



Enriching Life

Annual Report 2023

Enriching Life



When we look at the world, we behold beauty in every corner. We see miracles unfolding before our eyes. We witness life in its bustling splendour. It is this life, teeming with its exquisite beauty, that we hold dear. It is our solemn duty to safeguard and nurture it so that it may continue to flourish.

At Highnoon, we embrace this responsibility with unwavering dedication. We believe in the transformative power of enriching life.

We understand that enriching life is not merely an idea but a tangible mission that requires action. That's why we invest in initiatives that promote health and wellness, support education and lifelong learning, and foster cultural enrichment.

In our pursuit of enriching life, we embrace collaboration, innovation, and inclusivity, inviting all voices to join us in our quest to make the world a more vibrant and harmonious place for all.





CONTENTS

Our Core Values	28
Financial Highlights	30
Company Information	31
Notice of Annual General Meeting	سالانہ اجلاس عام 32
Chairman's Review	جائزہ از چیئرمین 40
Directors' Report to the Share holders	ڈائریکٹرز رپورٹ 44
Six Years at a Glance	56
Graphical Presentation	58
Statement of value addition and its distribution	59
Horizontal & Vertical Analysis	60
Pattern of Shareholding	64
Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019	68
Independent Auditor's Review Report to the members of Highnoon Laboratories Limited	71
Financial Statements of Highnoon Laboratories Limited	
Independent Auditor's Report	74
Unconsolidated Statement of Financial Position	78
Unconsolidated Statement of Profit or Loss	80
Unconsolidated Statement of Comprehensive Income	81
Unconsolidated Statement of Cash Flows	82
Unconsolidated Statement of Changes in Equity	85
Unconsolidated Notes to the Financial Statements	86
Consolidated Financial Statements	
Group Directors' Report to the Shareholders	156
Independent Auditor's Report	160
Consolidated Statement of Financial Position	164
Consolidated Statement of Profit or Loss	166
Consolidated Statement of Comprehensive Income	167
Consolidated Statement of Cash Flows	168
Consolidated Statement of Changes in Equity	171
Consolidated Notes to the Financial Statements	172
Proxy Form	
Ballot Paper	



A Year of Milestones

We had a year of remarkable accomplishments and outstanding success. From surpassing milestones to fostering employee well-being and community engagement, we made significant strides. Our commitment to excellence and innovation continues to drive us forward. We are aiming for even greater achievements in the future.



Forbes Asia's Best Under a Billion List for the Fourth Time

Highnoon has made it to Forbes Asia's Best Under a Billion list for the fourth time. This monumental feat not only underscores Highnoon's exceptional prowess within the pharmaceutical domain but also highlights its dedication for greater heights and representing Pakistan's positive image globally.

Annual Sales Conference

The Annual Sales Conference 2023 witnessed an impressive turnout of 3000 employees. Among the notable highlights was the appearance of renowned celebrity Fawad Khan. He unveiled Highnoon's Corporate Campaign, "Enriching Life," and appreciated the company's efforts in promoting awareness about lifestyle interventions. He also shared his personal aspirations that underscored the importance of such initiatives in enriching lives and fostering positive change within communities.



Awards were given to high-performing employees for their exceptional contributions.



The event featured live performances by famous singers.





An impressive turnout of **3000** employees.





Our team's dedication, perseverance, and hard work paid off and **Kestine made it to the Billion mark**. This milestone reflects our unwavering pursuit of excellence.

1 BILLION MARK

Pharma Export Award

Highnoon received the **Pharma Export Award from the Prime Minister of Pakistan at the 6th Pharma Export Summit & Awards 2023 in Islamabad**.

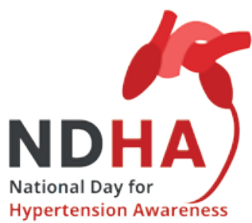
Dr Adeel Abbas, CEO, accepted the award and contributed to panel discussions on pharmaceutical export strategy. He shared insights on the sector's potential, current challenges, and strategies to boost pharmaceutical exports. He highlighted Highnoon's commitment to advancing the country's pharmaceutical industry on a global scale.





Public Wellness

At Highnoon, we are all about making life better. Last year, we focused on spreading awareness about health issues in the society. We worked hard to educate people about different diseases and the importance of living a healthy lifestyle. We continue our endeavour to make a positive impact on our society and foster a healthier community for everyone.



National Day for Hypertension Awareness

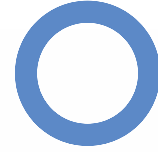
Highnoon partnered with the **National Day for Hypertension Awareness to set up free blood pressure check-up centres** at various clinics across different cities in Pakistan. This initiative aimed to raise public awareness about the risks associated with hypertension and encourage individuals to prioritize their cardiovascular health through regular check-ups.



May Measure Month

Highnoon joined hands with **May Measure Month (MMM)** as the official partner in Pakistan. Together, we organized over **2000 free hypertension screening camps** throughout the country. This initiative proved to be highly beneficial for individuals, as it provided them with the opportunity to learn about their health status and take necessary measures for their well-being.

World Diabetes Day



world diabetes day
14 November

During the month of November, Highnoon initiated a 14-day nationwide campaign – 'Aagahi Aaj Say'. The objective of this campaign was to educate individuals about the risk factors linked with diabetes and to promote

healthier lifestyles. Renowned Pakistani celebrities Ahsan Khan and Sunita Marshall leveraged their influence to advocate for mindful health practices, emphasizing the importance of diet and exercise for a healthier life.



Ahsan Khan and **Sunita Marshall** leveraged their influence to advocate for mindful health practices.

#آگاہی آج
#AAJSAY

Esteemed doctors shared insights about diabetes precaution, management, and care.



Dr Zakir Alavi
Endocrinologist



Prof. Dr Emerita Tasnim Ahsan
Endocrinologist



National Cholesterol Month

Highnoon introduced **Pakistan's first National Cholesterol Month** to highlight dyslipidemia's impact on heart health. **Over 200 cholesterol camps provided free check-ups to more than 5000 patients.** By offering accessible screenings and spreading knowledge, Highnoon sought to empower individuals to take proactive steps towards managing their cholesterol levels and reducing the risk of heart disease in Pakistan.



Ramzan Campaign

To assist individuals with **diabetes during Ramzan**, Highnoon created a series of **online posts**. These posts **provided valuable information** on managing health effectively while fulfilling religious obligations during the holy month.



MIL KAR MANAYEEN
RAMADAN
AAJ SAY

Social Media

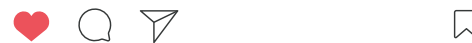


Highnoon Metabolic



Highnoon Metabolic

362 likes

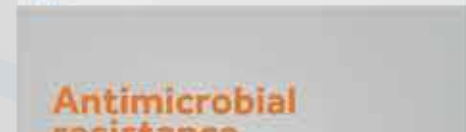
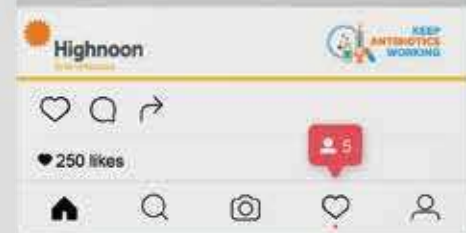
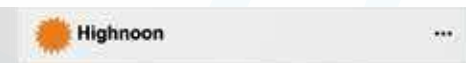
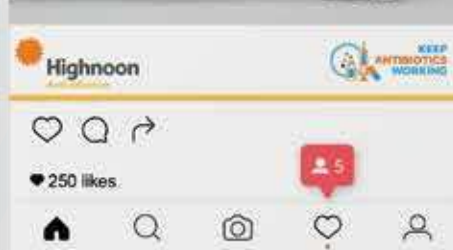


Highnoon Metabolic

Keep Antibiotics Working



Highnoon carried out a digital campaign titled '**Keep Antibiotics Working**' to raise awareness among the public about Antimicrobial Resistance (AMR). The objective of this campaign was to emphasize the responsible use of antibiotics and the importance of following doctor-prescribed guidelines. By doing so, the campaign aimed to prevent the development of antibiotic resistance, ultimately ensuring that antibiotics remain effective for people when they need them.



A white dove is shown in flight, emerging from an open hand. The background is a warm, golden sunset sky with soft light rays and a few small, bright spots. The overall mood is one of hope, freedom, and care. The dove's wings are spread wide, and its tail feathers are visible. The hand is positioned in the lower right, with fingers slightly curled. The lighting is soft and warm, creating a sense of peace and optimism.

Empowerment Initiatives

Highnoon collaborated with prestigious organizations to organize seminars and workshops that aim to enhance the skills and knowledge of healthcare professionals. The focus of these initiatives was to impart new insights and foster continuous learning in the medical field. These partnerships empower professionals with the latest advancements so that they can deliver exceptional care to their patients.



Afsar Raza
Course Director/Moderator



Mohaned Egred
Course Director/Operator



Optimal PCI in Calcified Lesions

Connecting **20** Cardiac Institutions

MI-Cath Link

To provide a learning opportunity to healthcare professionals, **Highnoon Cardiology**, in collaboration with the Pakistan Society of Interventional Cardiology and Pakistan Cardiac Society, organized '**MI – Cath Link**'.

Its purpose was to deliver a distinctive educational experience by showcasing live cases from the **Catheterization Laboratories** of various national and international cardiac institutions.



Powered by
Nebix[®]
(Nebivolol)

Cardio Move

The dedication of healthcare professionals to society is truly admirable. We are constantly looking for ways to show our appreciation, and the **Cardio Move** mobile app is a product of this effort. Specifically designed for cardiologists, it serves as a reminder to prioritize personal wellness during busy schedules. **Cardio Move** is a unique tool that helps cardiologists maintain their heart health and achieve their fitness goals.



Enabling cardiologists
to reach their
fitness goals



PSG Live Endoscopy

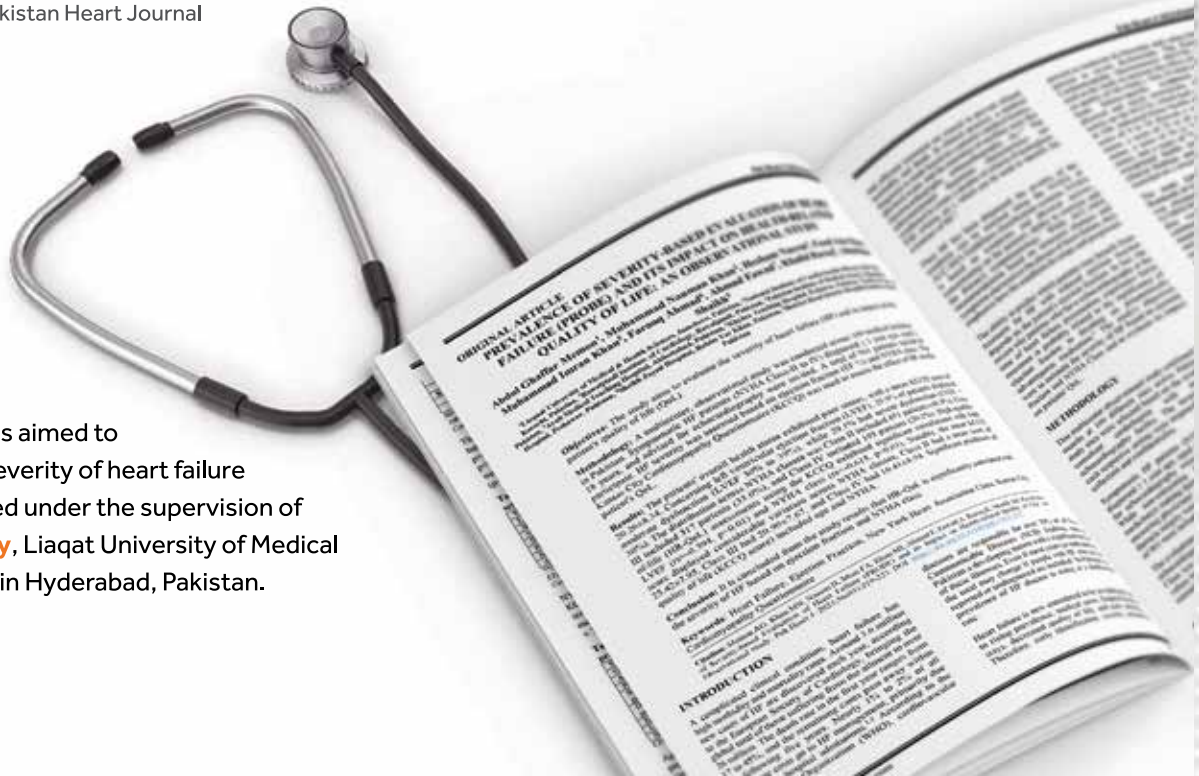
In partnership with the **Pakistan Society of Gastroenterology**, Highnoon conducted a series of monthly workshops aimed at enhancing doctors' proficiency in both basic and advanced GI Endoscopy techniques. This collaborative initiative proved invaluable in equipping medical professionals with essential skills in gastrointestinal endoscopy.

This collaborative initiative proved invaluable in equipping medical professionals.



Highnoon's PROBE-HF

study has been published in the Pakistan Heart Journal



Highnoon observational study, **'Probe-HF,'** was published in the esteemed peer-reviewed journal of the Pakistan Cardiac Society. It was aimed to evaluate the prevalence and severity of heart failure in the country. It was conducted under the supervision of the **Department of Cardiology**, Liaquat University of Medical and Health Sciences (LUMHS) in Hyderabad, Pakistan.

PHARMACY STRENGTHENING HEALTH SYSTEMS



WORLD 25 SEPTEMBER
PHARMACISTS DAY



World Pharmacists Day

Highnoon partnered with the Pakistan Pharmacists Association to commemorate World Pharmacists Day and recognize the valuable contributions made by pharmacists in strengthening our healthcare systems. The celebration spanned three lively events held in Lahore, Karachi, and Islamabad.



idea23

International Diabetes Excellence Academy

 Weill Cornell
Medicine-Qatar

 مرکز إمبريال كوليدج لندن للسكري
Imperial College London Diabetes Centre
Karachi, Islamabad, Lahore, Faisalabad

 Pakistan Endocrine Society
The Voice of Clinical Endocrinologists

In its continued dedication to improving Pakistan's healthcare sector, Highnoon hosted **IDEA 23** - International Diabetes Excellence Academy. This certified course, supported by Weill Cornell Medicine Qatar, International Society of Endocrinology (ISE), and Pakistan Endocrine Society (PES), brought together thirteen respected national and **international faculty members**. Their combined expertise shed light on advanced strategies in **diabetes management**, providing healthcare professionals with valuable insights.

extending Tomorrows

Climate Drive

To promote a **healthier workplace** environment for healthcare professionals, we launched a new initiative called 'Extending Tomorrow's Climate Drive'. As part of this initiative, we gifted desk plants to HCPs. These plants not only add a touch of greenery to their workspaces but also help to improve air quality and **reduce stress levels**.





Keep Antibiotics Working

Highnoon partnered with the Medical Microbiology and Infectious Diseases Society of Pakistan (MMIDSP) to address the pressing issue of **Antimicrobial Resistance (AMR)**. Through the formal signing of a Memorandum of Understanding (MoU), Highnoon and MMIDSP have embarked on a collaborative endeavour - 'Keep Antibiotics Working.' This joint initiative signifies a shared commitment to combatting AMR, a **global health challenge** that threatens the effectiveness of antibiotics and jeopardizes our ability to treat infectious diseases.



Dream Diabetes

Highnoon has partnered with Medicine, Endocrine & Consultants Private Limited (MED Consultants) to launch '**Dream Diabetes**', an initiative aimed at establishing diabetes–specialized centres in **five cities of Punjab** and a centre of excellence in Lahore. This collaboration reflects Highnoon's commitment to improving the life of people affected by diabetes in the region by providing them with specialized care, services, and support.

A person wearing blue nitrile gloves is holding a tablet computer. The background is a blurred laboratory or industrial setting with stainless steel equipment. An orange semi-transparent overlay covers the left side of the image, containing the text.

Committed to Quality

At Highnoon, our commitment to quality drives us. In 2023, we completed a major revamp and executed numerous projects to enhance product quality, efficiency, and sustainability. From upgrading manufacturing processes to embracing eco-friendly practices, each initiative elevates standards.

Major Revamp Projects



- New Product Development Lab
- Main Plant Change Rooms
- Raw Material Dispensing
- Warehouse Expansion
- New Packaging Area
- New Granulation IV
- Canteen
- New Security / Visitor Area
- New Liquid Section
- Automatic Self-adhesive Labelling Machine
- Automatic Check Weighers'
- Solar Panels



The background of the entire page features a warm, orange-toned image of three people standing on a hill, their arms raised in celebration against a bright, hazy sky. The scene is captured in silhouette, emphasizing the shapes of the individuals and their joyful posture. The overall mood is one of achievement and positivity.

Employee Care

At Highnoon, we prioritize the well-being and growth of our employees. We strive to cultivate a positive work culture that supports career advancement and personal development. In addition to providing opportunities for professional growth, we also organize picnics and sports events to promote relaxation and mental rejuvenation. We believe in the importance of ensuring our team can unwind and thrive both professionally and personally.

Medical Camp

As a part of our commitment to enhancing the well-being of our employees, **we arranged a two-day health screening camp.** Our team of experienced doctors provided a variety of **essential health screenings, including blood pressure and sugar tests.** Additionally, we also conducted informative educational sessions aimed at encouraging our employees to adopt a healthier lifestyle.



We also conducted informative educational sessions aimed at encouraging our employees to adopt a healthier lifestyle.



Strategy Workshop 2023

We conducted a **strategy workshop to explore strategic priorities in Pakistan's rapidly changing business landscape**. During the workshop, we used techniques like **SWOT** and **PESTEL** analyses to identify areas for growth and innovation. As a result of this exercise, we were able to create a strategic map that visually represents our challenges and opportunities. This map will help us focus on key priorities for the next three years.



Our team gathered in **Dubai to shape the company's marketing strategies for 2024** and beyond. The company's leadership stated their visions and plan of action as to how they would proceed to reach new heights. During the meeting, the company's leadership shared their vision and outlined their plan of action to achieve greater heights. Philip Kotler, who is known as the father of modern marketing, also shared his valuable insights with the team.





We strive to cultivate a positive work culture.



Our Core Values

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



Our Aspiring Values

- Innovation
- Passion

FINANCIAL HIGHLIGHTS

Sales

Increased by

> 23%

2023: Rs. 19.42 billion
2022: Rs. 15.82 billion

Earnings Per Share

Rs. Per Share

> 45.35

2023: Rs. 45.35
2022: Rs. 45.62

Total Assets

Grew by

> 32%

2023: Rs. 14.03 Billion
2022: Rs. 10.64 Billion

EBITDA

up by

> 3%

2023: Rs. 3.69 billion
2022: Rs. 3.59 billion

Profit After Tax

% to Sales ratio

> 12%

2023: Rs. 2.40 Billion
2022: Rs. 2.42 Billion

Equity

Increased by

> 29%

2023: Rs. 9.60 billion
2022: Rs. 7.45 billion

Gross Profit Margin

Increased by

> 15%

2023: 48%
2022: 51%

Break-up Value

Per Share Increased by

> 2%

2023: Rs. 181
2022: Rs. 178

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

Mr. Tariq Wajid
Director

Chief Financial Officer

Mr. Ashfaq P. Alidina
Tel : +92 42 35158051
Email :
ashfaq.alidina@highnoon.com.pk

Company Secretary

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

Head Internal Auditor

Mr. Hamza Bilal
Tel: +92 42 35158051
Email:
hamza.bilal@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
First Habib Mudaraba
Standard Chartered Bank Limited
Bank Makramah Limited (formerly
Summit Bank Limited)
Bank Alfalah Limited
Mobilink Microfinance Bank Limited
Askari Bank Limited
National Bank of Pakistan 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 :
corporate.affairs@highnoon.com.pk;
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 & Co.

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

Mr. Tariq Wajid
Chairperson

Ms. Zainub Abbas
Member

Mr. Ghulam Hussain Khan
Member

Human Resource and Remuneration Committee

Mr. Tariq Wajid
Chairperson

Mrs. Zainub Abbas
Member

Dr. Adeel Abbas Haideri
Member

Executive 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)

Dr. Azfar Abbas Haidrie Member
Chief Commercial Officer

Mr. Zulfiqar Zaidi Member
Director HR and Strategic
Planning

Mr. Shah Nawaz 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)

Dr. Azfar Abbas Haidrie Member
Chief Commercial Officer

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 41st Annual General Meeting of Highnoon Laboratories Limited will be held on Monday, 29 April, 2024, 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 Saturday, 29 April 2023.
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, 2023, together with Directors' and Auditors' Reports thereon.
3. To consider and approve payment of Cash Dividend at the rate of 300% as recommended by the Board of Directors, in addition to 15% interim bonus approved and issued to the members on 09 June 2023.
4. To appoint Auditors and fix their remuneration for the year ending December 31, 2024. The Board of Directors has recommended the appointment of M/S KPMG Taseer Hadi & Co. Chartered Accountants for the financial year ending 31 December 2024.

SPECIAL BUSINESS

5. To consider and if deemed fit, ratify and approve (as the case may be), the following resolution, as special resolution, with respect to related party transactions/arrangements conducted, in terms of Section 207 and/or 208 of the Companies Act, 2017 (to the extent applicable), with or without modification:

RESOLVED THAT the transactions carried out by the Company with different Related Parties, during the year ended 31 December 2023, as disclosed in note 46 of the unconsolidated financial statements of the Company for the said period and specified in the Statement of Material Information under Section 134(3), be and are hereby ratified and confirmed.

FURTHER RESOLVED THAT the Company be and is hereby authorized to enter into arrangements or carry out transactions from time to time including, but not limited to, for the purchase and sale of goods and material with different related parties to the extent deemed fit and/or approved by the Board of Directors. The members have noted that for the aforesaid arrangements and transactions there may be interested directors. Notwithstanding the same, the members hereby grant an advance authorization and approval to the Board Audit Committee and the Board of Directors of the Company, including under Section 207 and/or 208 of the Companies Act, 2017 (to the extent applicable) to review and approve all related party transactions as per the quantum approved by the Board of Directors from time to time.

FURTHER RESOLVED that the related party transactions, for the period ending December 31st, 2024, shall be deemed to have been approved by the members, and shall subsequently be placed before the members in the next Annual General Meeting for ratification and confirmation.

FURTHER RESOLVED that Dr. Adeel Abbas Haideri, the Chief Executive of the Company or such other person delegated by him and / or Mr. Ashfaq Alidina, Chief Financial Officer, and / or Ms. Mahnoor Ather, Company Secretary (the "Authorized Officers"), 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."

6. To consider and approve to circulate the Annual Report of the Company to the members through QR enabled code and weblink which will be intimated to the shareholders through notice of the meeting in accordance with S.R.O 389 (I)/2023 dated March 22, 2023 issued by the SECP.

RESOLVED that the circulation of Annual Report of the Company to the members through QR enabled code and weblink in accordance with S.R.O 389 (I)/2023 dated March 22, 2023, be and is hereby approved.

FURTHER RESOLVED that the Authorized Officers be and are 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

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

By order of the Board

Lahore
08 April 2024

Mahnoor Ather
Company Secretary

Notes:

1. CLOSURE OF SHARE TRANSFER BOOKS

The share transfer books of the Company will remain closed from 22 April 2024, to 29 April 2024 (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
0306-2728366	investor.relations@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.

3. ATTENDING THE AGM AND APPOINTMENT OF PROXIES

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.

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.

4. 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.

5. 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.

6. 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 21, 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, 2024 9.00 a.m. till April 28, 2024 5:00 p.m. Voting shall close on April 28, 2024, 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.

7. 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, 2024 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.

8. 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.

9. 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 2023 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 2023 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, 2023, along with Directors' and Auditors' Report of the Company have also been placed on the Company's website, i.e. www.highnoon-labs.com.

10. 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.

9۔ مالیاتی گوشوارے

ممبران کو مطلع کیا جاتا ہے کہ سیکورٹیز ایکسچینج کمیشن آف پاکستان نے اپنے سرکلر نمبر 2014 (1) 787 بتاریخ 8 ستمبر 2014 اور کمپنیز ایکٹ 2017 کی دفعہ (6) 223 کے تحت آڈٹ شدہ مالیاتی گوشوارے اور سالانہ عمومی اجلاس کے نوٹس کو بذریعہ ای میل بھیجنے کی اجازت دی ہے۔ اس سرکلر کی تعمیل کے لیے سالانہ رپورٹ 2023 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 ہارڈ کاپی بھی حاصل کرنا چاہیں تو درخواست دے کر بلا معاوضہ سات یوم میں حاصل کر سکتے ہیں۔ ممبران سے یہ بھی درخواست کی جاتی ہے کہ اپنے رجسٹرڈ ای میل میں کسی بھی تبدیلی کو بروقت اطلاع کریں تاکہ کمپنی کی طرف سے معلومات کی موثر ترسیل کو یقینی بنایا جاسکے۔

کمپنی کے آڈٹ شدہ مالیاتی گوشوارے بمعہ ڈائریکٹرز اور آڈیٹرز رپورٹس برائے سال اختتام 31 دسمبر 2023 کمپنی کی ویب سائٹ www.highnoon-labs.com پر موجود ہیں۔

10۔ 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۔

4- ڈیویڈنڈ پریکٹس کی کٹوتی

کمپنی آپ کے نقد منافع (کیش ڈیویڈنڈ) میں سے ٹیکس فائلر یا نان فائلر ہونے کی نسبت سے ٹیکس کٹوتی کرے گی، وہ تمام حصہ داران جن کے نام FBR (فیڈرل بورڈ آف ریونیو) کی ویب سائٹ پر ٹیکس کی ادائیگی کرنے والے فعال افراد کے طور پر موجود 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 پیئر لسٹ) کی فہرست میں شامل ہو جائیں۔ کارپوریٹ حصہ داران جو سی ڈی سی اکاؤنٹس کے حامل ہیں ان کے لیے لازمی ہے کہ وہ اپنے متعلقہ شرکت داروں سے اپنا نمائندگی 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۔

5- 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 پیسہ، بینک اکاؤنٹ ہولڈر کا نام، اور انٹرنیشنل بینک اکاؤنٹ نمبر (CNIC, (IBAN NO.) کی کاپی پر مشتمل ہیں فراہم کر دیں۔ وہ حصہ داران جن کے حصص سی ڈی سی پر ہیں وہ اپنے بینک اکاؤنٹ کی تفصیلات اپنے 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 بھیجے ہوئے اپنا فونو نمبر اور کمپنی کا نام ضرور لکھیں۔

6- 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 ایکسچینج 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 21 اپریل 2024 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 موبائیل نمبر / ای میل ایڈریس کے ساتھ موجود ہے۔

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

ممبران 26 اپریل 2024 صبح 9:00 بجے سے 28 اپریل 2024 شام 5:00 بجے تک انٹرنیٹ کے ذریعے رائے دہی کریں گے۔ رائے دہی 28 اپریل 2024 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۔

7- 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 پیسہ، 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 2024 کو شام 5:00 بجے سے پہلے چیئرمین 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۔

8- 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۔

دیگر امور

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

محکم بورڈ آف ڈائریکٹرز

(ماہ نور الطہر)
کمپنی سیکرٹری

لاہور:

مورخہ 08 اپریل 2024ء

1- کمپنی کی منتقلی حصص کی کتب

کمپنی کی منتقلی حصص کی کتب 22 اپریل 2024ء تا 29 اپریل 2024ء (بشمول ہر دو ایام) اعلان کردہ منافع کے حقداران کے تعین کے لیے بند رہیں گی۔

2- سالانہ عمومی اجلاس میں شرکت بذریعہ ویڈیولنک

سیکرٹری ایگزیکٹو کمیشن آف پاکستان نے اپنے سرکلر نمبر 4 مورخہ 15 فروری 2021 اور سرکلر نمبر 6 مورخہ 3 مارچ 2021 میں لسٹڈ کمپنیز کو ہدایت کی ہے کہ وہ حصہ داران کے سالانہ عمومی اجلاس میں ذاتی موجودگی کے علاوہ ویڈیولنک کا انتظام کریں۔ جو حصہ داران اجلاس میں شریک ہونا چاہتے ہیں وہ اپنے سمارٹ فون کمپیوٹرز، یا لیپ ٹاپ کے ذریعے ویڈیولنک پر شرکت کر سکتے ہیں۔ سالانہ اجلاس میں بذریعہ ویڈیولنک شرکت کے لیے حصہ داران کو درخواست کی جاتی ہے کہ وہ درج ذیل معلومات درج ذیل ای میل یا 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۔

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

دستخط حصہ دار

واٹس اپ	ای میل
0306-2728366	investor.relations@highnoon.com.pk

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

3- سالانہ عمومی اجلاس میں شرکت اور اختیار نامہ نمائندگی

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۔

متعلقہ قوانین و ضوابط کے مطابق جن حصہ داران کے شناختی کارڈ نمبر کاندراج کمپنی کے ریکارڈ میں نہیں ہو گا انہیں ڈیویڈنڈ کی ادائیگی نہیں ہوگی۔ جن حصہ داران نے اپنے کمپیوٹرائزڈ شناختی کارڈ کی کاپی پہلے فراہم نہیں کی تو فوراً شیئرز رجسٹرار کارپوریشن (پرائیویٹ) لمیٹڈ کو ارسال کریں۔

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 رجسٹرار 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 کارپوریشن (پرائیویٹ) لمیٹڈ کو مطلع فرمائیں۔ ممبران کمپنی کی ویب سائٹ سے پراسس فارم ڈاؤن لوڈ اور پرنٹ کر سکتے ہیں۔

سالانہ اجلاس عام

ہائی نون لیبارٹریز لمیٹڈ کے حصہ داران کا آکٹالیسواں سالانہ اجلاس عام بروز پیر مورخہ 29 اپریل 2024 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 29 اپریل 2023 کی کاروائی کی توثیق۔
- 2- 31 دسمبر 2023ء 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- 09 جون 2023 کو ممبران کو منظور شدہ اور دیئے گئے 15% عبوری بونس کے علاوہ، بورڈ آف ڈائریکٹرز کی طرف سے تجویز کردہ 300% کی شرح سے کیش ڈیویڈنڈ کی ادائیگی پر غور اور منظوری دینا۔
- 4- آئندہ مالی سال اختتام 31 دسمبر 2024 کے لیے آڈیٹرز کا تقرر اور ان کے معاوضہ کا تعین۔ بورڈ آف ڈائریکٹرز نے 31 دسمبر 2024 کو ختم ہونے والے مالی سال کے لیے میسرز KPMG تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کی ہے۔

خصوصی امور

5- کمپنیز ایکٹ 2017 (قابل اطلاق حد تک) ترمیم کے ساتھ باغیر، کے سیکشن 207 اور/یا 208 کے تحت متعلقہ فریقین سے لین دین کے حوالے سے، مندرجہ ذیل قراردادوں کو، مخصوص قراردادوں کے طور پر غور کرنے اور اگر مناسب سمجھا جائے، توثیق اور منظوری دیں (جیسا کہ معاملہ ہو)؛

طے پایا کہ 31 دسمبر 2023 کو ختم ہونے والے سال کے دوران کمپنی کی طرف سے مختلف متعلقہ فریقین کے ساتھ کیے گئے لین دین، جیسا کہ مذکورہ مدت کے لیے کمپنی کے انفرادی مالیاتی بیانات کے نوٹ 46 میں ظاہر کیا گیا ہے اور سیکشن 134(3) کے تحت مالی معلومات میں بیان کیا گیا ہے، کی توثیق اور تصدیق کی جاتی ہے۔

مزید یہ طے کیا گیا کہ کمپنی وقتاً فوقتاً مختلف متعلقہ فریقوں کے ساتھ سامان اور خام مال کی خرید و فروخت کے لیے بورڈ آف ڈائریکٹرز سے منظور شدہ لین دین کرنے کی مجاز ہے۔ ممبران نے نوٹ کیا کہ مذکورہ لین دین کے لیے دلچسپی رکھنے والے ڈائریکٹر بھی ہو سکتے ہیں۔ اس کے باوجود، ممبران اس کے ذریعے بورڈ آف ڈائریکٹرز کو بشمول کمپنیز ایکٹ 2017 کے سیکشن 207 اور/یا 208 کے تحت (قابل اطلاق حد تک) پیشگی اجازت اور منظوری دیتے ہیں، جائزہ لینے اور بورڈ آف ڈائریکٹرز کی طرف سے وقتاً فوقتاً منظور شدہ حد کے مطابق تمام متعلقہ فریق لین دین کو منظور کریں۔

مزید یہ طے کیا گیا کہ 31 دسمبر 2024 کو ختم ہونے والی مدت کے لیے متعلقہ فریق کے لین دین کو اکٹیل کے ذریعے منظور شدہ تصور کیا جائے گا، اور بعد ازاں توثیق کے لیے اگلے سالانہ عام اجلاس میں اکٹیل کے سامنے رکھا جائے گا۔

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 ذریعے 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۔

6- کمپنی کی سالانہ رپورٹ کو QR کوڈ اور ویب لنک کے ذریعے ممبران تک پہنچانے پر غور اور منظوری دینا جس کی اطلاع حصص یافتگان کو میٹنگ کے نوٹس کے ذریعے ایس ای سی پی کی طرف سے جاری 2023/S.R.O 389 (I) مورخہ 22 مارچ 2023 کے مطابق دی جائے گی۔

طے پایا کہ کمپنی کی سالانہ رپورٹ کو QR کوڈ اور ویب لنک کے ذریعے 2023/S.R.O 389 (I) مورخہ 22 مارچ 2023 کے مطابق ممبران تک پہنچانا، منظوری کیا جاتا ہے۔

مزید یہ طے پایا کہ مجاز افسران مذکورہ بالا رپورٹ جاری کرنے کے سلسلے میں تمام فیصلے لینے، اور عمل درآمد کرنے اور کوئی بھی/تمام ضروری کارروائیاں، اور عمل کرنے / یا کرنے کا سبب بننے، اور کوئی بھی تمام ضروری اقدامات کرنا جو مذکورہ قرارداد کو عملی جامہ پہنانے کے لیے ضروری، 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 فائل کرنا جو مذکورہ قرارداد پر عمل درآمد کے مقاصد کے لیے ضروری یا اتفاقی دستاویزات کے لیے بااختیار اور مجاز ہیں۔

CHAIRMAN'S REVIEW

BUSINESS ENVIRONMENT AND CHALLENGES

The global outlook saw deterioration throughout the year under review amid high inflation, supply chain disruptions, raw material price volatility and uncertainties resulting from the geo political conflict. Soaring food and energy prices diminished real incomes, causing a global cost-of-living crisis too.

Challenges mentioned above whilst negatively impacting the global economy further exacerbated Pakistan's economic predicaments of external and fiscal account deficits and high inflation which were further aggravated by unprecedented floods and delays in the completion of IMF programme reviews. This led to another consecutive year marked by double-digit inflation driven by escalating energy and commodity costs, substantial currency devaluation, and elevated policy rates.

Likewise, the Pharmaceutical Industry continues to face substantial challenges due to the ongoing currency crisis, with a sharp depreciation of the Pak Rupee, rising cost of imported raw materials, energy cost, etc. Our industry is amongst the worst impacted due to these factors with inherent inability to pass on the increased cost being most regulated industry in terms of pricing.

Despite these challenges, the Financial Year 2023 closed on a sweet note for Highnoon as compared to the industry having recorded an envious return of 25% on equity in the financial year making it the best performing Pharma Company Stock with highest pay out. The resilience and adaptability exhibited by the Company are a testament to healthcare Professional confidence in the Highnoon's brand, and our employees' commitment to ensuring the success of the company.

RECOGNITIONS

International

Once again, Highnoon has been featured in the prestigious Forbes' Asia Best Under a Billion list. Every year, Forbes Asia spotlights 200 publicly listed companies with sales under a Billion US\$ from across the region based on consistent financial performance. Highnoon has received this laurel four times in the last five years bearing testimony to its all-round professional excellence, competitiveness, earning the trust of millions of people and most importantly - patient welfare.

It is also an extremely proud moment for our nation as Pakistan appears on the global business map, brushing shoulders with the top corporate organizations of Asia.

National

In addition to the international recognition Highnoon was awarded with Certificate of excellence during the 38th Corporate Excellence Awards by Management Association of Pakistan. This recognize and honor Highnoon reflecting outstanding performance and simultaneously demonstrating advanced and enlightened management practices.

At national level, Highnoon has not only excelled in its corporate governance practices but has also contributed towards growth in Pakistan's Economy through contribution to the national exchequer and towards generation of foreign reserves for the country. During the year Highnoon was awarded with the prestigious Pharma Export Award by the Prime Minister of Pakistan at the 6th Pharma Export Summit & Awards 2023 (PESA Awards).

BOARD PERFORMANCE AND EFFECTIVENESS

The Board's role was instrumental in steering the Company forward in a challenging environment whilst discharging its statutory responsibilities for the benefit of all stakeholders.

The Board is responsible for overall management of the Company and carry out its fiduciary duties with a sense of objective judgement in the best interest of the Company and its stakeholders. The Board provides strategic direction as well as support to the Management to achieve the vision of the company.

In accordance with the Code of Corporate Governance and the Companies Act, 2017 the Board evaluated its own performance and its committees to facilitate and enable the Board members to play an effective role as a coordinated team for the ongoing success of the Company.

The Board was supported by sub-committees, i.e. the Audit Committee and the HR&R Committee. These sub-committees held meetings during the year as per the stipulations of the code of corporate governance. It's vital to recognize the key role played by the Sub-Committees (Audit Committee & Human Resources and Remuneration Committee) in highlighting areas of improvements and recommending pragmatic solutions for optimum performance.

The Board has ensured that members of the Board and its respective committees possess adequate skills, experience, and knowledge to manage the affairs of the company. During the year, the Board has welcomed onboard Mr. Tariq Wajid as an independent director to fill up a casual vacancy. Mr. Wajid holds extensive knowledge of the pharmaceutical industry globally, having served as Chief Executive Office for local and multinational pharmaceutical companies for over twenty years.

Tausif Ahmad Khan
Chairman
28 March 2024

FUTURE PROSPECTS

The worst is behind us. The economic shocks that have gripped the nation for a good couple of years have largely been overcome and in fact are on a path to recovery.

Persistent high inflation, and structural issues of our monetary and fiscal policy may continue to pose challenge to the economy in the near term, however, the Company remains steadfast in its commitment to achieving strong performance, leveraging its exceptional diversified portfolio, therapeutic segment in which we operate, and our robust value chain. The Company also remain dedicated to advancing its vision of enriching life through fostering a positive social impact.

ACKNOWLEDGMENT

On behalf of the board of directors, I would like to express gratitude to our stakeholders for their continuing confidence on us and the support and encouragement extended to us on new initiatives.

I also acknowledge the commitment and diligence of my fellow directors during the year and thank their leadership for their valuable contributions for the continued growth of the Company.

I appreciate the one-time inflationary adjustment granted to the industry and hope to that government will make efforts to provide a conducive environment for pharmaceutical industry, by an automated and equitable pricing policy that caters to external economic challenges.

I would also like to appreciate the valuable services rendered by the employees of the Company who have worked tirelessly to outperform the industry during this challenging time. I on behalf of the board appreciate their hard work, loyalty, and dedication in helping us along on our journey of Enriching Lives of the people, globally.

بورڈ کو ذیلی کمیٹیوں، یعنی آڈٹ کمیٹی اور HR&R کمیٹی کی مدد حاصل تھی۔ ان ذیلی کمیٹیوں نے سال کے دوران کارپوریٹ گورننس کے ضابطوں کے مطابق اجلاس کئے۔ سب کمیٹیوں (آڈٹ کمیٹی اور ہیومن ریسورسز اینڈ ریوٹیشن کمیٹی) کی جانب سے بہتری کے شعبوں کو اجاگر کرنے اور بہترین کارکردگی کے لیے عملی حل تجویز کرنے میں کلیدی کردار کو تسلیم کرنا بہت ضروری ہے۔

بورڈ نے اس بات کو یقینی بنایا ہے کہ بورڈ اور اس کی متعلقہ کمیٹیوں کے ممبران کمپنی کے معاملات کو منظم کرنے کے لیے مناسب مہارت، تجربہ اور علم رکھتے ہوں۔ سال کے دوران، بورڈ نے نئے آنے والے جناب طارق واجد کا ایک انڈینٹڈ ڈائریکٹر کے طور پر خیر مقدم کیا ہے تاکہ ایک عمومی آسامی کو پُر کیا جاسکے۔ مسٹر واجد عالمی سطح پر فارماسیوٹیکل انڈسٹری کے بارے میں وسیع علم رکھتے ہیں، انہوں نے بیس سال سے زائد عرصے تک مقامی اور ملٹی نیشنل دواساز کمپنیوں کے چیف ایگزیکٹو کے طور پر خدمات انجام دے چکے ہیں۔

مستقبل پر ایک نظر

بدترین حالات گزر چکے ہیں۔ پچھلے دو سالوں سے قوم کو جو معاشی جھٹکوں نے اپنی لپیٹ میں لے رکھا تھا ان پر بڑی حد تک قابو پایا گیا ہے اور معیشت بحالی کی راہ پر گامزن ہے۔

مسلسل بلند افراط زر اور مالیاتی پالیسی کے بنیادی مسائل مستقبل قریب میں معیشت کے لیے ایک مسئلہ بن سکتے ہیں، تاہم، کمپنی اپنے غیر معمولی متنوع پورٹ فولیو، ادویات کے جس شعبے ہم کام کرتے ہیں، اور ہماری مضبوط ویلیو چین سے فائدہ اٹھاتے ہوئے، مضبوط کارکردگی کے حصول کے لیے اپنے عزم پر ثابت قدم ہے۔ کمپنی اپنے مثبت سماجی اثرات کے ذریعے زندگی کو بہتر بنانے کی اپنی سوچ کو آگے بڑھانے کے لیے بھی ہر لحاظ سے مصروف عمل ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز کی جانب سے، میں اپنے اسٹیک ہولڈرز کا ہم پر مسلسل اعتماد اور نئے اقدامات پر ہماری مدد اور حوصلہ افزائی کے لیے شکریہ ادا کرنا چاہوں گا۔

میں سال کے دوران اپنے ساتھی ڈائریکٹرز کے عزم اور محنت کا بھی اعتراف کرتا ہوں اور کمپنی کی مسلسل ترقی کے لیے ان کی گراں قدر خدمات اور قیادت کا شکریہ ادا کرتا ہوں۔

میں صنعت کو دی گئی ایک وقتی افراط زر کی ایڈجسٹمنٹ کی تعریف کرتا ہوں اور امید کرتا ہوں کہ حکومت دواساز انڈسٹری کے لیے ایک خود کار اور متناسب قیمتوں کے تعین کی پالیسی کے ذریعے جو بیرونی اقتصادی مشکلات کا مقابلہ کرنے میں مدد دیتی ہو، ایک سازگار ماحول فراہم کرنے کی کوشش کرے گی۔

میں کمپنی کے ان ملازمین کی گراں قدر خدمات کی بھی تعریف کرنا چاہوں گا جنہوں نے اس مشکل وقت میں مقامی صنعت سے بہتر کارکردگی حاصل کرنے کے لیے انتھک محنت کی۔ میں بورڈ کی جانب سے ان کی محنت، وفاداری اور لگن کو سراہتا ہوں جو عالمی سطح پر لوگوں کی زندگیوں کو بہتر بنانے کے ہمارے سفر میں ہماری مدد کر رہے ہیں۔

بورڈ کی طرف سے

توصیف احمد خان
چیئر مین

28 مارچ 2024

لاہور

چیئر مین کا جائزہ

کاروباری ماحول اور مشکلات

بلند افراط زر، سہولتوں میں خلل، خام مال کی قیمتوں میں اتار چڑھاؤ اور جغرافیائی سیاسی تنازعہ کے نتیجے میں پیدا ہونے والی غیر یقینی صورتحال کے درمیان عالمی منظر نامے میں سال بھر زبوں حالی دیکھنے میں آئی۔ خورداک اور توانائی کی بڑھتی ہوئی قیمتوں نے حقیقی آمدنی کو کم کر دیا، جس کی وجہ سے عالمی مہنگائی کا بحران بھی پیدا ہو گیا۔

اوپر بیان کی گئی مشکلات نے عالمی معیشت پر منفی اثر ڈالنے کے ساتھ ساتھ پاکستان کے بیرونی اور مالیاتی کھاتوں کے خسارے اور بلند افراط زر کی پاکستان کی معاشی مشکلات کو مزید بڑھا دیا جو غیر معمولی سیلاب اور آئی ایم ایف پروگرام کے جائزوں کی تکمیل میں تاخیر کی وجہ سے مزید بڑھ گئے۔ اس کے نتیجے میں مسلسل ایک اور سال ایسا گزرا جس میں توانائی اور اجناس کی قیمتوں میں اضافہ، کرنسی کی قدر میں کمی، اور بلند شرح سود کی وجہ سے بلند درجے کا افراط زر بدستور قائم رہا۔

اسی طرح، دو اساز صنعت کو جاری کرنسی کے بحران کی وجہ سے کافی مشکلات کا سامنا کرنا پڑ رہا ہے، جس میں پاکستانی روپے کی قدر میں شدید کمی، درآمدی خام مال کی بڑھتی ہوئی لاگت، توانائی کی قیمت وغیرہ شامل ہیں۔ ان عوامل کی وجہ سے ہماری صنعت سب سے زیادہ متاثر ہوئی ہے۔ قیمتوں کے لحاظ سے سب سے زیادہ حکومت سے کنٹرول کی جانے والی صنعت ہونے کی وجہ سے بڑھتی ہوئی لاگت کو گاہک کو منتقل نہیں کر سکتے۔

ان مشکلات کے باوجود، مالیاتی سال 2023 ہائون کے لیے ملکی دو اساز صنعت کے مقابلے میں بہتر انداز پر مکمل ہوا جس نے اس مالی سال میں ایکویٹی پر 25% کا قابل رشک منافع حاصل کیا جس نے اسے سب سے زیادہ ڈیویڈنڈ کی ادائیگی کے ساتھ بہترین کارکردگی کا مظاہرہ کرنے والی دو اساز کمپنی اسٹاک بنا دیا۔ کمپنی کی طرف سے ظاہر کی گئی مضبوطی اور بدلتے حالات کے مطابق اپنے آپ کو ڈھالنے کی صلاحیت ہائون کے برانڈ پر ہیلتھ کیئر پروفیشنل کے اعتماد اور کمپنی کو ہر حالات میں کامیابی سے ہمکنار کرنے کے ہمارے ملازمین کے عزم کا ثبوت ہے۔

اعتراف

بین الاقوامی

یہاں ایک بار پھر، ہائون کو باوقار فوربس کی ایشیا بیسٹ انڈر رائے بلین کی فہرست میں شامل کیا گیا ہے۔ ہر سال، فوربز ایشیا مسلسل مالی کارکردگی کی بنیاد پر پورے خطے سے ایک ارب ڈالر سے کم فروخت کے ساتھ 200 سٹاک ایچ بی سی پر لسٹڈ کمپنیوں کو نمایاں کرتا ہے۔ ہائون نے گزشتہ پانچ سالوں میں چار مرتبہ یہ اعزاز حاصل کیا ہے جو اس کی ہمہ جہت پیشہ ورانہ مہارت، مسابقت، لاکھوں لوگوں کا اعتماد حاصل کرنے اور سب سے اہم۔ مریضوں کی فلاح و بہبود کی گواہی دیتا ہے۔

یہ ہماری قوم کے لیے بھی ایک انتہائی قابل فخر لمحہ ہے کیونکہ پاکستان عالمی کاروباری نقشے پر ابھرتا ہے اور ایشیا کے چوٹی کے کارپوریٹ اداروں کے شانہ بشانہ کھڑا ہے۔

قومی

بین الاقوامی اعتراف کے علاوہ ہائون کو منجمنٹ ایسوسی ایشن آف پاکستان کی جانب سے 38 ویں کارپوریٹ ایکی لینس ایوارڈز کے دوران سرٹیفکیٹ آف ایکسیلنس سے بھی نوازا گیا۔ یہ شاندار کارکردگی کی عکاسی کرنے والے ہائی نون کو تسلیم کرتا ہے اور اس کے ساتھ ساتھ جدید اور روشن خیالی انتظامی طریقوں کے استعمال کا مظاہرہ کرتا ہے۔

قومی سطح پر، ہائون نے نہ صرف اپنے کارپوریٹ گورننس کے طریقوں میں شاندار کارکردگی کا مظاہرہ کیا ہے بلکہ قومی خزانے میں حصہ ڈالنے سے اور ملک کے لیے غیر ملکی ذخائر بڑھانے سے پاکستان کی معیشت کی ترقی میں بھی اپنا کردار ادا کیا ہے۔ سال کے دوران ہائون کو 6 ویں فارما ایکسپورٹ سٹیمٹ اینڈ ایوارڈز 2023 (PESA ایوارڈز) میں وزیر اعظم پاکستان کی طرف سے باوقار فارما ایکسپورٹ ایوارڈ سے نوازا گیا۔

بورڈ کی کارکردگی اور افادیت

تمام اسٹیک ہولڈرز کے فائدے کے لیے اپنی قانونی ذمہ داریوں کو نبھاتے ہوئے ایک مشکل کاروباری ماحول میں کمپنی کو آگے بڑھانے میں بورڈ کا کردار انتہائی اہم تھا۔

بورڈ کمپنی کے مجموعی انتظام و انصرام کے لیے ذمہ دار ہے اور کمپنی اور اس کے اسٹیک ہولڈرز کے بہترین مفاد میں معروضی فیصلے کے احساس کے ساتھ اپنے حقیقی فرائض کو انجام دیتا ہے۔ بورڈ کمپنی کے اہداف حاصل کرنے کے لیے انتظامیہ کو درست سمت اور مدد فراہم کرتا ہے۔

کوڈ آف کارپوریٹ گورننس اور کمپنیز ایکٹ، 2017 کے مطابق بورڈ نے اپنی کارکردگی اور اپنی کمیٹیوں کا جائزہ لیا تا کہ بورڈ کے اراکین کو کمپنی کی جاری کامیابی کے لیے ایک مربوط ٹیم کے طور پر ایک موثر کردار ادا کرنے میں سہولت فراہم کی جاسکے۔

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors are pleased to present their report, together with the audited financial statements of the Company, for the year ended December 31, 2023.

This Directors' Report has been prepared in accordance with Section 227 of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations 2019.

Your company is among well-established health care companies of Pakistan, focused on patient needs and has been currently engaged in manufacturing, sales of pharmaceutical & related products.

ECONOMIC OVERVIEW

Pakistan's challenging economic scenario was, marked by a drastic reduction in GDP growth from 5.7% in the last year to just 0.29% in fiscal year 2023, amidst domestic and external adversities. However, projections suggest a potential uplift to 2-3% in FY24. The economy is severely impacted by double digit inflation exceeding 30%, conservative monetary policies and import limitations, further strained by the aftermath of the 2022 catastrophic floods causing over \$30 billion in damages. Efforts like luxury import bans and subsidy reductions provide some relief, but structural challenges such as energy reforms, social indicator decline, rising poverty, and political instability persist. Pakistan is at a crossroad where, decisive, multi-faceted reforms and visionary leadership is needed to unlock economic potential and build resilience. The report underscores the necessity for innovation, inclusivity, and sustainable development to ensure long-term prosperity and resilience.

DYNAMICS OF PAKISTAN'S PHARMA SECTOR

Indigenous manufacturers, predominantly generic drug manufacturers dominate the Pakistani pharmaceutical landscape, meeting approximately 70% of national demand. The balance is contributed by the localized operations of multinational corporations (MNCs) alongside imports, accounting for the remaining 30%. The period from 2019 to 2023 witnessed a compounded annual growth rate (CAGR) of 15.3% in domestic pharmaceutical sales, a figure that notably surpasses the global CAGR of 9.34% observed among MNCs. This discrepancy underscores the competitive edge of local entities within a market predominantly characterized by low-cost generic offerings. Presently, the sector boasts over 800 pharmaceutical formulation units, inclusive of 25 multinational establishments operational within the nation. As of June 2023, the market valuation of Pakistan's pharmaceutical sector stood at approximately PKR 748 billion, with local manufacturers fulfilling 70% of domestic pharmaceutical requisites. Projections posit the market's expansion nearing the PKR one trillion mark by 2025, propelled by augmented local production capacities and escalated healthcare expenditure.

The market structure for the Pakistan pharmaceutical industry is also skewed – the top 10 firm have around 47% and the top 25 firms occupy 72 % of the market share. The top 50 companies hold nearly 90 % of the market share. This leaves more than 750 small and medium-sized enterprises competing for the remaining 10 % of the market. Such a highly skewed market sharing has implications for quality and technology levels in the sector, as well as the viability of small and medium firms that are forced to operate on relatively narrow margins.

OPERATING RESULTS

	2023	2022
Key Financial Highlights	(Rupees in Millions)	
Sales	19,424	15,816
Gross Profit	9,254	8,030
Gross Profit %	48%	51%
Operating Profit	3,244	3,095
Operating Profit %	17%	20%
Finance Cost	(136)	(54)
Profit after tax	2,403	2,417
Other comprehensive Income-net of tax	587	27
Total Comprehensive Income for the Year	2,989	2,444
Un-appropriated profit brought forward	7,445	5,763
Profit available for appropriation	10,434	8,207
Appropriations		
Final cash dividend @ Rs. 20 Per share FY 2021		761.52
Final cash dividend @ Rs. 20 Per share FY 2022	837.6	
Un-appropriated brought forward	9,597	7,445
Earning Per Share	45.35	45.62

PERFORMANCE OVERVIEW

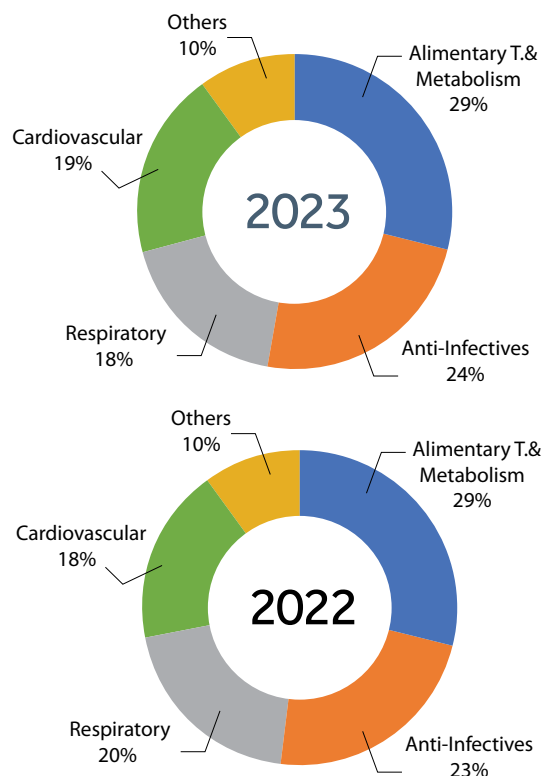
Highnoon has managed to sustain its ranking of 12th, its market share rose to 2.55% with CAGR of 23.65% versus industry average 18.19% as per IQVIA. Net sales have increased by 23%, attributable to right product mix & CPI price increase, allowed by Drug Regulatory Authority of Pakistan (DRAP). Gross Margin has reduced from 51% to 48% mainly driven by Rupee devaluation and inflation. Operating expenses increase on account of general inflation. Finance cost surged by 150%, mainly due to the State bank of Pakistan policy rate increase of 425 base points with the higher utilization of working capital facilities during the year under review. Despite of week macro-economic factor, high volatility of exchange rate and recorded inflation in 2023, Highnoon with operational & strategic efficiencies, strong market insight and resilience, has managed to sustain its profitability with 12% profit to sales ratio.

Highnoon has always been focused to evaluate its performance and strive to deliver more so it can contribute effectively to general people lives and played positive role in society. For performance review management, it used various indicators like peer's position in relevant therapeutic class, industry growth and the impact of changes in laws/regulation on Company's performance. For this, targets are formulated so remedial actions can be taken in case of any variance with the actual performance after regular intervals.

THERAPEUTIC CLASS-WISE SALES AND PERFORMANCE

Alimentary T.& Metabolism maintain its momentum and contributes 29% in total sales portfolio in FY 2023 as well as in FY 2022 followed by Anti-Infectives, Respiratory and Cardiovascular with share of 24%, 19% and 18% respectively.

IQVIA stats confirm that Metabolic class grew by 21% from Rs. 4.95 billion to 6.012 billion from FY 2022 to FY 2023. Major contributors to sales were Tagipmet® & Ulsanic®. Cyrocine® & Ceftra® added 43% of sales in Anti-infectives portfolio, which depicts a growth of 30%. Sales from Respiratory has reached to Rs.3.85 billion (2022: Rs. 3.45 billion), registering a growth of 11% with a prominent share of Combivair® and Kestine® accounts for 70% of sales in Respiratory class. 25% growth in Cardiovascular class is attributable to Triforge® and Nebix®



EARNINGS PER SHARE

Based on audited account, Basic Earnings Per Share (EPS) for the year ended December 31, 2023 is Rs. 45.35 (2022: 45.62 Restated).

DIVIDEND ANNOUNCEMENT

The Board is pleased to announce a final cash dividend of 300% (2022: 200%) i.e. Rs. 30 per share (2022: Rs. 20 per share) for the financial year ended 31 December 2023 subject to the approval by the shareholders at the Annual General Meeting to be held on 29th April 2024. However, bonus shares at the rate of fifteen percent (15%) i.e. 15 shares for every 100 shares (2022: 10%) has already been issued and settled with proper Board approvals during the year.

PATTERN OF SHAREHOLDING & TRADING OF SHARES BY DIRECTORS, CFO, CEO AND COMPANY SECRETARY ETC.

The pattern of shareholding as at 31st December 2023 is annexed. All the trades in the shares of the company, if any carried out by the directors, CEO, CFO, Company Secretary, Executives & their spouses are also annexed in detail.

Sr. No.	Name	Transaction	No. of Shares
1	Mr. Ashfaq (Executive)	Purchase	1,500
2	Mrs. Huma Hussain Khan Spouse of Mr. GH Khan - Non ED	Purchase	550
3	Mr. Tauqir Ahmed Khan Substantial Shareholder	Sale	850
4	Mr. Ashfaq (Executive)	Sale	500

COMPOSITION OF BOARD OF DIRECTORS, ITS COMMITTEES & MEETINGS

The Board comprise of 7 directors including the Chief Executive Officer and boast as diverse mix of gender, knowledge and expertise to enhance its effectiveness. The Board consisted of 1 female and 6 male directors, categorized as follows:

Independent Directors

Mr. Tariq Wajid
Mr. Romesh Elapata

Non-Executive Directors

Mr. Tausif Ahmad Khan
Mr. Ghulam Hussain Khan
Mr. Taufiq Ahmed Khan
Mrs. Zainub Abbas

Executive Director

Dr. Adeel Abbas Haideri

The Board reviews all significant matters of the Company; including Company's strategic direction, annual business plans, performance tracking against targets, decision on long-term investments and potential financing options. In FY 2023 the Board members met 5 times during the year under review to discharge their responsibilities.

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.	Dr. Adeel Abbas Haideri	5
3.	Mr. Taufiq Ahmed Khan	5
4.	Mr. Ghulam Hussain Khan	4
5.	Mrs. Zainub Abbas	5
6.	Mr. Romesh Elapata	2
7.	Mr. Tariq Wajid	4

However, frequency of Audit & HR meetings (quarterly/half-yearly/yearly) of the committees were as follows:

- | | | |
|----|-----------------------------|---|
| a. | Audit Committee | 4 |
| b. | HR & Remuneration Committee | 1 |

AUDIT COMMITTEE INCLUDES:

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

Sr. No.	Member	No. of BOD Meetings Attended
---------	--------	------------------------------

- | | | |
|----|-------------------------|---|
| 1. | Mr. Tausif Ahmad Khan | 2 |
| 2. | Mr. Ghulam Hussain Khan | 2 |
| 3. | Mrs. Zainub Abbas | 4 |
| 4. | Mr. Tariq Wajid | 2 |

HR & REMUNERATION COMMITTEE INCLUDES:

- | | | |
|----|-------------------------|-------------------------------------|
| 1. | Mr. Tariq Wajid | Chairman /
Independent Director |
| 2. | Mrs. Zainub Abbas | Member / Non-
Executive Director |
| 3. | Mr. Adeel Abbas Haideri | Member / CEO/
Executive Director |

Sr. No.	Member	No. of BOD Meetings Attended
---------	--------	------------------------------

- | | | |
|----|-------------------------|---|
| 1. | Mrs. Zainub Abbas | 1 |
| 2. | Mr. Tariq Wajid | 1 |
| 3. | Dr. Adeel Abbas Haideri | 1 |

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

As required by the Listed Companies (Code of Corporate Governance) Regulations 2019, the Directors are pleased to state as follows:

- The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards,

as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.

- The Company maintains a sound internal control system which gives reasonable assurance against material misstatement or loss. The internal control system is regularly reviewed.
- We affirm the Company's ability to continue as a going concern.
- There has been no departure from the best practices of corporate governance.
- Key operating and financial data for the last six years is summarized and annexed in report.
- Outstanding taxes, statutory charges and duties, if any, have been duly disclosed in the financial statements.
- Significant deviations from last year in the operating results of the Company have been highlighted and explained.
- Outstanding debts, if any, have been duly disclosed in the financial statements.
- The management of the Company is committed to good corporate governance and appropriate steps are taken to comply with best practices.
- The related party transactions of the Company are approved and / or ratified by the Audit Committee and the Board of Directors.

CONTRIBUTION TO NATIONAL EXCHEQUERS

Your Company has contributed Rs.2,280 million (2022:1,807 million) to the Government on account of various Govt. levies including Taxes, Custom Duties, WPPF, CRF, EOBI, Social Securities and donations.

CORPORATE SOCIAL RESPONSIBILITY

Highnoon continues its commitment to social welfare and environmental causes, sustaining support for Thalassaemia patients through donations to the Care Foundation, Fatimid Foundation, SOS Children's Villages of Pakistan and various patient facilitation programs. These contributions significantly improve life quality for many.

RELATED PARTY TRANSACTIONS

During the year, the Company carried out transactions with its related parties. Details of these transactions are disclosed in note to the unconsolidated financial statements attached therein.

AUDITORS

M/s EY Ford Rhodes, Chartered Accountants have audited the Financial Statements of the Company for the year ended December 31, 2023, and shall retire on the conclusion of Annual General Meeting.

Upon Board of Audit Committee recommendation, new auditors appointment would be considered as the statutory auditors of the Company for the year ending 31st December 2024 in Annual General Meeting. This decision aligns with the Company's dedication to upholding the paramount standards of governance. Transitioning to a new auditor will introduce a novel viewpoint, fostering enhancements in the firmness of our auditing practices, internal governance and risk management procedures. This appointment awaits ratification by the Members at the upcoming Annual General Meeting.

The Board of Directors, along with the management team, extends its gratitude to the outgoing auditors for their invaluable contributions throughout the past year.

SUBSIDIARY COMPANY

CUREXA HEALTH (PRIVATE) LIMITED

A separate Directors' Report is annexed to the Consolidated Financial Statements with its wholly owned subsidiary.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company have taken place between the end of the year and the date of this report.

OUTLOOK

Throughout the fiscal year, the global economic landscape has experienced a notable deterioration, underscored by an array of interconnected crises including geopolitical tensions, inflationary pressures primarily in Western economies, supply chain instabilities, and the volatility of commodity markets. This turbulence has been further exacerbated by specific challenges such as the regulatory interventions in China, alongside the persisting high inflation rates and geopolitical conflicts across the globe. Despite these challenges, a gradual alleviation of inflationary pressures is anticipated, setting the stage for a potential uptick in economic performance

that surpasses initial projections for the Fiscal Year 2024. Notably, while headline inflation shows signs of abatement, the persisting cuts in oil production by OPEC+ members underscore a sustained risk of volatility within commodity markets.

Addressing the escalation of macroeconomic imbalances and inflation necessitates the adoption of a multifaceted stabilization strategy. This includes the recalibration of monetary policies, enhancements in macroprudential frameworks, and the implementation of administrative strategies aligned with global economic practices. Further, recent initiatives aimed at monetary tightening, fiscal consolidation, the phasing out of energy subsidies, and the dissolution of informal exchange rate ceilings have contributed to the mitigation of these imbalances. However, businesses continue to confront challenges such as stringent import and foreign exchange outflow controls, elevated borrowing costs, and heightened fuel prices, culminating in increased unemployment rates, a deceleration in economic growth, and a contraction in consumer purchasing power.

The United Nations' World Economic Situation and Prospects report for 2024 presents a detailed economic forecast for Pakistan, projecting a modest 2% GDP growth in 2024 amidst challenges including sustained inflationary pressures, currency devaluation, and elevated sovereign debt levels.

Notable progress has been observed in the stabilization of exchange rate parity, attributed to regulatory interventions. However, enduring efforts are essential to bolster investor and business confidence. The strategic reduction in imports, aimed at controlling demand to maintain a consistent current account surplus, is expected to persist, given the unlikely pursuit of external debt relief by the country. The forthcoming electoral process is anticipated to mitigate prevailing political uncertainties, thereby fostering a conducive environment for attracting crucial foreign direct investments. The economic prognosis for the forthcoming period will be significantly influenced by the continuous implementation of economic reforms designed to stabilize the economy, the reinstatement of fiscal and external equilibriums, political stability, and the sustained support from allied nations, in conjunction with the ongoing IMF program. These measures, while tempering demand and maintaining inflationary pressures in the interim, will invariably influence the broader industrial activities and the financial vitality of Highnoon Laboratories Limited.

In light of these developments, it is imperative for Pakistani businesses to maintain flexibility, adaptability, and responsiveness to the dynamically evolving economic, political, and societal landscapes to ensure their thriving existence in the rapidly shifting environment of 2024 and beyond.

ACKNOWLEDGMENT

The outcomes achieved by the Company are a direct testament to the unwavering dedication and substantial contributions from our robust cadre of skilled professionals, coupled with the profound trust our stakeholders have vested in Highnoon Laboratories Limited.

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: 28 March 2024

ڈائریکٹرز رپورٹ

کی منڈیوں کے اتار چڑھاؤ سمیت متعدد باہم منسلک بحران اہم ہیں۔ اس ہنگامہ خیزی کو مخصوص مشکلات جیسے چین میں ریگولیشنری مداخلتوں کے ساتھ ساتھ مہنگائی کی بلند شرحوں اور پوری دنیا میں جغرافیائی سیاسی تنازعات نے مزید بڑھا دیا ہے۔ ان مشکلات کے باوجود، مہنگائی کے دباؤ میں بندرتج کی متوقع ہے، جس سے معاشی کارکردگی میں ممکنہ اضافے کا مرحلہ طے ہو گا جو کہ مالی سال 2024 کے ابتدائی تخمینوں سے زیادہ ہے۔ OPEC+ کے اراکین اجناس کی منڈیوں میں اتار چڑھاؤ کے مستقل مسئلہ کی نشاندہی کرتے ہیں۔

میکرو اکنامک عدم توازن اور افراط زر میں اضافے سے نمٹنے کے لیے کثیر جہتی استحکام کی حکمت عملی اپنانے کی ضرورت ہے۔ اس میں مالیاتی پالیسیوں کی دوبارہ ترتیب، میکرو پروڈیوسر فریم ورک میں اضافہ، اور عالمی اقتصادی طریقوں سے منسلک انتظامی حکمت عملیوں کا نفاذ شامل ہے۔ مزید، حالیہ اقدامات جن کا مقصد مالیاتی سختی، مالیاتی استحکام، توانائی کی سبسڈی کو مرحلہ وار ختم کرنا، اور غیر سرکاری شرح مبادلہ کی حدود کی تحلیل نے ان عدم توازن کو کم کرنے میں اہم کردار ادا کیا ہے۔ تاہم، کاروباری اداروں کو درآمدات اور غیر ملکی زرمبادلہ کے اخراج پر سخت کنٹرول، قرض لینے کے اخراجات میں اضافہ، اور ایندھن کی قیمتوں میں اضافہ، بے روزگاری کی بڑھتی ہوئی شرحوں، اقتصادی ترقی میں کمی، اور صارفین کی قوت خرید میں کمی جیسی مشکلات کا سامنا کرنا پڑتا ہے۔

اقوام متحدہ کی 2024 کے لیے عالمی اقتصادی صورتحال اور امکانات کی رپورٹ پاکستان کے لیے ایک مفصل اقتصادی پیش گوئی پیش کرتی ہے، جس میں 2024 میں جی ڈی پی کی معمولی شرح نمو 2% کی پیش گوئی کی گئی ہے جن میں مسلسل افراط زر کے دباؤ، کرنسی کی قدر میں کمی، اور قرضوں کی بلند سطح شامل ہیں۔

حکومتی مداخلتوں سے منسوب ایچ پی جی ریٹ کے استحکام میں قابل ذکر پیش رفت دیکھی گئی ہے۔ تاہم، سرمایہ کاروں اور کاروباری اعتماد کو بڑھانے کے لیے پائیدار کوششیں ضروری ہیں۔ درآمدات میں اسٹریٹجک کمی، جس کا مقصد مسلسل کرنٹ اکاؤنٹ سرپلس کو برقرار رکھنے کے لیے مانگ کو کنٹرول کرنا، ملک کی جانب سے بیرونی قرضوں میں ریلیف کے غیر متوقع تعاقب کے پیش نظر، برقرار رہنے کی توقع ہے۔ آنے والے انتخابی عمل سے موجودہ سیاسی غیر یقینی صورتحال کو کم کرنے کی توقع ہے، اس طرح اہم غیر ملکی براہ راست سرمایہ کاری کو راغب کرنے کے لیے ایک سازگار ماحول کو فروغ ملے گا۔ آئی ایم ایف کے جاری پروگرام کے ساتھ مل کر معیشت کو مستحکم کرنے کے لیے وضع کردہ معاشی اصلاحات کے مسلسل نفاذ، مالیاتی اور بیرونی توازن کی بحالی، سیاسی استحکام، اور اتحادی ممالک کی مسلسل حمایت سے آنے والی مدت کے لیے معاشی پیش گوئی نمایاں طور پر متاثر ہوگی۔ یہ اقدامات، طلب کو کم کرتے ہوئے اور عبوری طور پر مہنگائی کے دباؤ کو برقرار رکھتے ہوئے، وسیع تر صنعتی سرگرمیوں اور ہائون لیبارٹریز لمیٹڈ کی مالی طاقت کو متاثر کریں گے۔

ان پیش رفت کی روشنی میں، پاکستانی کاروباری اداروں کے لیے 2024 اور اس کے بعد کے تیزی سے بدلتے ہوئے ماحول میں اپنے پھلتے پھولنے والے کاروبار کو آگے بڑھانے کے لیے تیزی سے بدلتے ہوئے معاشی، سیاسی اور سماجی ماحول کے پیش نظر مضبوطی، موافقت اور مناسب ردعمل کی صلاحیت کو برقرار رکھنا ضروری ہے۔

اظہار تشکر

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

اجازت نامہ

بورڈ ڈپٹی چیئرمین ایکٹ 2017 کی دفعہ (5) 227 کے مطابق چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر کو اپنی طرف سے ڈائریکٹرز رپورٹ پر دستخط کرنے کی اجازت دیتا ہے۔

منجانب بورڈ آف ڈائریکٹرز



توفیق احمد خان

ڈائریکٹر



ڈاکٹر عدیل عباس حیدری

چیف ایگزیکٹو آفیسر

28 مارچ 2023

لاہور

- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی انحراف نہیں ہوا ہے۔
- گزشتہ چھ سال کے اہم اعداد و شمار سرمایہ کاروں کی رہنمائی کے لئے اس رپورٹ کیساتھ منسلک ہے۔
- کوئی بھی سرکاری ٹیکسز، ڈیوٹیز، لیویز اور اخراجات کمپنی اگر کوئی ہیں تو، مالی بیانات میں واضح طور پر ظاہر کیا گیا ہے۔
- کمپنی کے آپریٹنگ نتائج میں گزشتہ سال سے نمایاں انحراف کو کی وضاحت کی گئی ہے۔
- بقایا قرضے، اگر کوئی ہیں، مالی بیانات میں واضح طور پر ظاہر کیے گئے ہیں۔
- کمپنی کی انتظامیہ بہترین کارپوریٹ گورننس کے لیے پرعزم ہے، اور بہترین طریقوں کی تعمیل کے لیے مناسب اقدامات کیے جاتے ہیں۔
- کمپنی کے متعلقہ فریق کے لین دین کو آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کے ذریعہ منظور شدہ اور / یا توثیق کی جاتی ہے۔

قومی محصولات میں کمپنی کا حصہ

آپ کی کمپنی نے مختلف حکومتی ٹیکسز، کسٹم ڈیوٹیز، ڈبلیو پی پی ایف، سی آر ایف، ای او بی آئی سوشل سیکیورٹیز اور عطیات سمیت لیویز کی مد میں حکومت کو 2,280 ملین روپے (2022:1807 ملین) ادا کئے ہیں۔

کمپنی کی سماجی ذمہ داری

سماجی بہبود اور ماحولیات کے لیے پرعزم، ہائی نون تھیلیسیمیہ کے مریضوں کی کفالت پچھلے کئی سالوں سے جاری رکھے ہوئے ہے۔ ہائی نون کیئر فاؤنڈیشن، فاطمید فاؤنڈیشن، ایس او ایس چلڈرن ویلجرف آف پاکستان کے لیے باقاعدہ عطیات اور متعدد مریضوں کے سہولت پروگراموں کے ذریعے بہت سے لوگوں کے معیار زندگی کو بلند کرنے میں اہم کردار ادا کرتا ہے۔

متعلقہ فریقین سے لین دین

سال کے دوران، کمپنی نے اپنے متعلقہ فریقوں کے ساتھ لین دین کیا۔ ان لین دین کی تفصیلات اس میں منسلک انفرادی مالی بیانات کے نوٹ میں ظاہر کی گئی ہیں۔

آڈیٹرز

کمپنی کے آڈیٹرز میسرز ای وائی فور ڈیوڈز، چارٹرڈ اکاؤنٹنٹس سالانہ عام اجلاس کے انعقاد پر ریٹائرڈ ہو جائیں گے۔

بورڈ آف آڈٹ کمیٹی کی سفارش پر، نئے آڈیٹرز کی تقرری کو سالانہ جنرل میٹنگ میں 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے کمپنی کے قانونی آڈیٹرز کے طور پر سمجھا جائے گا۔ یہ فیصلہ گورننس کے اہم معیارات کو برقرار رکھنے کے لیے کمپنی کے عزم سے مطابقت رکھتا ہے۔ نئے آڈیٹرز میں منتقلی ایک بنیاد پر نظر متعارف کرائے گی، جو ہمارے آڈیٹنگ کے طریقوں، اندرونی کنٹرول، اور رسک مینجمنٹ کے طریقہ کار کی مضبوطی میں اضافہ کرے گی۔ یہ تقرری آئندہ سالانہ جنرل میٹنگ میں ممبران کی توثیق کا منتظر ہے۔

بورڈ آف ڈائریکٹرز، انتظامیہ ٹیم کے ساتھ، سبکدوش ہونے والے آڈیٹرز کا گزشتہ سال کے دوران ان کی گراں قدر خدمات کے لیے شکریہ ادا کرتا ہے۔

ذیلی کمپنی

کیور کیسا ہیلتھ (پرائیویٹ) لمیٹڈ۔

کمپنی اور اسکی ذیلی کمپنی کی مجموعی گوشواروں کے ساتھ ایک علیحدہ ڈائریکٹرز رپورٹ پیش کی گئی ہے۔

اس رپورٹ کے بعد واقعات

سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالی حالت کو متاثر کرنے والی کوئی اہم تبدیلیاں نہیں ہوئیں ہیں۔

مستقبل پر ایک نظر

مالی سال کے دوران، عالمی اقتصادی منظر نامہ انتہائی تنزل کا شکار رہا ہے جس میں جغرافیائی سیاسی تناؤ، بنیادی طور پر مغربی معیشتوں میں افراط زر کے دباؤ، سپلائی چین کی عدم استحکام، اور اجناس

ڈائریکٹرز رپورٹ

تاہم، آڈٹ اور HR کمیٹیوں کے اجلاسوں کی تعداد (سہ ماہی/ششماہی/سالانہ) حسب ذیل تھی:

1. آڈٹ کمیٹی 4
2. HR اور معاوضہ کمیٹی 1

آڈٹ کمیٹی مشتمل ہے

نام	عہدہ
محترم طارق واجد	چیئرمین/انڈیپنڈنٹ ڈائریکٹر
محترمہ زینب عباس	ممبر / نان ایگزیکٹو ڈائریکٹر
محترم غلام حسین خان	ممبر / نان ایگزیکٹو ڈائریکٹر
بورڈ ممبر کا نام	ملاقاتوں میں حاضری کی تعداد
محترم توصیف احمد خان	2
محترم غلام حسین خان	2
محترمہ زینب عباس	4
محترم طارق واجد	2

افراد کی وسائل اور معاوضہ کی کمیٹی مشتمل ہے

نام	حیثیت	ملاقاتوں میں حاضری کی تعداد
محترم طارق واجد	چیئرمین (انڈیپنڈنٹ ڈائریکٹر)	1
محترمہ زینب عباس	ممبر (نان ایگزیکٹو ڈائریکٹر)	1
ڈاکٹر عدیل عباس حیدری	ممبر (سی ای او ایگزیکٹو ڈائریکٹر)	1

لسٹڈ کمپنیوں کے (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی تعمیل

جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کا تقاضا ہے، ڈائریکٹرز حسب ذیل بیان کرتے ہیں

- انتظامیہ کے تیار کردہ یہ گوشوارے شفافیت کیساتھ کمپنی کے کاروباری معاملات، اس کے امور کے نتائج، کیش فلوز، اور ایکویٹی میں تبدیلی کو بیان کرتے ہیں۔
- کمپنی کے حسابات کے کھاتے باضابطہ طور پر بنائے جا رہے ہیں۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیز کا تواتر کیساتھ اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینوں کی بنیاد مناسب اور محتاط رائے پر ہے۔
- مالیاتی گوشوارے بناتے ہوئے ان تمام بین الاقوامی مالیاتی رپورٹنگ سٹینڈرڈز جو پاکستان میں لاگو ہیں کی پیروی کی گئی ہے اور ان سے کسی بھی قسم کے انحراف کیا مناسب وضاحت کی گئی ہے۔
- 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۔
- کمپنی کی اس استعداد میں کہ وہ اپنے کاروبار کو جاری رکھ سکے گی کوئی شکوک و شبہات نہیں ہیں۔

نمبر شمار	نام	نوعیت	حصص کی تعداد
1	محترم اشفاق (ایگزیکٹو)	خریدے	1,500
2	محترمہ ہما حسین (زوجہ محترم غلام حسین خان)	خریدے	550
3	محترم توقیر احمد خان (بڑا شیئر ہولڈر)	بیچے	850
3	محترم اشفاق (ایگزیکٹو)	بیچے	500

بورڈ آف ڈائریکٹرز اور کمیٹیوں کے اجلاس

بورڈ 7 ڈائریکٹرز پر مشتمل ہے جس میں چیف ایگزیکٹو آفیسر بھی شامل ہیں اور اس کی افادیت کو بڑھانے کے لیے صنف، علم اور مہارت کا متنوع استخراج ہے۔ بورڈ 1 خاتون ڈائریکٹر 6 مرد ڈائریکٹرز پر مشتمل تھا، جن کی درجہ بندی درج ذیل ہے:

انڈیپنڈنٹ ڈائریکٹرز

محترم طارق واجد

محترم رویش ایلا پانا

نان ایگزیکٹو ڈائریکٹرز

محترم توصیف احمد خان

محترم غلام حسین خان

محترم توفیق احمد خان

محترمہ زینب عباس

ایگزیکٹو ڈائریکٹر

ڈاکٹر عدیل عباس حیدری

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 تقابل میں اصل کارکردگی کا باقاعدہ جائزہ اور طویل مدتی سرمایہ کاری اور سرمایہ کی فراہمی کے حکمت عملی کے انتخاب پر فیصلہ سازی شامل ہیں۔ بورڈ کارپوریٹ گورننس کے اعلیٰ معیارات کو برقرار رکھنے کے لیے پرعزم ہے۔ سال 2023 میں اپنے فرائض کی بجا آوری کے لیے بورڈ نے 5 ملاقاتیں کی ہیں جن میں حاضری کی تفصیل درج ذیل ہے:

بورڈ ممبر کا نام	ملاقاتوں میں حاضری کی تعداد
محترم توصیف احمد خان	5
محترم توصیف احمد خان	5
محترم توفیق احمد خان	5
محترم غلام حسین خان	4
محترمہ زینب عباس	5
محترم رویش ایلا پانا	2
محترم طارق واجد	4

ڈائریکٹرز رپورٹ

ضابطے میں تبدیلیوں کے اثرات۔ اس کے لیے اہداف مقرر کیے جاتے ہیں بجٹ بنائے جاتے ہیں تاکہ باقاعدہ وقفوں کے بعد اصل کارکردگی میں کسی قسم کی کمی کی صورت میں تدارک کے لیے اقدامات کیے جاسکیں۔

مختلف ادویات کی فروخت اور کارکردگی



ایلیمنٹری ٹی اور میٹابولزم سے متعلقہ ادویات نے اپنی رفتار کو برقرار رکھا ہے اور مالی سال 2023 کے ساتھ ساتھ مالی سال 2022 میں کل فروخت کا میں 29 فیصد ہیں جس کے بعد اینٹی انفیکٹیو، ریسپائرٹری اور کارڈیو ویکولر کا حصہ بالترتیب 24 فیصد، 19 فیصد اور 18 فیصد ہے۔

IQVIA کے اعداد و شمار اس بات کی تصدیق کرتے ہیں کہ میٹابولک ادویات کی فروخت مالی سال 2022 میں 4.95 ارب روپے سے بڑھ کر مالی سال 2023 میں 6.012 ارب روپے یعنی 21% بڑھ گئی۔ فروخت میں اہم حصہ Tagipmet® اور Ulsanic® کا تھا۔ Cyrocine® اور Cefetro® نے انسداد انفیکشن ادویات کی فروخت میں 43% اضافہ کیا، جو کہ 30% کی ترقی کو ظاہر کرتا ہے۔ ریسپیرٹری سے فروخت 3.85 ارب روپے (2022: 3.45 ارب روپے) تک پہنچ گئی ہے، جس میں Combivar® اور Kestine® کے نمایاں حصے کے ساتھ 11% کا اضافہ حاصل کیا گیا ہے جو ریسپائرٹری ادویات کی فروخت کا 70% حصہ ہے۔ دل سے متعلقہ ادویات کی فروخت میں 25% اضافہ اور Triforge® اور Nebix® سے منسوب ہے۔

فی شیئر آمدنی

کمپنی کے پڑتال شدہ حسابات کی بنیاد پر فی حصص آمدنی برائے مالی سال اختتام 31 دسمبر 2023 روپے (45.35:2022) روپے دوبارہ بیان کیا گیا ہے۔

ڈیویڈنڈ کا اعلان

بورڈ فنڈ ڈیویڈنڈ بحساب 300 فیصد (200:2022) جو کہ فی حصص 30 روپے (20:2022) روپے بنتا ہے اور بونس حصص بحساب 15 فیصد (10:2022) یعنی ہر 100 حصص پر 15 بونس حصص برائے سال اختتام 31 دسمبر 2023 کا اعلان کرتے ہوئے خوشی محسوس کرتا ہے۔ یہ تقسیم حصص داروں کے سالانہ عام اجلاس منعقدہ 29 اپریل 2024 میں دی گئی منظوری سے مشروط ہے۔

شیئرز کی ملکیتی معلومات

31 دسمبر 2023 حصص کی موجود ملکیتی معلومات منسلک کر دی گئی ہے۔ کمپنی کے شیئرز میں لین دین، اگر کوئی ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری، ایگزیکٹوز اور ان کے شریک حیات نے کیا ہے، ان کو بھی تفصیل سے منسلک کیا گیا ہے۔

مالیاتی کارکردگی

2023	2022	
'000' ملین روپے		
19,424	15,816	فروخت
9,254	8,030	گراس منافع
48%	51%	گراس منافع فیصد
3,244	3,095	آپریٹنگ منافع
17%	20%	آپریٹنگ منافع فیصد
(136)	(54)	مالی لاگت
2,403	2,417	قبل از ٹیکس خالص منافع
587	27	دوسری کپیر بیہنسو آمدن بعد از ٹیکس
2,989	2,444	سالانہ کل کپیر بیہنسو آمدن
7,445	5,763	غیر تخصیص شدہ منافع
10,434	8,207	منافع برائے تخصیص
		تخصیص منافع
-	(761.52)	نقد ڈیوڈنڈ برائے مالی سال 2022 فی حصص 20 روپے کے
837.6	-	نقد ڈیوڈنڈ برائے مالی سال 2023 فی حصص 20 روپے کے
9,957	7,445	بقیہ غیر تخصیص شدہ منافع
45.35	45.62	فی شیئر آمدنی

کارکردگی کا جائزہ

ہائینون نے مارکیٹ میں اپنا 12ویں درجے کو برقرار رکھا ہے، اس کا مارکیٹ شیئر بڑھ کر 2.55% اور 23.65% CAGR ہو گیا ہے جبکہ IQVIA کے مطابق انڈسٹری کی اوسط 18.19% ہے۔ خالص فروخت میں 23 فیصد اضافہ ہوا ہے، جس کی وجہ سے مجموعی مارجن 51% سے کم ہو کر 48% ہو گیا ہے۔ افراط زر کی وجہ سے آپریٹنگ اخراجات میں اضافہ ہوا قیمت میں اضافہ ہے۔ بنیادی طور پر روپے کی قدر میں کمی اور افراط زر کی وجہ سے مجموعی مارجن 51% سے کم ہو کر 48% ہو گیا ہے۔ افراط زر کی وجہ سے آپریٹنگ اخراجات میں اضافہ ہوا ہے۔ مالیاتی لاگت میں 150 فیصد اضافہ ہوا، جس کی بنیادی وجہ اسٹیٹ بینک آف پاکستان کی پالیسی ریٹ میں 425 بیس پوائنٹس کا اضافہ ہے جس میں زیر جائزہ سال کے دوران ورکنگ کیسٹیبل کی سہولیات کا زیادہ استعمال ہے۔ کمزور میکرو اکنامک حالات، شرح مبادلہ کے بلند اتار چڑھاؤ اور 2023 میں بلند ترین افراط زر کے باوجود، آپریشنل اور اسٹریٹیجک قابلیت، مضبوط مارکیٹ کی بصیرت اور مضبوطی کی وجہ سے ہائی نون نے 12 فیصد منافع سے فروخت کے تناسب کو برقرار رکھنے میں کامیاب رہا ہے۔

ہائینون نے ہمیشہ اپنی کارکردگی کا جائزہ لینے پر توجہ مرکوز کی ہے اور زیادہ سے زیادہ ڈیلیوریوں کرنے کی کوشش کی ہے تاکہ یہ عام لوگوں کی زندگیوں میں موثر کردار ادا کر سکے اور معاشرے میں مثبت کردار ادا کر سکے۔ کارکردگی کا جائزہ لینے کے لیے، مختلف اشاریوں کا استعمال کیا جیسے کہ متعلقہ علاج کے شعبے میں ہم مرتبہ دوائیوں کی پوزیشن، صنعت کی نمو اور کمپنی کی کارکردگی پر قوانین /

ڈائریکٹرز رپورٹ

ڈائریکٹرز کمیٹی کی سالانہ رپورٹ اور پڑتال شدہ حسابات برائے سال محتممہ 31 دسمبر 2023 پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

ڈائریکٹرز رپورٹ کمیٹی ایکٹ 2017 کی دفعہ 227 اور لسٹڈ کمپنیز (کوڈ آف کنڈٹ) ریگولیشنز 2019 کے مطابق تیار کی گئی ہے۔

آپ کی کمیٹی پاکستان کی مستند دواساز اداروں میں سے ایک ہے، جس کی توجہ مریضوں کی ضروریات پر مرکوز ہے اور فی الوقت دواسازی اور متعلقہ مصنوعات کی تیاری، فروخت میں مصروف عمل ہے۔

اقتصادی جائزہ

پاکستان میں ملکی اور بیرونی نامساعد حالات کے تناظر میں جی ڈی پی کی شرح نمو گزشتہ مالی سال میں 5.7 فیصد کے مقابلے میں مالی سال 2023 میں صرف 0.29 فیصد رہ گئی ہے۔ تاہم، شرح نمو کے تخمینے مالی سال 2024 میں 3-2 فیصد تک ممکنہ بہتری تجویز کرتے ہیں۔ معیشت 30% سے زیادہ افراط زر، ناموافق مالیاتی پالیسیوں، اور درآمدی حدود سے بری طرح متاثر ہوئی ہے، جو 2022 کے تباہ کن سیلاب کے نتیجے میں 30 ارب ڈالر سے زیادہ کے نقصانات کی وجہ سے مزید دباؤ کا شکار ہے۔ لگژری امپورٹ پر پابندی اور سبسڈی میں کمی جیسی کوششیں مفید ہیں، لیکن بجلی کی قیمت، سماجی مسائل اور غربت میں اضافے اور سیاسی عدم استحکام جیسے مسائل برقرار ہیں۔ پاکستان اپنی تاریخ کے ایک اہم موڑ پر ہے، اسے فیصلہ کن، کثیرہ جہتی اصلاحات اور بصیرت والی قیادت کی ضرورت ہے تاکہ ملک کو معاشی ترقی کی راہ پر گامزن کیا جاسکے اور معیشت میں مضبوطی پیدا کی جاسکے۔ رپورٹ طویل مدتی خوشحالی اور معیشت کی مضبوطی کو یقینی بنانے کے لیے جدت، سب کی شمولیت، اور پائیدار ترقی کی ضرورت پر زور دیتی ہے۔

پاکستان کے دواسازی سیکٹر کا منظر نامہ

مقامی دواساز اداروں کے ہے، جو کہ بنیادی طور پر عام ضروریات کی ادویات بنانے والے ہیں، جو قومی طلب کا تقریباً 70 فیصد مہیا کرتے ہیں۔ بقایا 30% درآمدات کے ساتھ ساتھ ملٹی نیشنل اداروں کے مقامی آپریشنز کے ذریعے پورا کیا جاتا ہے۔ 2019 سے 2023 تک کے عرصے میں مقامی دواساز اداروں کی فروخت میں 15.3 فیصد کی سالانہ شرح نمو دیکھی گئی، یہ اعداد و شمار خاص طور پر ملٹی نیشنل اداروں کی 9.34% کے عالمی شرح نمو سے زیادہ ہے۔ یہ فرق مارکیٹ کے اندر مقامی اداروں کی مسابقتی برتری کو واضح کرتا ہے جس میں بنیادی طور پر کم لاگت کی عمومی دواؤں تیار کی جاتی ہیں۔ اس وقت اس سیکٹر میں قابل ستائش 800 سے زیادہ دواساز ادارے، بشمول 25 ملٹی نیشنل ادارے کام کر رہے ہیں۔ جون 2023 تک، پاکستان کے دواسازی سیکٹر کی مارکیٹ کی مالیت تقریباً 748 PKR ارب ہے، جس میں مقامی دواساز ادارے 70% مقامی دواسازی کی ضروریات پوری کر رہے ہیں۔ مقامی پیداواری استعداد میں اضافہ اور صحت کی دیکھ بھال کے بڑھتے ہوئے اخراجات کے کے مد نظر ایک تخمینے کے مطابق 2025 تک مارکیٹ کی مالیت PKR ایک 100 ارب کے قریب پہنچ جائے گی۔

پاکستان دواساز صنعت کے لیے مارکیٹ کا ڈھانچہ بھی غیر متوازن ہے۔ چوٹی کے 10 اداروں کے پاس تقریباً مارکیٹ شیئر کا 47% ہے اور چوٹی کے 25 اداروں کا مارکیٹ شیئر کا 72% ہے۔ چوٹی کے 50 ادارے تقریباً 90 فیصد مارکیٹ شیئر رکھتی ہیں۔ اس طرح 750 سے زیادہ چھوٹے اور درمیانے درجے کے دواساز ادارے باقی ماندہ 10% مارکیٹ کے لیے مقابلہ کر رہے ہیں۔ اس طرح کے انتہائی عدم توازن سے مارکیٹ سیکٹر میں معیار اور ٹیکنالوجی کی سطح کے ساتھ ساتھ چھوٹی اور درمیانی فرموں کی منافع پر بھی اثر پڑتا ہے جو نسبتاً کم مارجن پر کام کرنے پر مجبور ہیں۔

SIX YEARS AT A GLANCE

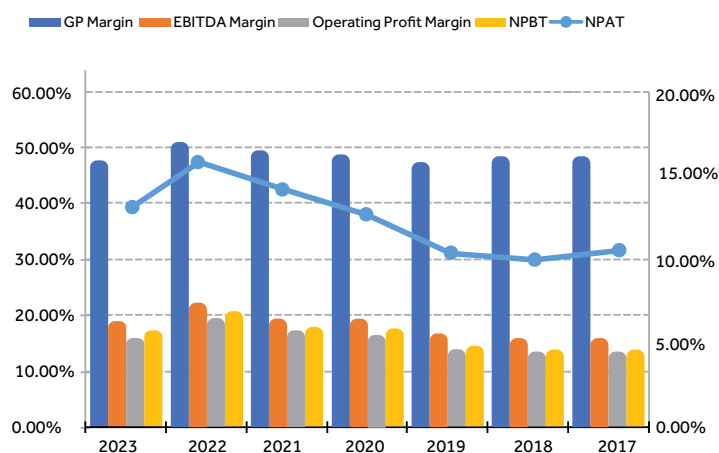
	2023	2022	2021	2020	2019	2018	
	Rupees in ('000')						
Summary of Balance Sheet							
Share Capital	529,834	418,841	380,764	346,149	314,681	286,074	
Reserves	9,066,866	7,026,396	5,381,858	4,140,050	3,126,880	2,584,375	
Operating Fixed Assets	3,516,226	2,058,612	1,516,181	1,456,763	1,118,266	976,068	
Non Current Assets	312,459	351,318	321,006	290,627	270,714	243,337	
Current Assets	10,197,147	8,230,171	6,315,231	4,879,193	3,239,590	2,551,663	
Current Liabilities	2,874,893	2,439,744	1,713,151	1,291,099	680,525	437,900	
Net Working Capital	7,322,253	5,790,427	4,602,081	3,588,094	2,559,066	2,113,763	
Non-current Liabilities	1,554,239	755,121	676,645	856,580	88,825	88,596	
Summary of Profit and Loss Account							
Sales - Net	19,424,255	15,815,937	13,000,780	10,697,634	9,047,693	7,503,101	
Gross Profit	9,254,464	8,030,084	6,415,593	5,121,176	4,161,593	3,500,432	
Earning Before Interest, Tax, Depreciation (EBITDA)	3,685,295	3,589,462	2,538,619	2,076,388	1,483,477	1,167,771	
Operating Profit	3,244,267	3,094,917	2,245,423	1,842,161	1,279,784	1,031,609	
Profit Before Tax	3,302,585	3,345,504	2,372,144	1,921,732	1,341,086	1,056,264	
Net Profit After Tax	2,403,014	2,417,172	1,808,033	1,420,736	971,012	725,889	
Summary of Cash Flow Statement							
Net Cash Flow from Operating Activities	1,718,627	(487,186)	1,733,087	1,333,188	700,853	433,184	
Net Cash Flow from Investing Activities	(1,292,296)	346,712	(1,033,416)	(1,290,307)	(162,583)	23,244	
Net Cash Flow from Financing Activities	(222,293)	(851,462)	(712,080)	(79,321)	(459,350)	(289,019)	
Changes in Cash and Cash Equivalents	217,624	(986,955)	(11,148)	(35,698)	78,920	167,409	
Cash and Cash Equivalents at Year End	40,444	(174,947)	812,049	823,198	858,895	779,975	
Financial Performance/Profitability Analysis							
Sales Growth	%	22.81%	21.65%	21.53%	18.24%	20.59%	25.65%
Gross Profit Margin	%	47.64%	50.77%	49.35%	47.87%	46.00%	46.65%
EBITDA to Sales Margin		18.97%	22.70%	19.53%	19.41%	16.40%	15.56%
Operating Profit Margin	%	16.70%	19.57%	17.27%	17.22%	14.14%	13.75%
Profit Before Tax Margin	%	17.00%	21.15%	18.25%	17.96%	14.82%	14.08%
Profit After Tax Margin	%	12.37%	15.28%	13.91%	13.28%	10.73%	9.67%
Return on Equity	%	25.04%	32.47%	31.38%	31.67%	28.21%	25.29%
Return on Capital Employed	%	30.84%	41.46%	37.40%	36.4%	35%	32%
Operating Performance/Liquidity Analysis							
Inventory Turnover	Days	169	140	123	128	117.4	112.5
Debtors Turnover	Days	32.4	23.4	14.3	12.2	13.6	12.9
Creditors Turnover	Days	64.9	62.9	51.5	41.8	35.1	34.0
Cash Operating Cycle	Days	136.1	104.7	85.3	97.9	95.8	91.5
Assets Turnover Ratio	Times	1.57	1.68	1.62	1.61	1.95	1.99
Return on Assets	%	19%	26%	24%	21%	21%	19%
Current Ratio	Times	3.55	3.37	3.69	3.78	4.76	5.83
Quick Ratio	Times	1.91	1.80	2.33	2.15	2.13	2.74

SIX YEARS AT A GLANCE

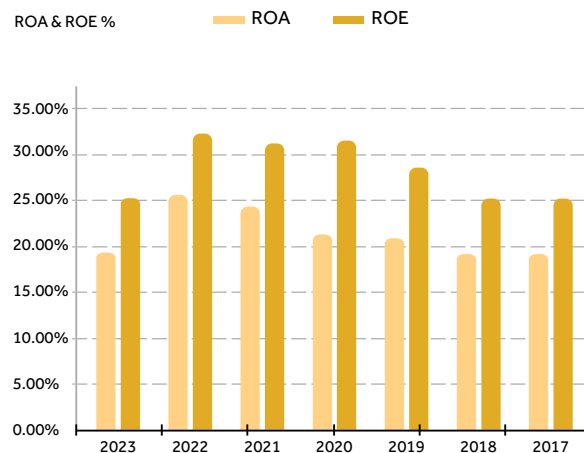
		2023	2022	2021	2020	2019	2018
Rupees in ('000')							
Distribution Analysis							
Pay out-Proposed							
Cash Dividend per share	Rs.	30	20	20	15	13	13
Bonus	%	15	10	10	10	10	10
Payout Ratio (after tax)	%	66.15	34.66	42.12	36.55	42.13	51.23
Dividend Yield	%	5.95	3.70	3.19	2.50	2.42	3.74
Earnings Per Share (after tax)	Rs./share	45.35	45.62	43.17	37.31	30.86	25.37
Price Earning Ratio	Times	11.13	9.36	14.52	16.05	17.41	13.70
Number of Shares	(in Millions)	52.98	41.88	38.08	34.61	31.47	28.61
Break-up Value of Share(Including surplus on Revaluation)	Rs.	181.13	177.76	151.34	129.60	109.37	100.34
Market Value of Share							
Year End	Rs.	504.6	540	627	599	537.26	347.65
Highest	Rs.	566.54	615	680	650	590	495.81
Lowest	Rs.	328	496.36	580	408	220	240
Market Capitalization	(in Millions)	26,735	22,617	23,874	20,734	16,907	9,945

Based on proposed final dividend

Profitability Margins

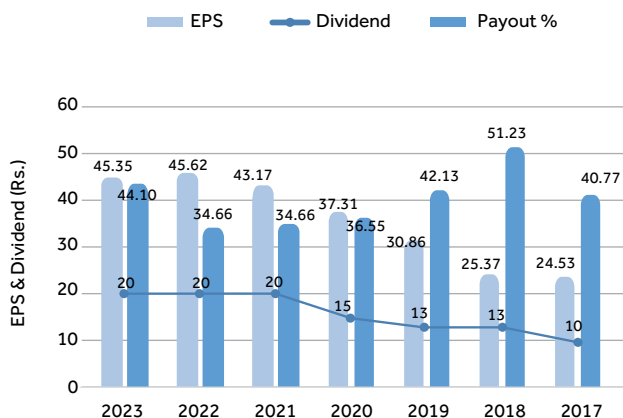


Shareholders' Equity, Assets and Return

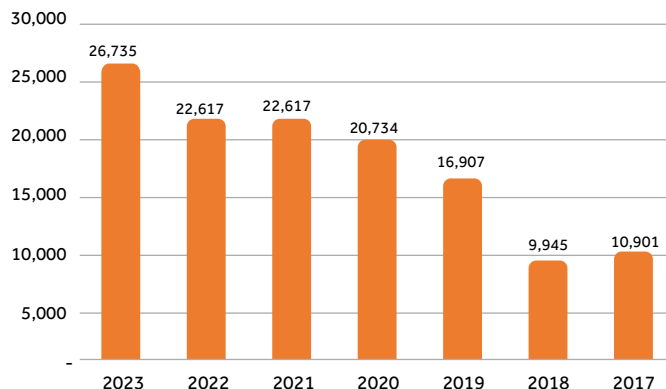


GRAPHICAL PRESENTATION

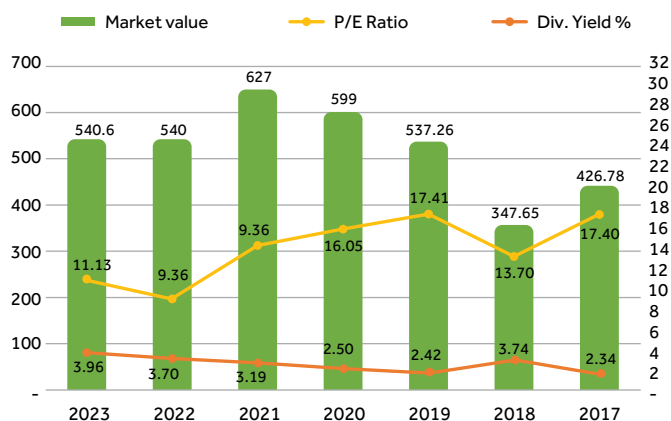
EPS, Dividend and Payout %



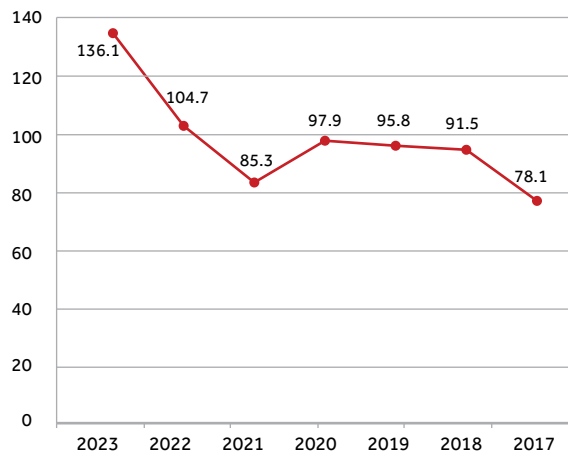
Market Capitalization (Millions)



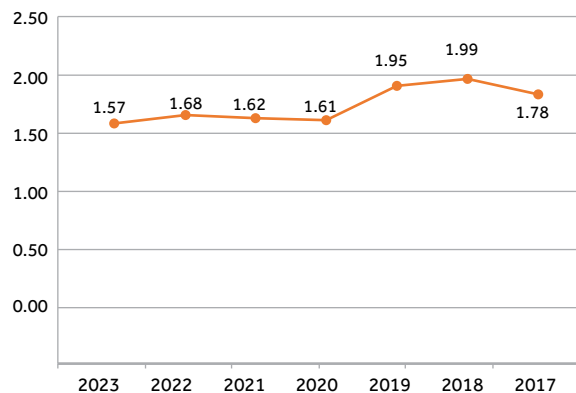
Dividend Yield, P/E Ratio and Market Value



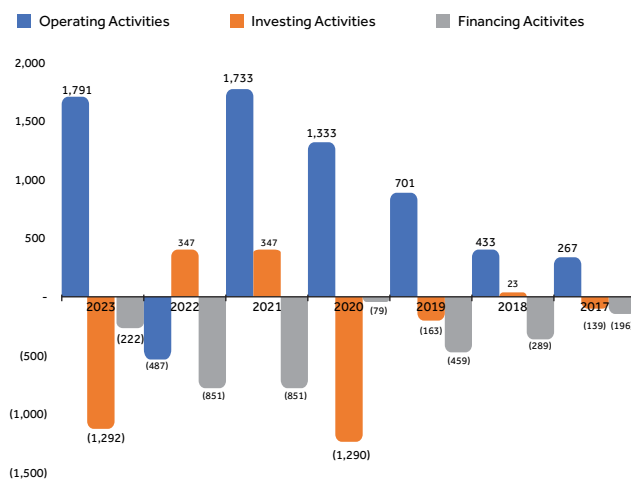
Cash Operating Cycle (Days)



Asset Turnover (Times)



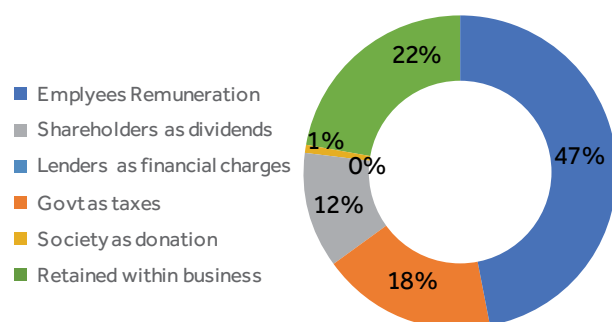
Cash flows analysis (Millions)



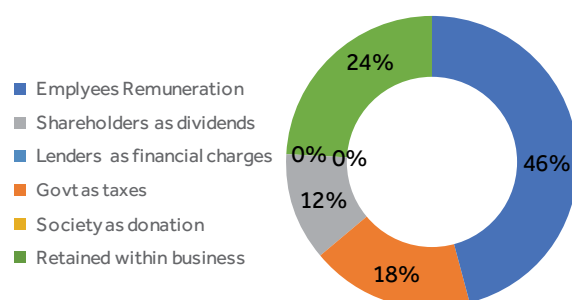
STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	2023 Rs. in 000	2022 Rs. in 000
Value Added		
Sales	19,424,255	15,815,937
Material & Services (COS+All Operating Cost Less Cost Explicitly Mentioned Below)	12,721,792	9,387,129
Other Income	194,792	304,988
	6,897,255	6,733,796
Distribution		
Employees		
Salaries Wages & Benefits	2,929,577	2,854,448
Workers Profit Participation Fund	178,811	177,078
	3,108,388	3,031,526
Government		
Income Tax	899,571	928,332
Sales Tax	173,254	109,463
Central Research Fund	38,336	35,416
Workers Welfare Fund	63,655	70,831
	1,174,816	1,144,042
Society		
Donation(Admin Exp)	1,580	6,561
Provider of Finances		
To Shareholder as Cash dividend-(Last Year dividend payment)	837,682	761,529
To Banks as financial charges (Markup on LT,ST Loans & Bank Charges)	83,208	27,501
	920,890	789,029
Retained in Business		
Depreciation and amortization	246,236	189,558
Retained Profit	1,445,345	1,573,080
	1,691,581	1,762,638
	6,897,255	6,733,796

Year 2023



Year 2022

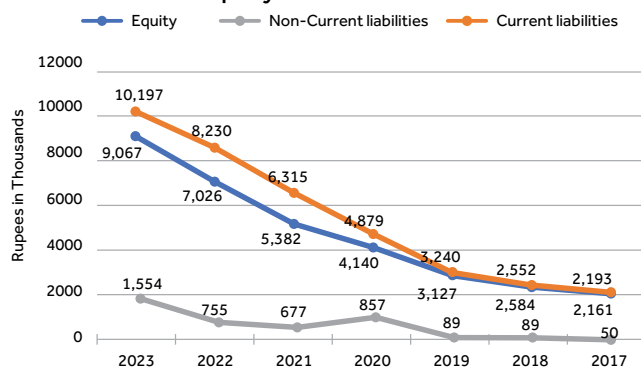


HORIZONTAL ANALYSIS

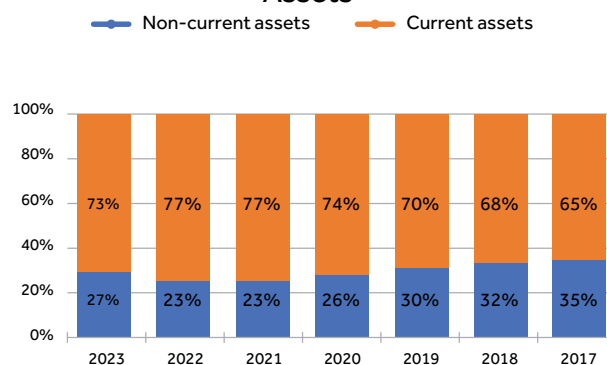
STATEMENT OF FINANCIAL POSITION

	2023		2022		2021		2020		2019		2018	
	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%
Summary of Balance Sheet												
Share Capital	529,834	26	418,841	10	380,764	10	346,149	10	314,681	10	286,074	12
Revenue Reserves	8,167,526	23	6,659,682	33	4,990,532	33.9	3,726,121	34.5	2,770,544	25.1	2,213,966	24.6
Surplus on Revaluation of fixed Assets	899,339	145	366,714	-6	391,326	-5.5	413,929	16.2	356,336	-3.8	370,409	-3.5
	9,596,699	29	7,445,236	29	5,762,622	28	4,486,199	30	3,441,561	20	2,870,449	19
Non Current Liabilities												
Long term loan - secured	647,716	4095	15,439	0	-	-100	165,410	100	-	0	-	-
Long term lease liabilities	255,017	39	183,934	54	119,758	-8	129,566	112	61,215	38	44,486	208
Long term advances	-	0	-	-100	10,240	-69	33,267	20	27,610	-37	44,110	24
Deffered Tax Liabilities	122,735	0	-	0	-	-	-	-	-	-	-	-
Deffered liabilities	528,771	0	530,660	-3	546,646	3	528,330	26	417,662	12	374,124	0.2
Total Non Current Liabilities	1,554,239	113	730,033	8	676,644	-21	856,573	69	506,487	9	462,720	9
Current Liabilities												
Trade & Other Payables	2,055,833	32	1,561,824	32	1,179,435	74	679,007	14	598,034	75	342,712	-13
Unclaimed Dividend	138,561	40	98,853	54	64,337	45	44,471	46	30,556	51	20,175	-50
Unpaid Dividend	111,300	75	63,475	0	-	-	-	-	-	-	-	-
Provision for Taxation	-	-100	124,622	-39	205,243	-31	296,237	854	31,054	-18	38,025	-36
Current Portion of Long Term Liabilities	342,116	331	79,289	-66	230,887	19	194,533	836	20,779	-44	36,957	34
Contract Liabilities	63,189	-13	72,264	117	33,249	-57	76,852	100	-	-	-	-
Short - term borrowings	163,894	-65	464,505	0	-	-	-	-	-	-	-	-
Total Current Liabilities	2,874,893	17	2,464,832	44	1,713,151	1,291,100	680,524	437,900				
	14,025,831	32	10,640,101	31	8,152,417	50	6,633,872	43	4,628,572	23	3,771,069	12
Non Current Assets												
Property, plant and equipments	3,516,226	71	2,058,612	36	1,516,181	4	1,456,763	30	1,118,266	15	976,068	4
Intangible assets	32,286	-10	35,835	69	21,189	100	-	0	-	0	-	-100
Long Term Investment	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0
Long Term deposits	23,943	-50	48,177	321	11,443	-47	21,443	1	21,183	51	14,021	10
Long Term advances	56,230	72	32,774	-6	34,787	-7	37,353	35	27,673	-6	29,316	82
Deffered tax asset	-	-100	34,531	-36	53,587	37	39,126	79	21,858	100	-	0
Total Non Current Assets	3,828,685	59	2,409,930	31	1,837,187	5	1,754,685	26	1,388,980	14	1,219,405	4
Current Assets												
Stock In Trade	4,713,751	23	3,835,095	66	2,315,936	10	2,106,011	18	1,790,211	32	1,352,925	21
Trade Recievables	2,120,419	59	1,330,337	92	694,687	115	322,554	-18	391,163	39	281,510	12
Advances, trade deposits and prepayments	575,539	-41	971,808	165	366,761	467,924	182,943	105,837				
Other Recievables	15,143	-52	31,698	18	26,860	-26	36,520	1016	3,273	-13	3,778	-45
Loan to Subsidiary	10,000	0	10,000	0	10,000	0	10,000	0	10,000	-50	20,000	0
Short Term Investment	2,168,794	62	1,338,887	-35	2,059,740	88	1,093,846	35106	3,107	-59	7,638	36
Tax Refunds due from Government	389,162	-8	425,022	1356	29,197	53	19,135	100	-	0	-	-100
Cash & Bank Balances	204,338	0	287,325	-65	812,049	-1	823,197	-4	858,895	10	779,976	27
	-	0	-	0	-	-	-	-	-	-	-	-
Total Current Assets	10,197,147	24	8,230,171	30	6,315,230	29	4,879,187	51	3,239,592	27	2,551,664	16
TOTAL Assets	14,025,831		10,640,101		8,152,417		6,633,872		4,628,572		3,771,069	

Equity and Liabilities



Assets

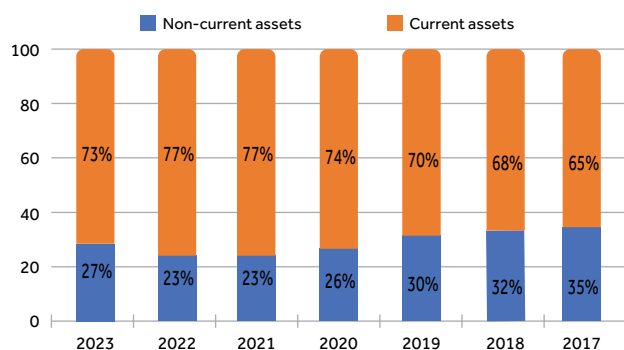


VERTICAL ANALYSIS

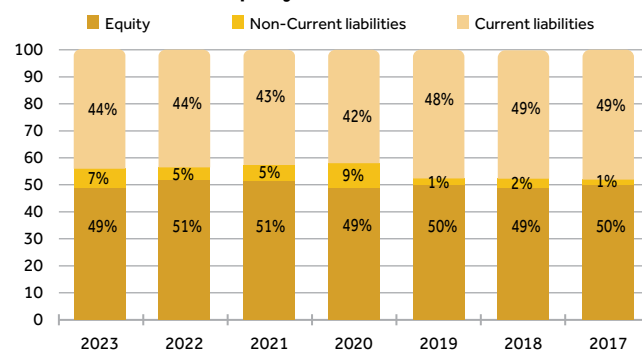
STATEMENT OF FINANCIAL POSITION

	2023		2022		2021		2020		2019		2018	
	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%
Share Capital	529,834	3.8	418,841	3.9	380,764	4.7	346,149	5.2	314,681	6.8	286,074	7.6
Revenue Reserves	8,167,526	58.2	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
Surplus on Revaluation of fixed Assets	899,339	6.4	366,714	3.4	391,326	4.8	413,929	6.2	356,336	7.7	370,409	9.8
	9,596,699	68.4	7,445,236	70	5,762,622	70.7	4,486,199	67.6	3,441,561	74.4	2,870,449	76.1
Non Current Liabilities												
Long term loan - secured	647,716	4.6	15,439	0.1	-	0	165,410	2.5	-	0	-	0
Long term lease liabilities	255,017	1.8	183,934	1.7	119,758	1.5	129,566	2	61,215	1.3	44,486	1.2
Long term advances	-	0	-	0	10,240	0.1	33,267	0.5	27,610	0.6	44,110	1.2
Deffered tax Liabilities	122,735		-	0	-	0	-	0	-	0	-	0
Deferred liabilities	528,771	3.8	530,660	5	546,646	6.7	528,338	8	417,662	9	374,124	9.9
Total Non Current Liabilities	1,554,239	11.1	730,033	7.1	676,644	8.3	856,580	12.9	506,487	10.9	462,720	12.3
Current Liabilities												
Trade & Other Payables	2,055,833	14.7	1,561,824	14.7	1,179,435	14.5	679,007	10.2	598,034	12.9	342,712	9.1
Unclaimed Dividend	138,561	1	98,853	0.9	64,337	0.8	44,471	0.7	30,556	0.7	20,175	0.5
Unpaid Dividend	111,300	0.8	63,475	0.6	-	0	-	0	-	0	31	0
Mark up Accrued	-	0	-	0	-	0	-	0	101	0	31	0
Provision for Taxation	-	0	124,622	1.2	205,243	2.5	296,237	4.5	31,054	0.7	38,025	1
Current Portion of Long Term Liabilities	342,116	2.4	79,289	0.7	230,887	2.8	194,533	2.9	20,779	0.4	36,957	1
Contract Liabilities	63,189	0.5	72,264	0.7	33,249	0.4	76,852	1.2	-	0	-	0
Short - term borrowings	163,894	1.2	464,505	4.4	-	0	-	0	-	0	-	0
Deffered Tax Liabilities	-		-		-		-		-		-	
Total Current Liabilities	2,874,893	20.5	2,464,832	23.2	1,713,151	21.0	1,291,100	19.5	680,524	14.7	437,900	11.6
	14,025,831	100	10,640,101	100	8,152,417	100	6,633,879	100	4,628,572	100	3,771,069	100
Assets												
Property, plant and equipments	3,516,226	25.1	2,058,612	19.3	1,516,181	18.6	1,456,765	22	1,118,269	24.2	976,069	25.9
Intangible assets	32,286	0.2	35,835	0.3	21,189	0.3	-	0	-	0	-	0
Long Term Investment	200,000	1.4	200,000	1.9	200,000	2.5	200,000	3	200,000	4.3	200,000	5.3
Long Term deposits	23,943	0.2	48,177	0.5	11,443	0.1	21,443	0.3	21,183	0.5	14,021	0.4
Long Term advances	56,230	0.4	32,774	0.3	34,787	0.4	37,353	0.6	27,673	0.6	29,316	0.8
Deferred tax asset	-	0	34,531	0.3	53,587	0.7	39,126	0.6	21,858	0.5	-	0
Total Non Current Assets	3,828,685	27.3	2,409,930	22.6	1,837,187	22.5	1,754,687	26.5	1,388,983	30	1,219,406	32.3
Current Assets												
Stock In Trade	4,713,751	33.6	3,835,095	36	2,315,936	28.4	2,106,011	31.7	1,790,211	38.7	1,352,925	35.9
Trade Recievables	2,120,419	15.1	1,330,337	13	694,687	8.5	322,554	4.9	391,163	8.5	281,510	7.5
Advances, trade deposits and prepayments	575,539	4.1	971,808	9	366,761	4.5	467,924	7.1	182,943	4.0	105,837	2.8
Other Recievables	15,143	0.1	31,698	0.3	26,860	0.3	36,525	0.6	3,271	0.1	3,777	0.1
Loan to Subsidiary	10,000	0.1	10,000	0.1	10,000	0.1	10,000	0.2	10,000	0.2	20,000	0.5
Short Term Investment	2,168,794	15.5	1,338,887	13	2,059,740	25.3	1,093,846	16.5	3,107	0.1	7,638	0.2
Tax Refunds due from Government	389,162	2.8	425,022	4	29,197	0.4	19,135	0.3	-	0	-	0
Cash & Bank Balances	204,338	1.5	287,325	3	812,049	10	823,197	12.4	858,895	18.6	779,976	20.7
Total Current Assets	10,197,146.56	72.7	8,230,171.35	77.4	6,315,230	77.5	4,879,192	73.5	3,239,590	70	2,551,663	67.7
	14,025,831		10,640,101		8,152,417		6,633,879		4,628,573		3,771,069	

Assets

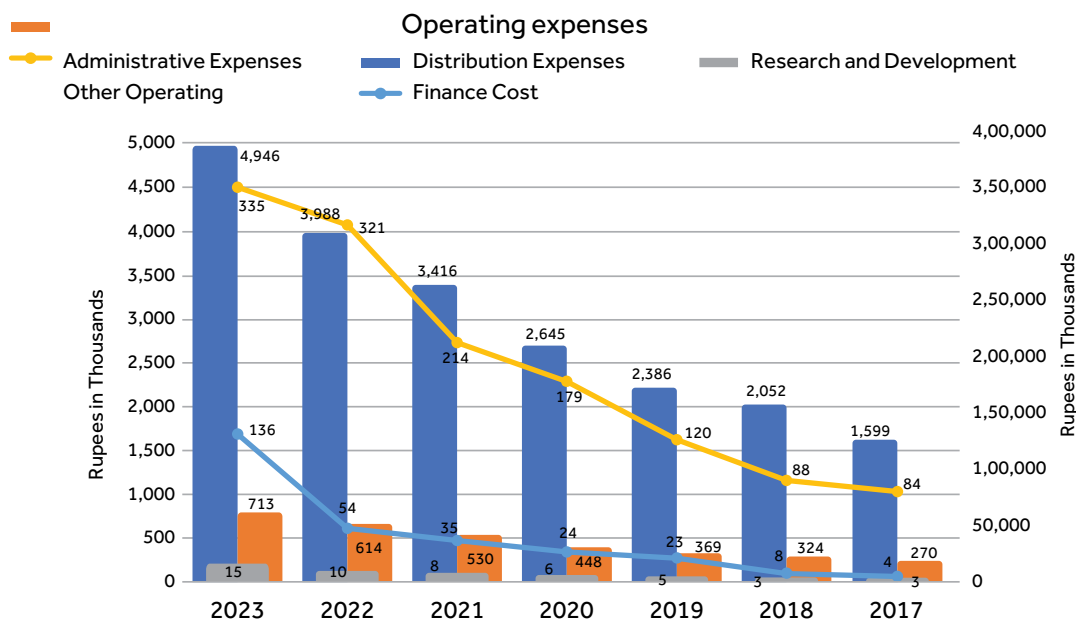
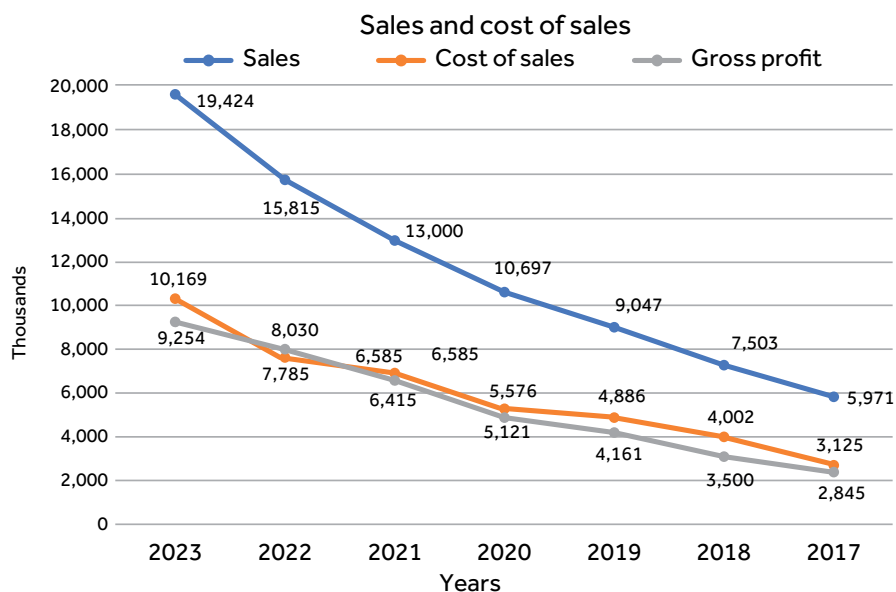


Equity and liabilities



HORIZONTAL ANALYSIS

STATEMENT OF PROFIT OR LOSS	2023		2022		2021		2020		2019		2018	
	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%
Sales-Net	19,424,255	22.8	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
Cost of Sales	10,169,790	30.6	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
Gross Profit	9,254,464	15.2	8,030,084	25.2	6,415,593	25.3	5,121,176	23.1	4,161,593	18.9	3,500,432	23
Distribution, Selling & Promotional Expenses	4,945,905	24	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
Admin & General Expenses	713,348	16.1	614,629	15.8	530,888	18.5	448,034	21.2	369,802	14.1	324,161	20
Research & Development Expenses	15,020	41.3	10,631	22.6	8,673	36	6,378	27.2	5,013	32	3,799	5.3
Other Operating Expenses	335,923	4.5	321,451	50	214,260	19.6	179,129	49	120,206	35.6	88,655	4.9
	6,010,197	21.8	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
Operating Profit	3,244,267	4.8	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
Other Operating Income	194,792	-36.1	304,988	87.5	162,649	56.9	103,681	21.7	85,223	157.9	33,044	12.9
Finance Cost	136,474	150.9	54,400	51.4	35,929	49	24,110	0.8	23,921	185.2	8,388	69.1
Profit Before Tax	3,302,585	-1.3	3,345,504	41	2,372,144	23.4	1,921,732	43.3	1,341,086	27	1,056,265	15.8
Tax	899,571	-3.1	928,332	64.6	564,111	12.6	500,996	35.4	370,073	12	330,375	15.6
Profit After Tax	2,403,014	-0.6	2,417,172	33.7	1,808,033	27.3	1,420,736	46.3	971,012	33.8	725,890	15.9

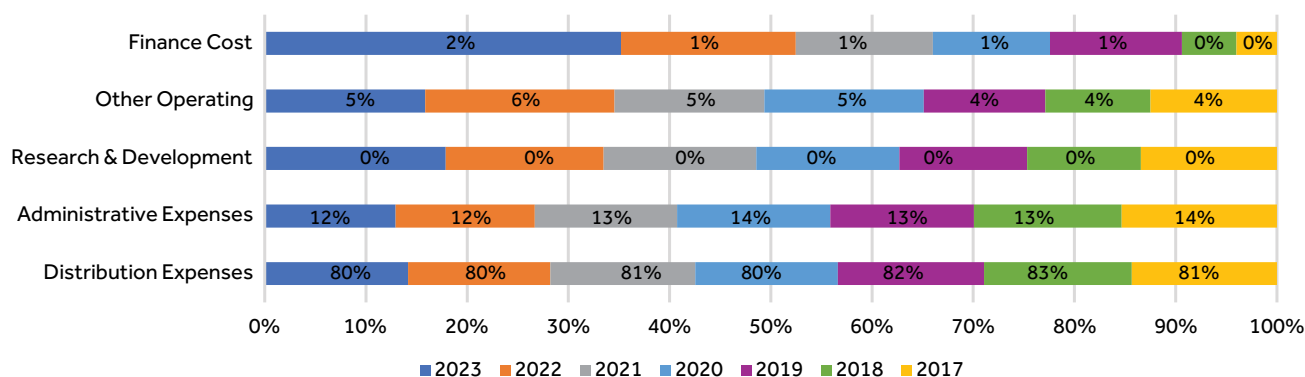


VERTICAL ANALYSIS

STATEMENT OF PROFIT OR LOSS

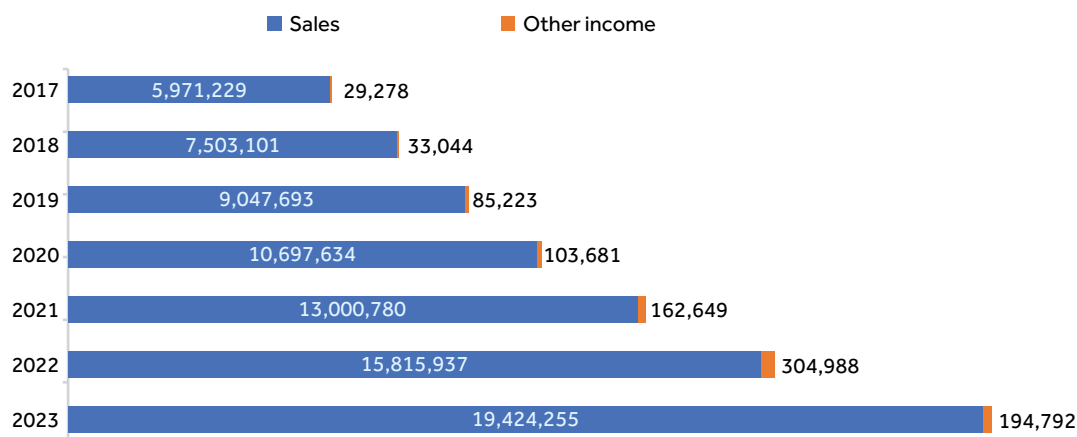
	2023		2022		2021		2020		2019		2018	
	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%	Rs. in 00	%
Sales-Net	19,424,255	100	15,815,937	100	13,000,780	100	10,697,634	100	9,047,693	100	7,503,101	100
Cost of Sales	10,169,790	52.4	7,785,853	49.2	6,585,187	50.7	5,576,458	52.1	4,886,100	22.1	4,002,669	53.3
Gross Profit	9,254,464	47.6	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
Distribution, Selling & Promotional Expenses	4,945,905	25.5	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
Admin & General Expenses	713,348	3.7	614,629	3.9	530,888	4.1	448,034	4.2	369,802	14.1	324,161	4.3
Research & Development Expenses	15,020	0.1	10,631	0.1	8,673	0.1	6,378	0.1	5,013	32	3,799	0.1
Other Operating Expenses	335,923	1.7	321,451	2	214,260	1.6	179,129	1.7	120,206	35.6	88,655	1.2
	6,010,197	30.9	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
Operating Profit	3,244,267	16.7	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
Other Operating Income	194,792	1	304,988	1.9	162,649	1.3	103,681	1	85,223	157.9	33,044	0.4
Finance Cost	136,474	0.7	54,400	0.3	35,929	0.3	24,110	0.2	23,921	185.2	8,388	0.1
Profit Before Tax	3,302,585	17	3,345,504	21.2	2,372,144	18.2	1,921,732	18	1,341,086	27	1,056,265	14.1
Tax	899,571	4.6	928,332	5.9	564,111	4.3	500,996	4.7	370,073	12	330,375	4.4
Profit After Tax	2,403,014	12.4	2,417,172	15.3	1,808,033	13.9	1,420,736	13.3	971,012	33.8	725,890	9.7

Operating Expenses



Revenues

"000"



PATTERN OF SHAREHOLDING

As at December 31,2023

Serial No.	No. of Shareholders	-----Shareholdings-----		Total Shares Held
		From	To	
1	1091	1	100	35,234
2	1209	101	500	299,290
3	489	501	1,000	359,780
4	753	1,001	5,000	1,729,344
5	123	5,001	10,000	851,321
6	50	10,001	15,000	618,645
7	19	15,001	20,000	331,449
8	13	20,001	25,000	294,329
9	15	25,001	30,000	419,435
10	14	30,001	35,000	453,938
11	9	35,001	40,000	343,624
12	2	40,001	45,000	84,014
13	4	45,001	50,000	193,963
14	4	50,001	55,000	212,333
15	3	55,001	60,000	172,105
16	3	60,001	65,000	182,371
17	4	65,001	70,000	273,112
18	4	70,001	75,000	292,937
19	2	75,001	80,000	151,953
20	1	80,001	85,000	81,764
21	2	85,001	90,000	174,451
22	2	90,001	95,000	186,628
23	1	95,001	100,000	97,219
24	2	100,001	105,000	203,008
25	1	105,001	110,000	107,050
26	1	110,001	115,000	110,475
27	2	120,001	125,000	240,606
28	1	130,001	135,000	134,107
29	1	135,001	140,000	137,164
30	2	140,001	145,000	286,697
31	1	175,001	180,000	179,229
32	1	185,001	190,000	189,750
33	1	190,001	195,000	191,900
34	1	195,001	200,000	195,368
35	2	200,001	205,000	403,490
36	2	210,001	215,000	426,402
37	2	215,001	220,000	437,870
38	1	245,001	250,000	245,123
39	1	250,001	255,000	253,000
40	1	255,001	260,000	259,676
41	1	260,001	265,000	263,671
42	1	285,001	290,000	289,558
43	1	295,001	300,000	300,000
44	1	340,001	345,000	341,785
45	1	380,001	385,000	384,054
46	2	385,001	390,000	777,687
47	1	490,001	495,000	493,729
48	1	560,001	565,000	562,473
49	1	565,001	570,000	569,500

Serial No.	No. of Shareholders	-----Shareholdings-----		Total Shares Held
		From	To	
50	2	680,001	685,000	1,364,568
51	1	770,001	775,000	772,655
52	1	825,001	830,000	827,163
53	1	850,001	855,000	852,850
54	1	1,110,001	1,115,000	1,110,346
55	1	1,395,001	1,400,000	1,400,000
56	1	1,500,001	1,505,000	1,504,176
57	1	1,880,001	1,885,000	1,884,907
58	1	2,120,001	2,125,000	2,123,585
59	1	2,315,001	2,320,000	2,318,940
60	1	3,385,001	3,390,000	3,386,172
61	1	3,955,001	3,960,000	3,959,560
62	1	4,415,001	4,420,000	4,416,242
63	1	4,980,001	4,985,000	4,984,500
64	1	6,255,001	6,260,000	6,255,088
TOTAL	3866			52,983,363

Categories of shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	11,935,051	22.5260%
Associated Companies, undertakings and related parties. (Parent Company)	1,082,502	2.0431%
NIT and ICP	683,789	1.2906%
Banks Development Financial Institutions, Non Banking Financial Institutions.	2,756,608	5.2028%
Insurance Companies	2,675,476	5.0497%
Modarabas and Mutual Funds	1,953,603	3.6872%
Shareholders holding 10% or more	6,269,314	11.8326%
General Public		
a. Local	21,971,418	41.4685%
b. Foreign	998,952	1.8854%
Others (to be specified)		
- Government Holding	577,032	1.0891%
- Joint Stock Companies	1,135,850	2.1438%
- Pension Funds	452,638	0.8543%
- Foreign Companies	6,399,115	12.0776%
- Others	361,329	0.6820%

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	120,323	0.2271%
2	ROUTE 2 HEALTH (PRIVATE) LIMITED (CDC)	681,329	1.2859%
3	TRUSTEE-HIGHNOON LABORATORIES LIMITED STAFF PROVIDENT FUND (CDC)	213,550	0.4031%
4	HIGHNOON EMPLOYEES WELFARE TRUST (CDC)	67,300	0.1270%

Mutual Funds (Name Wise Detail)

1	CDC - TRUSTEE ABL STOCK FUND (CDC)	34,700	0.0655%
2	CDC - TRUSTEE AKD INDEX TRACKER FUND (CDC)	6,857	0.0129%
3	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND (CDC)	2,656	0.0050%
4	CDC - TRUSTEE AL HABIB ISLAMIC STOCK FUND (CDC)	8,825	0.0167%
5	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND (CDC)	22,590	0.0426%
6	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND (CDC)	263,671	0.4976%
7	CDC - TRUSTEE ALFALAH GHP ALPHA FUND (CDC)	10,219	0.0193%
8	CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND (CDC)	1,584	0.0030%
9	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND (CDC)	31,860	0.0601%
10	CDC - TRUSTEE ALFALAH GHP STOCK FUND (CDC)	20,523	0.0387%
11	CDC - TRUSTEE ALFALAH GHP VALUE FUND (CDC)	4,345	0.0082%
12	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND (CDC)	142,947	0.2698%
13	CDC - TRUSTEE APF-EQUITY SUB FUND (CDC)	15,038	0.0284%
14	CDC - TRUSTEE APIF - EQUITY SUB FUND (CDC)	15,248	0.0288%
15	CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND (CDC)	14,026	0.0265%
16	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND (CDC)	86,604	0.1635%
17	CDC - TRUSTEE ATLAS STOCK MARKET FUND (CDC)	217,870	0.4112%
18	CDC - TRUSTEE FAYSAL ISLAMIC STOCK FUND (CDC)	3,400	0.0064%
19	CDC - TRUSTEE HBL - STOCK FUND (CDC)	7,600	0.0143%
20	CDC - TRUSTEE HBL INVESTMENT FUND (CDC)	19,600	0.0370%
21	CDC - TRUSTEE HBL IPF EQUITY SUB FUND (CDC)	5,795	0.0109%
22	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND (CDC)	2,837	0.0054%
23	CDC - TRUSTEE HBL MULTI - ASSET FUND (CDC)	800	0.0015%
24	CDC - TRUSTEE LAKSON EQUITY FUND (CDC)	72,700	0.1372%
25	CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND (CDC)	5,592	0.0106%
26	CDC - TRUSTEE LAKSON TACTICAL FUND (CDC)	7,015	0.0132%
27	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND (CDC)	26,167	0.0494%
28	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND (CDC)	191,900	0.3622%
29	CDC - TRUSTEE MEEZAN BALANCED FUND (CDC)	350	0.0007%
30	CDC - TRUSTEE MEEZAN ISLAMIC FUND (CDC)	179,229	0.3383%
31	CDC - TRUSTEE NBP BALANCED FUND (CDC)	11,885	0.0224%
32	CDC - TRUSTEE NBP ISLAMIC STOCK FUND (CDC)	6,800	0.0128%
33	CD C- TRUSTEE NBP SARMAYA IZAFI FUND (CDC)	6,606	0.0125%
34	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND (CDC)	9,355	0.0177%

Mutual Funds (Name Wise Detail)

35	CDC - TRUSTEE UBL ASSET ALLOCATION FUND (CDC)	6,027	0.0114%
36	CDC - TRUSTEE UBL DEDICATED EQUITY FUND (CDC)	2,530	0.0048%
37	CDC - TRUSTEE UBL RETIREMENT SAVINGS DIND - EQUITY SUB FUND (CDC)	41,906	0.0791%
38	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND (CDC)	195,368	0.3687%
39	CDC - TRUSTEE UNIT TRUST OF PAKISTAN (CDC)	13,348	0.0252%
40	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND (CDC)	60,936	0.1150%
41	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND (CDC)	67,425	0.1273%
42	CDC-TRUSTEE HBL ISLAMIC STOCK FUND (CDC)	6,600	0.0125%
43	MC FSL - TRUSTEE JS GROWH FUND (CDC)	75,953	0.1434%
44	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND (CDC)	26,200	0.0494%

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

1	MR. TAUSIF AHMAD KHAN (CDC)	3,961,554	7.4770%
2	MR. GHULAM HUSSAIN KHAN (CDC)	421,579	0.7957%
3	MR. TAUFIQ AHMED KHAN (CDC)	5,230,533	9.8720%
4	Dr. ADEEL ABBAS HAIDERI	1,282	0.0024%
5	MS. ZAINUB ABBAS (CDC)	2,318,940	4.3767%
6	MR. ROMESH ELAPATA	1,037	0.0020%
7	MR. TARIQ WAJID (CDC)	126	0.0002%

Executives	-	-
Public Sector Companies & Corporations:	-	-
Banks, Development Finance Institutions, Non Banking Finance	5,884,838	11.1070%

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	6,269,314	11.8326%
2	MR. TAUFIQ AHMED KHAN	5,230,533	9.8720%
3	PHARMATEC INVESTMENTS LIMITED	4,416,242	8.3351%
4	MR. TAUSIF AHMAD KHAN	3,961,554	7.4770%
5	MRS. NOSHEEN RIAZ KHAN (CDC)	3,677,394	6.9407%

All trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary and their spouses and minor children:

S. No.	NAME	SALE	PURCHASE	BONUS
1	MR. TAUSIF AHMAD KHAN (CDC)		997	829,889
2	MR. GHULAM HUSSAIN KHAN (CDC)		-	88,314
3	MR. TAUFIQ AHMED KHAN (CDC)		-	1,095,722
4	Dr. ADEEL ABBAS HAIDERI		-	268
5	MS. ZAINUB ABBAS (CDC)		-	485,785
6	MR. ROMESH ELAPATA		-	217
7	MR. TARIQ WAJID (CDC)		-	26

STATEMENT OF COMPLIANCE

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

Name of Company: HIGHNOON LABORATORIES LIMITED
 Year ended: December 31, 2023

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 | 7 |
| b. Female | 1 |

2. The composition of the Board is as follows:

- | | |
|---------------------------|---|
| a) Independent Directors* | 2 |
| b) Non-Executive Director | 3 |
| c) Executive Directors | 1 |
| d) Female Directors | 1 |

*Determination of the number of Independent Directors comes to 2.33 (rounded to 2) which is based on Seven elected Directors. Further, the existing two independent directors have the requisite skills, knowledge and experience to discharge and execute their duties competently as per applicable law and regulations.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy, and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their dates of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by 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. The Board has arranged Directors' Training program for the following:
 - i) Mr. Tausif Ahmad Khan
 - i) Mr. Tausif Ahmad Khan
 - iii) Mr. Romesh Elapata
 - iv) Dr. Adeel Abbas Haideri
 - v) Ms. Zainub Abbas

10. The Board has approved the appointment of chief financial officer, company secretary and head of internal audit, 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. Mr. Tariq Wajid | 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. Mr. Tariq Wajid | 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 |
- **Please refer to clause 19 below.
15. The Board has set up an effective internal audit function/ or has outsourced the internal audit function to who are considered 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 Institute of Chartered Accountants of Pakistan 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 (spouse, 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 requirements of regulations 3,6,7,8,32, 33 and 36 have been complied with except for section 27, with respect to constitution of the audit committee for specific meetings:
- i) Due to the resignation of Ms. Nael Najam from the Board and as Chair of the Audit Committee on 19 December 2022, a casual vacancy was created on the Board and the Audit Committee. In addition, Mr. GH Khan was also absent from the Audit Committee on the given meeting dates, therefore, the Board of

Directors present at the time took the decision of temporarily appointing Mr. Tausif Ahmad Khan, Non-executive Director, to attend the Audit Committee meetings held on 23 February 2023 and 29 April 2023 in order to conduct the meetings in the rightful manner with a complete quorum. Please note that the other Independent Director, Mr. Romesh Elapata had also requested for a leave of absence on the said meeting dates therefore, the Board was unable to select an independent director for the Audit Committee meetings. Moreover, as Ms. Zainub Abbas, Non-executive Director has been a member of the Audit Committee for a substantial amount of time and has prior experience and knowledge about the TORs of the Audit Committee therefore, she was requested to chair the Audit Committee meetings held on 23 February 2023 and 29 April 2023.

- ii) In accordance with Regulation 15, the details of related parties' transactions have to be placed before the audit committee for review and recommendation to the Board of Directors. All the related parties transactions relating to year ended 31 December 2022 and quarter ended 31 March 2023 were placed before the audit committee and Board in the meetings held on 23 February 2023 and 29 April 2023, respectively. However, as stated in clause 19 above, the quorum of the said meetings and voting was not met due to a casual vacancy and presence of interested director therefore, the procedure for approval of related parties was not met.

19. Explanation for non-compliance with requirements, other than regulations 3,6,7,8,27,32,33 and 36 are below:

- i) The Company has not formed Risk Management Committee. However, the Company has Audit Committee which is performing the function of this committee.
- ii) The Company has not formed Nomination Committee. However, the Company has Human Resource and Remuneration Committee which is performing the function of this committee.



Dr. Adeel Abbas Haideri
Chief Executive Officer



Mr. Tausif 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 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. 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 2023.

Further, we highlight paragraph 19 of Statement of Compliance where instances of non-compliance with the requirements of the Regulations are stated.



Chartered Accountants

Lahore: 08 April 2023

UDIN: CR202310120H8cPWg0J7

A close-up photograph of a person's hand with manicured nails using a white calculator on a desk. The hand is holding a blue pen. The desk is cluttered with several stacks of gold coins and a green banknote. In the background, a laptop keyboard is visible. An orange semi-transparent box is overlaid on the image, containing the title and subtitle.

Financial Statements

Highnoon Laboratories Limited
for the year ended 31 December 2023

INDEPENDENT AUDITOR'S REPORT

To the members of Highnoon Laboratories Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Highnoon Laboratories Limited (the Company), which comprise the unconsolidated statement of financial position as at 31 December 2023, 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 material accounting policy information 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 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

Key Audit Matters	How the matter was addressed in our audit
Revenue from contracts with customers	
<p>As disclosed in note 3.7 to the accompanying financial statements, revenue from sale of goods is recognized when the control of goods is transferred which generally coincides with the delivery of goods. For the year ended on 31 December 2023, the Company has recorded total net revenue from contracts with customers amounting to Rs. 19,424 million as compared to Rs. 15,816 million during the previous year, which represents an increase of approximately 22% as compared to previous year (refer to Note 31).</p> <p>When identifying and assessing the risk relating to revenue recognition, our focus was whether the revenue recorded by the management actually occurred during the year and were properly recorded in the correct accounting period.</p> <p>Considering the aforementioned reasons together with growth in revenue during the year, we have identified this area as a key audit matter.</p>	<p>We performed a range of audit procedures with respect to revenue from customers which included, amongst others:</p> <ul style="list-style-type: none"> • Obtained an understanding of the process relating to revenue recognition from contract with customers and testing the design, implementation, and operating effectiveness of internal controls. • Obtained an understanding of pricing mechanism of Drug Regulatory Authority of Pakistan (DRAP) and tested, on sample basis, selling prices of regulated pharmaceutical products to ensure compliance with the pricing policies of DRAP. • Reviewed contracts with customer to obtain an understanding of terms particularly relating to timing and transfer of control of the products and assessed the appropriateness of revenue recognition policies and practices followed by the Company. • Performed substantive audit procedures including analytical procedures and test of details over revenue transactions along with review of related supporting documents, including dispatch/deliver related documents, bill and hold requests and customer acknowledgment on test basis. • Performed cut-off procedures to ensure that the revenue is recognized in the correct accounting period. • Performed journal entry testing using a risk-based criterion, on a sample basis, relating to revenue transactions recorded by the Company and reviewed underlying documentation and business rationale of such journal entries. • Assessing the adequacy of related disclosure made in the unconsolidated financial statements in accordance with the applicable financial reporting standards and Companies Act, 2017.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

Responsibilities of Management and Board of Directors for the 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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 auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 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 auditors' report is Omer Chughtai.



EY Ford Rhodes
Chartered Accountants
Lahore: 08 April 2024
UDIN: AR202310120JljKalynN

Unconsolidated Statement of Financial Position As at 31 December 2023

	Note	2023 Rupees	2022 Rupees
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorized share capital			
100,000,000 (2022: 50,000,000) ordinary shares of Rs. 10 each			
	6	1,000,000,000	500,000,000
Issued, subscribed and paid up share capital	6	529,833,630	418,840,820
Capital reserve			
Surplus on revaluation of property, plant and equipment - net of tax	7	899,339,441	366,714,040
Revenue reserves			
Accumulated profit		8,167,526,233	6,659,681,588
Total Equity		9,596,699,304	7,445,236,448
LIABILITIES			
Non-current liabilities			
Lease liabilities	8	255,016,794	183,933,646
Long-term loan - secured	9	647,716,085	15,439,012
Deferred tax liabilities	22	122,734,865	-
Deferred liabilities	10	528,770,871	530,660,193
		1,554,238,615	730,032,851
Current liabilities			
Trade and other payables	11	2,055,832,586	1,561,824,447
Contract liabilities	12	63,189,035	72,263,670
Unclaimed dividend		138,561,386	98,853,172
Unpaid dividend	13	111,299,848	63,474,580
Current portion of long-term liabilities	14	342,116,387	79,288,848
Short - term borrowings	15	163,894,091	464,505,032
Provision for taxation - net		-	124,621,903
		2,874,893,333	2,464,831,652
TOTAL EQUITY AND LIABILITIES		14,025,831,252	10,640,100,951

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 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	17	3,516,225,615	2,058,612,015
Intangible assets	18	32,285,579	35,835,396
Long-term investment	19	200,000,000	200,000,000
Long-term deposits	20	23,943,429	48,176,589
Loan to employees	21	56,230,067	32,774,328
Deferred tax assets	22	-	34,531,275
		3,828,684,690	2,409,929,603
Current assets			
Inventories	23	4,713,751,445	3,835,094,512
Trade receivables	24	2,120,418,793	1,330,336,964
Advances, trade deposits and prepayments	25	575,539,494	971,808,060
Other receivables	26	15,143,343	31,697,863
Loan to subsidiary	27	10,000,000	10,000,000
Short-term investments	28	2,168,794,002	1,338,887,228
Tax refunds due from the Government	29	389,161,753	425,021,817
Cash and bank balances	30	204,337,732	287,324,904
		10,197,146,562	8,230,171,348
TOTAL ASSETS		14,025,831,252	10,640,100,951



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 2023

	Note	2023 Rupees	2022 Rupees
Revenue from contracts with customers-net	31	19,424,254,601	15,815,936,998
Cost of sales	32	(10,169,790,282)	(7,785,853,279)
Gross profit		9,254,464,319	8,030,083,719
Distribution, selling and promotional expenses	33	(4,945,905,242)	(3,988,456,127)
Administrative and general expenses	34	(713,348,343)	(614,628,783)
Research and development expenses	35	(15,020,445)	(10,631,228)
Other operating expenses	36	(335,923,285)	(321,451,059)
		(6,010,197,315)	(4,935,167,197)
Operating profit		3,244,267,004	3,094,916,522
Other income	37	194,791,813	304,988,106
Finance costs	38	(136,474,100)	(54,400,245)
Profit before taxation		3,302,584,717	3,345,504,383
Taxation	39	(899,570,813)	(928,332,042)
Profit for the year		2,403,013,904	2,417,172,341
			Restated
Earnings per share - basic and diluted	40	45.35	45.62

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 Other Comprehensive Income

For The Year Ended 31 December 2023

	Note	2023 Rupees	2022 Rupees
Profit for the year		2,403,013,904	2,417,172,341
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Revaluation surplus on property, plant and equipment	7	664,092,846	-
Related deferred tax on revaluation surplus	22	(114,269,159)	-
Effect of deferred tax due to change in effective tax rate	7	(7,163,751)	(5,011,923)
		542,659,936	(5,011,923)
Remeasurement gain on gratuity - net	10.2.3	68,944,791	46,524,657
Related deferred tax	22	(25,474,135)	(14,542,491)
		43,470,656	31,982,166
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
Total other comprehensive income for the year		586,130,592	26,970,243
Total comprehensive income for the year		2,989,144,496	2,444,142,584

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 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,302,584,717	3,345,504,383
Adjustments for non-cash and other items:			
Depreciation of operating fixed assets	17.1.2	238,191,118	187,821,664
Amortization of intangible assets	18.2	8,044,797	1,736,104
Provision for Workers' Profit Participation Fund	11.5	178,811,336	177,077,705
Provision for Worker's Welfare Fund	11.4	63,655,201	70,831,082
Provision for defined benefit obligation	10.2.2	104,740,675	93,896,172
Provision for slow moving and obsolete stocks	23.1	91,159,156	29,307,578
Finance cost on lease liabilities	38	53,266,208	26,899,580
Mark-up on long-term loans	38	2,704,233	6,593,103
Mark-up on short-term borrowings	38	76,257,736	17,498,546
Bank charges	38	4,245,923	3,409,016
Provision for Central Research Fund	36	38,336,470	35,415,541
Allowance for expected credit loss	24.1	(29,712,961)	29,712,961
Deferred income	37	(1,315,460)	(3,565,756)
Exchange loss	36	42,208,950	6,474,628
Gain on disposal of operating fixed assets	37	(13,782,267)	(17,566,691)
Liabilities written back	37	(10,048,111)	(37,171,978)
Un-realized gain on remeasurement of short-term investments	28.1	(21,961,479)	(10,186,623)
Return on deposits	37	(21,011,724)	(15,126,064)
Dividend Income on short-term investment	37	(77,310,177)	(218,626,676)
		726,479,625	384,429,892
Operating profit before working capital changes		4,029,064,342	3,729,934,275

Unconsolidated Statement of Cash Flow

For The Year Ended 31 December 2023

	Note	2023 Rupees	2022 Rupees
Working capital changes:			
(Increase) / decrease in current assets:			
Stock in trade		(969,816,089)	(1,548,465,747)
Trade debtors		(816,163,164)	(676,776,551)
Advances, trade deposits and prepayments		396,268,566	(605,047,033)
Other receivables		16,554,520	(4,837,704)
Tax refund due from the Government		78,300,900	(395,824,610)
Increase / (decrease) in current liabilities:			
Trade and other payables		250,829,617	302,368,677
Contract liabilities		(9,074,635)	39,014,835
		(1,053,100,285)	(2,889,568,133)
Cash generated from operations		2,975,964,057	840,366,142
Income tax paid		(1,056,274,457)	(1,005,452,392)
Gratuity paid		(36,831,974)	(78,101,033)
Finance cost paid		(136,474,368)	(54,400,245)
Workers' Profit Participation Fund paid - Net	11.5	8,534,372	(166,076,960)
Central Research Fund paid		(36,290,287)	(25,754,475)
Cash generated from / (used in) operating activities	A	1,718,627,343	(489,418,963)
Balance carried forward		1,718,627,343	(489,418,963)

Unconsolidated Statement of Cash Flow

For The Year Ended 31 December 2023

	Note	2023 Rupees	2022 Rupees
Balance brought forward		1,718,627,343	(489,418,963)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(769,980,967)	(779,670,130)
Purchase of intangible assets		(4,494,980)	(16,382,500)
Additions in long-term advances		(23,455,739)	2,012,970
Long-term deposits - net		24,233,160	(36,733,160)
Short-term investments - net		(807,945,295)	731,039,588
Return on deposits		21,011,724	15,126,064
Dividend income on short-term investment		77,310,177	218,626,676
Proceeds from disposal of operating fixed assets	17.1.5	191,025,794	212,692,528
Net cash flows (used in) / generated from investing activities	B	(1,292,296,126)	346,712,036
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(168,248,340)	(43,459,874)
Repayment of long-term loan		(3,896,296)	(170,764,029)
Long-term loan received		700,000,000	26,300,000
Dividend paid		(750,148,158)	(663,537,775)
Net cash flows used in financing activities	C	(222,292,794)	(851,461,678)
Net foreign exchange difference	D	13,585,346	4,939,291
Net increase / (decrease) in cash and cash equivalents	(A+B+C+D)	217,623,769	(989,229,314)
Cash and cash equivalents at beginning of the year		(177,180,128)	812,049,186
Cash and cash equivalents at end of the year	30.2	40,443,641	(177,180,128)

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 2023

	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 2022	380,764,390	391,326,324	114,000,000	4,876,531,928	4,990,531,928	5,762,622,642
Transaction with owners, recorded directly in equity						
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 ended 31 December 2022						
Profit for the year	-	-	-	2,417,172,341	2,417,172,341	2,417,172,341
Other comprehensive income for the year	-	(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 accumulated profit						
Incremental depreciation relating to surplus on revaluation - net of tax						
	-	(10,720,070)	-	10,720,070	10,720,070	-
Transfer of surplus on revaluation on disposal of operating fixed assets - 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
Transaction with owners, recorded directly in equity						
Issuance of bonus shares @ 10%	41,884,080	-	-	(41,884,080)	(41,884,080)	-
Issuance of bonus shares @ 15%	69,108,730	-	-	(69,108,730)	(69,108,730)	-
Final dividend @ Rs. 20 per share for the year ended 31 December 2022	-	-	-	(837,681,640)	(837,681,640)	(837,681,640)
Total comprehensive income for the year ended 31 December 2023						
Profit for the year	-	-	-	2,403,013,904	2,403,013,904	2,403,013,904
Other comprehensive income for the year	-	542,659,936	-	43,470,656	43,470,656	586,130,592
	-	542,659,936	-	2,446,484,560	2,446,484,560	2,989,144,496
Surplus transferred to accumulated profit						
Incremental depreciation relating to surplus on revaluation - net of tax						
	-	(8,849,326)	-	8,849,326	8,849,326	-
Transfer of surplus on revaluation on disposal of operating fixed assets - net of tax						
	-	(1,185,209)	-	1,185,209	1,185,209	-
Balance as at 31 December 2023	529,833,630	899,339,441	114,000,000	8,053,526,233	8,167,526,233	9,596,699,304

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 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

Highnoon Laboratories Limited ("the Company") was incorporated in Pakistan under the repealed Companies Ordinance 1984 (now 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 related 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.
Sales Office	Karachi	202 Anam Empire, Block 7/8 KCHS, Shahrah e Faisal, Karachi
Sales Office	Lahore	14-G, Block L, Gulberg - III, Lahore
Sales Office	Rawalpindi	132 Hali Road, Westridge - I, Peshawar Road, Rawalpindi

2. BASIS OF PRESENTATION

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 Institute of Chartered Accountants of Pakistan; and
- Provision and directives issued under the Act.

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

2.2 Basis of measurement

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 benefit obligations 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.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

2.3 Functional and presentation currency

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these unconsolidated financial statements are consistently applied for all periods presented in these financial statements:

3.1 Leases

Company as lessee

The Company enters into lease arrangements principally in respect of plant and machinery, space for its operations and vehicles. The Company assesses at contract inception whether a contract is, or contains, a lease.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. Refer note 8 to these financial statements for disclosure of lease liability.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. 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. 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 that affects its ability to exercise or not to exercise the option to renew or to terminate. The Company has used its incremental borrowing rate as the discount rate for leases where rate is not readily available.

The Company has elected to apply the practical expedient not to recognise right-of-use asset and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight-line basis over the lease term.

3.2 Provisions and contingencies

Provisions are recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past events and it is probable that outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

have been reviewed at reporting date and adjusted to reflect current best estimate. Where the outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

3.3 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 2023 using the project unit credit method.

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. The latest valuation was carried out on 31 December 2023.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognized immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan are recognized in the statement of profit or loss. Past service costs are immediately recognized in statement of profit or loss.

3.4 Property, plant and equipment

Operating fixed assets

Property, plant and equipment except for freehold land, buildings on freehold land and plant and machinery are stated at cost less accumulated depreciation and identified impairment loss. Freehold land is stated at revalued amount carried out by independent valuers by reference to its current market price (less any identified impairment loss). Buildings on freehold land and plant and machinery are stated at revalued amount carried out by independent valuers by reference to current market price less accumulated depreciation (and any identified impairment loss). Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs. Revaluation is carried out every three years or earlier as necessitated.

Surplus on revaluation has been recognized by restating gross carrying amounts of respective assets being revalued, proportionately to the change in their carrying amounts due to revaluation. The accumulated depreciation at the date of revaluation was also adjusted to equal difference between gross carrying amounts and the carrying amounts of the assets after taking into account accumulated impairment losses.

Increase in the carrying amount arising on revaluation of property, plant and equipment has been recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss, and depreciation based on the asset's original cost is transferred to retained earnings. Upon disposal, revaluation reserve relating to the particular assets being sold has been transferred to retained earnings. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred tax.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

Depreciation on all property, plant and equipment, except freehold land is charged to statement of profit or loss on the reducing balance method so as to write-off the depreciable amount of an asset over its remaining estimated useful life after taking into account the impact of their residual value, if considered significant. The assets' residual values and useful lives have been reviewed at financial year-end.

3.5 Stock in trade

Stock of raw and packing materials, work-in-process and finished goods, except for those in transit, have been valued by the Company principally at the lower of cost and net realizable value. Cost in relation to raw and packing materials has been measured at moving average cost. Work-in-process and finished goods have been measured by the Company at weighted average cost and cost comprises direct materials, labour and appropriate proportion of manufacturing overheads.

Stock in transit have been stated at invoice value plus other charges incurred thereon up to the reporting date.

3.6 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, balances at banks, short term investments and outstanding balance of short term running finances.

3.7 Revenue from contracts with customers

The Company is in the business of providing (a) pharmaceutical products and (b) toll manufacturing services for pharmaceutical products to other pharmaceutical sector companies. Revenue from contracts with customers is recognised when control of the goods is transferred which generally coincides with the delivery of the goods to the customer for local sales at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. 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. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer (if any).

Bill and hold arrangement

Bill and hold arrangements are those in which the Company bills customer for a product that it retains physical possession of until it is shipped to the customer. This means that, although the customer has been billed, delivery is postponed at the request of the customer. In accordance with applicable accounting and financial reporting framework, the Company has recognized revenue from its bill and hold arrangements upon fulfilment of all of the following criteria:

- The reason for the bill and hold arrangement is substantive. This means that it has a practical necessity, such as the customer's lack of available space for the product or the customer's request for delayed delivery.
- The Product is identified separately as belonging to The customer.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

- The product currently is ready for physical transfer to the customer.
- The entity cannot use the product or direct it to another customer.

Accordingly, the Company's customer have taken control of the product, even as the Company has retained physical possession.

Toll manufacturing

There are contracts with customers to manufacture, on their behalf, the pharmaceutical products using raw material provided by the customer. The performance obligation is satisfied upon receipt of the finished goods by the customer and payment is generally due within 45 days from delivery. No significant financing component exist for these contracts. The Company concluded that it transfers control over its toll manufacturing services at a point in time, upon receipt of the product by the customer, because this is when the customer benefits from the Company's toll manufacturing services

Refund liabilities and right to return

The Company's refund liabilities arise from customers' right of return. 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 uses the expected value method to estimate the goods that will be returned because this method best predicts the amount of consideration to which the Company will not be entitled. The Company updates its estimates of refund liabilities at the end reporting period. In general, the contracts for sales of goods provides a customer with a right to return near expiry products. 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.

3.8 Taxation

Income tax expense comprises current and deferred tax. The Company recognizes income and deferred tax in accordance with the requirements of IAS 12 "Income Taxes".

Provision for current tax is based on the taxable income for the year computed in accordance with tax laws in Pakistan, using tax rates enacted or substantively enacted at the reporting date and any adjustments to the tax payable in respect of previous years. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. Deferred tax assets and liabilities are recognised on all taxable / deductible temporary differences as of the reporting date.

In making the estimates for current and deferred taxes, the management looks at the income tax law and the decisions of appellate authorities on certain issues in the past. There are certain matters where the Company's view differs with the view taken by the income tax department and such amounts are shown as contingent liability.

4. SIGNIFICANT ESTIMATES AND JUDGMENTS AND OTHER ACCOUNTING POLICY INFORMATION

4.1 Significant estimates and judgements

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

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

	Notes
- Leases	8 & 3.1
- Staff retirement benefits	10.2 & 3.3
- Expected credit loss	24.1 & 4.2.1.5
- Taxation	39 & 3.8
- Valuation of stock in trade	23 & 3.5
- Revaluation of property, plant and equipment	7 & 3.4
- Estimation of provisions	11 & 3.5
- Refund liability	11, 31 & 3.7

4.2 Other accounting policy information

4.2.1 Financial instruments

All financial assets and financial liabilities of the Company have been initially recognized when the Company became a party to the contractual provisions of the instruments.

4.2.1.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed in Note 31 Revenue from contracts with customers.

4.2.1.2 Classification and subsequent measurement

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company's financial assets are measured subsequently at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Any gain or loss on derecognition is recognized in statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, short term loans, security deposits, trade and other receivables and short term investments (i.e. Term deposit receipts).

Financial assets – Business model assessment

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

The Company has classified all of its financial liabilities at initial recognition, as loans and borrowings and, payables, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities comprise trade and other payables, long term and short term borrowings and accrued markup .

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

4.2.1.3 Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

Financial liability have been derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

4.2.1.4 Offsetting of financial instruments

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

4.2.1.5 Impairment

Financial assets

The Company recognizes expected credit loss on financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Non - financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are 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. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

4.2.2 Dividend

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

4.2.3 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.

4.2.4 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.

4.2.5 Foreign currency translation

Transactions denominated in foreign currencies are recorded in Pakistani Rupees at the foreign currency rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange approximating those at the reporting date. Exchange differences are taken to the statement of profit or loss.

4.2.6 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.

5. AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

5.1 Standards, interpretations and amendments to published approved accounting standards

The accounting policies adopted are consistent with those of the previous financial period, except for the following new and amended standards and interpretations effective for annual period beginning on 01 January 2023, as listed below:

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

5.1.1 New Standards, Interpretations and Amendments effective in the reporting period

IAS 8	Definition of accounting estimates - (Amendments)
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies - (Amendments)
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction - (Amendments)
IAS 12	International Tax Reform – Pillar Two Model Rules - (Amendments)

The above amendments had no impact on the Company's unconsolidated financial statements, except for amendments in IAS 1, which have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

5.1.2 Standards, interpretations and amendments to 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 or Interpretation	Effective date: (Annual periods beginning on or after)
IFRS 16	Lease Liability in a Sale and Leaseback — (Amendments)	January 01, 2024
IAS 1	Classification of liabilities as current or non-current — (Amendments)	January 01, 2024
IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements — (Amendments)	January 01, 2024
IAS 21	Lack of exchangeability	January 01, 2025
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its associate or Joint Venture — (Amendments)	Not yet finalized

The above amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

Further, 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	IASB Effective date (annual periods beginning on or after)
IFRS 1	First Time Adoption of IFRS	01 January 2004
IFRS 17	Insurance Contracts	01 January 2023

The Company expects that above mentioned standards will not have any material impact on the Company's financial statements in the period of initial application.

6. SHARE CAPITAL

- 6.1 During 2023, the authorised share capital was increased by Rs. 50,000,000 by the issue of 5,000,000 ordinary shares of Rs. 10 each.

6.2	Issued, subscribed and paid up share capital	Note	2023 Rupees	2022 Rupees
	5,905,000 (2022: 5,905,000) ordinary shares of Rs. 10 each fully paid in cash		59,050,000	59,050,000
	95,000 (2022: 95,000) ordinary shares of Rs.10 each issued for consideration other than cash	6.3	950,000	950,000
	46,983,363 (2022: 35,884,082) ordinary shares of Rs. 10 each issued as bonus shares		469,833,630	358,840,820
		6.4	529,833,630	418,840,820

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

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

6.4 Reconciliation of issued share capital:	2023	2022	2023	2022
	Number	Number	Rupees	Rupees
Issued, subscribed and paid-up shares of Rs. 10 each as at 01 January	5,000,000	5,000,000	50,000,000	50,000,000
Issued, subscribed and paid-up shares of Rs. 10 each as at 31 December	5,000,000	5,000,000	50,000,000	50,000,000
Bonus shared of Rs. 10 each as at 01 January	36,884,082	33,076,439	368,840,820	330,764,390
Issuance of bonus shares of Rs. 10 each	11,099,281	3,807,643	110,992,810	38,076,430
Bonus shared of Rs. 10 each as at 31 December	47,983,363	36,884,082	479,833,630	368,840,820
Issued shares capital as at 31 December	52,983,363	41,884,082	529,833,630	418,840,820

- 6.5 All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. The shareholders of the Company do not have any agreements for voting rights, board selection, rights of first refusal, and block voting.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

		2023	2022
7.	REVALUATION SURPLUS ON OPERATING FIXED ASSETS	Rupees	Rupees
	Opening balance of gross surplus on revaluation of fixed assets	410,958,473	437,324,115
	Addition during the year	664,092,846	-
	Surplus on revaluation of operating fixed assets relating to disposal of plant and machinery - transferred to unappropriated profits	(1,634,068)	(10,771,089)
	Incremental depreciation relating to surplus on revaluation of fixed assets - transferred to unappropriated profits	(14,035,098)	(15,594,553)
		1,059,382,153	410,958,473
	Less related deferred tax liability on:		
	Balance at the beginning of the year	44,244,433	45,997,791
	Related deferred tax on additions during the year	114,269,159	-
	Effect of deferred tax due to change in effective tax rate	7,163,751	5,011,923
	Surplus on revaluation of operating fixed assets relating to disposal of plant and machinery - transferred to unappropriated profits	(448,859)	(1,890,798)
	Incremental depreciation relating to surplus on revaluation of operating fixed assets - transferred to unappropriated profits	(5,185,772)	(4,874,483)
		160,042,712	44,244,433
	Closing balance of surplus on revaluation of fixed assets	899,339,441	366,714,040

- 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 2023 by M/S Surval (Valuer on the approved list of Pakistan Banking Association) which resulted in a surplus of Rs. 664 million. The surplus on revaluation of freehold land, building on freehold land and plant and machinery is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017. For details of related fair value determination, refer to Note 45.2 of these financial statements.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

8. LEASE LIABILITIES	Note	2023 Rupees	2022 Rupees
Present value of lease payments		528,560,365	258,014,081
Less: Current portion shown under current liabilities	14	(273,543,571)	(74,080,435)
		255,016,794	183,933,646

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

	2023 Rupees			
	Building	Vehicles	Plant and Machinery	Total
As at 1 January	124,841,368	41,497,713	91,675,000	258,014,081
Additions	90,267,333	235,895,465	112,632,094	438,794,892
Accretion of interest	13,193,742	29,770,022	10,302,444	53,266,208
Payments	(45,748,898)	(73,788,474)	(101,977,444)	(221,514,816)
As at 31 December	182,553,545	233,374,726	112,632,094	528,560,365

	2022 Rupees			
	Building	Vehicles	Plant and Machinery	Total
As at 1 January	149,505,355	-	-	149,505,355
Additions	-	60,293,600	91,675,000	151,968,600
Accretion of interest	16,925,920	9,973,660	-	26,899,580
Payments	(41,589,907)	(28,769,547)	-	(70,359,454)
As at 31 December	124,841,368	41,497,713	91,675,000	258,014,081

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	2023	2022
	Rupees	Rupees
8.1 Maturity analysis of lease liabilities:		
Within one year	197,327,913	119,047,391
After one year but not more than five years	446,666,984	284,764,130
More than five years	32,562,370	14,171,290
Finance Cost	(147,996,902)	(159,968,730)
Total lease liabilities	528,560,365	258,014,081
8.2 Salient features of the leases are as follows:		
- Discounting factor	8.94%-23.65%	8.94%-17.75%
- Lease term	24 to 120 Months	24 to 120 Months
8.3 Amount recognised in statement of profit or loss		
Interest expense on lease liabilities	53,266,208	26,899,580
Expenses related to short term leases	41,037,823	43,138,592
Total amount recognised in statement of profit or loss	94,304,031	70,038,172

8.3.1 The Company does not have any low value leases.

8.4 Cash outflow for leases

The Company had total cashflows for leases for Rs. 221.51 million in 2023 (2022: Rs. 70.36 million). The Company also had non-cash additions to right of use assets and lease liabilities of Rs. 438.79 million in 2023 (2022: Rs. 151.97 million). Further at the commencement of these leases the Company has paid Rs. 29.70 million (2022: Rs. 111.39) in advance, which has been included within right of use assets in Note 17.1.

		2023	2022
	Note	Rupees	Rupees
9. LONG-TERM LOAN - SECURED			
Long-term loan	9.1	714,112,381	18,008,677
Less: Current portion shown under current liabilities	14	(66,396,296)	(2,569,665)
		647,716,085	15,439,012

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

			2023	2022
9.1	The movement of long-term loan is as follows:	Note	Rupees	Rupees
	Opening balance as at 01 January	9.1.2	18,008,677	164,758,957
	Loan obtained during the year	9.1.1	700,000,000	26,300,000
	Less: deferred grant recognized	10.1	-	(8,879,354)
			700,000,000	17,420,646
	Principal payments made during the year		(3,896,296)	(164,170,926)
			714,112,381	18,008,677
	Less: Current portion shown under current liabilities		(66,396,296)	(2,569,665)
	Closing balance as at 31 December		647,716,085	15,439,012

9.1.1 These loans were obtained during the year from Meezan Bank Limited to meet the long term financing needs having sanctioned limit of Rs. 700 million and carries markup at the rate of 3 month KIBOR + 0.1% per annum payable quarterly, whereas the principal is repayable in 16 equal quarterly instalments commenced after a grace period of one year from September 2024, during this period only interest amount is subject to payment. This facility is secured against 1st peri passu charge over all present and future plant and machinery.

Salient features of the facility is as under:

Bank name	Outstanding installments	Repayment	Installment (Rupees)	Disbursement date	Maturity
500 Million Meezan Bank Limited	16	Quarterly	31,250,000	5 May 2023	5 June 2028
200 Million Meezan Bank Limited	16	Quarterly	12,500,000	13 September 2023	13 October 2028

9.1.2 This includes loan obtained 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 (2022: 50 million) and carries markup at the rate of 2% + 0.5% per annum payable quarterly (2022: 2% + 0.5%) whereas principal is repayable in 27 equal quarterly instalments starting from 10 December 2022. This facility is secured against lien on mutual fund up to Rs. 67 million placed in MCB-Arif Habib Savings and Investment Limited. 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. Other facilities obtained from Meezan Bank Limited comprise of letters of credit (sight/ usance) individually amounting to Rs. 500 million (31 December 2022: Rs. 500 million), Trust receipt finance amounting to Rs. 500 million (31 December 2022: Rs. 500 million) and DOC delivered against acceptance amounting to Rs. 500 million (31 December 2022: Rs. 500 million).

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

Salient features of the facility is as under:

Bank name	Outstanding installments	Repayment	Installment (Rupees)	Disbursement date	Maturity
MCB Bank Limited	22	Quarterly	974,074	10 December 2022	10 June 2029

		Note	2023 Rupees	2022 Rupees
10.	DEFERRED LIABILITIES			
	Deferred Grant	10.1	4,740,137	5,593,369
	Gratuity	10.2	524,030,734	525,066,824
			528,770,871	530,660,193

10.1 Movement of deferred grant is as follows:

Opening balance as at 01 January		8,232,117	2,918,519
Addition during the year	9.1	-	8,879,354
Grant income recognized during the year	37	(1,315,460)	(3,565,756)
Closing balance as at 31 December		6,916,657	8,232,117
Less: Current portion shown under current liabilities		(2,176,520)	(2,638,748)
Non-current portion		4,740,137	5,593,369

10.2 Gratuity

As discussed in Note 3.3, 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	2023 Rupees	2022 Rupees
Present value of defined benefit obligation	10.2.1	524,030,734	525,066,824

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	2023	2022
	Rupees	Rupees
10.2.1 Movement in the present value of define benefit obligation:		
Opening balance as at 01 January	525,066,824	546,646,832
Current service cost	32,542,931	33,716,071
Interest cost on defined benefit obligation	72,197,744	60,180,101
Benefits paid during the year	(31,791,657)	(44,960,588)
Charge to other comprehensive income	(68,944,791)	(46,524,657)
	529,071,051	549,057,759
Less: balance due but not paid	(5,040,317)	(23,990,935)
Closing balance as at 31 December	524,030,734	525,066,824

10.2.2 Expense recognized in statement of profit or loss:		
Current service cost	32,542,931	33,716,071
Interest cost	72,197,744	60,180,101
	104,740,675	93,896,172

10.2.3 Remeasurement gain recognized in other comprehensive income:		
Actuarial gain from changes in financial assumptions	(76,584,045)	(56,801,988)
Actuarial loss from changes in demographic assumptions	-	4,704,120
Experience adjustments	7,639,254	5,573,211
	(68,944,791)	(46,524,657)

10.2.4 Historical information for gratuity plan

	2023	2022	2021	2020	2019
	-----Rupees-----				
Present value of defined benefit obligation	524,030,734	525,066,824	546,646,832	525,419,561	417,661,559
Remeasurement adjustment arising on plan liabilities	(68,944,791)	(46,524,657)	17,177,141	63,821,894	37,645,330
Remeasurement adjustment as percentage of outstanding liability	-13.16%	-8.86%	3.14%	12.15%	9.01%

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

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

	2023	2022
- Discount rate used for interest cost	14.25% p.a.	11.75% p.a.
- Discount rate used for year end obligation	16.00% p.a.	14.25% p.a.
- Expected rate of increase in salary	12.00% p.a.	12.13% p.a.
- Expected average remaining working life time	6 years	7 years
- Mortality rates	SLIC	SLIC
	2001-2005	2001-2005

10.2.5 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 2024 amounts to Rs. 30.48 million and Rs. 80 million respectively.

10.2.6 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.

	2023 Rupees	2022 Rupees
Discount rate + 100 bps	492,424,385	489,002,175
Discount rate - 100 bps	559,172,372	565,469,463
Salary increase + 100 bps	560,515,351	566,330,359
Salary increase - 100 bps	490,692,201	487,598,486

10.2.7 The following are the expected payments in future years:

Within next 12 months	47,813,755	26,715,458
Between 2 and 5 years	274,266,108	228,671,296
Between 5 and 10 years	623,645,202	595,453,236
Beyond 10 years	2,998,255,869	3,062,503,307
Total expected payments	3,943,980,934	3,913,343,297

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (2022: 7 years).

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

10.2.8 Risks on account of defined benefit plans:

Final salary risk

The risk that the final salary at the time of cessation of service is greater than what the Group has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

11. TRADE AND OTHER PAYABLES	Note	2023 Rupees	2022 Rupees
Trade creditors	11.1	861,809,007	660,130,774
Accrued expenses		382,864,112	449,373,927
Accrued markup		50,775,015	15,678,515
Due to employees		69,229,897	58,075,668
Provision for leave encashment		35,789,997	41,994,847
Payable to central research fund	11.2	35,345,943	33,299,760
Payable to provident fund trust	11.3	10,923,284	-
Withholding tax payable		35,656,626	23,729,100
Refund liabilities		166,259,017	118,138,035
Workers welfare fund payable	11.4	228,368,351	161,403,821
Workers' profit participation fund	11.5	178,811,337	-
		2,055,832,586	1,561,824,447

11.1 These include a balance amounting to Nil (2022: 31.2 million) due to Curexa Health (Private) Limited, a related party on account of purchases made during the year.

11.2 Central research fund is charged at 1% of the profit before tax, of pharmaceutical companies and is deposited to the Drug Regulatory Authority of Pakistan (DRAP) for supporting research of public and national interests.

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

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

		2023	2022
	Note	Rupees	Rupees
11.4	Workers Welfare Fund Payable		
	Opening balance as at 01 January	161,403,821	90,247,111
	Charge for the year	63,655,201	71,156,710
	Adjustment	3,309,329	-
	Closing balance as at 31 December	228,368,351	161,403,821
11.5	Workers' Profit Participation Fund		
	Opening balance as at 01 January	(8,534,371)	(19,535,116)
	Charge for the year	36 178,811,336	177,077,705
	Amount received from fund	209,570,389	-
		379,847,355	157,542,589
	Paid during the year	(201,036,018)	(166,076,960)
	Closing balance as at 31 December	178,811,336	(8,534,371)
12.	CONTRACT LIABILITIES		
	Advance from local distributors	11,657,504	8,614,251
	Advance from institutions	6,918,934	15,776,655
	Advance from foreign customer - export	44,511,011	47,822,747
	Advance from toll customer	101,586	50,017
		63,189,035	72,263,670
12.1	The ageing of contract liabilities is as follows:		
	Less than or equal to 30 days	61,476,590	70,305,299
	31-90 days	944,716	1,080,388
	91-180 days	215,739	246,721
	More than 180 days	551,990	631,262
		63,189,035	72,263,670

12.2 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. 72.26 million (2022: Rs. 33.2 million), have been recognized as revenue upon transfer of control. The Company expects that outstanding contract liabilities will be recognised as revenue within next financial year.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

13. UNPAID DIVIDEND

Represents amount payable to the Company's foreign shareholder Pharmatec Investments Limited with a registered address at Unit 25, 2nd Floor Nia Mall, Saleufi Street, Apia, Samoa, which has remained unpaid due to pending regulatory approvals.

		2023	2022
14. CURRENT PORTION OF LONG-TERM LIABILITIES	Note	Rupees	Rupees
Lease liabilities	8	273,543,571	74,080,435
Long-term loan - secured	9	66,396,296	2,569,665
Deferred grant	10.1	2,176,520	2,638,748
		342,116,387	79,288,848

15. SHORT - TERM BORROWINGS

Meezan Bank Limited	15.1	163,894,091	280,313,558
Habib Bank Limited	15.2	-	184,191,474
		163,894,091	464,505,032

15.1 Facilities obtained from Meezan Bank Limited comprise of Running Musharakah amounting to Rs. 500 million (31 December 2022: Rs. 500 million) and letter of credit (sight) under Musawamah amounting to Rs. 800 million (31 December 2022: Rs. 500 million). The facilities are secured against first joint pari passu charge over all present and future current assets. The rate of profit on Running Musharak is 1 month KIBOR + 0.25% (31 December 2022: 1 month KIBOR + 0.25%) and charges against Musawamah are approximately 0.025% (31 December 2022: 0.025%) flat with nil retirement charges. Out of the aggregated facility, export refinance facility amounting to Rs. 200 million (31 December 2022: Rs. 200 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 2022: SBP rate plus 1%).

15.2 Facilities obtained from Habib Bank Limited comprise of letters of credit (sight/usance) cumulatively amounting to Rs. 500 million (31 December 2022: Rs. 550 million), an overdraft facility of Rs.500 million (31 December 2022: Rs. 184 million), and a general facility of Rs. 10 million (31 December 2022: Rs. 10 million). These facilities are secured against joint pari passu hypothecation charge of Rs. 1,346.67 million over current assets. The rate of markup on funded facilities is 1 month KIBOR + 0.35% (31 December 2022: 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 addition on account of impairment loss with aggregate tax impact of Rs.10 million on 31 May 2013. The Company had filed an appeal on 25 August 2014, before Commission Inland Revenue [CIR] (Appeals) who had upheld the additions, vide order no. 5/A-IV dated 12 November 2015. Being aggrieved, the Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) on 30 December 2015, who deleted the aforesaid additions. However, Federal Board of Revenue has filed reference before honourable Lahore High Court against the judgment of ATIR. The case is pending adjudication. No provision has been recognized by the Company, as the management on the basis of their legal consultant's opinion expects a favourable outcome.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

- The ACIR had issued an amended assessment order u/s 122(1)/122(5)/177) of the Income Tax Ordinance, 2001 and raised the demand amounting to Rs. 24.1 million for the Tax year 2013 on 30 June 2018. The company preferred an appeal on 18 July 2018 to CIR against the aforesaid order. The CIR (Appeals) vide his appellate order no. 44 dated 28 September 2018, upheld the demand amounting to Rs. 24.1 million. Being aggrieved the company has filed an appeal on 8 November 2018 against the aforementioned demand before the ATIR, which is still pending. No provision has been recognized by the Company, as the management on the basis of their legal consultant's opinion expects a favourable outcome.
- Upon enactment of the Finance Act, 2022, Super tax was imposed on high earning persons, for tax years 2021 and 2022, under the Section 4C of the Income Tax Ordinance, 2001. Super tax was applied on sum of income as mentioned in subsection 2(i) of the aforesaid section as per rates specified in at the rates specified in Division IIB of Part I of the First Schedule. As the Company operates in pharmaceutical industry, Super tax was levied at 10% for tax year 2022, whereas, for tax year 2022, Super tax was levied at maximum slap of 4% of specified taxable income.

The Company has filed writ petition against the application of super tax under section 4C of the Income Tax Ordinance, 2001. The honourable Lahore High Court has decided in W.P 58683 of 2022 that the Super tax to be charged without any discrimination at (i.e., 4%). The Federal Board of Revenue has challenged the decision of the honourable Lahore High Court by filing Intra Court Appeal (ICA), which is pending adjudication. The Finance Act, 2023 further retrospectively enhanced the maximum slab applicable for the tax year 2023 from 4% to 10%. The Company obtained interim relief from the Honourable Lahore High Court, on 27 June 2023, wherein it was directed to pay the 50% of the liability. The Company's writ petition for tax year 2023 is pending before the honourable Lahore High Court

Further, the Honourable Islamabad High in a decision reported as W.P No. 4027 of 2022, against writ petitions filed by other taxpayers, has also decided that taxable income, subject to the Super Tax, should exclude any income subject to final tax under the Income Tax Ordinance, 2001. The Federal Board of Revenue has challenged the decision of the honourable Lahore High Court by filing Intra Court Appeal (ICA), which is pending adjudication.

Based upon above decisions and opinion of the Company's legal advisor, the management is confident that the Company will not be required to pay Super tax (a) at the rate higher than 4% for tax years 2022 and 2023 and (b) on its income subject to final tax. Accordingly, as of reporting date, the Company has not recognized any provision against these uncertain tax positions, amounting to Rs. 322.82 million.

			2023	2022
16.2	Commitments	Note	Rupees	Rupees
The Company has commitments against:				
	Letter of credit		930,532,695	186,082,959
	Bank contracts		149,524,444	425,823,107
	Ijarah rentals	16.2.1	12,127,859	19,608,990
	Capital expenditure		35,583,333	142,333,332
			1,127,768,331	773,848,388

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

		2023	2022
	Note	Rupees	Rupees
16.2.1 Future payments under Ijarah:			
Within one year		8,085,216	7,843,596
After one year but not more than five years		4,042,643	11,765,394
	16.3	12,127,859	19,608,990

16.3 This represents three-year ijarah contract with First Habib Modaraba is for 8 company vehicles, rentals of which are calculated with reference to 6 month KIBOR + 2% subject to a 10% floor and 20% ceiling. The rate is subject to revision on semi annual 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.

16.4 The Company has given post dated cheques of Rs. 6 million (2022: 6 million) to Total Parco Pakistan Limited and Rs 5.5 million (2022: 5.5 million) as security against fuel cards provided to employees and Rs 1 million (2022: 1 million) to Metro cash & carry for the credit limit for purchasing related to canteen.

16.5 Un-availed short-term borrowing facilities:

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

16.5.1 The Company also has un-availed import credit facilities available from JS Bank Limited with sanctioned limits amounting to Rs. 120 million (31 December 2022: Rs. 120 million). The facility is secured by way of lien over import documents and accepted drafts. These facilities carries commission at rate of 0.030% per quarter (31 December 2022: 0.030%).]

		2023	2022
	Note	Rupees	Rupees
17. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	17.1	2,229,754,900	1,278,716,784
Right of use assets	17.1	564,445,677	356,465,213
Capital work in progress	17.2	722,025,038	423,430,018
		3,516,225,615	2,058,612,015

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

17.1.2 Depreciation charge has been allocated as under:	Note	2023 Rupees	2022 Rupees
Cost of sales	32	131,312,351	101,885,677
Distribution, selling and promotional expenses	33	59,524,867	44,923,233
Administrative and general expenses	34	47,353,900	41,012,754
		238,191,118	187,821,664

17.1.3 The latest revaluation of freehold land, building on freehold land and plant and machinery was carried out on 31 December 2023 by M/S Surval (Valuer on the approved list of Pakistan Banking Association) which resulted in a surplus of Rs. 664 million over the net carrying value of assets.

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

	Note	2023 Rupees	2022 Rupees
Land - freehold		13,989,289	13,989,289
Building on freehold land		128,773,785	126,214,613
Plant and machinery		609,739,773	317,393,481
	17.1.4.1	752,502,847	457,597,383

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

Carrying value of assets:

Land - freehold	654,495,000	283,400,000
Building on freehold land	265,029,000	204,770,536
Plant and machinery	892,361,000	380,385,320
	1,811,885,000	868,555,856
Less: Revaluation surplus	(899,339,441)	(366,714,040)
Less: Related deferred tax	(160,042,712)	(44,244,433)
	(1,059,382,153)	(410,958,473)
Carrying value without revaluation surplus	752,502,847	457,597,383

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

17.1.5 Disposal of property, plant and equipment

Description	Cost / Revalued amount	Accumulated Depreciation	Net Book Value	Sales Proceeds	Gain	Mode of Sale	Particulars of Purchasers
----- Rupees -----							
Building Equipment							
Cleanroom System							
Material & Accessories - PD lab	23,055,957	(2,113,463)	20,942,494	20,942,494		- Sale & Leaseback	First Habib Modaraba
PD LAB-Supply and Installation	6,977,731	(2,383,452)	4,594,279	4,594,279		- Sale & Leaseback	First Habib Modaraba
HVAC- Dispensing Booths	24,959,603	(7,724,044)	17,235,559	17,235,559		- Sale & Leaseback	First Habib Modaraba
Air Handling Units & HVAC	37,277,885	(6,989,604)	30,288,281	30,288,281		- Sale & Leaseback	First Habib Modaraba
Electric and gas appliances							
Electronic Equipment-							
Construction Works	20,104,554	(1,786,765)	18,317,789	18,317,789		- Sale & Leaseback	First Habib Modaraba
Plant and Machinery							
Rotary Tablet Press	30,064,632	(9,430,236)	20,634,396	20,634,396		- Sale & Leaseback	First Habib Modaraba
Solar Panel 545 W	37,338,757	(622,313)	36,716,444	36,716,444		- Sale & Leaseback	First Habib Modaraba
Office Equipment							
SAP Hardware- LED/DELL							
Hanna Hardware	23,120,306	(4,849,484)	18,270,822	18,270,822		- Sale & Leaseback	First Habib Modaraba
Motor Cars							
	Reg. No						Employees:
Suzuki Alto	AAT 732	1,398,000	(618,848)	779,152	1,084,902	305,750	Company Policy Muhammad Rauf Subhani
Suzuki Alto	ABF 592	1,433,000	(592,307)	840,693	1,142,529	301,836	Company Policy Babar Younis
Suzuki Alto	ABV 974	1,433,000	(574,792)	858,208	1,146,170	287,962	Company Policy Iftikhar Ahmad
Suzuki Alto	ABC 659	1,433,000	(636,380)	796,620	1,108,941	312,321	Company Policy Shahid Sardar
Suzuki Alto	AAT 276	1,398,000	(689,680)	708,320	1,108,256	399,936	Company Policy Abdul Rauf
Items having NBV less than							
Rs.500,000 each	22,106,700	(15,846,229)	6,260,471	18,434,932	12,174,461		
<hr/>							
2023	232,101,125	(54,857,597)	177,243,528	191,025,794	13,782,266		
<hr/>							
2022	254,569,535	(59,443,698)	195,125,837	212,692,528	17,566,691		

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

17.1.6 Forced sale value as per the last revaluation report dated 31 December 2023 is as follows:

Asset Class	Forced sale value
	----Rupees ----
Freehold land	523,596,000
Building on freehold land	212,023,200
Plant and machinery	713,888,800
Total	1,449,508,000

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

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

17.2 Capital work in progress

Movement in capital work in progress is as follows:

	Land		Plant and Machinery		Others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Opening balance	162,666,666	-	5,199,134	1,787,999	255,564,218	11,578,997	423,430,018	13,366,996
Additions during the year	106,749,999	162,666,666	248,358,065	73,187,999	853,847,335	586,053,797	1,208,955,399	659,241,796
Transferred to owned assets	-	-	(212,701,807)	(69,776,864)	(697,658,572)	(179,401,910)	(910,360,379)	(249,178,774)
	269,416,665	162,666,666	40,855,392	5,199,134	411,752,981	418,230,884	722,025,038	423,430,018

17.2.1 In February 2022, the Company has made initial payment for acquisition of land measuring 12 acres in Quaid e Azam Business Park Sheikhpura, with the intention of constructing a new factory on the site. The Company has obtained the provisional allotment letter of land and is in the process of transferring the legal title of the land to its name subject to final instalment subsequently paid in March 2024. At the reporting date the legal title in the name of seller, Punjab Government.

17.2.2 Civil works included above, consisting of development work being carried at the Company's existing plant site and new facility, is being financed via general borrowings obtained from the bank. The amount of borrowing cost, on civil work and land under development, capitalised during the year ended 31 December 2023 is Rs. 123.07 million (2022: 16.89). The rate used to determine the amount of borrowing costs eligible for capitalisation is 22.88%, which is the weighted average borrowing rate.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

18. INTANGIBLE ASSETS	Note	2023 Rupees	2022 Rupees
Intangible assets	18.1	32,285,579	35,835,396

Particulars	2023									
	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		
----- 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)	37,571,500	4,494,980	-	42,066,480	1,736,104	8,044,797	-	9,780,901	32,285,579	20%
	192,005,675	4,494,980	-	196,500,655	156,170,279	8,044,797	-	164,215,076	32,285,579	

Particulars	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		
----- 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	

18.1.1 This represents registration and trademarks of brands named as "Tres Orix Forte", "Skilax Drops" and "Blokium". These are fully amortized and are still in use.

18.1.2 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.

18.2 Amortization charge has been allocated as under:	Note	2023 Rupees	2022 Rupees
Cost of sales	32	5,464,541	1,053,216
Distribution, selling and promotional expenses	33	122,633	36,686
Administrative and general expenses	34	2,457,623	646,202
		8,044,797	1,736,104

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

			2023	2022
19.	LONG-TERM INVESTMENT	Note	Rupees	Rupees
	Subsidiary Company - Unlisted			
	Curexa Health (Private) Limited	19.1	200,000,000	200,000,000
19.1	This represents 100% (2022: 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 these unconsolidated financial statements.			
20.	LONG-TERM DEPOSITS	Note	2023 Rupees	2022 Rupees
	Bank Guarantee Margin		1,602,710	1,602,710
	Deposit with Vendors	20.1	22,340,719	22,340,719
	Security Deposits against leases		-	24,233,160
			23,943,429	48,176,589

20.1 Deposits with vendors are non-adjustable and are refundable after the contract with the service providers are concluded. The impact of initial recognition of long term deposits at fair value under IFRS 9 is not significant to these unconsolidated financial statements.

21. LOAN TO EMPLOYEES

These represent loan given to employees against the purchase of vehicles as per the Company's policy. These loans are for maximum period of 2 years. These loans are secured against the final settlement amount of employees. The loans carry an effective interest rate of 0% (2022: 0%) per annum and are repayable in cash in accordance with predefined repayment schedule. The title of the vehicle remains in the name of the Company until all instalments are paid by the employee. Present value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of loan to employees is considered insignificant by the management at the financial statements level, hence not recognized.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	2023	2022
	Rupees	Rupees
22. DEFERRED TAX ASSETS / (LIABILITIES)		
Deferred tax liabilities on taxable temporary differences:		
Surplus on revaluation of operating fixed assets	(154,768,981)	(44,244,433)
Lease arrangement - net	(13,259,120)	(27,026,557)
Accelerated tax depreciation	(156,595,223)	(149,184,422)
	(324,623,324)	(220,455,412)
Deferred tax assets on deductible temporary differences:		
Allowance for expected credit losses	8,266,439	16,280,761
Provision for gratuity	193,622,020	164,123,288
Provisions	-	74,582,638
	201,888,459	254,986,687
Deferred tax liabilities / assets - net	(122,734,865)	34,531,275
22.1 Movement in deferred tax is as follows:		
At beginning of the year	34,531,275	53,586,728
Recognized as deferred tax (expense) / income in unconsolidated statement of profit or loss:		
- Surplus on revaluation of operating fixed assets	10,908,362	6,765,281
- Accelerated tax depreciation on fixed assets	(7,590,341)	(77,714,569)
- Lease liabilities	13,946,977	(33,337,109)
- Provisions	(74,582,638)	66,801,747
- Allowance for expected credit losses	(8,014,322)	10,109,267
- Gratuity	54,972,867	27,874,344
	(10,359,095)	498,961
Recognized as deferred tax (expense) in un-consolidated statement of comprehensive income:		
- Gratuity	(25,474,135)	(14,542,491)
- Surplus on revaluation on operating fixed assets	(114,269,159)	-
- Effect of deferred Tax due to change in effective Tax rate	(7,163,751)	(5,011,923)
	(146,907,045)	(19,554,414)
	(122,734,865)	34,531,275

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

23. INVENTORIES	Note	2023 Rupees	2022 Rupees
Raw materials			
In hand		2,190,159,412	1,602,121,845
In transit		611,931,551	21,316,285
With third party		133,122,397	197,297,237
		2,935,213,360	1,820,735,367
Packing material		718,868,006	623,009,049
Stores, spare parts and loose tools		63,451,738	58,808,967
Work in process		252,216,352	272,204,156
Finished goods			
Trading - in hand		143,427,588	431,580,530
Trading - in transit		-	121,809,234
Manufactured		788,181,310	627,415,587
	23.2	931,608,898	1,180,805,351
Less: Provision for slow moving and obsolete items	23.1	(187,606,909)	(120,468,378)
		4,713,751,445	3,835,094,512

23.1 Provision for slow moving and obsolete items

Opening provision		120,468,378	113,444,953
Charge for the year		91,159,156	29,307,578
Reversal during the year		(24,020,625)	(22,284,153)
Closing provision	23.1.1	187,606,909	120,468,378

23.1.1 The amount written off and provision for slow moving and obsolete items during the year are included in cost of sales.

23.2 The finished goods are recorded at lower of cost and net realisable value which has resulted in impairment loss amounting to Rs. 36.3 million (2022: Rs. Nil) recorded in cost of sales.

24. TRADE RECEIVABLES	Note	2023 Rupees	2022 Rupees
Export Sales		865,189	56,554,198
Local Sales		2,141,926,411	1,325,868,534
		2,142,791,600	1,382,422,732
Less: allowance for expected credit losses	24.1	(22,372,807)	(52,085,768)
	24.2	2,120,418,793	1,330,336,964

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

			2023	2022
24.1	Allowance for expected credit losses:	Note	Rupees	Rupees
	Opening balance		52,085,768	22,372,807
	(Reversal) / charged during the year	37	(29,712,961)	29,712,961
			22,372,807	52,085,768

24.2 Trade receivables become due after 30 to 45 days of the invoice date. The increase in trade receivables is mainly resulted from increased sale at the year end including bill and hold arrangements. Generally, balances outstanding for more than 360 days are treated as default.

24.3 Ageing analysis of these trade debts is given in Note 42.1

			2023	2022
25.	ADVANCES, TRADE DEPOSITS AND PREPAYMENTS	Note	Rupees	Rupees
Advances to staff				
	- against expenses	25.1	142,431,648	107,104,995
	- against salary	25.2	8,219,698	37,424,485
	- current portion of advances against vehicles		22,977,780	15,987,090
			173,629,126	160,516,570
	Advance to suppliers against goods and services	25.3	227,938,803	378,581,111
	Margin against letter of credit		115,513,286	354,777,373
	Trade deposits		25,618,887	28,443,165
	Prepayments		32,839,392	49,489,841
			575,539,494	971,808,060

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.

25.3 This includes an advance of amounting to Rs. Nil (2022: Rs. 43.51 million) provided to Route 2 Health (Private) Limited (associate company). The maximum amount due from Route 2 health during the year, calculated by reference to month-end balances was Rs. 43.51 million (2022: Rs. 218.12 million). These advances are adjustable against the supply of goods and services.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

26. OTHER RECEIVABLES	Note	2023 Rupees	2022 Rupees
Receivable from:			
Insurance companies		-	1,565,294
Route 2 Health (related party)		-	3,510,513
Curexa Health (Private) Limited (subsidiary company)		2,575,244	-
Workers' Profit Participation Fund		-	8,534,371
		2,575,244	13,610,178
Interest accrued	26.1	8,937,542	13,270,133
Others		3,630,557	4,817,552
		15,143,343	31,697,863

26.1 This includes mark up amounting to Rs. 0.6 million (2022: Rs. 0.342 million) receivable from the subsidiary company against loan. The maximum amount due during the year was Rs. 0.6 million. The interest accrued has not been over due at year end.

27. LOAN TO SUBSIDIARY	Note	2023 Rupees	2022 Rupees
	27.1	10,000,000	10,000,000

27.1 The loan has been provided to Curexa Health (Private) Limited (subsidiary company) for working capital requirement of its cephalosporin unit. The loan carries a mark up of 6 months 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 (2022: Rs. 10 million). The tenure of this one year loan ended and has been repaid subsequent to the reporting date on 28 February 2024.

28. SHORT TERM INVESTMENT	Note	2023 Rupees	2022 Rupees
Investments at fair value through profit or loss			
Mutual funds - fair value through profit and loss	28.1	1,699,124,325	1,193,596,924
Term deposit receipts - at amortization cost	28.2	469,669,677	145,290,304
		2,168,794,002	1,338,887,228

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	Note	2023 Rupees	2022 Rupees
28.1	These investments are measured at fair value through profit or loss		
Balance at the beginning of the year		1,193,596,924	2,059,740,193
Additions during the year		2,387,312,516	1,590,531,440
Redemption during the year		(1,900,167,715)	(2,465,922,190)
Realized loss on redemption of investments during the year	36	(3,578,879)	(939,142)
Un-realized gain on remeasurement of investments during the year	37	21,961,479	10,186,623
Closing fair value of short-term investment	28.1.1	1,699,124,325	1,193,596,924

	Units		Fair Value	
	2023 Numbers	2022 Numbers	2023 Rupees	2022 Rupees
28.1.1 Mutual fund wise detail is as follows:				
Alfalah GHP Income Fund	-	7,861	-	951,317
Alfalah GHP Money Market Fund	519,111	734,606	51,438,071	72,305,891
Alfalah GHP Sovereign Fund	832,445	-	100,101,725	-
MCB Cash Management Optimizer Fund	846,453	816,382	86,119,069	82,863,602
Faysal MTS Fund	-	1,983	-	218,111
Faysal Money Market Fund	2,283	368,748	262,238	37,795,038
Askari High Yield Scheme	-	487,746	-	53,165,658
Askari Sovereign Cash Fund	-	79,763	-	8,825,267
Meezan Rozana Amdani Fund	-	444,381	-	22,242,909
NBP Money Market Fund	31,494	1,394,602	315,194	13,882,145
NBP Financial Sector Income Fund	9,673,984	13,963,710	103,093,716	147,657,858
UBL Liquidity Plus Fund	1,233,476	872,466	125,279,559	88,556,169
UBL Government Securities Fund	1,277,198	2,714,335	150,136,405	305,683,297
UBL Income Opportunity Fund	4,150,410	-	509,258,223	-
NIT Money Market Fund	10,608,361	2,029,381	103,139,785	19,647,659
HBL Money Market Fund	4,669	90,306	531,713	9,955,869
HBL Financial Sector Income Fund	-	770,686	-	78,144,391
ABL Cash Fund	-	11,151,385	-	115,172,621
ABL Special Savings	10,548,675	-	117,724,267	-
Atlas Money Market Fund	199,611	223,811	102,148,457	114,079,170
JS Cash Fund	515	-	53,277	9,650

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	Units		Fair Value	
	2023 Numbers	2022 Numbers	2023 Rupees	2022 Rupees
First Habib Cash Bank	-	219,494	-	22,440,302
AL Habib Income Fund	980,325	-	100,055,094	-
Lakson Money Market Fund	1,015,046	-	105,612,054	-
Lakson Income Fund	408,898	-	43,855,478	-
	42,332,954	36,371,646	1,699,124,325	1,193,596,924

28.2 These represents investments in term deposit receipts. They carry average profit at the rate of ranging from 16% to 22% (2022: 5% - 16%) with maturity up to December 2024.

		2023 Rupees	2022 Rupees
29. TAX REFUNDS DUE FROM THE GOVERNMENT	Note		
Sales tax refundable - net	29.1	346,720,917	425,021,817
Income tax refundable - net		42,440,836	-
		389,161,753	425,021,817

29.1 The ageing of sales tax refundable is as follows:

- within one year		70,683,838	400,487,593
- one to two years		251,502,855	24,534,224
- two to three years		24,534,224	-
	29.1.1	346,720,917	425,021,817

29.1.1 The Company is in the process of filing refund applications for remaining excess input tax, amounting to Rs. 15.92 million (2022: Rs. 367.16 million).

		2023 Rupees	2022 Rupees
30. CASH AND BANK BALANCES	Note		
Cash in hand		4,656,752	1,985,458
Balance with banks			
Current accounts			
-Local currency		101,099,550	123,858,822
-Foreign currency		68,930,604	14,431,417
Saving accounts	30.1	29,650,826	147,049,207
		199,680,980	285,339,446
		204,337,732	287,324,904

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

30.1 These represent saving accounts which carries average profit at the rate ranging from 7.51% to 20.51% (2022: 4.5% to 14.51%).

30.2 Cash and cash equivalents

The above figures of cash and bank balances reconcile to the amount of cash and cash equivalents shown in the statement of cashflows at the end of financial year as follows:

	Note	2023 Rupees	2022 Rupees
Cash and bank balances		204,337,732	287,324,904
Short - term borrowings	15	(163,894,091)	(464,505,032)
Cash and cash equivalents as per statement of cashflows		40,443,641	(177,180,128)

31. REVENUE FROM CONTRACTS WITH CUSTOMERS- NET	Note	2023 Rupees	2022 Rupees
Local sales	31.1	20,154,920,505	16,162,883,674
Export sales		1,200,218,964	888,882,372
		21,355,139,469	17,051,766,046
Toll manufacturing		616,705,105	491,427,184
		21,971,844,574	17,543,193,230
Less:			
Trade Discounts		2,136,572,607	1,518,151,511
Sales tax		173,253,818	109,463,316
Sales return		237,763,548	99,641,405
		(2,547,589,973)	(1,727,256,232)
	31.2	19,424,254,601	15,815,936,998

31.1 This includes revenue from sale of finished goods purchased by the Company amounting to Rs. 2,968 million (2022: Rs. 2,832 million).

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

		2023	2022
31.2	Geographical information	Rupees	Rupees
	Revenue from external customers - net		
	Pakistan	18,224,035,635	14,927,054,626
	Afghanistan via an agent	750,302,844	588,752,398
	United Arab Emirates	142,687,882	103,264,024
	France	81,532,250	49,710,333
	Kenya	20,528,934	15,368,650
	Iraq	45,082,129	61,121,943
	Cambodia	15,837,460	18,252,003
	Tanzania	39,026,445	21,089,012
	Dubai	78,482,636	19,885,829
	Sudan	22,102,401	-
	Others	4,635,985	11,438,180
	Total revenue from contracts with customers	19,424,254,601	15,815,936,998

31.3 Performance obligation

The performance obligation is satisfied at a point in time when the control of the goods and services is transferred to the customer. 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 The Company individually generates more than 10% of its revenue from one customer (2022: two customers), amounting to Rs. 9,920 million (2022: Rs. 9,928 million).

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

32. COST OF SALES	Note	2023 Rupees	2022 Rupees
Raw and packing material consumed	32.1	6,528,510,626	5,002,381,481
Toll charges	32.1	101,548,946	71,379,458
Stores consumed	32.1	109,141,883	90,418,325
		6,739,201,455	5,164,179,264
Salaries, wages and benefits	32.2	811,547,497	779,377,237
Fuel and power		244,293,925	153,055,710
Repairs and maintenance		20,992,776	43,716,164
Depreciation	17.1.2	131,312,351	101,885,677
Amortization	18.2	5,464,541	1,053,216
Factory supplies		6,651,752	11,358,847
Vehicle running and maintenance		103,232,216	74,382,723
Insurance		19,784,150	16,062,752
Printing and stationery		14,440,125	16,179,460
Fee and subscription		32,304,307	21,642,788
Rent, rates and taxes	32.3	35,338,288	17,965,164
Traveling and conveyance		22,445,384	9,770,570
Consultancy and professional charges		4,677,237	4,900,260
Telephone, postage and communication		1,901,565	2,366,599
Other direct costs		1,203,043	3,986,376
		8,194,790,612	6,421,882,807
Inventory effect of work in process			
Opening		272,204,156	237,040,152
Closing		(252,216,352)	(272,204,156)
		19,987,804	(35,164,004)
Cost of goods manufactured		8,214,778,416	6,386,718,803
Inventory effect of finished goods			
Opening		627,415,587	266,694,880
Closing		(788,181,310)	(627,415,587)
		(160,765,723)	(360,720,707)
		8,054,012,693	6,025,998,096

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	Note	2023 Rupees	2022 Rupees
Inventory effect of trading goods			
Opening		553,389,764	159,865,743
Purchases		1,705,815,413	2,153,379,204
Closing		(143,427,588)	(553,389,764)
		2,115,777,589	1,759,855,183
Cost of goods sold		10,169,790,282	7,785,853,279
32.1 Raw, packing material and store consumed:			
Opening stock		2,502,553,383	1,765,780,521
Add: Purchases during the year		7,954,181,176	5,842,143,159
Less: Closing stock	23	(3,717,533,104)	(2,502,553,383)
Raw and packing material consumed during the year		6,739,201,455	5,164,179,264
32.2 This includes the following staff benefits:			
Defined benefit plan - gratuity		34,582,418	12,981,903
Defined contribution plan - provident fund		20,472,877	17,352,114
Provision for compensated leave absences		14,647,215	14,116,205
		69,702,510	44,450,222
32.3 This represents payment amounting to Rs. 35.33 million (2022: Rs. 17.97 million) in respect of rent of warehouses. The 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 2023

			2023	2022
33.	DISTRIBUTION, SELLING AND PROMOTIONAL EXPENSES	Note	Rupees	Rupees
	Salaries and benefits	33.1	1,711,796,329	1,704,548,924
	Traveling and conveyance		613,520,784	637,665,000
	Training, seminars and symposia		491,125,044	249,832,482
	Literature, promotion and advertisement material		1,263,638,417	685,999,602
	Vehicle running and maintenance		353,832,649	270,478,271
	Freight		177,412,547	170,002,149
	Sample goods		108,370,092	69,912,031
	Newspapers and subscriptions		61,582,907	43,382,905
	Depreciation	17.1.2	59,524,867	44,923,233
	Amortization	18.2	122,633	36,686
	Insurance		52,614,724	47,252,565
	Telephone, postage and communication		16,757,126	31,410,586
	Commission on settlement		5,825,319	6,113,104
	Rent, rates and taxes	33.2	5,699,535	7,480,765
	Office supplies		1,137,020	1,680,383
	Printing and stationery		3,217,586	3,013,603
	Repairs and maintenance		-	877,107
	Legal and professional charges		11,425,066	6,024,429
	Ijarah rentals		7,950,557	7,404,607
	Others		352,040	417,695
			4,945,905,242	3,988,456,127
33.1	This includes following staff benefits:			
	Defined benefit plan - gratuity		38,911,493	13,660,792
	Defined contribution plan - provident fund		46,579,544	41,793,828
	Provision for compensated leave absences		18,625,860	15,845,841
			104,116,897	71,300,461

33.2 This represents payment amounting to Rs. 5.69 million (2022: Rs. 7.48 million) in respect of rent of warehouses. The 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 2023

		2023	2022
	Note	Rupees	Rupees
34. ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries and benefits	34.1	393,120,439	360,902,443
Depreciation	17.1.2	47,353,900	41,012,754
Amortization	18.2	2,457,623	646,202
Vehicle running and maintenance		70,114,010	42,682,809
Donation	34.3	1,580,000	6,560,648
Repairs and maintenance		17,507,855	16,017,131
Newspapers and subscriptions		40,011,841	26,746,285
Telephone, postage and communication		10,256,377	11,765,389
Rent, rates and taxes		-	17,692,663
Traveling and conveyance		24,472,798	25,269,932
Legal and professional charges		22,390,867	7,474,163
Electricity, gas and water		20,769,687	22,673,236
Office supplies		21,509,139	12,550,157
Insurance		4,537,044	3,404,814
Advertisement, seminars and symposia		22,258,066	2,725,682
Printing and stationery		8,210,507	8,949,568
Auditors' remuneration	34.2	4,563,850	3,619,500
Others		2,234,340	3,935,407
		713,348,343	614,628,783
34.1 It includes the following staff benefits:			
Defined benefit plan - gratuity		31,246,763	10,419,526
Defined contribution plan - provident fund		12,971,109	10,707,511
Provision for compensated leave absences		3,671,160	2,211,788
		47,889,032	23,338,825
34.2 Auditors' remuneration			
Statutory audit		2,310,000	2,100,000
Fee for review of half yearly financial information		526,350	478,500
Other certification		887,500	700,000
Review of statement of compliance of code of corporate governance		240,000	121,000
Out of pocket		600,000	220,000
		4,563,850	3,619,500

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

34.3 There is no donation to a single party exceeding Rs. 500,000 of the Company's total amount of donation. Also, none of the Directors or their spouses have any interest in the donee.

		2023	2022
35. RESEARCH AND DEVELOPMENT EXPENSES	Note	Rupees	Rupees
Salaries and benefits	35.1	13,112,787	9,619,884
Vehicle repair and maintenance		1,676,036	788,237
Traveling		-	39,148
Insurance		50,531	45,564
Office supplies		-	50,248
Others		181,091	88,147
		15,020,445	10,631,228

35.1 It includes the defined contribution plan - provident fund of Rs.0.45 million (2022: Rs. 0.31 million)

		2023	2022
36. OTHER OPERATING EXPENSES	Note	Rupees	Rupees
Workers' Profit Participation Fund		178,811,336	177,077,705
Workers' Welfare Fund		63,655,201	70,831,082
Central Research Fund		38,336,470	35,415,541
Allowance for expected credit losses	24.1	-	29,712,961
Realized loss on sale of short-term investments	28.1	3,578,879	939,142
Exchange loss		51,541,399	7,474,628
		335,923,285	321,451,059

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

		2023	2022
	Note	Rupees	Rupees
37. OTHER INCOME			
Income from financial assets:			
Return on deposits and mark on interest bearing accounts		21,011,724	15,126,064
Dividend Income on short-term investment		77,310,177	218,626,676
Unrealized gain on re-measurement of short term investment to fair value		21,961,479	10,186,623
Interest on loan to subsidiary		2,243,055	1,510,164
Deferred Income	10.1	1,315,460	3,565,756
Unrealized exchange gain		2,238,139	-
Exchange gain		7,094,310	-
Income from non-financial assets:			
Gain on disposal of operating fixed assets	17.1.5	13,782,266	17,566,691
Liabilities written back		10,048,111	37,171,978
Scrap sales		2,973,522	1,234,154
Reversal of expected credit losses	24.1	29,712,961	-
Other income		5,100,609	-
		194,791,813	304,988,106
38. FINANCE COSTS			
Finance cost on lease liabilities	8	53,266,208	26,899,580
Mark-up on long-term loans		2,704,233	6,593,103
Mark-up on short-term borrowings		76,257,736	17,498,546
Bank charges		4,245,923	3,409,016
		136,474,100	54,400,245
39. TAXATION			
Current income tax:			
Current year		1,014,194,648	923,445,317
Prior year		(124,982,930)	5,385,686
		889,211,718	928,831,003
Deferred tax:			
Relating to origination and reversal of temporary differences		(64,223,543)	(498,961)
Effect of deferred tax due to change in effective tax rate		-	-
Prior year		74,582,638	-
		10,359,095	(498,961)
		899,570,813	928,332,042

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

			2023	2022
39.1	Reconciliation of tax charge for the year	Note	Rupees	Rupees
Numerical reconciliation between the average effective tax rate and the applicable tax rate is as follows:				
	Profit before tax		3,302,584,717	3,345,504,383
	Tax expense on accounting profit (29% as per Income Tax Ordinance, 2001)		957,749,568	970,196,271
	Effect of allowable / not allowable deductions		215,646,068	(67,192,260)
	Tax credit		(581,878)	-
	Effect of amounts subject to fixed / final taxes		(478,520,164)	(93,127,295)
	Effect of super tax		255,677,511	113,069,640
	Prior year income tax charge		(124,982,930)	5,385,686
	Prior year deferred tax charge		74,582,638	-
	Average tax expense charged to profit or loss		899,570,813	928,332,042
	Average tax rate charged to profit or loss		27.24%	27.75%

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:

		2023	2022
			Restated
Profit after taxation	Rupees	2,403,013,904	2,417,172,341
Weighted average number of ordinary shares	Number of shares	52,983,363	52,983,363
Earnings per share	Rupees	45.35	45.62

40.1 During the year the Company issued bonus shares. To maintain comparability between financial periods, the earnings per share for the previous year has been restated. This restatement has adjusted the earnings per share of previous year based on the new number of outstanding shares after the issuance of bonus shares.

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 2023

	2023		2022	
	Chief Executive	Executives	Chief Executive	Executives
	-----Rupees-----			
Short-term employee benefits				
Managerial remuneration	20,066,172	405,566,960	20,901,173	390,112,048
House allowance / utility	10,033,092	202,783,520	8,957,832	173,979,676
Medical	-	13,971,272	-	13,842,496
Retirement benefits	6,827,328	64,230,585	5,492,747	55,791,614
Bonus	6,690,025	111,602,368	5,731,881	87,097,395
	43,616,617	798,154,705	41,083,633	720,823,229
Number of persons	1	134	1	112

41.1 In addition to the above, chief executive and certain other executives have been provided with free use of the Company maintained cars as per terms of employment. Further, medical expenses are reimbursed in accordance with the Company's policies.

41.2 Managerial remuneration includes Rs. 118.29 million (2022: Rs. 87.1 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 or other remuneration was paid to an independent and 6 non-executive Directors during the year.

42. FINANCIAL RISK MANAGEMENT

42.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, price risk and currency risk), credit risk and liquidity risk. The Company's overall risk management program focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders. Risk management is carried out by the company finance and planning department under policies approved by the senior management.

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

The Company's risk management policies are established to identify and 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 reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company's exposure to financial risk, the way these risks affects the financial position and performance and the manner in which such risks are managed is as follows:

(a) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board.

i) Foreign currency risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. This risk exist due to the Company's exposure resulting from outstanding future commercial transactions or receivables and payables.

The Company is exposed to exchange risk arising from currency exposures mainly with respect to currencies mentioned below on import of raw material, packing material and stores and spares and debtors against export sales. The Company is exposed to foreign exchange risk as at 31 December 2023 as it has financial instruments denominated in currency other than the functional currency of the Company.

A foreign exchange risk management policy has been developed and approved by the management. The policy allows the Company to take currency exposure for limited periods within predefined limits while open exposures are rigorously monitored.

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

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	Changes in FC Rate	Effects on Profit Before Tax 2023	Effects on Profit Before Tax 2022
		Rupees	Rupees
Receivables - USD	+15%	1,748,998	8,212,725
	-15%	(1,748,998)	(8,212,725)
Receivables - AED	+15%	1,553.99	-
	-15%	(1,553.99)	-
Payables - Euro	+15%	(29,780,179)	(3,750,770)
	-15%	29,780,179	3,750,770
Payables - USD	+15%	(38,345,320)	(35,500,740)
	-15%	38,345,320	35,500,740
Payables - JPY	+15%	-	3,250,368
	-15%	-	(3,250,368)
Bank balance - USD	+15%	10,349,096	2,775,570
	-15%	(10,349,096)	(2,775,570)
Cash in hand - USD	+15%	39,573	-
	-15%	(39,573)	-
Cash in hand - GBP	+15%	192,298	145,205
	-15%	(192,298)	(145,205)
Cash in hand - Saudi Riyal	+15%	80,387	-
	-15%	(80,387)	-
Cash in hand - Euro	+15%	58,172	123,550
	-15%	(58,172)	(123,550)
Cash in hand - CNY	+15%	30,883	131,583
	-15%	(30,883)	(131,583)

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

Reporting date rate:	Average rates		Reporting date rate (Bid-Offer average)	
	2023	2022	2023	2022
			Rupees	Rupees
USD	254.11	201.44	281.86	226.36
Euro	276.35	220.42	311.50	241.19
JPY	1.85	1.62	1.99	1.71
GBP	315.83	255.68	358.60	273.07
AED	69.20	54.85	76.74	61.65
Saudi Riyal	67.68	53.61	75.16	60.20
CNY	36.10	30.14	39.63	32.57

(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. Financial instruments obtained at variable rates expose the Company to cash flow interest rate risk. Financial instruments obtained at fixed rate expose the Company to fair value interest rate risk as at reporting date, none of the Company's financial instruments with fixed rates are measured at fair value. Sensitivity to interest rate risk arises from mismatch of financial assets and liabilities that mature or re-price in a given period. The Company analyzes its interest rate exposure on a regular basis by monitoring interest rate trends to determine whether they should enter into hedging alternatives.

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

	2023	2022
	Rupees	Rupees
Financial assets		
Variable rates instruments		
Cash and bank balances - deposit accounts	29,650,826	147,049,207
Short-term investments - term deposit receipts	469,669,677	145,290,304
Loan to subsidiary	10,000,000	10,000,000
	509,320,503	302,339,511

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	2023 Rupees	2022 Rupees
Financial liabilities		
Variable rates instruments		
Lease liabilities	528,560,365	258,014,081
Long-term loan	714,112,381	18,008,677
Short-term loan	163,894,091	464,505,032
Fixed rates instruments		
Lease liabilities	182,553,545	124,841,368

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, on the Company's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting dates were outstanding for the whole year.

	Changes in Interest Rate	Effects on profit before tax 2023	Effects on profit before tax 2022
		Rupees	
Lease liabilities	+5	(26,428,018)	(12,900,703)
	-5	26,428,018	12,900,703
Long-term Loan	+5	(35,705,619)	(900,433)
	-5	35,705,619	900,433
Short-term investments - term deposit receipts	+5	23,483,484	7,264,517
	-5	(23,483,484)	(7,264,517)
Loan to subsidiary	+5	500,000	500,000
	-5	(500,000)	(500,000)
Cash and bank balances - deposit accounts	+5	1,482,541	7,352,460
	-5	(1,482,541)	(7,352,460)

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market.

The Company is exposed to equity price risk, which arises from investments measured at fair value through profit and loss. The management of the Company monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Company.

Fair value sensitivity analysis for Company's investment in mutual funds

The following analysis demonstrates the sensitivity to a reasonably possible change in fair values, with all other variables held constant, on the Company's profit before tax. This analysis is prepared assuming the amount of investment in mutual funds instruments outstanding at reporting dates were outstanding for the whole year.

	Changes in Interest Rate	Effects on profit before tax 2023	Effects on profit before tax 2022
		Rupees	
Short-term investments -	+5	84,956,216	59,679,846
mutual funds	-5	(84,956,216)	(59,679,846)

(b) Credit risk

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

Credit risk of the Company arises principally from the trade receivables, loans and advances, trade and other deposits, short-term investments, other receivables, loan to subsidiary and balances with banks. 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:

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

		2023	2022
	Note	Rupees	Rupees
Financial assets at amortized cost:			
Trade receivables		2,120,418,793	1,330,336,964
Advances to employees against salaries		8,219,698	37,424,485
Trade deposits		49,562,316	76,619,754
Other receivables		15,143,343	31,697,863
Loan to subsidiary		10,000,000	10,000,000
Short-term investments - Term deposit receipts		469,669,677	145,290,304
Bank balances		199,680,980	285,339,446
		2,872,694,807	1,916,708,816

(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.

These mainly include customers which are counter parties to revenue arrangements. The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. 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 different other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

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

At 31 December 2023, the Company has 84 (2022: 72) customers who owed the Company more than Rs.1 million each and accounted for approximately 95.5% (2022: 87%) of all outstanding receivables.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

Geographical concentration of credit risk is as follows:

	2023	2022
	Rupees	Rupees
Pakistan	2,141,926,411	1,325,868,534
Kenya	-	31,573,820
France	-	11,445,011
Cambodia	-	5,886,503
United Arab Emirates	-	7,648,864
Sudan	9,605	-
Afghanistan	855,584	-
	2,142,791,600	1,382,422,732

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				
2023				
<30 days	31-90 days	91-180 days	>180 days	Total
-----Rupees-----				

31 December 2023

Expected credit loss rate	0.75%	1.31%	6.95%	9.88%	
Estimated total gross carrying amount at default	1,355,653,926	758,385,831	19,482,993	9,268,850	2,142,791,600
Expected credit loss	10,137,620	9,965,190	1,354,068	915,929	22,372,807

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	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	11,320,462	52,085,768

(ii) Financial instruments and balances with banks

Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, employees, subsidiary company, and utility companies, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

Counter parties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances, term deposits receipts and interest accrued. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	Rating			2023 Rupees	2022 Rupees
	Short term	Long term	Agency		
Bank balances:					
Allied Bank Limited	A-1+	AAA	PACRA	704,215	229,594
Askari Bank Limited	A-1+	AA+	PACRA	10,887,856	6,045,397
Bank Al Habib Limited	A-1+	AAA	PACRA	18,730	18,730
Habib Bank Limited	A-1+	AAA	VIS	103,310,149	117,295,359
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	64,081,062	95,209,138
JS Bank Limited	A-1+	AA-	PACRA	1,440,181	3,599,892
MCB Bank Limited	A-1+	AAA	PACRA	432,733	640,671
Meezan Bank Limited	A-1+	AAA	VIS	15,723,291	52,985,037
Mobilink Microfinance Bank Limited	A-1	A	PACRA	2,848,634	3,706,640
National Bank of Pakistan	A-1+	AAA	PACRA - VIS	-	1,362,092
Summit Bank	A-3	BBB-	VIS	4,620	-
United Bank Limited	A-1+	AAA	VIS	229,509	4,246,896
				199,680,980	285,339,446

Short-term investments - term

deposit receipts

First Habib Modaraba	AA+	PACRA - VIS	469,669,677	145,290,304
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Being investment grade, the Company has assessed expected credit losses for balances with banks for 12 month period. Based on external credit ratings, the Company has estimated that allowance for expected credit losses is trivial to the financial statements and accordingly has not been recognised.

(iii) Other financial assets

Other financial assets mainly comprise of long-term and short-term deposits, other receivables and advances / loans to employees. The Company has assessed, based on historical experience, that the expected credit loss associated with these financial assets is trivial and therefore, no expected credit loss has been recognized on these financial assets. The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

Concentration of credit risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and all other transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

(iv) Investment in Mutual Funds

The external credit rating of mutual funds in whose units the Company has invested its funds is as follows:

	Rating		2023 Rupees	2022 Rupees
	Long term	Agency		
Short-term investments - mutual funds				
ABL Cash Fund	AA+(f)	VIS	-	115,172,621
ABL Special Savings	CP2+(f)	PACRA	117,724,267	-
AL Habib Income Fund	AA(f)	VIS	100,055,093	-
Alfalah GHP Income Fund	A+(f)	PACRA	-	951,317
Alfalah GHP Money Market Fund	AA+(f)	PACRA	51,438,071	72,305,891
Alfalah GHP Sovereign Fund	AA-(f)	PACRA	100,101,725	-
Askari High Yield Scheme	A(f)	PACRA	-	53,165,658
Askari Sovereign Cash Fund	AA+(f)	VIS	-	8,825,267
Atlas Money Market Fund	AA+(f)	PACRA	102,148,457	114,079,170
Faysal Money Market Fund	AA(f)	PACRA	262,238	37,795,038
Faysal MTS Fund	AA-(f)	PACRA	-	218,111
First Habib Cash Fund	AA+(f)	VIS	-	22,440,302
HBL Financial Sector Income Fund	AA(f)	VIS	-	78,144,391
HBL Money Market Fund	AA+(f)	VIS	531,713	9,955,869
JS Cash Fund	AA+(f)	PACRA	53,277	9,650
Lakson Income Fund	A+(f)	VIS	43,855,478	-
Lakson Money Market Fund	AA+(f)	VIS	105,612,052	-
MCB Cash Management Optimizer Fund	AA+(f)	PACRA	86,119,069	82,863,602
Meezan Rozana Amdani Fund	AA+(f)	VIS	-	22,242,909
NBP Financial Sector Income Fund	A+(f)	PACRA	103,093,716	147,657,858
NBP Money Market Fund	AA(f)	PACRA	315,194	13,882,145
NIT Money Market Fund	AAA(f)	PACRA	103,139,785	19,647,659
UBL Government Securities Fund	A+(f)	VIS	150,136,405	305,683,297
UBL Income Opportunity Fund	AA-(f)	VIS	509,258,226	-
UBL Liquidity Plus Fund	AA+(f)	VIS	125,279,559	88,556,169
			1,699,124,325	1,193,596,924

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

The Company estimates the change in fair value of the Company's investment in mutual funds is not attributable to the changes in the credit risk of the related mutual funds.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The Company's finance department aims at maintaining flexibility in funding by keeping regular committed credit lines available. The management uses different methods which assists it in monitoring cash flow requirements and optimizing the return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains an unavailed lines of credit.

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.

	2023					
	Carrying amount	Contractual cash flows	within 1 year	1 to 2 years	2 to 5 years	More than 5 years
31 December 2023	-----Rupees-----					
Lease liabilities	528,560,365	676,557,267	197,327,913	225,014,554	191,652,430	32,562,370
Long-term Loan	714,112,381	1,131,683,352	224,932,197	296,760,657	608,036,279	1,954,219
Short-term borrowings	163,894,091	163,894,091	163,894,091	-	-	-
Trade and other payables	1,364,678,031	1,364,678,031	1,364,678,031	-	-	-
Unclaimed dividend	138,561,386	138,561,386	138,561,386	-	-	-
Unpaid dividend	111,299,848	111,299,848	111,299,848	-	-	-
	3,021,106,102	3,586,673,975	2,200,693,466	551,775,211	799,688,709	34,516,589

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	2022					
	Carrying amount	Contractual cash flows	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	27,400,902	4,478,939	4,382,866	12,576,029	5,963,068
Short-term borrowings	464,505,032	464,505,032	464,505,032	-	-	-
Trade and other payables	1,183,258,884	1,183,258,884	1,183,258,884	-	-	-
Unclaimed dividend	98,853,172	98,853,172	98,853,172	-	-	-
Unpaid dividend	63,474,580	63,474,580	63,474,580	-	-	-
	2,086,114,426	2,157,327,679	1,914,689,556	135,489,627	79,701,524	27,446,972

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts. The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

42.2 Financial instruments by categories

2023		
AT FVTPL	Amortized cost	Total

-----Rupees-----

Assets as per statement of financial position:

Long-term deposits	-	23,943,429	23,943,429
Advances	-	8,219,698	8,219,698
Loan to employees	-	56,230,067	56,230,067
Loan to subsidiary	-	10,000,000	10,000,000
Trade debts	-	2,120,418,793	2,120,418,793
Trade deposits	-	25,618,887	25,618,887
Other receivables	-	15,143,343	15,143,343
Cash and bank	-	204,337,732	204,337,732
Short-term Investments	1,699,124,325	469,669,677	2,168,794,002
	1,699,124,325	2,933,581,626	4,632,705,951

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	2022		
	AT FVTPL	Amortized cost	Total
	-----Rupees-----		
Assets as per statement of financial position:			
Long-term deposits	-	48,176,589	48,176,589
Advances	-	37,424,485	37,424,485
Loan to employees	-	32,774,328	32,774,328
Loan to subsidiary	-	10,000,000	10,000,000
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
Cash and bank	-	287,324,904	287,324,904
Short-term Investments	1,193,596,924	145,290,304	1,338,887,228
	1,193,596,924	1,951,468,602	3,145,065,526

	2023	2022
	Financial Liabilities at amortized cost	
	-----Rupees-----	
Liabilities as per statement of financial position:		
Lease liabilities	528,560,365	258,014,081
Long-term loan	714,112,381	18,008,677
Unclaimed dividend	138,561,386	98,853,172
Short-term borrowings	163,894,091	464,505,032
Trade and other payables	1,364,678,031	1,183,258,884
	2,909,806,254	2,022,639,846

43. CAPITAL RISK MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed.

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, arrange new lines of credit or sell assets to reduce debt.

Neither there were any changes in the Company's objectives, policies or processes to capital management during the year nor the Company is subject to externally imposed capital requirements.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital employed. It includes within net debt, interest bearing loans and borrowings, trade and other payables and accrued markup.

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

	2023 Rupees	2022 Rupees
Long-term loan	714,112,381	18,008,677
Lease liabilities	528,560,365	258,014,081
Trade and other payables	2,055,832,586	1,561,824,447
	3,298,505,332	1,837,847,205
Add: Short term borrowings	163,894,091	464,505,032
Less: Bank and term - deposits	(204,337,732)	(432,615,208)
Net debt	3,258,061,691	1,869,737,029
Share capital	529,833,630	418,840,820
Revaluation surplus on operating fixed assets	899,339,441	366,714,040
Revenue reserves	8,167,526,233	6,659,681,588
	9,596,699,304	7,445,236,448
Total capital employed	12,854,760,995	9,314,973,477
Gearing ratio	25%	20%

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

44. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2023		
	Long-term loan	Lease liabilities	Total
	-----Rupees-----		
Opening balance	18,008,677	258,014,081	276,022,758
Addition in leases	700,000,000	438,794,892	1,138,794,892
Cash flows - net	(3,896,296)	(221,514,816)	(225,411,112)
Finance cost	-	53,266,208	53,266,208
Closing balance	714,112,381	528,560,365	1,242,672,746

	2022		
	Long-term loan	Lease liabilities	Total
	-----Rupees-----		
Opening balance	164,758,957	149,505,355	314,264,312
Additions	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)
Closing balance	18,008,677	258,014,081	276,022,758

45. FAIR VALUE MEASUREMENT

45.1 Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the unconsolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the unconsolidated financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair value measurement using			
Quoted price in active market	Significant observable inputs	Significant unobservable inputs	Total
(Level 1)	(Level 2)	(Level 3)	

31 December 2023

-----Rupees-----

Short-term investment	1,699,124,325	-	-	1,699,124,325
Revalued Property, plant and equipment				
Land - freehold	-	654,495,000	-	654,495,000
Building on freehold land	-	-	265,029,000	265,029,000
Plant and machinery	-	-	892,361,000	892,361,000
Total	1,699,124,325	654,495,000	1,157,390,000	3,511,009,325

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	Fair value measurement using			
	Quoted price in active market	Significant observable inputs	Significant unobservable inputs	Total
	(Level 1)	(Level 2)	(Level 3)	
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	283,400,000	585,155,856	2,062,152,780

Movements of the above mentioned assets and surplus on revaluation of these assets have been disclosed in Note 17 and Note 7, respectively to these financial statements. There were no transfers between levels 1, 2 and 3 during the year and there were no changes in valuation techniques during the years.

45.2 Valuation techniques used to derive level 2 and level 3 fair values

The Company obtains independent valuations for its certain classes of property, plant and equipment (more particularly described below) at least every three years. At the end of each reporting period, the management updates its assessment of the fair value of each asset mentioned above, taking into account the most recent independent valuation. The management determines an asset's value within a range of reasonable fair value estimates. Level 2 fair value of land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per kanal. Level 3 fair value of building on freehold land has been determined using a depreciated replacement cost approach, whereby, current cost of construction of a similar building in a similar location has been adjusted using a suitable depreciation rate to arrive at present market value. Level 3 fair value of plant and machinery has been determined using a depreciated replacement cost approach, whereby, the current replacement cost of items of similar make/origin, capacity and level of technology has been adjusted using a suitable depreciation rate on account of normal wear and tear.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

Description	2023 Rupees	2022 Rupees	Significant unobservable inputs	Quantitative data / range and relationship to the fair value
Revalued Property plant and equipment				
Land - freehold	654,495,000	283,400,000	Cost of acquiring a new similar land considering price per kanal of immediate neighbourhood and neighbouring properties which have been recently purchased or sold.	Higher, the estimated cost of acquisition of similar land, higher the fair value.
Building on freehold land	265,029,000	204,770,536	Cost of construction of a new similar building. Suitable depreciation rate to arrive at depreciated replacement value.	The market value has been determined by using a suitable depreciation factor on cost of constructing a similar new building. Higher, the estimated cost of construction of a new building, higher the fair value. Further, higher the depreciation rate, the lower the fair value of the building.
Plant and machinery	892,361,000	380,385,320	Cost of acquisition of similar plant and machinery with similar level of technology. Suitable depreciation rate to arrive at depreciated replacement value.	The market value has been determined by using cost of acquisition of similar plant and machinery with similar level of technology and applying a suitable depreciation factor based on remaining useful lives of plant and machinery. The higher the cost of acquisition of similar plant and machinery, higher the fair value of plant and machinery. Further, higher the depreciation rate, the lower the fair value of plant and machinery.

45.3 Fair value of financial instruments

The carrying value of the Company's financial assets and liabilities measured at their amortized cost approximate their fair values, largely due to short term maturities of these instruments. The management assessed that fair value of loans and advances, short term deposits and investments, interest accrued, trade and other receivables, cash and bank balances, trade and other payables and accrued finance cost approximate their carrying amounts largely due to the short-term maturities of these instruments.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

46. BALANCES AND 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). Balances and transactions with related parties and associated company are as follows:

46.1 Transactions during the year:

Name of related party	Relationship	Nature of transaction	2023 Rupees	2022 Rupees
Curexa Health (Pvt) Ltd	Subsidiary (100% owned subsidiary)	Purchases	596,285,580	857,390,249
		Interest on loan to subsidiary	2,243,055	1,510,164
		Payments	608,624,930	839,286,883
Route 2 Health (Pvt) Ltd	Associate (Common directorship and share holder of 1.29% (2022:1.29%))	Purchases	559,943,451	1,040,945,208
		Payments	516,433,451	1,115,957,866
		Dividend paid	9,156,200	-
Pharmatec Investments Limited	Associate (Common directorship and share holder of 8.34% (2022:8.34%))	Dividend declared	69,822,020	63,474,580
		Dividend paid	21,996,752	-
Staff Provident Fund	Employee benefit fund	Contribution for the year	80,482,518	69,853,453
		Dividend paid	3,376,300	3,069,380
Workers' Profit Participation Fund	Employee benefit fund	Charge for the year	178,811,336	177,077,705
Employees' Welfare Trust	Employee benefit fund	Contribution for the year	4,084,934	4,059,914
		Dividend paid	1,331,652	1,210,594

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

46.2 Balance outstanding as at reporting date:

Name of related party	Relationship	Nature of transaction	2023 Rupees	2022 Rupees
Curexa Health (Pvt) Ltd	Subsidiary (100% owned subsidiary)	Other receivables	2,575,244	-
		Accrued markup receivables	609,720	342,809
		Trade and other payables	-	31,291,851
		Loan	10,000,000	10,000,000
Route 2 Health (Pvt) Ltd	Associate (Common directorship)	Other receivables	-	3,510,513
		Advances, trade deposits and prepayments	-	43,510,000
Pharmatec Investments Limited	Associate (Common directorship)	Un Paid Dividend	111,299,848	63,474,580
Staff Provident Fund	Employee benefit fund	Trade and other payables	10,923,284	-
Workers' Profit Participation Fund	Employee benefit fund	Trade and other payables	178,811,337	(8,534,371)

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

47. NUMBER OF EMPLOYEES

	2023	2022
Number of employees at the end of the year	2,295	2,382
Average number of employees during the year	2,339	2,349

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:

From	To	Rupees
Cash and bank balances	Short-term investments	145,290,304
Long term advances	Trade and other payables	58,075,668

These reclassifications did not have any impact on amounts presented in the statement of financial position, as of 1 January 2022, accordingly, no third statement of financial position has been presented.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

49. PLANT CAPACITY AND PRODUCTION

Annual production	2023 Million units	2022 Million units
Packs solids	68.58	70.06
Packs liquids	16.79	17.97
Packs drops	6.69	10.88
Packs suspension	6.63	4.40
Packs devices	0.56	0.58
Packs sachets	0.37	0.43
Packs cream	0.05	0.07
Total units	99.67	104.39

The production capacity of the Company's plants is indeterminable as these are multi-product plants involving varying processes of manufacture. The Company's production was according to market demand.

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 in its meeting held on 28 March 2024 has proposed cash dividend at the rate of Rs. 30 (2022: Rs. 20) per share for the year ended 31 December 2023, subject to the approval of shareholders in the Annual General Meeting scheduled for 29 April 2024. 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 28 March 2024.



Dr. Adeel Abbas Haideri
Chief Executive Officer



Taufiq Ahmed Khan
Director



Ashfaq P. Alidina
Chief Financial Officer

A close-up photograph of a person's hand with manicured nails using a white calculator on a desk. The desk is cluttered with several stacks of gold coins, a blue pen, and some papers. The background is blurred, showing what appears to be a computer monitor and other office equipment. An orange semi-transparent box is overlaid on the right side of the image, containing white text.

Consolidated Financial Statements

Highnoon Laboratories Limited
and its subsidiary

Curexa Health (Private) Limited
for the year ended 31 December 2023

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 31,2023 and a review report on overall Group performance. The Directors' Report on Group performance mainly focuses on the subsidiary's financial performance and its operational initiatives from the Group's perspective. The contents of the Directors' report and Chairman's review on the performance and financial position of the holding Company, as applicable, form part of this report.

	2023	2022
Key Financial Highlights	(Rupees in Millions)	
Profit before tax	3,359	3,445
Tax	912	972
Profit after tax	2,447	2,473
Earning Per Share	46.20	46.67

EARNINGS PER SHARE

Based on the Consolidated audited financial statements of the Group for the year ended December 31,2023 basic & diluted earnings per share is Rupees 46.20 (2021: Rs. 46.67 restated) .

THE SUBSIDIARY'S OPERATIONS AND GROUP PERSPECTIVE

The Subsidiary operates a Cephalosporin Plant and currently produces Ceph related products for its Holding Company. As per IQVIA , our subsidiary Company's flagship brand Ceftro & CEFIA achieved highest sales revenue of Rs. 667 million & Rs. 431.7 million respectively registering a growth of 7%.

OPERATIONAL EXCELLENCE

We're proud to announce the successful completion of several infrastructure improvement projects aimed at enhancing quality and compliance standards within our operations. Furthermore, as part of our commitment to environmental sustainability, we have established an effluent water treatment plant to decontaminate consumed water.

WAY FORWARD

We extend our heartfelt gratitude for your continued patronage and trust in Highnoon Laboratories Limited. Our commitment to quality and innovation has fueled our brand's reputation, leading to faster-than-market sales growth and a prosperous outlook for the Group.

In line with our long-term strategy, we are dedicated to becoming a quality-conscious pharma producer in both national and international markets. To achieve this, we are pursuing accreditation from a globally recognized regulatory body, opening new avenues for international business.

We sincerely thank our employees for their unwavering dedication, driving progress in the right direction. Together, we look forward to continued success and growth.

For and on behalf of the Board



Dr. Adeel Abbas Haideri
Chief Executive Officer

Lahore: March 28, 2024



Taufiq Ahmed Khan
Director

منجانب بورڈ آف ڈائریکٹرز



توفیق احمد خان
ڈائریکٹر



ڈاکٹر عدیل عباس حیدری
چیف ایگزیکٹو آفیسر

28 مارچ 2023

لاہور

گروپ ڈائریکٹرز 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 2023 اور گروپ کی مجموعی کارکردگی پر اپنی جائزہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہا ہے۔ گروپ کی کارکردگی پر ڈائریکٹرز رپورٹ کا بنیادی مقصد گروپ کے تناظر میں ذیلی کمپنی کی مالیاتی کارکردگی اور اسکے کاروباری امور کا جائزہ لینا ہے۔ ہولڈنگ کمپنی کی کارکردگی اور مالی حالت پر پیش کی گئی ڈائریکٹرز رپورٹ اور چیز بین کا جائزہ، جیسا کہ قابل اطلاق ہو، اس رپورٹ کا حصہ ہے۔

مالی کارکردگی کا جائزہ

مجموعی		
2023	2022	
'000' روپے ملین		
3,359	3,445	قبل از ٹیکس خالص منافع
912	972	ٹیکس
2,447	2,473	بعد از ٹیکس خالص منافع
46.20	45.67	فی شیئر آمدنی

فی شیئر آمدنی

گروپ کے پڑتال شدہ مجموعی حسابات کی بنیاد پر فی حصص آمدنی برائے مالی سال اختتام 31 دسمبر 2023 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 لوسپورن پلانٹ چلاتا ہے اور فی الحال اپنی ہولڈنگ کمپنی کے لیے سیفا لوسپورن سے متعلقہ ادویات تیار کرتا ہے۔ IQVIA کے مطابق ہماری ذیلی کمپنی کے معروف برانڈ Ceftra اور CEFA نے بلند ترین فروخت 667 ملین اور روپے 431.7 ملین بالترتیب حاصل کی اور 7 فیصد نمو کا مظاہرہ کیا۔

پیداواری امور میں بہتری

ہمیں اپنے آپریشنز کے اندر معیار اور قواعد و ضوابط کی تعمیل کے معیار کو بہتر بنانے کی غرض سے بنیادی ڈھانچے کی بہتری کے کئی منصوبوں کی کامیابی سے تکمیل کا اعلان کرتے ہوئے فخر محسوس ہو رہا ہے۔ مزید برآں، ماحولیاتی آلودگی میں کمی کے ہمارے عزم کے طور پر، ہم نے استعمال شدہ پانی کو آلودگی سے پاک کرنے کے لیے ایک ڈائریکٹریٹمنٹ پلانٹ قائم نصب کیا ہے۔

مستقبل پر ایک نظر

ہم ہائی نون لیبارٹریز لمیٹڈ میں آپ کی مسلسل سرپرستی اور اعتماد کے لیے تہہ دل سے شکر گزار ہیں۔ معیار اور جدت کے تئیں ہمارے عزم سے ہمارے برانڈ کی ساکھ کو تقویت دی ہے، جس کی وجہ سے مارکیٹ کی نمو کی نسبت کمپنی کی فروخت میں تیزی سے اضافہ ہوا ہے اور گروپ کے لیے ایک خوشحالی کی نوید 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 اسٹراڈارے کے طور پر اپنی ساکھ بنانے کا خواہاں ہے۔ ایک شرط کے طور پر، کمپنی عالمی سطح پر تسلیم شدہ ریگولیشنز اور ادارے سے ایگریڈیشن حاصل کرنے کے لیے ایک جامع منصوبے پر عمل پیرا ہے جس سے بہت سے بین الاقوامی کاروباری مواقع کھلیں گے۔

ہم تمام ملازمین کا درست سمت میں پیش رفت کرنے کے لیے پوری لگن کے لیے تہہ دل سے شکر یہ ادا کرنا چاہیں گے۔ ایک ساتھ، ہم مسلسل کامیابی اور ترقی کے لئے پرعزم ہیں۔

INDEPENDENT AUDITOR'S REPORT

To the members of Highnoon Laboratories Limited

Report on the Audit of the Consolidated Financial Statements for the year ended 31 December 2023

Opinion

We have audited the annexed consolidated financial statements of Highnoon Laboratories Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

Key Audit Matters	How the matter was addressed in our audit
Revenue from contracts with customers	
<p>As disclosed in note 3.7 to the accompanying financial statements, revenue from sale of goods is recognized when the control of goods is transferred which generally coincides with the delivery of goods. For the year ended on 31 December 2023, the Group has recorded total net revenue from contracts with customers amounting to Rs. 19,809 million as compared to Rs. 15,816 million during the previous year, which represents an increase of approximately 23% as compared to previous year (refer to Note 31).</p> <p>When identifying and assessing the risk relating to revenue recognition, our focus was whether the revenue recorded by the management actually occurred during the year and were properly recorded in the correct accounting period.</p> <p>Considering the aforementioned reasons together with growth in revenue during the year, we have identified this area as a key audit matter.</p>	<p>We performed a range of audit procedures with respect to revenue from customers which included, amongst others:</p> <ul style="list-style-type: none"> • Obtained an understanding of the process relating to revenue recognition from contract with customers and testing the design, implementation, and operating effectiveness of internal controls. • Obtained an understanding of pricing mechanism of Drug Regulatory Authority of Pakistan (DRAP) and tested, on sample basis, selling prices of regulated pharmaceutical products to ensure compliance with the pricing policies of DRAP. • Reviewed contracts with customer to obtain an understanding of terms particularly relating to timing and transfer of control of the products and assessed the appropriateness of revenue recognition policies and practices followed by the Group. • Performed substantive audit procedures including analytical procedures and test of details over revenue transactions along with review of related supporting documents, including dispatch/deliver related documents, bill and hold requests and customer acknowledgement, on test basis. • Performed cut-off procedures to ensure that the revenue is recognized in the correct accounting period. • Performed journal entry testing using a risk-based criterion, on a sample basis, relating to revenue transactions recorded by the Group and reviewed underlying documentation and business rationale of such journal entries. • Assessing the adequacy of related disclosure made in the consolidated financial statements in accordance with the applicable financial reporting standards and Companies Act, 2017.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If,

based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 (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.

The Board of directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Omer Chughtai.



EY Ford Rhodes
Chartered Accountants
Lahore: 08 April 2024
UDIN: AR202310120o3DyGp4zE

Consolidated Statement of Financial Position As at 31 December 2023

	Note	2023 Rupees	2022 Rupees
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorized share capital			
100,000,000 (2022: 50,000,000) Ordinary shares of Rs. 10 each	6	1,000,000,000	500,000,000
Issued, subscribed and paid up share capital	6	529,833,630	418,840,820
Capital reserve			
Surplus on revaluation of property, plant and equipment - net of tax	7	1,125,838,302	410,144,816
Revenue reserves			
Accumulated profit		8,379,976,617	6,826,126,631
Total Equity		10,035,648,549	7,655,112,267
LIABILITIES			
Non-current liabilities			
Lease liabilities	8	255,016,794	183,933,646
Long-term loan - secured	9	647,716,085	15,439,012
Deferred tax liabilities	22	202,057,707	-
Deferred liabilities	10	528,770,871	530,660,193
		1,633,561,457	730,032,851
Current liabilities			
Trade and other payables	11	2,138,233,859	1,621,208,610
Contract liabilities	12	83,478,528	72,263,670
Unclaimed dividend		138,561,386	98,853,172
Unpaid dividend	13	111,299,848	63,474,580
Current portion of long-term liabilities	14	342,116,387	79,288,848
Short term borrowings	15	260,374,319	511,804,639
Provision for taxation - net		-	124,621,903
		3,074,064,327	2,571,515,422
Total Liabilities		4,707,625,784	3,301,548,273
TOTAL EQUITY AND LIABILITIES		14,743,274,333	10,956,660,540

CONTINGENCIES AND COMMITMENTS

16

The annexed notes from 1 to 51 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 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	17	4,083,565,054	2,398,097,809
Intangible assets	18	32,285,579	35,835,396
Goodwill	19	834,230	834,230
Long-term deposits	20	24,143,429	48,376,589
Loan to employees	21	57,243,399	34,659,421
Deferred tax assets	22	-	4,894,894
		4,198,071,691	2,522,698,339
Current assets			
Inventories	23	4,945,663,244	4,011,067,566
Trade receivables	24	2,167,183,163	1,330,336,964
Advances, trade deposits and prepayments	25	595,157,903	977,567,051
Other receivables	26	12,233,863	25,690,879
Short-term investments	27	2,168,794,002	1,338,887,228
Tax refunds due from the Government	28	443,617,881	463,007,544
Cash and bank balances	29	212,552,586	287,404,969
		10,545,202,642	8,433,962,201
TOTAL ASSETS		14,743,274,333	10,956,660,540



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 2023

	Note	2023 Rupees	2022 Rupees
Revenue from contracts with customers-net	30	19,766,263,226	15,815,936,998
Cost of sales	31	(10,368,104,062)	(7,625,495,396)
Gross profit		9,398,159,164	8,190,441,602
Distribution, selling and promotional expenses	32	(4,945,905,242)	(3,988,456,129)
Administrative and general expenses	33	(773,700,852)	(660,911,791)
Research and development expenses	34	(15,020,445)	(10,631,228)
Other operating expenses	35	(344,914,559)	(329,449,155)
		(6,079,541,098)	(4,989,448,303)
Operating profit		3,318,618,066	3,200,993,299
Other income	36	194,529,704	304,874,428
Finance costs	37	(153,860,484)	(60,719,835)
Profit before taxation		3,359,287,286	3,445,147,892
Taxation	38	(911,611,119)	(972,457,491)
Profit for the year		2,447,676,167	2,472,690,401
			Restated
Earnings per share - basic and diluted	39	46.20	46.67

The annexed notes from 1 to 51 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 2023

	Note	2023 Rupees	2022 Rupees
Profit for the year		2,447,676,167	2,472,690,401
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Revaluation surplus on property, plant and equipment		902,241,178	-
Related deferred tax on revaluation surplus		(168,006,328)	-
Effect of deferred tax due to change in effective tax rate		(7,163,751)	(5,011,923)
		727,071,099	(5,011,923)
Remeasurement gain on gratuity - net	10.2.3	68,944,791	46,524,657
Related deferred tax		(25,474,135)	(14,542,491)
		43,470,656	31,982,166
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		-	-
Total other comprehensive income for the year		770,541,755	26,970,243
Total comprehensive income for the year		3,218,217,922	2,499,660,644

The annexed notes from 1 to 51 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 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,359,287,286	3,445,147,892
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of operating fixed assets	17.1.2	266,072,951	215,833,909
Amortization of intangible assets	18.2	8,044,797	2,171,986
Provision for Workers' Profit Participation Fund	35	181,856,568	182,157,250
Provision for defined benefit obligation	10.2.2	104,740,675	93,896,172
Provision for slow moving and obsolete stocks	23.1	93,270,403	39,146,215
Provision for Worker's Welfare Fund	35	64,789,699	72,723,462
Finance cost	37	153,853,857	62,229,999
Provision for Central Research Fund	35	38,951,668	36,441,712
Allowance for expected credit loss	36	(29,712,961)	29,712,961
Deferred income	36	(1,315,460)	(3,565,756)
Liabilities written back	36	(10,048,111)	(37,171,978)
Exchange loss		42,208,950	6,474,628
Gain on disposal of operating fixed assets	36	(13,824,141)	(18,168,975)
Un-realized gain on remeasurement of short-term investments	27.1	(21,961,479)	(10,186,623)
Return on deposits	36	(21,011,724)	(15,126,064)
Dividend Income on short-term investment		(77,310,177)	(218,626,676)
		778,605,515	43,794,222
Profit before working capital changes		4,137,892,801	3,883,090,114

Consolidated Statement of Cash Flow

For The Year Ended 31 December 2023

	Note	2023 Rupees	2022 Rupees
Working capital changes:			
(Increase) / decrease in current assets:			
Inventories		(1,027,866,082)	(1,599,788,872)
Trade debtors		(846,612,655)	(693,091,430)
Advances, trade deposits and prepayments		384,984,392	(598,861,917)
Other receivables		19,138,438	(4,837,704)
Tax refund due from the Government		78,300,900	(427,331,957)
(Decrease) / increase in current liabilities:			
Trade and other payables		249,984,990	350,361,426
Contract liabilities		12,343,686	39,014,835
		(1,129,726,331)	(2,934,535,619)
Cash generated from operations		3,008,166,470	948,554,495
Income tax paid		(1,089,273,542)	(1,043,485,439)
Gratuity paid		(36,831,974)	(78,101,033)
Finance cost paid		(152,990,785)	(33,223,530)
Workers' Profit Participation Fund paid		2,577,479	(169,344,026)
Central Research Fund paid		(37,316,458)	(26,334,548)
Net cash flows generated from / (used in) operating activities	A	1,694,331,190	(401,934,081)
Balance carried forward		1,694,331,190	(401,934,081)

Consolidated Statement of Cash Flow

For The Year Ended 31 December 2023

	Note	2023 Rupees	2022 Rupees
Balance brought forward		1,694,331,190	(401,934,081)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(787,602,405)	(834,600,112)
Purchase of intangibles		(4,494,980)	(16,382,500)
Additions in long-term advances		(22,583,980)	3,435,213
Long-term deposits - net		24,233,160	(36,733,160)
Short-term investments made during the year		(807,945,295)	731,039,588
Return on deposits		21,011,724	15,126,064
Dividend income received during the year		77,310,177	218,626,676
Proceeds from disposal of operating fixed assets	17.1.5	191,025,794	214,226,528
Net cash flows (used in) / generated from investing activities	B	(1,309,045,805)	294,738,297
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(168,248,340)	(70,359,454)
Repayment of long-term loan		(3,896,296)	(184,867,086)
Long-term loan received		700,000,000	26,300,000
Long term advances (payable) - net		-	(120,553)
Dividend paid during the year		(750,148,158)	(663,537,775)
Net cash flows used in financing activities	C	(222,292,794)	(892,584,868)
Net foreign exchange difference		13,585,346	4,939,291
Net decrease in cash and cash equivalents	(A+B+C)	176,577,937	(994,841,361)
Cash and cash equivalents at beginning of the year		(224,399,670)	770,441,691
Cash and cash equivalents at end of the year	29.2	(47,821,733)	(224,399,670)

The annexed notes from 1 to 51 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 2023

	Share capital	Capital Reserves	Revenue reserves			Total
		Revaluation Surplus on operating fixed assets - net of deferred tax	General reserve	Accumulated profit	Sub total	
----- Rupees -----						
Balance as at 01 January 2022	380,764,390	436,249,408	114,000,000	4,985,966,603	5,099,966,603	5,916,980,401
Transaction with owners, recorded directly in equity						
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 ended 31 December 2022						
Profit for the year	-	-	-	2,472,690,401	2,472,690,401	2,472,690,401
Other comprehensive income for the year	-	(5,011,923)	-	31,982,166	31,982,166	26,970,243
	-	(5,011,923)	-	2,504,672,567	2,504,672,567	2,499,660,644
Surplus transferred to accumulated profit						
On account of incremental depreciation relating to surplus on revaluation - net of tax						
	-	(12,212,378)	-	12,212,378	12,212,378	-
On account of disposal of operating fixed assets - 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
Transaction with owners, recorded directly in equity						
Issuance of bonus shares @ 10%	41,884,080	-	-	(41,884,080)	(41,884,080)	-
Issuance of bonus shares @ 15%	69,108,730	-	-	(69,108,730)	(69,108,730)	-
Final dividend @ Rs. 20 per share for the year ended 31 December 2022	-	-	-	(837,681,640)	(837,681,640)	(837,681,640)
Total comprehensive income for the year ended 31 December 2023						
Profit for the year	-	-	-	2,447,676,167	2,447,676,167	2,447,676,167
Other comprehensive income for the year	-	727,071,099	-	43,470,656	43,470,656	770,541,755
	-	727,071,099	-	2,491,146,823	2,491,146,823	3,218,217,922
Surplus transferred to accumulated profit						
On account of incremental depreciation relating to surplus on revaluation - net of tax						
	-	(10,192,404)	-	10,192,404	10,192,404	-
On account of disposal of operating fixed assets - net of tax						
	-	(1,185,209)	-	1,185,209	1,185,209	-
Balance as at 31 December 2023	529,833,630	1,125,838,302	114,000,000	8,265,976,617	8,379,976,617	10,035,648,549

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.



Dr. Adeel Abbas Haideri
Chief Executive Officer



Taufiq Ahmed Khan
Director



Ashfaq P. Alidina
Chief Financial Officer

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

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 Ordinance, 1984 (repealed with the enactment of 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
Subsidiary registered office / Manufacturing facility	Lahore	517- Sundar Industrial Estate, Raiwind, Lahore
Corporate Office	Lahore	Office# 901 Tricon Corporate Centre, Jail Road, Lahore.
Sales Office	Karachi	202 Anam Empire, Block 7/8 KCHS, Shahrah e Faisal, Karachi
Sales Office	Lahore	14-G, Block L, Gulberg - III, Lahore
Sales Office	Rawalpindi	132 Hali Road, Westridge - I, Peshawar Road, Rawalpindi

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 Institute of Chartered Accountants of Pakistan;
- Provision and directives issued under the Act.

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

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

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 17 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.

2.3 Basis of consolidation

The Group's consolidated financial statements include the financial statement of the Holding Company 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 Company and its Subsidiary are prepared up to the same reporting date using consistent accounting policies. Identifiable assets acquired and liabilities assumed in the acquisition are measured initially at their fair value at the date of acquisition.

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

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

2.4 Non Controlling interest

The Group applies a policy of treating transactions with non-controlling interests as transaction with parties external to the Group. Disposals of non-controlling interests results in gain or loss for the Group that are recorded in the consolidated statement of profit or loss. As at reporting date, the Group does not have any non controlling interest.

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. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these consolidated financial statements are consistently applied for all periods presented in these financial statements:

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

3.1 Leases

Group as lessee

The Group enters into lease arrangements principally in respect of plant and machinery, space for its operations and vehicles. The Group assesses at contract inception whether a contract is, or contains, a lease.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. Refer note 8 to these financial statements for disclosure of lease liability.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. 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. 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 that affects its ability to exercise or not to exercise the option to renew or to terminate. The Group has used its incremental borrowing rate as the discount rate for leases where rate is not readily available.

The Group has elected to apply the practical expedient not to recognise right-of-use asset and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight-line basis over the lease term.

3.2 Provisions and contingencies

Provisions are recognized in the statement of financial position when the Group has a legal or constructive obligation as a result of past events and it is probable that outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions have been reviewed at reporting date and adjusted to reflect current best estimate. Where the outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

3.3 Staff retirement benefits

Defined benefit plan

The Holding 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 2023 using the project unit credit method.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

The Holding Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. The latest valuation was carried out on 31 December 2023.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognized immediately in other comprehensive income. The Holding Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan are recognized in the statement of profit or loss. Past service costs are immediately recognized in statement of profit or loss.

3.4 Property, plant and equipment

Operating fixed assets

Property, plant and equipment except for freehold land, buildings on freehold land and plant and machinery are stated at cost less accumulated depreciation and identified impairment loss. Freehold land is stated at revalued amount carried out by independent valuers by reference to its current market price (less any identified impairment loss). Buildings on freehold land and plant and machinery are stated at revalued amount carried out by independent valuers by reference to current market price less accumulated depreciation (and any identified impairment loss). Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs. Revaluation is carried out every three years or earlier as necessitated.

Surplus on revaluation has been recognized by restating gross carrying amounts of respective assets being revalued, proportionately to the change in their carrying amounts due to revaluation. The accumulated depreciation at the date of revaluation was also adjusted to equal difference between gross carrying amounts and the carrying amounts of the assets after taking into account accumulated impairment losses.

Increase in the carrying amount arising on revaluation of property, plant and equipment has been recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss, and depreciation based on the asset's original cost is transferred to retained earnings. Upon disposal, revaluation reserve relating to the particular assets being sold has been transferred to retained earnings. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred tax.

Depreciation on all property, plant and equipment, except freehold land is charged to statement of profit or loss on the reducing balance method so as to write-off the depreciable amount of an asset over its remaining estimated useful life after taking into account the impact of their residual value, if considered significant. The assets' residual values and useful lives have been reviewed at financial year end.

3.5 Stock in trade

Stock of raw and packing materials, work-in-process and finished goods, except for those in transit, have been valued by the Group principally at the lower of cost and net realizable value. Cost in relation to raw and packing materials has been measured at moving average cost. Work-in-process and

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

finished goods have been measured by the Group at weighted average cost and cost comprises direct materials, labour and appropriate proportion of manufacturing overheads.

Stock in transit have been stated at invoice value plus other charges incurred thereon up to the reporting date.

3.6 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, balances at banks, short term investments and outstanding balance of short term running finances.

3.7 Revenue from contracts with customers

The Group is in the business of providing (a) pharmaceutical products and (b) toll manufacturing services for pharmaceutical products to other pharmaceutical sector companies. Revenue from contracts with customers is recognised when control of the goods is transferred which generally coincides with the delivery of the goods to the customer for local sales at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. 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. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer (if any).

Bill and hold arrangement

Bill and hold arrangements are those in which the Group bills customer for a product that it retains physical possession of until it is shipped to the customer. This means that, although the customer has been billed, delivery is postponed at the request of the customer. In accordance with applicable accounting and financial reporting framework, the Group has recognized revenue from its bill and hold arrangements upon fulfilment of all of the following criteria:

- The reason for the bill and hold arrangement is substantive. This means that it has a practical necessity, such as the customer's lack of available space for the product or the customer's request for delayed delivery.
- The Product is identified separately as belonging to The customer.
- The product currently is ready for physical transfer to the customer.
- The entity cannot use the product or direct it to another customer.

Accordingly, the Group's customer have taken control of the product, even as the Group has retained physical possession.

Toll manufacturing

There are contracts with customers to manufacture, on their behalf, the pharmaceutical products using raw material provided by the customer. The performance obligation is satisfied upon receipt of the finished goods by the customer and payment is generally due within 45 days from delivery.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

No significant financing component exist for these contracts. The Group concluded that it transfers control over its toll manufacturing services at a point in time, upon receipt of the product by the customer, because this is when the customer benefits from the Group's toll manufacturing services

Refund liabilities and right to return

The Group's refund liabilities arise from customers' right of return. 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 uses the expected value method to estimate the goods that will be returned because this method best predicts the amount of consideration to which the Group will not be entitled. The Group updates its estimates of refund liabilities at the end reporting period. In general, the contracts for sales of goods provides a customer with a right to return near expiry products. 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.

3.8 Taxation

Income tax expense comprises current and deferred tax. The Group recognizes income and deferred tax in accordance with the requirements of IAS 12 "Income Taxes".

Provision for current tax is based on the taxable income for the year computed in accordance with tax laws in Pakistan, using tax rates enacted or substantively enacted at the reporting date and any adjustments to the tax payable in respect of previous years. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. Deferred tax assets and liabilities are recognised on all taxable / deductible temporary differences as of the reporting date.

In making the estimates for current and deferred taxes, the management looks at the income tax law and the decisions of appellate authorities on certain issues in the past. There are certain matters where the Group's view differs with the view taken by the income tax department and such amounts are shown as contingent liability.

3.9 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. SIGNIFICANT ESTIMATES AND JUDGMENTS AND OTHER ACCOUNTING POLICY INFORMATION

4.1 Significant estimates and judgements

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

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

period, or in the period of revision and future periods if the revision affects both current and future periods.

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

	Notes
- Leases	8 & 3.1
- Staff retirement benefits	10.2 & 3.3
- Expected credit loss	24.1 & 4.2.1.5
- Taxation	38 & 3.8
- Valuation of stock in trade	23 & 3.5
- Revaluation of property, plant and equipment	7 & 3.4
- Estimation of provisions	11 & 3.5
- Refund liability	30 & 3.7 & 11

4.2 Other accounting policy information

4.2.1 Financial instruments

All financial assets and financial liabilities of the Group have been initially recognized when the Group became a party to the contractual provisions of the instruments.

4.2.1.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in Note 30 Revenue from contracts with customers.

4.2.1.2 Classification and subsequent measurement

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group's financial assets are measured subsequently at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

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

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Any gain or loss on derecognition is recognized in statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, short term loans, security deposits, trade and other receivables and short term investments (i.e. Term deposit receipts).

Financial assets – Business model assessment

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

The Group has classified all of its financial liabilities at initial recognition, as loans and borrowings and payables, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities comprise of trade and other payables, long term and short term borrowings and accrued markup.

4.2.1.3 Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

Financial liabilities

Financial liability have been derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

4.2.1.4 Offsetting of financial instruments

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

4.2.1.5 Impairment

Financial assets

The Group recognizes expected credit loss on financial assets measured at amortized cost. The Group measures loss allowances at an amount equal to lifetime ECLs. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non - financial assets

The carrying amount of the Group's non-financial assets, other than inventories and deferred tax assets are 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. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

4.2.2 Dividend

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

4.2.3 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.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

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.

4.2.4 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.

4.2.5 Foreign currency translation

Transactions denominated in foreign currencies are recorded in Pakistani Rupees at the foreign currency rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange approximating those at the reporting date. Exchange differences are taken to the statement of profit or loss.

4.2.6 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.

5. AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

5.1 Standards, interpretations and amendments to published approved accounting standards

The accounting policies adopted are consistent with those of the previous financial period, except for the following new and amended standards and interpretations effective for annual period beginning on 01 January 2023, as listed below:

5.1.1 New Standards, Interpretations and Amendments effective in the reporting period

IAS 8	Definition of accounting estimates - (Amendments)
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies - (Amendments)
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction - (Amendments)
IAS 12	International Tax Reform – Pillar Two Model Rules - (Amendments)

The above amendments had no impact on the Group's consolidated financial statements, except for amendments in IAS 1, which have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

5.1.2 Standards, interpretations and amendments to 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 or Interpretation	Effective date: (Annual periods beginning on or after)
IFRS 16	Lease Liability in a Sale and Leaseback — (Amendments)	01 January 2024
IAS 1	Classification of liabilities as current or non-current — (Amendments)	01 January 2024
IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements — (Amendments)	01 January 2024
IAS 21	Lack of exchangeability	01 January 2025
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its associate or Joint Venture — (Amendments)	Not yet finalized

The above amendments are not expected to have any material impact on the Group's financial statements in the period of initial application.

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Further, 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	IASB Effective date (annual periods beginning on or after)
IFRS 1	First Time Adoption of IFRS	01 January 2004
IFRS 17	Insurance Contracts	01 January 2023

The Group expects that above mentioned standards will not have any material impact on the Group's financial statements in the period of initial application.

6. SHARE CAPITAL

- 6.1 During 2023, the authorised share capital was increased by Rs. 50,000,000 by the issue of 5,000,000 ordinary shares of Rs. 10 each.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

		2023	2022
6.2	Issued, subscribed and paid up share capital	Rupees	Rupees
	5,905,000 (2022: 5,905,000) ordinary shares of Rs. 10 each fully paid in cash	59,050,000	59,050,000
	95,000 (2022: 95,000) ordinary shares of Rs.10 each issued for consideration other than cash	6.3 950,000	950,000
	46,983,363 (2022: 35,884,082) ordinary shares of Rs. 10 each issued as bonus shares	469,833,630	358,840,820
		6.4 529,833,630	418,840,820

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

6.4 Reconciliation of issued share capital:

	2023	2022	2023	2022
	Number	Number	Rupees	Rupees
Issued, subscribed and paid-up shares of Rs. 10 each as at 01 January	5,000,000	5,000,000	50,000,000	50,000,000
Issued, subscribed and paid-up shares of Rs. 10 each as at 31 December	5,000,000	5,000,000	50,000,000	50,000,000
Bonus shared of Rs. 10 each as at 01 January	36,884,082	33,076,439	368,840,820	330,764,390
Issuance of bonus shares of Rs. 10 each	11,099,281	3,807,643	110,992,810	38,076,430
Bonus shared of Rs. 10 each as at 30 December	47,983,363	36,884,082	479,833,630	368,840,820
Issued shares capital as at 31 December	52,983,363	41,884,082	529,833,630	418,840,820

6.5 All ordinary shares rank equally with regard to the Group's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Group. The shareholders of the Group do not have any agreements for voting rights, board selection, rights of first refusal, and block voting.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	2023	2022
	Rupees	Rupees
7. REVALUATION SURPLUS ON OPERATING FIXED ASSETS		
Opening balance of gross surplus on revaluation of fixed assets	459,875,058	488,342,543
Addition during the year	902,241,178	-
Surplus on revaluation of operating fixed assets relating to disposal of plant and machinery - transferred to unappropriated profits	(1,634,068)	(10,771,089)
Incremental depreciation relating to surplus on revaluation of fixed assets - transferred to unappropriated profits	(15,926,757)	(17,696,395)
	1,344,555,411	459,875,059
Less related deferred tax liability on:		
Balance at the beginning of the year	49,730,242	52,093,135
Related deferred tax on additions during the year	168,006,328	-
Effect of deferred tax due to change in effective tax rate	7,163,751	5,011,923
Surplus on revaluation of operating fixed assets relating to disposal of plant and machinery - transferred to unappropriated profits	(448,859)	(1,890,798)
Incremental depreciation relating to surplus on revaluation of operating fixed assets - transferred to unappropriated profits	(5,734,353)	(5,484,017)
	218,717,109	49,730,243
Closing balance of surplus on revaluation of fixed assets	1,125,838,302	410,144,816

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 2023 by M/S Surval (Valuer on the approved list of Pakistan Banking Association) which resulted in a surplus of Rs. 902 million. The surplus on revaluation of property, plant and equipment is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017. For details of related fair value determination, refer to Note 44.2 of these financial statements.

		2023	2022
	Note	Rupees	Rupees
8. LEASE LIABILITIES			
Present value of lease payments		528,560,365	258,014,081
Less: Current portion shown under current liabilities	14	(273,543,571)	(74,080,435)
		255,016,794	183,933,646

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

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

	2023			
	Rupees			
	Building	Vehicles	Plant and Machinery	Total
As at 1 January	124,841,368	41,497,713	91,675,000	258,014,081
Additions	90,267,333	235,895,465	112,632,094	438,794,892
Accretion of interest	13,193,742	29,770,022	10,302,444	53,266,208
Payments	(45,748,898)	(73,788,474)	(101,977,444)	(221,514,816)
As at 31 December	182,553,545	233,374,726	112,632,094	528,560,365

	2022			
	Rupees			
	Building	Vehicles	Plant and Machinery	Total
As at 1 January	149,505,355	-	-	149,505,355
Additions	-	60,293,600	91,675,000	151,968,600
Accretion of interest	16,925,920	9,973,660	-	26,899,580
Payments	(41,589,907)	(28,769,547)	-	(70,359,454)
As at 31 December	124,841,368	41,497,713	91,675,000	258,014,081

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	2023	2022
	Rupees	Rupees
8.1 Maturity analysis of lease liabilities:		
Within one year	197,327,913	100,118,949
After one year but not more than five years	446,666,984	198,232,256
More than five years	32,562,370	21,483,904
Finance Cost	(147,996,902)	(61,821,028)
Total lease liabilities	528,560,365	258,014,081
8.2 Salient features of the leases are as follows:		
- Discounting factor	8.94%-23.65%	8.94%-17.75%
- Lease term	24 to 120 Months	24 to 120 Months
8.3 Amount recognised in statement of profit or loss		
Interest expense on lease liabilities	53,266,208	26,899,580
Expenses related to short term leases	41,037,823	43,138,592
Total amount recognised in statement of profit or loss	94,304,031	70,038,172

8.3.1 The Group does not have any low value leases.

8.4 Cash outflow for leases

The Group had total cashflows for leases for Rs. 221.51 million in 2023 (2022: Rs. 70.36 million). The Group also had non-cash additions to right of use assets and lease liabilities of Rs. 438.79 million in 2023 (2022: Rs. 151.97 million). Further at the commencement of these leases the Group has paid Rs. 29.70 million (2022: Rs. 111.39) in advance, which has been included within right of use assets in Note 17.1.

		2023	2022
	Note	Rupees	Rupees
9. LONG-TERM LOAN - SECURED			
Long-term loan	9.1	714,112,381	18,008,677
Less: Current portion of Long-term loan	14	(66,396,296)	(2,569,665)
		647,716,085	15,439,012

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

			2023	2022
9.1	The movement of long-term loan is as follows:	Note	Rupees	Rupees
	Opening balance as at 01 January	9.1.2	18,008,677	178,615,376
	Loan obtained during the year	9.1.1	700,000,000	26,300,000
	Less: deferred grant recognized	10.1	-	(8,879,354)
			700,000,000	17,420,646
	Payment during the year		(3,896,296)	(178,027,345)
			714,112,381	18,008,677
	Less: Current portion shown under current liabilities		(66,396,296)	(2,569,665)
	Closing balance as at 31 December		647,716,085	15,439,012

9.1.1 These loans were obtained during the year from Meezan Bank Limited to meet the long term financing needs having sanctioned limit of Rs. 700 million and carries markup at the rate of 3 month KIBOR + 0.1% per annum payable quarterly, whereas the principal is repayable in 16 equal quarterly instalments commenced after a grace period of one year from September 2024, during this period only interest amount is subject to payment. This facility is secured against 1st peri passu charge over all present and future plant and machinery.

Salient features of the facility is as under:

Bank name	Outstanding installments	Repayment	Installment (Rupees)	Disbursement date	Maturity
500 Million Meezan Bank Limited	16	Quarterly	31,250,000	5 May 2023	5 June 2028
200 Million Meezan Bank Limited	16	Quarterly	12,500,000	13 September 2023	13 October 2028

9.1.2 This includes loan obtained 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 (2022: 50 million) and carries markup at the rate of 2% + 0.5% per annum payable quarterly (2022: 2% + 0.5%) whereas principal is repayable in 27 equal quarterly instalments starting from 10 December 2022. This facility is secured against lien on mutual fund up to Rs. 67 million placed in MCB-Arif Habib Savings and Investment Limited. 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. Other facilities obtained from Meezan Bank Limited comprise of letters of credit (sight/ usance) individually amounting to Rs. 500 million (31 December 2022: Rs. 500 million), Trust receipt finance amounting to Rs. 500 million (31 December 2022: Rs. 500 million) and DOC delivered against acceptance amounting to Rs. 500 million (31 December 2022: Rs. 500 million).

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

Salient features of the facility is as under:

Bank name	Outstanding installments	Repayment	Installment (Rupees)	Disbursement date	Maturity
MCB Bank Limited	22	Quarterly	974,074	10 December 2022	10 June 2029

	Note	2023 Rupees	2022 Rupees
10. DEFERRED LIABILITIES			
Deferred Grant	10.1	4,740,137	5,593,369
Gratuity	10.2	524,030,734	525,066,824
		528,770,871	530,660,193

10.1 Movement of deferred grant is as follows:

Opening balance as at 01 January		8,232,117	3,165,157
Addition during the year	9	-	8,879,354
Grant income recognized during the year		(1,315,460)	(3,812,394)
Closing balance		6,916,657	8,232,117
Less: Current portion shown under current liabilities	14	(2,176,520)	(2,638,748)
Non-current portion		4,740,137	5,593,369

10.2 Gratuity - General description

As discussed in Note 3.3, the Holding 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	2023 Rupees	2022 Rupees
Present value of defined benefit obligation	10.2.1	524,030,734	525,066,824

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	2023	2022
	Rupees	Rupees
10.2.1 Movement in the present value of define benefit obligation:		
Liability as at 01 January	525,066,824	546,646,832
Current service cost	32,542,931	33,716,071
Interest cost on defined benefit obligation	72,197,744	60,180,101
Benefits paid during the year	(31,791,657)	(44,960,588)
Charge to other comprehensive income	(68,944,791)	(46,524,657)
	529,071,051	549,057,759
Less: balance due but not paid	(5,040,317)	(23,990,935)
Liability as at 31 December	524,030,734	525,066,824
10.2.2 Expense recognized in statement of profit or loss:		
Current service cost	32,542,931	33,716,071
Interest cost	72,197,744	60,180,101
	104,740,675	93,896,172
10.2.3 Remeasurement recognized in other comprehensive income:		
Actuarial losses from changes in financial assumptions	(76,584,045)	(56,801,988)
Actuarial loss from changes in demographic assumptions	-	4,704,120
Experience adjustments	7,639,254	5,573,211
	(68,944,791)	(46,524,657)

10.2.4 Historical information for gratuity plan

	2023	2022	2021	2020	2019
	-----Rupees-----				
Present value of defined benefit obligation	524,030,734	525,066,824	546,646,832	525,419,561	417,661,559
Remeasurement adjustment arising on plan liabilities	(68,944,791)	(46,524,657)	17,177,141	63,821,894	37,645,330
Remeasurement adjustment as percentage of outstanding liability	-13.16%	-8.86%	3.14%	12.15%	9.01%

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

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	2023	2022
- Discount rate used for interest cost	14.25% p.a.	11.75% p.a.
- Discount rate used for year end obligation	16.00% p.a.	14.25% p.a.
- Expected rate of increase in salary	12.00% p.a.	12.13% p.a.
- Expected average remaining working life time	6 years	7 years
- Mortality rates	SLIC	SLIC
	2001-2005	2001-2005

10.2.5 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 2024 amounts to Rs. 30.48 million and Rs. 80 million respectively.

10.2.6 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

	2023	2022
	Rupees	Rupees
Discount rate + 100 bps	492,424,385	489,002,175
Discount rate - 100 bps	559,172,372	565,469,463
Salary increase + 100 bps	560,515,351	566,330,359
Salary increase - 100 bps	490,692,201	487,598,486

10.2.7 The following are the expected payments in future years:

Within next 12 months	47,813,755	26,715,458
Between 2 and 5 years	274,266,108	228,671,296
Between 5 and 10 years	623,645,202	595,453,236
Beyond 10 years	2,998,255,869	3,062,503,307
Total expected payments	3,943,980,934	3,913,343,297

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (2022: 7 years).

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

10.2.8 Risks on account of defined benefit plans:

Final salary risk

The risk that the final salary at the time of cessation of service is greater than what the Group has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

11. TRADE AND OTHER PAYABLES	Note	2023 Rupees	2022 Rupees
Trade creditors		909,032,561	685,289,358
Accrued expenses		402,039,311	474,682,779
Accrued markup		55,607,963	17,348,350
Provision for leave encashment		35,789,997	41,994,847
Due to employees		69,229,897	58,151,834
Refund liabilities		167,387,845	118,138,035
Payable to Central Research Fund	11.1	35,961,141	34,325,931
Payable to Provident Fund Trust	11.2	11,862,140	1,369,664
Withholding tax payable		37,001,482	25,541,887
Workers Welfare Fund Payable	11.3	232,464,953	164,365,925
Workers' Profit Participation Fund payable	11.4	181,856,569	-
		2,138,233,859	1,621,208,610

11.1 Central research fund is charged at 1% of the profit before tax, of pharmaceutical companies and is deposited to the Drug Regulatory Authority of Pakistan (DRAP) for supporting research of public and national interests.

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

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

		2023	2022
	Note	Rupees	Rupees
11.3 Workers Welfare Fund Payable			
Opening balance as at 01 January		164,365,925	90,247,111
Charge for the year		64,789,699	74,118,814
Adjustment		3,309,329	-
Closing balance as at 31 December		232,464,953	164,365,925
11.4 Workers' Profit Participation Fund			
Opening balance as at 01 January	26.1	(3,454,826)	(16,663,752)
Charge for the year		181,856,568	182,157,250
Interest charge on late payment		877,348	395,702
Amount received from fund		209,570,390	-
		388,849,480	165,889,200
Paid during the year		(206,992,911)	(169,344,026)
Closing balance as at 31 December		181,856,569	(3,454,826)
12. CONTRACT LIABILITIES			
Advance from local distributors		31,946,997	8,614,251
Advance from institutions		6,918,934	15,776,655
Advance from foreign customer - Export		44,511,011	47,822,747
Advance from toll customer		101,586	50,017
		83,478,528	72,263,670
12.1 The ageing of contract liabilities is as follows:			
Less than or equal to 30 days		81,766,083	70,305,299
31-90 days		944,716	1,080,388
91-180 days		215,739	246,721
More than 180 days		551,990	631,262
		83,478,528	72,263,670

12.2 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. 72.26 million (2022: Rs. 33.2 million), have been recognized as revenue upon transfer of control. The Group expects that outstanding contract liabilities will be recognised as revenue within next financial year.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

13. UNPAID DIVIDEND

Represents amount payable to the Group's foreign shareholder Pharmatec Investments Limited with a registered address at Unit 25, 2nd Floor Nia Mall, Saleufi Street, Apia, Samoa, which has remained unpaid due to pending regulatory approvals.

		2023	2022
	Note	Rupees	Rupees
14. CURRENT PORTION OF LONG-TERM LIABILITIES			
Lease liabilities	8	273,543,571	74,080,435
Long-term loan - secured	9	66,396,296	2,569,665
Deferred grant	10.1	2,176,520	2,638,748
		342,116,387	79,288,848
15. SHORT - TERM BORROWINGS			
Short term borrowings from commercial banks	15.1 & 15.2 & 15.3	188,106,578	291,044,624
Finance against trust receipts	15.4	72,267,741	220,760,015
		260,374,319	511,804,639

15.1 Facilities obtained from Meezan Bank Limited comprise of Running Musharakah amounting to Rs. 500 million (31 December 2022: Rs. 500 million) and letter of credit (sight) under Musawamah amounting to Rs. 800 million (31 December 2022: Rs. 500 million). The facilities are secured against first joint pari passu charge over all present and future current assets. The rate of profit on Running Musharakah is 1 month KIBOR + 0.25% (31 December 2022: 1 month KIBOR + 0.25%) and charges against Musawamah are approximately 0.025% (31 December 2022: 0.025%) flat with nil retirement charges. Out of the aggregated facility, export refinance facility amounting to Rs. 200 million (31 December 2022: Rs. 200 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 2022: SBP rate plus 1%).

15.2 Facilities obtained from Habib Bank Limited comprise of letters of credit (sight/usance) cumulatively amounting to Rs. 500 million (31 December 2022: Rs. 550 million), an overdraft facility of Rs.500 million (31 December 2022: Rs. 184 million), and a general facility of Rs. 10 million (31 December 2022: Rs. 10 million). These facilities are secured against joint pari passu hypothecation charge of Rs. 1,346.67 million over current assets. The rate of markup on funded facilities is 1 month KIBOR + 0.35% (31 December 2022: 1 month KIBOR + 0.35%).

15.3 Short term running finances are availed from commercial bank against sanctioned limit of Rs. 30 million (2022: Rs. 30 million). This facility carries mark-up at the rate of 3M KIBOR plus 200 basis points (2022: 3M KIBOR plus 200 basis points) payable quarterly. This facility is secured by way of 1st exclusive charge of Rs. 37.5 million over current assets.

15.4 Finance against trust receipts (FATR) is availed from commercial bank against sanctioned sub-limit, of Rs. 75 million (2022: Rs. 75 million), of sight letters of credit (SLC) against sanctioned limit of Rs.150 million (2022: Rs. 150 million). This facility carries mark-up at the rate of 3M KIBOR plus 200 basis points (2022: 3M KIBOR plus 200 basis points) payable at maturity of respective bill. This facility is secured by way of hypothecation charge of Rs. 93.75 million over current assets and trust receipts.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

- While finalizing income tax assessments for the tax year 2010, Additional Commissioner Inland Revenue (ACIR) had made addition on account of impairment loss with aggregate tax impact of Rs.10 million on 31 May 2013. The Group had filed an appeal on 25 August 2014, before Commission Inland Revenue [CIR] (Appeals) who had upheld the additions, vide order no. 5/A-IV dated 12 November 2015. Being aggrieved, the Group filed an appeal before Appellate Tribunal Inland Revenue (ATIR) on 30 December 2015, who deleted the aforesaid additions. However, Federal Board of Revenue has filed reference before honourable Lahore High Court against the judgment of ATIR. The case is pending adjudication. No provision has been recognized by the Group, as the management on the basis of their legal consultant's opinion 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 raised the demand amounting to Rs. 24.1 million for the Tax year 2013 on 30 June 2018. The Group preferred an appeal on 18 July 2018 to CIR against the aforesaid order. The CIR (Appeals) vide his appellate order no. 44 dated 28 September 2018, upheld the demand amounting to Rs. 24.1 million. Being aggrieved the Group has filed an appeal on 8 November 2018 against the aforementioned demand before the ATIR, which is still pending. No provision has been recognized by the Group, as the management on the basis of their legal consultant's opinion expects a favourable outcome.
- Upon enactment of the Finance Act, 2022, Super tax was imposed on high earning persons, for tax years 2021 and 2022, under the Section 4C of the Income Tax Ordinance, 2001. Super tax was applied on sum of income as mentioned in subsection 2(i) of the aforesaid section as per rates specified in at the rates specified in Division IIB of Part I of the First Schedule. As the Group operates in pharmaceutical industry, Super tax was levied at 10% for tax year 2022, whereas, for tax year 2022, Super tax was levied at maximum slap of 4% of specified taxable income

The Group has filed writ petition against the application of super tax under section 4C of the Income Tax Ordinance, 2001. The honourable Lahore High Court has decided in W.P 58683 of 2022 that the Super tax to be charged without any discrimination at (i.e., 4%). The Federal Board of Revenue has challenged the decision of the honourable Lahore High Court by filing Intra Court Appeal (ICA), which is pending adjudication. The Finance Act, 2023 further retrospectively enhanced the maximum slab applicable for the tax year 2023 from 4% to 10%. The Group obtained interim relief from the Honourable Lahore High Court, on 27 June 2023, wherein it was directed to pay the 50% of the liability. The Group's writ petition for tax year 2023 is pending before the honourable Lahore High Court.

Further, the Honourable Islamabad High Court in a decision reported as W.P No. 4027 of 2022, against writ petitions filed by other taxpayers, has also decided that taxable income, subject to the Super Tax, should exclude any income subject to final tax under the Income Tax Ordinance, 2001. The Federal Board of Revenue has challenged the decision of the honourable Lahore High Court by filing Intra Court Appeal (ICA), which is pending adjudication.

Based upon above decisions and opinion of the Group's legal advisor, the management is confident that the Group will not be required to pay Super tax (a) at the rate higher than 4% for tax years 2022 and 2023 and (b) on its income subject to final tax. Accordingly, as of reporting date, the Group has not recognized any provision against these uncertain tax positions, amounting to Rs. 322.82 million.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

			2023	2022
16.2	Commitments	Note	Rupees	Rupees
	The Group has commitments against:			
	Letter of contracts		939,252,969	225,502,959
	Ijarah rentals	16.2.1	12,127,859	19,608,990
	Bank contracts		149,524,444	425,823,107
	Capital expenditure		35,583,333	146,053,332
			1,136,488,605	816,988,388
16.2.1	Rentals under ijarah agreements:			
	Within one year		8,085,216	7,843,596
	After one year but not more than five years		4,042,643	11,765,394
		16.3	12,127,859	19,608,990

16.3 This represents three-year ijarah contract with First Habib Modaraba is for 8 Group vehicles, rentals of which are calculated with reference to 6 month KIBOR + 2% subject to a 10% floor and 20% ceiling. The rate is subject to revision on semi annual 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.

16.4 The Group has given post dated cheques of Rs. 6 million (2022: 6 million) to Total Parco Pakistan Limited and Rs 5.5 million (2022: 5.5 million) as security against fuel cards provided to employees and Rs 1 million (2022: 1 million) to Metro cash & carry for the credit limit for purchasing related to canteen.

16.5 Un-availed short-term borrowing facilities:

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

16.5.1 The Group has un-availed import credit facilities available from JS Bank Limited with sanctioned limits amounting to Rs. 120 million (31 December 2022: Rs. 120 million). The facility is secured by way of lien over import documents and accepted drafts. These facilities carries commission at rate of 0.030% per quarter (31 December 2022: 0.030%).

16.5.2 The Group has un-availed facility of finance against trust receipt and running finance of Rs. 83.5 million from JS Bank Limited against aggregate sanctioned limits of Rs. 180 million.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

17. PROPERTY, PLANT AND EQUIPMENT	Note	2023 Rupees	2022 Rupees
Operating fixed assets	17.1	2,797,094,339	1,595,639,706
Right of use assets	17.1	564,445,677	356,465,213
Capital work in progress	17.2	722,025,038	442,024,015
Advances - considered good		-	3,968,875
		4,083,565,054	2,398,097,809

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

17.1.2 Depreciation charge has been allocated as under:	Note	2023 Rupees	2022 Rupees
Cost of sales	31	157,035,637	128,186,341
Distribution, selling and promotional expenses	32	59,524,867	44,923,233
Administrative and general expenses	33	49,512,447	42,724,335
		266,072,951	215,833,909

17.1.3 The latest revaluation of land, building on freehold land and plant and machinery was carried out on 31 December 2023 by M/S Surval (Valuer on the the approved list of Pakistan Banking Association) which resulted in a surplus of Rs. 902.24 million over the net carrying value of assets.

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

	Note	2023 Rupees	2022 Rupees
Land - freehold		41,141,539	38,989,289
Building on freehold land		205,834,115	196,578,746
Plant and machinery		728,028,935	429,228,318
	17.1.4.1	975,004,589	664,796,353

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

Carrying value of assets:			
Land - freehold		764,495,000	338,400,000
Building on freehold land		404,291,000	284,263,416
Plant and machinery		1,150,774,000	502,007,996
		2,319,560,000	1,124,671,412
Less: Revaluation surplus		1,125,838,302	410,144,816
Less: Related deferred tax		218,717,109	49,730,243
		1,344,555,411	459,875,059
Carrying value without revaluation surplus		975,004,589	664,796,353

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

17.1.5 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 -----							
Building Equipment							
Cleanroom System							
Material & Accessories - PD lab	23,055,957	(2,113,463)	20,942,494	20,942,494		- Sale & Leaseback	First Habib Modaraba
PD LAB-Supply and Installation	6,977,731	(2,383,452)	4,594,279	4,594,279		- Sale & Leaseback	First Habib Modaraba
HVAC- Dispensing Booths	24,959,603	(7,724,044)	17,235,559	17,235,559		- Sale & Leaseback	First Habib Modaraba
Air Handling Units & HVAC	37,277,885	(6,989,604)	30,288,281	30,288,281		- Sale & Leaseback	First Habib Modaraba
Electric and gas appliances							
Electronic Equipment-							
Construction Works	20,104,554	(1,786,765)	18,317,789	18,317,789		- Sale & Leaseback	First Habib Modaraba
Plant and Machinery							
Rotary Tablet Press	30,064,632	(9,430,236)	20,634,396	20,634,396		- Sale & Leaseback	First Habib Modaraba
Solar Panel 545 W	37,338,757	(622,313)	36,716,444	36,716,444		- Sale & Leaseback	First Habib Modaraba
Office Equipment							
SAP Hardware- LED/DELL							
Hanna Hardware	23,120,306	(4,849,484)	18,270,822	18,270,822		- Sale & Leaseback	First Habib Modaraba
Motor Cars							
	Reg. No						Employees:
Suzuki Alto	AAT 732	1,398,000	(618,848)	779,152	1,084,902	305,750 Group's Policy	Muhammad Rauf Subhani
Suzuki Alto	ABF 592	1,433,000	(592,307)	840,693	1,142,529	301,836 Group's Policy	Babar Younis
Suzuki Alto	ABV 974	1,433,000	(574,792)	858,208	1,146,170	287,962 Group's Policy	Iftikhar Ahmad
Suzuki Alto	ABC 659	1,433,000	(636,380)	796,620	1,108,941	312,321 Group's Policy	Shahid Sardar
Suzuki Alto	AAT 276	1,398,000	(689,680)	708,320	1,108,256	399,936 Group's Policy	Abdul Rauf
Items having NBV less than Rs.500,000 each							
		22,186,700	(15,846,229)	6,340,471	18,434,932	12,094,961	
<hr/>							
2023		232,181,125	(54,857,597)	177,323,528	191,025,794	13,702,266	
<hr/>							
2022		256,141,035	(60,083,482)	196,057,553	214,226,528	18,168,975	

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

17.1.6 Forced sale value as per the last revaluation report dated 31 December 2023 is as follows:

Asset Class	Forced sale value
	----Rupees ----
Freehold land	611,596,000
Building on freehold land	323,433,000
Plant and machinery	920,618,800
Total	1,855,647,800

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

Location and address	Usage of immovable property	Land area (kanal)	Coverage area (sqr.ft)
Land: Situated at 17.5 KM Multan Road Hadbast Mouza Kanjra, Tehsil & Distt. Lahore	Head Office, Manufacturing facility and Registered Office	43.6	237,402
517 - Sundar Industrial Estate, Raiwind road Lahore	Pharmaceutical Production Plant	8	13,000

17.2 Capital work in progress

Movement in capital work in progress is as follows:

	Land		Plant and Machinery		Others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Opening balance	162,666,666	-	10,295,924	1,787,999	269,061,425	11,926,997	442,024,015	13,714,996
Additions during the year	106,749,999	162,666,666	261,246,172	83,656,338	855,190,626	449,992,279	1,223,186,797	696,315,283
Transferred to owned assets	-	-	(230,686,704)	(80,245,203)	(712,499,070)	(187,761,061)	(943,185,774)	(268,006,264)
	269,416,665	162,666,666	40,855,392	5,199,134	411,752,981	274,158,215	722,025,038	442,024,015

17.2.1 In February 2022, the Group has made initial payment for acquisition of land measuring 12 acres in Quaid e Azam Business Park Sheikhpura, with the intention of constructing a new factory on the site. The Group has obtained the provisional allotment letter of land and is in the process of transferring the legal title of the land to its name subject to final instalment subsequently paid in March 2024. At the reporting date the legal title is in the name of seller, Punjab Government.

17.2.2 Civil works included above, consisting of development work being carried at the Group's existing plant site and new facility, is being financed via general borrowings obtained from the bank. The amount of borrowing cost, on civil work and land under development, capitalised during the year ended 31 December 2023 is Rs. 123.07 million (2022: 16.89). The rate used to determine the amount of borrowing costs eligible for capitalisation is 22.88%, which is the weighted average borrowing rate.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

18. INTANGIBLE ASSETS	Note	2023 Rupees	2022 Rupees
Intangible assets	18.1	32,285,579	35,835,396
		32,285,579	35,835,396

18.1	2023							
	Cost			Accumulated amortization				
Particulars	As at 01 January	Additions	As at 31 December	As at 01 January	For the year	As at 31 December	Book value as at 31 December	Rate
	----- Rupees -----							
Registration and trademark (18.1.1)	156,214,265	-	156,214,265	156,214,265	-	156,214,465	-	10-20%
Computer software (18.1.2)	48,877,181	4,494,980	53,372,161	13,041,785	8,044,797	21,086,582	32,285,579	10-33%
License	651,303	-	651,303	651,303	-	651,303	-	20%
	205,742,749	4,494,980	210,237,729	169,907,353	8,044,797	177,952,150	32,285,579	

	2022							
	Cost			Accumulated amortization				
Particulars	As at 01 January	Additions	As at 31 December	As at 01 January	For the year	As at 31 December	Book value as at 31 December	Rate
	----- Rupees -----							
Registration and trademark (18.1.1)	156,214,265	-	156,214,265	155,939,561	274,704	156,214,265	-	10-20%
Computer software (18.1.2)	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	

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/4 HANA and fee for license paid to Systems Limited for the period of 5 years.

18.2	Note	2023 Rupees	2022 Rupees
Amortization charge has been allocated as under:			
Cost of sales	31	5,464,541	1,489,098
Distribution, selling and promotional expenses	32	122,633	36,686
Administrative and general expenses	33	2,457,623	646,202
		8,044,797	2,171,986

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

19. GOODWILL	Note	2023 Rupees	2022 Rupees
Goodwill on acquisition of subsidiary	19.1	834,230	834,230
<p>19.1 On 02 September 2015, the Holding Company acquired 80% of the shareholding of the Subsidiary Company for cash consideration. It was acquired to get a quick access to Cephalosporin drug market in order to diversify the Group's product range and therapeutic presence.</p> <p>The Group had 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:</p>			
			2015 Rupees
Assets Acquired:			
Property, plant and equipment			51,815,300
Capital work in progress			3,887,304
Cash and cash equivalents			11,816
			55,714,420
Less:			
Liabilities assumed:			
Trade and other payables			115,730
Directors' loans			1,265,477
			1,381,207
Total identifiable net assets at fair value			54,333,213
Purchase consideration transferred in cash			44,300,800
Non-controlling Interest at acquisition date			10,866,643
			55,167,443
Goodwill arising on acquisition			834,230
Net cash flow on acquisition of Subsidiary Company:			
Purchase consideration transferred in cash			44,300,800
Less: cash and cash equivalents of Subsidiary Company			(11,816)
Net cash flow on acquisition of Subsidiary Company			44,288,984

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

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

Subsequently in 2015, HNL also participated in the Subsidiary Company's right issue and its shareholding increased to 88.39%. In May 2016, the Holding Company acquired an additional 11.61% interest in the voting shares of Curexa Health (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 of Subsidiary Company (excluding goodwill on the original acquisition) was Rs.10 million. Following is a schedule of additional interest acquired in Curexa Health (Private) Limited:

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

		2023 Rupees	2022 Rupees
20. LONG-TERM DEPOSITS	Note		
Bank guarantee margin		1,602,710	1,602,710
Deposit with vendors	20.1	22,540,719	22,540,719
Security deposits against leases		-	24,233,160
		24,143,429	48,376,589

20.1 Deposits with vendors are non-adjustable and are refundable after the contract with the service providers are concluded. The impact of initial recognition of long term deposits at fair value under IFRS 9 is not significant to these consolidated financial statements.

		2023 Rupees	2022 Rupees
21. LOAN TO EMPLOYEES	Note		
Long-term advances to employees against - salaries		81,927,607	52,068,821
Less: current portion		(24,684,208)	(17,409,400)
	21.1	57,243,399	34,659,421

21.1 These represent loan given to employees against the purchase of vehicles as per the Group's policy. These loans are for maximum period of 2 years. These loans are secured against the final settlement amount of employees. The loans carry an effective interest rate of 0% (2022: 0%) per annum and are repayable in cash in accordance with predefined repayment schedule. The title of the vehicle remains in the name of the Group until all instalments are paid by the employee. Present value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of loan to employees is considered insignificant by the management at the financial statements level, hence not recognized.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	2023	2022
	Rupees	Rupees
22. DEFERRED TAX ASSETS / (LIABILITIES)		
Deferred tax liabilities on taxable temporary differences:		
Surplus on revaluation of operating fixed assets	(213,443,379)	(49,730,243)
Accelerated tax depreciation	(178,519,195)	(174,192,379)
Lease arrangement - net	(13,259,120)	(27,026,557)
	(405,221,694)	(250,949,179)
Deferred tax assets on deductible temporary differences:		
Allowance for expected credit losses	8,266,439	16,280,761
Provision for gratuity	193,622,020	164,123,288
Provisions	1,760,047	75,440,024
Unused tax losses and tax credits	(484,519)	-
	203,163,987	255,844,073
Deferred tax liabilities / assets - net	(202,057,707)	4,894,894
22.1 Movement in deferred tax is as follows:		
At beginning of the year	4,894,894	37,246,285
Recognized as deferred tax (expense) / income in consolidated statement of profit or loss:		
- Surplus on revaluation of operating fixed assets	11,456,943	7,374,815
- Accelerated tax depreciation on fixed assets	(4,506,356)	(78,026,725)
- Lease liabilities	13,946,977	(33,337,109)
- Provisions	(76,015,496)	67,659,133
- Allowance for expected credit losses	(8,014,322)	10,109,267
- Gratuity	54,972,867	27,874,344
- Unused tax losses and tax credits	1,851,000	(14,450,702)
	(6,308,387)	(12,796,977)
Recognized as deferred tax (expense) in consolidated statement of comprehensive income:		
- Gratuity	(25,474,135)	(14,542,491)
- Revaluation Surplus on operating fixed assets	(168,006,328)	-
- Effect of deferred Tax due to change in effective Tax rate	(7,163,751)	(5,011,923)
	(200,644,214)	(19,554,414)
	(202,057,707)	4,894,894

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

23. INVENTORIES	Note	2023 Rupees	2022 Rupees
Raw materials			
In hand		2,253,413,919	1,667,816,242
In transit		656,233,366	28,657,617
With third party		133,122,397	197,297,237
		3,042,769,682	1,893,771,096
Packing material		781,045,122	694,288,815
Stores, spare parts and loose tools		75,968,438	70,014,595
Work in process		278,623,344	294,334,778
Finished goods			
Trading - in hand		136,324,851	424,503,201
Trading - in transit		-	121,809,234
Manufactured		824,607,842	643,824,242
	23.2	960,932,693	1,190,136,677
Less: provision for slow moving and obsolete items	23.1	(193,676,035)	(131,478,395)
		4,945,663,244	4,011,067,566

23.1 Provision for slow moving and obsolete items:

Opening provision		131,478,395	116,935,653
Charge for the year		93,270,403	39,146,215
Reversal during the year		(31,072,763)	(24,603,473)
Closing provision	23.1.1	193,676,035	131,478,395

23.1.1 The amount written off and provision for slow moving and obsolete items during the year are included in cost of sales.

23.2 The finished goods are recorded at lower of cost and net realisable value which has resulted in impairment loss amounting to Rs. 36.3 million (2022: Rs. Nil) recorded in cost of sales.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

24. TRADE RECEIVABLES	Note	2023 Rupees	2022 Rupees
Export Sales		865,189	56,554,198
Local Sales		2,188,690,781	1,325,868,534
		2,189,555,970	1,382,422,732
Less: allowance for expected credit losses	24.1	(22,372,807)	(52,085,768)
	24.2	2,167,183,163	1,330,336,964
24.1 Allowance for expected credit losses:			
Opening balance		52,085,768	22,372,807
(Reversal) / charged during the year	36	(29,712,961)	29,712,961
		22,372,807	52,085,768

24.2 Trade receivables becomes due after 30 to 45 days of the invoice date. The increase in trade receivables is mainly resulted from increased sale at the year end including bill and holding arrangements. Generally, balances outstanding for more than 360 days are treated as default.

24.3 Ageing analysis of these trade debts is given in Note 41.1

25. ADVANCES, TRADE DEPOSITS AND PREPAYMENTS	Note	2023 Rupees	2022 Rupees
Advances to staff			
- against expenses	25.1	142,862,432	107,134,995
- against salary	25.2	8,372,019	37,560,349
- current portion of advances against vehicles		24,684,208	17,409,400
		175,918,659	162,104,744
Advance to suppliers against goods and services	25.3	243,532,994	382,199,021
Margin against letter of credit		116,218,545	354,863,047
Trade deposits		25,638,939	28,452,539
Prepayments		33,848,766	49,947,700
		595,157,903	977,567,051

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.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

25.3 This includes an advance of amounting to Rs. Nil (2022: Rs. 43.51 million) provided to Route 2 Health (Private) Limited (associate company). The maximum amount due from Route 2 health during the year, calculated by reference to month-end balances was Rs. 43.51 million (2022: Rs. 218.12 million). These advances are adjustable against the supply of goods and services.

26. OTHER RECEIVABLES	Note	2023 Rupees	2022 Rupees
Receivable from			
Route 2 Health (associate company)		-	3,510,513
Insurance claim receivable		-	1,565,294
Workers' Profit Participation Fund		-	3,454,826
		-	8,530,633
Interest accrued		8,603,306	12,342,694
Others		3,630,557	4,817,552
		12,233,863	25,690,879

27. SHORT TERM INVESTMENT

Investments at fair value through profit or loss

Mutual funds - fair value through profit and loss	27.1	1,699,124,325	1,193,596,924
Term deposit receipts - at amortization cost	27.2	469,669,677	145,290,304
		2,168,794,002	1,338,887,228

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

Balance at the beginning of the year		1,193,596,924	2,059,740,193
Additions during the year		2,387,312,516	1,590,531,440
Redemption during the year		(1,900,167,715)	(2,465,922,190)
Realized loss on redemption of investments during the year	35	(3,578,879)	(939,142)
Un-realized gain on remeasurement of investments during the year	36	21,961,479	10,186,623
Closing and fair value of short-term investment	27.1.1	1,699,124,325	1,193,596,924

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	Units		Fair Value	
	2023	2022	2023	2022
27.1.1 Mutual fund wise detail is as follows:	Numbers	Numbers	Rupees	Rupees
Alfalah GHP Income Fund	-	7,861	-	951,317
Alfalah GHP Money Market Fund	519,111	734,606	51,438,071	72,305,891
Alfalah GHP Sovereign Fund	832,445	-	100,101,725	-
MCB Cash Management Optimizer Fund	846,453	816,382	86,119,069	82,863,602
Faysal MTS Fund	-	1,983	-	218,111
Faysal Money Market Fund	2,283	368,748	262,238	37,795,038
Askari High Yield Scheme	-	487,746	-	53,165,658
Askari Sovereign Cash Fund	-	79,763	-	8,825,267
Meezan Rozana Amdani Fund	-	444,381	-	22,242,909
NBP Money Market Fund	31,494	1,394,602	315,194	13,882,145
NBP Financial Sector Income Fund	9,673,984	13,963,710	103,093,716	147,657,858
UBL Liquidity Plus Fund	1,233,476	872,466	125,279,559	88,556,169
UBL Government Securities Fund	1,277,198	2,714,335	150,136,405	305,683,297
UBL Income Opportunity Fund	4,150,410	-	509,258,223	-
NIT Money Market Fund	10,608,361	2,029,381	103,139,785	19,647,659
HBL Money Market Fund	4,669	90,306	531,713	9,955,869
HBL Financial Sector Income Fund	-	770,686	-	78,144,391
ABL Cash Fund	-	11,151,385	-	115,172,621
ABL Special Savings	10,548,675	-	117,724,267	-
Atlas Money Market Fund	199,611	223,811	102,148,457	114,079,170
JS Cash Fund	515	-	53,277	9,650
First Habib Cash Bank	-	219,494	-	22,440,302
AL Habib Income Fund	980,325	-	100,055,094	-
Lakson Money Market Fund	1,015,046	-	105,612,054	-
Lakson Income Fund	408,898	-	43,855,478	-
	42,332,954	36,371,646	1,699,124,325	1,193,596,924

27.2 These represents investments in term deposit receipts. They carry average profit at the rate of ranging from 16% to 22% (2022: 5% - 16%) with maturity up to December 2024.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

		2023	2022
	Note	Rupees	Rupees
28. TAX REFUNDS DUE FROM THE GOVERNMENT			
Income tax refundable - net		66,651,374	7,302,466
Sales tax refundable - net	28.1	376,966,507	455,705,078
		443,617,881	463,007,544

28.1 The ageing of sales tax refundable is as follows:

- within one year		100,929,428	431,170,854
- one to two years		251,502,855	24,534,224
- two to three years		24,534,224	-

28.1.1 376,966,507 455,705,078

28.1.1 The Group is in the process of filing refund applications for remaining excess input tax, amounting to Rs. 15.92 million (2022: Rs. 367.16 million).

		2023	2022
	Note	Rupees	Rupees
29. CASH AND BANK BALANCES			
Cash in hand		4,907,461	1,993,630
Balance with banks			
Current accounts			
-Local currency		101,172,443	123,930,715
-Foreign currency		68,930,604	14,431,417
Saving accounts	29.1	37,542,078	147,049,207
		207,645,125	285,411,339
		212,552,586	287,404,969

29.1 These represents savings accounts which carries average profit at the rate of ranging from 7.51% to 20.51% (2022: 4.50% to 14.51%).

29.2 Cash and cash equivalents

The above figures of cash and bank balances reconcile to the amount of cash and cash equivalents shown in the statement of cash flow at the end of financial year as follows:

		2023	2022
	Note	Rupees	Rupees
Cash and bank balances		212,552,586	287,404,969
Short - term borrowings	15	(260,374,319)	(511,804,639)
Cash and cash equivalents as per statement of cash flow		(47,821,733)	(224,399,670)

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

			2023	2022
30.	REVENUE FROM CONTRACTS WITH CUSTOMERS- NET	Note	Rupees	Rupees
	Local sales	30.1	20,516,939,633	16,162,883,674
	Export sales		1,200,218,964	888,882,372
			21,717,158,597	17,051,766,046
	Toll manufacturing		616,705,105	491,427,184
			22,333,863,702	17,543,193,230
	Less:			
	Trade discounts		2,146,119,090	1,518,151,511
	Sales tax		182,589,010	109,463,316
	Sales return		238,892,376	99,641,405
			(2,567,600,476)	(1,727,256,232)
		30.2	19,766,263,226	15,815,936,998

30.1 This includes revenue from sale of finished goods purchased by the Group amounting to Rs. 2,968 million (2022: Rs. 2,832 million).

			2023	2022
30.2	Geographical information		Rupees	Rupees
	Revenue from external customers - net			
	Pakistan		18,566,044,260	14,927,054,626
	Afghanistan via an agent		750,302,844	588,752,398
	United Arab Emirates		142,687,882	103,264,024
	France		81,532,250	49,710,333
	Kenya		20,528,934	15,368,650
	Iraq		45,082,129	61,121,943
	Cambodia		15,837,460	18,252,003
	Tanzania		39,026,445	21,089,012
	Dubai		78,482,636	19,885,829
	Sudan		22,102,401	-
	Others		4,635,985	11,438,180
	Total revenue from contracts with customers		19,766,263,226	15,815,936,998

30.3 Performance obligation

The performance obligation is satisfied at a point in time when the control of the goods and services is transferred to the customer. 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.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

30.4 The Group individually generates more than 10% of its revenue from one customer (2022: two customers), amounting to Rs. 9,958 million (2022: Rs. 9,928 million).

31. COST OF SALES	Note	2023 Rupees	2022 Rupees
Raw and packing material consumed	31.1	7,135,343,318	4,522,954,881
Toll charges	31.1	101,548,946	71,379,458
Stores consumed	31.1	125,595,251	98,501,083
		6,362,487,515	4,692,835,422
Salaries, wages and benefits	31.2	895,907,948	855,387,488
Fuel and power		277,089,158	182,802,805
Repairs and maintenance		34,682,794	57,594,345
Depreciation	17.1.2	157,035,637	128,186,341
Factory supplies		6,651,752	11,358,847
Vehicle running and maintenance		121,189,026	86,242,572
Insurance		22,099,466	17,393,052
Printing and stationery		16,259,899	17,893,727
Fee and subscription		35,597,432	24,303,913
Rent, rates and taxes	31.3	35,523,336	18,178,309
Traveling and conveyance		22,927,231	9,928,583
Consultancy and professional charges		5,510,935	5,111,700
Telephone, postage and communication		1,901,565	2,366,599
Staff welfare and entertainment		4,783,960	4,116,115
Freight expenses		1,442,820	1,423,181
Amortization of intangible assets	18.2	5,464,541	1,489,098
Other direct costs		1,199,980	3,986,376
		9,007,754,994	6,120,598,473
Inventory effect of work in process			
Opening		294,334,778	253,045,580
Closing		(278,623,344)	(294,334,778)
		15,711,434	(41,289,198)
Cost of goods manufactured		9,023,466,429	6,079,309,275

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	Note	2023 Rupees	2022 Rupees
Inventory effect of finished goods			
Opening		636,746,913	423,077,851
Closing		(824,607,842)	(636,746,913)
		(187,860,929)	(213,669,062)
		8,835,605,499	5,865,640,213
Inventory effect of trading goods			
Opening		553,389,764	159,865,743
Purchases		1,115,433,650	2,153,379,204
Closing		(136,324,851)	(553,389,764)
		1,532,498,563	1,759,855,183
Cost of goods sold		10,368,104,062	7,625,495,396
31.1 Raw, packing material and store consumed:			
Opening stock		2,658,074,506	1,850,839,963
Add: Purchases during the year		8,604,196,251	5,500,069,965
Less: Closing stock	23	(3,899,783,242)	(2,658,074,506)
Raw and packing material consumed during the year		7,362,487,515	4,692,835,422
31.2 This includes the following staff benefits:			
Defined benefit plan - gratuity		34,582,418	38,981,903
Defined contribution plan - provident fund		23,291,515	19,756,176
Provision for compensated leave absences		15,546,841	14,116,205
		73,420,774	72,854,284
31.3 This represents payment amounting to Rs. 35.33 million (2022: Rs. 17.97 million) in respect of rent of warehouses. The 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 2023

		2023	2022
32.	DISTRIBUTION, SELLING AND PROMOTIONAL EXPENSES	Note	Rupees
	Salaries and benefits	32.1	1,711,796,329
	Traveling and conveyance		613,520,784
	Training, seminars and symposia		491,125,044
	Literature, promotion and advertisement material		1,263,638,417
	Vehicle running and maintenance		353,832,649
	Freight		177,412,547
	Sample goods		108,370,092
	Newspapers and subscriptions		61,582,907
	Depreciation	17.1.2	59,524,867
	Insurance		52,614,724
	Telephone, postage and communication		16,757,126
	Commission on sales		5,825,319
	Rent, rates and taxes	32.2	5,699,535
	Office supplies		1,137,020
	Printing and stationery		3,217,586
	Repairs and maintenance		-
	Others		352,040
	Amortization	18.2	122,633
	Legal and professional charges		11,425,066
	Ijarah rentals		7,950,557
			4,945,905,242
			3,988,456,129

32.1 This includes following staff benefits:

Defined benefit plan - gratuity	38,911,493	31,660,792
Defined contribution plan - provident fund	41,793,828	41,793,828
Provision for compensated leave absences	15,845,841	15,845,841
	96,551,162	89,300,461

32.2 This represents payment amounting to Rs. 5.69 million (2022: Rs. 7.48 million) in respect of rent of warehouses. The 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 2023

		2023	2022
	Note	Rupees	Rupees
33. ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries and benefits	33.1	432,330,362	393,038,609
Depreciation	17.1.2	49,512,447	42,724,335
Amortization	18.2	2,457,623	646,202
Vehicle running and maintenance		77,323,726	46,432,881
Donation	33.3	1,580,000	6,560,648
Repairs and maintenance		18,618,104	16,717,157
Newspapers and subscriptions		42,304,047	26,871,847
Telephone, postage and communication		11,159,862	12,693,887
Rent, rates and taxes		-	17,692,663
Traveling and conveyance		25,405,567	26,377,393
Legal and professional charges		23,189,479	8,320,463
Electricity, gas and water		21,484,109	23,209,247
Office supplies		21,509,139	12,550,157
Insurance		5,317,276	3,999,203
Advertisement, seminars and symposia		22,258,066	2,725,682
Printing and stationery		8,657,784	9,656,188
Auditors' remuneration	33.2	5,260,850	4,261,500
Others		2,234,340	3,935,407
Staff welfare and entertainment		3,048,571	2,464,322
Staff training & development		49,500	34,000
		773,700,852	660,911,791
33.1	It includes the following staff benefits:		
	Defined benefit plan - gratuity	31,246,763	22,419,526
	Defined contribution plan - provident fund	13,981,843	11,718,245
	Provision for compensated leave absences	2,211,788	2,211,788
		47,440,394	36,349,559

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	2023	2022
	Rupees	Rupees
33.2 Auditors' remuneration		
EY Ford Rhodes - Holding Company auditor		
Statutory audit	2,310,000	2,100,000
Other certification	887,500	700,000
Fee for review of half yearly financial information	526,350	478,500
Review of statement of compliance of code of corporate governance	240,000	121,000
Out of pocket	600,000	220,000
Mazars M.F. & Co. - Subsidiary Company auditor		
Statutory audit	605,000	550,000
Out of pocket	92,000	92,000
	5,260,850	4,261,500

33.3 There is no donation to a single party exceeding Rs. 500,000 of the Group's total amount of donation. Also, none of the Directors or their spouses have any interest in the donee.

		2023	2022
	Note	Rupees	Rupees
34. RESEARCH AND DEVELOPMENT EXPENSES			
Salaries and benefits	34.1	13,112,787	9,619,884
Vehicle repair and maintenance		1,676,036	788,237
Traveling		-	39,148
Insurance		50,531	45,564
Office supplies		-	50,248
Others		181,091	88,147
		15,020,445	10,631,228

34.1 It includes the defined contribution plan - provident fund of Rs. 0.45 million (2022: Rs. 0.31 million).

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

		2023	2022
	Note	Rupees	Rupees
35. OTHER OPERATING EXPENSES			
Workers' Profit Participation Fund	11.4	181,856,568	182,157,250
Workers' Welfare Fund	11.3	64,789,699	72,723,462
Central Research Fund	11	38,951,668	36,441,712
Allowance for expected credit losses	24.1	-	29,712,961
Realized loss on sale of short-term investment	27.1	3,578,879	939,142
Exchange loss		55,737,745	7,474,628
		344,914,559	329,449,155
36. OTHER INCOME			
Income from financial assets:			
Return on deposits and mark on interest bearing accounts		22,114,828	15,126,064
Dividend Income on short-term investment		77,310,177	218,626,676
Unrealized gain on re-measurement of short term investment to fair value		21,961,479	10,186,623
Deferred Income	10.1	1,315,460	3,565,756
Unrealized exchange gain		2,238,139	-
Exchange gain		7,094,310	321,267
Income from non-financial assets:			
Gain on disposal of operating fixed assets	17.1.5	13,824,141	18,168,975
Liabilities written back		10,048,111	37,171,978
Scrap sales		3,748,572	1,234,154
Reversal of expected credit losses	24.1	29,712,961	-
Other income		5,161,526	472,935
		194,529,704	304,874,428
37. FINANCE COSTS			
Finance cost on lease liabilities	8	53,266,208	26,899,580
Mark-up on Long-term loans		2,704,233	6,750,325
Bank charges		4,652,630	3,652,363
Mark-up on short term borrowings		92,360,065	23,021,865
Interest on Workers' (Profit) Participation Fund		877,348	395,702
		153,860,484	60,719,835

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

38. TAXATION	2023 Rupees	2022 Rupees
Current income tax:		
Charge for the year	1,030,847,906	954,274,828
Prior year	(125,545,174)	5,385,686
	905,302,732	959,660,514
Deferred tax:		
Relating to origination and reversal of temporary differences	(52,756,509)	12,796,977
Effect of deferred tax due to change in effective tax rate	(15,517,742)	-
Prior year	74,582,638	-
	6,308,387	12,796,977
	911,611,119	972,457,491

38.1 Reconciliation of tax charge for the year

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

	2023 Rupees	2022 Rupees
Profit before tax	3,359,287,286	3,445,147,892
Tax at applicable tax rate of 29% (2022: 29%)	974,193,313	999,092,889
Effect of allowable / not allowable deductions	213,655,873	(51,963,429)
Tax Credit	(2,432,878)	-
Effect of amounts subject to fixed / final taxes	(478,520,164)	(93,127,295)
Effect of Super tax	255,677,511	113,069,640
Prior year income tax charge	(125,545,174)	5,385,686
Prior year deferred tax charge	74,582,638	-
Average tax expense charged to profit or loss	911,611,119	972,457,491
Average tax rate charged to profit or loss	27.14%	28.23%

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

39. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2023	2022
			Restated
Profit after taxation	Rupees	2,447,676,167	2,472,690,401
Weighted average number of ordinary shares	Number of shares	52,983,363	52,983,363
Earnings per share	Rupees	46.20	46.67

39.1 During the year the Group issued bonus shares. To maintain comparability between financial periods, the earnings per share for the previous year has been restated. This restatement has adjusted the earnings per share of previous year based on the new number of outstanding shares after the issuance of bonus shares.

40. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR 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:

2023			2022		
Chief Executive	Director	Executives	Chief Executive	Director	Executives

-----Rupees-----

Short-term employee benefits						
Managerial remuneration	20,066,172	10,602,080	428,265,832	32,364,935	14,599,482	542,860,715
House Allowance / utility	10,033,092	3,197,920	210,036,957	8,957,832	3,197,916	177,015,674
Medical	-	-	14,497,877	-	-	13,842,496
Retirement benefits	6,827,328	665,967	65,285,512	5,492,747	665,967	56,423,863
Bonus	6,690,025	5,331,165	113,829,617	9,729,279	-	88,063,632
	43,616,617	19,797,132	831,915,795	56,544,793	18,463,365	878,206,380
Number of persons	1	1	137	1	1	115

40.1 In addition to the above, chief executive and certain other executives have been provided with free use of the Group maintained cars as per terms of employment. Further, medical expenses are reimbursed in accordance with the Group's policies.

40.2 No meeting fee or other remuneration was paid to an independent and 5 non-executive directors during the year.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

40.3 The director is related to the Group's subsidiary.

41. FINANCIAL RISK MANAGEMENT

41.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk, price risk and currency risk), credit risk and liquidity risk. The Group's overall risk management program focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders. Risk management is carried out by the Group finance and planning department under policies approved by the senior management.

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

The Group's risk management policies are established to identify and analyse 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 reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Group's exposure to financial risk, the way these risks affects the financial position and performance and the manner in which such risks are managed is as follows:

(a) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Group incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board.

i) Foreign currency risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. This risk exist due to the Group's exposure resulting from outstanding future commercial transactions or receivables and payables.

The Group is exposed to exchange risk arising from currency exposures mainly with respect to currencies mentioned below on import of raw material, packing material and stores and spares and debtors against export sales. The Group's is exposed to foreign exchange risk as at 31 December 2023 as it has financial instruments denominated in currency other than the functional currency of the Group.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

A foreign exchange risk management policy has been developed and approved by the management. The policy allows the Group to take currency exposure for limited periods within predefined limits while open exposures are rigorously monitored.

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

	Changes in FC Rate	Effects on Profit Before Tax 2023	Effects on Profit Before Tax 2022
		Rupees	Rupees
Receivables - USD	+15%	1,748,998	8,212,725
	-15%	(1,748,998)	(8,212,725)
Receivables - AED	+15%	1,554	-
	-15%	(1,554)	-
Payables - Euro	+15%	29,780,179	3,750,770
	-15%	(29,780,179)	(3,750,770)
Payables - USD	+15%	38,345,320	35,500,740
	-15%	(38,345,320)	(35,500,740)
Payables - JPY	+15%	-	3,250,368
	-15%	-	(3,250,368)
Bank balance - USD	+15%	10,349,096	2,775,570
	-15%	(10,349,096)	(2,775,570)
Cash in hand - USD	+15%	39,573	-
	-15%	(39,573)	-
Cash in hand - GBP	+15%	192,298	145,205
	-15%	(192,298)	(145,205)
Cash in hand - Saudi Riyal	+15%	80,387	-
	-15%	(80,387)	-
Cash in hand - Euro	+15%	58,172	123,550
	-15%	(58,172)	(123,550)
Cash in hand - CNY	+15%	30,883	131,583
	-15%	(30,883)	(131,583)

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

Reporting date rate:	Average rates		Reporting date rate (Bid-Offer average)	
	2023	2022	2023 Rupees	2022 Rupees
USD	254.11	201.44	281.86	226.36
Euro	276.35	220.42	311.50	241.19
JPY	1.85	1.62	1.99	1.71
AED	69.2	54.85	76.74	61.65
GBP	315.83	255.68	358.60	273.07
Saudi Riyal	67.68	53.61	75.16	60.20
CNY	36.1	30.14	39.63	32.57

(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. Financial instruments obtained at variable rates expose the Group to cash flow interest rate risk. Financial instruments obtained at fixed rate expose the Group to fair value interest rate risk as at reporting date, none of the Group's financial instruments with fixed rates are measured at fair value. Sensitivity to interest rate risk arises from mismatch of financial assets and liabilities that mature or reprice in a given period. The Group analyses its interest rate exposure on a regular basis by monitoring interest rate trends to determine whether they should enter into hedging alternatives.

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

	2023 Rupees	2022 Rupees
Financial assets		
Variable rates instruments		
Cash and bank balances - deposit accounts	37,542,078	147,049,207
Short-term investments - term deposit receipts	469,669,677	145,290,304
	507,211,755	292,339,511

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	2023 Rupees	2022 Rupees
Financial liabilities		
Variable rates instruments		
Lease liabilities	528,560,365	258,014,081
Long-term loan	714,112,381	18,008,677
Short-term loan	260,374,319	511,804,639
Fixed rates instruments		
Lease liabilities	182,553,545	124,841,368

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, on 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.

	Changes in Interest Rate	Effects on profit before tax 2023	Effects on profit before tax 2022
	Percentage	Rupees	Rupees
Lease liabilities	+5	(26,428,018)	(12,900,703)
	-5	26,428,018	12,900,703
Long-term Loan	+5	35,705,619	(900,433)
	-5	(35,705,619)	900,433
Short-term investments - term deposit receipts	+5	23,483,484	7,264,517
	-5	(23,483,484)	(7,264,517)
Cash and bank balances - deposit accounts	+5	1,877,104	7,352,460
	-5	(1,877,104)	(7,352,460)

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

The Group is exposed to equity price risk, which arises from investments measured at fair value through profit and loss. The management of the Group monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Group.

Fair value sensitivity analysis for Group's investment in mutual funds

The following analysis demonstrates the sensitivity to a reasonably possible change in fair values, with all other variables held constant, on the Group's profit before tax. This analysis is prepared assuming the amount of investment in mutual funds instruments outstanding at reporting dates were outstanding for the whole year.

	Changes in Fair Value	Effects on profit before tax 2023	Effects on profit before tax 2022
	Rupees		
Short-term investments -	+5%	84,956,216	59,679,846
mutual funds	-5%	(84,956,216)	(59,679,846)

(b) Credit risk

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

Credit risk of the Group arises principally from the trade receivables, loans and advances, trade and other deposits, short-term investments, other receivables, and balances with banks. 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:

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

		2023	2022
	Note	Rupees	Rupees
Financial assets at amortized cost:			
Trade receivables		2,189,555,970	1,382,422,732
Advances to employees against salaries		8,372,019	37,560,349
Trade deposits		49,782,368	76,829,128
Other receivables		12,233,863	25,690,879
Short-term investments - Term deposit receipts		469,669,677	145,290,304
Bank balances		207,645,125	285,411,339
		2,937,259,022	1,953,204,731

(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.

These mainly include customers which are counter parties to revenue arrangements. The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. 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 different other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

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

At 31 December 2023, the Group has 84 (2022: 72) customers who owed the Group more than Rs.1 million each and accounted for approximately 96.7% (2022: 88%) of all outstanding receivables.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

Geographical concentration of credit risk is as follows:

	2023	2022
	Rupees	Rupees
Pakistan	2,188,690,781	1,325,868,534
Kenya	-	31,573,820
France	-	11,445,011
Cambodia	-	5,886,503
United Arab Emirates	-	7,648,864
Sudan	9,605	-
Afghanistan	855,584	-
	2,189,555,970	1,382,422,732

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				
2023				
<30 days	30-60 days	61-90 days	>90 days	Total
-----Rupees-----				

31 December 2023

Expected credit loss rate	0.72%	1.31%	6.95%	9.88%	
Estimated total gross carrying amount at default	1,402,418,296	758,385,831	19,482,993	9,268,850	2,189,555,970
Expected credit loss	10,137,620	9,965,190	1,354,068	915,929	22,372,807

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

Trade receivables					
Days past due					
2022					
<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	10,478,869	13,914,702	16,371,735	11,320,462	52,085,768

(ii) Financial instruments and balances with banks

Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, employees and utility companies, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

Counter parties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances, term deposits receipts and interest accrued. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Group. Following are the credit ratings of counterparties with external credit ratings:

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	Rating			2023 Rupees	2022 Rupees
	Short term	Long term	Agency		
Bank balances:					
National Bank of Pakistan	A-1+	AAA	PACRA - VIS	6,086	1,368,178
United Bank Limited	A-1+	AAA	VIS	229,509	4,246,896
Habib Bank Limited	A-1+	AAA	VIS	103,376,956	117,361,166
Allied Bank Limited	A-1+	AAA	PACRA	704,215	229,594
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	64,081,062	95,209,138
JS Bank Limited	A-1+	AA-	PACRA	1,440,181	3,599,892
Bank Al Habib Limited	A-1+	AAA	PACRA	18,730	18,730
Meezan Bank Limited	A-1+	AAA	VIS	23,614,543	52,985,037
Askari Bank Limited	A-1+	AA+	PACRA	10,887,856	6,045,397
Mobilink Microfinance Bank Limited	A-1	A	PACRA	2,848,634	3,706,640
MCB Bank Limited	A-1+	AAA	PACRA	432,733	640,671
Summit Bank	A-3	BBB-	VIS	4,620	-
				207,645,125	285,411,339

Short-term investments

First Habib Modaraba	AA+	PACRA - VIS	469,669,680	145,290,304
----------------------	-----	-------------	-------------	-------------

Being investment grade, the Group has assessed expected credit losses for balances with banks for 12 month period. Based on external credit ratings, the Group has estimated that allowance for expected credit losses is trivial to the financial statements and accordingly has not been recognised.

(iii) Other financial assets

Other financial assets mainly comprise of long-term and short-term deposits, other receivables and advances / loans to employees. The Group has assessed, based on historical experience, that the expected credit loss associated with these financial assets is trivial and therefore, no expected credit loss has been recognized on these financial assets. The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

Concentration of credit risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instruments is broadly diversified and all other transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

(iv) Investment in Mutual Funds

The external credit rating of mutual funds in whose units the Group has invested its funds is as follows:

	Rating		2023 Rupees	2022 Rupees
	Long term	Agency		
Short-term investments - mutual funds				
ABL Cash Fund	AA+(f)	VIS	-	115,172,621
ABL Special Savings	CP2+(f)	PACRA	117,724,267	-
AL Habib Income Fund	AA(f)	VIS	100,055,093	-
Alfalah GHP Income Fund	A+(f)	PACRA	-	951,317
Alfalah GHP Money Market Fund	AA+(f)	PACRA	51,438,071	72,305,891
Alfalah GHP Sovereign Fund	AA-(f)	PACRA	100,101,725	-
Askari High Yield Scheme	A(f)	PACRA	-	53,165,658
Askari Sovereign Cash Fund	AA+(f)	VIS	-	8,825,267
Atlas Money Market Fund	AA+(f)	PACRA	102,148,457	114,079,170
Faysal Money Market Fund	AA(f)	PACRA	262,238	37,795,038
Faysal MTS Fund	AA-(f)	PACRA	-	218,111
First Habib Cash Fund	AA+(f)	VIS	-	22,440,302
HBL Financial Sector Income Fund	AA(f)	VIS	-	78,144,391
HBL Money Market Fund	AA+(f)	VIS	531,713	9,955,869
JS Cash Fund	AA+(f)	PACRA	53,277	9,650
Lakson Income Fund	A+(f)	VIS	43,855,478	-
Lakson Money Market Fund	AA+(f)	VIS	105,612,052	-
MCB Cash Management Optimizer Fund	AA+(f)	PACRA	86,119,069	82,863,602
Meezan Rozana Amdani Fund	AA+(f)	VIS	-	22,242,909
NBP Financial Sector Income Fund	A+(f)	PACRA	103,093,716	147,657,858
NBP Money Market Fund	AA(f)	PACRA	315,194	13,882,145
NIT Money Market Fund	AAA(f)	PACRA	103,139,785	19,647,659
UBL Government Securities Fund	A+(f)	VIS	150,136,405	305,683,297
UBL Income Opportunity Fund	AA-(f)	VIS	509,258,226	-
UBL Liquidity Plus Fund	AA+(f)	VIS	125,279,559	88,556,169
			1,699,124,325	1,193,596,924

The Group estimates the change in fair value of the Group's investment in mutual funds is not attributable to the changes in the credit risk of the related mutual funds.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. 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. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Group finances its operations through equity, borrowings and working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The Group's finance department aims at maintaining flexibility in funding by keeping regular committed credit lines available. The management uses different methods which assists it in monitoring cash flow requirements and optimizing the return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains an unavailed lines of credit.

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

	2023					
	Carrying amount	Contractual cash flows	within 1 year	1 to 2 years	2 to 5 years	More than 5 years
31 December 2023	-----Rupees-----					
Lease liabilities	528,560,365	676,557,267	197,327,913	255,014,554	191,652,430	32,562,370
Long-term loan	714,112,381	1,131,683,352	224,932,197	296,760,657	608,036,279	1,954,219
Short term borrowings	260,374,319	260,374,319	260,374,319	-	-	-
Trade and other payables	1,435,909,732	1,435,909,732	1,435,909,732	-	-	-
Unclaimed dividend	138,561,386	138,561,386	138,561,386	-	-	-
Unpaid dividend	111,299,848	111,299,848	111,299,848	-	-	-
	3,188,818,031	3,754,385,904	2,368,405,395	551,775,211	799,688,709	34,516,589

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	2022					
	Carrying amount	Contractual cash flows	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	27,400,902	4,478,939	4,382,866	12,576,029	5,963,068
Short term borrowings	511,804,639	511,804,639	511,804,639	-	-	-
Trade and other payables	1,235,472,320	1,619,602,775	1,619,602,775	-	-	-
Unclaimed dividend	98,853,172	98,853,172	98,853,172	-	-	-
Unpaid dividend	63,474,580	63,474,580	63,474,580	-	-	-
	2,185,627,469	2,640,971,177	2,398,333,054	135,498,627	79,701,524	27,446,972

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts. The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

41.2 Financial instruments by categories

2023		
AT FVTPL	Amortized cost	Total

-----Rupees-----

Assets as per consolidated statement of financial position:

Long-term deposits	-	24,143,429	24,143,429
Loan to employees		57,243,399	57,243,399
Advances	-	8,372,019	8,372,019
Trade debts	-	2,167,183,163	2,167,183,163
Trade deposits	-	25,638,939	25,638,939
Other receivables	-	12,233,863	12,233,863
Cash and bank	-	212,552,586	212,552,586
Short-term Investments		1,699,124,324	469,669,677
		1,699,124,324	2,977,037,075
			4,676,161,399

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	2022		
	AT FVTPL	Amortized cost	Total
-----Rupees-----			
Assets as per consolidated statement of financial position:			
Long-term deposits	-	48,376,589	48,376,589
Loan to employees		34,659,421	34,659,421
Advances	-	37,560,349	37,560,349
Trade debts	-	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 bank	-	287,404,969	287,404,969
Short-term Investments	1,193,596,924	145,290,304	1,338,887,228
	1,193,596,924	1,937,772,014	3,131,368,938

	2023	2022
	Financial Liabilities at amortized cost	
-----Rupees-----		
Liabilities as per consolidated statement of financial position:		
Lease liabilities	528,560,365	258,014,081
Long-term Loan	714,112,381	18,008,677
Unclaimed dividend	138,561,386	98,853,172
Short term borrowing	206,374,319	511,804,639
Trade and other payables	1,435,909,732	1,619,602,775
	3,077,518,183	2,506,283,344

42. CAPITAL RISK MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Group defines as operating income divided by total capital employed.

The Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may, for example, adjust the amount of dividends paid to shareholders, issue new shares, arrange new lines of credit or sell assets to reduce debt.

Neither there were any changes in the Group's objectives, policies or processes to capital management during the year nor the Group is subject to externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital employed. It includes within net debt, interest bearing loans and borrowings, trade and other payables and accrued markup.

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

	2023 Rupees	2022 Rupees
Long-term loan	714,112,381	18,008,677
Lease liabilities	528,560,365	258,014,081
Trade and other payables	1,435,909,732	1,619,602,775
	2,678,582,478	1,895,625,533
Add: Short term borrowings	260,374,319	511,804,639
Less: Cash and short-term deposits	(212,552,586)	(287,404,969)
Net debt	2,726,404,211	2,120,025,203
Share capital	529,833,630	418,840,820
Revaluation surplus on operating fixed assets	1,125,838,302	410,144,816
Revenue reserves	8,379,976,617	6,017,778,607
	10,035,648,549	6,846,764,243
Total capital employed	12,762,052,760	8,966,789,446
Gearing ratio	21%	24%

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

43. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2023		
	Long-term loan	Lease liabilities	Total
	-----Rupees-----		
Opening balance	18,008,677	258,014,081	276,022,758
Additions during the year	700,000,000	438,794,892	1,138,794,892
Cash flows - net	(3,896,296)	(221,514,816)	(225,411,112)
Finance cost	-	53,266,208	53,266,208
Closing balance	714,112,381	528,560,365	1,242,672,746

	2022		
	Long-term loan	Lease liabilities	Total
	-----Rupees-----		
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)
Closing balance	18,008,677	258,014,081	276,022,758

44. FAIR VALUE MEASUREMENT

44.1 Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair value measurement using			
Quoted price in active market	Significant observable inputs	Significant unobservable inputs	Total
(Level 1)	(Level 2)	(Level 3)	

31 December 2023

-----Rupees-----

Short-term investment	1,699,124,325	-	-	1,699,124,325
Revalued Property, plant and equipment				
Land-freehold	-	764,495,000	-	764,495,000
Building on freehold land	-	-	404,291,000	404,291,000
Plant and machinery	-	-	1,150,774,000	1,150,774,000
Total	1,699,124,325	764,495,000	1,555,065,000	4,018,684,325

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

	Fair value measurement using			
	Quoted price in active market	Significant observable inputs	Significant unobservable inputs	Total
	(Level 1)	(Level 2)	(Level 3)	
31 December 2022	-----Rupees-----			
Short-term investment	1,338,887,228	-	-	1,338,887,228
Revalued Property, plant and equipment:				
Land- freehold	-	338,400,000	-	338,400,000
Building on freehold land	-	-	284,263,416	284,263,416
Plant and machinery	-	-	502,007,996	502,007,996
Total	1,338,887,228	338,400,000	786,271,412	2,463,558,640

Movements of the above mentioned assets and surplus on revaluation of these assets have been disclosed in Note 17 and Note 7, respectively to these financial statements. There were no transfers between levels 1, 2 and 3 during the year and there were no changes in valuation techniques during the years.

44.2 Valuation techniques used to derive level 2 and level 3 fair values

The Group obtains independent valuations for its certain classes of property, plant and equipment (more particularly described below) at least every three years. At the end of each reporting period, the management updates its assessment of the fair value of each asset mentioned above, taking into account the most recent independent valuation. The management determines an asset's value within a range of reasonable fair value estimates. Level 2 fair value of land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per kanal. Level 3 fair value of building on freehold land has been determined using a depreciated replacement cost approach, whereby, current cost of construction of a similar building in a similar location has been adjusted using a suitable depreciation rate to arrive at present market value. Level 3 fair value of plant and machinery has been determined using a depreciated replacement cost approach, whereby, the current replacement cost of items of similar make/origin, capacity and level of technology has been adjusted using a suitable depreciation rate on account of normal wear and tear.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

Description	2023 Rupees	2022 Rupees	Significant unobservable inputs	Quantitative data / range and relationship to the fair value
Revalued Property plant and equipment				
Land - freehold	764,495,000	338,400,000	Cost of acquiring a new similar land considering price per kanal of immediate neighbourhood and neighbouring properties which have been recently purchased or sold.	Higher, the estimated cost of acquisition of similar land, higher the fair value.
Building on freehold land	404,291,000	284,263,416	Cost of construction of a new similar building. Suitable depreciation rate to arrive at depreciated replacement value.	The market value has been determined by using a suitable depreciation factor on cost of constructing a similar new building. Higher, the estimated cost of construction of a new building, higher the fair value. Further, higher the depreciation rate, the lower the fair value of the building.
Plant and machinery	1,150,774,000	502,007,996	Cost of acquisition of similar plant and machinery with similar level of technology. Suitable depreciation rate to arrive at depreciated replacement value.	The market value has been determined by using cost of acquisition of similar plant and machinery with similar level of technology and applying a suitable depreciation factor based on remaining useful lives of plant and machinery. The higher the cost of acquisition of similar plant and machinery, higher the fair value of plant and machinery. Further, higher the depreciation rate, the lower the fair value of plant and machinery.

44.3 Fair value of financial instruments

The carrying value of the Group's financial assets and liabilities measured at their amortized cost approximate their fair values, largely due to short term maturities of these instruments. The management assessed that fair value of loans and advances, short term deposits and investments, interest accrued, trade and other receivables, cash and bank balances, trade and other payables and accrued finance cost approximate their carrying amounts largely due to the short-term maturities of these instruments.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

45. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The related parties of the Group comprise associated companies, companies in which directors are interested, staff retirement funds and directors and key management personnel (Note 40.). Balances and transactions with related parties and associated Group are as follows:

45.1 Transactions during the year:

Undertaking	Relationship	Nature of transaction	2023 Rupees	2022 Rupees
Route 2 Health (Pvt) Ltd	Associate (Common directorship and shareholder of 1.29% (2022:1.29%))	Purchases	559,899,883	1,040,945,208
		Payments	516,433,451	1,115,957,866
		Dividend paid	9,156,200	-
Pharmatec	Associate	Dividend declared	69,822,020	63,474,580
Investments Limited	(Common directorship and shareholder of 8.34% (2022:8.34%))	Dividend paid	21,996,752	-
Staff Provident Fund	Employee benefit fund	Contribution for the year	84,835,509	73,268,249
		Dividend paid	3,376,300	3,069,380
Workers' Profit Participation Fund	Employee benefit fund	Charge for the year	181,856,568	182,157,250
Employees' Welfare Trust	Employee benefit fund	Contribution for the year	4,084,934	4,059,914
		Dividend paid	1,331,652	1,210,594

45.2 Balance outstanding as at reporting date:

Name of related party	Relationship	Nature of transaction	2023 Rupees	2022 Rupees
Route 2 Health (Pvt) Ltd	Associate	Other receivables	-	3,510,513
		Advances, Trade Deposits And Prepayments	-	43,510,000
		Unpaid dividend	111,299,848	63,474,580
Pharmatec	Associate	Unpaid dividend	111,299,848	63,474,580
Investments Limited				
Staff Provident Fund	Employee benefit funds	Trade and other payables	11,862,140	1,369,664
Workers' Profit Participation Fund	Employee benefit funds	Trade and other payables	181,856,569	(3,454,826)

45.1.1 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 2023

46. NUMBER OF EMPLOYEES

	2023	2022
Number of employees at the end of the year	2,396	2,483
Average number of employees during the year	2,440	2,399

47. 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:

From	To	Rupees
Cash and bank balances	Short-term investments	145,290,304
Long term advances	Trade and other payables	58,075,668

These reclassifications did not have any impact on amounts presented in the statement of financial position, as of 1 January 2022, accordingly, no third statement of financial position has been presented.

48. PLANT CAPACITY AND PRODUCTION

Annual production	2023 Million units	2022 Million units
Packs solids	72.19	73.75
Packs liquids	17.67	18.92
Packs drops	7.04	11.45
Packs suspension	6.98	4.63
Packs devices	0.59	0.61
Packs sachet	0.39	0.45
Packs cream	0.05	0.07
	104.91	109.88

The production capacity of the Group's plants is indeterminable as these are multi-product plants involving varying processes of manufacture. The Group's production was according to market demand.

49. SEGMENT REPORTING

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

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2023

50. EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on 28 March 2024 has proposed cash dividend at the rate of Rs. 30 (2022: Rs. 20) per share for the year ended 31 December 2023, subject to the approval of shareholders in the Annual General Meeting scheduled for 29 April 2024. These consolidated financial statements do not reflect these appropriations.

52. DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Group authorized these consolidated financial statements for issuance on 28 March 2024.



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, 2024 at 11:00 a.m. and at any adjournment thereof.

As witness under my/our hand(s) this _____ day of _____ 2024.

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 2024 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 Monday, April 29, 2024 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:

corporate.affairs@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.)	
Name of Authorized Signatory:	
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>5. To consider and if deemed fit, ratify and approve (as the case may be), the following resolutions, as special resolutions, with respect to related party transactions/arrangements conducted, in terms of Section 207 and/or 208 of the Companies Act, 2017 (to the extent applicable), with or without modification:</p> <p>RESOLVED that the transactions carried out by the Company with different Related Parties, during the year ended 31 December 2023, as disclosed in note 46 of the unconsolidated financial statements of the Company for the said period and specified in the Statement of Material Information under Section 134(3), be and are hereby ratified and confirmed.</p> <p>FURTHER RESOLVED that the Company be and is hereby authorized to enter into arrangements or carry out transactions from time to time including, but not limited to, for the purchase and sale of goods and material with different related parties to the extent deemed fit and/or approved by the Board of Directors. The members have noted that for the aforesaid arrangements and transactions there may be interested directors. Notwithstanding the same, the members hereby grant an advance authorization and approval to the Board Audit Committee and the Board of Directors of the Company, including under Section 207 and/or 208 of the Companies Act, 2017 (to the extent applicable) to review and approve all related party transactions as per the quantum approved by the Board of Directors from time to time.</p> <p>FURTHER RESOLVED that the related party transactions, for the period ending December 31st, 2024, shall be deemed to have been approved by the members, and shall subsequently be placed before the members in the next Annual General Meeting for ratification and confirmation.</p>

FURTHER RESOLVED that Dr. Adeel Abbas Haideri, the Chief Executive of the Company or such other person delegated by him and / or Mr. Ashfaq Alidina, Chief Financial Officer, and / or Ms. Mahnoor Ather, Company Secretary (the "Authorized Officers"), 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.

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)			

6. To consider and approve to circulate the Annual Report of the Company to the members through QR enabled code and weblink which will be intimated to the shareholders through notice of the meeting in accordance with S.R.O 389 (I)/2023 dated March 22, 2023 issued by the SECP.

RESOLVED that the circulation of Annual Report of the Company to the members through QR enabled code and weblink in accordance with S.R.O 389 (I)/2023 dated March 22, 2023, be and is hereby approved.

FURTHER RESOLVED that the Authorized Officers be and are 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.

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, 17.5 kms, Multan Road, Lahore) or through email at corporate.affairs@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, 2024. 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: info@highnoon.com.pk

Web: www.highnoon-labs.com