

ANNUAL
REPORT
2019

HIGHNOON
For a Healthier Nation



HIGHNOON LABORATORIES LIMITED

17.5 Kilometer Multan Road,
Lahore - 53700, Pakistan
Tel: + 92 42 111 000 465

Fax: + 92 42 3751 0037
Email: info@highnoon.com.pk
Web: www.highnoon-labs.com



HIGHNOON
LABORATORIES LIMITED

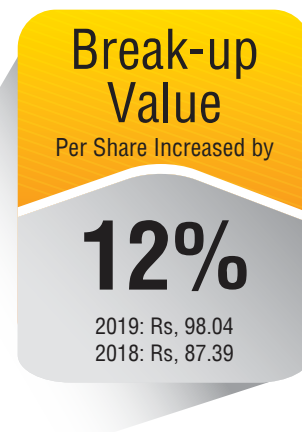
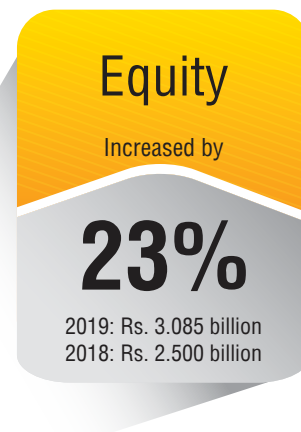
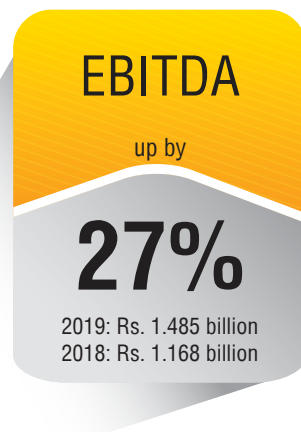
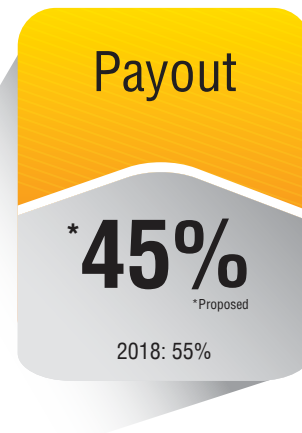
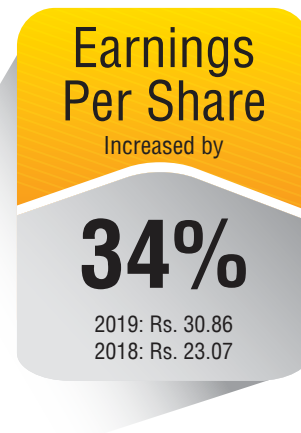
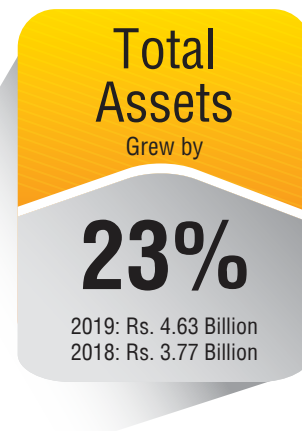
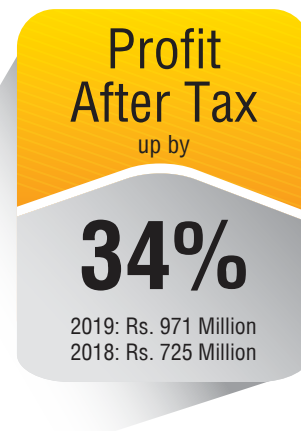
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Financial Highlights



Company Information

Board of Directors

Mr. Tausif Ahmad Khan
Chairman

Dr. Adeel Abbas Haideri
Chief Executive Officer

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

Chief Financial Officer

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

Company Secretary

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

Bankers

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

Registered, Headoffice & Plant

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

Legal Advisor

Raja Muhammad Akram
& Company

Tax Advisor

Yousuf Islam & Associates

Auditors

EY Ford Rhodes
Chartered Accountants

Shares Registrar

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

Audit Committee

Mr. Shazib Masud
Chairman

Mr. Ghulam Hussain Khan
Member

Mrs. Zainub Abbas
Member

Mr. Khadim Hussain Mirza
Secretary

Human Resource and Remuneration Committee

Mr. Shazib Masud
Chairman

Dr. Adeel Abbas Haideri
Member

Mrs. Zainub Abbas
Member

Executive Committee

Dr. Adeel Abbas Haideri
CEO Chairman

Mr. Javed Hussain
ED Finance Member

Mr. Sajjad Hafeez Butt
ED Operations Member

Dr. Saleem Akhtar
Director
Quality Operations Member

Mr. Ahmad Raza
Director
Product Development Member

Mr. Aamir Zafar
Director Commercial Member

Mr. Azfar Abbas Haideri
Director Commercial Member

Mr. Ashfaq P. Alidina
Chief Financial Officer Member

Ms. Iram Naila
Associate Director
Regulatory Affairs Member

I.T. Steering Committee

Dr. Adeel Abbas Haideri
CEO Chairman

Mr. Javed Hussain
ED Finance Member

Mr. Sajjad Hafeez Butt
ED Operations Member

Mr. Aamir Zafar
Director Commercial Member

Mr. Azfar Abbas Haideri
Director Commercial Member

Mr. Ashfaq P. Alidina
Chief Financial Officer Member

*Appointed with effect from 1st April 2020



Notice of Annual General Meeting



NOTICE is hereby given that 37th Annual General Meeting of Highnoon Laboratories Limited will be held on Tuesday May 12, 2020 at 11:00 a.m. at Registered Office, 17.5 Kilometer Multan Road, Lahore to transact the following business:

- To confirm minutes of the last Annual General Meeting held on 29 April 2019.
- 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, 2019 together with Directors' and Auditors' Reports thereon.
- To consider and approve payment of Cash Dividend at the rate of one hundred thirty percent (130%) and Bonus Shares at the rate of ten percent (10%) to the shareholders as recommended by the Board of Directors.
- To appoint Auditors and fix their remuneration for the year ending December 31, 2020.
- To discuss any other business with the permission of the Chair.

By order of the Board

Khadim Hussain Mirza
Company Secretary

Lahore
21 April 2020

Notes:

- Share transfer books of the Company will remain closed from May 05, 2020 to May 12, 2020 (both days inclusive) for the purpose of determining the entitlement of payout.
- A member entitled to attend and vote at this meeting may appoint another member as 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 our Shares Registrar M/s Corplink (Pvt.) Limited any change in their address.
- All account holders registered through Central Depository System shall authenticate their identity by showing original CNIC at the time of attending the meeting. In case of corporate entity, a certified copy of 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 regulatory requirement dividend will not be paid to shareholders whose CNIC Nos. are not available with the Company. Shareholders who have not yet provided copy of their CNIC are requested to provide the same to our Shares Registrar M/s Corplink (Pvt.) Limited at the earliest.
- To enable the Company to make tax deduction on the amount of cash dividend @15% instead of @ 30%, all shareholders who are filer of tax return are advised to make sure that their names are entered in the Active Tax Payers List (ATL) provided on the website of FBR. Corporate shareholders having CDC account are required to have their NTN updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to our Share Registrars M/s Corplink (Pvt.) Ltd.
- In view of current lockdown in effect, following the outbreak of COVID-19, SECP through circular No.10 of 2020 has allowed Public Listed Companies to circulate Annual Report for 2019 through email. Those shareholders who have provided their email addresses shall receive a PDF copy of Annual Report. We have also made the Annual Report available for download on our website and have published this notice in the newspapers to inform the shareholders about the same.
- In compliance with S.R.O. 1145(I) 2017 of SECP and Section 242 of the Companies Act 2017, it is mandatory to make payment of any cash dividend through electronic mode by directly crediting the dividend amount in 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 valid copy of CNIC. CDC shareholders are requested to have their bank account details updated with their respective participant and physical shareholders send the details to the Company or our Share Registrar M/S Corplink (Pvt.) Ltd. Please mention Company name and Folio No. while sending the details of Bank Account.
- In pursuance with the restriction imposed by the Government and SECP's directives, it has been decided to hold the AGM electronically. The members can send their comments/ suggestions related to the agenda items of the meeting through following means:

WhatsApp	Email
0923334374060	khadim@highnoon.com.pk

The members who are willing to attend and participate in the AGM can do so through video-link via smart phones, computer, 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 above, 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

Upon receipt of requests, the video-link login credentials will be shared with the interested shareholders on their email addresses or WhatsApp messages.

- The shareholders, who by any reason could not claim their outstanding dividend or bonus shares/physical share certificates, if any are advised to contact our Shares Registrar M/s Corplink (Private) Limited to collect/enquire about their unclaimed dividend / pending share certificates, if any. The Company in compliance with section 244 of the Companies Act, 2017 after having completed the stipulated procedure, shall deposit/deliver all such unclaimed amount of dividend and shares certificates outstanding for period of 3 years or more from the due date in the credit of Federal Government in case of dividend and shall deliver unclaimed shares certificates to SECP.
- Annual Audited Financial Statements for the year ended December 31, 2019 along-with Auditors' and Directors Report of the Company are placed on website: www.highnoon-labs.com

سالانہ اجلاس عام

ہائی نون لیبارٹریز لمیٹڈ کے حصہ داران کا سینٹیوساں سالانہ اجلاس عام بروز منگل 12 مئی 2020ء بوقت 11:00 بجے صبح کمپنی کے رجسٹرڈ دفتر 17.5 کلومیٹر ملتان روڈ، لاہور میں مندرجہ ذیل امور پر فیصلہ کیلئے منعقد ہوگا۔

- 1- گزشتہ سالانہ اجلاس عام منعقدہ 29 اپریل 2019ء کی کاروائی کی توثیق۔
- 2- 31 دسمبر 2019ء کو ختم ہونے والے مالی سال کی بابت کمپنی کے نتیجہ شدہ حسابات بعد ایشتمال شدہ حسابات ہمراہ ڈائریکٹران و آڈیٹران کی رپورٹس پر غور اور ان کی قبولیت۔
- 3- ڈائریکٹران کے سفارش کردہ ایک سو تیس فیصد 130% نقد منافع کی ادائیگی اور دس فیصد 10% بونس شیئرز کے اجراء کی منظوری۔
- 4- آئندہ مالی سال تختہ 31 دسمبر 2020ء کے لیے آڈیٹران کا تقرر اور ان کے صلہ خدمت کا تعین۔
- 5- چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

بجلم بورڈ آف ڈائریکٹرز

(خادم حسین مرزا)

کمپنی سیکرٹری

لاہور:

مورخہ 21 اپریل 2020ء

نوٹ:

- 1- کمپنی کی منتقلی حصص کتب 05 تا 12 مئی 2020ء (بشمول ہر دو ایام) اعلان کردہ منافع کے حقداران کے تعین کے لیے بندر ہیں گی۔
- 2- حصہ داران جو کہ اجلاس میں شرکت کے اہل ہیں اپنی جگہ دوسرے حصہ دار کو شرکت کرنے اور ووٹ دینے کے لیے اپنا نمائندہ مقرر کر سکتے ہیں۔ اختیار نامہ نمائندگی اجلاس کے وقت سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں لازماً وصول ہو جانا چاہیے۔ اجلاس میں شرکت کے لیے اپنا اصل شناختی کارڈ ہمراہ لائیں۔ حصہ داران سے درخواست ہے کہ ان کے پتہ جات میں اگر کوئی تبدیلی ہے تو فوراً مطلع فرمائیں۔
- 3- سینٹرل ڈیپازٹری کمپنی کی وساطت سے درج تمام حصہ داران سے گزارش ہے کہ اجلاس میں شرکت کے لیے اپنا اصل شناختی کارڈ ضرور ہمراہ لائیں تاکہ ان کی شناخت میں آسانی ہو جبکہ کمپنی یا ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد کی مصدقہ کاپی یا موثر مختار نامہ جس پر ان کے نام تحریر ہوں اور دستخط تصدیق کیے گئے ہوں نمائندگان اپنے ہمراہ لائیں۔
- 4- ایس ای سی پی کی ہدایت کے مطابق جن حصہ داران کے شناختی کارڈ نمبر کا اندراج کمپنی کے ریکارڈ میں نہیں ہوگا انھیں ڈیویڈنڈ کی ادائیگی نہیں ہوگی۔ جن حصہ داران نے اپنے کپوزٹرز ڈیویڈنڈ شناختی کارڈ کی کاپی پہلے فراہم نہیں کی تو فوراً شیئرز رجسٹرار کارپوریشن (پرائیویٹ) لمیٹڈ کو ارسال کریں۔
- 5- اس امر کو یقینی بنانے کے لیے کہ کمپنی آپ کے نقد منافع (کیش ڈیویڈنڈ) میں سے 15% کے بجائے 30% ٹیکس کوٹی نہ کرے وہ تمام حصہ داران جن کے نام FBR (فیڈرل بورڈ آف ریونیو) کی ویب سائٹ پر ٹیکس کی ادائیگی کرنے والے فعال افراد کے طور پر موجود نہیں ہیں باوجود اس کے کہ وہ ٹیکس کی ادائیگی کرتے ہیں ان سے گزارش ہے کہ اس امر کو یقینی بنائیں کہ ان کے نام ٹیکس کی ادائیگی کرنے والے فعال افراد (ایلیکٹریکس بیئرز لسٹ) کی فہرست میں شامل ہو جائیں۔ کارپوریٹ حصہ داران جو سی ڈی سی اکاؤنٹس کے حامل ہوں ان کے لیے لازمی ہے کہ وہ اپنے متعلقہ شراکت داروں سے اپنا نیشنل ٹیکس نمبر (این ٹی این) آپ ڈیٹ کر لیں جبکہ کارپوریٹ فزیکل جن حصہ داران کے لیے ضروری ہے کہ وہ اپنے این ٹی این سرٹیفکیٹ کی نقل کمپنی یا اس کے شیئرز رجسٹرار کارپوریشن (پرائیویٹ) لمیٹڈ کو ارسال کریں۔

سالانہ اجلاس عام

6- کرونا وائرس کی وبا کے پھیلاؤ کی وجہ سے ہونے والے حالیہ لاک ڈاؤن کے پیش نظر ایس ای سی پی نے اپنے نوٹیفیکیشن نمبر 10 برائے سال 2020 پبلک لسٹڈ کمپنیز کو سالانہ رپورٹ برائے سال 2019 بذریعہ ای میل بھیجنے کی اجازت دی ہے۔ جن حصہ داران نے اپنا ای میل پتہ کمپنی کو درج کروا رکھا ہے وہ سالانہ رپورٹ کی پی ڈی ایف کاپی وصول کر سکیں گے۔ ہم نے سالانہ رپورٹ ڈاؤن لوڈ کرنے کے لیے کمپنی کی ویب سائٹ پر مہیا کر دی ہے۔

7- کمپنی 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 وہ جلد از جلد اپنے بینک اکاؤنٹ کی تفصیلات جو کہ بینک کے نام، برانچ کا نام اور پتہ، بینک اکاؤنٹ ہولڈر کا نام، اور انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN NO.)، CNIC کی کاپی پر مشتمل ہیں فراہم کر دیں۔ وہ حصہ داران جن کے حصص سی ڈی سی پر ہیں وہ اپنے بینک اکاؤنٹ کی تفصیلات اپنے شیئرز بروکر کو فراہم کریں جبکہ فزیکل شیئرز ہولڈر اپنے بینک کی اکاؤنٹ کی تفصیلات کمپنی کے شیئرز رجسٹرار میسرز کارپوریشن (پرائیویٹ) لمیٹڈ کو فراہم کریں۔ بینک اکاؤنٹ کی تفصیلات بھیجنے ہوئے اپنا فونو نمبر اور کمپنی کا نام ضرور لکھیں۔

8- حکومت کی عائد کردہ پابندیوں اور ایس ای سی پی کی ہدایات پر عمل درآمد کو یقینی بنانے کے لئے سالانہ اجلاس کو الیکٹرانکلی منعقد کرنے کا فیصلہ کیا گیا ہے۔ حصہ داران اجلاس کے ایجنڈا کے بارے میں اپنی رائے اور تجاویز درج ذیل ای میل اور واٹس ایپ نمبر پر بھیج سکتے ہیں۔

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

جو حصہ داران اجلاس میں شریک ہونا چاہتے ہیں وہ اپنے سمارٹ فون، کمپیوٹر یا لیپ ٹاپ کے ذریعے ویڈیو لنک پر شرکت کر سکتے ہیں۔ سالانہ اجلاس میں بذریعہ ویڈیو لنک شرکت کے لیے حصہ داران کو درخواست کی جاتی ہے کہ وہ درج ذیل معلومات درج بالا ای میل یا نمبر پر اجلاس شروع ہونے سے کم از کم 48 گھنٹے پہلے فراہم کریں۔ اور یہ <https://zoom.us/download> ویڈیو لنک ڈاؤن لوڈ کریں۔

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

دستخط حصہ دار

درخواست وصول ہونے کے بعد حصہ داران کو ان کے دیے گئے ای میل یا فون نمبر پر ویڈیو لنک میں رسائی کی معلومات دی جائیں گی۔

9- حصہ داران (جو کسی بنا پر) اپنے ڈیویڈنڈ یا بونس حصص یا اپنے فزیکل حصص کو حاصل نہیں کر سکتے ہیں (اگر ایسا کوئی ہے) تو ان سے درخواست ہے کہ وہ حصص رجسٹرار میسرز کارپوریشن (پرائیویٹ) لمیٹڈ سے رابطہ کریں۔ اس طرح کے تمام ڈیویڈنڈ اور حصص ٹریفیکیشن جو ان کی ادائیگی کی واجب الادا تاریخ سے 3 سال یا اس سے زائد عرصہ سے بغیر کسی دعویٰ کے پڑے ہوئے ہیں کمپنی کمپنیز ایکٹ 2017 کے سیکشن 244 کے تحت ضروری کاروائی کے بعد حکومت کے بینک اکاؤنٹ میں جمع کرا دے گی اور حصص ٹریفیکیشن سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو بھیج دے گی۔

10- کمپنی کے نتیجہ شدہ حسابات سال تختہ 31 دسمبر 2019ء کمپنی کی ویب سائٹ www.highnoon-labs.com پر موجود ہیں۔



Our Vision

We at Highnoon Laboratories Limited understand the duties of being responsible corporate citizen and stand true to our conviction and promise to work for the betterment and prosperity of our people.

“Highnoon for a Healthier Nation”



Our Mission

We strive to maintain excellence in our business practices with the objective to benefit the medical community, consumers, stakeholders and employees; and to improve quality of life by providing quality products.



Corporate Objectives



- Excel in meeting customer needs.
- Maintain leadership in national pharmaceutical industry.
- Enhance export business.

- Gain confidence of Doctors, Pharmacists and Consumers who use our products.
- Seek employees involvement, continuous improvement and enhanced performance goals.

Statement of Ethics & Core Values

Shared Responsibility

The achievement and continuation of an ethical work environment is a shared responsibility among employees, seniors, officials and directors of the company, which will be treated as confidential.

Intellectual Honesty

Personal interaction among employees should be characterized by truthfulness, openness to new ideas and consideration for the rights of others. Each member of the team should respect the right of others to freedom of thought, opinion, speech and association.

Personal Conduct

At Highnoon each employee is responsible for avoiding real or apparent conflicts of interest, ensuring that authority is exercised within a framework of accountability and ensuring that information is managed in accordance with relevant statutes. Employees must ensure that the organization's interests are foremost in all business decisions and shall distant themselves from decision making roles which involve the employee in any personal capacity or which involve friends or family members.

Research

Research carried out by our organization shall be characterized by the highest standards of integrity and ethical behavior. Every effort shall be made to ensure that all research data or results of projects or programs sponsored by or under the administrative supervision of organization are represented properly and accurately.



Directors' Report to the Shareholders

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

By the grace of Almighty, the year 2019 has been another year of accomplishments and growth for the Company. We are pleased to share that the Company has delivered strong business results and has demonstrated operational excellence by achieving many milestones. It is our pleasure to share with you the financial highlights of 2019 and the deliberate efforts we are making to ensure a sustainable growth.

FINANCIAL HIGHLIGHTS OF THE COMPANY

	2019	2018
	(Rupees in thousands)	
Profit before tax	1,341,086	1,056,266
Taxation	(370,073)	(330,375)
Profit after tax	971,013	725,891
Profit available for appropriation	2,656,544	2,099,966

Appropriations:

Final cash dividend for the FY 2019 @ Rs. 13 per share	(409,086)	
FY 2018 @ Rs. 13 per share		(371,896)
Bonus share @ 10% (FY 2018:10%)	(31,468)	(28,607)

CHAIRMAN'S REVIEW

The Chairman of the Board has given his review on pages 26 to 35 which provides insight on:

- ▶ Economic Overview and Financial performance
- ▶ Products and Market
- ▶ Operational Excellence
- ▶ Human Resource initiatives
- ▶ Future Business Outlook and challenges

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

EARNINGS PER SHARE

Based on the audited accounts for the year ended 31 December 2019, basic Earnings Per Share (EPS) of the Company was Rs. 30.86 (2018: Rs.23.07 Restated).

DIVIDEND ANNOUNCEMENT

The Board is pleased to announce a final cash dividend of 130% (2018:130%) i.e. Rs. 13/- per share (2018: Rs. 13.00 per share) and bonus shares at the rate of 10% i.e., 10 shares for every 100 shares (2018: 10%) for the financial year ended 31 December 2019 subject to the approval by the shareholders at the Annual General Meeting to be held on 12 May 2020.

PATTERN OF SHAREHOLDING

The Company's shares are traded on the Pakistan Stock Exchange Limited. The shareholding information as of 31 December 2019 and other related information is set out on pages 44 to 45.

THE BOARD AND MEETINGS

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

The existing Board was elected on 31 August 2018. It comprises of 7 directors including the Chief Executive Officer and possesses a diverse mix of gender, knowledge and expertise to enhance its effectiveness. The Board consists of 1 female director and 6 male directors, categorized as follows:

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

The Board in January 2019 appointed Ms. Nael Najam as an alternate director to represent Mr. Romesh Elapata during his absence from Pakistan.

The Board reviews all significant matters of the Company. These include Company's strategic direction, annual business plans and targets, regular performance tracking against targets, decision on long-term investments and potential financing options. The Board is committed to maintain high standards of Corporate Governance. In 2019 the Board met six times to discharge its responsibilities; the attendance of members at the meetings is summarized as under:

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

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

Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary their spouses and minor children have not sold or purchased shares of the Company during 2019 except the following:

Sr. No.	Name	No. of Shares	Remarks
1.	Mr. Ghulam Hussain Khan (non-executive director)	327,285	Sold in the market
2.	Mr. Tausif Ahmad Khan (non-executive director)	19,800	Purchased from the market

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

AUDIT COMMITTEE

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

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

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

The Committee meets once every quarter of the financial year. These meetings are held prior to the approval of the interim results of the Company by the Board. The Committee held 6 meetings in 2019 and met once with the head of internal audit and other members of the internal audit function without the CFO and the external auditors being present. The Committee also met with the external auditors without the CFO and head of internal audit being present.

The attendance by each member in those meetings is summarized as under:

Sr. No.	Name of the Members	No. of Meetings Attended
1.	Mr. Shazib Masud	6
2.	Mr. Ghulam Hussain Khan	6
3.	Mrs. Zainub Abbas	2

HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

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

The attendance in the meeting is given as under:

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

RISK MANAGEMENT

The Company uses the Lean Enterprise Risk Management framework in assessing and managing risk. It is our policy to view risk management as integral to the creation, protection and enhancement of shareholder value by managing the significant uncertainties and risks that could possibly influence the achievement of our corporate goals and objectives.

We belong to an industry which operates in a highly regulated environment. Our operations are directly related to the human healthcare and are highly sensitive to the quality assurance. These factors require the Board to assess potential legal, operational, commercial, quality compliance and financial risks. The Board assesses the probability and impact of risks that the Company is exposed to and assigns responsibilities to manage those risks on an on-going basis. Risks are identified across the organization and are ranked based on their impact and probability. Upon identification of risks, a strategy is devised to mitigate its impact which is monitored by the Risk Management Committee and the Board. The Company has identified the following significant risks and devised the mitigation strategies:

Economic and Regulatory Environment Risks

We operate in an unstable macro-economic conditions and highly restricted regulatory environment. The impact of increase in cost of production triggered by adverse movement in foreign exchange rates and inflation rate cannot be directly passed on to consumers due to regulated prices. In order to minimize impact of these risks the management takes several measures which include competitive sourcing, focusing on export business to provide natural hedge and rigorously lobbying with the authorities for a fair drug pricing policy and other business friendly policies. The management also executes leaner, innovative and cost-efficient technology driven operational strategy to mitigate pressures on cost of production.

Product Quality Risks

The risks arise from situations where the products fail to meet quality standards resulting into serious threats to patients' health or do not produce the required results resulting in brand reputation loss. In order to mitigate these risks, an efficient Quality Management System (QMS) is in place so that every batch is subject to stringent quality process and only compliant products are released in the market. QMS is regularly audited by internal compliance and audit function as well as reviewed by surveillance bodies for its effectiveness. The Company also keeps a close contact and rigorous follow up with the medical professionals to get feedback on quality and efficacy of the products and on

changing medical conditions and diseases evolutions. The research and development function is well equipped and placed to respond to growing and changing medical conditions.

Operational Risks

These risks relate to the possibility of suspension of operations due to various hindrances. It may include capacity constraints due to unexpected growth, potential breakdown due to malfunctioning, material shortages due to supply issues or abnormal sales trend and logistical constraints. In order to mitigate these risks, effective technical monitoring programs with regards to preventive maintenance, deteriorated asset replacement, modernization and limiting constraint factor management plans are in place. The Company remains focused on development of geographically diversified sourcing, effective commercial and manufacturing planning to ensure smooth supplies.

Commercial Risks

These risks trigger from the highly competitive nature of the market with large number of players. There is direct threat to the revenue and market share of the Company. The Company mitigate these risks with effective and aggressive sales and marketing strategy, product diversification and new product launches.

Law and order deterioration/ risk of fire

An adequate insurance coverage is in place for all the fixed and current assets, so that in case adverse event occurs the impact can be minimized.

Financial Risks

These risks are described in more detail in note 38 to the Financial Statements of the Company.

Information System Risk

These risks may evolve from internal or external threat to information system infrastructure or to legal, financial and operational data of the Company. To mitigate these risks, Business Continuity and Disaster Recovery Plans (DRPs) are in place to ensure that the data remains secure and Company's operations are not disrupted. The DRPs cover all business aspects with special focus on information technology and the ERP environment which spans multiple functions. Detailed responsibilities of DRP lead, steering committee and key team members are defined to ensure rapid response in the event of a business disruption.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year, the contribution to the National Exchequer has further increased and the Company paid/payable over Rs.845 million (2018: Rs. 699 million) to the government and its various agencies on account of different government levies, including custom duty, sales tax, WPPF, WWF, CRF and income tax.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

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

ENVIRONMENT PROTECTION

Strict preventive maintenance schedule is in place to ensure exhaust emission values meet the legal requirements. A proper waste management system is in place and we manage the hazardous and non-hazardous waste as per legal requirement through approved vendors.

EXTERNAL AUDITORS

The external auditors of the Company EY Ford Rhodes, Chartered Accountants shall retire on the conclusion of Annual General Meeting. Being eligible for re-appointment under the listing regulations, they have offered their services as auditors of the Company for the financial year 2020. The Audit Committee has recommended the appointment of EY Ford Rhodes, Chartered Accountants as Auditors of the Company for the year ending 31 December 2020 and the Board agrees to the recommendation of the Audit Committee.

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

SUBSIDIARY COMPANY Curexa Health (Private) Limited Performance Review

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

DIRECTORS' REMUNERATION

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

The significant features of the policy are:

- Non-executive directors are entitled to receive fees as per provision contained in Articles of Association of the Company for attending meetings of the Board and its Committees.
- The Board of Directors ("BOD") on recommendation of Human Resource & Remuneration (HR & R) Committee from time to time, determines and approves the remuneration of the members of the BOD for attending Board Meetings.

RELATED PARTY TRANSACTIONS

In compliance with the requirements of Companies Act, 2017 the details of all related party transactions during the year under review were placed before the Board periodically for consideration and approval on recommendation of the Audit Committee. The pricing method for related party transactions was approved by the board. All the transactions were at arm's length and the Audit Committee and the board have approved all related party transactions in their respective meetings in compliance with approved pricing method. The details of related party transactions are given in note 37 and note 40 to the financial statements.

BOARD'S PERFORMANCE REVIEW

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. Improvement areas if any, identified during the process of performance evaluation are duly considered by the Board and corrective action plans are framed and implemented accordingly.

A comprehensive criterion has been developed and the performance of the Board is evaluated against this criterion. The Board has completed annual evaluation for the year ended 31 December 2019. Based on the performance evaluation, the overall performance of the Board was satisfactory.

CORPORATE SOCIAL RESPONSIBILITY

The CSR activities of the Company are guided by its corporate vision. We regularly support variety of health-related causes including relief and rehabilitation, promotion of education, provision of free medicines, child and women development initiatives to name a few.

We have provided support to Thalassemia patients for the last many years and continue to provide free of cost iron chelating agent to patients suffering from blood disorders. The Company in collaboration with Pakistan Red Crescent Society has established a Thalassemia Centre in Lahore. The Company in addition to the provision of free of cost iron chelating medicine is also providing financial assistance to support operations of the Thalassemia Centre.

Improving educational opportunities and hence employability has been another initiative that integrates and aligns with our business operations. Education is another area where the company regularly contributes. Our objective is to financially assist needy students, so they pursue their education. The company provides financial assistance to the needy students of Punjab University College of Pharmacy. Similarly, a program has been initiated to support deserving children of company employees towards professional education at undergraduate/ post graduate level.

The Company also supports women empowerment projects to boost the confidence, improve the skill set and to help women to fully participate in society. We launched a 'Women's Forum' in which female employees of the Company participate to discuss and resolve various facets of everyday work life. Several training courses were held during the year where highly professional trainers and speakers were invited to deliver in-house grooming courses to our female officers.

ADEQUATE INTERNAL CONTROLS

The Board with assistance of management team has established an adequate internal control system in the Company. The System of internal controls is sound in design and has been effectively implemented at all levels in the organization and being monitored for its consistent operations. The system establishes structures, reporting line, and delegation of authority. Levels of authorities are well defined, policies, procedures & practices are formulated and implemented in true spirit to achieve business and strategic objectives of the Company. The Board and its sub-committee(s) are independent of management and take the responsibility for providing oversight for the development and operation of controls. In compliance with Code of Corporate Governance the management established an effective internal audit function which report to Audit Committee. The audit function provides assurance to the audit committee on the adequacy and effectiveness



of internal controls as well as review of compliance with the Company's policies, procedures and work practices.

CORPORATE GOVERNANCE

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

1. The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act 2017. These Statements, prepared by the management present fairly the Company's state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper Books of accounts have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements except changes mentioned in 4.2 to the financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
5. The system of internal controls is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. Accounting estimates are based on prudent judgments and there are no outstanding statutory payments on account of Government taxes, duties, levies and charges except for those which have been disclosed in note 11 and note 14 to the financial statements.
8. There have been no material changes since 31 December 2019 and the Company has not entered any commitment, which would affect the financial position at the report date.
9. None of the Directors has been convicted as a defaulter in payment of any loans of Banks / DFIs, neither they nor their spouses are engaged in the business of stock brokerage. The Board has separately appended "Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019" and auditors have given unqualified review report thereon.
10. There has been no significant departure from the Best Practices of Corporate Governance, as detailed in the listing regulations.

11. The fair value of investment of the Provident Fund based on un-audited accounts as on 31 December 2019 was Rs.275.366 million as compared to Rs. 200.092 million as per audited accounts of 31 December 2018.

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

WEB PRESENCE

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

ACKNOWLEDGMENT

We would like to express our deep appreciation to our shareholders, medical professionals and customers who have consistently demonstrated their confidence in the Company. We would also like to place on record our sincere appreciation for the unwavering commitment, dedication and innovative thinking put in by every individual of the Highnoon family and are confident that they will continue to do so in the future.

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: 31 March 2020

ڈائریکٹرز رپورٹ

اور یہ کہ فرم اور اسکے شرکاء انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس کے جاری کردہ ضابطہء اخلاق پر پورا اترتے ہیں۔ مزید یہ کہ وہ کمپنی کو کوئی دوسری خدمت فراہم نہیں کر رہے۔ آڈیٹرز نے اس بات کی تصدیق کی ہے کہ فرم اور اسکے شرکاء اور ان کی شرکاء حیات اور نابالغ بچے کسی بھی وقت کمپنی کے کھسکی ملکیت یا ان کے لین دین میں شامل نہیں رہے۔

ذیلی کمپنی

کیوریکسا ہیلتھ (پرائیویٹ) لمیٹیڈ۔ مالیاتی کارکردگی کا جائزہ

کمپنی اور اسکی ذیلی کمپنی کے اشتعمالاتی گوشواروں کے ساتھ ایک علیحدہ ڈائریکٹرز رپورٹ پیش کی گئی ہے جو گروپ کے مالیاتی کارکردگی کے ساتھ ساتھ ذیلی کمپنی کے انفرادی کاروباری امور اور مالیاتی کارکردگی پر جائزہ پیش کرتی ہے۔

ڈائریکٹران کا معاوضہ

کمپنی نے ڈائریکٹران کے معاوضہ کے تعین کے لئے ایک پالیسی وضع کر کے منظوری ہے جو ایگزیکٹو، نان ایگزیکٹو اور آزاد ڈائریکٹران کے معاوضہ کا تعین کرتی ہے۔

- اس پالیسی کے مطابق نان ایگزیکٹو ڈائریکٹران بورڈ اور کمیٹیوں کی میٹنگز میں شمولیت کیلئے کمپنی کے آرٹیکلز آف ایسوسی ایشن کی شتوں کے مطابق معاوضہ لینے کے حقدار ہوں گے۔

- بورڈ انفرادی وسائل اور معاوضہ کمیٹی کی سفارشات پر وقتاً فوقتاً بورڈ میٹنگ میں شمولیت کیلئے ڈائریکٹران کے لئے معاوضے کا تعین کرتا رہتا ہے۔

متعلقہ پارٹیوں سے لین دین

کمپنیز ایکٹ 2017 کی دفعات کے مطابق متعلقہ پارٹیوں سے ہونے والے لین دین کی تمام تفصیلات آڈٹ کمیٹی کی سفارشات اور منظوری کے ساتھ بورڈ کے سامنے جائزہ کے لیے پیش کی جاتی رہی ہیں۔ متعلقہ پارٹیوں سے ہونے والے لین دین میں کمپنیوں کے تعین کی پالیسی بورڈ سے منظور شدہ ہے۔ تمام لین دین آرمز لینتھ کے اصول کی بنیاد پر ہوا اور آڈٹ کمیٹی اور بورڈ نے اپنے اپنے اجلاسوں میں ان لین دین کی منظوری دی ہے کیونکہ تمام لین دین منظور شدہ قیمت کی پالیسی کے مطابق ہوا ہے۔ ان لین دین کی تفصیلات مالیاتی گوشواروں کے نوٹ 37 اور 40 میں دی گئی ہیں۔

بورڈ کی کارکردگی کا جائزہ

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

بورڈ کی قدر پیمائی کا ایک جامع پیمانہ تشکیل دیا گیا ہے اور اسی پیمانے پر بورڈ کی کارکردگی کو پرکھا جاتا ہے۔ سال ختمہ 31 دسمبر 2019 کے لیے یہ قدر پیمائی مکمل کر لی گئی ہے اور اسکی بناء پر بورڈ کی کارکردگی کو تسلی بخش قرار دیا گیا ہے۔

کمپنی کی سماجی ذمہ داری

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

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

کمپنی خواتین کو بااختیار بنانے کے منصوبوں کی حمایت کرتی ہے تاکہ ان کے اعتماد اور مہارت میں اضافہ کیا جاسکے اور معاشرے میں ان کے کردار کو بھر پور بنانے کے لیے ان کی مدد کی جائے۔ ہم نے خواتین کا ایک فورم بنایا ہے جہاں خواتین کارکنان حصہ لیتی ہیں اور اپنے روزمرہ پیشہ ورانہ زندگی کے امور سے متعلق مسائل کو حل کرنے کے لئے مشاورت کرتی ہیں۔ امسال، بہت سی ترقی نشین کمپنیوں کا اہتمام کیا گیا جن میں پیشہ ور ماہرین کو ہماری خواتین آفیسرز کو تربیتی کورسز کے لیے مدعو کیا گیا۔

داخلی انضباط کا مناسب نظام

بورڈ نے شیڈولڈ ٹیم کی مدد سے کمپنی میں ایک مناسب داخلی انضباط کا نظام قائم کر رکھا ہے۔ یہ نظام اپنی ساخت کے اعتبار سے مضبوط ہے اور اسے کمپنی میں ہر سطح پر موثر طور پر نافذ کیا گیا ہے اور اسکی مستقل عملدرآمدی ممکن بنانے کیلئے اسکی نگرانی کی جاتی ہے۔ یہ نظام انتظامی ڈھانچے ترتیب دیتا ہے، ذمہ داریوں کا تعین کرتا ہے اور اختیارات تفویض کرتا ہے۔ اختیارات کی حدود غیر مہم انداز میں وضع کی گئی ہیں،

ڈائریکٹرز رپورٹ

طریقہ کار اور ضابطہ عمل بنا کر اپنی اصل روح کے ساتھ نافذ کئے گئے ہیں تاکہ کمپنی حکمت عملی اور کاروبار سے منسلک مقاصد حاصل کر سکے۔ بورڈ اور اسکی کمیٹیاں انتظامیہ سے جدا ہیں اور تمام کاروباری امور کے لیے کنٹرول وضع کرنے اور ان پر عملدرآمد کی نگرانی کرنے کے لئے اپنی ذمہ داری لیتی ہیں۔ کوڈ آف کارپوریٹ گورننس کے مطابق بورڈ نے داخلی آڈٹ کا ایک موثر شعبہ قائم کیا ہوا ہے جو آڈٹ کمیٹی کو جوابدہ ہے۔ یہ شعبہ آڈٹ کمیٹی کو باور کرواتا ہے کہ داخلی کنٹرولز مناسب اور موثر ہیں اسکے ساتھ ساتھ یہ کمپنی کی پالیسیز، طریقہ کار اور ضوابط عمل کی پیروی کا جائزہ لیتا ہے۔

کارپوریٹ گورننس

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

- 1- مالیاتی گوشوارے اور اسکے نوٹس کمپنیز ایکٹ 2017 کے مطابق بنائے گئے۔ انتظامیہ کے تیار کردہ یہ گوشوارے شفافیت کے ساتھ ساتھ کمپنی کے کاروباری معاملات، اسکے امور کے نتائج، کیش فلوز، اور ایکویٹی میں تبدیلی کو بیان کرتے ہیں۔
- 2- کمپنی کے حسابات کے کھاتے باضابطہ طور پر بنائے جا رہے ہیں۔
- 3- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیز کا تواتر کیا گیا ہے اور اسکی عملدرآمد کی نگرانی کی جاتی ہے۔
- 4- وہ تمام بین الاقوامی مالیاتی رپورٹنگ سٹینڈرڈز جو پاکستان میں لاگو ہیں مالیاتی گوشوارے بناتے وقت ان کی پیروی کی گئی ہے۔
- 5- داخلی انضباط کا نظام اپنی ساخت کے اعتبار سے مضبوط ہے اور موثر طور پر نافذ کیا گیا ہے اور اسکی عملدرآمد کی نگرانی کی جاتی ہے۔
- 6- کمپنی کی اس استعداد میں کہ وہ اپنے کاروبار کو جاری رکھ سکے گی کوئی شکوک و شبہات نہیں ہیں۔
- 7- اکاؤنٹنگ کے تخمینے محتاط رائے پر منحصر ہیں اور مالیاتی گوشواروں کے نوٹ 11 اور 14 میں بیان کیے گئے واجبات کے علاوہ کوئی بھی سرکاری ٹیکسیز، ڈیوٹیز، لیویز اور اخراجات کمپنی کے ذمہ واجب الادا نہیں ہیں۔
- 8- 31 دسمبر 2019 کے بعد سے لیکر اس رپورٹ کی تاریخ تک کوئی بھی ایسی تبدیلی واقع نہیں ہوئی نہ ہی کمپنی نے کوئی بڑی ذمہ داری اٹھائی ہے جس سے کمپنی کی مالی حالت پر اثر پڑے۔
- 9- کوئی بھی ڈائریکٹر مالیاتی اداروں یا بینکوں کا نایہندہ نہیں ہے اور نہ ہی ڈائریکٹرز ان کے شرکاء حیات اسٹاک بروکرنگ کرتے ہیں۔ بورڈ نے لیکٹیویٹرز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی پیروی پر تحریر اپنی رپورٹ کے ساتھ علیحدہ سے منسلک کر دی ہے اور آڈیٹرز نے اس پر اپنی غیر کوالیفائیڈ رپورٹ جاری کر دی ہے۔
- 10- لیکٹیویٹرز میں بیان کردہ کارپوریٹ گورننس کی بہترین کاروباری عملدرآمدی سے کسی قسم کا انحراف نہیں پایا گیا۔
- 11- پروویڈنڈ فنڈ کی سرمایہ کاری کی قدر 31 دسمبر 2019 پر غیر نتیجہ شدہ حسابات کے مطابق 275.366 ملین روپے ہے جسکے موازنہ میں 31 دسمبر 2018 کے نتیجہ شدہ حسابات کے مطابق یہ قدر 200.092 ملین روپے تھی۔
- 12- گزشتہ چھ سال کے اہم اعداد و شمار سرمایہ کاروں کی رہنمائی کے لئے اس رپورٹ کے ساتھ منسلک ہیں۔

ویب پر موجودگی

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

اظہار تشکر

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

اجازت

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

لاہور	ڈاکٹر عدیل عباس حیدری	مخائب بورڈ آف ڈائریکٹرز
31 دسمبر 2020ء	چیف ایگزیکٹو آفیسر	توفیق احمد خان
		ڈائریکٹر

ڈائریکٹرز رپورٹ

جائزہ سالانہ بنیاد پر کرتی ہے۔ داخلی انضباط کے محکمے کا سربراہ آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ داخلی انضباط کا شعبہ تسلسل کے ساتھ کمپنی کے ریکارڈز اور آپریشنز کا معائنہ کرتا رہتا ہے تاکہ یہ یقینی بنایا جائے کہ مالیاتی معلومات کی فراہمی کا عمل شفاف ہے اور متعلقہ قوانین کی پاسداری کرتا ہے اور داخلی انضباط کے نظام سے ہم آہنگ ہے۔ یہ کمیٹی مالی سال کی ہر سہ ماہی میں اجلاس منعقد کرتی ہے اور یہ اجلاس سہ ماہی نتائج کی بورڈ کی طرف سے منظوری سے پہلے منعقد ہوتا ہے۔ سال 2019 میں اس کمیٹی نے چھ اجلاس منعقد کیے ہیں جس میں ایک مرتبہ یہ اجلاس داخلی انضباط کے شعبہ کے سربراہ اور اس شعبہ کے دوسرے ممبران سے سی ایف او اور ایکسٹرنل آڈیٹرز کی غیر موجودگی میں کیا گیا ہے اور ایک بار ایکسٹرنل آڈیٹرز سے سی ایف او اور داخلی انضباط کے شعبہ کے سربراہ کی غیر موجودگی میں کیا گیا ہے۔ ان اجلاسوں میں کمیٹی ممبران کی حاضری کی تفصیل درج ذیل ہے:

ممبر کا نام	اجلاسوں میں حاضری کی تعداد
محترم شاذب مسعود	6
محترم غلام حسین خان	6
محترمہ زینب عباس	2

افراد کی وسائل اور معاوضہ کی کمیٹی

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

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

سال 2019 میں کمیٹی کے واحد اجلاس میں محترم شاذب مسعود اور ڈاکٹر عدیل عباس حیدری حاضر تھے۔

تدارک خطرات

کمپنی کاروبار کو لاحق خطرات کو جانچنے اور ان سے نمٹنے کیلئے ایک موثر تدارک خطرات ڈھانچہ استعمال کرتی ہے۔ ہمارا اصول ہے کہ ہم تدارک خطرات کو حصہ داران کی قدر سازی، ترقی اور اسکی حفاظت کے مراحل میں داخلی جزو کے طور پر دیکھتے ہیں اور اس عمل میں ہم کاروباری اہداف اور مقاصد کی راہ میں ممکنہ طور پر حائل غیر یقینی صورتحال اور خطرات کی پیش بندی کرتے ہیں۔

ہم ایک ایسی صنعت سے وابستہ ہیں جو ایک سخت انضباطی ماحول میں کام کرتی ہے۔ ہمارے پیداواری امور براہ راست انسانی صحت سے وابستہ ہونے کی بناء پر معیار کو یقینی بنانے کے لئے انتہائی حساسیت کا تقاضہ کرتے ہیں۔ یہ تمام عوامل بورڈ کو قانونی، پیداواری، معیاری کی پابندی اور مالیاتی امور سے متعلق ممکنہ خطرات کو جانچنے پر آمادہ کرتے ہیں۔ بورڈ ان خطرات کے وقوع پذیر ہونے اور ممکنہ نقصان کا تعین کرتا ہے جو کمپنی کو لاحق ہیں اور ذمہ داری کا تعین کرتا ہے کہ کون ان خطرات سے باقاعدگی سے نمٹنے کے لیے ذمہ دار ہوگا۔ کمپنی کے تمام شعبہ جات سے متعلقہ خطرات کی نشاندہی کے بعد ان کے واقع ہونے کا امکان اور ممکنہ نقصان کی بنیاد پر ان کی درجہ بندی کی جاتی ہے۔ خطرات کی نشاندہی کے بعد ان سے نمٹنے کی حکمت عملی تیار کی جاتی ہے تدارک خطرات کی کمیٹی اور بورڈ اس عمل کی نگرانی کرتے ہیں۔ کمپنی نے درج ذیل اہم خطرات کی نشاندہی کے بعد ان سے نمٹنے کی حکمت عملی تیار کی ہے۔

معاشی اور انضباطی ماحول سے پیدا شدہ خطرات

ہم غیر مستحکم اقتصادی حالات اور انتہائی سخت انضباطی ماحول میں کام کرتے ہیں۔ لاگت پیداوار میں زرمبادلہ کی شرح میں تخفیف اور بلند افراط زر کی وجہ سے ہو نیوالے اضافہ کو متعین قیمتوں کے سبب براہ راست صارفین کو منتقل نہیں کیا جاسکتا۔ ان خطرات کے اثر کو کم کرنے کے لیے بورڈ بہت سے اقدامات کرتا ہے۔ ان میں موثر تقابلی صلاحیت پیدا کر نیوالے عناصر پیداوار کے ذرائع کا انتخاب، زرمبادلہ کی بلا واسطہ فراہمی کیلئے برآمدی فروخت کو بڑھانے پر توجہ اور انضباطی محکموں پر قیمتوں کے تعین کی منصفانہ پالیسی اور کاروبار دوست پالیسیاں بنانے کے لئے موثر دباؤ ڈالنا شامل ہیں۔ میٹجمنٹ ایک موثر، جدید اور ٹیکنالوجی سے لیس، تخفیف لاگت والی پیداواری حکمت عملی بناتی ہے جسکی بدولت لاگت پیداوار پر بڑھتے ہوئے دباؤ کو کم کیا جاسکے۔

مصنوعات کے معیار سے متعلقہ خطرات

یہ خطرات اس صورتحال سے پیدا ہوتے ہیں جب ادویات مطلوبہ معیار پر پورا نہ اترنے کی وجہ سے مریضوں کے لئے انتہائی مضر صحت ہوں یا ادویات کے استعمال سے مطلوبہ نتائج حاصل نہ ہونے کی وجہ سے یہ اپنا اعتماد کھودیں۔ ان خطرات سے ہنر آزا ہونے کے لئے معیار کو جانچنے کا ایک متحرک نظام موجود ہے جو یقینی بناتا ہے کہ تیار ہونے والا ہر مجموعہ ادویات معیار کی جانچ کے سخت مراحل سے گزرے اور صرف وہ ادویات فروخت کے لیے بھیجی جائیں جو مطلوبہ معیار پر پورا اترتی ہوں۔ معیار کے اس نظام کی موثر عملداری کو داخلی آڈٹ کے شعبہ سے باقاعدگی سے آڈٹ کروایا جاتا ہے اسکے علاوہ آزاد

ڈائریکٹرز رپورٹ

انضباطی ادارے بھی باقاعدگی سے اس نظام کا جائزہ لیتے ہیں۔ کمپنی شعبہ طب کے ماہرین سے مسلسل اور مضبوط رابطہ قائم کئے رکھتی ہے تاکہ ادویات کی اثر پذیری، معیار، امراض کی پیچیدگیوں اور نئے ابھرنے والے امراض پر اہم معلومات حاصل کر سکے۔ کمپنی میں ادویات کی تحقیق و تشکیل کا ایک موثر شعبہ موجود ہے جو امراض اور علاج کی بدلتی صورتحال پر رد عمل دینے کیلئے ہمہ وقت تیار رہتا ہے۔

آپریشنل خطرات

یہ خطرات کاروباری مراحل کی ممکنہ بندش اور رکاوٹوں سے متعلق ہیں۔ ان خطرات میں طلب میں غیر متوقع اضافہ کی وجہ سے پیدا شدہ مطلوبہ پیداواری صلاحیت میں فقدان، آلات پیداوار کی خرابی، اجزائے پیداوار کی قلت اور فراہمی کے مسائل اور ترسیل و منتقلی میں رکاوٹیں شامل ہیں۔ ان خطرات سے نمٹنے کیلئے آلات پیداوار کی تکنیکی نگرانی، ضروری اور فوری مرمت، زائد المعیاد مشینوں کی تبدیلی اور جدت کو متعارف کروانے اور پیداواری صلاحیت میں موجود کمزوریوں کے تدارک کیلئے ایک مربوط نظام موجود ہے۔ کمپنی اجزائے پیداوار کے ذرائع میں جغرافیائی تنوع حاصل کرنے، موثر تجارتی اور پیداواری منصوبہ بندی کرنے پر توجہ مرکوز کئے ہوئے ہے تاکہ مصنوعات کی ترسیل میں روانی کو برقرار رکھا جاسکے۔

تجارتی خطرات

یہ خطرات مارکیٹ کی انتہائی مسابقتی خاصیت کی وجہ سے پیدا ہوتے ہیں کیونکہ ادویات کی صنعت میں ایک بڑی تعداد میں عامل پیداوار مصروف عمل ہیں۔ یہ خطرات کمپنی کی آمدن فروخت اور مارکیٹ میں اسکے حصہ پر بلا واسطہ اثر انداز ہو رہے ہیں۔ کمپنی ان خطرات سے نمٹنے کیلئے ایک موثر سٹریٹجی اور مارکیٹنگ حکمت عملی پر عمل کرتی ہے مصنوعات میں تنوع اور نئی ادویات کو متعارف کرانا اس حکمت عملی کا خاصہ ہیں۔

امن و امان میں بگاڑ اور آگ جیسے خطرات

کمپنی نے تمام اثاثہ جات کو انشورس کروا رکھی ہے تاکہ ممکنہ نقصان کو کم سے کم کیا جاسکے۔

مالیاتی خطرات

ان خطرات کا تفصیلی ذکر کمپنی کے مالیاتی گوشواروں کے نوٹ 38 میں کیا گیا ہے۔

انفارمیشن سسٹم کو لاحق خطرات

یہ خطرات کمپنی کے انفارمیشن کے نظام کے ڈھانچے اور قانونی، مالی اور پیداواری معلومات کو لاحق اندرونی اور بیرونی خطرات پر مبنی ہیں۔ ان خطرات سے نمٹنے کیلئے کاروباری تسلسل کو برقرار رکھنے اور ممکنہ حادثات کی روک تھام کے منصوبہ کو نافذ کر کے کیا جاتا ہے اور یہ امر یقینی بنایا جاتا ہے کہ کمپنی کی معلومات محفوظ رہیں اور کاروباری امور بلا تعطل جاری رہیں۔ یہ منصوبہ کمپنی کے تمام کاروباری پہلوؤں کا احاطہ کرتا ہے اور خصوصی طور پر انفارمیشن ٹیکنالوجی اور ای آر پی نظام کا خیال رکھتا ہے جس کے عمل میں تعطل تمام شعبوں کو متاثر کر سکتا ہے۔ اس منصوبہ پر عملداری کی کمیٹی، اہم عہدیداران کے نام اور فراہم کنندہ کے نام ہیں تاکہ کسی بھی قسم کے تعطل کے تدارک کیلئے تیز ترین رد عمل کے مظاہرہ کو یقینی بنایا جائے۔

قومی خزانے میں حصہ

سال 2019 میں کمپنی کی قومی خزانے میں جمع کروائی گئی رقم میں مزید اضافہ ہوا ہے۔ کمپنی نے انکم ٹیکس، سیلز ٹیکس، کسٹم ڈیوٹی، ورکرز بہبود فنڈ، ورکرز کی منافع میں شراکت کے فنڈ، مرکزی تحقیقی فنڈ اور دیگر سرکاری واجبات کی مدد میں حکومت اور اسکے منسلک اداروں کو 845 ملین روپے (2018: 699 ملین روپے) جمع کروائے ہیں رکروائے گی۔

کاروباری اخلاقیات اور مطلوبہ ضابطہ عمل کی تحریر

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

تحفظ ماحول

آلودگی کے اخراج کو روکنے اور اسکی مقدار کو قوانین کے مطابق بنانے کے لیے کمپنی نے سخت تاہمی مرمت کے پروگرام ترتیب دیئے ہوئے ہیں۔ آلودگی کے تدارک کا نظام وضع کیا گیا ہے اور اسے رائج کیا گیا ہے تاکہ ہم مضر اور غیر مضر ماحول آلودگی کو قوانین و ضوابط کے مطابق اپنے منظور شدہ خدمات فراہم کر نیوالے نئی اداروں کی مدد سے نھکانے لگاسکیں۔

بیرونی آڈیٹران

کمپنی کے آڈیٹران میسرز ای وائی فورڈ روڈز، چارٹرڈ اکاؤنٹنٹس سالانہ عام اجلاس کے انعقاد کی تاریخ پر پنا تازہ ہو جائیں گے اور لسٹڈ ریگولیشنز کے مطابق دوبارہ تعیناتی کے اہل ہوتے ہوئے سال 2020 کے لیے انھوں نے اپنی خدمات پیش کیں ہیں۔ آڈٹ کمیٹی نے آڈیٹران میسرز ای وائی فورڈ روڈز، چارٹرڈ اکاؤنٹنٹس کو سال ختمہ 31 دسمبر 2020 کیلئے کمپنی کے آڈیٹرز کے طور پر تعینات کرنے کی سفارش کی ہے اور بورڈ نے اس سفارش سے اتفاق کیا ہے۔ آڈیٹران نے بتایا ہے کہ وہ انٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے خدمات کے معیار کے جائزہ کے تحت تسلی بخش درجہ بندی کے حامل ہیں

ڈائریکٹرز رپورٹ

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

اللہ تعالیٰ کے فضل و کرم سے ہمارے لیے یہ بتانا باعثِ تقویت ہے کہ سال 2019 بھی ناقابلِ یقین کامیابیوں اور ترقی کا سال رہا۔ ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ کمپنی نے انتہائی مثبت نتائج حاصل کئے اور پیشہ ورانہ مہارت کا مظاہرہ کرتے ہوئے بہت سے ہدف حاصل کئے۔ سال 2019 کے مالی نتائج کی شرحیں اور ترقی کے توازن کو برقرار رکھنے والی ہماری انتھک کوششوں کا ذکر آپ کے سامنے پیش کرنا ہمارے لیے باعثِ مسرت ہے۔

کمپنی کے مالی تجزیہ کی شرحیں

	2018	2019
	'000' روپے	'000' روپے
قبل از ٹیکس خالص منافع	1,056,266	1,341,086
ٹیکس	(330,375)	(370,073)
بعد از ٹیکس خالص منافع	725,891	971,013
قابل تقسیم منافع	2,099,966	2,656,544
تقسیم منافع	(371,896)	(409,086)
نقدی یوڈنڈ برائے مالی سال 2019 فی حصص 13 روپے کے حساب سے (2018: فی حصص 13 روپے)	(28,607)	(31,468)
بونس حصص 10 فیصد (2018: 10 فیصد)		

جائزہ از چیئر مین

بورڈ کے چیئر مین نے اپنا تجزیہ صفحہ نمبر 26 سے 35 پر پیش کیا ہے جو درج ذیل معاملات پر آگاہی فراہم کرتا ہے

- معیشت کا جائزہ اور کمپنی کی مالی کارکردگی
- مصنوعات اور مارکیٹ
- افرادی وسائل کیلئے اقدامات
- مستقبل کا منظر نامہ اور درپیش مشکلات

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

فی حصص آمدنی

کمپنی کے نتیجہ شدہ حسابات کی بنیاد پر فی حصص آمدنی برائے مالی سال ختمہ 31 دسمبر 2019 30.86 روپے (2018: 23.07 روپے) تھی۔

ڈیوڈنڈ کا اعلان

بورڈ نقدی یوڈنڈ بحساب 130 فیصد (2018: 130 فیصد) جو کہ فی حصص 13 روپے (2018: 13 روپے) بنتا ہے اور بونس حصص بحساب 10 فیصد (2018: 10 فیصد) یعنی ہر 100 حصص پر 10 بونس حصص برائے سال ختمہ 31 دسمبر 2019 کا اعلان کرتے ہوئے خوشی محسوس کرتا ہے۔ یہ تقسیم حصہ داروں کے سالانہ عام اجلاس منعقدہ 12 مئی 2020 میں دی گئی منظوری سے مشروط ہے۔

حصص کی ملکیتی معلومات

کمپنی کے حصص کی خرید و فروخت پاکستان اسٹاک ایکسچینج پر ہوتی ہے۔ 31 دسمبر 2019 پر حصص کی موجودہ ملکیتی معلومات صفحہ نمبر 44 سے 45 پر دی گئی ہے۔

بورڈ اور اسکے اجلاس

کمپنی بورڈ اور اسکی تمام کمیٹیوں کی تشکیل، معاملات اور اجلاسوں سے متعلق کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کنڈٹ) ریگولیشنز 2019 کے مطلوبہ قوانین پر عمل کرتی ہے۔ موجودہ بورڈ 31 اگست 2018 کو منتخب ہوا۔ یہ بشمول چیف ایگزیکٹو ڈائریکٹر ان پر مشتمل ہے اور جنسی تنوع، قابلیت اور مہارت کا حامل ہونا اسکے موثر ہونے کو بڑھاتا ہے۔ اس میں 6 مرد اور 1 خاتون ڈائریکٹر ہیں جنہیں درج ذیل کیٹیگریز میں شمار کیا جاتا ہے۔

ڈائریکٹرز رپورٹ

آزاد ڈائریکٹرز	محترم شاذب مسعود
نان ایگزیکٹو ڈائریکٹرز	محترم رویش ایلیپا نا
	محترم توصیف احمد خان
	محترم غلام حسین خان
	محترم توفیق احمد خان
	محترمہ زینب عباس

ایگزیکٹو ڈائریکٹر ڈاکٹر عدیل عباس حیدری

جنوری 2019 میں بورڈ نے محترمہ نائل نجم کو متبادل ڈائریکٹر کے طور پر منتخب کیا جو محترم رویش ایلیپا نا کی پاکستان میں غیر موجودگی کی صورت میں ان کی نمائندگی کرتی ہیں۔

بورڈ کمپنی کے تمام اہم معاملات کا باقاعدہ جائزہ لیتا ہے۔ ان میں کمپنی کی اسٹریٹجی سمیت، سالانہ کاروباری منصوبہ سازی اور اہداف کا تعین، اہداف کے تقابل میں اصل کارکردگی کا باقاعدہ جائزہ اور طویل مدتی سرمایہ کاری اور سرمایہ کی فراہمی کے ممکنہ ذرائع کے انتخاب پر فیصلہ سازی شامل ہیں۔ بورڈ کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے کے لیے پرعزم ہے۔ سال 2019 میں اپنے فرائض کی بجا آوری کے لیے بورڈ نے چھ اجلاس منعقد کئے ہیں جن میں حاضری کی تفصیل درج ذیل ہے:

بورڈ ممبر کا نام	اجلاسوں میں حاضری کی تعداد
محترم توصیف احمد خان	5
محترم غلام حسین خان	6
محترم توفیق احمد خان	6
محترم شاذب مسعود	6
محترمہ زینب عباس	5
ڈاکٹر عدیل عباس حیدری	6
محترمہ نائل نجم	6

ڈائریکٹران، سی ای او، سی ایف او اور کمپنی سیکریٹری کی کمپنی کے حصص کا لین دین

ڈائریکٹران، سی ای او، سی ایف او اور کمپنی سیکریٹری ان کے شرکاء حیات اور ان کے نابالغ بچوں میں سے مندرجہ ذیل کے علاوہ کسی نے بھی سال 2019 میں کمپنی کے حصص کا کوئی بھی لین دین نہیں کیا۔

نام	حصص کی تعداد	نوعیت
محترم غلام حسین خان	327,285	مارکیٹ میں فروخت کیے
محترم توصیف احمد خان	19,800	مارکیٹ سے خریدے

پاکستان اسٹاک ایکسچینج اور سیکورٹیز ایکسچینج کمیشن آف پاکستان کو ان لین دین کی معلومات موجودہ ضوابط کے مطابق دے دی گئی تھی اور بورڈ کو بھی لین دین کے فوراً بعد ہونے والے اجلاسوں میں مطلع کر دیا گیا تھا۔

آڈٹ کمیٹی

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

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

آڈٹ کمیٹی مالی معاملات اور وسائل کی فراہمی، کارپوریٹ گورننس اور مالیاتی رپورٹنگ کے عمل، داخلی انضباطی نظام کی اپڈیٹیری، خطرات سے نمٹنے کی منصوبہ بندی اور داخلی دیرونی آڈٹ کے عمل کا



Chairman's Review

I welcome you to the 37th Annual General Meeting of Highnoon Laboratories Limited. I am happy to present the annual performance review along with the audited financial statements and the auditor's report for the year ended 31 December 2019.

It gives me immense pleasure to share with you that Forbes magazine listed Highnoon to be one of the high-performance companies in Asia. In the most recent publication three Pakistani companies, out of 200 other Asian companies have been listed for demonstrating consistent growth.

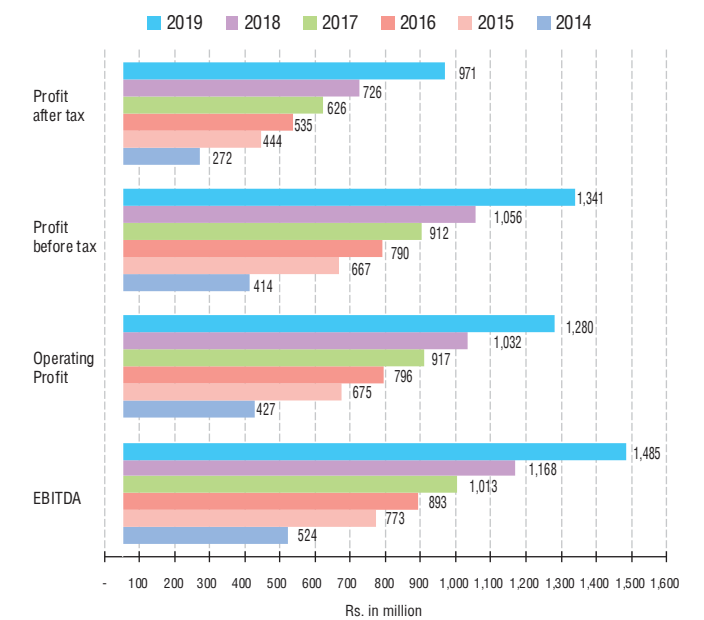
Highnoon was successful in delivering a steady performance in a challenging year filled with uncertainty and volatility. The business environment was challenging due to high inflation, currency depreciation, rising costs and sluggish economic growth. Despite these difficult business conditions, your company grew faster than the industry and improved its market position. This is an achievement that every stakeholder of this company is proud of.

Financial Performance

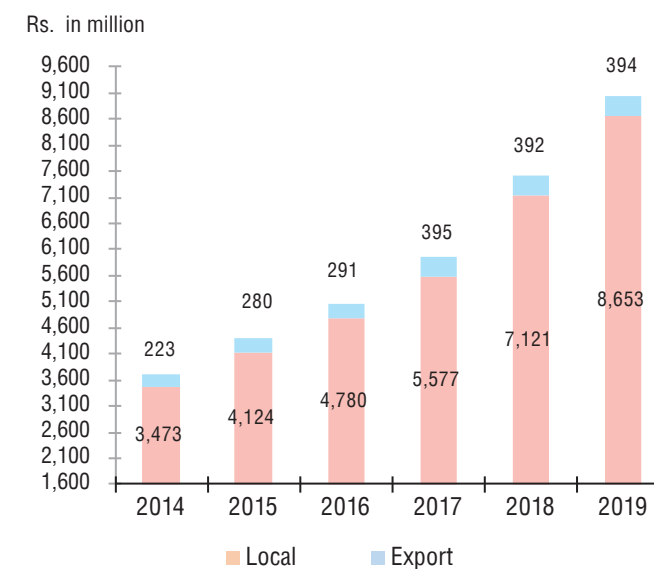
Your Company continued to deliver strong financial performance with healthy growth in revenues and earnings. This performance reflects the soundness of our strategies and brilliant execution by our motivated teams.

Gross sales revenue increased by 22 percent to Rs.9.3 billion, while net sales revenue increased to Rs. 9.0 billion over last year net sales of Rs. 7.5 billion. Profit before tax grew by 27 percent to Rs. 1.34 billion, while profit after tax jumped to Rs. 971 million resulting in earnings per share of Rs. 30.86 compared to Rs. 23.07 in previous year.

Profitability



Sales Trend



Raw material consumed as a percentage of sales increased by 2 percent mainly because of devaluation. However, major fall in gross profit was averted by better efficiencies in sourcing and a profit focused sales mix. Distribution, selling and marketing expenses were kept in check and as a result these expenses declined by 1 percent of sales.

Highnoon has a consistent history of dividend payout to its shareholders. The dividend payout in 2019 was 130 percent in cash and 10 percent in the form of bonus shares which is 40 percent higher than the payout of the previous year.

Chairman's Review

Products & Market

I am happy to share that this year's performance was driven by all round robust growth recorded by all the business segments. The Company achieved the distinction of being rated as the fastest growing company for the year 2019, with growth rate that is almost twice the industry growth. The volumes grew by 10 percent (IQVIA – MAT 12/2019) compared to industry's organic growth of 2.4 percent. Highnoon improved its market share from 1.4 percent to 2.1 percent in a short period of 5 years and now your company is ranked as the 16 largest pharmaceutical company in terms of revenue (IQVIA – MAT 12/2019). We are committed to expand and grow on the strength of innovative product offerings and entry into new therapeutic market segments.

During the year, the focus has been on innovative product launches, brand building and higher distribution reach to grow faster than the market. Your Company's focus on new products resulted in number of successful launches. IQVIA has ranked Highnoon as one of the 'Leading Corporates by New Products.' One of our products Cefia, was among the 'Top 10 Successful Products' launched during the year. We are confident that in future these products shall tap new sources of growth.

We ensured that our core therapeutic segments remained strong and vibrant. Sales revenue from alimentary tract and metabolism segments grew by 17 percent over last year (IQVIA MAT 12/2019). The core brands of this segment namely Tres Orix Forte, Ulsanic and Skilax maintained their market position. Tagipmet a combination of sitagliptin and metformin was ranked as the 4th largest brand.

Our growth in respiratory segment remained phenomenal. Our respiratory business grew by 23 percent as compared to segment growth of 11 percent (IQVIA MAT 12/2019). In a short span of few years, our respiratory portfolio leads the market and our flagship brands Combivair and Tiovair are the most prescribed brands in this therapeutic category. Combivair has become the largest brand of the inhalation market. Kestine, another successful brand is the 2nd largest brand in its therapeutic class. Kestine grew by 28 percent over last year (IQVIA-MAT 12/2019).

Our cardiovascular portfolio grew by 39 percent (IQVIA MAT 12/2019) as compared to the market growth of 20 percent. Our brand Triforge, is ranked at the 4th position in its therapeutic class. Likewise, Misar & Ranola have also emerged as leading brands in their respective anti-hypertensive & anti-anginal therapeutic classes.



Sales performance of primary care brands Cyrocin & Axesom also recorded exceptional growth of 30 percent & 60 percent respectively (IQVIA –MAT 12/2019).

The Company also promotes herbal & nutraceutical products. The herbal and nutraceutical business segment generated a revenue of Rs. 587 million and grew by 13 percent over the previous year. Sales of Prospan, a world renowned cough syrup has now crossed Rs.190 million. Similarly, Bonnisan a herbal medicine for common gastrointestinal disorders is growing at a rapid pace of 18 percent.

The overall business conditions for our international operations remained challenging with many key markets feeling the impact of lackluster growth. The intermittent border closure and political turmoil in Afghanistan affected our exports to Afghanistan. We are hopeful that with peace returning to Afghanistan, our export numbers will improve in the near future. We are also making concerted effort to increase exports to CIS, Vietnam, Philippines, Sri Lanka and some African countries and await regulatory approvals in these countries.



Chairman's Review

Operational Excellence

Highnoon has been driving improvements in manufacturing technology through implementation of operational excellence programs across the value chain. A comprehensive modernization program is currently underway at our manufacturing facilities to enhance capacity leading to greater reliability, scalability and efficiency.

Several projects were implemented during the year to increase capacity, improve compliance and bring efficiencies to reduce manufacturing costs. The implementation of these initiatives has resulted in increase of production volume by 15 percent over last year. Some of the key initiatives included bringing automation in cartoning operation, installation of a blister machine and commissioning of a new chiller.

While your Company continues to make investments in physical infrastructure, processes and technology, the Company has also made significant progress to expand its vendor base. The diversity of sourcing initiatives was necessary to mitigate the supply chain risks.

Quality assurance is the DNA of our operation hence we always step up our quality standards across our manufacturing facilities to ensure that our products, processes, and infrastructure meet the highest standards. Our commitment to quality is further exemplified by the accreditation of our quality control laboratory under ISO/IEC 17025:2017.



One Team

The Human Resource function is an integral part of our business. Our human resource is actively conceptualizing and implementing contemporary HR initiatives, policies and practices in line with the organizational values.

Your Company has a longstanding practice of developing talent from within by providing on-the-job learning opportunities and career development platforms to all including the front line employees. Highnoon takes responsibility of its people and exposes our leaders to advanced management programs at the top universities around the world for acquiring critical leadership skills.

Success of any organization depends upon the engagement and motivation levels of its people. Our human resource emphasis is to drive decision making to deeper levels of the organization and create a sense of ownership to maximize human resource potential. Highnoon introduced a "Speak Up" space for people to share ideas across the organization.

The Company continues to invest on talent and uses creative tools to develop and retain the best talent to ensure that a talent pool exists within the company. The company's orientation programs for new employees ensures that everyone is aware of the company's culture, its policies, its values, its mission and its goals. New employees are trained and equipped with the necessary skills, and the relevant expertise to perform the job at the desired level.

Looking Ahead

We look forward to the times to come. We are well placed, and we also carry immense momentum that will enable us to deliver patient welfare through our innovative therapy options. Our expanding product pipeline together with our passion for above market growth will certainly create unprecedented value for the shareholders.

I take this opportunity to thank the members of the medical profession, trade, institutions, government & semi-government hospitals, customers and shareholders for their continued trust and support. On behalf of the management, I would also like to thank all the employees of the company for their deep commitment towards achieving the company's objectives. I am confident that with this commitment and support, Highnoon will continue to surge forward on the path to greater growth.

I look forward to another successful year.

For & on behalf of the Board

Tausif Ahmad Khan
Chairman

Date: 31 March 2020



جائزہ از چیمبر مین

کار باری امور میں بہتری

آپ کی کمپنی تمام پیداواری مراحل میں بہترین مہارت حاصل کرنے کے منصوبے نافذ کر کے اپنی پیداواری تکنیک میں بہتری لارہی ہے۔ ہم ایک جامع منصوبے پر عمل پیرا ہیں جسکی بدولت پیداواری صلاحیت میں اضافہ، اعتماد اور کارکردگی کو بڑھایا جاسکے گا۔ پیداواری سہولت میں جدت لانے کے زیرِ جائزہ سال میں ایسے متفرق منصوبہ جات پایہ تکمیل کو پہنچے جنکا مقصد پیداواری صلاحیت میں اضافہ، متعلقہ قوانین پر عملداری کو یقینی بنانا، کارکردگی کو بڑھا کر لاگت پیداوار میں تخفیف لانا تھا۔ ان اقدامات کی بدولت پیداوار میں گزشتہ سال کی نسبت 15 فیصد اضافہ ہوا۔ ان اقدامات میں خود کار کارٹنگ مشین کی تنصیب، اٹالوئی بلسٹر مشین کی تنصیب اور ایک نئے یورپین چلر کی تنصیب شامل ہیں۔

جہاں آپ کی کمپنی پیداواری ڈھانچے کی ساخت، مراحل اور تکنیکی آلات میں سرمایہ کاری وہیں اس نے خام مال فراہم کرنے والے ذرائع میں تنوع اور توسیع پیدا کرنے میں اہم پیش قدمی کی ہے۔ یہ اقدامات عناصر پیداوار کی فراہمی کے تسلسل میں پیش خطرات سے نمٹنے کے لئے بہت ضروری تھے۔

معیار کو یقینی بنانا ہماری پیداوار کا بنیادی جزو ہے اور ہم وہ تمام اقدامات اٹھاتے ہیں جن کی بدولت بلند معیار کو اپنی تمام پیداواری سہولتوں پر نافذ کیا جائے اور یہ امر یقینی بنایا جائے کہ ہماری ادویات، مراحل اور پیداواری ڈھانچہ بلند ترین معیارات پر پورے اتریں۔ معیار کے لئے ہمارے عزم کا مظاہرہ ہماری کوالٹی کنٹرول لیب کے آئی ایس او 9001:2015 کے معیار پر پورا اترنے کی سند سے مزید ظاہر ہوتا ہے۔

ایک ٹیم

افراد کی سرمائے کی تنظیم ہمارے کاروبار کا داخلی جزو ہے جسکا مقصد ایسی اصول سازی ہے اور ان تمام اقدامات کو حسب ضرورت اٹھانا اور نافذ کرنا ہے جو ہمارے ادارے کی اقدار کے آئینہ دار ہوں۔

آپ کی کمپنی اپنی قدیم روایت رکھتی ہے کہ وہ اپنے لوگوں کو پیشہ ورانہ امور کی ادائیگی کے دوران ہی سیکھے اور پیشہ ورانہ ترقی کرنے کے مواقع ہر سطح کے ملازمین کو فراہم کر کے اندر سے ہی باصلاحیت لوگ پیدا کرتی ہے۔ ہائی نون اپنے لوگوں کی ذمہ داری اٹھاتی ہے اور اپنے قائدین کو معرف بین الاقوامی جامعات کے اعلیٰ مینجمنٹ پروگرامز میں بھیجتی ہے تاکہ وہ مطلوبہ قائدانہ صلاحیتیں حاصل کریں۔

کسی بھی ادارے کی کامیابی کا انحصار اسکے ملازمین کی دلچسپی اور ترغیب پر ہے۔ افرادی وسائل کی تنظیم میں ہماری توجہ ان امور پر ہے کہ ہر سطح کے ملازمین کو فیصلہ ساز بنا کر ان میں احساس ملکیت بیدار کیا جائے تاکہ وہ اپنی بھرپور صلاحیتیں بروئے کار لائیں۔ ہائی نون نے "اپنی آواز بلند کریں" کے نام سے ایک سہولت کا آغاز کیا ہے جس کے ذریعے لوگ اپنے خیال کا اظہار پورے ادارے کے ساتھ کر سکتے ہیں۔

کمپنی بہترین افرادی قابلیت کی تعمیر اور اسے برقرار رکھنے کیلئے مسلسل سرمایہ کاری کرتی ہے اور تخلیقی طریقے استعمال کرتی ہے تاکہ کمپنی کو بہترین افرادی قابلیت ہمہ وقت میسر رہے۔ نئے آنے والے کارکنان کے لیے کمپنی کے تعارفی پروگرام کمپنی کے اصولوں، اقدار، مشن اور مقاصد کے متعلق آگاہی کو یقینی بناتے ہیں۔ نئے کارکنان کی تربیت کی جاتی ہے تاکہ وہ مطلوبہ مہارت اور تکنیکی صلاحیت حاصل کر لیں تاکہ کام پر مطلوبہ کارکردگی دکھاسکیں۔

جائزہ از چیمبر مین

مستقبل کا منظر

ہم آنے والے وقت کو دیکھتے ہیں ہم اچھے مقام پر ہیں اور ہمارے اندر وہ زبردست تحریک موجود ہے کہ جس کی بدولت ہم اپنے جدید طریقہ علاج مہیا کر کے مریضوں کی بہبود کو یقینی بنا سکتے ہیں۔ ہمارا وسعت پاتا ہوا مجموعہ ادویات اور ہمارا مارکیٹ سے زیادہ ترقی کرنے کا عزم حصہ داروں کے لیے یقینی طور پر ناقابلِ مشل قدر پیدا کرے گا۔

میں اس موقع پر پیچھے طب اور تجارت سے وابستہ افراد، حکومتی اداروں، سرکاری اور نیم سرکاری ہسپتالوں، صارفین اور حصہ داروں کے تعاون اور اعتماد پر انکا شکریہ ادا کرتا ہوں۔ میں انتظامیہ کی طرف سے تمام کارکنان کا بھی شکریہ ادا کرنا چاہوں گا کہ جن کے عزم مصمم کی بدولت کمپنی کے مقاصد میں کامیابی کا حصول ممکن ہوا۔ میں پُر اعتماد ہوں کہ اسی عزم اور تعاون کی وجہ سے ہائی نون عظیم ترقی کی شرع پر گامزن رہے گی۔

ایک اور کامیاب سال کا متمنی

بورڈ آف ڈائریکٹرز کی جانب سے

توصیف احمد خان

چیمبر مین

31 مارچ 2020ء

جائزہ از چیمبر مین

میں آپ کو ہائی نون لیبارٹریز لمیٹڈ کے سینتیسویں عام اجلاس میں خوش آمدید کہتا ہوں۔ کمپنی کی سالانہ کارکردگی کا جائزہ اور تفتیح شدہ مالیاتی گوشوارے بمعہ محاسبان رپورٹ برائے مالی سال تختیمہ 31 دسمبر 2019 پیش کرنا میرے لیے باعث مسرت ہے۔

مجھے آپ کو یہ بتاتے ہوئے بحد خوشی ہو رہی ہے کہ بین الاقوامی شہرت کے حامل جریدے فوربز نے ہائی نون لیبارٹریز کی درجہ بندی بڑے اعظم ایشیا کی اعلیٰ ترین کارکردگی دکھانے والی کمپنیوں میں کیا ہے۔ اپنے تازہ ترین شمارہ میں انھوں نے مسلسل ترقی کرنے والی جن دو سو ایشیائی کمپنیوں کا ذکر کیا ہے ان میں تین پاکستانی کمپنیاں بھی شامل ہیں۔

معاشی عدم استحکام اور غیر یقینی صورت حال سے دوچار نسبتاً مشکل زیر جائزہ سال میں بھی آپ کی کمپنی مستحکم کارکردگی دکھانے میں کامیاب رہی ہے۔ بلند افراط زر، گزشتہ سال سے جاری روپے کی قدر میں گراوٹ، خام مال کی لاگت میں اضافہ اور مجموعی اقتصادی ترقی کی سست رفتار سے تعبیر زیر جائزہ سال میں کاروباری حالات مشکلات سے دوچار رہے ہیں۔ ان تمام مشکلات کے باوجود آپ کی کمپنی کی حاصل کردہ شرح نمونے ادویات سازی کی قومی صنعت کی اوسط مجموعی شرح نمونہ کو پیچھے چھوڑ دیا ہے اور اس صنعت میں اپنی درجہ بندی کو بہتر بنایا ہے۔ یہ کامیابی تمام حصہ داران کے لیے قابل فخر ہے۔

مالی کارکردگی

آپ کی کمپنی نے آمدن فروخت اور منافع میں صحت مند شرح اضافہ حاصل کر کے اپنی کارکردگی کے تسلسل کو برقرار رکھا ہے۔ یہ کارکردگی ہماری موثر حکمت عملی اور پُر عزم ٹیموں کی عمدہ عملداری کا نمونہ ہے۔

خام آمدن فروخت 22 فیصد شرح اضافہ سے بڑھ کر 9.3 ارب روپے تک پہنچ گئی ہے جبکہ خالص آمدن فروخت 9 ارب روپے تک پہنچ گئی ہے جو گزشتہ سال 7.5 ارب روپے تھی۔ قبل از ٹیکس منافع 28 فیصد کی غیر معمولی شرح اضافہ سے 1.34 ارب روپے تک جا پہنچا جبکہ بعد از ٹیکس خالص منافع بڑھ کر 971 ملین روپے ہو گیا نتیجتاً فی حصص آمدنی 30.86 روپے ہو گئی جو کہ پچھلے سال 23.07 روپے تھی۔

خام مال کی لاگت میں آمدن فروخت کے تناسب سے 2 فیصد اضافہ ہوا جسکی بنیادی وجہ روپے کی قدر میں گراوٹ ہے تاہم بلند افراط زر کے باوجود خام مال کی فراہمی کے ذرائع کا مؤثر انتخاب اور مجموعہ فروخت میں بہترین توازن اختیار کرنے کی بدولت خام منافع میں ہونے والی متوقع بڑی گراوٹ کو روک لیا گیا

ترسیل، فروخت کاری اور مارکیٹنگ کے اخراجات کے مسلسل انضباط کے نتیجے میں یہ اخراجات آمدن فروخت کے تناسب سے فیصد کم رہے ہیں۔

ہائی نون اپنے حصہ داروں کو ڈیوڈنڈ اور بونس حصص کی ادائیگی کے تاریخی تسلسل کو برقرار رکھے ہوئے ہے۔ سال 2019 میں کمپنی نے 130 فیصد ڈیوڈنڈ اور 10 فیصد بونس حصص ادا کئے یہ مجموعی ادائیگی گزشتہ سال سے 40 فیصد زیادہ ہے۔

مصنوعات اور مارکیٹ

میرے لیے ان حقائق کا اظہار باعث مسرت ہے کہ اس سال کی کارکردگی کی بنیادی وجہ تمام شعبہ ہائے علاج سے متعلقہ ادویات کی آمدن فروخت میں بہترین شرح نمونہ ہے۔ آپ کی کمپنی نے سال 2019 میں قومی ادویات ساز صنعت میں تیز ترین شرح سے ترقی کرنے والی کمپنی کا امتیازی مقام حاصل کیا ہے اور اسکی آمدن فروخت میں شرح نمو اپنی صنعت کی اوسط شرح نمو کا دو گنا ہے۔ ادویات ساز صنعت کے معروف بین الاقوامی معیاری تحقیق کے ادارے (IQVIA) کے گزشتہ بارہ ماہ کے اعداد و شمار کے مطابق کمپنی کی فروخت کی

جائزہ از چیمبر مین

جانے والی ادویات میں باعتبار حجم 10 فیصد کی شرح سے اضافہ ہوا جبکہ اسکے موازنہ میں قومی ادویات ساز صنعت کی مجموعی حجم فروخت میں اضافے کی شرح 2.4 فیصد رہی۔ ان کامیابیوں کی بدولت ہائی نون لیبارٹریز نے گزشتہ پانچ سال کے قلیل عرصہ میں ادویات کی مجموعی قومی فروخت میں اپنا حصہ 1.4 فیصد سے بڑھا کر 2.1 فیصد کر لیا ہے اور اب آپ کی کمپنی باعتبار آمدن فروخت اس صنعت کی سولہویں بڑی کمپنی ہے (IQVIA - گزشتہ بارہ ماہ)۔ ہم جدید ادویات، نئے شعبہ ہائے علاج اور نئی منڈیوں میں رسائی کے بل بوتے پر مسلسل توسیع اور ترقی حاصل کرنے کے لئے پُر عزم ہیں۔

زیر جائزہ سال میں آپ کی کمپنی نے مصنوعات کی جدت، مصنوعات کی تشخیص سازی اور موثر نظام ترسیل پر اپنی توجہ مرکوز کر کے منڈی کی مجموعی شرح اضافہ کی نسبت زیادہ تیزی سے ترقی کی ہے۔ آپ کی کمپنی نے نئی ادویات پر توجہ برقرار رکھتے ہوئے ایک بڑی تعداد میں ادویات کو کامیابی سے متعارف کروایا ہے۔ آئی کیو وی آئی اے IQVIA نے ہائی نون کا شمار نئی ادویات متعارف کروانے والی تیز ترین کمپنیوں کی درجہ بندی میں کیا ہے۔ اسی طرح ہماری ایک دوا سیفیا کو اس صنعت میں نئی متعارف کروائی گئی چوٹی کی دس مصنوعات میں شمار کیا گیا ہے۔ ہم پُر اعتماد ہیں کہ یہ نئی مصنوعات نفع بخش آمدن کے نئے ذرائع ثابت ہوں گی۔

ہم نے اس امر کو یقینی بنایا کہ ہم تمام بنیادی شعبہ ہائے علاج میں مضبوط اور متحرک رہیں۔ ایلیمینٹری ٹریٹ اور مینا بولزم سے متعلقہ شعبہ میں آمدن فروخت گزشتہ سال کے موازنہ میں 17 فیصد کی شرح اضافہ سے ہوا۔ اس شعبہ میں ہمارے معروف برانڈ ڈرٹس اور کیس فورٹ، السانک اور سکلس نے اپنے مقام کو برقرار رکھا۔ ہماری دوا ٹیچمٹ جو کہ سینٹا گلپٹن اور مضفور من کا امتزاج ہے کا شمار اپنے شعبہ میں سب سے زیادہ فروخت ہونے والی چوتھی بڑی دوا کے طور پر کیا گیا ہے۔

شعبہ امراض تنفس میں ہماری شرح نمو غیر معمولی رہی ہے۔ پچھلے چند سالوں میں اس شعبہ علاج میں ہماری ادویات سرفہرست ہیں اور کومبونیور اور ٹیوٹیور سب سے زیادہ تجویز کردہ ادویات ہیں۔ کومبونیور اس شعبہ علاج کی سب سے بڑی دوا بن کر ابھری ہے۔ اس شعبہ میں فروخت ہونے والی ادویات کی مجموعی اوسط شرح اضافہ 11 فیصد ہے جبکہ اسی شعبہ میں ہماری ادویات کی آمدن فروخت میں شرح اضافہ 23 فیصد ہے۔ کیٹین جو کہ ایک اینٹی الرجی دوا ہے اپنے ہی طرح کے فروخت ہونے والے مالیکولز کی درجہ بندی میں سرفہرست ہے جبکہ اس شعبہ میں فروخت ہونے والی تمام ادویات کی درجہ بندی میں دوسری سب سے زیادہ تجویز کردہ دوا ہے۔ گزشتہ سال کے موازنہ میں کیٹین کی فروخت میں 28 فیصد اضافہ ہوا ہے۔

شعبہ امراض قلب سے متعلقہ ہماری مجموعہ ادویات کی فروخت میں 39 فیصد کی شرح سے اضافہ ہوا ہے جبکہ اس شعبہ میں ادویات کی فروخت میں مجموعی شرح اضافہ 21 فیصد ہے۔ ہماری دوا ٹرانفورج اپنے ہی طرح کے فروخت ہونے والے مالیکولز کی درجہ بندی میں سرفہرست ہے جبکہ اس شعبہ میں فروخت ہونے والی تمام ادویات کی درجہ بندی میں چوتھی سب سے زیادہ تجویز کردہ دوا ہے۔ اسی طرح مسار اور ریولا بھی بلند فشار خون اور اعصابی تناؤ سے متعلقہ شعبہ علاج میں سرفہرست ہیں۔

بنیادی صحت کے شعبہ علاج میں ہماری ادویات سائبرون اور ایگزیم کی فروخت میں غیر معمولی شرح اضافہ بالترتیب 30 فیصد اور 60 فیصد دیکھا گیا ہے۔

کمپنی ہر بل اور نیوٹراسیوٹیکل ادویات پر موٹ کر رہی ہے۔ اس شعبہ کی آمدن فروخت 587 ملین روپے رہی اور گزشتہ سال کے تقابل میں شرح اضافہ 13 فیصد رہی۔ پروپیٹین جو کہ ایک جرمین کمپنی اینٹگہارڈ کی ساختہ بین الاقوامی سطح پر معروف دوا ہے کی فروخت 190 ملین روپے سے بڑھ گئی ہے۔ اسی طرح امراض معدہ کی دوا بونیسان کی فروخت میں شرح اضافہ 18 فیصد رہا۔

آپ کی کمپنی کے کاروباری حالات سے متعلق بین الاقوامی امور مجموعی اقتصادی ترقی کی سست روی سے پیدا ہونے والی مشکلات سے دوچار رہے جن کا سامنا بڑی عالمی منڈیوں کو کرنا پڑا۔ افغانستان کے ساتھ وقفے وقفے سے جاری سرحد بندی اور وہاں پر موجود زوال پزیر سیاسی و امن و امان کی کشیدہ صورتحال نے ہماری برآمدات کو بری طرح متاثر کیا۔ ہم پُر امید ہیں کہ مستقبل قریب میں وہاں امن لوٹنے کیساتھ ہی ہماری برآمدات میں بہتری آئے گی۔ ہم وسطی ایشیا، ویتنام، سری لنکا اور افریقی ممالک میں اپنی برآمدات بڑھانے کیلئے مشنر کہ کوششیں کر رہے ہیں کیونکہ ان ممالک کے محکمہ صحت میں ہم اپنی ادویات کا اندراج کروانے کے لیے ان ممالک کے انضباطی اداروں کی منظوری کا انتظار کر رہے ہیں۔

Six Years at a Glance

	2019	2018	2017	2016	2015	2014
	(Rupees in '000')					
Summary of Balance Sheet						
Share Capital	314,681	286,074	255,423	228,056	203,622	181,805
Reserves	2,770,544	2,213,967	1,776,525	1,376,456	1,021,981	731,355
Operating Fixed Assets	1,118,266	976,068	934,826	728,635	763,884	751,243
Non Current Assets	270,714	243,337	233,843	249,407	134,845	74,977
Current Assets	3,239,590	2,551,664	2,193,453	1,855,578	1,391,757	1,120,377
Current Liabilities	680,525	437,899	522,981	662,211	523,048	498,172
Net Working Capital	2,559,065	2,113,765	1,670,472	1,193,367	868,709	620,601
Non Current Liabilities	88,825	88,596	49,959	44,093	31,429	43,331
Deferred Liabilities	417,662	374,124	373,230	312,920	293,727	269,170

Summary of Profit and Loss Account

Sales - Net	9,047,693	7,503,101	5,971,229	5,070,755	4,403,995	3,696,092
Gross Profit	4,161,593	3,500,431	2,845,891	2,378,020	2,092,316	1,655,234
Earning Before Interest, Tax, Depreciation and Amortization (EBITDA)	1,484,610	1,167,771	1,012,530	893,293	773,439	523,594
Profit Before Tax	1,341,086	1,056,267	912,299	789,875	666,705	414,424
Net Profit After Tax	971,013	725,891	626,464	534,976	444,021	271,908

Summary of Cash Flow Statement

Net Cash Flow from Operating Activities	700,853	433,184	267,060	637,570	335,766	479,594
Net Cash Flow from Investing Activities	(162,583)	23,244	(139,081)	(142,274)	(163,911)	(20,883)
Net Cash Flow from Financing Activities	(459,350)	(289,019)	(196,113)	(167,402)	(154,547)	(172,920)
Changes in Cash and Cash Equivalents	78,920	167,409	(68,134)	327,894	17,308	285,791
Cash and Cash Equivalents at Year End	858,895	779,975	612,566	680,700	352,795	335,324

Financial Performance/Profitability Analysis

Sales Growth	%	20.59	25.65	17.76	15.14	19.15	22.88
Gross Profit Margin	%	46.00	46.65	47.66	46.90	47.51	44.78
EBITDA to Sales Margin	%	16.41	15.56	16.96	17.62	17.56	14.17
Operating Profit Margin	%	14.14	13.75	15.36	16.64	15.34	11.55
Profit Before Tax Margin	%	14.82	14.08	15.28	15.58	15.14	11.21
Profit After Tax Margin	%	10.73	9.67	10.49	10.55	10.08	7.36
Return on Equity	%	31.47	29.04	30.83	33.34	36.23	29.78
Return on Capital Employed	%	30.59	28.04	30.09	32.45	35.32	28.43

Operating Performance/Liquidity Analysis

Inventory Turnover	Days	117	113	115	126	118	107
Debtors Turnover	Days	14	13	10	5	6	7
Creditors Turnover	Days	37	37	51	63	66	62
Cash Operating Cycle	Days	110	88	74	68	58	52
Assets Turnover Ratio	Times	1.95	1.99	1.78	1.79	1.92	1.90
Fixed Assets Turnover	Times	6.51	6.15	5.11	5.18	4.90	4.49
Return on Assets	%	28.97	28.07	27.13	27.88	29.11	21.31
Current Ratio	Times	4.76	5.83	4.19	2.80	2.66	2.25
Quick Ratio	Times	2.13	2.74	2.06	1.30	1.02	0.97

Six Years at a Glance

	2019	2018	2017	2016	2015	2014	
Distribution Analysis							
Pay out							
- Cash Dividend per share	Rs.	*13.00	13.00	10.00	8.50	7.50	6.50
- Bonus	%	*10.00	10.00	12.00	12.00	12.00	12.00
Payout Ratio (after tax)	%	45.37	55.00	45.66	41.35	39.90	51.48
Dividend Yield	%	2.61	4.03	2.62	1.52	1.51	3.49
Earnings Per Share (after tax)	Rs./share	30.86	25.37	24.53	23.46	19.47	14.96
Price Earning Ratio	Times	17.41	13.70	17.40	27.24	29.66	14.74

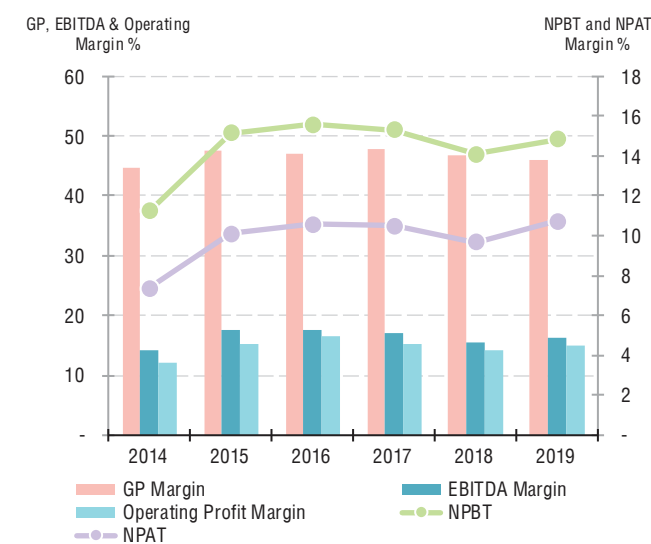
Capital Structure/Market Value Analysis

Long Term Debt : Equity Ratio		-	02:98	02:98	02:98	03:97	06:94
Financial Leverage	Times	1.50	1.34	1.65	1.77	1.87	2.13
Shareholders' Net Worth as % of Total Assets	%	66.66	74.36	60.44	56.62	53.51	46.95
Financial Charges Coverage	Times	53.50	122.99	179.03	127.90	73.75	33.69
Number of Shares	'000'	31,468	28,607	25,542	22,806	20,362	18,181
Break-up Value of Share							
- Excluding Surplus on revaluation	Rs.	98.04	87.39	79.55	70.36	60.19	50.23
- Including Surplus on revaluation	Rs.	109.37	100.34	94.59	79.56	70.83	62.39
Market Value of Share							
- Year End	Rs.	537.26	347.65	426.78	639.00	577.40	220.46
- Highest	Rs.	590.00	495.81	750.00	658.91	619.95	305.00
- Lowest	Rs.	220	240.00	375.00	398.04	203.00	117.50

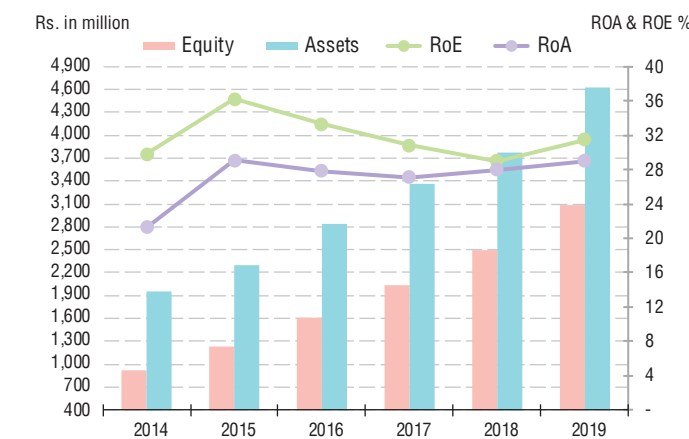
Market Capitalization	Rs.(000)	16,906,568	9,945,363	10,900,943	14,572,804	11,757,019	4,008,077
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* Based on proposed final dividend

Profitability Margins

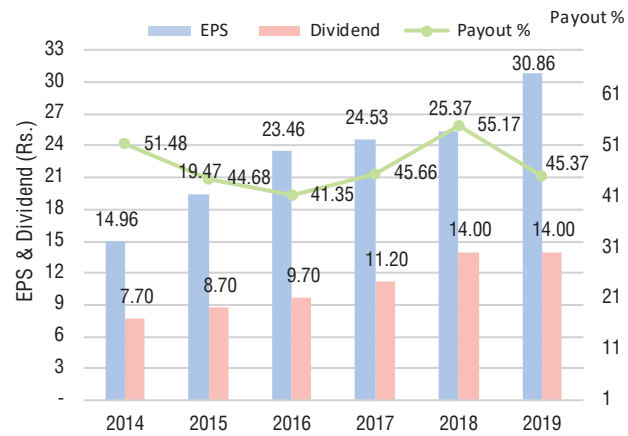


Shareholders' Equity, Assets and Return

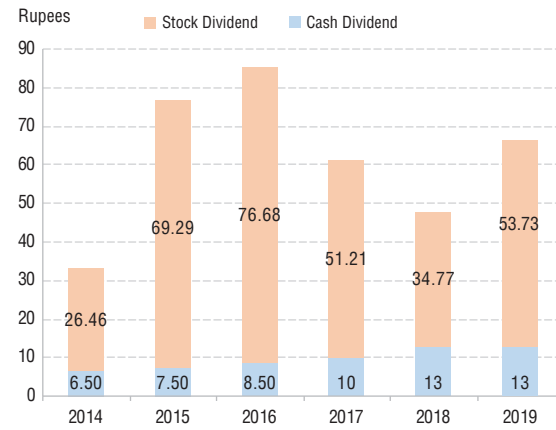


Graphical Presentation

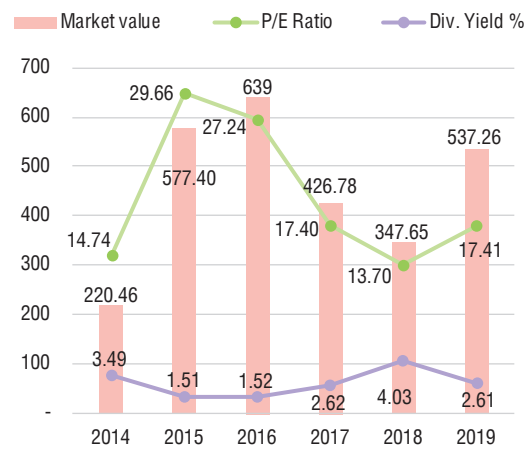
EPS, Dividend and Payout %



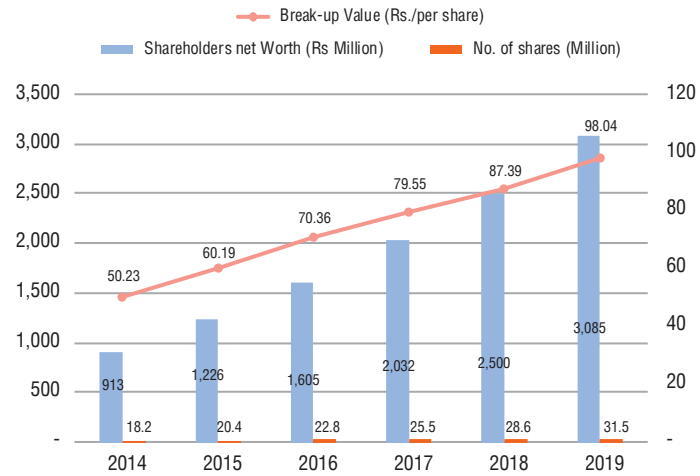
Market Value of Payout Proposed



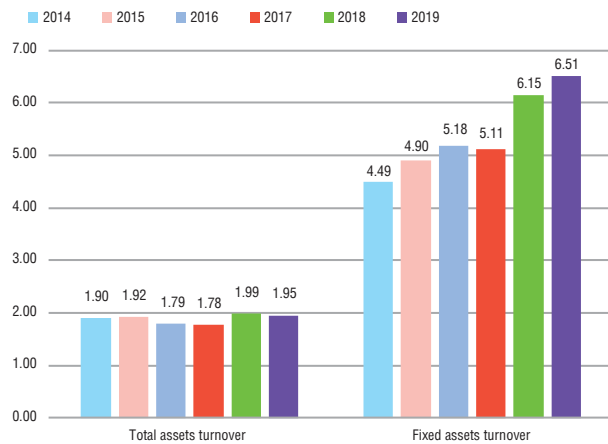
Dividend Yield, P/E Ratio and Market Value



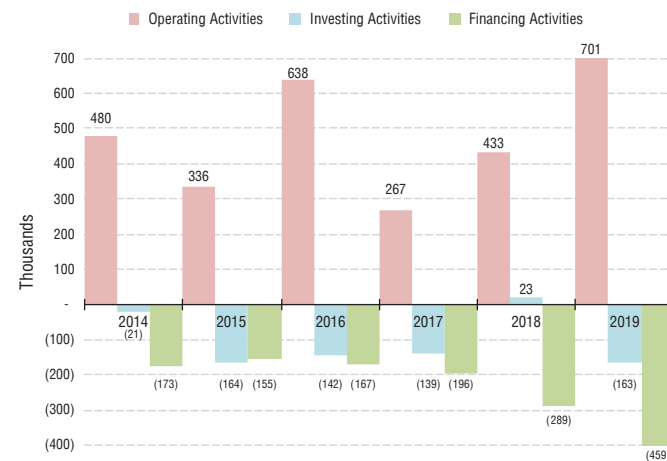
Shareholders' Net Worth



Asset Turnover (Times)



Cash Flows Analysis



Statement of Value Addition and its Distribution

Value Added

Net Sales
Material & Services
Other Income

Distribution

Employees
Salaries Wages & Benefits
Workers Profit Participation Fund

Government
Income Tax
Sales Tax
Central Research Fund
Workers Welfare Fund

Society

Donation

Provider of Finances

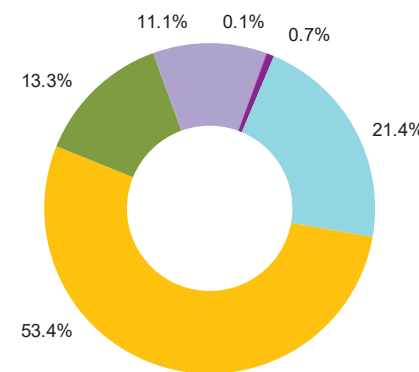
To Shareholder as Cash dividend
To Banks as financial charges

Retained in Business

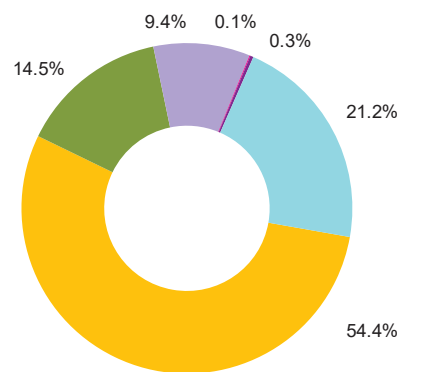
Depreciation and amortization
Retained Profit

	2019 Rs. in 000	2018 Rs. in 000
Net Sales	9,080,799	7,533,819
Material & Services	(5,818,735)	(4,861,015)
Other Income	85,223	33,044
Total Value Added	3,347,286	2,705,848
Employees	1,713,897	1,415,824
Salaries Wages & Benefits	72,137	56,711
Workers Profit Participation Fund	1,786,034	1,472,535
Government	370,073	330,375
Income Tax	33,106	30,718
Sales Tax	14,558	11,345
Central Research Fund	27,997	20,954
Workers Welfare Fund	445,734	393,392
Society	2,113	2,524
Donation	2,113	2,524
Provider of Finances	372,312	255,423
To Shareholder as Cash dividend	23,921	8,388
To Banks as financial charges	396,233	263,811
Retained in Business	118,472	103,117
Depreciation and amortization	598,700	470,469
Retained Profit	717,172	573,586
Total Distribution	3,347,286	2,705,848

Year 2019



Year 2018

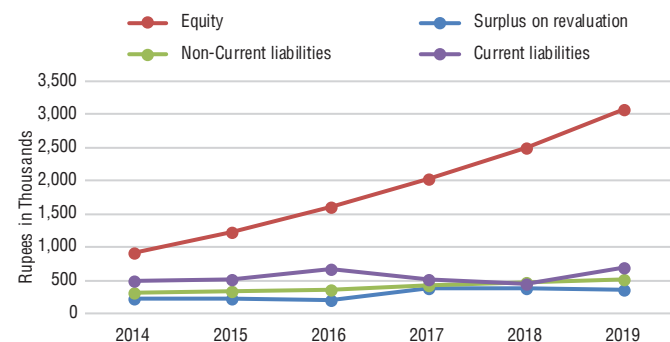


Horizontal Analysis

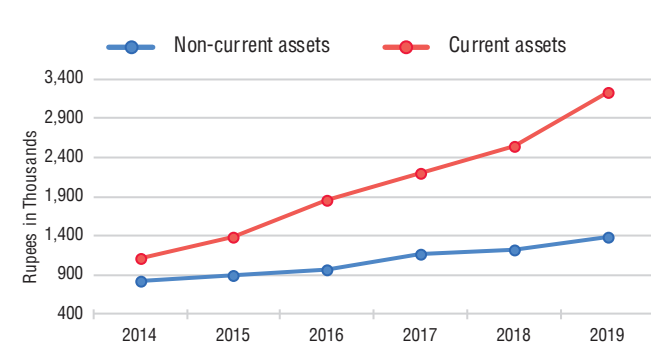
STATEMENT OF FINANCIAL POSITION

	2019		2018		2017		2016		2015		2014	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
Share Capital and Reserves												
Share capital	314,681	10.0	286,074	12.0	255,423	12.0	228,056	12.0	203,622	12.0	181,805	0.0
Revenue reserves	2,770,544	25.1	2,213,966	24.6	1,776,525	29.1	1,376,456	34.7	1,021,981	39.7	731,355	37.1
Surplus on revaluation of fixed assets	356,336	-3.8	370,409	-3.5	384,003	83.0	209,884	-3.1	216,680	-2.0	221,160	-2.5
	3,441,561	19.9	2,870,449	18.8	2,415,951	33.2	1,814,396	25.8	1,442,283	27.1	1,134,320	20.4
Non Current Liabilities												
Liabilities against assets subject to finance lease	61,215	37.6	44,486	208.0	14,442	-14.3	16,844	50.9	11,162	-63.1	30,274	22.2
Long term advances	27,610	-37.4	44,110	24.2	35,517	30.3	27,249	34.4	20,267	55.2	13,057	49.5
Deferred liabilities	417,662	11.6	374,124	0.2	373,230	19.3	312,920	6.5	293,727	9.1	269,170	0.7
Total Non Current Liabilities	506,486	9.5	462,720	9.3	423,189	18.5	357,013	9.8	325,156	4.0	312,500	-7.6
Current Liabilities												
Trade and other payables	628,590	73.2	362,887	-16.8	436,250	-11.3	491,812	20.1	409,596	0.1	409,027	57.6
Mark-up payable on secured loans	101	225.8	31	-51.6	64	243.7	19	-64.9	53	-76.4	225	-86.9
Income tax-net	31,054	-18.3	38,025	-35.7	59,102	-58.7	143,275	62.4	88,196	58.5	55,638	100.0
Current portion of long term liabilities	20,779	-43.8	36,957	34.1	27,566	1.7	27,105	7.6	25,202	-24.3	33,283	-17.9
Total Current Liabilities	680,525	55.4	437,900	-16.3	522,982	-21.0	662,211	26.6	523,048	5.0	498,172	65.0
	4,628,572	22.7	3,771,069	12.2	3,362,122	18.7	2,833,620	23.7	2,290,486	17.8	1,944,994	22.9
Non Current Assets												
Property, plant and equipments	1,118,266	14.6	976,068	4.4	934,826	28.3	728,634	-4.6	763,884	1.7	751,243	0.5
Intangible assets	-	0.0	0	-100.0	5,073	-76.7	21,766	-43.4	38,459	-39.4	63,511	-21.2
Long Term Investment	200,000	0.0	200,000	0.0	200,000	0.0	200,000	137.2	84,300	100.0	0	-
Long Term deposits	21,183	51.1	14,021	10.4	12,696	4.8	12,112	14.5	10,580	577.3	1,562	0.0
Long Term advances	27,673	-5.6	29,316	82.4	16,074	3.5	15,529	931.1	1,506	-81.9	8,301	-42.2
Deferred tax asset	21,858	100.0	-	-	-	-	-	-	-	-	-	-
	1,388,980	13.9	1,219,405	4.3	1,168,669	19.5	978,041	8.8	898,729	9.9	824,617	-2.3
Current Assets												
Stock in trade	1,790,211	32.3	1,352,925	21.3	1,115,539	12.4	992,638	15.4	860,324	35.5	634,792	13.8
Trade debts	391,163	39.0	281,510	12.3	250,692	233.6	75,154	10.7	67,898	-10.1	75,535	18.9
Advances	148,027	96.7	75,264	30.0	57,879	-22.5	74,673	-6.6	79,941	84.8	43,258	32.7
Trade deposits and short term prepayments	34,916	14.2	30,573	25.7	24,330	39.6	17,423	-11.6	19,709	11.7	17,638	42.8
Other receivables	3,271	-13.4	3,777	-44.7	5,835	49.4	4,576	46.0	3,135	69.8	1,846	41.8
Loan to subsidiary	10,000	-50.0	20,000	0.0	20,000	100.0	-	-	-	-	-	-
Tax refund due from government	3,107	-59.3	7,638	36.1	5,611	-46.1	10,413	30.9	7,955	-33.6	11,984	-38.4
Short term investment	-	-	-	-100.0	100,000	100.0	-	-	-	-	-	-
Cash and bank balances	858,895	10.1	779,976	27.3	612,566	-10.0	680,700	92.9	352,795	5.2	335,324	577.0
	3,239,590	27.0	2,551,663	16.3	2,193,452	18.2	1,855,578	33.3	1,391,757	24.2	1,120,377	51.7
	4,628,572	22.7	3,771,069	12.2	3,362,122	18.7	2,833,620	23.7	2,290,486	17.8	1,944,994	22.9

Equity and Liabilities



Assets

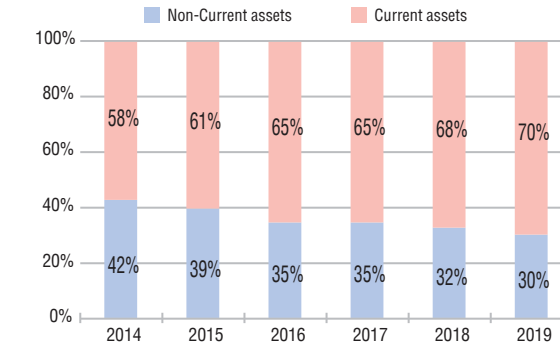


Vertical Analysis

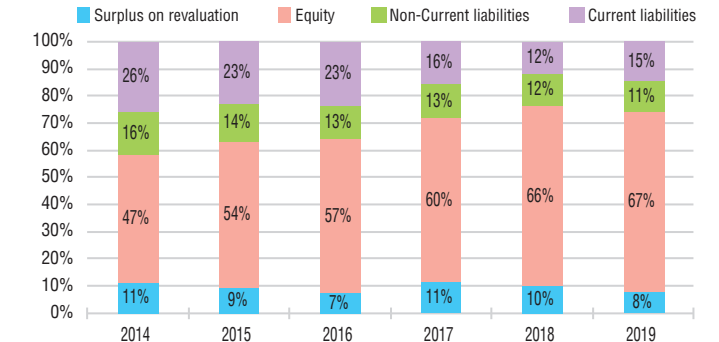
STATEMENT OF FINANCIAL POSITION

	2019		2018		2017		2016		2015		2014	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
Share Capital and Reserves												
Share capital	314,681	6.8	286,074	7.6	255,423	7.6	228,056	8.0	203,622	8.9	181,805	9.3
Revenue reserves	2,770,544	59.9	2,213,966	58.7	1,776,525	52.8	1,376,456	48.6	1,021,981	44.6	731,355	37.6
Surplus on revaluation of fixed assets	356,336	7.7	370,409	9.8	384,003	11.4	209,884	7.4	216,680	9.5	221,160	11.4
	3,441,561	74.4	2,870,449	76.1	2,415,951	71.9	1,814,396	64.0	1,442,283	63.0	1,134,320	58.3
Non Current Liabilities												
Long term lease liabilities	61,215	1.3	44,486	1.2	14,442	0.4	16,844	0.6	11,162	0.5	30,274	1.6
Long term advances	27,610	0.6	44,110	1.2	35,517	1.1	27,249	1.0	20,267	0.9	13,057	0.7
Deferred liabilities	417,662	9.0	374,124	9.9	373,230	11.1	312,920	11.0	293,727	12.8	269,170	13.8
Total Non Current Liabilities	506,486	10.9	462,720	12.3	423,189	12.6	357,013	12.6	325,156	14.2	312,500	16.1
Current Liabilities												
Trade and other payables	628,590	13.6	362,887	9.6	436,250	13.0	491,812	17.4	409,596	17.9	409,027	21.0
Mark-up payable on secured loans	101	0.0	31	0.0	64	0.0	19	0.0	53	0.0	225	0.0
Income tax-net	31,054	0.7	38,025	1.0	59,102	1.8	143,275	5.1	88,196	3.9	55,638	2.9
Current portion of long term liabilities	20,779	0.4	36,957	1.0	27,566	0.8	27,105	1.0	25,202	1.1	33,283	1.7
Total Current Liabilities	680,525	14.8	437,900	11.6	522,982	15.7	662,211	23.5	523,048	22.9	498,172	25.6
	4,628,572	100.0	3,771,069	100.0	3,362,122	100.0	2,833,619	100.0	2,290,486	100.0	1,944,994	100.0
Non Current Assets												
Property, plant and equipments	1,118,266	24.2	976,068	25.9	934,826	27.8	728,634	25.7	763,884	33.4	751,243	38.6
Intangible assets	-	0.0	0	0.0	5,073	0.2	21,766	0.8	38,459	1.7	63,511	3.3
Long term Investment	200,000	4.3	200,000	5.3	200,000	5.9	200,000	7.1	84,300	3.7	-	-
Long Term advances	21,183	0.5	29,316	0.8	16,074	0.5	15,529	0.5	1,506	0.1	8,301	0.4
Long Term deposits	27,673	0.6	14,021	0.4	12,696	0.4	12,112	0.4	10,580	0.5	1,562	0.1
Deferred tax asset	21,858	0.5	-	-	-	-	-	-	-	-	-	-
	1,388,980	30.0	1,219,405	32.3	1,168,669	34.8	978,041	34.5	898,729	39.2	824,617	42.4
Current Assets												
Stock in trade	1,790,211	38.7	1,352,925	35.9	1,115,539	33.2	992,638	35.0	860,324	37.6	634,792	32.6
Trade debts	391,163	8.5	281,510	7.5	250,692	7.5	75,154	2.7	67,898	3.0	75,535	3.9
Advances	148,027	3.2	75,264	2.0	57,879	1.7	74,673	2.6	79,941	3.5	43,258	2.2
Trade deposits and short term prepayments	34,916	0.8	30,573	0.8	24,330	0.7	17,423	0.6	586	0.9	-	0.9
Other receivables	3,271	0.1	3,777	0.1	4,819	0.2	3,341	0.2	2,549	0.1	1,846	0.1
Loan to subsidiary	10,000	0.2	20,000	0.5	20,000	0.6	-	-	-	-	-	-
Tax refund due from government	3,107	0.1	7,638	0.2	5,611	0.2	10,413	0.4	7,955	0.3	11,984	0.6
Short term investment	-	0.0	-	0.0	100,000	3.0	-	-	-	-	-	-
Cash and bank balances	858,895	18.6	779,976	20.7	612,566	18.2	680,700	24.0	352,795	15.4	335,324	17.2
	3,239,590	70.0	2,551,663	67.7	2,193,452	65.2	1,855,578	65.5	1,391,757	60.8	1,120,377	57.6
	4,628,572	100.0	3,771,069	100.0	3,362,122	100.0	2,833,619	100.0	2,290,486	100.0	1,944,994	100.0

Assets



Equity and Liabilities

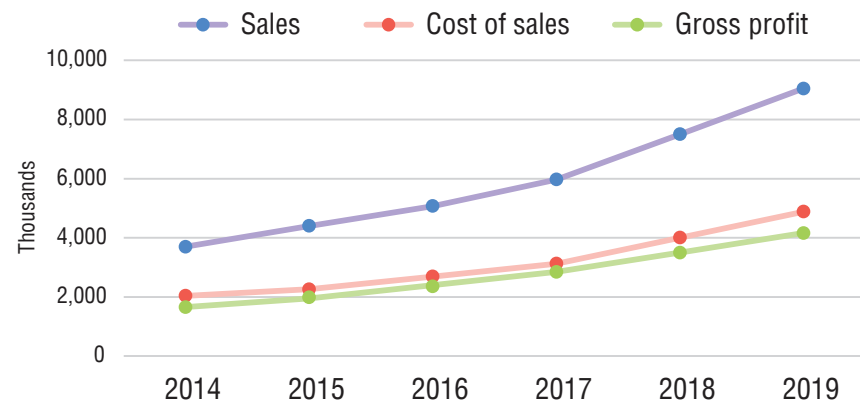


Horizontal Analysis

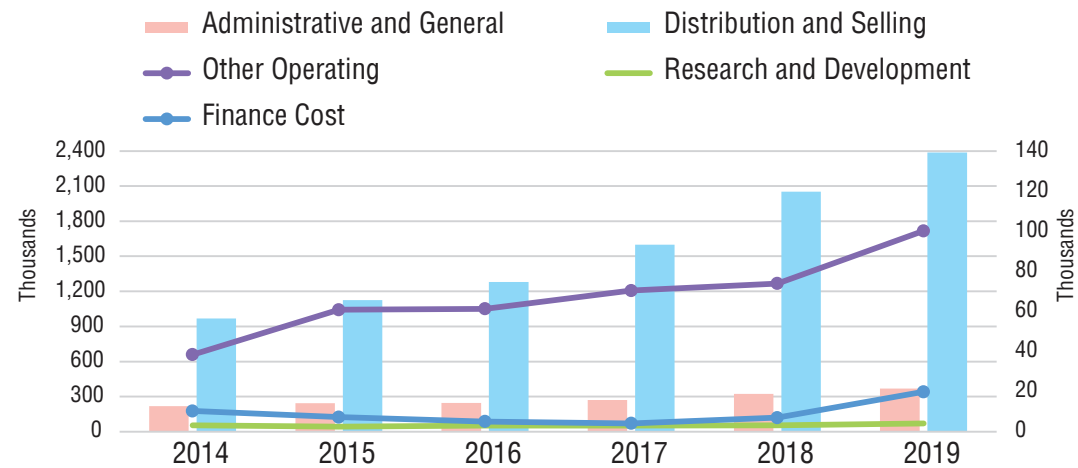
STATEMENT OF PROFIT OR LOSS

	2019		2018		2017		2016		2015		2014	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
Revenue - net	9,047,693	20.6	7,503,101	25.7	5,971,229	17.8	5,070,755	15.1	4,403,995	19.2	3,696,092	22.9
Cost of Revenue	4,886,100	22.1	4,002,669	28.1	3,125,338	16.1	2,692,735	16.5	2,311,679	13.3	2,040,858	14.8
Gross Profit	4,161,593	18.9	3,500,432	23.0	2,845,891	19.7	2,378,020	13.7	2,092,316	26.4	1,655,234	34.5
Distribution, Selling and Promotional Expenses	2,386,789	16.3	2,026,734	28.3	1,599,737	25.1	1,279,005	13.6	1,125,961	16.2	968,753	29.0
Administrative and General Expenses	369,802	14.1	349,635	20.0	270,080	10.1	245,280	0.2	244,669	11.4	219,629	6.4
Research and Development Expenses	5,013	31.9	3,799	5.3	3,607	-1.2	3,653	20.1	3,041	-22.3	3,912	0.8
Other Operating Expenses	120,206	35.6	88,655	4.9	84,486	14.9	73,550	0.7	73,022	58.3	46,132	45.3
	2,881,810	16.7	2,468,823	26.1	1,957,910	22.3	1,601,488	10.7	1,446,693	16.8	1,238,426	24.7
Other Operating Income	1,279,784	24.1	1,031,609	16.2	887,981	14.4	776,532	20.3	645,623	54.9	416,808	75.6
	85,223	157.9	33,046	12.9	29,278	50.8	19,414	-34.9	29,837	198.8	9,987	-34.8
Finance Cost	1,365,006	28.2	1,064,654	16.1	917,258	15.2	795,946	17.8	675,460	58.3	426,795	68.9
	23,921	185.2	8,388	69.1	4,960	-18.3	6,071	-30.6	8,754	-29.2	12,371	-39.4
Profit Before Taxation	1,341,086	27.0	1,056,266	15.8	912,298	15.5	789,875	18.5	666,706	60.9	414,424	78.4
Taxation	370,073	12.0	330,375	15.6	285,834	12.1	254,899	14.5	222,683	56.3	142,516	85.6
Profit After Taxation	971,013	33.8	725,891	15.9	626,464	17.1	534,976	20.5	444,023	63.3	271,908	74.8

Sales and cost of sales



Operating expenses

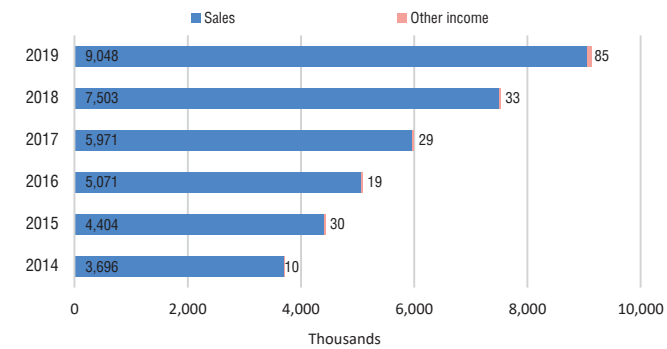


Vertical Analysis

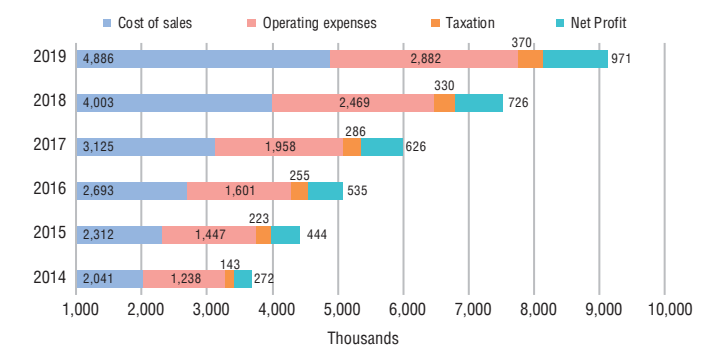
STATEMENT OF PROFIT OR LOSS

	2019		2018		2017		2016		2015		2014	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
Revenue - net	9,047,693	100	7,503,101	100.0	5,971,229	100.0	5,070,755	100.0	4,403,995	100.0	3,696,092	100.0
Cost of Revenue	4,886,100	54.0	4,002,669	53.3	3,125,338	52.3	2,692,735	53.1	2,311,679	52.5	2,040,858	55.2
Gross Profit	4,161,593	46.0	3,500,432	46.7	2,845,891	47.7	2,378,020	46.9	2,092,316	47.5	1,655,234	44.8
Distribution, Selling and Promotional Expenses	2,386,789	26.4	2,052,208	27.4	1,599,737	26.8	1,279,005	25.2	1,125,961	25.6	968,753	26.2
Administrative and General Expenses	369,802	4.1	324,161	4.3	270,080	4.5	245,280	4.8	244,669	5.6	219,629	5.9
Research and Development Expenses	5,013	0.1	3,799	0.1	3,607	0.1	3,653	0.1	3,041	0.1	3,912	0.1
Other Operating Expenses	120,206	1.3	88,655	1.2	84,486	1.4	73,550	1.5	73,022	1.7	46,132	1.2
	2,881,810	31.9	2,468,823	32.9	1,957,910	32.8	1,601,488	31.6	1,446,693	32.9	1,238,426	33.4
Other Operating Income	1,279,784	14.1	1,031,609	13.7	887,981	14.9	776,532	15.3	645,623	14.6	416,808	11.4
	85,223	0.9	33,046	0.4	29,278	0.5	19,414	0.4	29,837	0.7	9,987	0.3
Finance Cost	1,365,005	15.1	1,064,654	14.2	917,258	15.4	795,946	15.7	675,460	15.3	426,795	11.7
	23,921	0.3	8,388	0.1	4,960	0.1	6,071	0.1	8,754	0.2	12,371	0.3
Profit Before Taxation	1,341,086	14.8	1,056,266	14.1	912,298	15.3	789,875	15.6	666,706	15.1	414,424	11.4
Taxation	370,073	4.1	330,375	4.4	285,834	4.8	254,899	5.0	222,683	5.1	142,516	3.9
Profit After Taxation	971,013	10.7	725,891	9.7	626,464	10.5	534,976	10.6	444,023	10.2	271,908	7.5

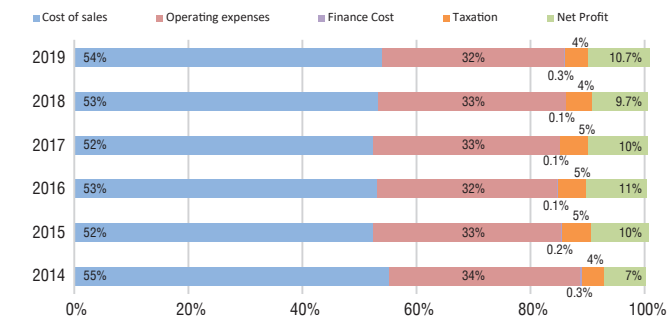
Revenues



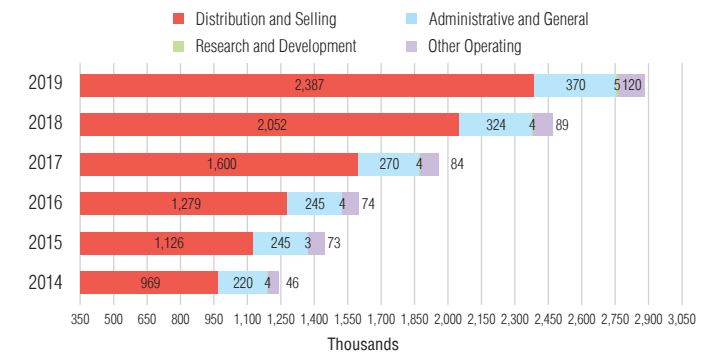
Expenses and profit



Expenses and profit as % of Sales



Operating Expenses



Pattern of Shareholding as at December 31, 2019

Sr. #	No. of Shareholders	Shareholding		Total Shares Held
		From	To	
1	1071	1	100	36,682
2	1151	101	500	275,352
3	346	501	1000	242,574
4	620	1001	5000	1,229,815
5	70	5001	10000	484,896
6	25	10001	15000	308,197
7	19	15001	20000	318,973
8	6	20001	25000	131,251
9	6	25001	30000	165,775
10	6	30001	35000	198,787
11	4	35001	40000	150,487
12	1	40001	45000	41,272
13	3	45001	50000	141,994
14	4	50001	55000	206,348
15	3	55001	60000	174,650
16	1	65001	70000	69,500
17	5	70001	75000	358,310
18	1	75001	80000	79,651
19	1	80001	85000	85,000
20	1	85001	90000	86,353
21	1	90001	95000	90,037
22	1	100001	105000	100,701
23	2	120001	125000	243,214
24	1	125001	130000	126,835
25	2	145001	150000	295,587
26	2	150001	160000	314,971
27	1	165001	170000	168,104
28	1	210001	215000	212,088
29	1	255001	260000	260,000
30	1	260001	265000	261,849
31	1	300001	305000	304,035
32	1	305001	310000	307,937
33	1	335001	340000	338,242
34	1	455001	460000	458,900
35	1	490001	495000	491,274
36	1	495001	500000	495,716
37	1	525001	530000	528,533
38	1	545001	550000	545,997
39	1	550001	555000	551,700
40	1	1135001	1140000	1,135,751
41	1	1140001	1145000	1,141,666
42	1	1230001	1235000	1,234,202
43	1	1260001	1265000	1,261,251
44	1	1375001	1380000	1,377,278
45	1	1785001	1790000	1,788,949
46	1	2010001	2015000	2,011,133
47	1	2180001	2185000	2,184,784
48	1	2325001	2330000	2,328,613
49	1	2620001	2625000	2,622,918
50	1	3495001	3500000	3,500,000
Total	3377			31,468,132

Categories of Shareholders	No. of Shareholders	No. of Shares Held	Percentage
Directors, CEO their Spouse and Minor Children			
Mr. Tausif Ahmad Khan	1	2,351,684	7.47%
Mr. G.H. Khan	1	266,050	0.85%
Mr. Shazib Masud	1	850	0.00%
Mr. Romesh Elapata	1	618	0.00%
Mr. Taufiq Ahmed Khan	1	3,106,550	9.87%
Dr. Adeel Abbas Haideri	1	763	0.00%
Mrs. Zainub Abbas	1	1,377,278	4.38%
Associated Companies, Undertakings and Related Parties	2	198,299	0.63%
NIT and ICP	3	496,061	1.58%
Banks, Development Financial Institutions, Non Banking Financial Intitutions, Joint Stock Companies & Trusts	83	1,611,536	5.12%
Insurance Companies	6	4,881,426	15.51%
Modarabas and Mutual Funds	36	378,911	1.20%
*Shareholders holding 5% or more	-	-	-
Non-Resident Companies	3	2,649,318	8.42%
General Public			
a. Local	3234	13,230,321	42.04%
b. Foreign	1	575,750	1.83%
Others		-	-
Government Holding	2	342,717	1.09%
TOTAL	3377	31,468,132	100%
*Shareholders holding five percent or more of the total capital			
Jubilee Life Insurance Company Limited		3,500,000	11.12%
Pharmatec Investment Limited		2,622,918	8.34%
Mr. Tausif Ahmad Khan		2,351,684	7.47%
Mr. Taufiq Ahmed Khan		3,106,550	9.87%
Mr. Tauqeer Ahmed Khan		3,724,143	11.83%
Mrs. Nosheen Riaz Khan		2,180,227	6.93%
Mutual Funds - Name Wise			
CDC - Trustee ABL Stock Fund		3,951	0.0126%
CDC - Trustee Al Meezan Mutual Fund		1,008	0.0032%
CDC - Trustee Al Ameen Islamic Asset Allocation Fund		196	0.0006%
CDC - Trustee Al -Ameen Shariah Stock Fund		300	0.0010%
CDC - Trustee Alfalah GHP Islamic Stock Fund		5	0.0000%
CDC - Trustee APF-Equity Sub Fund		7,200	0.0229%
CDC - Trustee APIF-Equity Sub Fund		5,200	0.0165%
CDC - Trustee Atlas Islamic Dedicated Stock Fund		2,100	0.0067%
CDC - Trustee Atlas Islamic Stock Fund		6,800	0.0216%
CDC - Trustee Atlas Stock Market Fund		28,500	0.0906%
CDC - Trustee HBL Stock Fund		58,000	0.1843%
CDC - Trustee HBL Equity Fund		10,000	0.0318%
CDC - Trustee HBL IPF Equity Sub Fund		5,830	0.0185%
CDC - Trustee HBL Islamic Asset Allocation Fund		5,000	0.0159%
CDC - Trustee HBL Islamic Equity Fund		14,500	0.0461%
CDC - Trustee HBL Multi Asset Fund		5,000	0.0159%
CDC - Trustee HBL PF Equity Sub Fund		8,679	0.0276%
CDC - Trustee JS Islamic Fund		10,000	0.0318%
CDC - Trustee Meezan Balanced Fund		1,409	0.0045%
CDC - Trustee Meezan Islamic Fund		553	0.0018%
CDC - Trustee NBP Balanced Fund		1,140	0.0036%
CDC - Trustee NBP Saymaya Izafa Fund		8,140	0.0259%
CDC - Trustee PICIC Growth Fund		69,500	0.2209%
CDC - Trustee PICIC Investment Fund		51,800	0.1646%
CDC - Trustee UBL Asset Allocation Fund		284	0.0009%
CDC - Trustee UBL Capital Protected Fund -III		1,023	0.0033%
CDC - Trustee UBL Retirement Saving DIND - Euity Sub Fund		2,516	0.0080%
CDC - Trustee Unit Trust of Pakistan		15,400	0.0489%
CDC-Trustee Al-Ameen Islamic RET. SAV. Fund-Equity Sub Fund		1,114	0.0035%
CDC - Trustee UBL Islamic Stock Fund		18,200	0.0578%
M C F S L-Trustee JS Growth Fund		16,700	0.0531%
M C B F S L-Trustee HBL Islamic Dedicated Equity Fund		7,000	0.0222%
MCBFSL - Trustee Pak Oman Islamic Asset Allocation Fund		1,650	0.0052%

Statement of Compliance

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

Name of Company: HIGHNOON LABORATORIES LIMITED
Year ended: December 31, 2019

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:	6
b. Female:	1

2. The composition of the Board is as follows:

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

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The Company has prepared a Code of Conduct and appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date 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 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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Six directors are duly certified or exempted from the Directors' Training Program. The Board will arrange Directors' Training Program for one member within prescribed time limit;
10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

Statement of Compliance

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

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

- a) Audit Committee
 1. Mr. Shazib Masud Chairman / Member
 2. Mr. G.H. Khan Member
 3. Mrs. Zainub Abbas Member
- b) HR and Remuneration Committee
 1. Mr. Shazib Masud Chairman / Member
 2. Dr. Adeel Abbas Haideri Member
 3. Mrs. Zainub Abbas Member

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

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

a) Audit Committee	6
b) HR and Remuneration Committee	1

15. The Board has set up an effective internal audit function and the internal auditors of the Company are suitably qualified and experienced for the purpose and fully conversant with the policies and procedures of the Company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director 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, 27,32, 33 and 36 of the Regulations have been complied.

Mr. Tausif Ahmad Khan
Chairman

March 31, 2020

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 31st December, 2019 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 noncompliance 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017 (the Act). We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31st December, 2019.



Chartered Accountants

Audit Engagement Partner: Sajjad Hussain Gil
Lahore

20 April 2020



Financial Statements

Highnoon Laboratories Limited

for the Year ended
31 December 2019

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 2019, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key Audit Matters	How the matter was addressed in our audit
1. Valuation of stock in trade:	
As disclosed in Note 19 to the accompanying unconsolidated financial statements, the stock in trade balance constitutes 39% of total assets of the Company. These are valued at lower of cost and net realizable value. The cost of work in process (WIP) and finished goods is determined at average manufacturing cost including a proportion of appropriate overheads. The basis for allocation of overheads includes management judgment. This, in combination with the significant share of stock in trade as part of total assets, made us conclude that valuation of stock in trade is a key audit matter of our audit.	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> - Obtaining an understanding of internal controls over valuation of stock in trade and testing their design, implementation and operating effectiveness - assessing the appropriateness of the Company's accounting policies for valuation of stock in trade and compliance of those policies with applicable accounting standards; - obtaining an understanding and assessing reasonableness of the management's determination of net realizable value (NRV) and key estimates adopted including future selling prices, future cost to complete work in process and the costs necessary to make the sales and their basis; - physical attendance at inventory count and reconciling the count results to the inventory listings to test the completeness of data; - assessment of the appropriateness of management's basis for the allocation of cost and overheads; and - substantive analytical and other procedures including the recalculation of valuation based on accounting and costing policy

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

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

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

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

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

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

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

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

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

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

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

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

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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



Chartered Accountants
Lahore
20 April 2020

Unconsolidated Statement of Financial Position

	Note	2019 Rupees	2018 Rupees
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorized share capital			
50,000,000 (2018: 50,000,000) Ordinary shares of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid up share capital	6	314,681,310	286,073,930
Revenue reserves		2,770,544,148	2,213,966,374
Revaluation surplus on property, plant and equipment	7	356,336,117	370,409,400
Total Equity		3,441,561,575	2,870,449,704
Non-current liabilities			
Long term lease liabilities	8	61,214,905	44,486,094
Long term advances	9	27,609,796	44,110,306
Deferred liabilities	10	417,661,559	374,124,390
		506,486,260	462,720,790
Current liabilities			
Trade and other payables	11	598,033,068	342,711,626
Unclaimed Dividend		30,555,993	20,175,464
Mark up accrued		100,501	30,476
Short term borrowing	12	-	-
Current portion of long term liabilities	13	20,779,266	36,956,830
Provision for taxation - net		31,054,361	38,024,485
		680,523,189	437,898,881
Total Liabilities		1,187,009,449	900,619,671
TOTAL EQUITY AND LIABILITIES		4,628,571,024	3,771,069,375

CONTINGENCIES AND COMMITMENTS

14

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Dr. Adeel Abbas Haideri
Chief Executive Officer

Taufiq Ahmed Khan
Director

As at 31 December 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	15	1,118,266,226	976,068,012
Intangible assets	16	-	-
Long term investment	17	200,000,000	200,000,000
Long term deposits		21,182,621	14,020,764
Long term advances		27,673,080	29,316,392
Deferred tax asset	18	21,858,373	-
		1,388,980,300	1,219,405,168
Current assets			
Stock in trade	19	1,790,210,793	1,352,928,094
Trade debts	20	391,162,800	281,509,755
Advances	21	148,027,394	75,263,456
Trade deposits and short term prepayments	22	34,916,154	30,572,873
Other receivables	23	3,271,494	3,776,324
Loan to subsidiary	24	10,000,000	20,000,000
Tax refunds due from the Government	25	3,106,649	7,638,162
Cash and bank balances	26	858,895,440	779,975,543
		3,239,590,724	2,551,664,207
TOTAL ASSETS		4,628,571,024	3,771,069,375

Javed Hussain
Chief Financial Officer

Unconsolidated Statement of Profit or Loss

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
Revenue from contracts with customers-net	27	9,047,692,893	7,503,100,506
Cost of revenue	28	4,886,099,530	4,002,668,618
Gross profit		4,161,593,363	3,500,431,888
Distribution, selling and promotional expenses	29	2,386,788,950	2,052,207,910
Administrative and general expenses	30	369,802,343	324,160,568
Research and development expenses	31	5,012,518	3,799,270
Other operating expenses	32	120,205,668	88,654,494
		2,881,809,479	2,468,822,242
Operating Profit		1,279,783,884	1,031,609,646
Other income	33	85,222,574	33,044,391
Finance costs	34	23,920,563	8,387,492
Profit before taxation		1,341,085,895	1,056,266,545
Taxation	35	370,073,070	330,375,342
Profit for the year		971,012,825	725,891,203
			Restated
Earnings per share - basic and diluted	36	30.86	23.07

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Dr. Adeel Abbas Haideri
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Unconsolidated Statement of Comprehensive Income

For The Year Ended 31 December 2019

	2019 Rupees	2018 Rupees
Profit for the year	971,012,825	725,891,203
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:	-	-
Experience adjustments on defined benefit plan - net of tax	(27,043,185)	(17,263,203)
Total comprehensive income for the year	943,969,640	708,628,000

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Dr. Adeel Abbas Haideri
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Unconsolidated Statement of Cash Flow

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,341,085,895	1,056,266,545
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of operating fixed assets	15.1.1	118,471,798	98,044,124
Amortization of intangible assets	16.1	-	5,073,017
Gain on disposal of operating fixed assets	33	(22,136,434)	(15,492,271)
Exchange loss / (gain) - net	32	61,983	(355,193)
Provision for slow moving and obsolete stocks	19.1	17,704,485	4,024,543
Provision for defined benefit obligation	10.1.2	69,684,228	49,030,111
Provision for Workers' Profit Participation Fund	11.3	72,136,965	57,000,754
Provision for Central Research Fund	32	14,557,776	11,344,600
Finance costs	34	23,920,563	8,387,492
Allowance for expected credit losses	20.2	5,452,010	-
		299,853,374	217,057,177
Profit before working capital changes		1,640,939,269	1,273,323,722
Working capital changes:			
(Increase) / decrease in current assets:			
Stock in trade		(454,987,184)	(241,413,562)
Trade debts		(115,167,038)	(30,462,364)
Advances		(72,763,938)	(17,384,285)
Trade deposits and short term prepayments		(4,343,281)	(6,243,318)
Other receivables		2,367,865	3,058,807
Loan to subsidiary		10,000,000	-
Tax refund due from government		4,531,513	(2,027,056)
Increase/ (decrease) in current liabilities:		245,508,622	(52,637,911)
Trade and other payables		(384,853,441)	(347,109,689)

Unconsolidated Statement of Cash Flow

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
Cash generated from operations			
Taxes paid		(398,943,666)	(359,170,983)
Gratuity paid		(46,503,156)	(57,185,554)
Finance costs paid		(23,850,538)	(8,421,051)
Workers' Profit Participation Fund paid		(75,678,410)	(57,165,237)
Central Research Fund paid		(10,257,194)	(11,086,979)
Net cash flows from operating activities		700,852,864	433,184,229
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(253,359,921)	(99,217,212)
Additions in long term advances		1,643,312	(13,242,089)
Proceeds from disposal of short term investment - net		-	100,000,000
Increase in long term deposits - net		(7,161,857)	(1,325,101)
Proceeds from disposal of operating fixed assets	15.1.4	96,295,566	37,028,793
Net cash flows (used in) / generated from investing activities		(162,582,900)	23,244,391
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities- net		(78,837,745)	(23,959,766)
Long term advances - net		(18,580,742)	10,382,924
Dividend paid		(361,931,580)	(275,442,666)
Net cash flows used in financing activities		(459,350,067)	(289,019,508)
Net increase in cash and cash equivalents		78,919,897	167,409,112
Cash and cash equivalents at beginning of the year		779,975,543	612,566,431
Cash and cash equivalents at end of the year	26	858,895,440	779,975,543

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Dr. Adeel Abbas Haideri
Chief Executive OfficerTaufiq Ahmed Khan
DirectorJaved Hussain
Chief Financial Officer

Unconsolidated Statement of Changes in Equity

For The Year Ended 31 December 2019

	Share capital	Capital Reserves Revaluation Surplus on PPE	Revenue reserves			Total
			General reserve	Unappropriated profit	Sub total	
Rupees						
Balance as at 01 January 2018	255,423,160	-	114,000,000	1,662,525,305	1,776,525,305	2,031,948,465
Effect of change in accounting policy	-	384,003,155	-	-	-	384,003,155
Balance as at 01 January 2018	255,423,160	384,003,155	114,000,000	1,662,525,305	1,776,525,305	2,415,951,620
Total comprehensive income for the year	-	-	-	708,628,000	708,628,000	708,628,000
Surplus transferred to unappropriated profit						
On account of incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of tax	-	(14,886,999)	-	14,886,999	14,886,999	-
Effect on change in tax rate	-	1,701,013	-	-	-	1,701,013
Effect of change in proportion of normal sales	-	(407,769)	-	-	-	(407,769)
Transaction with owners of the company, recognized directly in equity -Distributions						
Issuance of bonus shares @ 12%	30,650,770	-	-	(30,650,770)	(30,650,770)	-
Final dividend @ Rs. 10 per share for the year ended 31 December 2017	-	-	-	(255,423,160)	(255,423,160)	(255,423,160)
Balance as at 31 December 2018	286,073,930	370,409,400	114,000,000	2,099,966,374	2,213,966,374	2,870,449,704
Total comprehensive income for the year	-	-	-	943,969,640	943,969,640	943,969,640
Surplus transferred to unappropriated profit						
On account of incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of tax	-	(13,527,623)	-	13,527,623	13,527,623	-
Effect of change in proportion of normal sales	-	(545,660)	-	-	-	(545,660)
Transaction with owners of the company, recognized directly in equity -Distributions						
Issuance of bonus shares @ 10%	28,607,380	-	-	(28,607,380)	(28,607,380)	-
Final dividend @ Rs. 13 per share for the year ended 31 December 2018	-	-	-	(372,312,109)	(372,312,109)	(372,312,109)
Balance as at 31 December 2019	314,681,310	356,336,117	114,000,000	2,656,544,148	2,770,544,148	3,441,561,575

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Dr. Adeel Abbas Haideri
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

1. CORPORATE INFORMATION

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

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

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

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

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

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

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

2.2 Basis of preparation

These unconsolidated financial statements have been prepared under the historical cost convention, except for revaluation of certain assets as referred to in Note 4.7 and recognition of certain employees retirement benefits at present value.

These unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of direct equity interest rather than on the basis of reported results. Consolidated financial statements are prepared separately.

2.3 Functional and presentation currency

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

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

	Notes
- Staff retirement benefits	4.4
- Property, plant and equipment	4.7
- Taxation	4.22
- Provisions	4.26
- Impairment of financial assets	4.27
- Lease term	4..2.2

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year except for as mentioned in Note 4.2 and as follows:

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

IFRS 9 - Financial Instruments (Note 4.24)

IFRS 15 - Revenue from Contracts with Customers (Note 4.17)

IFRS 16 - Leases (Note 4.15)

IFRS 2 - Share Based Payment - Classification and Measurement of Share Based Payment Transactions (Amendments)

IFRS 3 & 11 - Previously held interest in a joint operation (Amendments)

IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

IFRS 14 - Regulatory Deferral Accounts

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

IFRIC 23 - Uncertainty over Income Tax Treatments

IAS 12 - Income tax consequences of payments on financial instruments classified as equity

IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)

IAS 28 - Investment in associates and Joint ventures : Long term interest in Associates and Joint ventures (Amendments)

IAS 40 - Investment Property- Transfers of Investment Property (Amendments)

Annual improvements 2015-2017

The adoption of above standards do not have any significant impact on these unconsolidated financial statements of the Company except IFRS 9, 15 and 16. However, related changes to the accounting policies and related disclosures have been made in these financial statements.

4.2 Changes in accounting policies and disclosures

New and amended standards and interpretations

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 01 January 2019. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The nature and the effect of these changes are disclosed below.

4.2.1 IFRS 15 'Revenue from contracts with customers'

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgement. The Company is engaged in the sale and marketing of pharmaceutical and allied consumer products. The contracts with customers for the sale of goods generally includes single performance obligation. Management has concluded that revenue from sale of goods be recognized at the point in time when control of the asset is transferred to the customer. The above is generally consistent with the timing and amounts of revenue the Company recognized in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which has replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations at 01 January 2019, did not have a material impact on the amounts of revenue recognized in these unconsolidated financial statements.

The Company adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard only to the outstanding contracts as at 1 January 2019. The revenue recognized under IFRS 15 is same as it would have been recognized under IAS 18 'Revenue'. Therefore no adjustment is required to be made in opening retained earnings.

Upon adoption of IFRS 15 amounts received for future sale of goods were reclassified to 'contract liabilities'. Previously, these amounts were classified as "advances from customers".

Note 4.17 explains the changes and new accounting policies introduced on 1 January 2019 resulting from the adoption of IFRS 15.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

4.2.2 IFRS 16 Leases

From 01 January 2019, the Company has adopted IFRS 16 as issued by the International Accounting Standards Board using modified retrospective restatement approach, as permitted under the specific transitional provision in the standard and has not restated comparatives for the corresponding figures of 2018.

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions involving the legal form of a lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Company has lease contracts for its various offices. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under prepayments and trade and other payables, respectively.

Upon adoption of IFRS 16, the Company initially recognized a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. The right-of-use asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs.

The Company has adopted IFRS 16 using the modified retrospective restatement approach and measured the right of use asset equal to the present value of lease liabilities. The impact is insignificant for the Company's unconsolidated financial statements of prior year and accordingly no adjustment has been made to the figures reported in previous year.

Note 4.15 explains the changes and new accounting policies introduced on 01 January 2019 resulting from the adoption of IFRS 16.

4.2.3 IFRS 9 Financial Instruments

IFRS 9 'Financial Instruments' has replaced IAS 39 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after July 01, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting. The initial application date of IFRS 9 was July 01, 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP). During February 2019, the SECP modified the effective date for applicability of IFRS 9 in place of IAS 39 as reporting period / year ending on or after June 30, 2019. The Company has adopted IFRS 9 from January 01, 2019 using the modified retrospective approach.

The Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 985 (I)/2019 dated 02 September 2019 has deferred the requirements of IFRS 9 with respect to application of 'Expected Credit Loss Method' in respect of companies holding financial assets due from the Government of Pakistan till 30 June 2021. In this regard, the companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' during the exemption period.

IFRS 9 retains but simplifies the measurement model and establishes the measurement categories of financial asset: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets.

Further, the adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred loss model approach with a forward-looking Expected Credit Loss (ECL) approach.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Considering the nature of the financial assets, the Company has applied the standard's simplified approach for trade debts and has calculated ECL based on lifetime ECL. The Company has applied the general approach for other financial assets.

The impact of adoption of IFRS 9 is as follows:

The management has reviewed and assessed the Company's existing financial assets for impairment in accordance with the guidance included in IFRS 9, to determine the credit risk associated with the respective financial assets and has incorporated the same in the financial statements of the Company. The management has also concluded that the impact of impairment of these financial assets under IFRS 9 is insignificant for the Company's unconsolidated financial statements of prior year and accordingly no adjustment has been made to the figures reported in previous year.

The following table explains the previous measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and liabilities as at January 01, 2019:

Financial Assets	Original Classification under IAS 39	New Classification under IFRS 9
Long Term Investments	Available for sale	Amortised cost
Long Term deposits	Loans and receivables	Amortised cost
Long term advances	Loans and receivables	Amortised cost
Trade debts	Loans and receivables	Amortised cost
Advances	Loans and receivables	Amortised cost
Trade deposits and short term prepayments	Loans and receivables	Amortised cost
Profit accrued	Loans and receivables	Amortised cost
Other receivables	Loans and receivables	Amortised cost
Loan to subsidiary	Loans and receivables	Amortised cost
Investment in TDR's	Held to maturity	Amortised cost
Cash and bank balances	Loans and receivables	Amortised cost

There is no change in the carrying amount of above instruments due to the adoption of IFRS 9, accordingly there is no impact on the Company's statement of changes in equity as a result of the above changes.

Note 4.24 explains the changes and new accounting policies introduced on 01 January 2019 resulting from the adoption of IFRS 9.

4.3 Segment reporting

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

4.4 Staff retirement benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme for all of its permanent employees who have joined on or before 19 March 2013, under which benefits are paid on cessation of employment subject to a minimum qualifying period of service. Qualified actuaries have carried out the valuation as at 31 December 2019 using the project unit credit method.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

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

Defined contribution plan

The Company also operates a recognized provident fund scheme for all of its permanent employees in accordance with the trust deed and rules made there under. Equal monthly contributions are made to the fund by the Company and employees at the rate of 8.33% (2018: 8.33%) of basic salary and cost of living allowance.

Compensated leave absences

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

4.5 Foreign currency translation

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

4.6 Trade and other payables

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

4.7 Property, plant and equipment

Owned operating assets:

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

Depreciation is charged on reducing balance method at the rates in Note 15.1 to write off the cost / revalued amount of an asset over its estimated useful life. The assets' residual values and useful lives are reviewed at each financial year end and adjusted, if its impact on depreciation is significant. Full month's depreciation is charged on additions, while no depreciation is charged in the month of disposal or deletion of assets. Surplus on revaluation of fixed assets relating to incremental depreciation (net of deferred taxation) is transferred directly to equity.

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

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

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

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

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit.

Capital work in progress

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

4.8 Intangible assets

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

Changes in the expected useful lives or the expected pattern of consumption of future economic benefits at the rate in Note 16, embodied in the intangible assets, are accounted for by changing the recognized period or amortization method, as appropriate, and treated as a change in accounting estimate. The recognized expense on intangible assets with finite lives is recognized in the unconsolidated statement of profit or loss in the expense category, consistent with the function of the intangible asset.

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

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

4.9 Borrowing costs

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 statement of profit or loss in the period in which they are incurred.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

4.10 Investments

Subsidiary Company

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

4.11 Stock in trade

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

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

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

4.12 Contract balances:

4.12.1 Contract asset

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

4.12.2 Trade debts

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

4.12.3 Contract liabilities

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

4.13 Expected credit losses

Expected credit losses are calculated as a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Company in accordance with the contract and cash flows that the Company expects to receive). (Refer to Note 4.22 for detailed policy for impairment of financial assets).

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

4.14 Cash and cash equivalents

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

4.15 Leases

4.15.1 Right-of-use assets

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

4.15.2 Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees

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

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

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

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

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

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

The Company included the renewal period as part of the lease term for leases due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to 10 years) and there will be a significant negative effect on production if a replacement is not readily available.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

4.16 Impairment of non-financial assets

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

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

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

4.17 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Revenue from local sales is recognized when control of the goods is transferred i.e. on dispatch of goods to the customers. Export goods are considered dispatched when bill of lading / airway bill is prepared for shipment to customers. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

4.18 Other income

Return on bank deposits is accounted for on time proportion basis and other income is recognized using effective interest rate method.

4.19 Transactions with related parties and transfer pricing

The Company under the direction of Securities and Exchange Commission of Pakistan's Notification SRO 66(I)/2003 dated 22 January 2003 adopted the cost-plus method of transfer pricing for the determination of arm's length prices with associated companies/related parties except for the assets sold to employees at written down value under the employee's car scheme as approved by the Board of Directors.

Parties are said to be related, if they are able to influence the operating and financial decisions of the Company and vice versa.

4.20 Research and development cost

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

4.21 Ijarah

The Ijarah payments under an Ijarah agreement are treated in accordance with 'Islamic Finance Accounting Standard 2 Ijarah' issued by Institute of Chartered Accountants of Pakistan and adopted by Securities and Exchange Commission of Pakistan. Ijarah rental under such agreements are charged to unconsolidated statement of profit or loss on a straight line basis over the Ijarah term.

4.22 Taxation

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

Current

Provision of current tax is based on the taxable income, alternative corporate tax or minimum tax provisions in accordance with Income Tax Ordinance 2001. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments,

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

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

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

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

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

4.23 Dividend

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

4.24 Financial instruments - Initial recognition and subsequent measurement

Initial Recognition

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

Classification of financial assets

The Company classifies its financial instruments in the following categories:

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

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

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

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

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

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

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

Unconsolidated Notes to the Financial Statements

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Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

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

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

Subsequent measurement

i) Financial assets at FVTOCI

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

ii) Financial assets and liabilities at amortised cost

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

iii) Financial assets and liabilities at FVTPL

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

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

Impairment of financial asset

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

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

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

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

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

Derecognition

i) Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial

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For The Year Ended 31 December 2019

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

ii) Financial liabilities

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

4.25 Offsetting of financial assets and financial liabilities

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

4.26 Provisions

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

4.27 Impairment of financial assets

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

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

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

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

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

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For The Year Ended 31 December 2019

	Standard or Interpretation	Effective date: (Annual periods beginning)
IAS 1 & 8	Presentation of Financial Statements Definition of Material, to clarify the definition of material and its alignment with the definition used in the Conceptual Framework (Amendments)	01 January 2020
IAS 1	Presentation of Financial Statements Classification of liabilities (Amendments)	01 January 2022
IFRS 3	IFRS 3 'Business Combinations' - Definition of business (Amendments)	01 January 2020
IFRS 7 & 9	Financial instruments - Amendments regarding pre-replacement issues in the context of the interest rate benchmark reform (IBOR)	01 January 2020
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
	Amendments to the Conceptual Framework for Financial Reporting	01 January 2020

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

Standard	IASB effective date (Annual periods)
IFRS 1 First-time Adoption of International Financial Reporting Standards	01 July 2009
IFRS 17 Insurance Contracts	01 January 2021

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

6. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	Note	2019 Rupees	2018 Rupees
5,905,000 (2018: 5,905,000) ordinary shares of Rs. 10 each fully paid in cash		59,050,000	59,050,000
95,000 (2018: 95,000) ordinary shares of Rs.10 each issued for consideration other than cash	6.1	950,000	950,000
25,468,131 (2018: 22,607,393) ordinary shares of Rs. 10 each issued as bonus shares	6.2	254,681,310	226,073,930
		314,681,310	286,073,930

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

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

6.2 Reconciliation of Issued, subscribed and paid-up share capital	2019 Number	2018 Number	2019 Rupees	2018 Rupees
Issued, subscribed and paid-up of Rs. 10 each as at 01 January	28,607,393	25,542,316	286,073,930	255,423,160
Issuance of bonus shares of Rs. 10 each	2,860,738	3,065,077	28,607,380	30,650,770
Issued, subscribed and paid-up of Rs. 10 each as at 31 December	31,468,131	28,607,393	314,681,310	286,073,930

7. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT	Note	2019 Rupees	2018 Rupees
Gross surplus on revaluation of fixed assets as at 01 January		420,146,545	440,703,587
Incremental depreciation relating to surplus on revaluation of fixed assets - transferred to unappropriated profit:			
Net of deferred tax		(13,527,623)	(14,886,999)
Related deferred tax liability		(4,973,715)	(5,670,043)
		(18,501,338)	(20,557,042)
		401,645,207	420,146,545
Less related deferred tax liability on:			
Balance at the beginning of the year		49,737,145	56,700,432
Effect of change in proportion of normal sales		545,660	407,769
Effect of change in tax rate		-	(1,701,013)
Incremental depreciation relating to surplus on revaluation of fixed assets - transferred to unappropriated profit		(4,973,715)	(5,670,043)
	18	45,309,090	49,737,145
Surplus on revaluation of fixed assets as at 31 December	7.1	356,336,117	370,409,400

7.1 This represent Surplus arising on revaluation of freehold land, building on freehold land, plant and machinery both owned and leased. This has been adjusted by incremental depreciation arising due to revaluation, net of deferred tax. The latest revaluation of land, building on freehold land and plant and machinery was carried out on 31 December 2017 by M/S Surval which resulted in a surplus of Rs. 215 million.

8. LEASE LIABILITIES	Note	2019 Rupees	2018 Rupees
Present value of lease payments		71,880,829	69,249,350
Less: Current portion shown under current liabilities	13	(10,665,924)	(24,763,256)
		61,214,905	44,486,094

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments
	2019		
	-----Rupees-----		
Not later than one year	18,979,981	8,314,057	10,665,924
Later than one year but not later than five years	44,384,984	25,496,200	18,888,784
Later than five years	56,545,564	14,219,443	42,326,121
	119,910,529	48,029,700	71,880,829
	2018		
	-----Rupees-----		
Not later than one year	29,568,460	4,805,204	24,763,256
Later than one year but not later than five years	48,904,573	4,418,479	44,486,094
	78,473,033	9,223,683	69,249,350

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

	2019 Rupees	2018 Rupees
As at 1 January	69,249,350	31,603,616
Additions	81,469,224	56,761,633
Accretion of interest	16,536,114	4,843,867
Payments	(95,373,859)	(23,959,766)
As at 31 December	71,880,829	69,249,350
Current maturity of lease liabilities	(10,665,924)	(24,763,256)
Long term lease liabilities	61,214,905	44,486,094

The Company entered into finance lease arrangements with various financial institutions for leased vehicles as shown in Note 15.1. The liabilities under these arrangements are payable in monthly installments and above mentioned mark-up rates are used as discounting factor to determine the present value of lease rentals.

However, during the year ended 2019 Company terminated all finance lease arrangements in respect of vehicles by paying off all lease liabilities and lease termination charges, whereas outstanding lease liability at year end relates to warehouses capitalized during the year.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
9. LONG TERM ADVANCES			
Long term advances		37,723,138	56,303,880
Less: Current portion shown under current liabilities	13	(10,113,342)	(12,193,574)
		27,609,796	44,110,306

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

	Note	2019 Rupees	2018 Rupees
10. DEFERRED LIABILITIES			
Deferred tax - net	18	-	17,289,233
Gratuity	10.1	417,661,559	356,835,157
		417,661,559	374,124,390

10.1 Gratuity - General description

As discussed in Note 4.4, the Company operates an unfunded gratuity scheme for its employees, under which benefits are paid on cessation of employment subject to a minimum qualifying period of service. Qualified actuary have carried out the valuation as at 31 December 2019 using the projected unit credit method.

10.1.1 Statement of financial position:

	Note	2019 Rupees	2018 Rupees
Present value of defined benefit obligation	10.1.2	417,661,559	356,835,157
Net liability as at 31 December		417,661,559	356,835,157

10.1.2 Net recognized liability:

	Note	2019 Rupees	2018 Rupees
Liability as at 01 January		356,835,157	342,208,530
Amount recognized during the year	10.1.3	69,684,228	49,030,111
Experience adjustments recognized during the year		37,645,330	22,782,070
Benefit paid during the year		(46,503,156)	(57,185,554)
Liability as at 31 December		417,661,559	356,835,157

10.1.3 Expense recognized in statement of profit or loss:

	2019 Rupees	2018 Rupees
Current service cost	25,664,512	23,166,036
Interest cost	44,019,716	25,864,075
Amount chargeable to statement of profit or loss	69,684,228	49,030,111

10.1.4 Remeasurement recognized in other comprehensive income:	37,645,330	22,782,070
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Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
10.1.5 Movement in the present value of define benefit obligation:			
Liability as at 01 January		356,835,157	342,208,530
Current service cost		25,664,512	23,166,036
Interest cost		44,019,716	25,864,075
Experience adjustments recognized during the year		37,645,330	22,782,070
Benefits due but not paid		-	-
Benefit paid during the year		(46,503,156)	(57,185,554)
Liability as at 31 December		417,661,559	356,835,157

10.1.6 Historical information for gratuity plan

	2019	2018	2017	2016	2015
	-----Rupees-----				
Present value of defined benefit obligation	417,661,559	356,835,157	342,208,530	293,352,116	256,124,870
Remeasurement adjustment arising on plan liabilities	37,645,330	22,782,070	15,477,217	14,019,989	27,758,209
Remeasurement adjustment as percentage of outstanding liability	9.01%	6.38%	4.52%	4.78%	10.84%

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

	2019	2018
- Discount rate	11.25% p.a.	13.25% p.a.
- Expected rate of increase in salary	10.25% p.a.	12.25% p.a.
- Expected average remaining working life time	8 years	8 years
- Mortality rates	SLIC	SLIC
	2001-2005	2001-2005

10.1.7 Estimated expense of current service cost and interest cost on defined benefit obligation to be charged to unconsolidated statement of profit or loss in 2020 amounting to Rs.28.8 million and Rs.44.6 million.

10.1.8 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.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
Discount rate + 100 bps		382,421,584	328,868,308
Discount rate - 100 bps		452,696,373	388,392,990
Salary increase + 100 bps		453,057,205	388,703,239
Salary increase - 100 bps		381,541,523	328,126,871
11. TRADE AND OTHER PAYABLES			
Trade creditors	11.1	322,338,341	109,765,948
Bills payable		71,129,750	33,437,220
Accrued expenses		140,564,913	142,619,431
Contract liabilities		26,029,986	30,551,545
Payable to Provident Fund Trust	11.2	7,953,622	6,291,047
Workers' Profit Participation Fund	11.3	-	1,678,410
Payable to Central Research Fund		14,480,927	10,180,345
Withholding tax payable		14,851,448	7,660,800
Payable to Employees Welfare Trust		684,081	526,880
		598,033,068	342,711,626

11.1 These includes a balance amounting to Rs. 133.77 million (2018: Rs. 3.2 million) due to Route 2 Health (Private) Limited, a related party.

11.2 Provident fund

Balance at the beginning of the year		6,291,047	5,029,453
Addition during the year		39,703,427	32,334,403
Paid during the year		(38,040,852)	(31,072,809)
Closing balance		7,953,622	6,291,047

11.3 Worker's Profit Participation Fund

Balance at the beginning of the year		1,678,410	1,842,893
Add: Charge for the year	32	72,136,965	56,711,066
		73,815,375	58,553,959
Add: Interest on funds utilized by the Company	34	386,264	289,688
		74,201,639	58,843,647
Less: Paid during the year to the Fund		(76,064,674)	(57,165,237)
	23	(1,863,035)	1,678,410

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	2019 Rupees	2018 Rupees
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12. SHORT TERM BORROWINGS

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

- 12.1** The Company has short term running finance facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs.505 million (2018: Rs. 505 million). Out of these facilities, Rs. 375 million is available as sublimit and can interchangeably be utilized for L/C sight/Usance. These facilities carry mark-up at rates ranging from one month KIBOR to three months KIBOR plus 50 to 100 basis points (2018: one month KIBOR to three months KIBOR plus 50 to 100 basis points) per annum. These facilities along with import credit facility are secured by way of first pari passu charge for Rs. 684.62 million (2018: Rs. 639.46 million) on fixed assets and first joint pari passu hypothecation charge of Rs.412 million (2018: Rs. 474 million) on stocks including but not limited to raw materials, goods in process and finished goods of the Company.
- 12.2** Out of total borrowing facility, an amount of Rs.50 million (2018: Rs. 50 million) represents Export Refinance Facility obtained from a commercial bank under SBP regulations at a subsidized mark up rate of 4% (2018: 4%) per annum.
- 12.3** The Company also has aggregate sanctioned import credit facilities available from various commercial banks amounting to Rs. 1,405 million (2018: Rs. 1200 million). Out of these facilities, Rs. 305 million is available as sublimit and can interchangeably be utilized as Running Finance.

	Note	2019 Rupees	2018 Rupees
13. CURRENT PORTION OF LONG TERM LIABILITIES			
Current maturity of lease liabilities	8	10,665,924	24,763,256
Long term advances	9	10,113,342	12,193,574
		20,779,266	36,956,830

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

- While finalizing income tax assessments for the tax year 2010, Additional Commissioner Inland Revenue (ACIR) had made certain additions with aggregate tax impact of Rs.10 million. The Company had filed an appeal before Commission Inland Revenue CIR (Appeals) who had upheld the additions made by assessing officer. Being aggrieved, the Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR), who deleted the aforesaid additions. However, the Tax Department has filed reference before honorable Lahore High Court against the judgment of ATIR. The case is pending adjudication. Provision has not been recognized by the Company, as the management expects a favorable outcome.
- While finalizing income tax assessments for the tax year 2011, ACIR made additions amounting to Rs. 42.2 million with aggregate tax impact of Rs. 24 million. The Company filed an appeal before CIR (Appeals) who deleted additions aggregating to Rs. 39.7 million. For the remaining amount Rs. 2.5 million the Company has filed an appeal before the ATIR which is pending adjudication. Provision has not been recognized by the Company, as the management expects a favorable outcome.
- The ACIR had issued an amended assessment order u/s 122(1)/122(5)/177 of the Income Tax Ordinance, 2001 and made certain addition amounting to Rs. 24.1 million for the Tax year 2013. The company preferred an appeal to CIR against the aforesaid order. The CIR vide his appellate order, upheld the addition amounting to Rs. 24.1 million. Being aggrieved the company has filed an appeal against the afore mentioned addition before the ATIR, which is still pending. Provision has not been recognized by the Company, as the management expects a favorable outcome.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	2019 Rupees	2018 Rupees
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- The Deputy Commissioner Inland Revenue has passed orders under section 161/205 in respect of Tax Years 2013, 2015 and 2016 and created a demand of Rs. 3.7 million based on the observation that the Company has not deducted Withholding Tax while making payment to certain suppliers. Being aggrieved with the order the Company has filed appeal in CIR (Appeals), which are pending adjudications. Provision has not been recognized by the Company, as the management expects a favorable outcome.
- The DCIR issued an order under section 161/205 in respect of income tax year 2014 and created a demand of Rs.1.5 million based on the observation that the Company has not deducted Withholding Tax while making payments to certain suppliers against purchases and other services. Being aggrieved with the order the Company has filed an appeal before the CIR (Appeals) which is pending adjudication. Provision has not been recognized by the Company, as the management expects a favorable outcome.
- The DCIR issued an order under section 45B of the Sales Tax Act, 1990 by creating demand of Rs. 4.3 million. The Company has preferred appeal against the said order which has been partially decided in the favor of the Company and demand has been reduced by Rs. 3.73 million. The Company has preferred appeal against the remaining addition of before ATIR, which is pending adjudication. Provision has not been recognized by the Company, as the management expects a favorable outcome.

14.2 Commitments

	2019 Rupees	2018 Rupees
Commitments against irrevocable letters of credit include:		
Raw materials	454,330,227	324,563,123
Packing materials	47,346,415	23,515,118
Finished goods	12,940,473	15,861,921
Plant and machinery	64,983,943	128,128,340
	579,601,058	492,068,502
Rentals under ijarah agreements:		
Not later than one year	19,560,716	9,987,189
Later than one year but not later than five years	-	17,225,638
	19,560,716	27,212,827

- Bank guarantees issued on behalf of the Company aggregate to Rs. 1.60 million (2018: Rs 1.60 million).
- Facilities of letters of guarantee amounting to Rs. 20 million (2018: Rs. 20 million) are available to the Company under charge of stocks and on present and future current assets and property, plant and equipment of the Company.

15. PROPERTY, PLANT AND EQUIPMENT

	Note	2019 Rupees	2018 Rupees
Operating fixed assets	15.1	924,621,069	859,145,356
Right of use assets	15.1	67,870,341	85,939,679
Capital work in progress	15.2	125,774,816	30,982,977
		1,118,266,226	976,068,012

15.1 Operating fixed assets

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

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

*This represents amount transferred from right of use assets.

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

15.1 Operating fixed assets

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

2018										
DESCRIPTION	Cost/revalued amount				Accumulated depreciation				Net book value as at 31 December	Rate
	As at 01 January	Additions / Transfers	Disposals	As at 31 December	As at 01 January	Depreciation charge for the year	Transfer/ (Disposal)	As at 31 December		
Rupees										
Land - freehold	249,700,000	-	-	249,700,000	-	-	-	-	249,700,000	-
Building on freehold land	485,107,146	3,187,218	-	488,294,364	330,107,146	15,526,560	-	345,633,706	142,660,658	10%
Plant and machinery	984,757,500	829,192	-	1,000,190,176	666,757,500	32,789,178	-	699,546,678	300,643,498	10%
		14,603,484**								
Laboratory equipment	39,816,307	3,822,971	2,835,775	40,803,503	17,850,860	2,106,398	(642,145)	19,315,113	21,488,390	10%
Furniture and fixtures	26,423,197	9,237,019	-	35,660,216	14,692,065	1,333,157	-	16,025,222	19,634,994	10%
Electric and gas appliances	32,162,868	3,082,129	-	35,244,997	20,777,958	1,189,574	-	21,967,532	13,277,465	10%
Office equipment	54,095,194	18,470,961	-	72,566,155	43,692,215	4,824,926	-	48,517,141	24,049,014	25%
Vehicles	201,636,548	15,001,261	45,239,353	176,729,456	90,246,884	22,212,973	(25,896,461)	89,131,753	87,597,703	20%
		5,331,000*					2,568,357*			
Library books	52,806	-	-	52,806	50,771	203	-	50,974	1,832	10%
Neon sign	204,990	-	-	204,990	141,766	6,322	-	148,088	56,902	10%
Arms and ammunition	166,100	-	-	166,100	127,322	3,878	-	131,200	34,900	10%
	2,074,122,656	73,565,235	48,075,128	2,099,612,763	1,184,444,487	79,993,169	(23,970,249)	1,240,467,407	859,145,356	
Right-of-use assets:										
Vehicles	62,922,500	61,605,500	-	119,197,000	17,774,723	18,050,955	(2,568,357)*	33,257,321	85,939,679	20%
Warehouses	-	(5,331,000)*	-	-	-	-	-	-	-	
	62,922,500	56,274,500	-	119,197,000	17,774,723	18,050,955	(2,568,357)	33,257,321	85,939,679	
Total	2,137,045,156	129,839,735	48,075,128	2,218,809,763	1,202,219,210	98,044,124	(26,538,606)	1,273,724,728	945,085,035	

*This represents amount transferred from right of use assets.

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

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
15.1.1 Depreciation charge has been allocated as under:			
Cost of sales	28	63,985,018	55,235,464
Distribution, selling and promotional expenses	29	41,297,724	20,937,243
Administrative and general expenses	30	13,189,056	21,871,417
		118,471,798	98,044,124
15.1.2 The latest revaluation of land, building on freehold land and plant and machinery was carried out on 31 December 2017 by M/S Surval which resulted in a surplus of Rs. 215,900,458 over the net carrying value of assets.			
15.1.3 Had the assets not been revalued, the carrying values would have been:			
Land - freehold		14,566,828	14,566,828
Building on freehold land		69,997,087	77,774,542
Plant and machinery (Owned)		231,994,230	180,516,241
		316,558,145	272,857,611

15.1.4 Disposal of property, plant and equipment

Description	Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Gain / (Loss)	Mode of Sale	Particulars of Purchasers
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Vehicles sold to employees:

Vehicle Type

Motor Cars

Reg. No	Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Gain / (Loss)	Mode of Sale	Particulars of Purchasers	
Toyota Corolla	LEB-14-9730	1,625,500	1,089,157	536,343	536,343	-	Company Policy	Azia Zafar
Honda City	LEB-14-9728	1,552,000	1,039,909	512,091	512,091	-	Company Policy	Imran Masood Butt
Toyota Corolla	LEC-14-8025	1,625,500	1,078,430	547,070	530,243	(16,827)	Company Policy	Fazal H. Rizwan Pirzada
Honda City	LEE-14-9051	1,512,000	1,003,129	508,871	528,827	19,956	Company Policy	Muhammad Sikander
Honda City	LEC-14-9670	1,512,000	984,206	527,794	557,384	29,590	Company Policy	Qaisar Rashid
Honda City	LEE-14-9052	1,512,000	964,938	547,062	547,062	-	Company Policy	Faisal Shahzad
Honda City	BCD-042	1,512,000	943,606	568,394	578,027	9,633	Company Policy	Humayoun Nizami
Honda City	LEF-14-4814	1,512,000	953,240	558,760	558,760	-	Company Policy	Malik Arshad Mahmood
Honda City	LEF-14-4816	1,512,000	953,240	558,760	558,760	-	Company Policy	Qaswer Abbas
Toyota Corolla	LEF-14-5054	1,645,500	1,016,436	629,064	629,064	-	Company Policy	Shahid Toufique
Toyota Corolla	LEH-14-5691	1,645,500	1,047,890	597,610	618,954	21,344	Company Policy	Zia Attique
Honda Civic	LEA-14-1850	2,453,000	1,497,930	955,070	955,070	-	Company Policy	Ahmed Raza
Toyota Corolla	LEC-15-1073	1,770,500	1,025,662	744,838	744,838	-	Company Policy	Muhammad Zahid Ahmed
Honda City	LEF-15-7882	1,512,000	875,912	636,088	698,450	62,362	Company Policy	Zia Ul Islam
Toyota Corolla	LEC-15-8408	2,320,500	1,325,140	995,360	995,360	-	Company Policy	Dr.Saleem Akhter
Toyota Corolla	LEE-15-8261	1,845,500	1,008,217	837,283	837,283	-	Company Policy	Javed Hussain
Honda Civic	LEA-16-8773	2,521,000	1,247,279	1,273,721	1,273,721	-	Company Policy	Dr. Adeel Abbas
Suzuki Cultus	LEA-16-7921	1,049,000	518,999	530,001	808,316	278,315	Company Policy	Muhammad Tariq
Suzuki Cultus	LEA-16-7893	1,049,000	518,999	530,001	812,079	282,078	Company Policy	Muhammad Ahsan
Suzuki Cultus	LEE-16-8502	1,099,000	498,409	600,591	876,859	276,268	Company Policy	Khawaja Wajih
Suzuki Cultus	LEE-16-8497	1,099,000	498,409	600,591	876,859	276,268	Company Policy	Faisal Naeem
Suzuki Cultus	LEH-16-5702	1,129,000	477,090	651,910	890,455	238,545	Company Policy	Abdul Mateen
Suzuki Wagon R	LEA-16A-7670	1,054,000	412,793	641,207	641,207	-	Company Policy	Zubair Ahmed Khan
Toyota Corolla	LEA-16A-8278	1,880,500	914,007	966,493	1,124,288	157,795	Company Policy	Atif Rafique
Suzuki Cultus	BHS-699	1,124,000	385,157	738,843	946,978	208,135	Company Policy	Muhammad Nazir
Suzuki Cultus	LEB-17-8351	1,129,000	412,461	716,539	951,800	235,261	Company Policy	Haider Saeed Raj
Suzuki Cultus	LEB-17-8741	1,129,000	450,847	678,153	938,350	260,197	Company Policy	Muhammad Khurram
Toyota Corolla	LE-16A-8705	2,015,500	873,383	1,142,117	1,184,577	42,460	Company Policy	Ahsan Zamir
Toyota Corolla	LED-17-8148	2,017,000	805,007	1,211,993	1,281,619	69,626	Company Policy	Kamran Ikram
Suzuki Cultus	LEH-17-7678	1,250,000	472,222	777,778	1,034,488	256,710	Company Policy	Akbar Shahidue
Honda City	LE-17A-9970	1,537,000	465,882	1,071,118	1,090,245	19,127	Company Policy	Dr.Imran
Suzuki Mehran	LE-17A-7636	732,000	184,789	547,211	646,186	98,975	Company Policy	Tahir Rafique
Suzuki Cultus	LEC-17A-1807	1,250,000	430,556	819,444	1,077,659	258,215	Company Policy	Rajesh Raiyue
Suzuki Mehran	LEA-18-7647	742,000	217,653	524,347	678,930	154,583	Company Policy	Shujat Hussain

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

15.1.4 Disposal of property, plant and equipment

Description	Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Gain / (Loss)	Mode of Sale	Particulars of Purchasers
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Vehicles sold to employees:

Vehicle Type

Reg. No	Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Gain / (Loss)	Mode of Sale	Particulars of Purchasers	
Suzuki Mehran	LEA-18-7649	742,000	227,547	514,453	672,153	157,700	Company Policy	Zeeshan Ashrafi
Suzuki Cultus	LEA-18-7638	1,250,000	416,667	833,333	1,123,215	289,882	Company Policy	Kazim Raza
Suzuki Cultus	LEA-18-7639	1,250,000	316,667	933,333	1,092,690	159,357	Company Policy	Asad Ullah
Suzuki Mehran	LEC-18-7028	742,000	156,232	585,768	669,861	84,093	Company Policy	Muhammad Alam
Suzuki Cultus VXR	LEA-18-8944	1,250,000	263,194	986,806	1,056,480	69,674	Company Policy	Nouman Nasir
Suzuki Cultus	LEB-18-7253	1,250,000	348,264	901,736	1,098,276	196,540	Company Policy	Shafiq Ahmad
Suzuki Mehran	LEC-18-8384	742,000	144,278	597,722	669,861	72,139	Company Policy	Muhammad Jamal
Suzuki Cultus	LEC-18-2486	1,250,000	243,056	1,006,944	1,128,473	121,529	Company Policy	Hina Rasheed
Honda Civic	LEF-18-8394	2,727,500	438,673	2,288,827	2,727,500	438,673	Company Policy	Ihsan Ullah Khan
Suzuki Cultus	LE-18A-7656	1,300,000	187,778	1,112,222	1,206,111	93,889	Company Policy	Ammar Ahmad
Suzuki Cultus	LE-18A-7658	1,300,000	306,944	993,056	1,193,104	200,048	Company Policy	Tahir Ali
Suzuki Mehran	LE-18A-7892	762,000	144,992	617,008	731,510	114,502	Company Policy	Farhan Naeem
Suzuki Mehran	LE-18A-7893	762,000	86,783	675,217	749,729	74,512	Company Policy	Ahmed Raza
Suzuki Mehran	BFM-493	530,542	26,527	504,015	364,293	(139,722)	Company Policy	Sajjad Ali Shah
Suzuki Mehran	LED-17-6936	558,465	37,231	521,234	503,972	(17,262)	Company Policy	Saif Ur Rehman
Suzuki Mehran	BJF-326	558,465	37,231	521,234	512,179	(9,055)	Company Policy	Abdul Wahid Siddiqui
Suzuki Mehran	LEC-18-7309	698,766	104,815	593,951	649,071	55,120	Company Policy	Irfan Younas
Suzuki Mehran	LEA-18A-7505	840,000	98,000	742,000	779,333	37,333	Company Policy	Asifa Wahid
Suzuki Mehran	LEA-18A-7506	840,000	98,000	742,000	772,800	30,800	Company Policy	Maria Nazeer
Suzuki Cultus	LEA-18A-7476	1,340,000	245,667	1,094,333	1,180,690	86,357	Company Policy	Muhammad Younus
Suzuki Cultus	LEA-18A-7477	1,340,000	44,667	1,295,333	1,274,489	(20,844)	Company Policy	Hassan Ur Rehman
Honda City	LEE-16-1066	1,285,056	192,758	1,092,298	791,325	(300,973)	Company Policy	Shahzad Shaukat
Honda City	LEE-16-1855	1,285,056	128,506	1,156,550	1,070,880	(85,670)	Company Policy	Muhammad Asmat Ullah

Sold to third party:

Suzuki Cultus	LEE-16-8992	1,119,000	560,395	558,605	1,010,000	451,395	Negotiation	Mr.Azam
Suzuki Mehran	LEB-17A-8472	732,000	108,173	623,827	580,000	(43,827)	Negotiation	Asif bashir

Items having NBV less than

Rs.500,000 each	59,476,507	31,091,694	28,384,813	45,166,439	16,781,626
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2019	136,804,857	62,645,723	74,159,134	96,295,566	22,136,432
2018	48,075,128	26,538,606	21,536,522	37,028,793	15,492,271

15.1.5 Forced sale value as per the last revaluation report as of 31 December 2017 - note 15.1.6

Asset Class	Forced sale value -----Rupees -----
Freehold land	199,760,000
Building on freehold land	124,000,000
Plant and machinery	254,400,000
Total	578,160,000

15.1.6 The above amount does not include assets which are capitalized from 1st January 2018 to 31 December 2019.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

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

Location and address	Usage of immovable property	Land area (kanal)	Coverage area (sqr.ft)
Land: Situated at 17.5 KM Multan Road Hadbast Mouza Kanjra, Tehsil & Distt. Lahore	Head Office, Manufacturing and Registered Office	45.4	246,976

15.2 Capital work in progress

Movement in capital work in progress is as follows:

	Plant and machinery		Others	
	2019	2018	2019	2018
	----- Rupees -----			
Opening balance	30,982,977	-	-	-
Additions during the year	139,715,230	30,982,977	-	14,603,484
Capitalized during the year	(44,923,391)	-	-	(14,603,484)
	125,774,816	30,982,977	-	-

16. INTANGIBLE ASSETS

PARTICULARS	2019							Book value as at 31 December 2019	Rate %
	Cost			Amortization					
	As at 01 January 2019	Additions	As at 31 December 2019	As at 01 January 2019	For the year	As at 31 December 2019			
	----- Rupees -----								
Registration and trademark*	154,434,175	-	154,434,175	154,434,175	-	154,434,175	-	10	
Computer software	11,305,681	-	11,305,681	11,305,681	-	11,305,681	-	10-33	
	165,739,856	-	165,739,856	165,739,856	-	165,739,856	-		

2018								
Registration and trademark*	154,434,175	-	154,434,175	149,361,158	5,073,017	154,434,175	-	10
Computer software	11,305,681	-	11,305,681	11,305,681	-	11,305,681	-	10-33
	165,739,856	-	165,739,856	160,666,839	5,073,017	165,739,856	-	

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

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

16.1 In the current year the intangible assets includes fully amortized registration & trade mark and computer software.

16.2 Amortization charge has been allocated as under:	Note	2019 Rupees	2018 Rupees
Cost of revenue	28	-	4,199,712
Distribution, selling and promotional expenses	29	-	873,305
		-	5,073,017

17. LONG TERM INVESTMENT

Subsidiary Company - Unlisted

Curexa Health (Private) Limited	17.1	200,000,000	200,000,000
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17.1 This represents 100% (2018: 100%) shares in the Company's subsidiary Curexa Health (Private) Limited. It is set up with the principle object to carry on business as manufacturers, importers, exporters, producers, preparers, refiners, buyer, seller and dealers of all kinds of pharmaceutical, drugs, medicines, medicaments, basic raw material, herbs salts, acids, alkalis, chemicals & surgical material, instruments and appliances patent and proprietary articles in Pakistan.

18. DEFERRED TAX -NET	Note	2019 Rupees	2018 Rupees
Deferred tax liabilities on taxable temporary differences:			
Surplus on revaluation of assets	7	45,309,090	49,737,145
Accelerated tax depreciation		54,683,968	43,722,774
Lease liabilities		(1,091,282)	4,486,861
		98,901,776	97,946,780
Deferred tax assets on deductible temporary differences:			
Allowance for expected credit losses		(2,193,977)	(701,891)
Provision for gratuity		(113,648,634)	(77,644,735)
Provision for stock		(4,917,538)	(2,310,921)
		(120,760,149)	(80,657,547)
Deferred tax (asset) / liability - net		(21,858,373)	17,289,233

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
18.1 Movement in deferred tax is as follows:			
At beginning of the year		17,289,233	31,021,399
Recognition of deferred tax expense / (income) in statement profit and loss:			
- Surplus on revaluation of fixed assets		(4,973,715)	(5,670,043)
- Accelerated tax depreciation on fixed assets		10,961,194	(6,055,546)
- Leased liabilities		(5,578,143)	751,111
- Provision for stock		(2,606,617)	532,739
- Allowance for expected credit losses		(1,492,086)	18,250
- Gratuity		(25,401,753)	3,503,435
		(29,091,120)	(6,920,054)
Recognized in surplus on revaluation of fixed assets:			
- Effect of change in tax rate		-	(1,701,013)
- Effect of change in proportion of normal sales		545,660	407,769
		545,660	(1,293,244)
Recognized as deferred tax income in other comprehensive income:			
- Gratuity		(10,602,146)	(5,518,868)
		(21,858,373)	17,289,233
19. STOCK IN TRADE			
Raw materials			
In hand		789,808,946	575,196,237
In transit		8,426,927	125,235,676
With third party		53,205,332	10,782,962
		851,441,205	711,214,875
Packing material			
In hand		181,641,000	181,389,732
In transit		-	11,201,294
With third party		8,775,967	-
		190,416,967	192,591,026
Work in process		167,463,552	111,922,424
Finished goods			
Trading -in hand		212,661,960	232,567,466
Trading -in transit		113,407,257	-
Manufactured		272,891,928	113,228,519
		598,961,145	345,795,985
Less: Provision for slow moving and obsolete items	19.1	(18,072,076)	(8,596,216)
		1,790,210,793	1,352,928,094

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
19.1 Provision for slow moving and obsolete items			
Opening provision		8,596,216	10,309,838
Charge for the year		17,704,485	4,024,543
Written off during the year		(8,228,625)	(5,738,165)
Closing provision		18,072,076	8,596,216
20. TRADE DEBTS			
Foreign		62,953,923	47,932,356
Local	20.1	336,271,796	236,188,308
		399,225,719	284,120,664
Less: Allowance for expected credit losses	20.2	8,062,919	2,610,909
		391,162,800	281,509,755
20.1 These customers have no history of default. Age analysis of these trade debts is given in Note 38.			
20.2 Allowance for expected credit losses:			
Opening balance		2,610,909	2,610,909
Addition during the year	32	5,452,010	-
		8,062,919	2,610,909

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
21. ADVANCES - considered good			
Advances to staff - secured			
Executives:			
- Against salary		-	4,350,000
Other employees:			
- Against expenses		32,231,892	21,552,687
- Against salary		37,725,808	19,572,805
- current portion of advances against vehicles		12,808,820	-
		82,766,520	41,125,492
		82,766,520	45,475,492
Advance to suppliers against goods and services- considered good			
- Un secured	21.1	65,260,874	29,787,964
		148,027,394	75,263,456

21.1 These includes an advance of amounting to Rs. 4.9 million (2018: Rs.0.46 million) provided to subsidiary.

	Note	2019 Rupees	2018 Rupees
22. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits		22,411,600	18,736,636
Short term prepayments		12,504,554	11,836,237
		34,916,154	30,572,873

23. OTHER RECEIVABLES	23.1	3,271,494	3,776,324
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23.1 These includes claims receivable from various insurance companies against vehicles and equipment and receivable from worker's profit participation fund (Note 11.3).

24. LOAN TO SUBSIDIARY	24.1	10,000,000	20,000,000
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24.1 The loan has been provided to the subsidiary for working capital requirement of its cephalosporin unit. The tenure of loan is one year including a markup of 6-Months KIBOR plus 1.25%. A promissory note representing loan is delivered as security. The return on such investment is not less than the borrowing cost of the Company as per the requirement of the Companies Act, 2017.

The maximum aggregate amount due from the subsidiary calculated with reference to month end balances was Rs. 20 million (2018: Rs. 20 million).

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
25. TAX REFUNDS DUE FROM THE GOVERNMENT			
Sales tax refundable - net		3,106,649	7,638,162
26. CASH AND BANK BALANCES			
Cash and imprest		2,036,264	2,026,976
Balance with banks			
Current accounts			
-Local currency		112,865,150	206,465,433
-Foreign currency		11,415,440	27,824,075
Saving accounts	26.1	606,024,891	293,659,059
Term deposit receipts	26.2	126,553,695	250,000,000
		856,859,176	777,948,567
		858,895,440	779,975,543

26.1 These represents saving accounts which carries profit at the rate of ranging from 6%-12.07% (2018: 5.82% -6%).

26.2 These represents investments in term deposit receipts those carries profit at the rate of ranging from 6.3%-10.2% (2018: 6.1%-10.2%).

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

		2019 Rupees	2018 Rupees
27. REVENUE FROM CONTRACTS WITH CUSTOMERS- NET			
Local sales	27.1	8,549,784,892	6,887,266,863
Export sales		394,095,555	391,592,448
		8,943,880,447	7,278,859,311
Toll manufacturing		359,401,831	360,008,971
		9,303,282,278	7,638,868,282
Less:			
Discount		172,854,723	84,718,033
Sales tax		33,105,672	30,718,084
Sales return		49,628,990	20,331,659
		(255,589,385)	(135,767,776)
		9,047,692,893	7,503,100,506

27.1 These includes trading sales amounting to Rs. 1.14 billion. (2018: RS. 820 million)

27.2 Geographical information

Sales to external customers - net

	2019 Rupees	2018 Rupees
Pakistan	8,653,597,338	7,111,508,058
Afghanistan	237,662,988	251,355,923
United Arab Emirates	64,120,815	61,131,107
France	46,475,547	39,169,045
Kenya	21,728,199	15,344,701
Cambodia	13,191,911	8,221,335
Tanzania	10,496,582	4,636,914
Others	419,513	11,733,423
Total revenue from contracts with customers	9,047,692,893	7,503,100,506

Timing of revenue recognition

	2019 Rupees	2018 Rupees
Goods transferred at a point in time	9,047,692,893	7,503,100,506

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
28. COST OF SALE			
Raw and packing material consumed		3,401,782,228	2,641,405,598
Salaries, wages and benefits	28.1	469,704,484	357,008,000
Fuel and power		94,496,512	73,916,668
Repair and maintenance		72,484,680	60,295,552
Depreciation	15.1.1	63,985,018	55,235,464
Rent, rates and taxes		27,075,588	34,090,134
Factory supplies		33,312,291	31,090,338
Vehicle running and maintenance		29,241,814	25,338,288
Stores consumed		33,610,771	24,659,453
Insurance		11,020,222	9,253,386
Printing and stationery		4,817,630	4,508,670
Amortization of intangible assets	16.1	-	4,199,712
Fee and subscription		5,787,713	3,859,742
Ijarah rentals		2,568,196	3,611,497
Other direct costs		2,808,614	2,587,269
Traveling and conveyance		4,831,398	2,429,592
Telephone, postage and communication		957,989	1,296,115
Consultancy and professional charges		2,068,511	1,167,300
		4,260,553,659	3,335,952,778
Inventory effect of work in process			
Opening		111,922,424	75,994,076
Closing		(167,463,552)	(111,922,424)
		(55,541,128)	(35,928,348)
Cost of goods manufactured		4,205,012,531	3,300,024,430
Inventory effect of finished goods			
Opening		345,795,985	255,768,120
Purchases		934,252,159	792,672,053
Closing		(598,961,145)	(345,795,985)
		681,086,999	702,644,188
Cost of goods sold		4,886,099,530	4,002,668,618
28.1 This includes the following staff retirement benefits:			
Defined benefit plan - Gratuity		31,850,427	22,461,692
Defined contribution plan - Provident Fund		9,321,192	7,770,268
Provision for compensated leave absences		6,606,606	4,632,108
		47,778,225	34,864,068

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
29. DISTRIBUTION, SELLING AND PROMOTIONAL EXPENSES			
Salaries and benefits	29.1	991,525,115	859,727,294
Traveling and conveyance		339,466,848	316,007,140
Training, seminars and symposia		430,894,990	303,156,063
Literature, promotion and advertisement material		265,789,708	227,232,423
Vehicle running and maintenance		75,408,897	90,583,255
Freight		75,902,930	67,232,540
Sample goods		54,499,003	52,556,672
Telephone, postage and communication		27,121,382	41,295,146
Newspapers and subscriptions		35,948,991	28,436,629
Insurance		30,131,868	24,197,186
Depreciation	15.1.1	41,297,724	20,937,243
Commission on sales		6,348,045	7,085,340
Office supplies		2,799,041	3,963,366
Ijarah rentals		2,574,779	3,893,936
Printing and stationery		4,623,704	3,226,004
Repair and maintenance		1,900,000	1,106,971
Amortization of intangible assets	16.1	-	873,305
Legal and professional charges		33,715	81,272
Others		69,121	72,647
Donation	29.2	453,089	543,478
		2,386,788,950	2,052,207,910
29.1 This includes following staff retirement benefits:			
Defined benefit plan - Gratuity		17,334,797	11,162,564
Defined contribution plan - Provident Fund		22,263,993	17,755,518
Provision for compensated leave absences		18,028,949	7,516,080
		57,627,739	36,434,162

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

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
30. ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries and benefits	30.1	252,666,916	199,088,495
Vehicle running and maintenance		31,066,095	29,248,067
Depreciation	15.1.1	13,189,056	21,871,417
Rent, rates and taxes		15,598,852	15,395,387
Traveling and conveyance		10,778,135	4,811,517
Advertisement, seminars and symposia		8,040,106	8,641,765
Legal and professional charges		6,036,018	6,140,473
Insurance		5,862,456	5,504,762
Newspapers and subscriptions		2,894,434	5,090,336
Printing and stationery		2,666,663	4,815,925
Telephone, postage and communication		4,792,911	4,801,439
Ijarah rentals		3,919,459	4,667,508
Others		569,500	2,644,419
Repairs and maintenance		3,261,700	3,336,369
Office supplies		2,068,497	2,568,340
Donation	30.3	1,660,252	1,980,623
Electricity, gas and water		2,833,793	1,858,267
Auditors' remuneration	30.2	1,897,500	1,695,459
		369,802,343	328,494,233
30.1 It includes the following staff retirement benefits:			
Defined benefit plan - Gratuity		20,499,003	15,405,855
Defined contribution plan - Provident Fund		7,964,148	6,669,822
Provision for compensated leave absences		2,988,264	2,464,068
		31,451,415	24,539,745
30.2 Auditor's remuneration			
Statutory audit		1,265,000	1,152,113
Fee for review of half yearly financial information		396,000	351,698
Review of Statement of compliance of CCG		110,000	109,148
Out of pocket		126,500	82,500
		1,897,500	1,695,459
30.3 Donation includes an amount of Rs.1.4 million paid to Pakistan Pediatric Association. None of the Directors or their spouses have any interest in the donee's fund.			

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
31. RESEARCH AND DEVELOPMENT EXPENSES			
Salaries and benefits	31.1	3,851,262	3,252,003
Traveling		191,016	104,651
Insurance		60,989	42,552
Vehicle repair and maintenance		314,396	299,439
Printing and stationery		13,553	57,914
Office supplies		17,322	8,072
Others		563,980	34,639
		5,012,518	3,799,270
31.1	It includes the defined contribution plan - Provident fund of Rs. 0.15 million (2018: Rs. 0.14 million)		
32. OTHER OPERATING EXPENSES			
Worker's Profit Participation Fund	11.3	72,136,965	56,711,066
Exchange loss / (gain)- net		61,983	(355,193)
Worker's Welfare Fund		27,996,934	20,954,021
Central Research Fund		14,557,776	11,344,600
Allowance for expected credit losses	20.2	5,452,010	-
		120,205,668	88,654,494
33. OTHER INCOME			
Income from financial assets:			
Return on deposit		52,389,295	11,333,129
Profit on loan to subsidiary		2,191,621	1,621,397
Income from non-financial assets:			
Gain on disposal of operating fixed assets	15.1.4	22,136,432	15,492,271
Scrap sales		8,505,224	4,096,122
Others		-	501,472
		85,222,574	33,044,391
34. FINANCE COSTS			
Mark-up on short term borrowings	34.1	2,033,360	228,955
Finance cost on lease liabilities		16,536,114	4,843,867
Interest on Workers' Profit Participation Fund	11.3	386,264	289,688
Bank charges		4,964,825	3,024,982
		23,920,563	8,387,492

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For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
34.1	This represents the mark up cost incurred on running finance facilities availed by the Company during the year from United Bank Limited, JS Bank Limited and Habib Bank Limited.		
35. TAXATION			
Current:			
For the year		397,018,294	323,127,379
Prior year		2,145,896	14,168,017
		399,164,190	337,295,396
Deferred:			
Relating to origination and reversal of temporary differences		(29,091,120)	(6,920,054)
	35.1	370,073,070	330,375,342
35.1 Reconciliation of tax charge for the year		2019	2018
Numerical reconciliation between the average effective tax rate and the applicable tax rate is as follows:			
Average effective tax rate charged on income		29.76%	31.28%
Applicable tax rate		29.00%	29.00%
Tax effect of prior year		0.16%	0.40%
Tax effect of tax credit and tax rebate		-0.05%	-0.26%
Tax effect under presumptive tax regime and others		0.02%	1.20%
Tax effect of admissible expenses -net		0.63%	0.94%
		29.76%	31.28%
36. EARNINGS PER SHARE - BASIC AND DILUTED		2019	2018
There is no dilutive effect on the basic earnings per share of the Company which is based on:			
Profit after taxation	Rupees	971,012,825	725,891,203
Weighted average number of ordinary shares	Number of shares	31,468,131	31,468,131
Earnings per share	Rupees	30.86	23.07
36.1	The weighted average number of ordinary shares of 2018 have been restated due to issuance of 2,860,738 bonus shares in 2019 in accordance with the requirement of IAS 33.		

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2019		2018	
	Chief Executive	Executives	Chief Executive	Executives
	-----Rupees-----			
Managerial remuneration	10,834,992	181,168,424	9,259,920	148,874,282
House allowance	4,333,997	65,393,312	3,703,968	53,222,113
Provident fund	902,705	12,678,570	771,501	9,919,617
Gratuity	2,106,933	40,661,100	1,535,135	29,044,740
Bonus	4,835,432	46,222,358	2,314,980	27,223,485
Utilities	1,087,499	16,348,328	925,992	13,527,696
Medical	-	5,156,999	-	5,095,483
	24,101,558	367,629,091	18,511,496	286,907,416
Number of persons	1	60	1	53

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

37.2 No meeting fee is paid to an independent, non-executive director for attending Board meetings.

38. FINANCIAL RISK MANAGEMENT

38.1 Financial risk factors

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

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

- Market risk
- Credit risk
- Liquidity risk

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

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

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

(a) Market risk

(i) Currency risk

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

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

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

	Changes in FC Rate	Effects on Profit Before Tax 2019	Effects on Profit Before Tax 2018
		Rupees	Rupees
Receivables - USD	+10%	2,827,509	2,531,280
	-10%	(2,827,509)	(2,531,280)
Payables - Euro	+10%	840,453	(391,814)
	-10%	(840,453)	391,814
Payables - JPY	+10%	1,805,760	-
	-10%	(1,805,760)	-
Bank balance - USD	+10%	1,141,318	2,096,339
	-10%	(1,141,318)	(2,096,339)
		2019	2018
		Rupees	Rupees
Reporting date rate:			
USD		154.82	138.60
Euro		174.05	158.52
JPY		1.425	1.28

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

(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 liabilities against assets subject to finance lease and short term deposits. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk.

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

	2019 Rupees	2018 Rupees
Floating rate instruments		
Financial assets		
Term deposit receipts	126,553,695	250,000,000
Cash and bank balances - deposit accounts	606,024,891	293,659,059
Loan to subsidiary	10,000,000	20,000,000
	742,578,586	563,659,059
Financial liabilities		
Lease liabilities	71,880,829	69,249,350

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

Cash flow sensitivity analysis for variable rate instruments

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

		Changes in Interest Rate	Effects on Profit Before Tax Rupees
Lease liabilities	2019	+1.50	(1,078,212)
		-1.50	1,078,212
	2018	+1.50	(1,038,740)
		-1.50	1,038,740
Short term deposits	2019	+1.50	1,898,305
		-1.50	(1,898,305)
	2018	+1.50	3,750,000
		-1.50	(3,750,000)
Loan to subsidiary	2019	+1.50	150,000
		-1.50	(150,000)
	2018	+1.50	300,000
		-1.50	(300,000)
Cash and bank balances - deposit accounts	2019	+1.50	9,090,373
		-1.50	(9,090,373)
	2018	+1.50	4,404,886
		-1.50	(4,404,886)

(b) Credit risk

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

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

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	2019 Rupees	2018 Rupees
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:		
Trade debts	399,225,719	284,120,664
Advances to employees against salaries	37,725,808	23,922,805
Trade deposits	43,594,221	32,757,400
Other receivables	3,271,494	3,776,324
Loan to subsidiary	10,000,000	20,000,000
Term deposit receipts	126,553,695	250,000,000
Bank balances	730,305,481	527,948,567
	1,477,230,113	1,392,525,760

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

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

At 31 December 2019, the Company has 56 (2018:40) customers who owed the Company more than Rs. 1 million each and accounted for approximately 94% (2018:97%) of all receivables owing.

The aging of trade debts at the reporting date is:

	2019 Rupees	2018 Rupees
1-30 days	258,218,502	160,351,933
31-60 days	27,706,657	10,404,680
61-90 days	14,712,784	9,943,231
Over 90 days	98,587,776	103,420,820
	399,225,719	284,120,664
Less: Allowance for expected credit losses	(8,062,919)	(2,610,909)
	391,162,800	281,509,755

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

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For The Year Ended 31 December 2019

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

	Rating			2019 Rupees	2018 Rupees
	Short term	Long term	Agency		
Banks					
National Bank of Pakistan	A-1+	AAA	PACRA	1,176,688	111,789
United Bank Limited	A-1+	AAA	JCR - VIS	5,625,899	13,027,914
Habib Bank Limited	A-1+	AAA	JCR - VIS	694,929,988	488,985,321
Allied Bank Limited	A1+	AAA	PACRA	2,028,067	36,708
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	24,390,459	-
JS Bank Limited	A1+	AA-	PACRA	128,404,902	212,550,404
Bank Al Habib Limited	A1+	AA+	PACRA	18,730	18,730
Meezan Bank Limited	A-1+	AA+	JCR - VIS	24,122	24,122
Askari Bank Limited	A1+	AA+	PACRA	80,412	51,465,136
Mobilink Microfinance Bank Limited	A1	A	PACRA	179,909	712,134
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	-	11,016,309
				856,859,176	777,948,567

(c) Liquidity risk

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

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

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

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	2019					
	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years
	-----Rupees-----					
31 December 2019						
Lease liabilities	71,880,829	119,910,529	9,688,176	9,291,805	13,170,848	87,759,700
Trade and other payables	542,670,707	542,670,707	542,670,707	-	-	-
Mark up accrued	100,501	100,501	100,501	-	-	-
Unclaimed dividend	30,555,993	30,555,993	30,555,993	-	-	-
	645,208,030	693,237,730	583,015,377	9,291,805	13,170,848	87,759,700

	2018					
	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years
	-----Rupees-----					
31 December 2018						
Liabilities against assets subject to finance lease	69,249,350	78,473,033	16,221,326	13,347,134	22,957,107	25,947,466
Trade and other payables	292,640,526	292,640,526	292,640,526	-	-	-
Mark up accrued	30,476	30,476	30,476	-	-	-
Unclaimed dividend	20,175,464	20,175,464	20,175,464	-	-	-
	382,095,816	391,319,499	329,067,792	13,347,134	22,957,107	25,947,466

38.2 Fair values of financial assets and liabilities

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

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

Unconsolidated Notes to the Financial Statements

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38.3 Financial instruments by categories

	2019		
	Cash and cash equivalents	Amortized cost	Total
	-----Rupees-----		
Assets as per statement of financial position:			
Long term Investment	-	200,000,000	200,000,000
Long term deposits	-	21,182,621	21,182,621
Advances	-	37,725,808	37,725,808
Trade debts	-	391,162,800	391,162,800
Trade deposits	-	22,411,600	22,411,600
Other receivables	-	3,271,494	3,271,494
Cash and bank balances	858,895,440	-	858,895,440
	858,895,440	675,754,323	1,534,649,763

	2019
	Financial Liabilities at amortized cost
	Rupees
Liabilities as per statement of financial position:	
Lease liabilities	71,880,829
Markup accrued on secured loans	100,501
Unclaimed dividend	30,555,993
Trade and other payables	542,670,707
	645,208,030

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	2018		Total
	Cash and cash equivalents	Amortized cost	
-----Rupees-----			
Assets as per statement of financial position:			
Long term Investment	-	200,000,000	200,000,000
Long term deposits	-	14,020,764	14,020,764
Advances	-	23,922,805	23,922,805
Trade debts	-	281,509,755	281,509,755
Trade deposits	-	18,736,636	18,736,636
Other receivables	-	3,776,324	3,776,324
Cash and bank balances	779,975,543	-	779,975,543
	779,975,543	541,966,284	1,321,941,827

	2018
Financial Liabilities at amortized cost	
Rupees	
Liabilities as per statement of financial position:	
Liabilities against assets subject to finance lease	69,249,350
Markup accrued on secured loans	30,476
Unclaimed dividend	20,175,464
Trade and other payables	292,640,526
	382,095,816

38.4 Capital risk management

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

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

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

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For The Year Ended 31 December 2019

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

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

	2019 Rupees	2018 Rupees
Debt	-	69,249,350
Equity	3,441,561,575	2,870,449,704
Total equity and debt	3,441,561,575	2,939,699,054
Gearing ratio	0%	2%

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

39. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

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

39.1 Fair value hierarchy

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

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

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

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

The Company did not have any financial instruments carried at fair value as at 31 December 2019 (2018: Nil).

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For The Year Ended 31 December 2019

40. 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 37). The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under respective notes to the of unconsolidated financial statements. Other significant transactions with related parties are as follows:

Undertaking	Relation	Nature of transaction	2019 Rupees	2018 Rupees
Route 2 health (Pvt) Ltd	Associate	Sales	-	37,914,685
Route 2 health (Pvt) Ltd	Associate	Purchases	660,198,725	481,504,425
Curexa Health (Pvt) Ltd	Subsidiary	Purchases	309,693,276	246,909,696
Curexa Health (Pvt) Ltd	Subsidiary	Interest on loan to subsidiary	2,191,621	1,621,397
Staff provident fund	Staff retirement benefits	Contribution	39,703,424	32,334,403
Employee's Welfare Trust	Staff welfare benefits	Contribution	2,779,250	2,687,350

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

41. PROVIDENT FUND TRUST

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

	Note	2019 Un-Audited	2018 Audited
Size of the fund		333,571,687	258,750,652
Cost of investments made		180,678,443	119,431,848
Percentage of investments made		83%	77%
Fair value of investment	41.1	275,366,359	200,092,410

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41.1 Breakup of investments

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

	2019		2018	
	Investment Rupees	% of investment	Investment Rupees	% of investment
Investment in shares (listed securities)	68,799,325	25%	40,675,735	20%
Special saving certificates	121,866,595	44%	73,989,010	43%
Mutual funds	84,700,439	31%	85,427,665	37%
	275,366,359	100%	200,092,410	100%

42. NUMBER OF EMPLOYEES

	2019	2018
Number of employees at the end of the year	1,825	1,851
Average number of employees during the year	1,838	1,632

43. EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Company in its meeting held on 31 March 2020 has proposed cash dividend at the rate of Rs. 13.00 (2018: Rs. 13.00) per share and 10% bonus shares for the year ended 31 December 2019, (2018: 10%) subject to the approval of shareholders in the Annual General Meeting to be held on 12 May 2020. These unconsolidated financial statements do not reflect these appropriations.

44. PLANT CAPACITY AND PRODUCTION

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

Unconsolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

45. DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Company authorized these unconsolidated financial statements for issuance on 31 March 2020.

46. CORRESPONDING FIGURES

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

Dr. Adeel Abbas Haideri
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer



Consolidated Financial Statements

Highnoon Laboratories Limited
and its subsidiary
Curexa Health (Private) Limited

for the Year ended
31 December 2019

Directors' Report to the Shareholders

The Board of Directors ("the Board") of Highnoon Laboratories Limited ("the Holding Company") is pleased to present the Consolidated Audited Financial Statements of Highnoon Laboratories (the "Holding Company") and Curexa Health (Private) Limited, its wholly owned Subsidiary Company ("the Subsidiary") together mentioned as ("the Group") for the year ended 31 December 2019 and a review report on overall Group performance.

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

Financial Performance

We are proud to share that the Group has achieved another landmark as the consolidated profit after tax for the year crossed Rs. 1 billion. The Group gross profit increased to Rs. 4.232 billion (2018: Rs. 3.543 billion) and the Group profit after tax reached Rs. 1 billion mark (2018: Rs. 732.157 million) registering a growth of 36.7%. Gross profit and net profit margins of the Group remained steady at 46.8% (2018: 47.2%) and 11.1% (2018: 9.8%) respectively.

The consolidated financial highlights of the Group are summarized below:

	Consolidated	
	2019	2018
	(Rupees in thousand)	
Profit before tax	1,368,823	1,065,619
Taxation	(368,219)	(333,462)
Profit after tax	1,000,604	732,157
Profit available for appropriation	2,662,848	2,076,679
Appropriations		
Final cash dividend for the FY 2019 @ Rs. 13 per share (FY 2018: @ Rs. 13 per share)	(409,086)	(371,896)
Bonus share @ 10% (FY 2018:10%)	(31,468)	(28,607)

Earnings Per Share (eps)

Based on the consolidated audited financial statements of the Group for the year ended 31 December 2019 basic earnings per share (EPS) was Rs. 31.80 (2018: Rs. 23.27 Restated) witnessing an absolute increase of Rs. 8.53 per share.

The Subsidiary's Operations And Group Perspective

The Subsidiary operates a Cephalosporin Plant and at present its products are solely purchased and marketed by its Holding Company. Being a new entrant, the current contribution of the Subsidiary's manufactured products in total sales of the Holding Company/Group sales is still small, however, we are confident that the contribution from Subsidiary's operations shall become sizeable as we take our share in the huge national and international Cephalosporins Market.

The flagship brand Ceftra (Ceftriaxone) of the Subsidiary was launched in last quarter of 2017, despite short span of time it has been able to make its market. During the year Ceftra achieved sales revenue of Rs. 251 million growing by 56 percent over last year sales (IQVIA- MAT 12/2019). Previously the Company was only manufacturing dry powder injectable dosage form, during the year it also started manufacturing of oral dosage form of Cephalosporins under the brand name "CEFIA". Cefia was launched at start of the 3rd quarter of this financial year and was ranked as one of the top 10 new launches of the year by IQVIA. The Group plans to launch new products to diversify its antibiotic portfolio for strengthening market share and to ensure optimum utilization of its existing capacity of the Subsidiary.

We continue to invest in plant and machinery as well as technology to optimize costs, towards this end, the Subsidiary completed several projects of infrastructure improvement, laboratory up-gradation and efficiency improvement in addition to focus on safety, quality and compliance. The major initiatives taken during the year include:

- Installation of Building Management System (BMS) for 24/7 environment controlling and monitoring.
- Installation of Smart meter system as part of energy conservation plan for better oversight and management of electricity.
- Technical floor up-gradation for smart maintenance, to ensure QMS compliance and maintenance of clean environment.
- Implementation of Lab information Management System (LIMS) to ensure data integrity of Quality control activities, quick retrieval and analysis of data.
- Change of water for injection (WFI) to LDPE ampoule to improve quality, reduce breakage and ensure significant cost cut.

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

Acknowledgement

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

For and on behalf of the Board

Lahore: 31 March 2020

Dr. Adeel Abbas Haideri
Chief Executive Officer

Taufiq Ahmed Khan
Director

ڈائریکٹرز رپورٹ

ہائی نون لیبارٹریز لمیٹڈ کا بورڈ آف ڈائریکٹرز (بورڈ) ہائی نون لیبارٹریز (ہولڈنگ کمپنی) اور کیوریکسا ہیلتھ (پرائیوٹ) لمیٹڈ، جو کے کلی طور پر اسکی ذیلی کمپنی ہے، اور ان دونوں کا ذکر ہم گروپ کے نام سے کریں گے، کے استعمال شدہ متفحیح شدہ حسابات برائے سال ختمہ ۳۱ دسمبر ۲۰۱۹ اور گروپ کی مجموعی کارکردگی پر اپنی جائزہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہا ہے۔

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

مالی کارکردگی کا جائزہ

ہم یہ بتاتے ہوئے فخر محسوس کر رہے ہیں گروپ نے ایک اور بڑا ہدف حاصل کیا ہے کیونکہ اس سال کا بعد از ٹیکس اشتعمالاتی منافع 1 ارب روپے سے بڑھ گیا ہے۔ گروپ کا خام منافع 14.232 ارب روپے (2018: 3.543 ارب روپے) تک بڑھ گیا ہے۔ گروپ کا بعد از ٹیکس منافع 36.67 فیصد کی شرح سے بڑھ کر 1 ارب روپے (2018: 732.157 ملین روپے) تک پہنچ گیا ہے اور اس میں 36.7 فیصد کا شرح اضافہ دیکھا گیا ہے۔ خام اور خالص منافع کی شرح تقریباً برقرار رہی ہیں جو کہ بالترتیب 46.8 فی صد (2018: 47.2 فیصد) اور 11.1 فیصد (2018: 9.8 فیصد) رہیں ہیں۔

گروپ کے اشعمالاتی شدہ حسابات کی شہ سرخیاں

اشتمال شدہ	2019	2018
	'000' روپے	
قبل از ٹیکس خالص منافع	1,368,823	1,065,619
ٹیکس	(368,219)	(333,462)
بعد از ٹیکس خالص منافع	1,000,604	732,157
قابل تقسیم منافع	2,662,848	2,076,679
تخصیص منافع		
نقد ڈیوڈنڈ برائے مالی سال 2019 فی حصص 13 روپے کے حساب سے (2018: فی حصص 13 روپے)	(409,086)	(371,896)
بونس حصص 10 فیصد (2018: 10 فیصد)	(31,468)	(28,607)

فی حصص آمدنی

گروپ کے اشتمالاتی متفحیح شدہ حسابات کی بنیاد پر فی حصص آمدنی برائے مالی سال ختمہ ۳۱ دسمبر ۲۰۱۹ بڑھ کر 31.80 روپے (2018: 23.27 روپے) ہو گئی گزشتہ سال کے مقابلے میں اس میں فی حصص اضافہ 8.53 روپے ہوا۔

ذیلی کمپنی کے کاروبار اور گروپ کا تناظر

ذیلی کمپنی سیفیلو سپورن پلانٹ چلا رہی ہے اور اس وقت اسکی ادویات کی خرید اور فروغ کے حقوق صرف اسکی ہولڈنگ کمپنی کو حاصل ہیں۔ ذیلی کمپنی کے نوآزمودہ ہونے کی وجہ سے ہولڈنگ کمپنی یا گروپ کی آمدن فروخت میں اسکی بنائی گئی ادویات کا موجودہ حصہ ابھی کافی کم ہے تاہم ہم پُر اعتماد ہیں کہ ذیلی کمپنی کی پیداوار کا حصہ گروپ کی آمدن میں اُس وقت بڑھتا جائے گا جب ہم قومی اور بین الاقوامی سیفیلو سپورن مارکیٹوں میں اپنا مناسب حصہ حاصل کریں گے۔

ذیلی کمپنی کا معروف برانڈ سیفیلو (سیف ٹراٹگرون) جو 2017 کی آخری سہ ماہی میں متعارف کروایا گیا ایک قلیل مدت میں ہی یہ مارکیٹ میں اپنا قابل قدر مقام پیدا کرنے میں کامیاب ہوا ہے۔ اس سال سیفیلو (سیف ٹراٹگرون) کی آمدن فروخت 251 ملین روپے رہی ہے جو گزشتہ سال کے مقابلہ میں 56 فیصد زیادہ ہے۔ گزشتہ سال کمپنی صرف ڈرائی پاؤڈر انجیکشن کے ذریعے استعمال ہونے والی ادویات بنا رہی تھی زیر جائزہ سال میں کمپنی نے بذریعہ منہ استعمال ہونے والی ادویات کی پیداوار اور فروخت اپنے برانڈ سیفیلو کے نام سے شروع کر دی ہے۔ سیفیلو کو تیسری سہ ماہی کے آغاز میں مارکیٹ میں متعارف کروایا گیا اور ادویات کی صنعت پر تحقیقاتی معلومات پیش کرنے والے بین الاقوامی ادارے آئی کیو وی آئی اے کے اعداد و شمار کے مطابق پہلے سال میں ہی اس نے نئی متعارف کروائی جانے والی دس سرفہرست ادویات میں اپنا شمار کروالیا۔ گروپ نئی ادویات متعارف کروانے کی منصوبہ بندی کر رہا ہے تاکہ یہ اپنے جراثیم کش مجموعہ ادویات میں تنوع حاصل کر کے مارکیٹ میں اپنے حصہ کو بڑھا سکے اور ذیلی کمپنی کی پیداواری صلاحیت سے بھرپور طریقے سے استفادہ کیا جاسکے۔

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

- پیداواری ماحول کو کنٹرول کرنے اور 7/24 اسکی نگرانی کرنے کے لیے بلڈنگ مینجمنٹ سسٹم کی تنصیب
- توانائی کی کفایت کے منصوبہ کے جزہ کے طور پر بجلی کے استعمال کی نگرانی کے لیے سمارٹ میٹر سسٹم کی تنصیب
- ٹیکنکل فلور کو مزید فعال بنانا تاکہ اسکی بجالی موثر انداز میں برقرار رکھ کے ماحول کو صاف ستھرا رکھا جائے اور کوالٹی مینجمنٹ سسٹم کی بیرونی کو ممکن بنایا جائے
- لیب انفارمیشن مینجمنٹ سسٹم کی تنصیب تاکہ کوالٹی کنٹرول کی سرگرمیوں سے متعلقہ معلومات کو محفوظ و موثر بنایا جائے اور انکی رسائی اور تجزیہ میں تیزی لائی جاسکے
- واٹر فار انجیکشن کی گلاس وائل کو پلاسٹک ایمپیول سے بدلنا تاکہ معیار کو بہتر بنایا جائے ٹوٹ پھوٹ کو کم کیا جائے اور لاگت میں قابل قدر تخفیف لائی جائے

ذیلی کمپنی کی معیار سے متعلقہ شعور کو قابل اعتماد اداروں نے تسلیم کیا ہے۔ ذیلی کمپنی کی کوالٹی کنٹرول لیبارٹری نے آئی ایس او/آئی ای سی 17025:2017 کے لیب مینجمنٹ سسٹم کے معیار کی بیرونی کی سند حاصل کی ہے۔ اس کے علاوہ ذیلی کمپنی کی ماحول، صحت اور حفاظت کے معاملہ میں حساسیت کا ثبوت حال ہی میں ایس جی ایس جیسے با اعتماد ادارے سے آئی ایس او 14001:2015 کی عملداری کی سند ہے

اظہار تشکر

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

منجانب بورڈ آف ڈائریکٹرز

توفیق احمد خان
ڈائریکٹر

ڈاکٹر عدیل عباس حیدری
چیف ایگزیکٹو آفیسر

لاہور: 31 دسمبر 2020

Independent Auditor's Report

To the members of Highnoon Laboratories Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the annexed consolidated financial statements of Highnoon Laboratories Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion, consolidated financial statements give a true and fair view of consolidated financial position of the Group as at 31 December 2019 and its consolidated financial performance and its consolidated cash flows for the year ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the Key Audit Matter:

Key Audit Matters	How the matter was addressed in our audit
1. Valuation of stock in trade:	
As disclosed in Note 20 to the accompanying consolidated financial statements, the stock in trade balance constitutes 39% of total assets of the Company. These are valued at lower of cost and net realizable value. The cost of work in process (WIP) and finished goods is determined at average manufacturing cost including a proportion of appropriate overheads. The basis for allocation of overheads includes management judgment. This, in combination with the significant share of stock in trade as part of total assets, made us conclude that valuation of stock in trade is a key audit matter of our audit.	Our audit procedures included, amongst others: <ul style="list-style-type: none"> - Obtaining an understanding of internal controls over valuation of stock in trade and testing their design, implementation and operating effectiveness; - assessing the appropriateness of the Company's accounting policies for valuation of stock in trade and compliance of those policies with applicable accounting standards; - Obtaining an understanding and assessing reasonableness of the management's determination of net realizable value (NRV) and key estimates adopted including future selling prices, future cost to complete work in process and the costs necessary to make the - Physical attendance at inventory count and reconciling the count results to the inventory listings to test the completeness of data; - Assessment of the appropriateness of management's basis for the allocation of cost and overheads; and - Substantive analytical and other procedures including the recalculation of valuation based on accounting and costing policy.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

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

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

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

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

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

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

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

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

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

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

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

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



Chartered Accountants
Lahore
20 April 2020

Consolidated Statement of Financial Position

	Note	2019 Rupees	2018 Rupees
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorized share capital			
50,000,000 (2018: 50,000,000) Ordinary			
shares of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid up share capital	6	314,681,310	286,073,930
Revenue reserves		2,776,848,331	2,190,679,480
Revaluation surplus on property, plant and equipment	7	356,336,117	370,409,400
Total Equity		3,447,865,758	2,847,162,810
Non-current liabilities			
Long term loan	8	19,000,839	44,335,010
Long term lease liabilities	9	61,214,905	44,486,094
Long term advances	10	28,990,796	44,871,947
Deferred liabilities	11	417,661,559	374,124,390
		526,868,099	507,817,441
Current liabilities			
Trade and other payables	12	616,872,433	358,332,007
Unclaimed dividend		30,555,993	20,175,464
Mark up accrued		2,884,222	2,651,012
Short term borrowings	13	36,442,430	22,011,812
Current portion of long term liabilities	14	46,112,599	62,289,325
Provision for taxation - net		23,894,534	30,597,052
		756,762,211	496,056,672
Total Liabilities		1,283,630,310	1,003,874,113
TOTAL EQUITY AND LIABILITIES		4,731,496,068	3,851,036,923

CONTINGENCIES AND COMMITMENTS

15

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Dr. Adeel Abbas Haideri
Chief Executive OfficerTaufiq Ahmed Khan
Director

As at 31 December 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	16	1,382,588,051	1,254,937,388
Intangible assets	17	1,408,441	1,772,294
Goodwill	18	834,230	834,230
Long term deposits		22,160,371	14,998,514
Long term advances		27,673,080	29,316,392
Deferred tax asset	19	28,357,882	-
		1,463,022,055	1,301,858,818
Current assets			
Stock in trade	20	1,830,646,899	1,367,923,887
Trade debts	21	391,162,800	281,509,755
Advances	22	146,171,036	76,376,676
Trade deposits and short term prepayments	23	35,410,001	31,242,162
Other receivables	24	3,066,099	3,776,324
Tax refunds due from the Government	25	2,987,866	7,610,450
Cash and bank balances	26	859,029,312	780,738,851
		3,268,474,013	2,549,178,105
TOTAL ASSETS		4,731,496,068	3,851,036,923

Javed Hussain
Chief Financial Officer

Consolidated Statement of Profit or Loss

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
Revenue from contracts with customers-net	27	9,047,692,893	7,503,100,506
Cost of revenue	28	4,815,219,189	3,959,685,559
Gross profit		4,232,473,704	3,543,414,947
Distribution, selling and promotional expenses	29	2,386,788,950	2,052,212,604
Administrative and general expenses	30	396,215,600	346,295,840
Research and development expenses	31	5,012,518	3,799,270
Other operating expenses	32	123,621,231	88,654,494
		2,911,638,299	2,490,962,208
Operating Profit		1,320,835,405	1,052,452,739
Other income	33	83,030,953	31,422,994
Finance costs	34	35,043,496	18,256,444
Profit before taxation		1,368,822,862	1,065,619,289
Taxation	35	368,218,960	333,461,829
Profit for the year		1,000,603,902	732,157,460
			Restated
Earnings per share - basic and diluted	36	31.80	23.27

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Dr. Adeel Abbas Haideri
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Consolidated Statement of Comprehensive Income

For The Year Ended 31 December 2019

	2019 Rupees	2018 Rupees
Profit for the year	1,000,603,902	732,157,460
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Experience adjustments on defined benefit plan - net of tax	(27,043,185)	(17,263,203)
Total comprehensive income for the year	973,560,717	714,894,257

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Dr. Adeel Abbas Haideri
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Consolidated Statement of Cash Flow

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,368,822,862	1,065,619,289
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of operating fixed assets	16.1.1	144,611,115	125,919,428
Amortization of intangible assets	17.1	483,943	5,481,359
Gain on disposal of operating fixed assets	33	(22,136,434)	(15,492,271)
Exchange gain / (loss) - net	32	61,983	(355,193)
Provision for slow moving and obsolete stocks	20.1	18,341,448	4,583,349
Provision for defined benefit obligation	11.1.2	69,684,228	49,030,111
Provision for Workers' Profit Participation Fund	12.3	74,989,515	56,711,066
Provision for Central Research Fund		15,120,789	11,344,600
Finance costs	34	35,043,496	18,256,444
Allowance for expected credit losses	21.2	5,452,010	-
		341,652,093	255,478,893
Profit before working capital changes		1,710,474,955	1,321,098,182
Working capital changes:			
(Increase) / decrease in current assets:			
Stock in trade		(481,064,460)	(244,587,970)
Trade debts		(115,167,038)	(30,462,364)
Advances		(69,794,360)	(16,473,074)
Trade deposits and short term prepayments		(4,167,839)	(6,557,452)
Other receivables		2,367,865	3,058,807
Tax refund due from government		4,622,584	(1,999,344)
Increase/ (decrease) in current liabilities:			
Trade and other payables		247,909,685	(48,624,963)
		(415,293,563)	(345,646,360)

Consolidated Statement of Cash Flow

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
Cash flows generated from operations			
Taxes paid		(403,170,058)	(364,865,885)
Gratuity paid		(46,503,156)	(57,185,554)
Finance costs paid		(34,810,286)	(17,803,519)
Workers' Profit Participation Fund paid		(78,325,565)	(56,875,549)
Central Research Fund paid		(10,525,496)	(11,086,979)
Net cash flows from operating activities		721,846,831	467,634,336
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(264,579,878)	(113,074,041)
Additions in long term advances		1,643,312	(13,242,089)
Intangible asset acquired		(120,090)	(611,303)
Proceeds from disposal of short term investment - net		-	100,000,000
Increase in long term deposits - net		(7,161,857)	(1,566,551)
Proceeds from disposal of operating fixed assets	16.1.4	96,295,566	37,028,793
Net cash flows (used in) / generated from investing activities		(173,922,947)	8,534,809
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities - net		(78,837,745)	(23,959,766)
Repayment of long term loan - net		(25,333,333)	(25,332,495)
Short term borrowings - net		14,430,618	863,052
Long term advances - net		(17,961,383)	10,890,625
Dividend paid		(361,931,580)	(275,442,666)
Net cash flows used in financing activities		(469,633,423)	(312,981,250)
Net increase in cash and cash equivalents		78,290,461	163,187,895
Cash and cash equivalents at beginning of the year		780,738,851	617,550,956
Cash and cash equivalents at end of the year	26	859,029,312	780,738,851

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Dr. Adeel Abbas Haideri
Chief Executive OfficerTaufiq Ahmed Khan
DirectorJaved Hussain
Chief Financial Officer

Consolidated Statement of Changes in Equity

For The Year Ended 31 December 2019

	Share capital	Capital Reserves Revaluation Surplus on PPE	Revenue reserves			Total
			General reserve	Unappropriated profit	Sub total	
Rupees						
Balance as at 01 January 2018	255,423,160	-	114,000,000	1,632,972,154	1,746,972,154	2,002,395,314
Effect of change in accounting policy	-	384,003,155	-	-	-	384,003,155
Balance as at 01 January 2018	255,423,160	384,003,155	114,000,000	1,632,972,154	1,746,972,154	2,386,398,469
Total comprehensive income for the year	-	-	-	714,894,257	714,894,257	714,894,257
Surplus transferred to unappropriated profit						
On account of incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of tax	-	(14,886,999)	-	14,886,999	14,886,999	-
Effect on change in tax rate on account of surplus on property plant and equipment	-	1,701,013	-	-	-	1,701,013
Effect of change in proportion of normal sales	-	(407,769)	-	-	-	(407,769)
Transaction with owners of the Group, recognized directly in equity -Distributions						
Issuance of bonus shares @ 12%	30,650,770	-	-	(30,650,770)	(30,650,770)	-
Final dividend @ Rs. 10 per share for the year ended 31 December 2017	-	-	-	(255,423,160)	(255,423,160)	(255,423,160)
Balance as at 31 December 2018	286,073,930	370,409,400	114,000,000	2,076,679,480	2,190,679,480	2,847,162,810
Total comprehensive income for the year	-	-	-	973,560,717	973,560,717	973,560,717
Surplus transferred to unappropriated profit						
On account of incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of tax	-	(13,527,623)	-	13,527,623	13,527,623	-
Effect of change in proportion of normal sales	-	(545,660)	-	-	-	(545,660)
Transaction with owners of the Group, recognized directly in equity -Distributions						
Issuance of bonus shares @ 10%	28,607,380	-	-	(28,607,380)	(28,607,380)	-
Final dividend @ Rs. 13 per share for the year ended 31 December 2018	-	-	-	(372,312,109)	(372,312,109)	(372,312,109)
Balance as at 31 December 2019	314,681,310	356,336,117	114,000,000	2,662,848,331	2,776,848,331	3,447,865,758

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Dr. Adeel Abbas Haideri
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

1. CORPORATE INFORMATION

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

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

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

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

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

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

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

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

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

2.2 Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention, except for revaluation of certain assets as referred to in Note 4.7 and recognition of certain employees retirement benefits at present value.

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

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

2.3 Functional and presentation currency

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

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

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

2.4 Non Controlling interest

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

2.5 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Notes
- Staff retirement benefits	4.4
- Property, plant and equipment	4.7
- Taxation	4.22
- Provisions	4.26
- Impairment of financial assets	4.27
- Lease term	4.2.2

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year except for as mentioned in Note 4.2 and as follows:

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

IFRS 9 - Financial Instruments (Note 4.24)

IFRS 15 - Revenue from Contracts with Customers (Note 4.17)

IFRS 16 - Leases (Note 4.15)

IFRS 2 - Share Based Payment - Classification and Measurement of Share Based Payment Transactions (Amendments)

IFRS 3 & 11 - Previously held interest in a joint operation (Amendments)

IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)

IFRS 14 - Regulatory Deferral Accounts

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

IFRIC 23 - Uncertainty over Income Tax Treatments

IAS 12 - Income tax consequences of payments on financial instruments classified as equity

IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)

IAS 28 - Investment in associates and Joint ventures : Long term interest in Associates and Joint ventures (Amendments)

IAS 40 - Investment Property- Transfers of Investment Property (Amendments)

Annual improvements 2015-2017

The adoption of above standards do not have any significant impact on these consolidated financial statements of the Group except IFRS 9, 15 and 16. However, related changes to the accounting policies and related disclosures have been made in these consolidated financial statements.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

4.2 Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 01 January 2019. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The nature and the effect of these changes are disclosed below.

4.2.1 IFRS 15 'Revenue from contracts with customers'

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgement. The Group is engaged in the sale and marketing of pharmaceutical and allied consumer products. The contracts with customers for the sale of goods generally includes single performance obligation. Management has concluded that revenue from sale of goods be recognized at the point in time when control of the asset is transferred to the customer. The above is generally consistent with the timing and amounts of revenue the Group recognized in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which has replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations at 01 January 2019, did not have a material impact on the amounts of revenue recognized in these consolidated financial statements.

The Group adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 01 January 2019. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard only to the outstanding contracts as at 1 January 2019. Revenue recognised under IFRS-15 is same as it would have been recognised under IAS-18. Therefore, no adjustment is required to be made in opening retained earnings.

Upon adoption of IFRS 15 amounts received for future sale of goods were reclassified to 'contract liabilities'. Previously, these amounts were classified as "advances from customers".

Note 4.17 explains the changes and new accounting policies introduced on 01 January 2019 resulting from the adoption of IFRS 15.

4.2.2 IFRS 16 Leases

From 01 January 2019, the Group has adopted IFRS 16 as issued by the International Accounting Standards Board using modified retrospective restatement approach, as permitted under the specific transitional provision in the standard and has not restated comparatives for the corresponding figures of 2018.

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions involving the legal form of a lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Group has lease contracts for its various offices. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under prepayments and trade and other payables, respectively.

Upon adoption of IFRS 16, the Group initially recognized a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. The right-of-use asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs.

The Group has adopted IFRS 16 using the modified retrospective restatement approach and measured the right-of-use asset equal to the present value of lease liabilities. The impact is insignificant for the consolidated financial statements of prior year and accordingly no adjustment has been made to the figures reported in previous year.

Note 4.15 explains the changes and new accounting policies introduced on 01 January 2019 resulting from the adoption of IFRS 16.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

4.2.3 IFRS 9 Financial Instruments

IFRS 9 'Financial Instruments' has replaced IAS 39 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after July 01, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The initial application date of IFRS 9 was July 01, 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP). During February 2019, the SECP modified the effective date for applicability of IFRS 9 in place of IAS 39 as reporting period / year ending on or after June 30, 2019. The Group has adopted IFRS 9 from January 01, 2019 using the modified retrospective approach.

The Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 985 (I)/2019 dated 02 September 2019 has deferred the requirements of IFRS 9 with respect to application of 'Expected Credit Loss Method' in respect of Groups holding financial assets due from the Government of Pakistan till 30 June 2021. In this regard, the Groups shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' during the exemption period.

IFRS 9 retains but simplifies the measurement model and establishes the measurement categories of financial asset: amortized cost, fair value through statement of comprehensive income and fair value through consolidated statement of profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets.

Further, the adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred loss model approach with a forward-looking Expected Credit Loss (ECL) approach.

ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Considering the nature of the financial assets, the Group has applied the standard's simplified approach for trade debts and has calculated ECL based on lifetime ECL. The Group has applied the general approach for other financial assets.

The impact of adoption of IFRS 9 is as follows:

The management has reviewed and assessed the Group's existing financial assets for impairment in accordance with the guidance included in IFRS 9, to determine the credit risk associated with the respective financial assets and has incorporated the same in the consolidated financial statements of the Group. The management has also concluded that the impact of impairment of these financial assets under IFRS 9 is insignificant for the Group's consolidated financial statements of prior year and accordingly no adjustment has been made to the figures reported in previous year.

The following table explains the previous measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and liabilities as at January 01, 2019:

Financial Assets	Original Classification under IAS 39	New Classification under IFRS 9
Long Term Investments	Available for sale	Amortised cost
Long Term deposits	Loans and receivables	Amortised cost
Long term advances	Loans and receivables	Amortised cost
Trade debts	Loans and receivables	Amortised cost
Advances	Loans and receivables	Amortised cost
Trade deposits and short term prepayments	Loans and receivables	Amortised cost
Profit accrued	Loans and receivables	Amortised cost
Other receivables	Loans and receivables	Amortised cost
Loan to subsidiary	Loans and receivables	Amortised cost
Investment in TDR's	Held to maturity	Amortised cost
Cash and bank balances	Loans and receivables	Amortised cost

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

There is no change in the carrying amount of above instruments due to the adoption of IFRS 9, accordingly there is no impact on the Group's consolidated statement of changes in equity as a result of the above changes.

Note 4.24 explains the changes and new accounting policies introduced on 01 January 2019 resulting from the adoption of IFRS 9.

4.3 Segment reporting

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

4.4 Staff retirement benefits

Defined benefit plan

The Group operates an unfunded gratuity scheme for all of its permanent employees who have joined on or before 19 March 2013, under which benefits are paid on cessation of employment subject to a minimum qualifying period of service. Qualified actuaries have carried out the valuation as at 31 December 2019 using the project unit credit method.

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

Defined contribution plan

The Group also operates a recognized provident fund scheme for all of its permanent employees in accordance with the trust deed and rules made there under. Equal monthly contributions are made to the fund by the Group and employees at the rate of 8.33% (2018: 8.33%) of basic salary and cost of living allowance.

Compensated leave absences

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

4.5 Foreign currency translation

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

4.6 Trade and other payables

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

4.7 Property, plant and equipment

Owned operating assets:

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

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

Depreciation is charged on reducing balance method at the rates in Note 16.1 to write off the cost / revalued amount of an asset over its estimated useful life. The assets' residual values and useful lives are reviewed at each financial year end and adjusted, if its impact on depreciation is significant. Full month's depreciation is charged on additions, while no depreciation is charged in the month of disposal or deletion of assets. Surplus on revaluation of fixed assets relating to incremental depreciation (net of deferred taxation) is transferred directly to equity.

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

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

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

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit.

Capital work in progress

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

4.8 Intangible assets

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

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

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

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

4.9 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.

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4.10 Borrowing costs

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

4.11 Stock in trade

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

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

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

4.12 Contract balances:

4.12.1 Contract asset

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

4.12.2 Trade debts

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

4.12.3 Contract liabilities

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

4.13 Expected credit losses

Expected credit losses are calculated as a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Group in accordance with the contract and cash flows that the Group expects to receive). (Refer to Note 4.22 for detailed policy for impairment of financial assets).

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

4.14 Cash and cash equivalents

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

4.15 Leases

4.15.1 Right-of-use assets

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

4.15.2 Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

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

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

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

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

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

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

The Group included the renewal period as part of the lease term for leases due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to 10 years) and there will be a significant negative effect on production if a replacement is not readily available.

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4.16 Impairment of non-financial assets

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

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

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

4.17 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Revenue from local sales is recognized when control of the goods is transferred i.e. on dispatch of goods to the customers. Export goods are considered dispatched when bill of lading / airway bill is prepared for shipment to customers. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

4.18 Other income

Return on bank deposits is accounted for on time proportion basis and other income is recognized using effective interest rate method.

4.19 Transactions with related parties and transfer pricing

The Group under the direction of Securities and Exchange Commission of Pakistan's Notification SRO 66(I)/ 2003 dated 22 January 2003 adopted the cost-plus method of transfer pricing for the determination of arm's length prices with associated companies/related parties except for the assets sold to employees at written down value under the employee's car scheme as approved by the Board of Directors.

Parties are said to be related, if they are able to influence the operating and financial decisions of the Group and vice versa.

4.20 Research and development cost

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

4.21 Ijarah

The Ijarah payments under an Ijarah agreement are treated in accordance with 'Islamic Finance Accounting Standard 2 Ijarah' issued by Institute of Chartered Accountants of Pakistan and adopted by Securities and Exchange Commission of Pakistan. Ijarah rental under such agreements are charged to consolidated statement of profit or loss on a straight line basis over the Ijarah term.

4.22 Taxation

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

Current

Provision of current tax is based on the taxable income, alternative corporate tax or minimum tax provisions in accordance with Income Tax Ordinance 2001. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments,

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where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

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

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

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

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

4.23 Dividend

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

4.24 Financial instruments - Initial recognition and subsequent measurement

Initial Recognition

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

Classification of financial assets

The Group classifies its financial instruments in the following categories:

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

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

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

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

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

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

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

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Classification of financial liabilities

The Group classifies its financial liabilities in the following categories:

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

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

Subsequent measurement

i) Financial assets at FVTOCI

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

ii) Financial assets and liabilities at amortised cost

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

iii) Financial assets and liabilities at FVTPL

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

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

Impairment of financial asset

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

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

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

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

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

Derecognition

i) Financial assets

The Group derecognizes financial assets only when the contractual rights to cash flows from the financial

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

ii) Financial liabilities

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

4.25 Offsetting of financial assets and financial liabilities

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

4.26 Provisions

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

4.27 Impairment of financial assets

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

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

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

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

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

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	Standard or Interpretation	Effective date: (Annual periods beginning on or after)
IAS 1 & 8	Presentation of Financial Statements Definition of Material, to clarify the definition of material and its alignment with the definition used in the Conceptual Framework (amendments)	01 January 2020
IAS 1	Presentation of Financial Statements Classification of liabilities (amendments)	01 January 2022
IFRS 3	IFRS 3 'Business Combinations' - Definition of business (amendments)	01 January 2020
IFRS 7 & 9	Financial instruments - Amendments regarding pre-replacement issues in the context of the interest rate benchmark reform (IBOR)	01 January 2020
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
	Amendments to the Conceptual Framework for Financial Reporting	01 January 2020

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

Standard	IASB effective date (Annual periods)
IFRS 1 First-time Adoption of International Financial Reporting Standards	01 July 2009
IFRS 17 Insurance Contracts	01 January 2021

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

6. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	Note	2019 Rupees	2018 Rupees
5,905,000 (2018: 5,905,000) ordinary shares of Rs. 10 each fully paid in cash		59,050,000	59,050,000
95,000 (2018: 95,000) ordinary shares of Rs. 10 each issued for consideration other than cash	6.1	950,000	950,000
25,468,131 (2018: 22,607,393) ordinary shares of Rs. 10 each issued as bonus shares		254,681,310	226,073,930
	6.2	314,681,310	286,073,930

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

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6.2 Reconciliation of Issued, subscribed and paid-up share capital	2019 Number	2018 Number	2019 Rupees	2018 Rupees
Issued, subscribed and paid-up of Rs. 10 each as at 01 January	28,607,393	25,542,316	286,073,930	255,423,160
Issuance of bonus shares of Rs. 10 each	2,860,738	3,065,077	28,607,380	30,650,770
Issued, subscribed and paid-up of Rs. 10 each as at 31 December	31,468,131	28,607,393	314,681,310	286,073,930

7. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT	Note	2019 Rupees	2018 Rupees
Gross surplus on revaluation of fixed assets as at 01 January		420,146,545	440,703,587
Incremental depreciation relating to surplus on revaluation of fixed assets - transferred to unappropriated profit		(13,527,623)	(14,886,999)
Net of deferred tax		(4,973,715)	(5,670,043)
Related deferred tax liability		(18,501,338)	(20,557,042)
		401,645,207	420,146,545
Less related deferred tax liability on:			
Balance at the beginning of the year		49,737,145	56,700,432
Effect of change in proportion of normal sales		545,660	407,769
Effect of change in tax rate		-	(1,701,013)
Incremental depreciation relating to surplus on revaluation of fixed assets - transferred to unappropriated profit		(4,973,715)	(5,670,043)
	19	45,309,090	49,737,145
Surplus on revaluation of fixed assets as at 31 December	7.1	356,336,117	370,409,400

7.1 This represent Surplus arising on revaluation of freehold land, building on freehold land, plant and machinery. This has been adjusted by incremental depreciation arising due to revaluation, net of deferred tax. The latest revaluation of land, building on freehold land and plant and machinery was carried out on 31 December 2017 by M/S Surval which resulted in a surplus of Rs. 215 million.

8. LONG TERM LOAN	Note	2019 Rupees	2018 Rupees
Long term loan		44,334,172	69,667,505
Less: Current portion	14	(25,333,333)	(25,332,495)
		19,000,839	44,335,010

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8.1 This loan has been obtained by the Subsidiary Company for the purchase of machinery and equipment of cephalosporin manufacturing plant. The markup is payable quarterly at the rate of 3 months KIBOR plus 1.5% (2018: 3 months KIBOR plus 1.5%) per annum on the outstanding amount of loan. The tenor of loan is 5 years and principle amount is repayable in equal quarterly installments after lapse of grace period of one year. The loan was obtained in 2016.

This loan has been secured against:

- first parri passu charge over plant and machinery to be imported by CHL;
- land and building owned by CHL located at 517 Sundar Industrial Estate Raiwind Road, Lahore, measuring 12,356 square meters; and
- personal guarantee by director of CHL.

	Note	2019 Rupees	2018 Rupees
9. LEASE LIABILITIES			
Present value of lease payments		71,880,829	69,249,350
Less: Current portion shown under current liabilities	14	(10,665,924)	(24,763,256)
		61,214,905	44,486,094

	Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments
	2019 -----Rupees-----		
Not later than one year	18,979,981	8,314,057	10,665,924
Later than one year but not later than five years	44,384,984	25,496,200	18,888,784
Later than five years	56,545,564	14,219,443	42,326,121
	119,910,529	48,029,700	71,880,829
	2018 -----Rupees-----		
Not later than one year	29,568,460	4,805,204	24,763,256
Later than one year but not later than five years	48,904,573	4,418,479	44,486,094
	78,473,033	9,223,683	69,249,350

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

	2019 Rupees	2018 Rupees
As at 1 January	69,249,350	31,603,616
Additions	81,469,224	56,761,633
Accretion of interest	16,536,114	4,843,867
Payments	(95,373,859)	(23,959,766)
As at 31 December	71,880,829	69,249,350
Current maturity of lease liabilities	(10,665,924)	(24,763,256)
Long term lease liabilities	61,214,905	44,486,094

The Group entered into finance lease arrangements with various financial institutions for leased vehicles as shown in Note 16.1. The liabilities under these arrangements are payable in monthly installments and above mentioned mark-up rates are used as discounting factor to determine the present value of lease rentals.

However, during the year ended 2019 Group terminated all finance lease arrangements in respect of vehicles by paying off all lease liabilities and lease termination charges, whereas outstanding lease liability at year end relates to warehouses capitalized during the year.

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For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
10. LONG TERM ADVANCES			
Long term advances		39,104,138	57,065,521
Less: Current portion shown under current liabilities	14	10,113,342	12,193,574
		28,990,796	44,871,947

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

	Note	2019 Rupees	2018 Rupees
11. DEFERRED LIABILITIES			
Deferred tax - net	19	-	17,289,233
Gratuity	11.1	417,661,559	356,835,157
		417,661,559	374,124,390

11.1 Gratuity - General description

As discussed in Note 4.4, the Group operates an unfunded gratuity scheme for its employees, under which benefits are paid on cessation of employment subject to a minimum qualifying period of service. Qualified actuary have carried out the valuation as at 31 December 2019 using the projected unit credit method

11.1.1 Consolidated statement of financial position:

Present value of defined benefit obligation	11.1.2	417,661,559	356,835,157
Net liability as at 31 December		417,661,559	356,835,157

11.1.2 Net recognized liability:

Liability as at 01 January		356,835,157	342,208,530
Amount recognized during the year	11.1.3	69,684,228	49,030,111
Experience adjustments recognized during the year		37,645,330	22,782,070
Benefits due but not paid		-	-
Benefit paid during the year		(46,503,156)	(57,185,554)
Liability as at 31 December		417,661,559	356,835,157

11.1.3 Expense recognized in consolidated statement of profit or loss:

Current service cost		25,664,512	23,166,036
Interest cost		44,019,716	25,864,075
Amount chargeable to statement of profit or loss		69,684,228	49,030,111

11.1.4 Remeasurement recognized in other comprehensive income:		37,645,330	22,782,070
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Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	2019 Rupees	2018 Rupees
11.1.5 Movement in the present value of define benefit obligation:		
Liability as at 01 January	356,835,157	342,208,530
Current service cost	25,664,512	23,166,036
Interest cost	44,019,716	25,864,075
Remeasurement adjustments recognized during the year	37,645,330	22,782,070
Benefit paid during the year	(46,503,156)	(57,185,554)
Liability as at 31 December	417,661,559	356,835,157

11.1.6 Historical information for gratuity plan

	2019	2018	2017	2016	2015
	-----Rupees-----				
Present value of defined benefit obligation	417,661,559	356,835,157	342,208,530	293,352,116	256,124,870
Remeasurement adjustment arising on plan liabilities	37,645,330	22,782,070	15,477,217	14,019,989	27,758,209
Remeasurement adjustment as percentage of outstanding liability	9.01%	6.38%	4.52%	4.78%	10.84%

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

	2019	2018
- Discount rate	11.25% p.a.	13.25% p.a.
- Expected rate of increase in salary	10.25% p.a.	12.25% p.a.
- Expected average remaining working life time	8 years	8 years
- Mortality rates	SLIC	SLIC
	2001-2005	2001-2005

11.1.7 Estimated expense of current service cost and interest cost on defined benefit obligation to be charged to consolidated statement of profit or loss in 2020 amounting to Rs.28.8 million and Rs.44.6 million.

11.1.8 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.

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	Note	2019 Rupees	2018 Rupees
Discount rate + 100 bps		382,421,584	328,868,308
Discount rate - 100 bps		452,696,373	388,392,990
Salary increase + 100 bps		453,057,205	388,703,239
Salary increase - 100 bps		381,541,523	328,126,871
12. TRADE AND OTHER PAYABLES			
Trade creditors	12.1	336,482,298	121,798,148
Bills payable		71,129,750	33,437,220
Accrued expenses		143,612,245	144,457,861
Contract liabilities		26,029,986	30,551,545
Payable to Provident Fund Trust	12.2	8,614,987	7,872,008
Workers' Profit Participation Fund	12.3	-	1,678,410
Payable to Central Research Fund		14,775,638	10,180,345
Withholding tax payable		15,543,448	7,829,590
Payable to Employees Welfare Trust		684,081	526,880
		616,872,433	358,332,007
12.1 These includes a balance amounting to Rs. 27.77 million (2018: Rs. 3.2 million) due to Route 2 Health (Private) Limited, a related party.			
12.2 Provident fund			
Balance at the beginning of the year		7,872,008	5,029,453
Addition during the year		42,322,770	33,922,102
Paid during the year		(41,579,791)	(31,079,547)
Closing balance		8,614,987	7,872,008
12.3 Worker's Profit Participation Fund			
Balance at the beginning of the year		1,678,410	1,842,893
Add: Charge for the year	32	74,989,515	56,711,066
		76,667,925	58,553,959
Add: Interest on funds utilized by the Group	34	386,264	289,688
		77,054,189	58,843,647
Less: Paid during the year to the Fund		78,711,829	57,165,237
	24	(1,657,640)	1,678,410

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	2019 Rupees	2018 Rupees
13. SHORT TERM BORROWINGS	36,442,430	22,011,812

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

- 13.1** The Group has short term running finance facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs.505 million (2018: Rs. 505 million). Out of these facilities, Rs. 375 million is available as sublimit and can interchangeably be utilized for L/C sight/Usance. These facilities carry mark-up at rates ranging from one month KIBOR to three months KIBOR plus 50 to 100 basis points (2018: one month KIBOR to three months KIBOR plus 50 to 100 basis points) per annum. These facilities along with import credit facility are secured by way of first pari passu charge for Rs. 684.62 million (2018: Rs. 639.46 million) on fixed assets and first joint pari passu hypothecation charge of Rs.412 million (2018: Rs. 474 million) on stocks including but not limited to raw materials, goods in process and finished goods of the Group.
- 13.2** Out of total borrowing facility, an amount of Rs.50 million (2018: Rs. 50 million) represents Export Refinance Facility obtained from a commercial bank under SBP regulations at a subsidized mark up rate of 4% (2018: 4%) per annum.
- 13.3** The Group also has aggregate sanctioned import credit facilities available from various commercial banks amounting to Rs. 1,405 million (2018: Rs. 1,200 million). Out of these facilities, Rs. 305 million is available as sublimit and can interchangeably be utilized as Running Finance.
- 13.4** Short term running finances are availed from commercial banks against aggregate sanctioned limit of Rs. 50 million including Rs. 30 million for FATR (funds against trust receipt) and Rs.20 million related to Running finance (2018: Rs. 45 million including Rs. 30 million for FATR (funds against trust receipt) and Rs.15 million related to Running finance). These facilities carry mark-up at the rate of three months KIBOR plus 200 basis points for the month of January, February and March and for the remaining months of the current year the rate was 1 month KIBOR plus 200 basis points (2018: three months KIBOR plus 200 basis points). These facilities are secured by way of hypothecation charge over all present and future current assets with 20% margin.

	Note	2019 Rupees	2018 Rupees
14. CURRENT PORTION OF LONG TERM LIABILITIES			
Long term loan	8	25,333,333	25,332,495
Current maturity of lease liabilities	9	10,665,924	24,763,256
Long term advances	10	10,113,342	12,193,574
		46,112,599	62,289,325

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

- While finalizing income tax assessments for the tax year 2010, Additional Commissioner Inland Revenue (ACIR) had made certain additions with aggregate tax impact of Rs.10 million. The Group had filed an appeal before Commission Inland Revenue CIR (Appeals) who had upheld the additions made by assessing officer. Being aggrieved, the Group filed an appeal before Appellate Tribunal Inland Revenue (ATIR), who deleted the aforesaid additions. However, the Tax Department has filed reference before honorable Lahore High Court against the judgment of ATIR. The case is pending adjudication. Provision has not been recognized by the Group, as the management expects a favorable outcome.
- While finalizing income tax assessments for the tax year 2011, ACIR made additions amounting to Rs. 42.2 million with aggregate tax impact of Rs. 24 million. The Group filed an appeal before CIR (Appeals) who deleted additions aggregating to Rs. 39.7 million. For the remaining amount Rs. 2.5 million the Group has filed an appeal before the ATIR which is pending adjudication. Provision has not been recognized by the Group, as the management expects a favorable outcome.
- The ACIR had issued an amended assessment order u/s 122(1)/122(5)/177) of the Income Tax Ordinance, 2001 and made certain addition amounting to Rs. 24.1 million for the Tax year 2013. The Group preferred an appeal to CIR

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For The Year Ended 31 December 2019

against the aforesaid order. The CIR vide his appellate order, upheld the addition amounting to Rs. 24.1 million. Being aggrieved the Group has filed an appeal against the aforementioned addition before the ATIR, which is still pending. Provision has not been recognized by the Group, as the management expects a favorable outcome.

- The Deputy Commissioner Inland Revenue has passed orders under section 161/205 in respect of Tax Years 2013, 2015 and 2016 and created a demand of Rs. 3.7 million based on the observation that the Group has not deducted Withholding Tax while making payment to certain suppliers. Being aggrieved with the order the Group has filed appeal in CIR (Appeals), which are pending adjudications. Provision has not been recognized by the Group, as the management expects a favorable outcome.
- The DCIR issued an order under section 161/205 in respect of income tax year 2014 and created a demand of Rs.1.5 million based on the observation that the Group has not deducted Withholding Tax while making payments to certain suppliers against purchases and other services. Being aggrieved with the order the Group has filed an appeal before the CIR (Appeals) which is pending adjudication. Provision has not been recognized by the Group, as the management expects a favorable outcome.
- The DCIR issued an order under section 45B of the Sales Tax Act, 1990 by creating demand of Rs. 4.3 million. The Group has preferred appeal against the said order which has been partially decided in the favor of the Group and demand has been reduced by Rs. 3.73 million. The Group has preferred appeal against the remaining addition of before ATIR, which is pending adjudication. Provision has not been recognized by the Group, as the management expects a favorable outcome.

	2019 Rupees	2018 Rupees
15.2 Commitments		
Commitments against irrevocable letters of credit include:		
Raw materials	461,670,227	324,563,123
Packing materials	47,346,415	23,515,118
Finished goods	12,940,473	15,861,921
Plant and machinery	66,233,943	128,128,340
	588,191,058	492,068,502

Rentals under ijarah agreements:

Not later than one year	22,043,348	9,987,189
Later than one year but not later than five years	1,291,293	17,225,638
	23,334,641	27,212,827

- Bank guarantees issued on behalf of the Group aggregate to Rs. 1.60 million (2018: Rs 1.60 million).
- Facilities of letters of guarantee amounting to Rs. 20 million (2018: Rs. 20 million) are available to the Group under charge of stocks and on present and future current assets and property, plant and equipment of the Group.

	Note	2019 Rupees	2018 Rupees
16. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	16.1	1,188,571,085	1,138,014,732
Right of use assets	16.1	67,870,341	85,939,679
Capital work in progress	16.2	126,146,625	30,982,977
		1,382,588,051	1,254,937,388

16.1 Operating fixed assets

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

2019										
DESCRIPTION	Cost/revalued amount				Accumulated depreciation				Net book value as at 31 December	Rate
	As at 01 January	Additions / Transfers	Disposals	As at 31 December	As at 01 January	Depreciation charge for the year	Transfer/ (Disposal)	As at 31 December		
Rupees										
Land - freehold	274,700,000	-	-	274,700,000	-	-	-	-	274,700,000	-
Building on freehold land	588,160,901	251,400	-	588,412,301	362,558,881	22,574,142	-	385,133,023	203,279,278	10%
Plant and machinery	1,146,672,522	31,142,725	-	1,220,268,638	716,182,503	44,703,289	-	760,885,792	459,382,846	10%
		42,453,391 **								
Laboratory equipment	61,832,561	14,696,919	-	76,529,480	21,212,453	4,493,272	-	25,705,725	50,823,755	10%
Furniture and fixtures	38,737,410	2,009,900	-	40,747,310	16,336,055	2,298,800	-	18,634,855	22,112,455	10%
Electric and gas appliances	54,430,420	957,818	-	57,508,238	24,087,864	3,107,122	-	27,194,986	30,313,252	10%
		2,120,000 **								
Office equipment	75,388,887	6,167,486	-	81,906,373	49,257,657	7,347,079	-	56,604,736	25,301,637	25%
		350,000 **								
Vehicles	176,796,156	69,638,401	136,804,857	228,826,700	89,162,346	29,291,231	(62,645,724)	106,253,109	122,573,591	20%
		119,197,000 *					50,445,256 *			
Library books	52,806	-	-	52,806	50,974	183	-	51,157	1,649	10%
Neon sign	204,990	-	-	204,990	148,088	5,690	-	153,778	51,212	10%
Arms and ammunition	166,100	-	-	166,100	131,200	3,490	-	134,690	31,410	10%
	2,417,142,753	288,985,040	136,804,857	2,569,322,936	1,279,128,021	113,824,297	(12,200,468)	1,380,751,851	1,188,571,085	
Right-of-use assets:										
Vehicles	119,197,000	(119,197,000)*	-	-	33,257,321	17,187,935	(50,445,256)*	-	-	20%
Warehouses	-	81,469,224	-	81,469,224	-	13,598,883	-	13,598,883	67,870,341	5-10%
	119,197,000	(37,727,776)	-	81,469,224	33,257,321	30,786,818	(50,445,256)	13,598,883	67,870,341	
Total	2,536,339,753	251,257,264	136,804,857	2,650,792,160	1,312,385,342	144,611,115	(62,645,724)	1,394,350,734	1,256,441,426	

*This represents amount transferred from right of use assets.

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

16.1 Operating fixed assets

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

2018										
DESCRIPTION	Cost/revalued amount				Accumulated depreciation				Net book value as at 31 December	Rate
	As at 01 January	Additions / Transfers	Disposals	As at 31 December	As at 01 January	Depreciation charge for the year	Transfer/ (Disposal)	As at 31 December		
Rupees										
Land - freehold	274,700,000	-	-	274,700,000	-	-	-	-	274,700,000	-
Building on freehold land	584,230,006	3,930,895	-	588,160,901	337,720,247	24,838,634	-	362,558,881	225,602,020	10%
Plant and machinery	1,127,561,248	4,507,790	-	1,146,672,522	669,133,924	47,048,579	-	716,182,503	430,490,019	10%
		14,603,484 **								
Laboratory equipment	55,507,731	9,160,605	2,835,775	61,832,561	18,112,384	3,742,214	(642,145)	21,212,453	40,620,108	10%
Furniture and fixtures	28,404,127	10,333,283	-	38,737,410	14,761,489	1,574,566	-	16,336,055	22,401,355	10%
Electric and gas appliances	49,509,086	4,921,334	-	54,430,420	21,093,932	2,993,932	-	24,087,864	30,342,556	10%
Office equipment	55,756,475	19,632,412	-	75,388,887	43,819,512	5,438,145	-	49,257,657	26,131,230	25%
Vehicles	201,703,248	15,001,261	45,239,353	176,796,156	90,268,450	22,222,000	(25,896,461)	89,162,346	87,633,810	20%
		5,331,000 *					2,568,357 *			
Library books	52,806	-	-	52,806	50,771	203	-	50,974	1,832	10%
Neon sign	204,990	-	-	204,990	141,766	6,322	-	148,088	56,902	10%
Arms and ammunition	166,100	-	-	166,100	127,322	3,878	-	131,200	34,900	10%
	2,377,795,817	87,422,064	48,075,128	2,417,142,753	1,195,229,797	107,868,473	(23,970,249)	1,279,128,021	1,138,014,732	
Right-of-use assets:										
Vehicles	62,922,500	61,605,500	-	119,197,000	17,774,723	18,050,955	-	33,257,321	85,939,679	20%
Transfers from RoU assets	-	(5,331,000)*	-	-	-	-	(2,568,357)*	-	-	
	62,922,500	56,274,500	-	119,197,000	17,774,723	18,050,955	(2,568,357)	33,257,321	85,939,679	
Total	2,440,718,317	143,696,564	48,075,128	2,536,339,753	1,213,004,520	125,919,428	(26,538,606)	1,312,385,342	1,223,954,411	

*This represents amount transferred from right of use assets.

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

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	Note	2019 Rupees	2018 Rupees
16.1.1 Depreciation charge has been allocated as under:			
Cost of revenue	28	89,230,079	82,247,925
Distribution, selling and promotional expenses	29	41,297,724	20,941,937
Administrative and general expenses	30	14,083,314	22,729,566
		144,611,117	125,919,428
16.1.2 The latest revaluation of land, building on freehold land and plant and machinery was carried out on 31 December 2017 by M/S Surval which resulted in a surplus of Rs. 215,900,458 over the net carrying value of assets.			
16.1.3 Had the assets not been revalued, the carrying values would have been:			
Land - freehold		39,566,828	39,566,828
Building on freehold land		144,931,259	160,715,904
Plant and machinery (Owned)		351,218,827	310,362,762
		535,716,914	510,645,494

16.1.4 Disposal of property, plant and equipment

Description	Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Gain / (Loss)	Mode of Sale	Particulars of Purchasers
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Vehicles sold to employees:

Vehicle Type

Motor Cars

Reg. No	Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Gain / (Loss)	Mode of Sale	Particulars of Purchasers	
Toyota Corolla	LEB-14-9730	1,625,500	1,089,157	536,343	536,343	-	Company Policy	Azia Zafar
Honda City	LEB-14-9728	1,552,000	1,039,909	512,091	512,091	-	Company Policy	Imran Masood Butt
Toyota Corolla	LEC-14-8025	1,625,500	1,078,430	547,070	530,243	(16,827)	Company Policy	Fazal H. Rizwan Pirzada
Honda City	LEE-14-9051	1,512,000	1,003,129	508,871	528,827	19,956	Company Policy	Muhammad Sikander
Honda City	LEC-14-9670	1,512,000	984,206	527,794	557,384	29,590	Company Policy	Qaisar Rashid
Honda City	LEE-14-9052	1,512,000	964,938	547,062	547,062	-	Company Policy	Faisal Shahzad
Honda City	BCD-042	1,512,000	943,606	568,394	578,027	9,633	Company Policy	Humayoun Nizami
Honda City	LEF-14-4814	1,512,000	953,240	558,760	558,760	-	Company Policy	Malik Arshad Mahmood
Honda City	LEF-14-4816	1,512,000	953,240	558,760	558,760	-	Company Policy	Qaswer Abbas
Toyota Corolla	LEF-14-5054	1,645,500	1,016,436	629,064	629,064	-	Company Policy	Shahid Toufique
Toyota Corolla	LEH-14-5691	1,645,500	1,047,890	597,610	618,954	21,344	Company Policy	Zia Attique
Honda Civic	LEA-14-1850	2,453,000	1,497,930	955,070	955,070	-	Company Policy	Ahmed Raza
Toyota Corolla	LEC-15-1073	1,770,500	1,025,662	744,838	744,838	-	Company Policy	Muhammad Zahid Ahmed
Honda City	LEF-15-7882	1,512,000	875,912	636,088	698,450	62,362	Company Policy	Zia Ul Islam
Toyota Corolla	LEC-15-8408	2,320,500	1,325,140	995,360	995,360	-	Company Policy	Dr.Saleem Akhter
Toyota Corolla	LEE-15-8261	1,845,500	1,008,217	837,283	837,283	-	Company Policy	Javed Hussain
Honda Civic	LEA-16-8773	2,521,000	1,247,721	1,273,271	1,273,271	-	Company Policy	Dr. Adeel Abbas
Suzuki Cultus	LEA-16-7921	1,049,000	518,999	530,001	808,316	278,315	Company Policy	Muhammad Tariq
Suzuki Cultus	LEA-16-7893	1,049,000	518,999	530,001	812,079	282,078	Company Policy	Muhammad Ahsan
Suzuki Cultus	LEE-16-8502	1,099,000	498,409	600,591	876,859	276,268	Company Policy	Khawaja Wajih
Suzuki Cultus	LEE-16-8497	1,099,000	498,409	600,591	876,859	276,268	Company Policy	Faisal Naeem
Suzuki Cultus	LEH-16-5702	1,129,000	477,090	651,910	890,455	238,545	Company Policy	Abdul Mateen
Suzuki Wagon R	LEA-16A-7670	1,054,000	412,793	641,207	641,207	-	Company Policy	Zubair Ahmed Khan
Toyota Corolla	LEA-16A-8278	1,880,500	914,007	966,493	1,124,288	157,795	Company Policy	Atif Rafique
Suzuki Cultus	BHS-699	1,124,000	385,157	738,843	946,978	208,135	Company Policy	Muhammad Nazir
Suzuki Cultus	LEB-17-8351	1,129,000	412,461	716,539	951,800	235,261	Company Policy	Haider Saeed Raj
Suzuki Cultus	LEB-17-8741	1,129,000	450,847	678,153	938,350	260,197	Company Policy	Muhammad Khurram
Toyota Corolla	LE-16A-8705	2,015,500	873,383	1,142,117	1,184,577	42,460	Company Policy	Ahsan Zamir
Toyota Corolla	LED-17-8148	2,017,000	805,007	1,211,993	1,281,619	69,626	Company Policy	Kamran Ikram
Suzuki Cultus	LEH-17-7678	1,250,000	472,222	777,778	1,034,488	256,710	Company Policy	Akbar Shahidue
Honda City	LE-17A-9970	1,537,000	465,882	1,071,118	1,090,245	19,127	Company Policy	Dr.Imran
Suzuki Mehran	LE-17A-7636	732,000	184,789	547,211	646,186	98,975	Company Policy	Tahir Rafique
Suzuki Cultus	LEC-17A-1807	1,250,000	430,556	819,444	1,077,659	258,215	Company Policy	Rajesh Raiyue
Suzuki Mehran	LEA-18-7647	742,000	217,653	524,347	678,930	154,583	Company Policy	Shujat Hussain

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16.1.4 Disposal of property, plant and equipment

Description	Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Gain / (Loss)	Mode of Sale	Particulars of Purchasers
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Vehicles sold to employees:

Vehicle Type

Reg. No	Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Gain / (Loss)	Mode of Sale	Particulars of Purchasers	
Suzuki Mehran	LEA-18-7649	742,000	227,547	514,453	672,153	157,700	Company Policy	Zeeshan Ashraf
Suzuki Cultus	LEA-18-7638	1,250,000	416,667	833,333	1,123,215	289,882	Company Policy	Kazim Raza
Suzuki Cultus	LEA-18-7639	1,250,000	316,667	933,333	1,092,690	159,357	Company Policy	Asad Ullah
Suzuki Mehran	LEC-18-7028	742,000	156,232	585,768	669,861	84,093	Company Policy	Muhammad Alam
Suzuki Cultus VXR	LEA-18-8944	1,250,000	263,194	986,806	1,056,480	69,674	Company Policy	Nouman Nasir
Suzuki Cultus	LEB-18-7253	1,250,000	348,264	901,736	1,098,276	196,540	Company Policy	Shafiq Ahmad
Suzuki Mehran	LEC-18-8384	742,000	144,278	597,722	669,861	72,139	Company Policy	Muhammad Jamal
Suzuki Cultus	LEC-18-2486	1,250,000	243,056	1,006,944	1,128,473	121,529	Company Policy	Hina Rasheed
Honda Civic	LEF-18-8394	2,727,500	438,673	2,288,827	2,727,500	438,673	Company Policy	Ihsan Ullah Khan
Suzuki Cultus	LE-18A-7656	1,300,000	187,778	1,112,222	1,206,111	93,889	Company Policy	Ammar Ahmad
Suzuki Cultus	LE-18A-7658	1,300,000	306,944	993,056	1,193,104	200,048	Company Policy	Tahir Ali
Suzuki Mehran	LE-18A-7892	762,000	144,992	617,008	731,510	114,502	Company Policy	Farhan Naeem
Suzuki Mehran	LE-18A-7893	762,000	86,783	675,217	749,729	74,512	Company Policy	Ahmed Raza
Suzuki Mehran	BFM-493	530,542	26,527	504,015	364,293	(139,722)	Company Policy	Sajjad Ali Shah
Suzuki Mehran	LED-17-6936	558,465	37,231	521,234	503,972	(17,262)	Company Policy	Saif Ur Rehman
Suzuki Mehran	BJF-326	558,465	37,231	521,234	512,179	(9,055)	Company Policy	Abdul Wahid Siddiqui
Suzuki Mehran	LEC-18-7309	698,766	104,815	593,951	649,071	55,120	Company Policy	Irfan Younas
Suzuki Mehran	LEA-18A-7505	840,000	98,000	742,000	779,333	37,333	Company Policy	Asifa Wahid
Suzuki Mehran	LEA-18A-7506	840,000	98,000	742,000	772,800	30,800	Company Policy	Maria Nazeer
Suzuki Cultus	LEA-18A-7476	1,340,000	245,667	1,094,333	1,180,690	86,357	Company Policy	Muhammad Younus
Suzuki Cultus	LEA-18A-7477	1,340,000	44,667	1,295,333	1,274,489	(20,844)	Company Policy	Hassan Ur Rehman
Honda City	LEE-16-1066	1,285,056	192,758	1,092,298	791,325	(300,973)	Company Policy	Shahzad Shaukat
Honda City	LEE-16-1855	1,285,056	128,506	1,156,550	1,070,880	(85,670)	Company Policy	Muhammad Asmat Ullah

Sold to third party:

Suzuki Cultus	LEE-16-8992	1,119,000	560,395	558,605	1,010,000	451,395	Negotiation	Mr.Azam
Suzuki Mehran	LEB-17A-8472	732,000	108,173	623,827	580,000	(43,827)	Negotiation	Asif bashir

Items having NBV less than

Rs.500,000 each	59,476,507	31,091,694	28,384,813	45,166,439	16,781,626		
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2019 **136,804,857** **62,645,723** **74,159,134** **96,295,566** **22,136,432**

2018 **48,075,128** **26,538,606** **21,536,522** **37,028,793** **15,492,271**

16.1.5 Forced sale value as per the last revaluation report as of 31 December 2017 - Note 16.1.6

Asset Class	Forced sale value -----Rupees -----
Freehold land	199,760,000
Building on freehold land	124,000,000
Plant and machinery	254,400,000
Total	578,160,000

16.1.6 The above amount does not include assets which are capitalized from 1st January 2018 to 31 December 2019.

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16.1.7 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 and Registered Office	45.4	246,976
517 - Sundar Industrial Estate, Raiwind road Lahore	Pharmaceutical Production Plant	8.0	12,536

16.2 Capital work in progress

Movement in capital work in progress is as follows:

	Plant and machinery		Others	
	2019	2018	2019	2018
Opening balance	30,982,977	-	-	-
Additions during the year	139,715,230	30,982,977	371,809	14,603,484
Capitalized during the year	(44,923,391)	-	-	(14,603,484)
	125,774,816	30,982,977	371,809	-

17. INTANGIBLE ASSETS

PARTICULARS	2019							
	Cost			Amortization			Book value as at 31 December 2019	Rate %
	As at 01 January 2019	Additions	As at 31 December 2019	As at 01 January 2019	For the year	As at 31 December 2019		
Registration and trademark	156,094,175	120,090	156,214,265	154,873,842	353,682	155,227,524	986,741	20
Computer software	11,305,681	-	11,305,681	11,305,681	-	11,305,681	-	10-33
License	651,303	-	651,303	99,342	130,261	229,603	421,700	20
	168,051,159	120,090	168,171,249	166,278,865	483,943	166,762,808	1,408,441	

PARTICULARS	2018							
	Cost			Amortization			Book value as at 31 December 2018	Rate %
	As at 01 January 2018	Additions	As at 31 December 2018	As at 01 January 2018	For the year	As at 31 December 2018		
Registration and trademark*	156,034,175	60,000	156,094,175	149,471,825	5,402,017	154,873,842	1,220,333	20
Computer software	11,305,681	-	11,305,681	11,305,681	-	11,305,681	-	10-33
License**	100,000	551,303	651,303	20,000	79,342	99,342	551,961	20
	167,439,856	611,303	168,051,159	160,797,506	5,481,359	166,278,865	1,772,294	

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

In the current year the intangible assets includes fully amortized registration & trade mark and computer software.

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

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
17.1 Amortization charge has been allocated as under:			
Cost of revenue	28	483,943	4,608,054
Distribution, selling and promotional expenses	29	-	873,305
		483,943	5,481,359
18. GOODWILL			
Goodwill on acquisition of subsidiary	18.1	834,230	834,230

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

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

	2015 Rupees
Assets Acquired:	
Property, plant and equipment	51,815,300
Capital work in progress	3,887,304
Cash and cash equivalents	11,816
Less:	55,714,420
Liabilities assumed:	
Trade and other payables	115,730
Directors' loans	1,265,477
	1,381,207
Total identifiable net assets at fair value	54,333,213

Purchase consideration transferred in cash	44,300,800
Non-Controlling Interest at acquisition date	10,866,643
	55,167,443

Goodwill arising on acquisition 834,230

Net cash flow on acquisition of subsidiary company:

Purchase consideration transferred in cash	44,300,800
Less: cash and cash equivalents of subsidiary company	(11,816)
Net cash flow on acquisition of subsidiary company	44,288,984

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

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

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

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

19. DEFERRED TAX -NET

	Note	2019 Rupees	2018 Rupees
Deferred tax liabilities on taxable temporary differences:			
Surplus on revaluation of assets	7	45,309,090	49,737,145
Accelerated tax depreciation		79,068,493	43,722,774
Lease liabilities		(1,091,282)	4,486,861
		123,286,301	97,946,780
Deferred tax assets on deductible temporary differences			
Allowance for expected credit losses		(2,193,977)	(701,891)
Provision for gratuity		(113,648,634)	(77,644,735)
Provision for stock		(5,244,860)	(2,310,921)
Unused tax losses and tax credits		(30,556,712)	-
		(151,644,183)	(80,657,547)
Deferred tax (asset) / liability - net		(28,357,882)	17,289,233

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
19.1 Movement in deferred tax is as follows:			
At beginning of the year		17,289,233	31,021,399
Recognized as deferred tax expense / (income) in statement profit and loss:			
- Surplus on revaluation of fixed assets		(4,973,715)	(5,670,043)
- Accelerated tax depreciation on fixed assets		35,345,719	(6,055,546)
- Leased liabilities		(5,578,143)	751,111
- Provision for stock		(2,933,939)	532,739
- Allowance for expected credit losses		(1,492,086)	18,250
- Unused tax Losses and tax credits		(30,556,712)	-
- Gratuity		(25,401,753)	3,503,435
		(35,590,629)	(6,920,054)
Recognized in surplus on revaluation of fixed assets:			
- Effect of change in tax rate		-	(1,701,013)
- Effect of change in proportion of normal sales		545,660	407,769
		545,660	(1,293,244)
Recognized as deferred tax income in other comprehensive income:			
- Gratuity		(10,602,146)	(5,518,868)
		(28,357,882)	17,289,233

20. STOCK IN TRADE

Raw materials			
In hand		804,797,902	591,435,860
In transit		8,426,927	125,235,676
With third party		53,205,332	10,782,962
		866,430,161	727,454,498
Packing material			
In hand		206,945,781	196,311,774
In transit		3,755,785	11,821,638
With third party		8,775,967	-
		219,477,533	208,133,412
Work in process		179,497,794	112,613,709
Finished goods			
Trading -in hand		213,790,656	232,567,466
Trading -in transit		113,407,257	-
Manufactured		272,891,928	96,461,098
		584,442,183	329,028,564
Less: Provision for slow moving and obsolete items	20.1	(19,200,772)	(9,306,296)
		1,830,646,899	1,367,923,887

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
20.1			
Provision for slow moving and obsolete items			
Opening provision		9,306,296	11,361,112
Charge for the year		18,341,448	4,583,349
Written off during the year		(8,446,972)	(6,638,165)
Closing provision		19,200,772	9,306,296
21. TRADE DEBTS			
Foreign		62,953,923	47,932,356
Local	21.1	336,271,796	236,188,308
		399,225,719	284,120,664
Less: Allowance for expected credit losses	21.2	(8,062,919)	(2,610,909)
		391,162,800	281,509,755
21.1			
These customers have no history of default. Age analysis of these trade debts is given in Note 38.			
21.2			
Allowance for expected credit losses:			
Opening balance		2,610,909	2,610,909
Addition during the year	32	5,452,010	-
		8,062,919	2,610,909

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
22. ADVANCES - considered good			
Advances to staff - secured			
Executives:			
- Against salary		-	4,350,000
Other employees:			
- Against expenses		32,241,892	21,624,749
- Against salary		37,748,778	19,626,575
- current portion of advances against vehicles		12,808,820	-
		82,799,490	41,251,324
		82,799,490	45,601,324
Advance to suppliers against goods and services- considered good			
- Un secured		63,371,546	30,775,352
		146,171,036	76,376,676
23. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits		22,579,541	18,860,957
Short term prepayments		12,830,460	12,381,205
		35,410,001	31,242,162
24. OTHER RECEIVABLES	24.1	3,066,099	3,776,324
24.1			
These includes claims receivable from various insurance companies against vehicles and equipment and receivable from worker's profit participation fund (Note 12.3).			
25. TAX REFUNDS DUE FROM THE GOVERNMENT			
Sales tax refundable - net		2,987,866	7,610,450

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
26. CASH AND BANK BALANCES			
Cash and imprest		2,078,161	2,198,982
Balance with banks			
Current accounts			
-Local currency		112,957,125	207,056,735
-Foreign currency		11,415,440	27,824,075
Saving accounts	26.1	606,024,891	293,659,059
Term deposit receipts	26.2	126,553,695	250,000,000
		856,951,151	778,539,869
		859,029,312	780,738,851

26.1 These represents saving accounts which carries profit ranging from 6%-12.07% (2018: 5.82% -6%).

26.2 These represents investments in term deposit receipts those carries profit ranging from 6.3%-10.2% (2018: 6.1%-10.2%).

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
27. REVENUE FROM CONTRACTS WITH CUSTOMERS- NET			
Local sales	27.1	8,550,066,443	6,887,266,863
Export sales		394,095,555	391,592,448
		8,944,161,998	7,278,859,311
Toll manufacturing		359,401,831	360,008,971
		9,303,563,829	7,638,868,282
Less:			
Discount		172,854,723	84,718,033
Sales tax		33,387,223	30,718,084
Sales return		49,628,990	20,331,659
		(255,870,936)	(135,767,776)
		9,047,692,893	7,503,100,506

27.1 These includes trading sales amounting to Rs. 1.14 billion. (2018: RS. 820 million)

27.2 Geographical information

Sales to external customers - net			
Pakistan		8,653,597,338	7,111,508,058
Afghanistan		237,662,988	251,355,923
United Arab Emirates		64,120,815	61,131,107
France		46,475,547	39,169,045
Kenya		21,728,199	15,344,701
Cambodia		13,191,911	8,221,335
Tanzania		10,496,582	4,636,914
Others		419,513	11,733,423
Total revenue from contracts with customers-net		9,047,692,893	7,503,100,506

Timing of revenue recognition

Goods transferred at a point in time		9,047,692,893	7,503,100,506
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Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
28. COST OF REVENUE			
Raw and packing material consumed		3,554,102,834	2,515,459,158
Salaries, wages and benefits	28.1	505,994,035	379,096,536
Fuel and power		108,293,807	85,417,437
Repair and maintenance		77,677,380	63,908,740
Depreciation	16.1.1	89,230,079	82,247,925
Rent, rates and taxes		27,075,588	34,090,134
Factory supplies		33,312,291	31,090,338
Vehicle running and maintenance		33,754,201	29,160,487
Stores consumed		37,711,519	30,120,641
Insurance		11,839,771	9,993,593
Printing and stationery		5,230,265	5,242,025
Amortization of intangible assets	17.1	483,943	4,608,054
Fee and subscription		5,787,713	3,859,742
Ijarah rentals		4,644,538	5,582,711
Other direct costs		2,791,214	2,583,465
Traveling and conveyance		4,910,448	2,449,080
Telephone, postage and communication		957,989	1,296,115
Provision for impairment of stocks		636,963	558,807
Consultancy and professional charges		2,068,511	1,167,300
Staff welfare and entertainment		3,443,830	2,570,901
Legal and professional		1,048,576	502,834
Freight		833,820	496,510
		4,511,829,315	3,291,502,533
Inventory effect of work in process			
Opening		112,613,709	78,152,547
Closing		(179,497,794)	(112,613,709)
		(66,884,085)	(34,461,162)
Cost of goods manufactured		4,444,945,230	3,257,041,371
Inventory effect of finished goods			
Opening		329,028,564	255,768,120
Purchases		625,687,578	775,904,632
Closing		(584,442,183)	(329,028,564)
		370,273,959	702,644,188
Cost of goods sold		4,815,219,189	3,959,685,559

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
28.1	This includes the following staff retirement benefits:		
	Defined benefit plan - Gratuity	31,850,427	22,461,692
	Defined contribution plan - Provident Fund	10,335,640	8,907,729
	Provision for compensated leave absences	6,986,021	4,632,108
		49,172,088	36,001,529
29. DISTRIBUTION, SELLING AND PROMOTIONAL EXPENSES			
Salaries and benefits	29.1	934,091,303	859,727,294
Traveling and conveyance		339,466,848	316,007,140
Training, seminars and symposia		430,894,990	303,156,063
Literature, promotion and advertisement material		323,223,520	227,232,423
Vehicle running and maintenance		75,408,897	90,583,255
Freight		75,902,930	67,232,540
Sample goods		54,499,003	52,556,672
Telephone, postage and communication		27,121,382	41,295,146
Newspapers and subscriptions		35,948,991	28,436,629
Insurance		30,131,868	24,197,186
Depreciation	16.1.1	41,297,724	20,941,937
Commission on sales		6,348,045	7,085,340
Office supplies		2,799,041	3,963,366
Ijarah rentals		2,574,779	3,893,936
Printing and stationery		4,623,704	3,226,004
Repair and maintenance		1,900,000	1,106,971
Amortization of intangible assets	17.1	-	873,305
Legal and professional charges		33,715	81,272
Others		69,121	72,647
Donation	29.2	453,089	543,478
		2,386,788,950	2,052,212,604
29.1	This includes following staff retirement benefits:		
	Defined benefit plan - Gratuity	17,334,797	11,162,564
	Defined contribution plan - Provident Fund	22,263,993	17,755,518
	Provision for compensated leave absences	18,028,949	7,516,080
		57,627,739	36,434,162
29.2	None of the Directors or their spouses have any interest in the donees' fund.		

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
30. ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries and benefits	30.1	270,668,787	212,533,770
Vehicle running and maintenance		32,686,620	30,510,373
Depreciation	16.1.1	14,083,314	22,729,566
Rent, rates and taxes		15,598,852	15,395,387
Traveling and conveyance		11,754,933	5,349,568
Advertisement, seminars and symposia		8,040,106	8,641,765
Legal and professional charges		6,250,018	6,727,158
Insurance		6,136,059	5,675,379
Newspapers and subscriptions		2,894,434	5,090,336
Printing and stationery		2,792,536	4,898,510
Telephone, postage and communication		5,680,729	5,523,346
Ijarah rentals		4,550,192	5,089,708
Others		569,500	2,644,419
Repairs and maintenance		3,529,248	5,091,148
Office supplies		2,068,497	2,568,340
Donation	30.3	1,660,252	1,980,623
Electricity, gas and water		2,833,793	1,858,267
Auditors' remuneration	30.2	2,252,500	2,105,459
Staff welfare and entertainment		1,385,005	1,480,002
Staff Training & Development		246,800	205,187
Fee and subscription		533,425	197,529
Provision against doubtful debts		-	-
		396,215,600	346,295,840
30.1 It includes the following staff retirement benefits:			
Defined benefit plan - Gratuity		20,499,003	15,405,855
Defined contribution plan - Provident Fund		8,256,248	7,120,060
Provision for compensated leave absences		3,249,766	2,464,068
		32,005,017	24,989,983
30.2 Auditor's remuneration			
Statutory audit		1,540,000	1,502,113
Fee for review of half yearly financial information		396,000	351,698
Review of Statement of compliance of CCG		110,000	109,148
Out of pocket		206,500	142,500
		2,252,500	2,105,459
30.3 Donation includes an amount of Rs.1.4 million paid to Pakistan Pediatric Association. None of the Directors or their spouses have any interest in the donee's fund.			

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
31. RESEARCH AND DEVELOPMENT EXPENSES			
Salaries and benefits	31.1	3,851,262	3,252,003
Traveling		191,016	104,651
Insurance		60,989	42,552
Vehicle repair and maintenance		314,396	299,439
Printing and stationery		13,553	57,914
Office supplies		17,322	8,072
Others		563,980	34,639
		5,012,518	3,799,270
31.1 It includes the defined contribution plan - Provident fund of Rs. 0.15 million (2018: Rs. 0.14 million)			
32. OTHER OPERATING EXPENSES			
Worker's Profit Participation Fund	12.3	74,989,515	56,711,066
Exchange gain / (loss) - net		61,983	(355,193)
Worker's Welfare Fund		27,996,934	20,954,021
Central Research Fund		15,120,789	11,344,600
Allowance for expected credit losses	21.2	5,452,010	-
		123,621,231	88,654,494
33. OTHER INCOME			
Income from financial assets:			
Return on deposit		52,389,295	11,333,129
Income from non-financial assets:			
Gain on disposal of operating fixed assets	16.1.4	22,136,434	15,492,271
Scrap sales		8,505,224	4,096,122
Others		-	501,472
		83,030,953	31,422,994
34. FINANCE COSTS			
Mark-up on long term loans		-	6,782,523
Mark-up on short term borrowings	34.1	12,866,206	3,315,384
Finance cost on lease liabilities		16,536,114	4,843,867
Interest on Workers' Profit Participation Fund	12.3	386,264	289,688
Bank charges		5,254,912	3,024,982
		35,043,496	18,256,444
34.1 This represents the mark up cost incurred on running finance facilities availed by the Group during the year from United Bank Limited, JS Bank Limited and Habib Bank Limited.			

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	2019 Rupees	2018 Rupees
35. TAXATION		
Current:		
For the year	401,663,693	326,213,866
Prior year	2,145,896	14,168,017
	403,809,589	340,381,883
Deferred:		
Relating to origination and reversal of temporary differences	(35,590,629)	(6,920,054)
	368,218,960	333,461,829

35.1 Reconciliation of tax charge for the year

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

	2019	2018
Average effective tax rate charged on income	29.50%	31.29%
Applicable tax rate	29.00%	29.00%
Tax effect of prior year	0.16%	0.40%
Tax effect of tax credit and tax rebate	-0.05%	-0.36%
Tax effect under presumptive tax regime and others	0.02%	1.32%
Tax effect of admissible expenses	0.37%	0.93%
	29.50%	31.29%

36. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2019	2018
Profit after taxation	Rupees	1,000,603,902	732,157,460
Weighted average number of ordinary shares	Number of shares	31,468,131	31,468,131
Earnings per share	Rupees	31.80	23.27

36.1 The weighted average number of ordinary shares of 2018 have been restated due to issuance of 2,860,738 bonus shares in 2019 in accordance with the requirement of IAS 33.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2019		2018	
	Chief Executive	Executives	Chief Executive	Executives
	-----Rupees-----			
Managerial remuneration	16,064,268	187,560,120	15,258,454	148,874,282
House allowance	6,232,721	67,491,104	3,703,968	53,222,113
Provident fund	902,705	12,989,037	771,501	9,919,617
Gratuity	2,106,933	40,661,100	1,535,135	29,044,740
Bonus	6,220,565	47,878,910	2,314,980	27,223,485
Utilities	1,087,499	16,348,328	925,992	13,527,696
Medical	-	5,334,655	-	5,095,483
	32,614,691	378,263,254	24,510,030	286,907,416
Number of persons	2	64	2	53

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

37.2 No meeting fee is paid to an independent, non-executive director for attending Board meetings.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

38. FINANCIAL RISK MANAGEMENT

38.1 Financial risk factors

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

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

- Market risk
- Credit risk
- Liquidity risk

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

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

(a) Market risk

(i) Currency risk

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

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

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

	Changes in FC Rate	Effects on Profit Before Tax 2019	Effects on Profit Before Tax 2018
		Rupees	Rupees
Receivables - USD	+10%	2,827,509	2,531,280
	-10%	(2,827,509)	(2,531,280)
Payables - Euro	+10%	840,453	(391,814)
	-10%	(840,453)	391,814
Payables - JPY	+10%	1,805,760	-
	-10%	(1,805,760)	-
Bank balance - USD	+10%	1,141,318	2,096,339
	-10%	(1,141,318)	(2,096,339)
		2019	2018
Reporting date rate:		Rupees	Rupees
USD		154.82	138.60
Euro		174.05	158.52
JPY		1.425	1.28

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

(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 liabilities against assets subject to finance lease and short term Borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Group to fair value interest rate risk.

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

	2019 Rupees	2018 Rupees
Floating rate instruments		
Financial assets		
Term deposit receipts	126,553,695	250,000,000
Cash and bank balances - deposit accounts	606,024,891	293,659,059
	732,578,586	543,659,059
Financial liabilities		
Lease liabilities	71,880,829	69,249,350
Long term loan	44,334,172	44,335,010
Short term borrowings	36,442,430	22,011,812
	152,657,431	135,596,172

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Group.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

Cash flow sensitivity analysis for variable rate instruments

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

		Changes in Interest Rate		Effects on Profit Before Tax
		+1.50	-1.50	Rupees
Long term loan	2019	+1.50		665,013
		-1.50		(665,013)
	2018	+1.50		665,025
		-1.50		(665,025)
Short term borrowings	2019	+1.50		546,636
		-1.50		(546,636)
	2018	+1.50		330,177
		-1.50		(330,177)
Lease liabilities	2019	+1.50		(1,078,212)
		-1.50		1,078,212
	2018	+1.50		(1,038,740)
		-1.50		1,038,740
Short term deposits	2019	+1.50		1,898,305
		-1.50		(1,898,305)
	2018	+1.50		3,750,000
		-1.50		(3,750,000)
Cash and bank balances - deposit accounts	2019	+1.50		9,090,373
		-1.50		(9,090,373)
	2018	+1.50		4,404,886
		-1.50		(4,404,886)

(b) Credit risk

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

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

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

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

	2019 Rupees	2018 Rupees
Trade debts - unsecured	399,225,719	284,120,664
Long term deposits	22,160,371	14,998,514
Trade deposits	22,579,541	18,860,957
Other receivables	3,066,099	3,457,488
Term deposit receipts	126,553,695	250,000,000
Bank balances	730,397,456	528,539,869
	1,303,982,881	1,099,977,492

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

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

At 31 December 2019, the Group has 56 (2018:40) customers who owed the Group more than Rs. 1 million each and accounted for approximately 94% (2018:97%) of all receivables owing.

The aging of trade debts at the reporting date is:

	2019 Rupees	2018 Rupees
1-30 days	258,218,502	160,351,933
31-60 days	27,706,657	10,404,680
61-90 days	14,712,784	9,943,231
Over 90 days	98,587,776	52,877,555
	399,225,719	233,577,399
Less: Allowance for expected credit losses	(8,062,919)	(2,610,909)
	391,162,800	230,966,490

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Group. Accordingly the credit risk is minimal.

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

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

	Rating			2019 Rupees	2018 Rupees
	Short term	Long term	Agency		
Banks					
National Bank of Pakistan	A-1+	AAA	PACRA	1,176,688	117,625
United Bank Limited	A-1+	AAA	JCR - VIS	5,625,899	13,028,469
Habib Bank Limited	A-1+	AAA	JCR - VIS	695,311,644	489,570,232
Allied Bank Limited	A1+	AAA	PACRA	2,028,067	36,708
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	24,390,459	-
JS Bank Limited	A1+	AA-	PACRA	128,115,221	212,550,404
Bank Al Habib Limited	A1+	AA+	PACRA	18,730	18,730
Meezan Bank Limited	A-1+	AA+	JCR - VIS	24,122	24,122
Askari Bank Limited	A1+	AA+	PACRA	80,412	51,465,136
Mobilink Microfinance Bank Limited	A1	A	PACRA	179,909	712,134
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	-	11,016,309
				856,951,151	778,539,869

(c) Liquidity risk

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

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

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

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	2019					
	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years
	-----Rupees-----					
31 December 2019						
Long term loan	44,334,172	49,400,586	29,679,769	4,797,718	8,877,708	6,045,391
Short term borrowings	36,442,430	41,362,158	20,650,464	20,711,694	-	-
Lease liabilities	71,880,829	119,910,529	9,688,176	9,291,805	13,170,848	87,759,700
Trade and other payables	551,224,293	551,224,293	551,224,293	-	-	-
Mark up accrued	2,884,222	2,884,222	2,884,222	-	-	-
Unclaimed dividend	30,555,993	30,555,993	30,555,993	-	-	-
	737,321,939	795,337,781	644,682,917	34,801,217	22,048,556	93,805,091

	2018					
	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years
	-----Rupees-----					
31 December 2018						
Long term loan	69,667,505	80,847,633	16,388,462	15,681,749	29,017,544	19,759,878
Short term borrowings	69,249,350	78,473,033	39,178,433	39,294,600	-	-
Lease liabilities	22,011,812	26,316,278	26,316,278	-	-	-
Trade and other payables	308,092,117	308,092,117	308,092,117	-	-	-
Mark up accrued	2,651,012	2,651,012	2,651,012	-	-	-
Unclaimed dividend	20,175,464	20,175,464	20,175,464	-	-	-
	491,847,260	516,555,537	412,801,766	54,976,349	29,017,544	19,759,878

38.2 Fair values of financial assets and liabilities

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

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

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

38.3 Financial instruments by categories

	2019		
	Cash and cash equivalents	Amortized cost	Total
-----Rupees-----			
Assets as per statement of financial position:			
Long term deposits	-	22,160,371	22,160,371
Trade debts	-	399,225,719	399,225,719
Trade deposits	-	22,579,541	22,579,541
Other receivables	-	3,066,099	3,066,099
Cash and bank balances	859,029,312	-	859,029,312
	859,029,312	447,031,730	1,306,061,042

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

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

	2018		
	Cash and cash equivalents	Amortized cost	Total
-----Rupees-----			
Assets as per statement of financial position:			
Long term deposits	-	14,998,514	14,998,514
Trade debts	-	284,120,664	284,120,664
Trade deposits	-	18,860,957	18,860,957
Other receivables	-	3,776,324	3,776,324
Cash and bank balances	778,539,869	-	778,539,869
	778,539,869	321,437,623	1,099,977,492

	2018
	Financial Liabilities at amortized cost Rupees
Liabilities as per statement of financial position:	
Long term loan	69,667,505
Liabilities against assets subject to finance lease	69,249,350
Markup accrued on secured loans	2,651,012
Unclaimed dividend	20,175,464
Short term borrowings	22,011,812
Trade and other payables	308,092,117
	491,847,260

38.4 Capital risk management

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

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

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

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

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

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

	2019 Rupees	2018 Rupees
Debt (Note 8, 13 and 14)	80,776,602	163,579,679
Equity	3,447,865,758	2,847,162,810
Total equity and debt	3,528,642,360	3,010,742,489
Gearing ratio	2%	5%

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

39. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

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

39.1 Fair value hierarchy

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

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

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

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

The Group did not have any financial instruments carried at fair value as at 31 December 2019 (2018:Nil).

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

40. 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 37). The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under respective notes to the financial statements. Other significant transactions with related parties are as follows:

Undertaking	Relation	Nature of transaction	2019 Rupees	2018 Rupees
Route 2 health (Pvt) Ltd	Associate	Sales	-	37,914,685
Route 2 health (Pvt) Ltd	Associate	Purchases	660,198,725	481,504,425
Staff provident fund	Staff retirement benefits	Contribution	41,009,972	32,334,403
Employee's Welfare Trust	Staff welfare benefits	Contribution	2,779,250	2,687,350

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

41. PROVIDENT FUND TRUST

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

	Note	2019 Rupees	2018 Rupees
Size of the fund		336,166,847	257,346,776
Cost of investments made		183,178,443	119,431,848
Percentage of investments made		83%	78%
Fair value of investment	41.1	277,866,359	200,092,410

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

41.1 Breakup of investments

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

	2019		2018	
	Investment Rupees	% of investment	Investment Rupees	% of investment
Investment in shares (listed securities)	68,799,325	40%	40,675,735	20%
Special saving certificates	121,866,595	11%	73,989,010	43%
Mutual funds	87,200,439	49%	85,427,665	37%
	277,866,359	100%	200,092,410	100%

41.2 The figures of 2019 are based on un-audited financial statements.

42. NUMBER OF EMPLOYEES

	2019	2018
Number of employees at the end of the year	1,825	1,899
Average number of employees during the year	1,862	1,675

43. EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Group in its meeting held on 31 March 2020 has proposed cash dividend at the rate of Rs. 13.00 (2018: Rs. 13.00) per share and 10% bonus shares for the year ended 31 December 2019, (2018: 10%) subject to the approval of shareholders in the Annual General Meeting to be held on 12 May 2020. These consolidated financial statements do not reflect these appropriations.

44. PLANT CAPACITY AND PRODUCTION

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

Consolidated Notes to the Financial Statements

For The Year Ended 31 December 2019

45. DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Group authorized the consolidated financial statements for issuance on 31 March 2020.

46. CORRESPONDING FIGURES

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

Dr. Adeel Abbas Haideri
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

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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 MAY 12, 2020 at 11:00 a.m. and at any adjournment thereof.

As witness under my/our hand(s) this _____ day of _____ 2020.

Witness:

(Member's Signature)

01 _____

02 _____

Affix Revenue
Stamp of Rs.5/-

Date: _____

Place: _____

Note:

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

AFFIX
CORRECT
POSTAGE STAMP

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

پراکسی فارم

فولیو/سی ڈی سی اکاؤنٹ نمبر _____

میں/اہم _____ از _____ ڈسٹرکٹ _____

بحیثیت ممبر ہائی نون لیبارٹریز لمیٹیڈ 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 12 مئی 2020 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/اہم بروز _____ بتاریخ _____ کو اپنے دستخط/مہر کے ساتھ اس امر کی تصدیق کرتا/کرتی ہوں/کرتے ہیں۔

دستخط ممبر _____

گواہ ہان 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 اسپورٹ کی کاپی بھیجنا لازم ہے۔

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

صحیح ڈاک ٹکٹ چسپاں کریں

کمپنی سیکریٹری

ہائی نون لیبارٹریز لمیٹیڈ

۱۷.۵ کلومیٹر ملتان روڈ، لاہور۔ ۵۳۷۰۰، پاکستان