' Profit Participation Fund	26.2	177,077,705	126,480,188
Provision for defined benefit obligation	11.2.2	93,896,172	81,877,775
Provision for slow moving and obsolete stocks	23.1	29,307,578	22,774,150
Provision for Worker's Welfare Fund	12	70,831,082	52,881,432
Finance cost on lease liabilities	38	26,899,580	17,902,625
Mark-up on long-term loans	38	6,593,103	14,683,977
Mark-up on short-term borrowings	38	17,498,546	-
Bank charges	38	3,409,016	3,341,945
Provision for Central Research Fund	34	35,415,541	23,715,543
Allowance for expected credit loss	24.1	29,712,961	10,582,999
Bad debts written off during the year	24.1	-	5,505,270
Deferred income	37	(3,565,756)	(8,993,939)
Exchange loss / (gain) - net	37	6,474,628	(3,536,257)
Gain on disposal of operating fixed assets	37	(17,566,691)	(4,173,645)
Un-realized gain on remeasurement of short-term investments	28.1	(10,186,623)	(11,191,851)
Return on deposits	37	(15,126,064)	(29,148,228)
Dividend Income on short-term investment	37	(218,626,676)	(103,442,831)
		421,601,870	369,736,927
Profit before working capital changes		3,767,106,253	2,741,881,145

Unconsolidated Statement of Cash Flow

For The Year Ended 31 December 2022

	Note	2022 Rupees	2021 Rupees
Working capital changes:			
(Increase) / decrease in current assets:			
Stock in trade		(1,548,465,747)	(232,699,917)
Trade debtors		(676,776,551)	(273,600,501)
Advances, trade deposits and prepayments		(605,047,033)	101,163,103
Other receivables		(4,837,704)	28,113,171
Tax refund due from the Government		(395,824,610)	(10,061,719)
(Decrease) / increase in current liabilities:			
Trade and other payables		250,823,469	215,789,012
Contract liabilities		39,014,835	(43,603,025)
		(2,941,113,341)	(214,899,876)
Cash generated from operations		825,992,912	2,526,981,269
Income tax paid		(1,005,452,392)	(574,059,066)
Gratuity paid		(78,101,033)	(51,873,114)
Finance cost paid		(27,500,665)	(3,341,945)
Workers' Profit Participation Fund paid		(166,076,960)	(145,000,000)
Central Research Fund paid		(25,754,475)	(20,833,843)
Long-term advances		14,373,230	1,214,184
Net cash flows (used in) / generated from operating activities	A	(462,519,383)	1,733,087,485
Balance carried forward		(462,519,383)	1,733,087,485

Unconsolidated Statement of Cash Flow

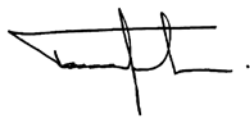
For The Year Ended 31 December 2022

	Note	2022 Rupees	2021 Rupees
Balance brought forward		(462,519,383)	1,733,087,485
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(779,670,130)	(252,155,070)
Purchase of intangible assets		(16,382,500)	(21,189,000)
Additions in long-term advances		2,012,970	2,565,468
Long-term deposits - net		(36,733,160)	10,000,000
short-term investments - net		876,329,892	(954,701,889)
Return on deposits		15,126,064	29,148,228
Dividend income on short-term investment		218,626,676	103,442,831
Proceeds from disposal of operating fixed assets	17.1.4	212,692,528	49,472,974
Net cash flows generated from / (used in) investing activities	B	492,002,340	(1,033,416,458)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities	8	(70,359,454)	(37,930,926)
Repayment of long-term loan	10.1	(170,764,029)	(174,789,954)
Long-term loan received		26,300,000	-
Short term borrowings obtained		464,505,032	-
Dividend paid		(663,537,775)	(499,358,690)
Net cash flows used in financing activities		(413,856,226)	(712,079,570)
Net foreign exchange difference		4,939,291	1,260,238
Net decrease in cash and cash equivalents	(A+B+C)	(379,433,978)	(11,148,305)
Cash and cash equivalents at beginning of the year		812,049,186	823,197,491
Cash and cash equivalents at end of the year		432,615,208	812,049,186

The annexed notes from 1 to 52 form an integral part of these unconsolidated financial statements.



Dr. Adeel Abbas Haideri
Chief Executive Officer



Taufiq Ahmed Khan
Director



Ashfaq P. Alidina
Chief Financial Officer

Unconsolidated Statement of Changes in Equity

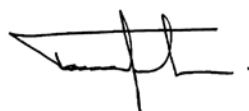
For The Year Ended 31 December 2022

	Share capital	Capital Reserves	Revenue reserves			Total
		Revaluation Surplus on operating fixed assets - net of deferred tax	General reserve	Unappropriated profit	Sub total	
----- Rupees -----						
Balance as at 01 January 2021	346,149,450	413,928,517	114,000,000	3,612,120,784	3,726,120,784	4,486,198,751
Transaction with owners of the company, recognized directly in equity -Distributions						
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)
Total comprehensive income for the year						
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)
	-	-	-	1,795,851,168	1,795,851,168	1,795,851,168
Surplus transferred to unappropriated profit						
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 land	-	(9,263,345)	-	9,263,345	9,263,345	-
Effect of deferred tax due to change in proportion of tax regimes	-	(203,102)	-	-	-	(203,102)
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
Transaction with owners of the company, recognized directly in equity -Distributions						
Issuance of bonus shares @ 10%	38,076,430	-	-	(38,076,430)	(38,076,430)	-
Final dividend @ Rs. 20 per share for the year ended 31 December 2021	-	-	-	(761,528,778)	(761,528,778)	(761,528,778)
Total comprehensive income for the year						
Profit for the year ended 31 December 2022	-	-	-	2,417,172,341	2,417,172,341	2,417,172,341
Other comprehensive income for the year - net of tax	-	(5,011,923)	-	31,982,166	31,982,166	26,970,243
	-	(5,011,923)	-	2,449,154,507	2,449,154,507	2,444,142,584
Surplus transferred to unappropriated profit						
On account of incremental depreciation relating to surplus						
on revaluation of operating fixed assets - net of tax	-	(10,720,070)	-	10,720,070	10,720,070	-
On account of disposal of plant and machinery - net of tax	-	(8,880,291)	-	8,880,291	8,880,291	-
Balance as at 31 December 2022	418,840,820	366,714,040	114,000,000	6,545,681,588	6,659,681,588	7,445,236,448

The annexed notes from 1 to 52 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 2022

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 17 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 presented 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 2022

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	4.1.3
- Staff retirement benefits	4.7
- Expected credit loss	4.13.4
- Taxation	4.20

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 Leases

4.1.1 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.

4.1.2 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.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

4.1.3 Judgement in determining the lease term of contracts with renewal options

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

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

4.2 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 statement of profit or loss ("FVTPL"),
- at fair value through 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.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

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

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

Subsequent measurement

i) Financial assets at FVTOCI

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

ii) Financial assets and liabilities at amortized cost

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

iii) Financial assets and liabilities at FVTPL

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

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

Impairment of financial asset

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

- 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.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

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 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

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

received and receivable is recognized in unconsolidated statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to unconsolidated statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve.

ii) Financial liabilities

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

4.3 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.

4.4 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.

4.5 Dividend

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

4.6 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.

4.7 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 2022 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.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

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% (2021: 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.

4.8 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.

4.9 Property, plant and equipment

4.9.1 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 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.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

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

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

4.9.2 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.

4.9.3 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.

4.10 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 18, embodied in the intangible assets, are accounted for by changing the recognized period or amortization method, as appropriate, and treated as a change in accounting estimate. The recognized expense on intangible assets with finite lives is recognized in the 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.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

4.11 Investments in subsidiaries

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

4.12 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.

4.13 Contract balances:

4.13.1 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.

4.13.2 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).

4.13.3 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.

4.13.4 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

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the Company in accordance with the contract and cash flows that the Company expects to receive). (Refer to Note 4.2 for detailed policy for impairment of financial assets).

4.13.5 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.

4.13.6 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 below accounting policy on variable consideration.

4.14 Segment reporting

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

4.15 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.

4.16 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

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- 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.

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.

4.17 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.

4.18 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.

4.19 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.

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4.20 Taxation

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

Current

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

Deferred

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

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

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

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

5. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standard

IAS 1 Presentation of Financial Statements to clarify how to classify debt and other 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 would the terms of a liability not impact its classification.

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- Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The amendments are effective for annual reporting periods beginning on or after January 01, 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Company's financial statements.

IAS 1 and IFRS Practice Statement 2	<p>Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2</p> <ul style="list-style-type: none"> - 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.
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The amendments to IAS 1 are applicable for annual periods beginning on or after January 01, 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 is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

IAS 8	<p>Definition of Accounting Estimates - Amendments to IAS 8 - 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.</p>
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The amendments are effective for annual reporting periods beginning on or after January 01, 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. The amendments are not expected to have a material impact on the Company's financial statements.

IAS 12	<p>Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 - In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.</p>
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The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The amendments are not expected to have a material impact on the Company's financial statements.

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IFRS 10 & IAS 28	Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment). The effective date of Amendments to IFRS 10 and IAS 28 has been deferred indefinitely (until the research project of IASB, on the equity method, has been concluded. Earlier application of the September 2014 amendments continues to be permitted. The Company expects that the adoption of the amendments will have no material effect on the Company's financial statements.
IFRS 16	Leases - Lease Liability in a Sale and Leaseback - Amendments requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments are effective for annual reporting periods beginning on or after January 01, 2024. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date 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.	

5.1 Changes in accounting policies and disclosures resulting from amendments in standards during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for following amendments to accounting standards which are effective for annual periods beginning on or after January 01, 2022 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

IFRS 03	Business Combinations – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
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The amendments add an exception to the recognition principle of IFRS 3 Business Combinations 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 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify

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that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the separate financial statements of the Company.

IAS 16 Property, plant and equipment – Amendment to clarify the prohibition on an entity from 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 cost of producing those items, in profit or loss.

In accordance with the transitional provisions, the Company applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments to specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). 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 Company applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period. These amendments had no impact on the financial statements of the Company, as prior to the application of the amendments, the Company had not identified any contracts as being onerous and the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised of incremental costs directly related to the contracts and an allocation of costs directly related to contract activities.

The adoption of the above amendments to accounting standards did not have any material effect on the financial statement.

In addition to the above amendments to standards, improvements to various accounting standards (under the annual improvements 2018 - 2020 cycle) have also been issued by the IASB in May 2020. Such improvements were generally effective for accounting periods beginning on or after January 01, 2022:

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IFRS 9 Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities - 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. There is no similar amendment proposed for IAS 39.

In accordance with the transitional provisions, the Company 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 date of initial application). These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

IFRS 16 Leases: Lease incentives – The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16 and had no impact on the financial statements of the Company.

IAS 41 Agriculture: Taxation in fair value measurements – 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.

These amendments had no impact on the financial statements of the Company as it did not have assets in scope of IAS 41 as at the reporting date.

6. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	Note	2022 Rupees	2021 Rupees
5,905,000 (2021: 5,905,000) ordinary shares of Rs. 10 each fully paid in cash		59,050,000	59,050,000
95,000 (2021: 95,000) ordinary shares of Rs.10 each issued for consideration other than cash	6.1	950,000	950,000
35,884,082 (2021: 32,076,439) ordinary shares of Rs. 10 each issued as bonus shares		358,840,820	320,764,390
	6.2	418,840,820	380,764,390

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

	2022	2021	2022	2021
	Number	Number	Rupees	Rupees
Issued, subscribed and paid-up shares of Rs. 10 each as at 01 January	38,076,439	34,614,945	380,764,390	346,149,450
Issuance of bonus shares of Rs. 10 each	3,807,643	3,461,494	38,076,430	34,614,940
Issued, subscribed and paid-up shares of Rs. 10 each as at 31 December	41,884,082	38,076,439	418,840,820	380,764,390

7. REVALUATION SURPLUS ON OPERATING FIXED ASSETS	Note	2022 Rupees	2021 Rupees
Opening balance of gross surplus on revaluation of fixed assets		437,324,115	468,643,938
Surplus on revaluation of operating fixed assets relating to disposal of plant and machinery - transferred to unappropriated profits		(10,771,089)	(12,791,990)
Incremental depreciation relating to surplus on revaluation of fixed assets - transferred to unappropriated profits - net of deferred tax		(10,720,070)	(13,338,848)
Related deferred tax liability		(4,874,483)	(5,188,985)
		(15,594,553)	(18,527,833)
		410,958,473	437,324,115
Less related deferred tax liability on:			
Balance at the beginning of the year		45,997,791	54,715,421
Effect of deferred tax due to change in proportion of tax regimes		5,011,923	203,102
Surplus on revaluation of operating fixed assets relating to disposal of plant and machinery - transferred to unappropriated profit		(1,890,798)	(3,528,645)
Incremental depreciation relating to surplus on revaluation of operating fixed assets - transferred to unappropriated profit		(4,874,483)	(5,392,087)
	22	44,244,433	45,997,791
Closing balance of surplus on revaluation of fixed assets	7.1	366,714,040	391,326,324

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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 freehold land, building on freehold land and plant and machinery was carried out on 31 December 2020 by M/S Surval (Valuer on the approved list of Pakistan Banking Association) which resulted in a surplus of Rs. 92,972,395.

8. LEASE LIABILITIES	Note	2022 Rupees	2021 Rupees
Present value of lease payments		258,014,081	149,505,355
Less: Current portion shown under current liabilities	14	(74,080,435)	(29,747,708)
		183,933,646	119,757,647

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

	Note	2022 Rupees	2021 Rupees
As at 1 January		149,505,355	147,464,259
Additions		151,968,600	27,062,194
Accretion of interest		26,899,580	17,902,625
Payments		(70,359,454)	(37,930,926)
Written off		-	(4,992,797)
As at 31 December		258,014,081	149,505,355
Current portion	14	(74,080,435)	(29,747,708)
Non-current portion		183,933,646	119,757,647

8.1 Maturity analysis:

	2022		
	Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments
	-----Rupees-----		
Within one year	100,118,949	(26,038,514)	74,080,435
After one year but not more than five years	198,232,256	(33,804,921)	164,427,335
More than five years	21,483,904	(1,977,593)	19,506,311
	319,835,109	(61,821,028)	258,014,081

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	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

	Note	2022 Rupees	2021 Rupees
8.2 Salient features of the leases are as follows:			
- Discounting factor		8.94%-17.75%	8.94% - 13.68%
- Lease term		24 to 120 Months	36 to 120 Months

9. LONG-TERM ADVANCES

Long-term advances	9.1	58,075,668	43,702,438
Less: Current portion shown under current liabilities	14	(32,987,908)	(33,461,971)
		25,087,760	10,240,467

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

	Note	2022 Rupees	2021 Rupees
10. LONG -TERM LOAN - SECURED			
Long-term loan	10.1	18,008,677	164,758,957
Less: Current portion shown under current liabilities	14	(2,569,665)	(164,758,957)
		15,439,012	-
Loan from - MCB Bank Limited		26,240,793	167,677,476
Less: Deferred grant		(8,232,117)	(2,918,519)
Less: Current portion shown under current liabilities		(2,569,665)	(164,758,957)
		15,439,012	-

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	Note	2022 Rupees	2021 Rupees
10.1 The movement of long-term loan is as follows:			
Opening balance as at 01 January		164,758,957	323,828,530
Loan obtained during the year	10.1.2	26,300,000	-
Less: deferred grant recognized	11.1	(8,879,354)	-
		17,420,646	-
Unwinding of loan		6,593,103	15,720,381
Payment during the year		(170,764,029)	(174,789,954)
		18,008,677	164,758,957
Less: Current portion shown under current liabilities		(2,569,665)	(164,758,957)
Closing balance as at 31 December		15,439,012	-

10.1.1 This represents loan of obtained under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business offered by State Bank of Pakistan. The facility has an aggregate sanctioned limit of Rs. 400 million. It carries mark-up at the rate of 3% per annum payable quarterly. The facility was secured against first joint pari passu charge of Rs. 266.67 million on the operating fixed assets of the Company. 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. The entire amount of loan has been repaid during the year.

10.1.2 This represents loan obtained during the year from MCB Bank Limited under facility for setting up solar based power project under SBP financing scheme for renewable Energy having sanctioned limit of Rs. 50 million (2021: Nil) and carries markup at the rate of 2% + 0.5% per annum payable quarterly (2021: Nil) whereas principal is repayable in 27 equal quarterly instalments starting from 10 December 2022. This facility is secured against Lien on investment fund of Rs. 67 million out of Rs. 83 million current FV of investment placed in MCB-Arif Habib Savings and Investment Limited (25% margin of limit). 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 date. The difference between fair value of loan and loan proceeds has been recognised 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)	Disbursement date	Maturity
MCB Bank Limited	26	Quarterly	974,074	10 December 2022	10 June 2029

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11. DEFERRED LIABILITIES	Note	2022 Rupees	2021 Rupees
Deferred Grant	11.1	5,593,369	-
Gratuity	11.2	525,066,824	546,646,832
		530,660,193	546,646,832

11.1 Movement of deferred grant is as follows:

Opening balance as at 01 January		2,918,519	11,912,458
Addition during the year	10.1	8,879,354	-
Grant income recognized during the year	37	(3,565,756)	(8,993,939)
Closing balance		8,232,117	2,918,519
Less: Current portion shown under current liabilities		(2,638,748)	(2,918,519)
Non-current portion		5,593,369	-

11.2 Gratuity

As discussed in Note 4.7, 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	2022 Rupees	2021 Rupees
Present value of defined benefit obligation	11.2.1	525,066,824	546,646,832

11.2.1 Movement in the present value of define benefit obligation:

Liability as at 01 January		546,646,832	525,419,561
Current service cost		33,716,071	34,443,465
Interest cost on defined benefit obligation		60,180,101	47,434,310
Benefits paid during the year		(44,960,588)	(44,687,200)
Loss in current year or prior year		48,935,584	37,190,575
Actuarial (gain) / loss from:			
changes in financial assumptions		(56,801,988)	823,015
changes in demographic assumptions		4,704,120	-
experience adjustments		5,573,211	16,354,126
		(46,524,657)	17,177,141
		549,057,759	579,787,277
Less: balance due but not paid		(23,990,935)	(33,140,445)
Liability as at 31 December		525,066,824	546,646,832

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	Note	2022 Rupees	2021 Rupees
11.2.2 Expense recognized in statement of profit or loss:			
Current service cost		33,716,071	34,443,465
Interest cost		60,180,101	47,434,310
		93,896,172	81,877,775
11.2.3 Remeasurement (gain) / loss recognized in other comprehensive income:			
Actuarial (gain) / losses from changes in financial assumptions		(56,801,988)	823,015
Actuarial loss from changes in demographic assumptions		4,704,120	-
Experience adjustments		5,573,211	16,354,126
		(46,524,657)	17,177,141
11.2.4 Changes in net recognized liability:			
Liability as at 01 January		546,646,832	525,419,561
Amount recognized during the year	11.2.2	93,896,172	81,877,775
Remeasurement (gain) / loss recognized in other comprehensive income:	11.2.3	(46,524,657)	17,177,141
Benefits due but not paid		(23,990,935)	(33,140,445)
Benefit paid during the year		(44,960,588)	(44,687,200)
Liability as at 31 December		525,066,824	546,646,832

11.2.5 Historical information for gratuity plan

	2022	2021	2020	2019	2018
	-----Rupees-----				
Present value of defined benefit obligation	525,066,824	546,646,832	525,419,561	417,661,559	356,835,157
Remeasurement adjustment arising on plan liabilities	(46,524,657)	17,177,141	63,821,894	37,645,330	22,782,070
Remeasurement adjustment as percentage of outstanding liability	(8.86%)	3.14%	12.15%	9.01%	6.38%

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

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

	2022	2021
- Discount rate used for interest cost	11.75% p.a.	9.75% p.a.
- Discount rate used for year end obligation	14.25% p.a.	11.75% p.a.
- Expected rate of increase in salary	12.13% p.a.	11.75% p.a.
- Expected average remaining working life time	7 years	8 years
- Mortality rates	SLIC	SLIC
	2001-2005	2001-2005

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 2023 amounts to Rs. 36.2 million and Rs. 81.2 million respectively.

11.2.7 Sensitivity analysis

Significant assumptions for the determination of the defined benefit plan 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	2022 Rupees	2021 Rupees
Discount rate + 100 bps		489,002,175	503,943,649
Discount rate - 100 bps		565,469,463	(595,275,352)
Salary increase + 100 bps		566,330,359	595,249,018
Salary increase - 100 bps		487,598,486	(503,194,909)

11.2.8 The following are the expected payments in future years;

Within next 12 months	26,715,458	37,011,663
Between 2 and 5 years	228,671,296	183,059,729
Between 5 and 10 years	595,453,236	497,252,964
Beyond 10 years	3,062,503,307	3,183,006,044
Total expected payments	3,913,343,297	3,900,330,400

The average duration of the defined benefit plan obligation at the end of the reporting period is 7 years (2021: 8 years).

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

12. TRADE AND OTHER PAYABLES	Note	2022 Rupees	2021 Rupees
Trade creditors	12.1	660,130,774	397,345,476
Accrued expenses		507,047,289	521,824,792
Payable to Central Research Fund		33,299,760	23,638,694
Payable to provident fund trust	12.2	-	11,625,789
Withholding tax payable		23,729,100	21,581,110
Workers Welfare Fund Payable	12.3	161,403,821	90,247,111
Refund liabilities	12.4	118,138,035	112,345,168
Payable to Employees Welfare Trust		-	826,542
		1,503,748,779	1,179,434,682

12.1 These include a balance amounting to Rs. 31.2 million (2021: Nil) due to Curexa Health (Private) Limited, a related party on account of purchases made during the year.

12.2 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.

12.3 Workers Welfare Fund Payable	Note	2022 Rupees	2021 Rupees
Balance at the beginning of the year		90,247,111	37,365,679
Charge for the year		71,156,710	52,881,432
Balance at the end of the year		161,403,821	90,247,111

12.4 This represents provision created against sales made to distributors with the right to return at the time of goods expiration.

13. CONTRACT LIABILITIES	Note	2022 Rupees	2021 Rupees
Advance from local distributors		8,614,251	33,248,835
Advance from institutions		15,776,655	-
Advance from foreign customer - Export		47,822,747	-
Advance from toll customer		50,017	-
		72,263,670	33,248,835

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

		2022	2021
	Note	Rupees	Rupees
14. CURRENT PORTION OF LONG-TERM LIABILITIES			
Lease liabilities	8	74,080,435	29,747,708
Long-term advances	9	32,987,908	33,461,971
Long-term loan - secured	10	2,569,665	164,758,957
Deferred grant	11.1	2,638,748	2,918,519
		112,276,756	230,887,155
15. SHORT - TERM BORROWINGS			
Meezan Bank Limited	15.1	280,313,558	-
Habib Bank Limited	15.2	184,191,474	-
		464,505,032	-

15.1 Working capital facilities obtained from Meezan Bank Limited comprise of Running Musharakah amounting to Rs. 500 million (31 December 2021: Rs. 250 million) and letter of credit (sight) under Musawammah amounting to Rs. 500 million (31 December 2021: Rs. 250 million). The facilities are secured against first joint pari passu charge over all present and future current assets (inclusive of 25% risk margin). The rate of profit on Running Musharak is 1 month KIBOR + 0.25% (31 December 2021: 1 month KIBOR + 0.30%) and charges against Musawammah are approximately 0.025% (31 December 2021: 0.025%) flat with nil retirement charges. Out of the aggregated facility, export refinance facility amounting to Rs. 200 million (31 December 2021: Rs. 100 million) is available as a sub limit under the same security. This facility carries profit at the rate of SBP rate plus 1% (31 December 2021: SBP rate plus 1%).

15.2 Working capital facilities obtained from Habib Bank Limited comprise of letters of credit (sight/ usance) cumulatively amounting to Rs. 500 million (31 December 2021: Rs. 500 million), an overdraft facility of Rs.184 million (31 December 2021: Rs. 184 million), and a general facility of Rs. 10 million (31 December 2021: Rs. 10 million). The facilities are secured against joint pari passu hypothecation charge of Rs. 925.33 million over current assets (inclusive of 25% margin). The rate of markup on funded facilities is 1 month KIBOR + 0.35% (31 December 2021: 1 month KIBOR + 0.35%).

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 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, department has filed reference before honourable Lahore High Court against the judgment of ATIR. The case is pending adjudication. Provision has not been recognized by the Company, as the management expects a favourable outcome.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

- 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 aforementioned addition before the ATIR, which is still pending. Provision has not been recognized by the Company, as the management expects a favourable outcome.
- An appeal was filed before the Commissioner Inland Revenue (Appeals)-V, Lahore [CIRA] against the Order-in-Original vide no. ST-55/2022 dated 17 May 2022 [Order] whereby the Deputy Commissioner Inland Revenue Enforcement-II, Unit-13, LTO, Lahore established sales tax demand of Rs. 6,477,332/- including penalty of Rs. 308,444/- and default surcharge on the issue of short payment of sales tax with respect to apportionment of input tax during the tax periods from July, 2020 to June, 2021. The case has been heard and reserved for order by learned CIRA. We anticipate a favourable outcome of the aforesaid appeal on the basis of factual and legal grounds and hence no provision is required to be made in the accounts. Provision has not been recognized by the Company, as the management expects a favourable outcome.

16.2 Commitments	Note	2022 Rupees	2021 Rupees
The Company has commitments against:			
Letter of contracts		186,082,959	269,338,321
Bank contracts		425,823,107	689,036,351
Ijarah rentals	16.3	19,608,990	-
Capital expenditure		142,333,332	111,100,000
		773,848,388	1,069,474,672
16.3 Future payments under Ijarah:			
Within one year		7,843,596	-
After one year but not more than five years		11,765,394	-
	16.4	19,608,990	-

16.4 The three-year ijarah contract with First Habib Modaraba is for 8 company vehicles, rentals of which are set at 6 month kibar + 2% subject to a 10% floor and 20% ceiling. The rate will be reviewed and determine on quarterly basis and in case the rate is not available at any time, the rental amounts will be calculated on any substitute mode available which is deemed to be fit by the bank.

16.5 The Company has given post dated cheques of Rs. 6 million (2021: 16 million) to Total Parco Pakistan Limited and Rs 5.5 million(2021: Nil) as a security against fuel cards provided to employees and Rs 1 million (2021: Nil) to Metro cash & carry to increase the credit limit for purchasing related to Canteen.

16.6 Un-availed short-term borrowing facilities:

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

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

16.6.1 Under Mark-up arrangements:

The Company also has unavailed import credit facilities available from JS Bank Limited with sanctioned limits amounting to Rs. 120 million (31 December 2021: Rs. 120 million). The facility is secured by way of lien over import documents and accepted drafts. The commission charged is 0.030% per quarter (31 December 2021: 0.030%).

17. PROPERTY, PLANT AND EQUIPMENT	Note	2022 Rupees	2021 Rupees
Operating fixed assets	17.1	1,278,716,784	1,376,185,167
Right of use assets	17.1	356,465,213	126,628,439
Capital work in progress	17.2	423,430,018	13,366,996
		2,058,612,015	1,516,180,602

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

17.1 Operating fixed assets

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

DESCRIPTION	As at 31 December			As at 01 January			As at 31 December			As at 01 January			Rate
	As at 01 January	Additions / Transfers	Disposals	As at 31 December	As at 01 January	As at 01 January	As at 31 December	As at 01 January	As at 01 January	As at 31 December	As at 01 January		
2022													
Cost/revalued amount													
Accumulated depreciation													
Depreciation charge for the year													
(Disposal) / Transfers													
As at 31 December													
Net book value as at 31 December													
Land - freehold	283,400,000	-	-	283,400,000	-	-	-	-	-	-	-	283,400,000	0%
Building on freehold land	677,745,385	81,217,410	-	758,962,795	532,093,433	22,098,826	-	554,192,259	-	554,192,259	-	204,770,536	10%
Leasehold improvement	30,486,732	18,917,500	-	49,404,232	3,556,785	7,593,031	-	11,149,816	-	11,149,816	-	38,254,416	20%
Plant and machinery	1,270,411,200	69,776,864	(220,512,295)	1,119,675,769	721,974,528	55,517,116	(38,201,195)	739,290,449	-	739,290,449	-	380,385,320	10%
Laboratory equipment	102,037,728	5,387,665	-	107,425,393	26,489,527	9,408,864	-	35,898,391	-	35,898,391	-	71,527,002	10%
Furniture and fixtures	56,175,632	5,274,110	-	61,449,742	25,161,069	4,727,902	-	29,888,971	-	29,888,971	-	31,560,771	10%
Electric and gas appliances	53,655,514	8,097,645	-	61,753,159	27,317,505	2,947,846	-	30,265,351	-	30,265,351	-	31,487,808	10%
Office equipment	120,569,879	12,549,625	(383,000)	132,736,504	61,107,981	12,810,150	(198,534)	73,719,597	-	73,719,597	-	59,016,907	10-25%
Vehicles-owned	295,127,380	50,735,300	(33,674,240)	312,188,440	115,723,455	39,194,930	(21,043,969)	133,874,416	-	133,874,416	-	178,314,024	20%
	2,889,609,450	251,956,119	(254,569,535)	2,886,996,034	1,513,424,283	154,298,665	(59,443,698)	1,608,279,250	-	1,608,279,250	-	1,278,716,784	
Right-of-use assets:													
Buildings	188,921,769	-	(18,193,453)	170,728,316	62,293,330	31,867,991	(18,193,453)	75,967,868	-	75,967,868	-	94,760,448	10-33%
Vehicles	-	75,367,000	-	75,367,000	-	1,655,008	-	1,655,008	-	1,655,008	-	73,711,992	10%
Plant and machinery	188,921,769	263,359,773	(18,193,453)	434,088,089	62,293,330	33,522,999	(18,193,453)	77,622,876	-	77,622,876	-	187,992,773	10%
Total	3,078,531,219	515,315,892	(272,762,988)	3,321,084,123	1,575,717,613	187,821,664	(77,637,151)	1,685,902,126	-	1,685,902,126	-	1,635,181,997	

Rupees

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

	Note	2022 Rupees	2021 Rupees
17.1.1 Depreciation charge has been allocated as under:			
Cost of sales	32	101,885,677	94,336,560
Distribution, selling and promotional expenses	33	44,923,233	39,013,487
Administrative and general expenses	34	41,012,754	37,127,727
		187,821,664	170,477,774

17.1.2 The latest revaluation of freehold land, building on freehold land and plant and machinery was carried out on 31 December 2020 by M/S Surval (Valuer on the the approved list of Pakistan Banking Association) which resulted in a surplus of Rs. 92.97 million over the net carrying value of assets.

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

	Note	2022 Rupees	2021 Rupees
Land - freehold		13,989,289	13,989,289
Building on freehold land		126,214,613	57,204,685
Plant and machinery		317,393,481	468,970,535
	17.1.3.1	457,597,383	540,164,509

17.1.3.1 Below is the reconciliation of carrying value without impact of revaluation surplus:

Carrying value of assets:			
Land - freehold		283,400,000	283,400,000
Building on freehold land		204,770,536	145,651,952
Plant and machinery		380,385,320	548,436,672
		868,555,856	977,488,624
Less: Revaluation surplus		366,714,040	391,326,324
Less: Related deferred tax		44,244,433	45,997,791
	7	410,958,473	437,324,115
Carrying value without revaluation surplus		457,597,383	540,164,509

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

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-----								
Plant and Machinery								
HVAC Chiller	62,396,682	(12,689,094)	49,707,588	52,621,944	2,914,356	Sale & Leaseback	First Habib Modaraba	
Blistering & Cartoning	115,959,371	(25,160,799)	90,798,572	96,122,092	5,323,520	Sale & Leaseback	First Habib Modaraba	
Coater 500 Kg	42,156,242	(351,302)	41,804,940	44,255,964	2,451,024	Sale & Leaseback	First Habib Modaraba	
Vehicle Type								
Motor Cars								
Suzuki Cultus	LEA-18A-7488	1,340,000	(833,592)	506,408	984,835	478,427	Company Policy	Usman Wahid Bhatti
Suzuki Alto	LEA-20-7021	1,398,000	(636,867)	761,133	1,125,235	364,102	Company Policy	Mirza Shujat Ali
Honda City	LEB-19-7085	1,859,000	(1,127,182)	731,818	-	(731,818)	Company Policy	Tariq Aziz
Suzuki Cultus VXR	LEH-19-5952	1,745,000	(975,627)	769,373	1,133,220	363,847	Company Policy	Sajid Pervaiz
Third party:								
Suzuki Alto	AAC 877	1,398,000	(560,753)	837,247	1,745,500	908,253	Sale In Market	Market
Suzuki Alto	AAB 513	1,398,000	(560,753)	837,247	1,734,500	897,253	Sale In Market	Market
Items having NBV less than Rs.500,000 each								
	24,919,240	(16,547,729)	8,371,511	12,969,238	4,597,727			
2022	254,569,535	(59,443,698)	195,125,837	212,692,528	17,566,691			
2021	162,533,390	(117,234,061)	45,299,329	49,472,974	4,173,645			

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

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

17.1.6 The above amount does not include assets which are capitalized from 1st January 2022 to 31 December 2022, as no material change in values occurred for the same.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

17.1.7 The Company entered into a Sale and leaseback transaction with First Habib Modarbah for a period of 2 years to generate additional cash inflow. The net cashflow impact of the transaction during the year is Rs. 91.68 Million.

17.1.8 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 facility and Registered Office	43.6	237,402

17.2 Capital work in progress

Movement in capital work in progress is as follows:

	Plant and Machinery		Others		Total	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
Opening balance	1,787,999	59,201,859	11,578,997	8,832,572	13,366,996	68,034,431
Additions during the year	73,187,999	11,600,253	586,053,797	102,413,183	659,241,796	114,013,436
Transferred to owned assets	(69,776,864)	(69,014,113)	(179,401,910)	(99,666,758)	(249,178,774)	(168,680,871)
	5,199,134	1,787,999	418,230,884	11,578,997	423,430,018	13,366,996

18. INTANGIBLE ASSETS	Note	2022	2021
		Rupees	Rupees
Intangible assets	18.1	35,835,396	-
Software - under implementation	18.2	-	21,189,000
		35,835,396	21,189,000

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

18.1	2022									
	Cost				Accumulated amortization				Book value as at 31 December	Rate %
	As at 01 January	Additions	Written off	As at 31 December	As at 01 January	For the year	Written off	As at 31 December		
PARTICULARS										
----- Rupees -----										
Registration and trademark(18.1.1)	154,434,175	-	-	154,434,175	154,434,175	-	-	154,434,175	-	10%
ERP software (18.1.2)	11,305,681	37,571,500	11,305,681	37,571,500	11,305,681	1,736,104	(11,305,681)	1,736,104	35,835,396	20%
	165,739,856	37,571,500	11,305,681	192,005,675	165,739,856	1,736,104	(11,305,681)	156,170,279	35,835,396	

18.1	2021									
	Cost				Accumulated amortization				Book value as at 31 December	Rate %
	As at 01 January	Additions	Written off	As at 31 December	As at 01 January	For the year	Written off	As at 31 December		
PARTICULARS										
----- Rupees -----										
Registration and trademark	154,434,175	-	-	154,434,175	154,434,175	-	-	154,434,175	-	10%
ERP 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	-	

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

18.1.2 ERP software represents the cost incurred on the implementation of IT software SAP S/4HANA and fee for license paid to Systems Limited for the period of 5 years.

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

18.3	Amortization charge has been allocated as under:	Note	2022 Rupees	2021 Rupees
	Cost of sales	32	1,053,216	-
	Distribution, selling and promotional expenses	33	36,686	-
	Administrative and general expenses	34	646,202	-
			1,736,104	-

19. LONG-TERM INVESTMENT

Subsidiary Company - Unlisted

Curexa Health (Private) Limited	19.1	200,000,000	200,000,000
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Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

- 19.1** This represents 100% (2021: 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.

20. LONG-TERM DEPOSITS	Note	2022 Rupees	2021 Rupees
Bank Guarantee Margin		1,602,710	1,602,710
Deposit with Vendors		22,340,719	9,840,719
Security Deposits against leases		24,233,160	-
		48,176,589	11,443,429

21. LONG-TERM ADVANCES

These represent advances given to employees against the purchase 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.

22. DEFERRED TAX ASSETS	Note	2022 Rupees	2021 Rupees
Deferred tax liabilities on taxable temporary differences:			
Surplus on revaluation of operating fixed assets	7	(44,244,433)	(45,997,791)
Right of use asset - net		(27,026,557)	-
Accelerated tax depreciation		(149,184,422)	(71,469,853)
		(220,455,412)	(117,467,644)
Deferred tax assets on deductible temporary differences:			
Allowance for expected credit losses		16,280,761	6,171,494
Lease liabilities - net		-	6,310,552
Provision for gratuity		164,123,288	150,791,435
Provisions		74,582,638	7,780,891
		254,986,687	171,054,372
Deferred tax assets - net		34,531,275	53,586,728

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

	Note	2022 Rupees	2021 Rupees
22.1 Movement in deferred tax is as follows:			
At beginning of the year		53,586,728	39,126,098
Recognized as deferred tax (expense) / income in unconsolidated statement of profit or loss:			
- Surplus on revaluation of operating fixed assets		6,765,281	8,717,630
- Accelerated tax depreciation on fixed assets		(77,714,569)	(279,870)
- Lease liabilities		(33,337,109)	2,589,436
- Provisions		66,801,747	(4,483,774)
- Allowance for expected credit losses		10,109,267	1,421,747
- Gratuity		27,874,344	1,500,314
		498,961	9,465,483
Recognized as deferred tax income in un-consolidated statement of comprehensive income:			
- Gratuity		(14,542,491)	4,995,147
- Revaluation Surplus on operating fixed assets		(5,011,923)	-
		34,531,275	53,586,728

23. STOCK IN TRADE

Raw materials			
In hand		1,660,930,812	1,122,881,247
In transit		21,316,285	162,249,057
With third party		197,297,237	84,793,190
		1,879,544,334	1,369,923,494
Packing material		623,009,049	395,857,027
Work in process		272,204,156	237,040,152
Finished goods			
Trading -in hand		431,580,530	136,804,857
Trading -in transit		121,809,234	4,081,795
Manufactured		627,415,587	285,673,971
		1,180,805,351	426,560,623
Less: Provision for slow moving and obsolete items	23.1	(120,468,378)	(113,444,953)
		3,835,094,512	2,315,936,343

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

		2022	2021
	Note	Rupees	Rupees
23.1 Provision for slow moving and obsolete items			
Opening provision		113,444,953	145,638,726
Charge for the year		29,307,578	7,032,076
Written off during the year		(22,284,153)	(39,225,849)
Closing provision		120,468,378	113,444,953

24. TRADE RECEIVABLES

Foreign		56,554,198	86,675,859
Local		1,325,868,534	630,384,241
		1,382,422,732	717,060,100
Less: Allowance for expected credit losses	24.1	(52,085,768)	(22,372,807)
	24.2	1,330,336,964	694,687,293

24.1 Allowance for expected credit losses:

Opening balance		22,372,807	17,295,078
Charged during the year	36	29,712,961	10,582,999
Written off during the year		-	(5,505,270)
		52,085,768	22,372,807

24.2 Age analysis of these trade debts is given in Note 42.1

25. ADVANCES, TRADE DEPOSITS AND PREPAYMENTS

Advances to staff			
- against expenses	25.1	107,104,995	44,240,005
- against salary	25.2	37,424,485	55,184,494
- current portion of advances against vehicles		15,987,090	20,047,866
		160,516,570	119,472,365
Advance to suppliers against goods and services	25.3	378,581,111	52,658,045
Margin against letter of credit		354,777,373	144,615,695
Trade deposits		28,443,165	27,735,434
Prepayments		49,489,841	22,279,488
		971,808,060	366,761,027

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

- 25.1** Advances to staff provided to meet business expenses are settled as and when the expenses are incurred.
- 25.2** Advances to staff are interest free and settled against immediate salary. These advances are secured against final settlement of staff provident fund and impact of IFRS-9 is immaterial.
- 25.3** This includes an advance of amounting to Rs. 43.51 million (2021: Rs. 2 million) provided to Route2 health (the associate company). The maximum amount due from Route2 health during the year, calculated by reference to month-end balances, was Rs. 218.12 million (2021: Rs. 2 million).

26. OTHER RECEIVABLES	Note	2022 Rupees	2021 Rupees
Receivable from			
Insurance companies	26.1	1,565,294	2,765,294
Route 2 Health (the associate company)		3,510,513	-
Workers' Profit Participation Fund	26.2	8,534,371	19,535,116
		13,610,178	22,300,410
Interest accrued	26.3	13,270,133	3,499,325
Others		4,817,552	1,060,424
		31,697,863	26,860,159

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

26.2 Workers' Profit Participation Fund	Note	2022 Rupees	2021 Rupees
Balance at the beginning of the year		19,535,116	1,086,734
Charge for the year		(177,077,705)	(126,480,188)
Amount received from fund		-	(71,430)
		(157,542,589)	(125,464,884)
Paid during the year		166,076,960	145,000,000
		8,534,371	19,535,116

- 26.3** This includes mark up amounting to Rs. 0.3 million receivable from Curexa (a related party) against loan.

27. LOAN TO SUBSIDIARY	27.1	10,000,000	10,000,000
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- 27.1** The loan has been provided to Curexa (Private) Limited (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 (2021: Rs. 10 million). The loan is in compliance with the requirements of section 199 of Company's Act, 2017.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

28. SHORT TERM INVESTMENT	Note	2022 Rupees	2021 Rupees
Investments at fair value through profit or loss			
Mutual Funds	28.1	1,193,596,924	2,059,740,193
28.1 These investments are measured at fair value through profit or loss			
Balance at the beginning of the year		2,059,740,193	1,093,846,453
Additions during the year		1,590,531,440	1,372,471,989
Redemption during the year		(2,465,922,190)	(417,170,045)
Realized (loss) / gain on redemption of investments during the year	36	(939,142)	(600,055)
Un-realized gain on remeasurement of investments during the year	37	10,186,623	11,191,851
Closing and fair value of short term investment	28.1.1	1,193,596,924	2,059,740,193

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

	Units		Fair Value	
	2022	2021	2022	2021
28.1.1 Mutual fund wise detail is as follows:	Numbers	Numbers	Rupees	Rupees
Alfalah GHP Income Fund	7,861	182,378	951,317	21,463,277
Alfalah GHP Money Market Fund	734,606	743,899	72,305,891	73,174,515
MCB Cash Management Optimizer Fund	816,382	1,053,705	82,863,602	106,472,418
Faysal MTS Fund	1,983	-	218,111	-
Faysal Money Market Fund	368,748	781,225	37,795,038	79,775,221
Askari High Yield Scheme	487,746	1,262,382	53,165,658	135,846,646
Askari Sovereign Cash Fund	79,763	498,687	8,825,267	53,288,782
Meezan Rozana Amdani Fund	444,381	3,113,012	22,242,909	155,650,609
NBP Money Market Fund	1,394,602	11,022,846	13,882,145	109,250,251
NBP Financial Sector Income Fund	13,963,710	26,027,168	147,657,858	274,719,359
UBL Liquidity Plus Fund	872,466	4,032,473	88,556,169	408,808,274
UBL Government Securities Fund	2,714,335	-	305,683,297	-
NIT Money Market Fund	2,029,381	11,319,746	19,647,659	109,404,217
HBL Money Market Fund	90,306	652,053	9,955,869	69,853,326
HBL Financial Sector Income Fund	770,686	-	78,144,391	-
ABL Cash Fund	11,151,385	9,471,643	115,172,621	96,787,876
ABL Government Security Fund	-	3,839,029	-	40,000,000
Atlas Money Market Fund	223,811	200,821	114,079,170	101,911,500
JS Cash Fund	-	959,165	9,650	102,151,080
First Habib Cash Bank	219,494	1,185,576	22,440,302	121,182,842
	36,371,646	76,345,808	1,193,596,924	2,059,740,193

		2022	2021
29. TAX REFUNDS DUE FROM THE GOVERNMENT	Note	Rupees	Rupees
Sales tax refundable - net	29.1	425,021,817	29,197,207

29.1 This refundable contain certain provision amounting to Rs. 30.7 million (2021: Rs. Nil).

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

30. CASH AND BANK BALANCES	Note	2022 Rupees	2021 Rupees
Cash and imprest		1,985,458	1,989,458
Balance with banks			
Current accounts			
-Local currency		123,858,822	182,281,706
-Foreign currency		14,431,417	12,234,160
Saving accounts	30.1	147,049,207	520,543,862
Term deposit receipts	30.2	145,290,304	95,000,000
		430,629,750	810,059,728
		432,615,208	812,049,186

30.1 These represents savings accounts which carries average profit at the rate of ranging from 4.5% - 14.51% (2021: 5.56% - 7.26%).

30.2 These represents investments in term deposit receipts. They carry average profit at the rate of ranging from 5% - 16% (2021: 5% - 10.5%) which will be matured during March 2023

31. REVENUE FROM CONTRACTS WITH CUSTOMERS- NET	Note	2022 Rupees	2021 Rupees
Local sales	31.1	16,162,883,674	13,532,892,652
Export sales		888,882,372	624,529,466
		17,051,766,046	14,157,422,118
Toll manufacturing		491,427,184	384,381,096
		17,543,193,230	14,541,803,214
Less:			
Trade Discounts		1,518,151,511	1,371,729,240
Sales tax		109,463,316	56,948,666
Sales return		99,641,405	112,345,168
		(1,727,256,232)	(1,541,023,074)
	31.4	15,815,936,998	13,000,780,140

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

31.1 This includes trading sales amounting to Rs. 2.8 billion (2021: RS. 2.7 billion).

31.2 Geographical information	Note	2022 Rupees	2021 Rupees
Revenue from external customers - net			
Pakistan		14,927,054,626	12,434,705,044
Afghanistan		588,752,398	296,150,881
United Arab Emirates		103,264,024	106,311,447
France		49,710,333	68,123,197
Kenya		15,368,650	64,625,112
Iraq		61,121,943	14,367,650
Cambodia		18,252,003	6,874,703
Tanzania		21,089,012	3,914,213
Dubai		19,885,829	-
Others		11,438,180	5,707,893
Total revenue from contracts with customers		15,815,936,998	13,000,780,140

Timing of revenue recognition

Goods transferred at a point in time		15,815,936,998	13,000,780,140
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31.3 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 on credit terms. In case of credit sales, payment is generally due within 30-45 days.

31.4 Contract balances	Note	2022 Rupees	2021 Rupees
Trade receivables	31.4.1	1,330,336,964	694,687,293
Contract liabilities	31.4.2	(72,263,670)	(33,248,835)
		1,258,073,294	661,438,458

31.4.1 Trade receivables are non-interest bearing and are generally on terms of 30 to 45 days. The increase in trade receivables pertains to increase in overall revenue from customers during the year.

31.4.2 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. 33.2 million (2021: Rs. 76.85 million), have been recognized as revenue upon dispatch of goods.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

32. COST OF SALES	Note	2022 Rupees	2021 Rupees
Raw and packing material consumed	32.1	5,073,760,939	3,822,642,022
Salaries, wages and benefits	32.2	779,377,237	616,827,101
Fuel and power		153,055,710	138,957,797
Repairs and maintenance		43,716,164	103,144,445
Depreciation	17.1.1	101,885,677	94,336,560
Amortization	18.3	1,053,216	-
Factory supplies		11,358,847	47,759,796
Vehicle running and maintenance		74,382,723	41,168,233
Stores consumed	32.1	90,418,325	40,567,105
Insurance		16,062,752	11,565,168
Printing and stationery		16,179,460	11,539,051
Fee and subscription		21,642,788	19,843,501
Rent, rates and taxes	32.3	17,965,164	13,522,141
Traveling and conveyance		9,770,570	6,297,758
Consultancy and professional charges		4,900,260	6,983,757
Other direct costs		3,986,376	3,487,692
Telephone, postage and communication		2,366,599	1,963,396
		6,421,882,807	4,980,605,523
Inventory effect of work in process			
Opening		237,040,152	125,940,489
Closing		(272,204,156)	(237,040,152)
		(35,164,004)	(111,099,663)
Cost of goods manufactured		6,386,718,803	4,869,505,860
Inventory effect of finished goods			
Opening		426,560,623	553,543,165
Purchases		2,153,379,204	1,588,698,308
Closing		(1,180,805,351)	(426,560,623)
		1,399,134,476	1,715,680,850
Cost of goods sold		7,785,853,279	6,585,186,710

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

	Note	2022 Rupees	2021 Rupees
32.1 Raw, packing material and store consumed:			
Opening stock		1,765,780,521	1,471,185,789
Add: Purchases during the year		5,900,952,126	3,568,614,395
Less: Closing stock		(2,502,553,383)	(1,765,780,521)
Raw and packing material consumed during the year		5,164,179,264	3,863,209,127
32.2 This includes the following staff benefits:			
Defined benefit plan - Gratuity		12,981,903	23,055,948
Defined contribution plan - Provident Fund		17,352,114	14,244,570
Provision for compensated leave absences		14,116,205	5,436,373
		44,450,222	42,736,891

32.3 This represents amount to Rs. 17.9 million in respect of warehouses. Company has accounted for this using short-term lease exemptions accounting of IFRS-16.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

		2022	2021
33.	DISTRIBUTION, SELLING AND PROMOTIONAL EXPENSES	Rupees	Rupees
	Salaries and benefits	1,704,548,924	1,470,603,581
	Traveling and conveyance	637,665,000	470,312,032
	Training, seminars and symposia	249,832,482	335,772,558
	Literature, promotion and advertisement material	685,999,602	642,468,306
	Vehicle running and maintenance	270,478,271	146,721,837
	Freight	170,002,149	99,806,832
	Sample goods	69,912,031	80,847,774
	Newspapers and subscriptions	43,382,905	54,363,511
	Depreciation	44,923,233	39,013,487
	Amortization	36,686	-
	Insurance	47,252,565	31,701,332
	Telephone, postage and communication	31,410,586	22,380,128
	Commission on settlement	6,113,104	5,791,482
	Rent, rates and taxes	7,480,765	7,222,380
	Office supplies	1,680,383	4,808,907
	Printing and stationery	3,013,603	3,525,677
	Repairs and maintenance	877,107	884,466
	Legal and professional charges	6,024,429	-
	Ijarah rentals	7,404,607	-
	Others	417,695	124,730
		3,988,456,127	3,416,349,020
33.1	This includes following staff benefits:		
	Defined benefit plan - Gratuity	13,660,792	29,526,629
	Defined contribution plan - Provident Fund	41,793,828	33,251,756
	Provision for compensated leave absences	15,845,841	10,278,017
		71,300,461	73,056,402

33.2 This represents amount to Rs. 7.4 million in respect of warehouses. Company has accounted for this using short-term lease exemptions accounting of IFRS-16.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

		2022	2021
	Note	Rupees	Rupees
34. ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries and benefits	34.1	360,902,443	361,919,685
Depreciation	17.1.1	41,012,754	37,127,727
Amortization	18.3	646,202	-
Vehicle running and maintenance		42,682,809	35,255,609
Donation	34.4	6,560,648	16,790,527
Repairs and maintenance		16,017,131	12,528,910
Newspapers and subscriptions		26,746,285	11,987,737
Telephone, postage and communication		11,765,389	8,928,044
Rent, rates and taxes	34.2	17,692,663	7,736,561
Traveling and conveyance		25,269,932	5,744,562
Legal and professional charges		7,474,163	5,823,565
Electricity, gas and water		22,673,236	5,597,941
Office supplies		12,550,157	5,590,616
Insurance		3,404,814	4,896,154
Advertisement, seminars and symposia		2,725,682	3,127,000
Printing and stationery		8,949,568	3,974,894
Auditors' remuneration	34.3	3,619,500	2,469,500
Others		3,935,407	1,389,086
		614,628,783	530,888,118
34.1 It includes the following staff benefits:			
Defined benefit plan - Gratuity		10,419,526	29,295,198
Defined contribution plan - Provident Fund		10,707,511	9,447,753
Provision for compensated leave absences		2,211,788	1,923,294
		23,338,825	40,666,245

34.2 This represents amount of Rs. 17.6 million in respect of warehouses. Company has accounted for this using short-term lease exemptions accounting of IFRS-16.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

	Note	2022 Rupees	2021 Rupees
34.3 Auditors' remuneration			
Statutory audit		2,100,000	1,650,000
Other services		700,000	-
Fee for review of half yearly financial information		478,500	478,500
Review of Statement of compliance of CCG		121,000	121,000
Out of pocket		220,000	220,000
		3,619,500	2,469,500

34.4 There is no donation to a single party exceeding Rs. 500,000 of the Company's total amount of donation.

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

	Note	2022 Rupees	2021 Rupees
35. RESEARCH AND DEVELOPMENT EXPENSES			
Salaries and benefits	35.1	9,619,884	7,350,627
Vehicle repair and maintenance		788,237	537,196
Traveling		39,148	16,332
Insurance		45,564	47,092
Office supplies		50,248	43,890
Others		88,147	677,443
		10,631,228	8,672,580

35.1 It includes the defined contribution plan - provident fund of Rs. 0.31 million (2021: Rs. 0.22 million)

	Note	2022 Rupees	2021 Rupees
36. OTHER OPERATING EXPENSES			
Workers' Profit Participation Fund	26.2	177,077,705	126,480,188
Workers' Welfare Fund	12	70,831,082	52,881,432
Central Research Fund	12	35,415,541	23,715,543
Allowance for expected credit losses	24.1	29,712,961	10,582,999
Realized loss on sale of short-term investment	28.1	939,142	600,055
Exchange loss - net		7,474,628	-
		321,451,059	214,260,217

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

	Note	2022 Rupees	2021 Rupees
37. OTHER INCOME			
Income from financial assets:			
Return on deposits		15,126,064	29,148,228
Dividend Income on short-term investment		218,626,676	103,442,831
Unrealized gain on re-measurement of short term investment to fair value		10,186,623	11,191,851
Interest on loan to subsidiary		1,510,164	901,445
Deferred Income	11.1	3,565,756	8,993,939
Exchange gain - net		-	3,536,257
Income from non-financial assets:			
Gain on disposal of operating fixed assets	17.1.4	17,566,691	4,173,645
Liabilities written back		37,171,978	-
Scrap sales		1,234,154	1,261,074
		304,988,106	162,649,270
38. FINANCE COSTS			
Finance cost on lease liabilities	8	26,899,580	17,902,625
Mark-up on long-term loans		6,593,103	14,683,977
Mark-up on short-term borrowings		17,498,546	-
Bank charges		3,409,016	3,341,945
		54,400,245	35,928,547
39. TAXATION			
Current income tax:			
Charge for the year		923,445,317	625,421,098
Adjustments in respect of current income tax of previous year		5,385,686	(51,844,559)
		928,831,003	573,576,539
Deferred			
Relating to origination and reversal of temporary differences		(498,961)	(9,465,483)
		928,332,042	564,111,056

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

39.1 Reconciliation of tax charge for the year	Note	2022 Rupees	2021 Rupees
Numerical reconciliation between the average effective tax rate and the applicable tax rate is as follows:			
Profit before tax		3,345,504,383	2,372,144,218
Tax at applicable tax rate of 29% (2021: 29%)		970,196,271	687,921,823
Effect of non-deductible expenses for tax purposes		10,343,637	10,922,582
Effect of non-chargeable income for tax purposes		(37,543,627)	(4,221,888)
Effect of allowable deductions / charge for tax purposes:			
Depreciation of operating fixed assets		10,694,722	10,554,274
Gain / loss on disposal of fixed asset.		6,376,413	2,132,191
WPPF / WWF		(43,306,138)	(4,223,299)
Allowance for expected credit losses		6,653,000	1,549,235
Gratuity		(12,293,256)	8,283,349
Lease payments		(9,577,481)	(5,853,017)
Effect of amounts subject to fixed / final taxes		(91,666,825)	(81,644,152)
Effect of Super tax		113,069,640	-
Prior year income tax charge		5,385,686	(51,844,559)
Average tax expense charged to profit or loss		928,332,042	573,576,539

40. EARNINGS PER SHARE - BASIC AND DILUTED

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

			Restated
Profit after taxation	Rupees	2,417,172,341	1,808,033,162
Weighted average number of ordinary shares	Number of shares	41,884,082	38,076,439
Earnings per share	Rupees	57.71	43.17

41. REMUNERATION OF CHIEF EXECUTIVE 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:

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

	2022		2021	
	Chief Executive	Executives	Chief Executive	Executives
	-----Rupees-----			
Short-term employee benefits				
Managerial remuneration	26,633,054	477,209,443	24,065,159	366,298,277
House Allowance / utility	8,957,832	173,979,676	7,997,784	141,081,831
Medical	-	13,842,496	12,500	8,864,563
	35,590,886	665,031,615	32,075,443	516,244,671
Retirement benefits	5,492,747	55,791,614	1,332,576	20,678,264
	41,083,633	720,823,229	33,408,019	536,922,935
Number of persons	1	112	1	95

41.1 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.

41.2 Managerial remuneration includes Rs. 87.1 million (2021: Rs. 92.2 million) charged in the statement of profit or loss in respect of bonus to chief executive and executives of the Company.

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

42. FINANCIAL RISK MANAGEMENT

42.1 Financial risk factors

The Company'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 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

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 2022

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to 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 2022	Effects on Profit Before Tax 2021
		Rupees	Rupees
Receivables - USD	+10%	5,475,150	8,750,753
	-10%	(5,475,150)	(8,750,753)
Payables - Euro	+10%	2,500,513	1,008,836
	-10%	(2,500,513)	(1,008,836)
Payables - USD	+10%	23,667,160	310,157
	-10%	(23,667,160)	(310,157)
Payables - JPY	+10%	2,166,912	-
	-10%	(2,166,912)	-
Bank balance - USD	+10%	1,850,380	1,224,360
	-10%	(1,850,380)	(1,224,360)
Reporting date rate:			
USD		226.36	178.17
Euro		241.19	201.86
JPY		1.71	1.56

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

(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, short - term borrowings, 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:

	2022 Rupees	2021 Rupees
Floating rate instruments		
Financial assets at amortized cost		
Cash and bank balances - deposit accounts	147,049,207	520,543,862
Loan to subsidiary	10,000,000	10,000,000
Financial assets at fair value through profit or loss		
Short term investments	1,193,596,924	2,059,740,193
	1,350,646,131	2,590,284,055

Financial assets at amortized cost:

Lease liabilities	258,014,081	149,505,355
Long-term loan	18,008,677	164,758,957

Fair value sensitivity analysis for fixed rate instruments

Term deposit receipts	145,290,304	95,000,000
-----------------------	-------------	------------

Cash flow sensitivity analysis for variable rate instruments

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

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

		Changes in	Effects on Profit
		Interest Rate	Before Tax
		Rupees	Rupees
Lease liabilities	2022	+1.50	(3,870,211)
		-1.50	3,870,211
	2021	+1.50	(2,242,580)
		-1.50	2,242,580
Long-term Loan	2022	+1.50	270,130
		-1.50	(270,130)
	2021	+1.50	2,471,384
		-1.50	(2,471,384)
Short term deposits	2022	+1.50	2,179,355
		-1.50	(2,179,355)
	2021	+1.50	1,425,000
		-1.50	(1,425,000)
Loan to subsidiary	2022	+1.50	150,000
		-1.50	(150,000)
	2021	+1.50	150,000
		-1.50	(150,000)
Cash and bank balances - deposit accounts	2022	+1.50	2,205,738
		-1.50	(2,205,738)
	2021	+1.50	7,808,158
		-1.50	(7,808,158)
Short term investments	2022	+1.50	17,903,954
		-1.50	(17,903,954)
	2021	+1.50	30,896,103
		-1.50	(30,896,103)

(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

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

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:

		2022	2021
	Note	Rupees	Rupees
Financial assets at amortized cost:			
Trade receivables		1,330,336,964	582,342,125
Advances to employees against salaries		37,424,485	55,184,494
Trade deposits		76,619,754	39,178,863
Other receivables		31,697,863	26,860,159
Loan to subsidiary		10,000,000	10,000,000
Term deposit receipts		145,290,304	95,000,000
Bank balances		285,339,446	715,059,728
Financial assets at fair value through profit or loss:			
short-term investments		1,193,596,924	2,059,740,193
		3,110,305,740	3,583,365,562

(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

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

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 2022, the Company has 72 (2021: 34) customers who owed the Company more than Rs.1 million each and accounted for approximately 87% (2021: 95%) 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:

Trade receivables				
Days past due				
2022				
<30 days	31-90 days	91-180 days	>180 days	Total

-----Rupees-----

31 December 2022

Expected credit loss rate	1.23%	3.05%	25.27%	99.35%	
Estimated total gross carrying amount at default	849,668,993	456,570,107	64,786,999	11,396,633	1,382,422,732
Expected credit loss	10,478,869	13,914,702	16,371,735	11,322,108	52,087,414

Trade receivables				
Days past due				
2021				
<30 days	30-90 days	91-180 days	>180 days	Total

-----Rupees-----

31 December 2021

Expected credit loss rate	0.85%	7.17%	25.19%	58.49%	
Estimated total gross carrying amount at default	652,748,380	38,551,115	1,854,713	23,905,892	717,060,100
Expected credit loss	5,140,621	2,763,033	467,145	13,983,072	22,353,871

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

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

	Rating			Rupees 2022	Rupees 2021
	Short term	Long term	Agency		
Cash and short term Deposits					
National Bank of Pakistan	A-1+	AAA	PACRA - VIS	1,362,092	22,198,894
United Bank Limited	A-1+	AAA	VIS	4,246,896	2,796,069
Habib Bank Limited	A-1+	AAA	VIS	117,295,359	594,327,570
Allied Bank Limited	A-1+	AAA	PACRA	229,594	25,389
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	95,209,138	1,961,976
JS Bank Limited	A-1+	AA-	PACRA	3,599,892	104,947,714
Bank Al Habib Limited	A-1+	AAA	PACRA	18,730	18,730
Meezan Bank Limited	A-1+	AAA	VIS	52,985,037	3,918,816
Askari Bank Limited	A-1+	AA+	PACRA	6,045,397	25,780,648
Mobilink Microfinance Bank Limited	A-1	A	PACRA	3,706,640	4,042,021
MCB Bank Limited	A-1+	AAA	PACRA	640,671	35,826
Faysal Bank Limited	A-1+	AA	PACRA - VIS	-	6,075
First Habib Modaraba	A-1+	AA+	PACRA - VIS	145,290,304	50,000,000
				430,629,750	810,059,728

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

	Rating		Rupees 2022	Rupees 2021
	Long term	Agency		
Short term investments				
UBL Liquidity Plus Fund	AA+(f)	VIS	88,556,169	408,808,274
NBP Financial Sector Income Fund	A+(f)	PACRA	147,657,858	274,719,359
Meezan Rozana Amdani Fund	AA+(f)	VIS	22,242,909	155,650,609
Askari High Yield Scheme	A(f)	PACRA	53,165,658	135,846,646
First Habib Cash Fund	AA+(f)	VIS	22,440,302	121,182,843
NIT Money Market Fund	AAA(f)	PACRA	19,647,659	109,404,217
NBP Money Market Fund	AA(f)	PACRA	13,882,145	109,250,251
MCB Cash Management Optimizer Fund	AA+(f)	PACRA	82,863,602	106,472,418
JS Cash Fund	AA+(f)	PACRA	9,650	102,151,080
Atlas Money Market Fund	AA+(f)	PACRA	114,079,170	101,911,500
ABL Cash Fund	AA+(f)	VIS	115,172,621	96,787,876
Faysal Money Market Fund	AA(f)	PACRA	37,795,038	79,775,221
Alfalah GHP Money Market Fund	AA+(f)	PACRA	72,305,891	73,174,515
HBL Money Market Fund	AA+(f)	VIS	9,955,869	69,853,326
Askari Sovereign Cash Fund	AA+(f)	VIS	8,825,267	53,288,782
ABL Government Security Fund	AA-(f)	VIS	-	40,000,000
Alfalah GHP Income Fund	A+(f)	PACRA	951,317	21,463,277
Faysal MTS Fund	AA-(f)	PACRA	218,111	-
UBL Government Securities Fund	A+(f)	VIS	305,683,297	-
HBL Financial Sector Income Fund	AA(f)	VIS	78,144,391	-
			1,193,596,924	2,059,740,194
			1,624,226,674	2,869,799,922

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.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

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.

	Carrying amount	Contractual cash flows	2022			
			within 1 year	1 to 2 years	2 to 5 years	more than 5 years
31 December 2022			-----Rupees-----			
Lease liabilities	258,014,081	319,835,109	100,118,949	131,106,761	67,125,495	21,483,904
Long-term Loan	18,008,677	18,008,677	4,478,939	3,385,041	11,737,311	6,652,802
Short-term borrowings	464,505,032	464,505,032	464,505,032	-	-	-
Trade and other payables	1,285,316,098	1,285,316,098	1,285,316,098	-	-	-
Unclaimed dividend	98,853,172	98,853,172	98,853,172	-	-	-
	2,124,697,060	2,186,518,088	1,953,272,190	134,491,802	78,862,806	28,136,706

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

	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

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 2022, had there been increase / decrease in net asset value by 1% with all other available held constant, the profit before tax for the year would have been higher / lower by Rs. 11.94 million (2021: Rs. 20.59 million).

42.2 Financial instruments by categories

2022		
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	-	48,176,589	48,176,589
Advances	-	37,424,485	37,424,485
Trade debts	-	1,330,336,964	1,330,336,964
Trade deposits	-	28,443,165	28,443,165
Other receivables	-	31,697,863	31,697,863
Bank and term - deposits	-	432,615,208	432,615,208
short-term Investments		1,193,596,924	- 1,193,596,924
		1,193,596,924	2,108,694,274 3,302,291,198

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

	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
Bank and term - deposits	-	812,049,186	812,049,186
short-term Investments	2,059,740,193	-	2,059,740,193
	2,059,740,193	1,725,279,616	3,785,019,809

	2022	2021
	Financial Liabilities at amortized cost	
	-----Rupees-----	
Liabilities as per statement of financial position:		
Lease liabilities	258,014,081	149,505,355
Long-term Loan	18,008,677	164,758,957
Unclaimed dividend	98,853,172	44,471,264
Short-term borrowings	464,505,032	-
Trade and other payables	1,285,316,098	931,622,599
	2,124,697,060	1,290,358,175

43. 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

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

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

	2022 Rupees	2021 Rupees
Long-term loan	15,439,012	164,758,957
Lease liabilities	258,014,081	149,505,355
Trade and other payables	1,285,316,098	931,622,599
	1,558,769,191	1,245,886,911
Less: Cash and short-term deposits	(432,615,208)	(812,049,186)
Net debt	1,126,153,983	433,837,725
Share capital	418,840,820	380,764,390
Revaluation surplus on operating fixed assets	366,714,040	391,326,324
Revenue reserves	6,659,681,588	4,990,531,928
	7,445,236,448	5,762,622,642
Total capital employed	8,571,390,431	6,196,460,367
Gearing ratio	13%	7%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

44. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2022		
	Long-term loan	Lease liabilities	Total
	-----Rupees-----		
Opening balance	164,758,957	149,505,355	314,264,312
Addition in leases	26,300,000	151,968,600	178,268,600
Cash flows - net	(170,764,029)	(70,359,454)	(241,123,483)
Finance cost	6,593,103	26,899,580	33,492,683
Recognition of grant	(8,879,354)	-	(8,879,354)
Others	-	-	-
Closing balance	18,008,677	258,014,081	276,022,758

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

	2021		
	Long-term loan	Lease liabilities	Total
	-----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

45. FAIR VALUE MEASUREMENT

45.1 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
	-----Rupees-----			
Short-term investment	1,193,596,924	-	-	1,193,596,924
Revalued Property, plant and equipment:				
Land - freehold	-	283,400,000	-	283,400,000
Building on freehold land	-	204,770,536	-	204,770,536
Plant and machinery	-	-	380,385,320	380,385,320
Total	1,193,596,924	488,170,536	380,385,320	2,062,152,780

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

	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
Revalued Property, plant and equipment:				
Land - freehold	-	283,400,000	-	283,400,000
Building on freehold land	-	145,651,952	-	145,651,952
Plant and machinery	-	-	548,436,672	548,436,672
Total	2,059,740,193	429,051,952	548,436,672	3,037,228,817

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

45.2 Factors used for the determination of fair value of revalued property, plant and equipment are as follows:

Land - freehold

Following is the details of fair value:

- Valuation technique: market comparable
- Key observable input: price per kanal of immediate neighbourhood and neighbouring properties which have been recently purchased or sold

Building on freehold land

Following is the details of fair value:

- Valuation technique: market comparable
- Key observable input: price per square foot including cost of construction materials and labour.

Plant and machinery:

Following is the details of fair value:

- Valuation technique: replacement cost method
- Key observable input: international prices, exchange rates, local macroeconomic factors affecting the saleability and wear and tear of plant and machinery.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

46. 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 41). 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 that were not disclosed elsewhere are as follows:

Undertaking	Relation	Nature of transaction	2022 Rupees	2021 Rupees
Route 2 health (Pvt) Ltd	Associate	Purchases	1,040,945,208	784,091,690
Route 2 health (Pvt) Ltd	Associate	Payments	1,115,957,866	791,933,095
Curexa Health (Pvt) Ltd	Subsidiary	Purchases	857,390,249	541,112,201
Curexa Health (Pvt) Ltd	Subsidiary	Interest on loan to subsidiary	1,510,164	901,445
Curexa Health (Pvt) Ltd	Subsidiary	Payments	839,286,883	533,261,736
Curexa Health (Pvt) Ltd	Subsidiary	Adjustment against transfer of packing material	-	9,204,489
Staff provident fund	Staff retirement benefits	Contribution	69,853,453	57,173,152
Employee's Welfare Trust	Staff welfare benefits	Contribution	4,059,914	3,650,782

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

47. NUMBER OF EMPLOYEES

	2022	2021
Number of employees at the end of the year	2,382	2,315
Average number of employees during the year	2,349	2,070

48. CORRESPONDING FIGURES

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

Description	Transferred from	Transferred to	2022
Reclassification of refund liability	Trade receivables	Trade and other payables	112,345,168

49. PLANT CAPACITY AND PRODUCTION

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

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

50. SEGMENT REPORTING

The chief operating decision maker (i.e., the Board of Directors) considers the whole business as one operating segment.

51. EVENTS AFTER THE REPORTING DATE

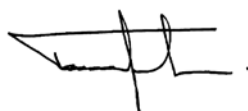
The Board of Directors of the Company in its meeting held on 23 February 2023 has proposed cash dividend at the rate of Rs. 20 (2021: Rs. 20) per share and 10% bonus shares for the year ended 31 December 2022, (2021: 10%) subject to the approval of shareholders in the Annual General Meeting to be held on 29 April 2023. These unconsolidated financial statements do not reflect these appropriations.

52. DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Company authorized these unconsolidated financial statements for issuance on 23 February 2023.



Dr. Adeel Abbas Haideri
Chief Executive Officer



Taufiq Ahmed Khan
Director

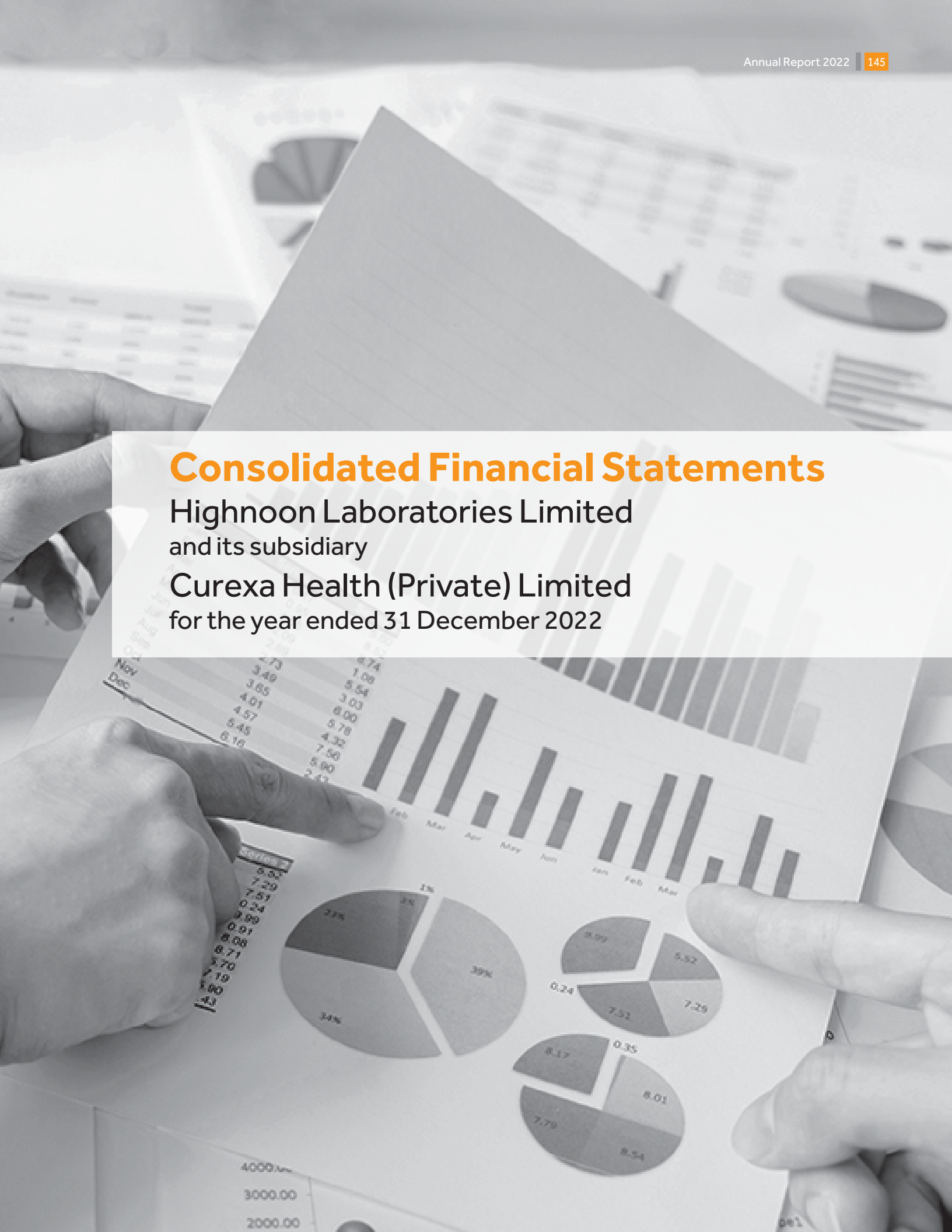


Ashfaq P. Alidina
Chief Financial Officer

Consolidated Financial Statements

Highnoon Laboratories Limited
and its subsidiary

Curexa Health (Private) Limited
for the year ended 31 December 2022



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 31,2022 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 repo.

	2022	2021
	(Rupees in thousands)	
Profit before tax	3,445,148	2,435,742
Taxation	(972,457)	(579,320)
Profit after tax	2,472,691	1,856,422
Profit available for appropriation	6,712,127	4,985,966
Appropriations:		
Final cash dividend for the		
FY 2022 @ Rs. 20 per share	(837,682)	(761,529)
(FY 2021:@ Rs. 20 per share)		
Bonus share @ 10% (FY 2021:10%)	(41,884)	(38,076)

EARNINGS PER SHARE

Based on the Consolidated audited financial statements of the Group for the year ended December 31,2022 basic & diluted earnings per share is Rupees 59.04 (2021: Rs. 44.32 restated) registering an increase of 33%.

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 Ceftra (Ceftriaxone) achieved sales revenue of Rs. 674 million (2021:432 million) registering a growth of 56%. Xorbact, another injectable brand has registered a sales revenue of Rs.298 million in comparison to Rupees 182 million in 2021, witnessing a growth of 64%. Another leading brand of our subsidiary has grown by 52% to post sales revenue of Rs. 348 million.

OPERATIONAL EXCELLENCE

The Company completed many projects related to infrastructure improvement whilst also enhancing the quality and compliance standards. Notable initiatives include batch size enhancement to ensure optimal utilization of capacity for dry powder injectables and installation of auto-feeding system on dry powder injectable machine to improve efficiency and compliance. Construction of new packaging and finished goods store as well as expansion of raw material warehouse was undertaken to improve storage capacity while maintaining quality standards. In-house calibration system for pressure gauges was enabled for better compliance and cost efficiency. In line with the Group's vision to become more environmentally sustainable, an effluent water treatment plant is envisaged to be operational soon to decontaminate the consumed water.

WAY FORWARD

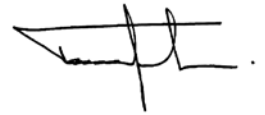
The continuously increasing brand reputation witnessed by faster than market sales growth building a very prosperous outlook for the Group. The management of the subsidiary company, in alignment with the Group's long-term business strategy, is keen to build up its reputation as a quality conscious pharma producer not only in national market but international markets as well. The Company is pursuing a comprehensive plan to get accreditation from a globally recognized regulatory body which will open many international business venues.

We would like to express sincere gratitude to all stakeholders for their continued patronage and trust and to our employees for their utmost dedication towards making progress in the right direction.

For and on behalf of the Board



Dr. Adeel Abbas Haideri
Chief Executive Officer



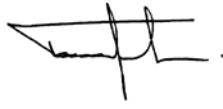
Taufiq Ahmed Khan
Director

Lahore: February 23, 2023

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 دو اسٹار ادارے کے طور پر اپنی ساکھ بنانے کا خواہاں ہے۔ ایک شرط کے طور پر، کمپنی عالمی سطح پر تسلیم شدہ ریگولیشنری ادارے سے ایک ریڈیٹیشن حاصل کرنے کے لیے ایک جامع منصوبے پر عمل پیرا ہے جس سے بہت سے بین الاقوامی کاروباری مواقع کھلیں گے۔ ہم تمام متعلقین کی مسلسل سرپرستی اور اعتماد کے لیے اور اپنے ملازمین کا درست سمت میں پیش رفت کرنے کے لیے پوری لگن کے لیے تہہ دل سے شکریہ ادا کرنا چاہیں گے۔

منجانب بورڈ آف ڈائریکٹرز



توفیق احمد خان
ڈائریکٹر



ڈاکٹر عدیل عباس حیدری
چیف ایگزیکٹو آفیسر

23 فروری 2023

لاہور

گروپ ڈائریکٹر ز 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 گروپ کے نام سے کریں گے، کے مجموعی حسابات برائے سال اختتام 31 دسمبر 2022 اور گروپ کی مجموعی کارکردگی پر اپنی جائزہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہا ہے۔ گروپ کی کارکردگی پر ڈائریکٹر ز رپورٹ کا بنیادی مقصد گروپ کے تناظر میں ذیلی کمپنی کی مالیاتی کارکردگی اور اسکے کاروباری امور کا جائزہ لینا ہے۔ ہولڈنگ کمپنی کی کارکردگی اور مالی حالت پر پیش کی گئی ڈائریکٹر ز رپورٹ اور چیئرمین کا جائزہ، جیسا کہ قابل اطلاق ہو، اس رپورٹ کا حصہ ہے۔

مالی کارکردگی کا جائزہ

مجموعی		
2022	2021	
'000 روپے		
3,445,148	2,435,742	قبل از ٹیکس خالص منافع
(972,457)	(579,320)	ٹیکس
2,472,691	1,856,422	بعد از ٹیکس خالص منافع
6,712,127	4,985,966	قابل تقسیم منافع

تخصیص منافع

(837,682)	(761,529)	نقد ڈیویڈنڈ برائے مالی سال 2022 فی حصص 20 روپے کے حساب سے (2021: فی حصص 20 روپے)
(41,884)	(38,076)	بونس حصص 10 فیصد (2021: 10 فیصد)

فی حصص آمدنی

گروپ کے پڑتال شدہ مجموعی حسابات کی بنیاد پر فی حصص آمدنی برائے مالی سال اختتام 31 دسمبر 2022 بڑھ کر 59.04 روپے (2021: 44.32 روپے، دوبارہ بیان کردہ) ہو گئی گزشتہ سال کے مقابلے میں اس میں فی حصص اضافہ 33 فیصد ہوا۔

ذیلی کمپنی کے کاروبار اور گروپ کا تناظر

ذیلی ادارہ سیفا لو سپورن پلانٹ چلاتا ہے اور فی الحال اپنی ہولڈنگ کمپنی کے لیے سیفا لو سپورن سے متعلقہ ادویات تیار کرتا ہے۔ IQVIA کے مطابق ذیلی کمپنی کا معروف برانڈ سیفٹرو (سیفٹرو انگریزوں) کی آمدن فروخت 674 ملین روپے (2021: 432 ملین روپے) رہی ہے جو کہ گزشتہ سال کے مقابلے میں 56 فیصد زیادہ ہے۔ زار بیکیٹ جو کہ ہمارا دوسرا ٹیکھنیکل برانڈ ہے، اس کی فروخت 298 ملین روپے (2021: 182 ملین روپے) رہی اور گزشتہ سال کے موازنہ میں اضافہ کی شرح 64 فیصد رہی۔ ہماری ذیلی کمپنی کے ایک اور سرکردہ برانڈ نے 52 فیصد کی شرح نمو سے بڑھ کر 348 ملین روپے کی آمدن فروخت حاصل کی۔

پیداواری امور میں بہتری

کمپنی نے پیداواری ڈھانچے میں بہتری، لیبارٹری کومزید 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 میں سے خشک پاؤڈر انجیکشن کے شعبے کی پیداواری استعداد کے زیادہ سے زیادہ استعمال کو یقینی بنانے کے لیے بیج ساز میں اضافہ اور اس مشین پر خود کار فیڈنگ سسٹم کی تنصیب سے کارکردگی اور متعلقہ ضوابط تعمیل کو بہتر بنانا کو الٹی برقرار رکھتے ہوئے ذخیرہ کرنے کی استعداد بڑھانے کے لیے نئے بیجنگ اور تیار سامان کے گودام کی تعمیر کے ساتھ ساتھ خام مال کے گودام کی توسیع کا کام شروع کیا گیا۔ پریشر گیجز کے لیے اندرون خانہ کیلبریشن سسٹم تیار کیا جو نہ صرف دوساز قوانین سے موافق بناتا ہے بلکہ لاگت کی کمی میں بھی مدد کرتا ہے۔ مزید پائیدار ترقی کے لیے گروپ کی نقطہ نظر کے مطابق، استعمال شدہ پانی کو جراثیم سے پاک کرنے کے لیے ایک ایفلوینٹ وائرٹریٹیشن پلانٹ کو جلد فعال کرنے کی منصوبہ بندی جاری ہے۔

INDEPENDENT AUDITOR'S REPORT

To the members of Highnoon Laboratories Limited

Report on the Audit of the Consolidated Financial Statements as at 31 December 2022

Opinion

We have audited the annexed consolidated financial statements of Highnoon Laboratories Limited (the Holding Company) and its subsidiary company i.e., Curexa Health (Private) Limited ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, 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 consolidated notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, the consolidated financial statements gives true and fair view of the consolidated statement of financial position as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of 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:

Key Audit Matters	How the matter was addressed in our audit
Revenue Recognition	
<p>As described in note 32, the Group generates revenue from range of Pharmaceutical and consumer products. As mentioned in the note 4.17, the Group recognizes revenue when the control is transferred to the customers which is generally when the goods are being dispatched from the warehouse. During the year ended 31 December 2022, the Group generated total revenue of Rs. 15.8 billion as compared to Rs. 13 billion during the previous year, which represents an increase of approximately 22%.</p> <p>Considering the significance of amounts involved and revenue being a key indicator of performance measurement of the Group and its management, we have considered the revenue recognition as a Key Audit Matter.</p>	<p>Our audit procedures included the following:</p> <p>Obtained an understanding of the Group's processes and related internal controls for revenue recognition and on a sample basis, tested the effectiveness of those controls, specifically in relation to recognition of revenue and timing thereof;</p> <p>Evaluated the appropriateness of the Group's revenue recognition policies and procedures to assess compliance with International Financial Reporting Standards ("IFRS") as applicable in Pakistan;</p> <p>On a sample basis, reviewed sales transactions near the reporting date to assess whether transactions are recorded in relevant accounting period i.e. performed procedures around the cut off of revenue. Performed substantive analytical procedures including developing an expectation of the current year revenue based on trend analysis information taking into account historical sales and market patterns;</p> <p>Tested supporting evidence in relation to a sample of sales transactions including but not limited to sales orders, sales invoices, goods dispatch notes, gate passes, delivery challan and performing other tests of details;</p> <p>Correlated the revenue transactions with movement in receivables and cash balances and compared with the results from our balance confirmation procedures; and</p> <p>Reviewed and assessed the adequacy of related disclosures provided in Note 32 of the consolidated financial statements in accordance with the applicable financial reporting standards and the Companies Act, 2017.</p>

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

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated 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 the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion..

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Abdullah Fahad Masood.



EY Ford Rhodes
Chartered Accountants
Lahore: 22 March 2023
UDIN: AR202210177RigOxJkXd

Consolidated Statement of Financial Position As at 31 December 2022

	Note	2022 Rupees	2021 Rupees
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorized share capital 50,000,000 (2021: 50,000,000) ordinary shares of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid up share capital	7	418,840,820	380,764,390
Capital reserve	8	410,144,816	436,249,408
Revenue reserves		6,826,126,631	5,099,966,603
Total Equity		7,655,112,267	5,916,980,401
LIABILITIES			
Non-current liabilities			
Lease liabilities	9	183,933,646	119,757,647
Long-term advances	10	25,087,760	10,240,467
Long-term loan - secured	11	15,439,012	-
Deferred liabilities	12	530,660,193	546,646,832
		755,120,611	676,644,946
Current liabilities			
Trade and other payables	13	1,561,386,941	1,109,808,892
Contract liabilities	14	72,263,670	33,248,835
Unclaimed dividend		98,853,172	64,336,749
Unpaid dividend		63,474,580	-
Markup accrued	15	1,669,835	649,155
Current portion of long-term liabilities	16	112,352,922	245,186,934
Short term borrowings	17	511,804,639	46,616,000
Provision for taxation - net		124,621,903	296,560,291
		2,546,427,662	1,796,406,856
Total Liabilities		3,301,548,273	2,473,051,802
TOTAL EQUITY AND LIABILITIES		10,956,660,540	8,390,032,203

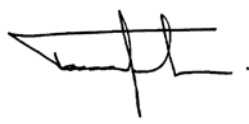
CONTINGENCIES AND COMMITMENTS

18

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.



Dr. Adeel Abbas Haideri
Chief Executive Officer



Taufiq Ahmed Khan
Director



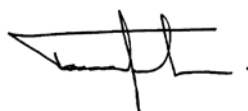
Ashfaq P. Alidina
Chief Financial Officer

Consolidated Statement of Financial Position As at 31 December 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	19	2,398,097,809	1,829,680,375
Intangible assets	20	35,835,396	21,624,882
Goodwill	21	834,230	834,230
Long-term deposits	22	48,376,589	11,543,429
Long-term advances	23	34,659,421	38,094,634
Deferred tax assets	24	4,894,894	37,246,285
		2,522,698,339	1,939,023,835
Current assets			
Stock in trade	25	3,999,861,938	2,438,761,425
Stores and spares		11,205,628	11,663,484
Trade receivables	26	1,330,336,964	694,687,293
Advances, trade deposits and prepayments	27	977,567,051	376,532,117
Other receivables	28	25,690,879	23,751,863
Short-term investment	29	1,193,596,924	2,059,740,193
Tax refunds due from the Government	30	463,007,544	28,814,302
Cash and bank balances	31	432,695,273	817,057,691
		8,433,962,201	6,451,008,368
TOTAL ASSETS		10,956,660,540	8,390,032,203



Dr. Adeel Abbas Haideri
Chief Executive Officer



Taufiq Ahmed Khan
Director



Ashfaq P. Alidina
Chief Financial Officer

Consolidated Statement of Profit or Loss

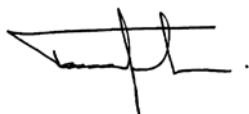
For The Year Ended 31 December 2022

	Note	2022 Rupees	2021 Rupees
Revenue from contracts with customers-net	32	15,815,936,998	13,000,780,140
Cost of sales	33	(7,625,495,396)	(6,477,058,163)
Gross profit		8,190,441,602	6,523,721,977
Distribution, selling and promotional expenses	34	(3,988,456,129)	(3,416,349,022)
Administrative and general expenses	35	(660,911,791)	(568,805,854)
Research and development expenses	36	(10,631,228)	(8,672,580)
Other operating expenses	37	(329,449,155)	(219,711,486)
		(4,989,448,303)	(4,213,538,942)
Operating profit		3,200,993,299	2,310,183,035
Other income	38	304,874,428	156,680,790
Finance costs	39	(60,719,835)	(31,121,531)
Profit before taxation		3,445,147,892	2,435,742,294
Taxation	40	(972,457,491)	(579,320,352)
Profit for the year		2,472,690,401	1,856,421,942
			Restated
Earnings per share - basic and diluted	41	59.04	44.32

The annexed notes from 1 to 53 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

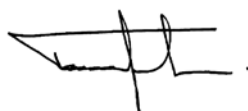
For The Year Ended 31 December 2022

	Note	2022 Rupees	2021 Rupees
Profit for the year		2,472,690,401	1,856,421,942
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Revaluation surplus on property, plant and equipment - net of tax	8	(5,011,923)	-
Remeasurement gain / (loss) on gratuity - net	12.2.3	46,524,657	(17,177,141)
Related deferred tax	24.1	(14,542,491)	4,995,147
		31,982,166	(12,181,994)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		-	-
Total comprehensive income for the year		2,499,660,644	1,844,239,948

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.



Dr. Adeel Abbas Haideri
Chief Executive Officer



Taufiq Ahmed Khan
Director



Ashfaq P. Alidina
Chief Financial Officer

Consolidated Statement of Cash Flow

For The Year Ended 31 December 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,445,147,892	2,435,742,294
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of operating fixed assets	19.1.1	215,833,909	196,916,540
Amortization of intangible assets	20.4	2,171,986	486,279
Provision for Workers' Profit Participation Fund	37	182,157,250	129,351,552
Provision for defined benefit obligation	12.2.2	93,896,172	81,877,775
Provision for slow moving and obsolete stocks	25.1	39,146,215	26,264,850
Provision for Worker's Welfare Fund		72,723,462	53,951,156
Finance cost	39	62,229,999	31,121,531
Provision for Central Research Fund	37	36,441,712	24,295,616
Allowance for expected credit losses on long-term advances	23.1	(472,935)	930,108
Allowance for expected credit losses on trade receivables	26.1	29,712,961	10,582,999
Bad debts written off	26.1	-	5,505,270
Deferred income	38	(3,565,756)	-
Exchange loss / (gain) - net	38	6,474,628	(2,517,036)
Gain on disposal of operating fixed assets	38	(18,168,975)	(6,754,282)
Un-realized gain on remeasurement of short-term investments	29.1	(10,186,623)	(11,191,851)
Return on deposits	38	(15,126,064)	(29,148,228)
Dividend Income on short-term investment	38	(218,626,676)	(103,442,831)
		474,641,265	408,229,448
Profit before working capital changes		3,919,789,157	2,843,971,742

Consolidated Statement of Cash Flow

For The Year Ended 31 December 2022

	Note	2022 Rupees	2021 Rupees
Working capital changes:			
(Increase) / decrease in current assets:			
Stock in trade		(1,600,246,728)	(286,238,002)
Store and spares		457,856	(7,551,393)
Trade debtors		(693,091,430)	(274,619,722)
Advances, trade deposits and prepayments		(598,861,917)	94,455,654
Other receivables		(4,837,704)	28,350,103
Tax refund due from the Government		(427,331,957)	(9,934,846)
(Decrease) / increase in current liabilities:			
Trade and other payables		298,816,218	203,817,096
Contract liabilities		39,014,835	(43,603,025)
		(2,986,080,827)	(295,324,135)
Cash generated from operations		933,708,330	2,548,647,607
Income tax paid		(1,043,485,439)	(583,847,452)
Gratuity paid		(78,101,033)	(51,873,114)
Finance cost paid		(33,223,530)	(32,324,992)
Workers' Profit Participation Fund paid		(169,344,026)	(149,627,401)
Central Research Fund paid		(26,334,548)	(21,726,281)
Long-term advances - net		14,373,230	(836,683)
Net cash flows (used in) / generated from operating activities	A	(402,407,016)	1,708,411,684
Balance carried forward		(402,407,016)	1,708,411,684

Consolidated Statement of Cash Flow

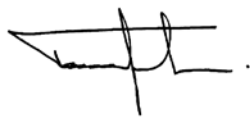
For The Year Ended 31 December 2022

	Note	2022 Rupees	2021 Rupees
Balance brought forward		(402,407,016)	1,708,411,684
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(834,600,112)	(278,162,985)
Purchase of intangibles		(16,382,500)	(20,702,720)
Additions in long-term advances		3,908,148	(1,671,976)
Long-term deposits - net		(36,733,160)	10,000,000
Short-term investments made during the year		876,329,892	(954,701,889)
Return on deposits		15,126,064	29,148,228
Dividend income received during the year		218,626,676	103,442,831
Proceeds from disposal of operating fixed assets	19.1.5	214,226,528	52,942,051
Net cash flows generated from / (used in) investing activities	B	440,501,536	(1,059,706,460)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(70,359,454)	(21,201,284)
Repayment of long-term loan		(184,867,086)	(189,883,746)
Short term borrowings obtained		465,188,639	14,405,605
Long-term loan received		26,300,000	-
Long-term advances (payable) - net		(120,553)	-
Dividend paid during the year		(663,537,775)	(499,358,690)
Net cash flows used in financing activities	C	(427,396,229)	(696,038,115)
Net foreign exchange difference		4,939,291	1,260,238
Net decrease in cash and cash equivalents	(A+B+C)	(384,362,418)	(46,072,653)
Cash and cash equivalents at beginning of the year		817,057,691	863,130,344
Cash and cash equivalents at end of the year		432,695,273	817,057,691

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.



Dr. Adeel Abbas Haideri
Chief Executive Officer



Taufiq Ahmed Khan
Director



Ashfaq P. Alidina
Chief Financial Officer

Consolidated Statement of Changes in Equity

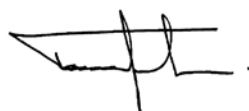
For The Year Ended 31 December 2022

	Share capital	Capital Reserves	Revenue reserves			Total
		Revaluation Surplus on operating fixed assets	General reserve	Unappropriated profits	Sub total	
----- Rupees -----						
Balance as at 01 January 2021	346,149,450	460,509,721	114,000,000	3,671,508,559	3,785,508,559	4,592,167,730
Transaction with owners of the Group, recognized directly in equity - Distributions						
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)
Total comprehensive income for the year						
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
Surplus transferred to unappropriated profit						
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 land	-	(9,263,345)	-	9,263,345	9,263,345	-
Effect of deferred tax due to change in proportion of tax regimes	-	(203,102)	-	-	-	(203,102)
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
Transaction with owners of the Group, recognized directly in equity - Distributions						
Issuance of bonus shares @ 10%	38,076,430	-	-	(38,076,430)	(38,076,430)	-
Final dividend @ Rs. 20 per share for the year ended 31 December 2021	-	-	-	(761,528,778)	(761,528,778)	(761,528,778)
Total comprehensive income for the year						
Profit for the year ended 31 December 2022	-	-	-	2,472,690,401	2,472,690,401	2,472,690,401
Other comprehensive income for the year - net of tax	-	(5,011,923)	-	31,982,166	31,982,166	26,970,243
Total comprehensive income for the year	-	(5,011,923)	-	2,504,672,567	2,504,672,567	2,499,660,644
Surplus transferred to unappropriated profit						
On account of incremental depreciation relating to surplus						
on revaluation of operating fixed assets - net of tax	-	(12,212,378)	-	12,212,378	12,212,378	-
On account of disposal of plant and machinery - net of tax	-	(8,880,291)	-	8,880,291	8,880,291	-
Balance as at 31 December 2022	418,840,820	410,144,816	114,000,000	6,712,126,631	6,826,126,631	7,655,112,267

The annexed notes from 1 to 52 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

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

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 19 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 presented separately.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

2.3 Basis of consolidation

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

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:

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

	Note
- Leases	4.1
- Impairment of financial asset	4.2
- Provisions	4.6
- Staff retirement benefits	4.7
- Expected credit loss	4.14.4
- Taxation	4.21

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 Leases

4.1.1 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.

4.1.2 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.

4.1.3 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).

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

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

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

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).

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 consolidated statement of 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 2022

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 2022

4.3 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.

4.4 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.

4.5 Dividend

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

4.6 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.

4.7 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% (2021: 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 2022

4.8 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.

4.9 Property, plant and equipment

4.9.1 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 19.1 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.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

4.9.2 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.

4.9.3 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.

4.10 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.

4.11 Goodwill

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

4.12 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 the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense in consolidated statement of profit or loss.

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For The Year Ended 31 December 2022

4.13 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.

4.14 Contract balances:

4.14.1 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.

4.14.2 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).

4.14.3 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.

4.14.4 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 4.2 for detailed policy for impairment of financial assets).

4.14.5 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.

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4.14.6 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.

4.15 Segment reporting

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

4.16 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.

4.17 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.

4.18 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.

4.19 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.

4.20 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

4.21 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

Consolidated Notes to the Financial Statements

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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 new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standard

IAS 1 Presentation of Financial Statements to clarify how to classify debt and other 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 would the terms of a liability not impact its classification.
- 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.
- Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

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The amendments are effective for annual reporting periods beginning on or after January 01, 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group's financial statements.

- IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- 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 January 01, 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 is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

- IAS 8 Definition of Accounting Estimates - Amendments to IAS 8 - 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.

The amendments are effective for annual reporting periods beginning on or after January 01, 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. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

- IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 - In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The amendments are not expected to have a material impact on the Group's financial statements.

- IFRS 10 & IAS 28 Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment). The effective date of Amendments to IFRS 10 and IAS 28 has been deferred indefinitely (until the research project of IASB, on the equity method, has been concluded. Earlier application of the September 2014 amendments continues to be permitted. The Group expects that the adoption of the amendments will have no material effect on the Group's financial statements.

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IFRS 16 Leases - Lease Liability in a Sale and Leaseback - Amendments requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments are effective for annual reporting periods beginning on or after January 01, 2024. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date 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 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES RESULTING FROM AMENDMENTS IN STANDARDS DURING THE YEAR

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for following amendments to accounting standards which are effective for annual periods beginning on or after January 01, 2022 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

IFRS 03 Business Combinations – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations 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 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application)

These amendments had no impact on the separate financial statements of the Group.

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IAS 16 Property, plant and equipment – Amendment to clarify the prohibition on an entity from 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 cost of producing those items, in profit or loss.

In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments to specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). 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 Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period. These amendments had no impact on the consolidated financial statements of the Group, as prior to the application of the amendments, the Group had not identified any contracts as being onerous and the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised of incremental costs directly related to the contracts and an allocation of costs directly related to contract activities.

The adoption of the above amendments to accounting standards did not have any material effect on the consolidated financial statement.

In addition to the above amendments to standards, improvements to various accounting standards (under the annual improvements 2018 - 2020 cycle) have also been issued by the IASB in May 2020. Such improvements were generally effective for accounting periods beginning on or after January 01, 2022:

IFRS 9 Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities - 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. There is no similar amendment proposed for IAS 39.

In accordance with the transitional provisions, 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 date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

IFRS 16 Leases: Lease incentives – The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16 and had no impact on the consolidated financial statements of the Group.

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IAS 41 Agriculture: Taxation in fair value measurements – 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.

These amendments had no impact on the consolidated financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

		2022	2021
7.	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	Rupees	Rupees
	5,905,000 (2021: 5,905,000) ordinary shares of Rs. 10 each fully paid in cash	59,050,000	59,050,000
	95,000 (2021: 95,000) ordinary shares of Rs.10 each issued for consideration other than cash	950,000	950,000
	35,884,082 (2021: 32,076,439) ordinary shares of Rs. 10 each issued as bonus shares	358,840,820	320,764,390
		418,840,820	380,764,390

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

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

	2022	2021	2022	2021
	Numbers	Numbers	Rupees	Rupees
Issued, subscribed and paid-up shares of Rs. 10 each as at 01 January	38,076,439	34,614,945	380,764,390	346,149,450
Issuance of bonus shares of Rs. 10 each	3,807,643	3,461,494	38,076,430	34,614,940
Issued, subscribed and paid-up shares of Rs. 10 each as at 31 December	41,884,082	38,076,439	418,840,820	380,764,390

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8. REVALUATION SURPLUS ON OPERATING FIXED ASSETS	Note	2022 Rupees	2021 Rupees
Opening balance of gross surplus on revaluation of fixed assets		488,342,543	521,997,747
Additions during the year		-	-
Surplus on revaluation of operating fixed assets relating to disposal of plant and machinery - transferred to Unappropriated profits		(10,771,089)	(12,791,990)
Incremental depreciation relating to surplus on revaluation of fixed assets - transferred to unappropriated profits - net of deferred tax		(12,212,378)	(14,996,968)
Related deferred tax liability		(5,484,017)	(5,866,246)
		(17,696,395)	(20,863,214)
		459,875,059	488,342,543
Less related deferred tax liability on:			
Balance at the beginning of the year		52,093,135	61,488,026
Effect of deferred tax due to change in proportion of tax regimes		5,011,923	203,102
Surplus on revaluation of operating fixed assets relating to disposal of plant and machinery - transferred to Unappropriated profit		(1,890,798)	(3,528,645)
Incremental depreciation relating to surplus on revaluation of operating fixed assets - transferred to unappropriated profit		(5,484,017)	(6,069,348)
		49,730,243	52,093,135
Closing balance of surplus on revaluation of fixed assets		410,144,816	436,249,408

8.1 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 (Valuer on the approved list of Pakistan Banking Association) which resulted in a surplus of Rs. 146,326,204.

9. LEASE LIABILITIES	Note	2022 Rupees	2021 Rupees
Present value of lease payments		258,014,081	149,505,355
Less: Current portion shown under current liabilities	16	(74,080,435)	(29,747,708)
		183,933,646	119,757,647

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

	Note	2022 Rupees	2021 Rupees
As at 1 January		149,505,355	147,464,259
Additions		151,968,600	27,062,194
Accretion of interest		26,899,580	17,902,625
Payments		(70,359,454)	(37,930,926)
Written off		-	(4,992,797)
As at 31 December		258,014,081	149,505,355
Current portion		(74,080,435)	(29,747,708)
Non-current portion		183,933,646	119,757,647

9.1 Maturity analysis:

	2022		
	Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments
	-----Rupees-----		
Within one year	100,118,949	(26,038,514)	74,080,435
After one year but not more than five years	198,232,256	(33,804,921)	164,427,335
More than five years	21,483,904	(1,977,593)	19,506,311
	319,835,109	(61,821,028)	258,014,081

	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

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	Note	2022 Rupees	2021 Rupees
9.2	Salient features of the leases are as follows:		
- Discounting factor		8.94%-17.75%	8.94% - 13.68%
- Lease term		24 to 120 Months	36 to 120 Months

10. LONG-TERM ADVANCES

Long-term advances	10.1	58,151,834	43,899,160
Less: Current portion shown under current liabilities	16	(33,064,074)	(33,658,693)
		25,087,760	10,240,467

10.1 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	2022 Rupees	2021 Rupees
11. LONG-TERM LOAN - SECURED			
Long-term loan	11.1.1 & 11.1.2	18,008,677	178,615,376
		18,008,677	178,615,376
Less: Current portion of long-term loan	16	(2,569,665)	(178,615,376)
		15,439,012	-

11.1 The movement of long-term loan is as follows:

Opening balance as at 01 January		178,615,376	347,394,125
Addition during the year			
Loan obtained	11.1.1 & 11.1.2	26,300,000	-
Less: deferred grant		(8,879,354)	-
		17,420,646	-
Unwinding of loan		6,839,741	17,138,420
Payment during the year		(184,867,086)	(185,917,169)
Closing balance as at 31 December		18,008,677	178,615,376

11.1.1 This represents loan of obtained under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business offered by State Bank of Pakistan. The facility has an aggregate sanctioned limit of Rs. 400 million. It carries mark-up at the rate of 3% per annum payable quarterly. The facility was secured against first joint pari passu charge of Rs. 266.67 million on the operating fixed assets of the Company. The loan has been measured at its fair value in accordance with IFRS

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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. The entire amount of loan has been repaid during the year.

11.1.2 This represents loan obtained during the year from MCB Bank Limited under facility for setting up solar based power project under SBP financing scheme for renewable Energy having sanctioned limit of Rs. 50 million (2021: Nil) and carries markup at the rate of 2% + 0.5% per annum payable quarterly (2021: Nil) whereas principal is repayable in 27 equal quarterly instalments starting from 10 December 2022. This facility is secured against Lien on investment fund of Rs. 67 million out of Rs. 83 million current FV of investment placed in MCB-Arif Habib Savings and Investment Limited (25% margin of limit). 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 date. The difference between fair value of loan and loan proceeds has been recognised 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)	Disbursement date	Maturity
MCB Bank Limited	26	Quarterly	974,074	10 December 2022	10 June 2029

		Note	2022 Rupees	2021 Rupees
12. DEFERRED LIABILITIES				
Deferred Grant	12.1		5,593,369	-
Gratuity	12.2		525,066,824	546,646,832
			530,660,193	546,646,832

12.1 Movement of deferred grant is as follows:

Opening balance as at 01 January			3,165,157	12,999,502
Addition during the year	11.1		8,879,354	-
			12,044,511	12,999,502
Grant income recognized during the year			(3,812,394)	(9,834,345)
Closing balance			8,232,117	3,165,157
Less: Current portion	16		(2,638,748)	(3,165,157)
Non-current portion			5,593,369	-

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12.2 Gratuity - General description

As discussed in Note 4.7, 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	2022 Rupees	2021 Rupees
Present value of defined benefit obligation	12.2.1	525,066,824	546,646,832
12.2.1 Movement in the present value of define benefit obligation:			
Liability as at 01 January		546,646,832	525,419,561
Current service cost		33,716,071	34,443,465
Interest cost on defined benefit obligation		60,180,101	47,434,310
Benefits paid during the year		(44,960,588)	(44,687,200)
		48,935,584	37,190,575
Actuarial losses from:			
changes in financial assumptions		(56,801,988)	823,015
changes in demographic assumptions		4,704,120	-
experience adjustments		5,573,211	16,354,126
		(46,524,657)	17,177,141
		549,057,759	579,787,277
Less: balance due but not paid		(23,990,935)	(33,140,445)
Liability as at 31 December		525,066,824	546,646,832

12.2.2 Expense recognized in statement of profit or loss:

Current service cost	33,716,071	34,443,465
Interest cost	60,180,101	47,434,310
	93,896,172	81,877,775

12.2.3 Remeasurement recognized in other comprehensive income:

Actuarial losses from changes in financial assumptions	(56,801,988)	823,015
Actuarial loss from changes in demographic assumptions	4,704,120	-
Experience adjustments	5,573,211	16,354,126
	(46,524,657)	17,177,141

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		2022	2021
12.2.4 Changes in net recognized liability:	Note	Rupees	Rupees
Liability as at 01 January		546,646,832	532,605,475
Amount recognized during the year	12.2.2	93,896,172	81,877,775
Experience adjustments recognized during the year	12.2.3	(46,524,657)	17,177,141
Benefits due but not paid		(23,990,935)	(33,140,445)
Benefit paid during the year		(44,960,588)	(51,873,114)
Liability as at 31 December		525,066,824	546,646,832

12.2.5 Historical information for gratuity plan

	2022	2021	2020	2019	2018
	-----Rupees-----				
Present value of defined benefit obligation	525,066,824	546,646,832	525,419,561	417,661,559	356,835,157
Remeasurement adjustment arising on plan liabilities	(46,524,657)	17,177,141	63,821,894	37,645,330	22,782,070
Remeasurement adjustment as percentage of outstanding liability	(8.86%)	3.14%	12.15%	9.01%	6.38%

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

	2022	2021
- Discount rate used for interest cost	11.75% p.a.	9.75% p.a.
- Discount rate used for year end obligation	14.25% p.a.	11.75% p.a.
- Expected rate of increase in salary	12.13% p.a.	11.75% p.a.
Expected average remaining working life time	7 years	8 years
- Mortality rates	SLIC	SLIC
	2001-2005	2001-2005

12.2.6 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 2023 amounts to Rs. 36.2 million and Rs. 81.2 million respectively.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

12.2.7 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.

	2022 Rupees	2021 Rupees
Discount rate + 100 bps	489,002,175	503,943,649
Discount rate - 100 bps	565,469,463	(595,275,352)
Salary increase + 100 bps	566,330,359	595,249,018
Salary increase - 100 bps	487,598,486	(503,194,909)

12.2.8 The following are the expected payments in future years;

Within next 12 months	26,715,458	37,011,663
Between 2 and 5 years	228,671,296	183,059,729
Between 5 and 10 years	595,453,236	497,252,964
Beyond 10 years	3,062,503,307	3,183,006,044
Total expected payments	3,913,343,297	3,900,330,400

The average duration of the defined benefit plan obligation at the end of the reporting period is 7 years (2021: 8 years).

13. TRADE AND OTHER PAYABLES	Note	2022 Rupees	2021 Rupees
Trade creditors	13.1	685,289,358	262,619,850
Accrued expenses		532,356,140	534,758,703
Bills payable		-	139,902,021
Refund liabilities	13.4	118,138,035	112,345,168
Payable to Central Research Fund		34,325,931	24,218,767
Payable to Provident Fund Trust	13.2	1,369,664	12,437,406
Withholding tax payable		25,541,887	22,700,435
Payable to Employees Welfare Trust		-	826,542
Workers Welfare Fund Payable	13.3	164,365,925	-
		1,561,386,941	1,109,808,892

13.1 These includes a balance amounting to Rs. 31.2 million (2021: 31.2 million) due to Route 2 Health (Private) Limited, a related party.

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- 13.2 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.

		2022	2021
13.3	Workers Welfare Fund Payable	Rupees	Rupees
	Balance at the beginning of the year	90,247,111	-
	Charge for the year	74,118,814	-
	Balance at the end of the year	164,365,925	-

- 13.4 This represents provision created against sales made to distributors with the right to return at the time of goods expiration.

		2022	2021
14.	CONTRACT LIABILITIES	Rupees	Rupees
	Advance from local distributors	8,614,251	33,248,835
	Advance from institutions	15,776,655	-
	Advance from foreign customer - Export	47,822,747	-
	Advance from toll customer	50,017	-
		72,263,670	33,248,835

		2022	2021
15.	MARKUP ACCRUED		
	Markup on long-term loan	-	106,374
	Markup on short term borrowing	293,463	95,186
	Markup on finance against trust receipts	1,376,372	447,595
		1,669,835	649,155

		2022	2021
16.	CURRENT PORTION OF LONG-TERM LIABILITIES		
	Lease liabilities	74,080,435	29,747,708
	Long-term advances	33,064,074	33,658,693
	Long-term loan - secured	2,569,665	178,615,376
	Deferred grant	2,638,748	3,165,157
		112,352,922	245,186,934

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		2022	2021
17. SHORT - TERM BORROWINGS	Note	Rupees	Rupees
Short term borrowings from commercial banks	17.1 & 17.2	291,044,624	-
Finance against trust receipts	17.3	220,760,015	46,616,000
		511,804,639	46,616,000

17.1 Working capital facilities obtained from Meezan Bank Limited comprise of Running Musharakah amounting to Rs. 500 million (31 December 2021: Rs. 250 million) and letter of credit (sight) under Musawammah amounting to Rs. 500 million (31 December 2021: Rs. 250 million). The facilities are secured against first joint pari passu charge over all present and future current assets (inclusive of 25% risk margin). The rate of profit on Running Musharak is 1 month KIBOR + 0.25% (31 December 2021: 1 month KIBOR + .25%) and charges against Musawammah are approximately 0.025% (31 December 2021: 0.025%) flat with nil retirement charges. Out of the aggregated facility, export refinance facility amounting to Rs. 200 million (31 December 2021: Rs. 100 million) is available as a sub limit under the same security. This facility carries profit at the rate of SBP rate plus 1% (31 December 2021: SBP rate plus 1%).

17.2 Working capital facilities obtained from Habib Bank Limited comprise of letters of credit (sight/ usance) cumulatively amounting to Rs. 550 million (31 December 2021: Rs. 50 million), an overdraft facility of Rs.184 million (31 December 2021: Rs. 184 million), and a general facility of Rs. 10 million (31 December 2021: Rs. 10 million). The facilities are secured against joint pari passu hypothecation charge of Rs. 925.33 million over current assets (inclusive of 25% margin). The rate of markup on funded facilities is 1 month KIBOR + 0.35% (31 December 2021: 1 month KIBOR + 0.35%).

17.3 Finance against trust receipts (FATR) is availed from commercial bank against sanctioned limit of Rs. 50 million (2021: Rs. 50 million). This facility carries mark-up at the rate of one month KIBOR plus 200 basis points (2021: 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 Group with 20% margin and trust receipts.

18. CONTINGENCIES AND COMMITMENTS

18.1 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 Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR), who deleted the aforesaid additions. However, department has filed reference before honourable Lahore High Court against the judgment of ATIR. The case is pending adjudication. Provision has not been recognized by the Group, as the management expects a favourable outcome.
- 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.

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- An appeal was filed before the Commissioner Inland Revenue (Appeals)-V, Lahore [CIRA] against the Order-in-Original vide no. ST-55/2022 dated 17 May 2022 [Order] whereby the Deputy Commissioner Inland Revenue Enforcement-II, Unit-13, LTO, Lahore established sales tax demand of Rs. 6,477,332/- including penalty of Rs. 308,444/- and default surcharge on the issue of short payment of sales tax with respect to apportionment of input tax during the tax periods from July, 2020 to June, 2021. The case has been heard and reserved for order by learned CIRA. We anticipate a favourable outcome of the aforesaid appeal on the basis of factual and legal grounds and hence no provision is required to be made in the accounts. Provision has not been recognized by the Group, as the management expects a favourable 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 28, 2021 and disallowed tax credit of tax year 2018 of amounting to Rs. 371,813 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 favourable outcome of the appeal. However, The Group has accounted for the full provision thereagainst in the repective 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 favourable outcome of the appeal. However, The Group has accounted for the full provision thereagainst in the repective year.

18.2 Commitments	2022 Rupees	2021 Rupees
The Group has commitments against:		
Letter of contracts	225,502,959	279,838,321
Ijarah rentals	19,608,990	-
Bank contracts	425,823,107	689,036,351
Capital expenditure	146,053,332	115,090,000
	816,988,388	1,083,964,672
Rentals under ijarah agreements:		
Within one year	7,843,596	-
After one year but not more than five years	11,765,394	-
	19,608,990	-

- 18.3 The three-year ijarah contract with First Habib Modaraba is for 8 company vehicles, rentals of which are set at 6 month Kibor + 2% subject to a 10% floor and 20% ceiling. The rate will be reviewed and determine on quarterly basis and in case the rate is not available at any time, the rental amounts will be calculated on any substitute mode available which is deemed to be fit by the bank.

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18.4 The Group has given post dated cheques of Rs. 6 million (2021: 16 million) to Total Parco Pakistan Limited and Rs 5.5 million (2021: Nil) as a security against fuel cards provided to employees and Rs 1 million (2021: Nil) to Metro cash & carry to increase the credit limit for purchasing related to Canteen.

18.5 Un-availed short-term borrowing facilities:

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

18.5.1 Under Mark-up arrangements:

The Group also has unavailed import credit facilities available from JS Bank Limited with sanctioned limits amounting to Rs. 120 million (31 December 2021: Rs. 120 million). The facility is secured by way of lien over import documents and accepted drafts. The commission charged is 0.030% per quarter (31 December 2021: 0.030%).

18.5.2 The Group also has unavailed facility of finance against trust receipt and running finance of Rs. 141.63 million from JS Bank Limited against aggregate sanctioned limits of Rs. 180.03 million.

19. PROPERTY, PLANT AND EQUIPMENT	Note	2022 Rupees	2021 Rupees
Operating fixed assets	19.1	1,595,639,706	1,682,948,599
Right of use assets	19.1	356,465,213	126,628,439
Capital work in progress	19.2	442,024,015	13,714,996
Advances - considered good		3,968,875	6,388,341
		2,398,097,809	1,829,680,375

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DESCRIPTION	2021										Rate	
	Cost/revalued amount					Accumulated depreciation						Net book value as at 31 December
	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		
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	

*This represents amount transferred from capital work in progress.

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19.1.1 Depreciation charge has been allocated as under:	Note	2022 Rupees	2021 Rupees
Cost of sales	33	128,186,341	119,589,669
Distribution, selling and promotional expenses	34	44,923,233	39,013,487
Administrative and general expenses	35	42,724,335	38,313,384
		215,833,909	196,916,540

19.1.2 The latest revaluation of land, building on freehold land and plant and machinery was carried out on 31 December 2020 by M/S Surval (Valuer on the approved list of Pakistan Banking Association) which resulted in a surplus of Rs. 146.27 million over the net carrying value of assets.

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

	Note	2022 Rupees	2021 Rupees
Land - freehold		38,989,289	38,989,289
Building on freehold land		196,578,746	122,688,991
Plant and machinery		429,228,318	587,591,475
		664,796,353	749,269,755

19.1.4 Below is the reconciliation of carrying value without impact of revaluation surplus:

Carrying value of assets:

Land - freehold	338,400,000	338,400,000
Building on freehold land	284,263,416	220,116,402
Plant and machinery	502,007,996	679,095,896
	1,124,671,412	1,237,612,298
Less: Revaluation surplus	410,144,816	436,249,408
Less: Related deferred tax	49,730,243	52,093,135
	459,875,059	488,342,543
Carrying value without revaluation surplus	664,796,353	749,269,755

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19.1.5 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 -----							
Plant and Machinery							
HVAC Chiller	62,396,682	(12,689,094)	49,707,588	52,621,944	2,914,356	Sale & Leaseback	First Habib Mudarba
Blistering & Cartoning	115,959,371	(25,160,799)	90,798,572	96,122,092	5,323,520	Sale & Leaseback	First Habib Mudarba
Coater 500 Kg	42,156,242	(351,302)	41,804,940	44,255,964	2,451,024	Sale & Leaseback	First Habib Mudarba
Vehicle Type Reg. No Employees:							
Motor Cars							
Suzuki Cultus	LEA-18A-7488	1,340,000	(833,592)	506,408	984,835	478,427 Company Policy	Usman Wahid Bhatti
Suzuki Alto	LEA-20-7021	1,398,000	(636,867)	761,133	1,125,235	364,102 Company Policy	Mirza Shujat Ali
Honda City	LEB-19-7085	1,859,000	(1,127,182)	731,818	-	(731,818) Company Policy	Tariq Aziz
Suzuki Cultus VXR	LEH-19-5952	1,745,000	(975,627)	769,373	1,133,220	363,847 Company Policy	Sajid Pervaiz
Third party:							
Suzuki Alto	AAC 877	1,398,000	(560,753)	837,247	1,745,500	908,253 Sale In Market	Market
Suzuki Alto	AAB 513	1,398,000	(560,753)	837,247	1,734,500	897,253 Sale In Market	Market
Items having NBV less than Rs.500,000 each	26,490,740	(17,187,513)	9,303,227	14,503,238	5,200,011		
2022	256,141,035	(60,083,482)	196,057,553	214,226,528	18,168,975		
2021	163,467,347	(117,279,578)	46,187,769	52,942,051	6,754,282		

19.1.6 Forced sale value as per the last revaluation report dated 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
Total	798,568,000

19.1.7 The above amount does not include assets which are capitalized from 1st January 2022 to 31 December 2022, as no material change in values occurred for the same.

19.1.8 The Group entered into a Sale and leaseback transaction with First Habib Modarbah for a period of 2 years to generate additional cash inflow. The net cashflow impact of the transaction during the year is Rs. 91.68 Million.

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19.1.9 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

19.2 Capital work in progress

Movement in capital work in progress is as follows:

	Plant and Machinery		Others		Total	
	2022	2021	2022	2021	2022	2021
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Opening balance	1,787,999	72,443,055	11,926,997	8,832,572	13,714,996	81,275,627
Additions during the year	83,656,338	11,600,253	612,658,945	102,787,700	696,315,283	114,387,953
Transferred to owned assets	(80,245,203)	(82,255,309)	(187,761,061)	(99,693,275)	(268,006,264)	(181,948,584)
	5,199,134	1,787,999	436,824,881	11,926,997	442,024,015	13,714,996

20. INTANGIBLE ASSETS	Note	2022 Rupees	2021 Rupees
Intangible assets	20.1	35,835,396	435,882
Software - under implementation	20.3	-	21,189,000
		35,835,396	21,624,882

20.1

PARTICULARS	2022							
	Cost			Accumulated amortization			Book value as at 31 December	Rate %
As at 01 January	Additions	As at 31 December	As at 01 January	For the year	As at 31 December			
	----- Rupees -----							
Registration and trademark*	156,214,265	-	156,214,265	155,939,561	274,704	156,214,265	-	10-20%
Computer software	11,305,681	37,571,500	48,877,181	11,305,681	1,736,104	13,041,785	35,835,396	10-33%
License**	651,303	-	651,303	490,125	161,178	651,303	-	20%
	168,171,249	37,571,500	205,742,749	167,735,367	2,171,986	169,907,353	35,835,396	

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PARTICULARS	2021							
	Cost			Accumulated amortization			Book value as at 31 December	Rate %
	As at 01 January	Additions	As at 31 December	As at 01 January	For the year	As at 31 December		
----- Rupees -----								
Registration and trademark*	156,214,265	-	156,214,265	155,583,543	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	

*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.

20.2 ERP software represents the cost incurred on the implementation of IT software SAP S/4 HANA and fee for license paid to Systems Limited for the period of 5 years.

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

20.4 Amortization charge has been allocated as under:	Note	2022 Rupees	2021 Rupees
Cost of sales	31	1,489,098	-
Distribution, selling and promotional expenses	32	36,686	-
Administrative and general expenses	33	646,202	-
		2,171,986	-

21. GOODWILL	Note	2022 Rupees	2021 Rupees
Goodwill on acquisition of subsidiary	21.1	834,230	834,230

21.1 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.

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

21.2 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):

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For The Year Ended 31 December 2022

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

	Note	2022 Rupees	2021 Rupees
22. LONG-TERM DEPOSITS			
Bank guarantee margin		1,602,710	1,602,710
Deposit with vendors		22,340,719	9,940,719
Security deposits against leases		24,233,160	-
		48,176,589	11,543,429

23. LONG-TERM ADVANCES

Long-term advances to employees against			
- Vehicles		-	54,835,164
- Salaries	23.1	52,068,821	4,761,972
Less: current portion		(17,409,400)	(21,502,502)
		34,659,421	38,094,634

23.1 Movement of long-term advances against salaries is as follows;

Opening balance as at 01 January	5,692,080	-
Advance given during the year	48,761,418	7,540,000
Advance received during the year	(1,927,504)	(1,847,920)
	46,833,914	5,692,080
Less: allowance for expected credit losses	(457,173)	(930,108)
Closing balance as at 31 December	52,068,821	4,761,972

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

24. DEFERRED TAX ASSETS	Note	2022 Rupees	2021 Rupees
Deferred tax liabilities on taxable temporary differences:			
Surplus on revaluation of operating fixed assets	8	(49,730,243)	(52,093,135)
Accelerated tax depreciation		(174,192,379)	(96,165,654)
Right of use asset - net		(27,026,557)	-
		(250,949,179)	(148,258,789)
Deferred tax assets on deductible temporary differences:			
Allowance for expected credit losses		16,280,761	6,171,494
Lease liabilities - net		-	6,310,552
Provision for gratuity		164,123,288	150,791,435
Provision for stock		75,440,024	7,780,891
Unused tax losses		-	14,450,702
		255,844,073	185,505,074
Deferred tax assets - net		4,894,894	37,246,285

24.1 Movement in deferred tax is as follows:

At beginning of the year		37,246,285	28,902,300
Recognized as deferred tax (expense) / income in consolidated statement of profit or loss:			
- Surplus on revaluation of operating fixed assets		7,374,815	7,930,426
- Accelerated tax depreciation on fixed assets		(78,026,725)	397,391
- Lease liabilities		(33,337,109)	2,589,436
- Provision for stock		67,659,133	(5,849,656)
- Allowance for expected credit losses		10,109,267	1,421,747
- Gratuity		27,874,344	1,500,314
- Unused tax losses		(14,450,702)	(4,640,820)
		(12,796,977)	3,348,838
Recognized as deferred tax income in consolidated statement of comprehensive income:			
- Gratuity		(14,542,491)	4,995,147
- Revaluation Surplus on operating fixed assets		(5,011,923)	-
		4,894,894	37,246,285

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

	Note	2022 Rupees	2021 Rupees
25. STOCK IN TRADE			
Raw materials			
In hand		1,726,625,209	1,172,542,540
In transit		28,657,617	162,249,057
With third party		197,297,237	84,793,190
		1,952,580,063	1,419,584,787
Packing material		694,288,815	431,255,176
Work in process		294,334,778	253,045,580
Finished goods			
Trading -in hand		424,503,201	145,423,945
Trading -in transit		121,809,234	20,713,619
Manufactured		643,824,242	285,673,971
		1,190,136,677	451,811,535
Less: Provision for slow moving and obsolete items	25.1	(131,478,395)	(116,935,653)
		3,999,861,938	2,438,761,425
25.1 Provision for slow moving and obsolete items			
Opening provision		116,935,653	150,348,662
Charge for the year		39,146,215	10,522,776
Reversal during the year		-	(2,365,488)
Written off during the year		(24,603,473)	(41,570,297)
Closing provision		131,478,395	116,935,653
26. TRADE RECEIVABLES			
Foreign		56,554,198	86,675,859
Local		1,325,868,534	630,384,241
		1,382,422,732	717,060,100
Less: Allowance for expected credit losses	26.1	(52,085,768)	(22,372,807)
	26.2	1,330,336,964	694,687,293
26.1 Allowance for expected credit losses:			
Opening balance		22,372,807	17,295,078
Charged during the year	37	29,712,961	10,582,999
Written off during the year		-	(5,505,270)
		52,085,768	22,372,807

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

26.2 These customers have no history of default. Age analysis of these trade debts is given in Note 43.

27. ADVANCES, TRADE DEPOSITS AND PREPAYMENTS	Note	2022 Rupees	2021 Rupees
Advances to staff			
- against expenses	27.1	107,134,995	44,270,005
- against salary	27.2	37,560,349	55,268,858
- current portion of advances against vehicles and salaries		17,409,400	21,502,502
		162,104,744	121,041,365
Advance to suppliers against goods and services	27.3	382,199,021	58,268,370
Margin against letter of credit		354,777,373	144,615,695
Trade deposits		28,452,539	27,744,808
Prepayments		49,947,700	22,529,249
Letters of credit		85,674	2,332,630
		977,567,051	376,532,117

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

27.2 Advances to staff are interest free and settled against immediate salary. These advances are secured against final settlement of staff provident fund and impact of IFRS-9 is immaterial.

27.3 This includes an advance of amounting to Rs. 43.51 million (2021: Rs. 2 million) provided to Route2 health (100% owned subsidiary). The maximum amount due from Route2 health during the year, calculated by reference to month-end balances, was Rs. 218.12 million (2021: Rs. 2 million).

28. OTHER RECEIVABLES	Note	2022 Rupees	2021 Rupees
Receivable from			
Route 2 Health (a related party)		3,510,513	-
Insurance claim receivable	28.1	1,565,294	2,765,294
Workers' Profit Participation Fund	28.2	3,454,826	16,663,752
		8,530,633	19,429,046
Interest accrued		12,342,694	3,499,325
Others		4,817,552	823,492
		25,690,879	23,751,863

28.1 The maximum aggregate balance outstanding at any month during the year is Rs. 3.5 million (2021: Rs Nil)

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

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

	Note	2022 Rupees	2021 Rupees
28.2 Workers' Profit Participation Fund			
Balance at the beginning of the year		16,663,752	(3,330,833)
Charge for the year		(182,157,250)	(129,351,552)
Interest charged for the period		(395,702)	(209,834)
Amount received from fund		-	(71,430)
		(165,889,200)	(132,963,649)
Paid during the year		169,344,026	149,627,401
		3,454,826	16,663,752

29. SHORT TERM INVESTMENT

Investments at fair value through profit or loss

Mutual Funds 29.1 1,193,596,924 2,059,740,193

29.1 These investments are measured at fair value through profit or loss

Balance at the beginning of the year		2,059,740,193	1,093,846,453
Additions during the year		1,590,531,440	1,372,471,989
Redemption during the year		(2,465,922,190)	(417,170,045)
Realized (loss) / gain on redemption of investments during the year	37	(939,142)	(600,055)
Un-realized gain on remeasurement of investments during the year		10,186,623	11,191,851
Closing and fair value of short term investment	29.1.1	1,193,596,924	2,059,740,193

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

	Units		Fair Value	
	2022	2021	2022	2021
29.1.1 Mutual fund wise detail is as follows:	Numbers	Numbers	Rupees	Rupees
Alfalah GHP Income Fund	7,861	182,378	951,317	21,463,277
Alfalah GHP Money Market Fund	734,606	743,899	72,305,891	73,174,515
MCB Cash Management Optimizer Fund	816,382	1,053,705	82,863,602	106,472,418
Faysal MTS Fund	1,983	-	218,111	-
Faysal Money Market Fund	368,748	781,225	37,795,038	79,775,221
Askari High Yield Scheme	487,746	1,262,382	53,165,658	135,846,646
Askari Sovereign Cash Fund	79,763	498,687	8,825,267	53,288,782
Meezan Rozana Amdani Fund	444,381	3,113,012	22,242,909	155,650,609
NBP Money Market Fund	1,394,602	11,022,846	13,882,145	109,250,251
NBP Financial Sector Income Fund	13,963,710	26,027,168	147,657,858	274,719,359
UBL Liquidity Plus Fund	872,466	4,032,473	88,556,169	408,808,274
UBL Government Securities Fund	2,714,335	-	305,683,297	-
NIT Money Market Fund	2,029,381	11,319,746	19,647,659	109,404,217
HBL Money Market Fund	90,306	652,053	9,955,869	69,853,326
HBL Financial Sector Income Fund	770,686	-	78,144,391	-
ABL Cash Fund	11,151,385	9,471,643	115,172,621	96,787,876
ABL Government Security Fund	-	3,839,029	-	40,000,000
Atlas Money Market Fund	223,811	200,821	114,079,170	101,911,500
JS Cash Fund	-	959,165	9,650	102,151,080
First Habib Cash Bank	219,494	1,185,576	22,440,302	121,182,842
	36,371,646	76,345,808	1,193,596,924	2,059,740,193

		2022	2021
	Note	Rupees	Rupees
30. TAX REFUNDS DUE FROM THE GOVERNMENT			
Income tax		7,302,466	-
Sales tax refundable - net		455,705,078	28,814,302

30.1 This refundable contain certain provision amounting to Rs. 30.7 million (2021: Rs. Nil).

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

31. CASH AND BANK BALANCES	Note	2022 Rupees	2021 Rupees
Cash and imprest		1,993,630	1,992,946
Balance with banks			
Current accounts			
-Local currency		123,930,715	187,286,723
-Foreign currency		14,431,417	12,234,160
Saving accounts	31.1	147,049,207	520,543,862
Term deposit receipts	31.2	145,290,304	95,000,000
		430,701,643	815,064,745
		432,695,273	817,057,691

31.1 These represents saving accounts which carries profit at the rate of ranging from 4.5% - 14.51% (2021: 5.56% - 7.26%).

31.2 These represents investments in term deposit receipts. They carry average profit at the rate of ranging from 5% - 16% (2021: 5% - 10.5%) which will be matured during March 2023.

32. REVENUE FROM CONTRACTS WITH CUSTOMERS- NET	Note	2022 Rupees	2021 Rupees
Local sales	32.1	16,162,883,674	12,586,009,487
Export sales		888,882,372	624,529,466
		17,051,766,046	13,210,538,953
Toll manufacturing		491,427,184	384,381,096
		17,543,193,230	13,594,920,049
Less:			
Discount		1,518,151,511	424,846,075
Sales tax		109,463,316	56,948,666
Sales return		99,641,405	112,345,168
		(1,727,256,232)	(594,139,909)
	32.4	15,815,936,998	13,000,780,140

32.1 This includes trading sales amounting to Rs. 2.8 billion (2021: RS. 2.7 billion)

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

32.2 Geographical information	Note	2022 Rupees	2021 Rupees
Revenue from external customers - net			
Pakistan		14,927,054,626	12,434,705,044
Afghanistan		588,752,398	296,150,881
United Arab Emirates		103,264,024	106,311,447
France		49,710,333	68,123,197
Kenya		15,368,650	64,625,112
Iraq		61,121,943	14,367,650
Cambodia		18,252,003	6,874,703
Tanzania		21,089,012	3,914,213
Dubai		19,885,829	-
Others		11,438,180	5,707,893
Total revenue from contracts with customers		15,815,936,998	13,000,780,140
Timing of revenue recognition			
Goods transferred at a point in time		15,815,936,998	13,000,780,140

32.3 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 on credit terms. In case of credit sales, payment is generally due within 30-45 days.

32.4 Contract balances	Note	2022 Rupees	2021 Rupees
Trade receivables	32.4.1	1,429,978,369	694,687,293
Contract liabilities	32.4.2	(72,263,670)	(33,248,835)

32.4.1 Trade receivables are non-interest bearing and are generally on terms of 30 to 45 days. The increase in trade receivables pertains to increase in overall revenue from customers during the year.

32.4.2 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. 33.2 million (2021: Rs. 76.85 million), have been recognized as revenue upon dispatch of goods.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

	Note	2022 Rupees	2021 Rupees
33. COST OF SALES			
Raw and packing material consumed	33.1	5,596,954,350	4,120,329,763
Salaries, wages and benefits	33.2	855,387,488	679,028,827
Fuel and power		182,802,805	160,088,827
Repairs and maintenance		57,594,345	114,480,207
Depreciation	19.1.1	128,186,341	119,589,669
Factory supplies		11,358,847	47,759,796
Vehicle running and maintenance		86,242,572	48,239,014
Stores consumed		98,501,083	45,494,632
Insurance		17,393,052	12,785,166
Printing and stationery		17,893,727	12,125,507
Fee and subscription		24,303,913	20,532,186
Rent, rates and taxes	33.3	18,178,309	14,067,897
Traveling and conveyance		9,928,583	6,436,967
Consultancy and professional charges		5,111,700	8,003,487
Other direct costs		3,986,376	3,487,692
Telephone, postage and communication		2,366,599	1,963,396
Ijarah rentals		-	1,192,722
Provision for slow moving and obsolete stock		9,838,637	3,490,700
Staff welfare and entertainment		4,116,115	2,400,967
Freight expenses		1,423,181	1,665,625
Amortization of intangible assets		1,489,098	486,279
		7,133,057,121	5,423,649,326
Inventory effect of work in process			
Opening		253,045,580	148,824,622
Closing		(294,334,778)	(253,045,580)
		(41,289,198)	(104,220,958)
Cost of goods manufactured		7,091,767,923	5,319,428,368
Inventory effect of finished goods			
Opening		423,077,851	533,121,539
Purchases		1,300,786,299	1,047,586,107
Closing		(1,190,136,677)	(423,077,851)
		533,727,473	1,157,629,795
Cost of goods sold		7,625,495,396	6,477,058,163

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

		2022	2021
33.1	Raw, packing material and store consumed:	Rupees	Rupees
	Opening stock	1,850,839,963	1,546,210,915
	Add: Purchases during the year	6,392,983,265	4,368,454,710
	Less: Closing stock	(2,646,868,878)	(1,850,839,963)
	Raw and packing material consumed during the year	5,596,954,350	4,120,329,763

		2022	2021
33.2	This includes the following staff benefits:	Rupees	Rupees
	Defined benefit plan - Gratuity	38,981,903	23,055,948
	Defined contribution plan - Provident Fund	19,756,176	16,270,161
	Provision for compensated leave absences	14,116,205	5,436,373
		72,854,284	44,762,482

33.3 This represents amount to Rs. 17.9 million in respect of warehouses. Group has accounted for this using short-term lease exemptions accounting of IFRS-16.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

		2022	2021
34.	DISTRIBUTION, SELLING AND PROMOTIONAL EXPENSES	Rupees	Rupees
	Salaries and benefits	1,704,548,924	1,470,603,581
	Traveling and conveyance	637,665,000	470,312,032
	Training, seminars and symposia	249,832,482	335,772,558
	Literature, promotion and advertisement material	685,999,602	642,468,306
	Vehicle running and maintenance	270,478,271	146,721,837
	Freight	170,002,149	99,806,832
	Sample goods	69,912,031	80,847,774
	Newspapers and subscriptions	43,382,905	54,363,511
	Depreciation	44,923,233	39,013,487
	Insurance	47,252,565	31,701,332
	Telephone, postage and communication	31,410,586	22,380,128
	Commission on sales	6,113,104	5,791,482
	Rent, rates and taxes	7,480,765	7,222,380
	Office supplies	1,680,385	4,808,909
	Printing and stationery	3,013,603	3,525,677
	Repairs and maintenance	877,107	884,466
	Others	417,695	124,730
	Amortization	36,686	-
	Legal and professional charges	6,024,429	-
	Ijarah rentals	7,404,607	-
		3,988,456,129	3,416,349,022

		2022	2021
34.1	This includes following staff benefits:	Rupees	Rupees
	Defined benefit plan - Gratuity	31,660,792	29,526,629
	Defined contribution plan - Provident Fund	41,793,828	33,251,756
	Provision for compensated leave absences	15,845,841	10,278,017
		89,300,461	73,056,402

34.2 This represents amount to Rs. 7.4 million in respect of warehouses. Group has accounted for this using short-term lease exemptions accounting of IFRS-16.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

		2022	2021
	Note	Rupees	Rupees
35. ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries and benefits	35.1	393,038,609	390,225,498
Depreciation	19.1.1	42,724,335	38,313,384
Amortization		646,202	-
Vehicle running and maintenance		46,432,881	37,509,853
Donation	35.4	6,560,648	16,790,527
Repairs and maintenance		16,717,157	12,896,694
Newspapers and subscriptions		26,871,847	12,133,237
Telephone, postage and communication		12,693,887	9,815,553
Rent, rates and taxes	35.2	17,692,663	7,736,561
Traveling and conveyance		26,377,393	7,249,806
Legal and professional charges		8,320,463	6,119,065
Electricity, gas and water		23,209,247	5,979,353
Office supplies		12,550,157	5,590,616
Insurance		3,999,203	5,284,148
Advertisement, seminars and symposia		2,725,682	3,127,000
Printing and stationery		9,656,188	4,253,609
Auditors' remuneration	35.3	4,261,500	3,061,500
Others		3,935,407	1,389,086
Ijarah rentals		-	203,371
Staff welfare and entertainment		2,464,322	1,077,993
Staff training & development		34,000	49,000
		660,911,791	568,805,854
35.1 It includes the following staff benefits:			
Defined benefit plan - Gratuity		22,419,526	29,295,198
Defined contribution plan - Provident Fund		11,718,245	10,513,721
Provision for compensated leave absences		2,211,788	1,923,294
		36,349,559	41,732,213

35.2 This represents amount to Rs. 17.6 million in respect of godowns. Group has accounted for this using short-term lease exemptions accounting of IFRS-16.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

35.3 Auditors' remuneration	Note	2022 Rupees	2021 Rupees
Statutory audit		2,650,000	2,150,000
Other services		700,000	-
Fee for review of half yearly financial information		478,500	478,500
Review of Statement of compliance of CCG		121,000	121,000
Out of pocket		312,000	312,000
		4,261,500	3,061,500

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

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

36. RESEARCH AND DEVELOPMENT EXPENSES	Note	2022 Rupees	2021 Rupees
Salaries and benefits	36.1	9,619,884	7,350,627
Vehicle repair and maintenance		788,237	537,196
Traveling		39,148	16,332
Insurance		45,564	47,092
Office supplies		50,248	43,890
Others		88,147	677,443
		10,631,228	8,672,580

36.1 It includes the defined contribution plan - provident fund of Rs. 0.31 million (2021: Rs. 0.22 million)

37. OTHER OPERATING EXPENSES	Note	2022 Rupees	2021 Rupees
Workers' Profit Participation Fund	28.2	182,157,250	129,351,552
Workers' Welfare Fund		72,723,462	53,951,156
Central Research Fund		36,441,712	24,295,616
Allowance for expected credit losses on trade receivables	26.1	29,712,961	10,582,999
Allowance for expected credit losses on long-term advances	23.1	-	930,108
Realized loss on sale of short-term investment		939,142	600,055
Exchange loss		7,474,628	-
		329,449,155	219,711,486

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

		2022	2021
	Note	Rupees	Rupees
38. OTHER INCOME			
Income from financial assets:			
Return on deposits		15,126,064	29,148,228
Dividend Income on short-term investment		218,626,676	103,442,831
Realized gain on sale of short-term investment		-	-
Unrealized gain on re-measurement of short term investment to fair value		10,186,623	11,191,851
Deferred Income		3,565,756	-
Exchange gain - net		321,267	2,517,036
Income from non-financial assets:			
Reversal of provision against slow moving and obsolete stock		-	2,365,488
Reversal of allowance for expected credit loss		472,935	-
Gain on disposal of operating fixed assets	19.1.5	18,168,975	6,754,282
Liabilities written back		37,171,978	-
Scrap sales		1,234,154	1,261,074
		304,874,428	156,680,790
39. FINANCE COSTS			
Finance cost on lease liabilities	9	26,899,580	17,902,625
Mark-up on Long-term loans		6,750,325	6,712,802
Bank charges		3,652,363	3,681,357
Mark-up on short term borrowings		23,021,865	2,614,913
Interest on Workers' (Profit) Participation Fund		395,702	209,834
		60,719,835	31,121,531
40. TAXATION			
Current income tax:			
Charge for the year		954,274,828	634,513,749
Adjustments in respect of current income tax of previous year		5,385,686	(51,844,559)
		959,660,514	582,669,190
Deferred			
Relating to origination and reversal of temporary differences		12,796,977	(3,348,838)
		972,457,491	579,320,352

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

40.1 Reconciliation of tax charge for the year	Note	2022 Rupees	2021 Rupees
Numerical reconciliation between the average effective tax rate and the applicable tax rate is as follows:			
Profit before tax		3,445,147,892	2,435,742,294
Tax at applicable tax rate of 29% (2021: 29%)		999,092,889	706,365,265
Effect of non-deductible expenses for tax purposes		23,949,676	21,014,775
Effect of non-chargeable income for tax purposes		(27,718,289)	(8,588,713)
Effect of allowable deductions / charge for tax purposes:			
Depreciation of operating fixed assets		3,011,319	(5,564,568)
Gain / loss on disposal of fixed asset.		6,665,345	2,878,136
WPPF / WWF		(44,114,213)	(8,715,053)
Allowance for expected credit losses		6,653,000	869,345
Gratuity		(12,293,256)	8,283,349
Lease payments		(9,577,481)	(5,853,017)
Effect of amounts subject to fixed / final taxes		(91,666,825)	(81,644,152)
Effect of super tax		113,069,640	-
Effect of tax credit		-	2,119,544
Prior year income tax charge		5,385,686	(51,844,559)
Average tax expense charged to profit or loss		972,457,491	579,320,352

41. EARNINGS PER SHARE - BASIC AND DILUTED

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

	Note	2022 Rupees	2021 Rupees
Profit after taxation	Rupees	2,472,690,401	1,856,421,942
Weighted average number of ordinary shares	Number of shares	41,884,082	38,076,439
Earnings per share	Rupees	59.04	44.32

42. REMUNERATION OF CHIEF EXECUTIVE 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:

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

	2022			2021		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	-----Rupees-----					
Short-term employee benefits						
Managerial remuneration	32,364,935	14,599,482	542,860,715	24,065,159	8,259,950	383,121,304
House Allowance / utility	8,957,832	3,197,916	177,015,674	7,997,784	2,557,920	146,667,675
Medical	-	-	13,842,496	12,500	-	9,599,101
	41,322,767	17,797,398	733,718,885	32,075,443	10,817,870	539,388,080
Retirement benefits	5,492,747	665,967	56,423,863	1,332,576	532,692	21,743,936
	46,815,514	18,463,365	790,142,748	33,408,019	11,350,562	561,132,016
Number of persons	1	1	115	1	1	102

42.1 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.

42.2 Managerial remuneration includes Rs. 87.1 million (2021: Rs. 92.2 million) charged in the consolidated statement of profit or loss in respect of bonus to chief executive, director and executives of the Group.

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

42.4 The director is related to Group's Subsidiary.

43. FINANCIAL RISK MANAGEMENT

43.1 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.

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For The Year Ended 31 December 2022

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.

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For The Year Ended 31 December 2022

	Changes in FC Rate	Effects on Profit Before Tax 2022	Effects on Profit Before Tax 2021
		Rupees	Rupees
Receivables - USD	+10%	5,475,150	8,750,753
	-10%	(5,475,150)	(8,750,753)
Payables - Euro	+10%	2,500,513	1,008,836
	-10%	(2,500,513)	(1,008,836)
Payables - USD	+10%	23,667,160	310,157
	-10%	(23,667,160)	(310,157)
Payables - JPY	+10%	2,166,912	-
	-10%	(2,166,912)	-
Bank balance - USD	+10%	1,850,380	1,224,360
	-10%	(1,850,380)	(1,224,360)
Reporting date rate:			
USD		226.36	178.17
Euro		241.19	201.86
JPY		1.71	1.56

(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 Group's interest bearing financial instruments was:

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For The Year Ended 31 December 2022

	2022 Rupees	2021 Rupees
Floating rate instruments		
Financial assets at amortized cost		
Cash and bank balances - deposit accounts	147,049,207	520,543,862
Financial assets at fair value through profit or loss		
Short term investments	1,193,596,924	2,059,740,193
	1,340,646,131	2,580,284,055
Financial liabilities at amortized cost		
Lease liabilities	258,014,081	149,505,355
Long-term loan	18,008,677	178,615,376
Short term borrowings	511,804,639	46,616,000
	787,827,397	374,736,731

Fair value sensitivity analysis for fixed rate instruments

Term deposit receipts	145,290,304	95,000,000
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Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the 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.

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For The Year Ended 31 December 2022

		Changes in Interest Rate	Effects on Profit Before Tax
		Rupees	Rupees
Lease liabilities	2022	+1.50	(3,870,211)
		-1.50	3,870,211
	2021	+1.50	(2,242,580)
		-1.50	2,242,580
Long-term Loan	2022	+1.50	270,130
		-1.50	(270,130)
	2021	+1.50	2,679,231
		-1.50	(2,679,231)
Short term borrowings	2022	+1.50	7,677,070
		-1.50	(7,677,070)
	2021	+1.50	699,240
		-1.50	(699,240)
short-term deposits	2022	+1.50	2,179,355
		-1.50	(2,179,355)
	2021	+1.50	1,425,000
		-1.50	(1,425,000)
Cash and bank balances - deposit accounts	2022	+1.50	2,205,738
		-1.50	(2,205,738)
	2021	+1.50	7,808,158
		-1.50	(7,808,158)
short-term investments	2022	+1.50	17,903,954
		-1.50	(17,903,954)
	2021	+1.50	30,896,103
		-1.50	(30,896,103)

(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

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For The Year Ended 31 December 2022

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:

		2022	2021
	Note	Rupees	Rupees
Financial assets at amortized cost:			
Trade receivables		1,382,422,732	604,714,932
Advances to employees against salaries		37,560,349	55,268,858
Trade deposits		76,829,128	39,288,237
Other receivables		25,690,879	23,751,863
Term deposit receipts		145,290,304	95,000,000
Bank balances		285,411,339	720,064,745
Financial assets at fair value through profit or loss:			
short-term investments		1,193,596,924	2,059,740,193
		3,146,801,655	3,597,828,828

(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

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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 2022, the Company has 72 (2021: 34) customers who owed the Company more than Rs.1 million each and accounted for approximately 87% (2021: 95%) 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:

Trade receivables				
Days past due				
<30 days	30-60 days	61-90 days	>90 days	Total

-----Rupees-----

31 December 2022

Expected credit loss rate	1.23%	3.05%	25.27%	99.35%	
Estimated total gross carrying amount at default	849,668,993	456,570,107	64,786,999	11,396,633	1,382,422,732
Expected credit loss	10,450,929	13,925,388	16,371,675	11,322,513	52,070,505

Trade receivables				
Days past due				
<30 days	30-60 days	61-90 days	>90 days	Total

-----Rupees-----

31 December 2021

Expected credit loss rate	0.85%	7.17%	25.19%	58.49%	
Estimated total gross carrying amount at default	652,748,380	38,551,115	1,854,713	23,905,892	717,060,100
Expected credit loss	5,140,621	2,763,033	467,145	13,983,072	22,353,871

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For The Year Ended 31 December 2022

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:

	Rating			Rupees 2022	Rupees 2021
	Short term	Long term	Agency		
Cash and short term Deposits					
National Bank of Pakistan	A-1+	AAA	PACRA - VIS	1,362,092	22,198,894
United Bank Limited	A-1+	AAA	VIS	4,246,896	2,796,069
Habib Bank Limited	A-1+	AAA	VIS	117,295,359	594,327,570
Allied Bank Limited	A-1+	AAA	PACRA	229,594	25,389
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	95,209,138	1,961,976
JS Bank Limited	A-1+	AA-	PACRA	3,599,892	104,947,714
Bank Al Habib Limited	A-1+	AAA	PACRA	18,730	18,730
Meezan Bank Limited	A-1+	AAA	VIS	52,985,037	3,918,816
Askari Bank Limited	A-1+	AA+	PACRA	6,045,397	25,780,648
Mobilink Microfinance Bank Limited	A-1	A	PACRA	3,706,640	4,042,021
MCB Bank Limited	A-1+	AAA	PACRA	640,671	35,826
Faysal Bank Limited	A-1+	AA	PACRA - VIS	-	6,075
First Habib Modaraba	A-1+	AA+	PACRA - VIS	145,290,304	50,000,000
				430,629,750	810,059,728

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

	Rating		Rupees 2022	Rupees 2021
	Long term	Agency		
Short term investments				
UBL Liquidity Plus Fund	AA+(f)	VIS	88,556,169	408,808,274
NBP Financial Sector Income Fund	A+(f)	PACRA	147,657,858	274,719,359
Meezan Rozana Amdani Fund	AA+(f)	VIS	22,242,909	155,650,609
Askari High Yield Scheme	A(f)	PACRA	53,165,658	135,846,646
First Habib Cash Fund	AA+(f)	VIS	22,440,302	121,182,843
NIT Money Market Fund	AAA(f)	PACRA	19,647,659	109,404,217
NBP Money Market Fund	AA(f)	PACRA	13,882,145	109,250,251
MCB Cash Management Optimizer Fund	AA+(f)	PACRA	82,863,602	106,472,418
JS Cash Fund	AA+(f)	PACRA	9,650	102,151,080
Atlas Money Market Fund	AA+(f)	PACRA	114,079,170	101,911,500
ABL Cash Fund	AA+(f)	VIS	115,172,621	96,787,876
Faysal Money Market Fund	AA(f)	PACRA	37,795,038	79,775,221
Alfalah GHP Money Market Fund	AA+(f)	PACRA	72,305,891	73,174,515
HBL Money Market Fund	AA+(f)	VIS	9,955,869	69,853,326
Askari Sovereign Cash Fund	AA-(f)	VIS	8,825,267	53,288,782
ABL Government Security Fund	AA-(f)	VIS	-	40,000,000
Alfalah GHP Income Fund	A+(f)	PACRA	951,317	21,463,277
Faysal MTS Fund	AA-(f)	PACRA	218,111	-
UBL Government Securities Fund	AA(f)	VIS	305,683,297	-
HBL Financial Sector Income Fund	AA(f)	VIS	78,144,391	-
			1,193,596,924	2,059,740,194
			1,624,226,674	2,869,799,922

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.

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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 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.

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

31 December 2022

Lease liabilities	258,014,081	319,835,109	41,589,907	45,748,897	82,032,287	34,301,007
Long-term Loan	18,008,677	18,008,677	18,008,677	-	-	-
Markup accrued	1,669,835	1,669,835	1,669,835	-	-	-
Short-term borrowings	511,804,639	511,804,639	511,804,639	-	-	-
Trade and other payables	1,527,061,009	1,527,061,009	1,527,061,009	-	-	-
Unclaimed dividend	98,853,172	98,853,172	98,853,172	-	-	-
	2,415,411,413	2,477,232,441	2,198,987,239	45,748,897	82,032,287	34,301,007

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For The Year Ended 31 December 2022

	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	-	-	-
Short term borrowings	649,155	649,155	649,155	-	-	-
Trade and other payables	46,616,000	46,616,000	46,616,000	-	-	-
Markup accrued	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

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 2022, had there been increase / decrease in net asset value by 1% with all other availables held constant, the profit before tax for the year would have been higher / lower by Rs. 20.59 million (2021: Rs. 20.59 million).

43.2 Financial instruments by categories

2022		
AT FVTPL	Amortized cost	Total

-----Rupees-----

Assets as per consolidated statement of financial position:

Long-term deposits	-	48,376,589	48,376,589
Advances	-	37,560,349	37,560,349
Trade receivables	-	1,330,336,964	1,330,336,964
Trade deposits	-	28,452,539	28,452,539
Other receivables	-	25,690,879	25,690,879
Cash and short-term deposits	-	432,695,273	432,695,273
Short-term Investments	1,193,596,924	-	1,193,596,924
	1,193,596,924	1,903,112,593	3,096,709,517

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	2021		
	AT FVTPL	Amortized cost	Total
	-----Rupees-----		
Assets as per consolidated 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	-	-	-
Other receivables	-	27,744,808	27,744,808
Cash and short-term deposits	-	23,751,863	23,751,863
Short-term Investments	2,059,740,193	817,057,691	2,876,797,884
	2,059,740,193	1,517,708,774	3,577,448,967

	2022	2021
	Financial Liabilities at amortized cost	
	-----Rupees-----	
Liabilities as per consolidated statement of financial position:		
Lease liabilities	258,014,081	149,505,355
Long-term Loan	18,008,677	178,615,376
Short term borrowings	511,804,639	46,616,000
Markup accrued	1,669,835	649,155
Unclaimed dividend	98,853,172	64,336,749
Trade and other payables	1,527,061,009	973,244,957
	2,415,411,413	1,412,967,592

44. 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

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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

	2022 Rupees	2021 Rupees
Long-term loan	18,008,677	178,615,376
Lease liabilities	258,014,081	149,505,355
Trade and other payables	1,527,061,009	973,244,957
Short term borrowings	511,804,639	46,616,000
Unclaimed dividend	98,853,172	64,336,749
Mark-up accrued	1,669,835	649,155
	2,415,411,413	1,412,967,592
Less: Cash and short-term deposits	(432,695,273)	(817,057,691)
Net debt	1,982,716,140	595,909,901
Share capital	418,840,820	380,764,390
Revaluation surplus on operating fixed assets	410,144,816	436,249,408
Revenue reserves	6,826,126,631	5,099,966,603
	7,655,112,267	5,916,980,401
Total capital employed	9,637,828,407	6,512,890,302
Gearing ratio	21%	9%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021

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45. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Long-term loan	Lease liabilities	Total
	-----Rupees-----		
31 December 2022			
Opening balance	178,615,376	149,505,355	328,120,731
Additions during the year	26,300,000	151,968,600	178,268,600
Cash flows - net	(184,777,670)	(70,359,454)	(255,137,124)
Finance cost	6,750,325	26,899,580	33,649,905
Recognition of grant	(8,879,354)	-	(8,879,354)
Others	-	-	-
Closing balance	18,008,677	258,014,081	276,022,758

	Long-term loan	Lease liabilities	Total
	-----Rupees-----		
31 December 2021			
Opening balance	360,061,629	147,464,259	507,525,888
Additions during the year	-	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

46. FAIR VALUE MEASUREMENT

46.1 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

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	Fair value measurement using			
	Quoted price in active market	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
31 December 2022	-----Rupees-----			
Short-term investment	1,193,596,924	-	-	1,193,596,924
Revalued Property, plant and equipment:				
Land- freehold	-	283,400,000	-	283,400,000
Building on freehold land	-	204,770,536	-	204,770,536
Plant and machinery	-	-	380,385,320	380,385,320
Total	1,193,596,924	488,170,536	380,385,320	2,062,152,780

	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
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
Total	2,059,740,193	986,511,000	-	3,046,251,193

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 2022

46.2 Factors used for the determination of fair value of revalued property, plant and equipment are as follows:

Land - freehold

Following is the details of fair value:

- Valuation technique: market comparable
- Key observable input: price per kanal of immediate neighbourhood and neighbouring properties which have been recently purchased or sold

Building on freehold land

Following is the details of fair value:

- Valuation technique: market comparable
- Key observable input: price per square foot including cost of construction materials and labour.

Plant and machinery:

Following is the details of fair value:

- Valuation technique: replacement cost method
- Key observable input: international prices, exchange rates, local macroeconomic factors affecting the saleability and wear and tear of plant and machinery.

47. 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 42.). The Group 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 that were not disclosed elsewhere are as follows:

Undertaking	Relation	Nature of transaction	2022 Rupees	2021 Rupees
Route 2 health (Pvt) Ltd	Associate	Purchases	1,040,945,208	784,091,690
Route 2 health (Pvt) Ltd	Associate	Payments	1,115,957,866	791,933,095
Staff provident fund	Staff retirement benefits	Contribution	73,268,249	60,264,729
Employee's Welfare Trust	Staff welfare benefits	Contribution	4,059,914	3,650,782

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

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2022

48. NUMBER OF EMPLOYEES

	2022	2021
Number of employees at the end of the year	2,483	2,315
Average number of employees during the year	2,399	2,252

49. CORRESPONDING FIGURES

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

Description	Transferred from	Transferred to	2022
Reclassification of refund liability	Trade receivables	Trade and other payables	112,345,168

50. 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.

51. SEGMENT REPORTING

The chief operating decision maker (i.e., the Board of Directors) considers the whole business as one operating segment.

52. EVENTS AFTER THE REPORTING DATE

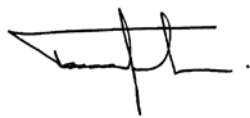
The Board of Directors of the Company in its meeting held on 23 February 2023 has proposed cash dividend at the rate of Rs. 20 (2021: Rs. 20) per share and 10% bonus shares for the year ended 31 December 2022, (2021: 10%) subject to the approval of shareholders in the Annual General Meeting to be held on 29 April 2023. These consolidated financial statements do not reflect these appropriations.

53. DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Group authorized these consolidated financial statements for issuance on 23 February 2023.



Dr. Adeel Abbas Haideri
Chief Executive Officer



Taufiq Ahmed Khan
Director



Ashfaq P. Alidina
Chief Financial Officer

FORM OF PROXY

FOLIO NO./

CDC A/C NO. _____

I/We _____

of _____ District _____ being a

member of HIGHNOON LABORATORIES LIMITED and

holder of _____ ordinary shares, entitled to vote hereby appoint

Mr. _____ of _____ or failing him

Mr. _____ of _____

as my/our proxy to attend and vote on my/our behalf at the Annual General Meeting of the Company to be held at REGISTERED OFFICE, 17.5 K.M. MULTAN ROAD, LAHORE on APRIL 29, 2023 at 11:00 a.m. and at any adjournment thereof.

As witness under my/our hand(s) this _____ day of _____ 2023.

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 اسی 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 29، 2023 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

BALLOT PAPER FOR VOTING THROUGH POST

For poll at the Annual General Meeting of Highnoon Laboratories Limited to be held on Saturday, April 29, 2023 at the Company's Registered Office: 17.5 Kilometer, Multan Road, Lahore,

Designated email address of the Chairman at which the duly filled in ballot paper may be sent:

investor.relations@highnoon.com.pk

Name of shareholder/joint shareholders	
Registered Address	
Folio No. / CDC Participant / Investor ID with sub-account No	
Number of shares held	
CNIC, NICOP/Passport No. (in case of foreigner) (Copy to be attached)	
<u>Additional Information and enclosures</u> (In case of representative of body corporate, corporation and Federal Government.)	
CNIC, NICOP/Passport No. (In case of foreigner) of Authorized Signatory - (Copy to be attached)	

I/we hereby exercise my/our vote in respect of the following resolutions through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick (✓) mark in the appropriate box below (delete as appropriate);

Special Resolutions
<p>RESOLVED THAT the increase in authorized share capital of the Company from Rs. 500,000,000/- (PKR Five Hundred Million only) divided into 50,000,000 (Fifty Million) shares of Rs. 10 each to Rs. 1000,000,000/- (PKR One Billion only) divided into 100,000,000 (One Hundred Million) shares of Rs. 10/- each, and to make necessary changes to the Memorandum and Articles of Association in relation thereto, be and is hereby approved.</p> <p>FURTHER RESOLVED THAT Dr. Adeel Abbas Haideri, the Chief Executive of the Company (the "Authorized Officer") or such other person delegated by him and / or Mr. Ashfaq Alidina, Chief Financial Officer, and / or Ms. Mahnoor Ather, Company Secretary, be and is hereby empowered and authorized to undertake, execute and implement all the decisions in respect of the said issuance and to take and do and/or cause to be taken or done any/all necessary acts, deeds and things, and to take any or all necessary actions which are or may be necessary, incidental and/or consequential to give effect to the aforesaid resolution, including signing and execution of documents and agreements and to complete all necessary legal formalities and to file all necessary documents as may be necessary or incidental for the purposes of implementing the aforesaid resolution.</p>

Sr. No.	Nature and Description of resolutions	No. of ordinary shares for which votes cast	I/We assent to the Resolutions (FOR)	I/We dissent to the Resolutions (AGAINST)
1	Special Resolution as per Agenda # 5 (as given above)			

Signature of shareholder(s)

Place: _____

Date: _____

NOTES:

1. Dully filled postal ballot should be sent to chairman (Mr. Tausif Ahmad Khan, 17.5kms, Multan Road, Lahore) or through email at investor.relations@highnoon.com.pk.
2. Copy of CNIC, NICOP/Passport No. (In case of foreigner) should be enclosed with the postal ballot form.
3. Postal ballot forms should reach chairman of the meeting till 5.00 p.m. April 28, 2023. Any postal ballot received after this date, will not be considered for voting.
4. Signature on postal ballot should match with signature on CNIC, NICOP/Passport (In case of foreigner).
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.



Highnoon

17.5 Kilometer Multan Road, Lahore - 53700, Pakistan

Tel: + 92 42 111 000 456, Fax: + 92 42 3751 0037

Email: investor.relations@highnoon.com.pk ,

Web: www.highnoon-labs.com