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**GENIX PHARMA (PRIVATE) LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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INDEPENDENT AUDITORS' REPORT

To the members of Genix Pharma (Private) Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Genix Pharma (Private) Limited (the Holding Company) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

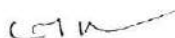
We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent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

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

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

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

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





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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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.

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

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

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

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

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



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

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

The engagement partner on the audit resulting in this independent auditors' report is Tariq Feroz Khan.

Tariq Feroz Khan
Chartered Accountants

Place: Karachi

Date: 29 June 2022

GENIX PHARMA (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31 December 2021	31 December 2020
----- Rupees -----			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	8	2,434,699,876	2,144,164,184
Intangible assets	9	837,554	2,800
Long-term deposits	10	12,634,518	12,239,526
		<u>2,448,171,948</u>	<u>2,156,406,510</u>
CURRENT ASSETS			
Stock-in-trade	11	889,897,841	562,344,403
Trade debts	12	921,997,009	683,043,560
Loans and advances	13	301,231,810	200,625,179
Deposits and prepayments	14	125,411,440	80,440,606
Other receivables	15	70,764,678	68,663,493
Taxation - net		105,586,978	235,105,001
Short-term investment	16	11,447,300	40,206,476
Cash and bank balances	17	254,651,374	176,767,042
		<u>2,680,988,430</u>	<u>2,047,195,760</u>
		<u>5,129,160,378</u>	<u>4,203,602,270</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
10,000,000 (2020: 10,000,000) ordinary shares of Rs.10/- each		<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid-up capital			
10,000,000 (2020: 10,000,000) ordinary shares of Rs.10/- each fully paid in cash		<u>100,000,000</u>	<u>100,000,000</u>
Capital reserves			
Share premium		6,000,000	6,000,000
Revaluation surplus on leasehold land and building on leasehold land	18	746,104,207	761,162,298
Acquisition reserve		10,000	10,000
Revenue reserve			
Unappropriated profit		<u>1,388,925,657</u>	<u>1,156,084,039</u>
		<u>2,241,039,864</u>	<u>2,023,256,337</u>
NON CURRENT LIABILITIES			
Long-term financing	19	119,691,120	321,324,289
Deferred grant	20	7,990,459	12,270,564
Deferred taxation - net	21	8,778,208	34,751,039
		<u>136,459,787</u>	<u>368,345,892</u>
CURRENT LIABILITIES			
Trade and other payables	22	1,264,930,954	1,007,287,748
Short-term borrowings	23	1,193,024,898	550,627,653
Due to a related party	24	10,839,849	12,077,163
Accrued mark-up	25	28,949,416	16,394,786
Current maturity of non-current liabilities	26	253,915,610	225,612,691
		<u>2,751,660,727</u>	<u>1,812,000,041</u>
CONTINGENCIES AND COMMITMENTS			
	27	<u>5,129,160,378</u>	<u>4,203,602,270</u>

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

GENIX PHARMA (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021

	31 December 2021	31 December 2020
Note	----- Rupees -----	
Turnover - net	28 7,076,747,398	5,796,309,698
Cost of goods sold	29 <u>(3,928,250,764)</u>	<u>(3,384,695,246)</u>
Gross profit	3,148,496,634	2,411,614,452
Selling and distribution expenses	30 <u>(2,235,071,888)</u>	<u>(1,653,473,187)</u>
Administrative expenses	31 <u>(332,931,599)</u>	<u>(274,156,864)</u>
Other expenses	32 <u>(61,871,697)</u>	<u>(53,233,322)</u>
Finance costs	33 <u>(181,133,811)</u>	<u>(188,414,752)</u>
Other income	34 <u>29,953,717</u>	<u>48,057,245</u>
Profit before taxation	<u>(2,781,055,278)</u>	<u>(2,121,220,880)</u>
	367,441,356	290,393,572
Taxation	35 <u>(149,657,829)</u>	<u>(88,753,576)</u>
Profit for the year	<u>217,783,527</u>	<u>201,639,996</u>

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements. *EW*



 CHIEF EXECUTIVE



 DIRECTOR

GENIX PHARMA (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	31 December 2021	31 December 2020
	----- Rupees -----	----- Rupees -----
Profit for the year	217,783,527	201,639,996
Other comprehensive income	-	-
Total comprehensive income for the year	<u><u>217,783,527</u></u>	<u><u>201,639,996</u></u>

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements. *EW*



CHIEF EXECUTIVE



DIRECTOR

GENIX PHARMA (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Reserves						Total equity
	Issued, subscribed and paid-up capital	Capital reserves			Revenue reserve		
		Share premium	Surplus on revaluation of leasehold land and building	Acquisition reserve	Unappropriated profit	Total reserves	
----- Rupees -----							
Balance as at 31 December 2019	100,000,000	6,000,000	776,144,821	10,000	1,021,461,519	1,803,616,340	1,903,616,340
Profit for the year	-	-	-	-	201,639,996	201,639,996	201,639,996
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	201,639,996	201,639,996	201,639,996
Incremental depreciation on surplus on revaluation of leasehold land and building, net of deferred tax	-	-	(14,982,524)	-	14,982,524	-	-
Final cash dividend for the period ended 31 December 2019 @ Rs. 8.2 per share declared on 24 July 2020	-	-	-	-	(82,000,000)	(82,000,000)	(82,000,000)
Balance as at 31 December 2020	100,000,000	6,000,000	761,162,297	10,000	1,156,084,039	1,923,256,336	2,023,256,336
Profit for the year	-	-	-	-	217,783,527	217,783,527	217,783,527
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	217,783,527	217,783,527	217,783,527
Incremental depreciation on surplus on revaluation of leasehold land and building, net of deferred tax	-	-	(15,058,091)	-	15,058,091	-	-
Balance as at 31 December 2021	100,000,000	6,000,000	746,104,206	10,000	1,388,925,657	2,141,039,863	2,241,039,863

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

 CHIEF EXECUTIVE

 DIRECTOR

GENIX PHARMA (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	31 December 2021	31 December 2020
----- Rupees -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		367,441,356	290,393,572
Adjustments for:			
Depreciation on operating fixed assets	7.1	148,946,978	128,557,599
Amortisation on intangible assets	8	173,646	16,805
Loss / (gain) on disposal of operating fixed assets	34	1,448,246	(1,823,167)
Charge / (reversal) for expected credit loss	34	17,906,859	(19,913,462)
Provision / (reversal) for slow moving / expired stock	29	6,795,161	(14,098,015)
Stock-in-trade written off to NRV	29	2,774,670	561,033
Expired stock written off	29	54,617,730	54,518,514
Provident fund contribution	22.1	94,993,453	77,546,016
Government grant	20	(20,246,846)	(9,660,132)
Unrealised exchange loss		1,013,785	23,718,715
Finance costs	33	181,133,811	188,414,753
		<u>489,557,493</u>	<u>427,838,659</u>
Operating profit before working capital changes		856,998,849	718,232,231
Working capital changes			
Decrease / (increase) in current assets:			
Stock-in-trade		(391,740,999)	(39,934,392)
Trade debts		(252,372,659)	(192,483,993)
Loans and advances		(100,606,631)	82,433,536
Deposits and prepayments		(44,970,834)	(24,302,586)
Other receivables		(6,588,834)	15,189,334
		<u>(796,279,957)</u>	<u>(159,098,101)</u>
Increase in current liabilities:			
Trade and other payables		189,000,189	54,370,280
Cash generated from operations		<u>249,719,081</u>	<u>613,504,410</u>
Income taxes paid		(46,112,638)	(123,568,183)
Dividend paid		-	(82,000,000)
Finance costs paid		(115,819,394)	(148,175,540)
Long-term loans and advances		-	1,763,240
Long-term security deposits		(394,992)	(230,278)
Provident fund paid	22.1	(59,877,162)	(51,501,923)
		<u>(222,204,186)</u>	<u>(403,712,684)</u>
Net cash generated from operating activities		27,514,896	209,791,726
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures		(444,456,311)	(223,517,505)
Sale proceeds from disposal of operating fixed assets		2,516,995	2,049,300
Short-term investment encashed		28,759,176	-
Net cash used in investing activities		<u>(413,180,140)</u>	<u>(221,468,205)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing - obtained		49,012,942	481,663,317
Long-term financing - repaid		(226,623,297)	(103,445,901)
Short-term borrowings - net		642,397,245	(274,806,050)
Due to a related party - net		(1,237,314)	6,475,820
Net cash generated from financing activities		<u>463,549,576</u>	<u>109,887,186</u>
Net increase in cash and bank balances		<u>77,884,332</u>	<u>98,210,707</u>
Cash and bank balances at the beginning of the year		176,767,042	78,556,335
Cash and bank balances at the end of the year	17	<u>254,651,374</u>	<u>176,767,042</u>

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

GENIX PHARMA (PRIVATE) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. LEGAL STATUS AND OPERATIONS

1.1 The Group comprises of Genix Pharma (Private) Limited (the Holding Company) and its subsidiary namely Daneen Pharma (Private) Limited.

1.2 Genix Pharma (Private) Limited

The Holding Company was incorporated in Pakistan on 26 September 1994 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) (the Act), as a Private Limited Company in the name of Karman Pharma (Private) Limited, the name has been changed to Genix Pharma (Private) Limited in the year 2004. The primary activity of the Holding Company is the manufacturing and marketing of pharmaceutical products. The registered office and plant / factory of the Holding Company is situated at 44-45/B, Korangi Creek Road, Korangi, Karachi.

1.3 Daneen Pharma (Private) Limited

The subsidiary Company was incorporated in Pakistan as a private limited company on 04 December 2017 under the Companies Act, 2017. The primary activity of the subsidiary Company is the manufacturing and marketing of Pharmaceutical medicines, herbal, body care and other allied products. The geographical location of the registered office of the subsidiary Company is situated at 44-45/B, Korangi Creek Road, Korangi, Karachi whereas the manufacturing plant of the subsidiary Company is located at Plot No. 27, Sundar Industrial Estate, Raiwind Road, Lahore.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountants of Pakistan (ICAP), as are notified under the Companies Act, 2017 (the Act) and provisions of and directives issued under the Act. Where provisions of and directives issued under the Act differ from the IFRS Standards, the provisions of and directives issued under the Act have been followed.

3. BASIS OF PREPARATION

3.1 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for certain categories of property, plant and equipment which are stated at revalued amount.

3.2 Functional and presentation currency

These consolidated financial statements have been presented in Pakistani rupee, which is the Company's functional and presentation currency.

3.3 New standards, amendments to approved accounting standards and new interpretations

3.3.1 Standards, amendments, interpretations and improvements adopted during the year

The Group has adopted the following accounting amendments of IFRSs which became effective for the current year:

Amendments

- IFRS 9 / IAS 39 / IFRS 7 and IFRS 16 - Interest Rate Benchmark Reform Phase 2 (Amendments);
- IFRS 16 - COVID 19 Related Rent Concessions (Amendments) beyond June 30, 2021; and

The adoption of the above amendments of IFRSs did not have any material effect on the Company's consolidated financial statements.

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3.3.2 Standards, amendments and improvements that are not yet effective

The following standards, amendments of IFRSs and improvements to accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements:

Standard or amendments	Effective date (annual periods beginning on or after)
IFRS 3 - Reference to the Conceptual Framework (Amendments)	January 01, 2022
IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	January 01, 2022
IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	January 01, 2022
IAS 1 - Classification of Liabilities as Current or Non-Current (Amendments)	January 01, 2023
IAS 1 - Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8 - Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12 - Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	January 01, 2023
IFRS 10 / IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalized

The above amendments are not expected to have any material impact on the consolidated financial statements, when effective.

Improvement to accounting standards issued by the IASB (2018 – 2020 cycle)	IASB Effective date (annual periods beginning on or after)
IFRS 9 - Financial Instruments - Fees in the '10 percent' test for the derecognition of financial liabilities	January 01, 2022
IAS 41 - Agriculture - Taxation in fair value measurement	January 01, 2022
IFRS 16 - Leases: Lease incentives	January 01, 2022

The management expects that the adoption of above amendments and improvements will not have material impact in the period of application.

Further, following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	January 01, 2004
IFRS 17 – Insurance Contracts	January 01, 2023

4. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiary as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

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Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property, plant and equipment

5.1.1 Operating fixed assets

Owned

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for leasehold land and buildings thereon, which are stated at revalued amount less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged to consolidated statement of profit or loss applying the straight-line method, other than leasehold land, whereby the cost / revalued amount of an asset is written off over its estimated useful life at the rates given in note 8.1 to the consolidated financial statements. Depreciation on additions is charged from the month in which the asset is available for use, whereas no depreciation is charged in the month in which the asset is disposed off. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Normal repairs and maintenance costs are charged to the consolidated statement of profit or loss as and when incurred, whereas, major renewals are capitalised to the respective values of property, plant and equipment only when such expenditures meet the capitalisation criteria as per the policy.

5.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. It consists of expenditure incurred in respect of tangible assets in the course of their construction, acquisition and installation, including financial charges on borrowings, if any, for financing the project until such projects are completed or become operational. Transfers are made to relevant asset category as and when assets are available for intended use.

5.2 Surplus on revaluation of fixed assets

A revaluation surplus is recorded in consolidated statement of comprehensive income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in the consolidated statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

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An annual transfer from the asset revaluation surplus to unappropriated profit is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's 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.

5.3 Intangible assets

These are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is charged to consolidated statement of profit or loss using straight line method, whereby the cost of intangible asset is written off over the estimated useful life of intangible at the rates given in note 9 to these consolidated financial statements. A full month's amortisation is charged in the month of addition, while no amortisation is charged in the month of disposal.

5.4 Long-term deposits

Long-term deposits are stated at cost less provision of uncollectible amounts, if any. Long-term deposits maturing within twelve months from the reporting date are classified as short-term deposits at each reporting date.

5.5 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value (NRV) determined as follows:

Raw and packing materials	- Weighted average cost.
Work-in-process (self manufactured and trading goods)	- Cost of direct materials, direct wages and an appropriate portion of production overheads.
Finished goods (self manufactured and trading goods)	- Standard cost
Stock-in-transit and bonded warehouse	- Invoice price plus other charges paid thereon.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less estimated cost necessary to make sale.

5.6 Loans and advances

These are recognised at cost, which is the fair value of the consideration given. However, an assessment is made at each reporting date to determine whether there is an indication that assets may be impaired. If such indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised for the difference between the recoverable amount.

5.7 Taxation

5.7.1 Current

Provision for current taxation is computed on taxable income at the enacted or substantively enacted rates of taxation, after taking into account tax credits and rebates available, if any, or minimum turnover tax or alternate corporate tax whichever is higher in accordance with the provision of the Income Tax Ordinance, 2001. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. Adjustment in respect of prior year tax, if any, is also recorded.

5.7.2 Deferred

Deferred tax is provided in full using the liability method, on all temporary differences arising at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, while deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax losses and unused tax credits, if any, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forwards of unused tax losses and unused tax credits can be utilised.

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The carrying amount of deferred tax assets 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 tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan. Deferred tax is charged or credited to the consolidated statement of profit or loss.

Deferred tax relating to the items of equity are recognised directly in the consolidated statement of other comprehensive income or the consolidated statement of changes in equity and not in the consolidated statement of profit or loss account.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

5.7.3 Sales tax

Sales tax arising on purchase of assets or services which is not recoverable under Sales Tax Act, 1990, is recognized as part of the cost of acquisition of the assets or as part of the purchase / expense item, as applicable.

5.8 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash that are subject to insignificant risk of change in value.

For the purpose of the cash flow statement, cash and cash equivalents comprise of cash and balances with banks on current and saving accounts.

5.9 Borrowing cost

Borrowing costs are recognised as an expense in the period in which these are incurred except where such costs that are directly attributable to the acquisition, construction or production of a qualifying asset, in which case such costs are capitalised as part of the cost of that asset.

5.10 Ijarah

Ijarah payments for assets under Ijarah arrangements are recognised as an expense in the consolidated statement of profit or loss on a straight line basis over the Ijarah term.

5.11 Trade and other payables

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

5.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

5.13 Retirement benefits – defined contribution plan

A defined contribution plan is a plan in which the Group is obliged to pay fixed contributions without any legal or constructive obligations to pay further contributions if the fund does not held sufficient assets to pay its liabilities accrued to employee service in the current and prior periods. The contributions are recognized as employee retirement benefit expense when due.

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The Group operates approved contributory provident fund for all its permanent employees. Equal monthly contributions are made, both by the Group and the employees, to the fund at the rate of 8.33% of basic salary every month. Mark up is accrued, at rates not lower than returns offered on government securities, on outstanding balance retained by the Group for its business use.

5.14 Research and development cost

Research and development cost is charged to the consolidated statement of profit or loss in the year in which it is incurred. Development costs previously charged to consolidated statement of profit or loss are not recognized as an asset in subsequent years.

5.15 Foreign currency translation

Transactions in foreign currencies are translated into Pakistani Rupee at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at the reporting date. Exchange gains and losses are recognised in consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

5.16 Impairment of non-financial assets

Carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, assets are tested for impairment. Where the carrying values of assets exceed the estimated recoverable amount, these are written down to their recoverable amount and the resulting impairment is charged to consolidated statement of profit or loss.

Impairment is reversed only if there has been a change in estimates used to determine recoverable amounts and only to the extent that the revised carrying value does not exceed the carrying value that would have existed, had no impairment been recognized.

5.17 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability are offset and the net amount is reported in the consolidated statement of financial position if the Group has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

5.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

5.18.1 Financial assets

i) Initial recognition and measurement

Under IFRS 9, on initial recognition, a financial asset is classified and measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A financial instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of a financial instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into following categories:

a) Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

b) Financial assets designated at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group does not have any debt instruments at fair value through OCI investments during the current and last year and as of reporting date.

c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to consolidated statement of profit or loss. Dividends are recognised as dividend income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group does not have any equity investments during the current and last year and as of reporting date.

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d) **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss. This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as dividend income in the consolidated statement of profit or loss when the right of payment has been established.

The Group does not have any listed equity investments during the current and last year and as of reporting date.

iii) **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either
 - (a) the Group has transferred substantially all the risks and rewards of the asset, or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment / expected credit losses on financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are 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, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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The Group applies a simplified approach in calculating ECLs for its trade debts and receivables. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. For deposits, other receivables and bank balances that are held with reputational banks and other third parties, the Group applies low credit risk simplifications. At each reporting date, the Group evaluates whether these assets are considered to have low credit risk using all reasonable and supportable information that is available without un-due cost or effort including their credit ratings assessed by reputable agencies and therefore assessed to have immaterial impact of allowances for ECL. For trade debts and receivables, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the third parties and the economic environment.

The Group considers a financial asset in default when contractual payments are past due over 180 days. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

5.18.2 Financial liabilities

i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

ii) Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as described below:

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the consolidated statement of comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

b) Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings.

iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

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5.19 Revenue from contracts with customers

5.19.1 Sale of goods

The Group is in the business of sale of goods. 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. 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.

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., right of returns, volume rebates). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

i) Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. A refund liability is recognised for the goods that are expected to be returned (i.e. amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

ii) Discounts

The Group offers discounts to certain distributors, who shall pass the same onwards and accordingly accounted for as a reduction from the transaction price. A refund liability is recognised for the expected future discounts (i.e. the amount not included in the transaction price).

5.19.2 Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Cost to obtain a contract

The Group pays sales commission to its sales agents for certain contracts. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions because the amortisation period of the asset that the Group otherwise would have used is one year or less.

Accounts receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets (note 5.18.1).

Performance obligations

The performance obligation is satisfied upon transfer of physical possession of the goods to the customer (i.e. ex-factory) for local sales whereas for export sales, performance obligation is satisfied when the customer has accepted the goods.

5.20 Government grant

Government grant is recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant related to an expense item, it is recognised in the consolidated statement of profit or loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

The financing facility is recognised and measured in accordance with the accounting policies as disclosed in note 5.18.2 to these consolidated financial statements.

5.21 Contingent liabilities

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of obligation cannot be measured with sufficient reliability.

5.22 Contract liabilities

A contract liability is the obligation to transfer 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 services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

6. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the consolidated financial statements:

Estimates

	Notes
a) determining the method of depreciation, residual values and useful lives of operating fixed assets	5.1.1, 5.1.2, 5.2 & 7
b) determining the provision for slow moving / expired stock and adjustment of stock-in-trade to their net realizable value (NRV)	5.5 & 11
c) determining the provision for expected credit losses	5.18.1 & 12
d) recognition of taxation and deferred taxation	5.7, 21 & 35
e) determining the provision for retirement benefits	5.13 & 22.1
f) revaluation of leasehold land and buildings	5.2 & 18

Judgements

Expected outcome of contingencies involving the Company	5.21 & 27.1
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7. DETAILS OF RELATED PARTIES

Name of the related party	Basis of relationship	Shareholding
Pharma Genix Nigeria	Associate - due to common directorship	-
TED Solutions (Private) Limited	Associate - due to common directorship	-
Genix Healthcare (Private) Limited	Associate - due to common directorship	-
Daneen Beauty (Private) Limited	Associate - due to common directorship	-
Anwar Sharif Hospital (Private) Limited	Associate - due to common directorship	-

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31 December 2021
31 December 2020

Note
----- Rupees -----

8 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	8.1	2,134,057,091	1,845,492,810
Capital work-in-progress	8.2	300,642,785	298,671,374
		<u>2,434,699,876</u>	<u>2,144,164,184</u>

8.1 Operating fixed assets

	COST / REVALUED AMOUNT				ACCUMULATED DEPRECIATION				NET BOOK VALUE		
	As at 01 January 2021	Additions / transfers*	Disposals	Revaluation	As at 31 December 2021	As at 01 January 2021	Charge for the year	Disposal	As at 31 December 2021	As at 31 December 2021	Rate of depreciation (%)
Leasehold land	817,167,461	193,179,376	-	-	1,010,346,837	-	-	-	1,010,346,837	-	-
Buildings	811,710,089	-	-	-	811,710,089	124,624,863	49,729,652	-	174,354,515	637,355,574	5
Plant and machinery	325,773,599	109,337,150	(14,384,719)	-	420,778,940	149,841,151	35,272,795	(11,111,848)	174,002,098	245,775,842	10 - 20
Furniture and fittings	36,827,470	5,978,783	(957,184)	-	41,849,069	13,218,361	5,062,454	(930,111)	17,350,704	24,498,365	14
Vehicles	80,155,044	26,214,400	(366,150)	-	105,004,294	57,633,299	13,990,308	(366,150)	71,257,457	34,746,837	20
Office equipments	31,291,460	14,203,236	(3,224,683)	-	42,269,813	19,265,578	5,245,405	(3,111,549)	21,399,434	20,870,379	20 - 25
Factory equipments	177,668,709	92,513,555	(2,272,089)	-	267,910,175	70,518,680	39,646,364	(1,717,126)	108,447,918	159,462,257	20
	<u>2,280,594,742</u>	<u>248,297,124</u>	<u>(21,202,025)</u>	<u>-</u>	<u>2,700,869,217</u>	<u>435,101,332</u>	<u>148,946,978</u>	<u>(17,236,784)</u>	<u>566,812,126</u>	<u>2,134,057,091</u>	

See

	COST / REVALUED AMOUNT				ACCUMULATED DEPRECIATION				NET BOOK VALUE	
	As at 01 January 2020	Additions / transfers*	Disposals	Revaluation	As at 31 December 2020	Charge for the year	Disposal	As at 31 December 2020	As at 31 December 2020	Rate of depreciation (%)
Leasehold land	817,167,461	-	-	-	817,167,461	-	-	-	817,167,461	-
Buildings	542,604,368	269,105,701 *	-	-	811,710,069	49,990,702	124,824,863	687,065,226	687,065,226	5
Plant and machinery	278,212,098	23,794,377 23,777,034 *	-	-	325,773,509	30,757,079	149,841,151	175,932,358	175,932,358	10 - 20
Furniture and fittings	16,771,430	4,508,916 15,547,124 *	-	-	36,827,470	4,513,667	13,218,361	23,609,109	23,609,109	14
Vehicles	76,788,044	3,661,500	(293,500)	-	80,156,044	10,809,006	(93,500)	57,633,299	22,522,745	20
Office equipments	23,349,179	7,542,281	-	-	31,291,460	4,126,048	-	19,265,578	12,025,882	20 - 25
Factory equipments	136,070,932	41,396,777	(399,000)	-	177,068,709	28,361,087	(372,867)	70,518,680	107,150,029	20
	<u>1,890,963,532</u>	<u>81,893,851</u> <u>308,429,859 *</u>	<u>(692,500)</u>	<u>-</u>	<u>2,280,594,742</u>	<u>128,557,599</u>	<u>(466,367)</u>	<u>435,101,932</u>	<u>1,845,492,810</u>	

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GENIX PHARMA (PRIVATE) LIMITED

31 December 2021 31 December 2020

Note	Rupees	
29	117,303,788	101,158,559
30	2,227,126	1,922,059
31	29,416,064	25,476,981
	<u>148,946,978</u>	<u>128,557,599</u>

8.1.1. The depreciation charge for the year has been allocated as follows:

Cost of goods sold	29	117,303,788	101,158,559
Selling and distribution expenses	30	2,227,126	1,922,059
Administrative expenses	31	29,416,064	25,476,981
		<u>148,946,978</u>	<u>128,557,599</u>

8.1.2. The Holding Company had carried out revaluation of leasehold land and buildings on 28 June 2019 by Sipra & Company (Private) Limited, an independent external valuer accredited by the State Bank of Pakistan, as stated in note 18.1 to these consolidated financial statements. The revaluation had resulted in revaluation surplus net of deferred tax liability of Rs. 340.993 million. Valuations of buildings and leasehold land were based on the estimated gross replacement cost and fair market value respectively. The fair value of the assets subject to revaluation model fall under level 2 of fair value hierarchy (i.e. significant observable inputs).

8.1.3. On 4 April 2018, the subsidiary Company had carried out the revaluation of operating fixed assets through an independent valuer accredited by the State Bank of Pakistan, Sipra & Company (Private) Limited, which had resulted in revaluation surplus net of deferred tax liability of Rs. 36,221,463. The fair values were determined with reference to market based evidence, based on relevant enquiries and information as considered necessary, and adjusted for any difference in nature, location or condition of the specific properties. The fair value of the assets subject to revaluation model fall under level 2 of fair value hierarchy (i.e. significant observable inputs).

8.1.4. Had the revaluation not taken place, the carrying amount of revalued assets under cost model would have been:

	31 December 2021	31 December 2020
	Rupees	
Leasehold land	542,184,017	324,004,641
Buildings	318,742,962	349,478,667
Plant and machinery	24,635,055	-
Furniture and fittings	2,253,386	-
Office equipment	1,116,593	-
Factory equipment	6,093,772	-
	<u>895,025,785</u>	<u>673,483,308</u>

8.1.5. Forced sale value of the assets of the Holding Company as per the latest available revaluation report as of 30 June 2019 of leasehold land and buildings amounting to Rs. 378.004 million and Rs. 329.036 million respectively. No revaluation was carried out during the year ended 31 December 2021 as the management considered that the carrying value would not differ materially from the fair values.

8.1.6. Forced sale value of the assets of the subsidiary Company as per the latest available revaluation report as of 30 June 2018 of leasehold land, buildings and plant and machinery is Rs. 48,000,000, Rs. 60,055,013 and Rs. 28,035,000/- respectively.

8.1.7. Details of disposals of operating fixed assets having net book value exceeding Rs. 500,000:

Description	Mode of disposal	Cost	Accumulated depreciation	Net book value (NBV)	Sales proceed	Gain / (loss)	Relationship of purchaser with the Group	Particulars of buyers
Rupees								
Generator	Agreement	4,914,000	2,252,513	2,661,487	750,000	(1,911,487)	-	Mr. Sheikh Hassan Maqsood
Aggregate value of items where NBV not exceeding Rs. 500,000 each		16,288,025	14,984,271	1,303,754	1,766,995	463,241	-	Various
31 December 2021		<u>21,202,025</u>	<u>17,236,784</u>	<u>3,965,241</u>	<u>2,516,995</u>	<u>(1,448,246)</u>		
31 December 2020		<u>692,500</u>	<u>466,367</u>	<u>226,133</u>	<u>2,049,300</u>	<u>1,823,167</u>		

Land and building	Plant and machinery	Furniture	Total
Rupees			

8.2 Capital work-in-progress

As at 01 January 2021	288,293,684	10,377,690	-	298,671,374
Additions	195,150,787	-	-	195,150,787
Transferred to operating fixed assets	(193,179,376)	-	-	(193,179,376)
Year ended 31 December 2021	<u>290,265,095</u>	<u>10,377,690</u>	<u>-</u>	<u>300,642,785</u>
As at 01 January 2020	450,746,352	14,731,227	-	465,477,579
Additions	106,653,033	19,423,497	15,547,124	141,623,654
Transferred to operating fixed assets	(269,105,701)	(23,777,034)	(15,547,124)	(308,429,859)
Year ended 31 December 2020	<u>288,293,684</u>	<u>10,377,690</u>	<u>-</u>	<u>298,671,374</u>

9 INTANGIBLE ASSETS

	Cost			Accumulated Amortisation			Written down value	Rate of amortisation
	As at 01 January	Additions	As at 31 December	As at 01 January	For the year	As at 31 December		
Rupees								
Software	67,288	1,008,400	1,075,688	64,488	173,646	238,134	837,554	25%
31 December 2021	<u>67,288</u>	<u>1,008,400</u>	<u>1,075,688</u>	<u>64,488</u>	<u>173,646</u>	<u>238,134</u>	<u>837,554</u>	<u>25%</u>
31 December 2020	<u>67,288</u>	<u>-</u>	<u>67,288</u>	<u>47,683</u>	<u>16,805</u>	<u>64,488</u>	<u>2,800</u>	<u>25%</u>

9.1 The amortisation charge for the year has been allocated to administrative expenses (note 31).

GENIX PHARMA (PRIVATE) LIMITED

		31 December 2021	31 December 2020
		----- Rupees -----	
10	LONG-TERM DEPOSITS		
	Against ijarah financing	393,900	393,900
	Utilities and other deposits	12,240,618	11,845,626
		<u>12,634,518</u>	<u>12,239,526</u>

		31 December 2021	31 December 2020
		----- Rupees -----	
11	STOCK-IN-TRADE		
	Raw and packing materials		
	In hand	588,321,710	359,171,475
	In transit	15,554,848	9,876,251
		<u>603,876,558</u>	<u>369,047,726</u>
	Work in process	50,536,513	53,679,139
	Finished goods	264,924,492	162,262,099
		<u>919,337,563</u>	<u>584,988,964</u>
	Provision for slow moving stock / expired stock	(29,439,722)	(22,644,561)
		<u>889,897,841</u>	<u>562,344,403</u>

11.1 Includes stock-in-trade costing Rs. 37.098 million (2020: Rs. 1.885 million) which has been written down to its net realizable value (NRV) amounting to Rs. 33.006 million (2020: Rs. 1.324 million).

		31 December 2021	31 December 2020
		----- Rupees -----	
11.2	Provision for slow moving / expired stock		
	Opening balance	22,644,561	36,742,576
	Charge / (reversal) for the year	6,795,161	(14,098,015)
		<u>29,439,722</u>	<u>22,644,561</u>

		31 December 2021	31 December 2020
		----- Rupees -----	
12	TRADE DEBTS		
	Unsecured		
	Considered good	921,997,009	683,043,560
	Considered doubtful	90,483,017	77,063,807
		<u>1,012,480,026</u>	<u>760,107,367</u>
	Allowance for expected credit losses	(90,483,017)	(77,063,807)
		<u>921,997,009</u>	<u>683,043,560</u>

12.1 Allowance for expected credit losses:

Opening balance	77,063,807	96,977,269
Charge / (reversal) during the year	13,419,210	(19,913,462)
Closing balance	<u>90,483,017</u>	<u>77,063,807</u>

12.2 As at 31 December 2021, the ageing analysis of trade debts is as follows:

	Total	Neither past due nor impaired	Past due but not impaired		
			91-180 days	181-360 days	361 and above days
----- Rupees -----					
31 December 2021	<u>1,012,480,026</u>	<u>632,543,365</u>	<u>246,917,480</u>	<u>95,767,092</u>	<u>37,252,089</u>
31 December 2020	<u>760,107,367</u>	<u>577,054,251</u>	<u>83,159,499</u>	<u>53,614,251</u>	<u>46,279,366</u>

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GENIX PHARMA (PRIVATE) LIMITED

		31 December 2021	31 December 2020
	Note	----- Rupees -----	
13 LOANS AND ADVANCES			
Loans to employees - secured, considered good	13.1	134,000	339,000
Advances - unsecured	13.2	<u>301,097,810</u>	<u>200,286,179</u>
		<u><u>301,231,810</u></u>	<u><u>200,625,179</u></u>
13.1	Represents interest free loans given to employees against salary and vehicle in accordance with the policy of the Group.		
		31 December 2021	31 December 2020
13.2 Advances - unsecured	Note	----- Rupees -----	
Advances to employees	13.2.1	<u>77,066,937</u>	<u>19,363,127</u>
		<u>77,066,937</u>	<u>19,363,127</u>
Advances to suppliers - considered good	13.2.2	<u>224,030,873</u>	<u>180,923,052</u>
		<u><u>301,097,810</u></u>	<u><u>200,286,179</u></u>
13.2.1	This represents the advances paid to employees for the expenses to be incurred on behalf of the Group.		
		31 December 2021	31 December 2020
14 DEPOSITS AND PREPAYMENTS	Note	----- Rupees -----	
Deposits - unsecured and considered good	14.1	<u>122,916,347</u>	<u>78,291,484</u>
Prepayments	14.2	<u>2,495,093</u>	<u>2,149,122</u>
		<u><u>125,411,440</u></u>	<u><u>80,440,606</u></u>
14.1 Deposits			
Letter of credits		44,639,034	5,186,020
Tenders		<u>78,277,313</u>	<u>73,105,464</u>
		<u><u>122,916,347</u></u>	<u><u>78,291,484</u></u>
14.2 Prepayments			
Insurance		1,496,290	1,306,709
Rent		806,609	740,242
Fees and subscription		<u>192,194</u>	<u>102,171</u>
		<u><u>2,495,093</u></u>	<u><u>2,149,122</u></u>
15 OTHER RECEIVABLES			
Receivable from related parties	15.1	20,061,705	22,647,673
Receivable from foreign distributors		<u>10,424,454</u>	<u>10,424,454</u>
Other receivables		<u>40,278,519</u>	<u>35,591,366</u>
		<u><u>70,764,678</u></u>	<u><u>68,663,493</u></u>
15.1 Receivable from related parties:			
Loan to Director	15.1.1	3,550,659	3,584,654
Pharma Genix Nigeria	15.1.3	-	4,487,649
Genix HealthCare (Private) Limited		<u>14,017,640</u>	<u>12,228,300</u>
TED Solutions (Private) Limited		<u>2,377,671</u>	<u>2,347,070</u>
Daneen Beauty (Private) Limited		58,410	-
Anwar Sahrif Hospital (Private) Limited		<u>57,325</u>	<u>-</u>
	15.1.2	<u><u>20,061,705</u></u>	<u><u>22,647,673</u></u>

Full

15.1.1 Represents loan given to director and repayable on demand. Reconciliation between the carrying amount at beginning and end of the year is as follows:

	31 December 2021	31 December 2020
	----- Rupees -----	
Opening balance	3,584,654	4,845,372
Disbursements during the year	10,185,287	7,219,282
Received during the year	(10,219,282)	(8,480,000)
Closing balance	<u>3,550,659</u>	<u>3,584,654</u>

15.1.2 Receivables from related parties are neither past due nor impaired. The maximum aggregate amount of receivables from the related parties outstanding at anytime during the year by reference to month end balances are as follows:

	31 December 2021	31 December 2020
	----- Rupees -----	
Loan to Director	3,550,659	3,584,654
Pharma Genix Nigeria	-	4,487,649
Genix HealthCare (Private) Limited	29,009,800	12,228,300
TED Solutions (Private) Limited	2,377,671	2,347,070
Daneen Beauty (Private) Limited	58,410	-
Anwar Sahrif Hospital (Private) Limited	57,325	-

15.1.3 During the year, expected credit loss of Rs. 4,487,649 has been recorded on the above balance.

16 SHORT TERM INVESTMENT

Represents investments in Meezan Rozana Amdani Fund having 228,946 units of NAV of Rs. 50 each (2020: 803,510 units of NAV Rs. 50 each).

17 CASH AND BANK BALANCES

Cash in hand

Local currency
Foreign currency

Cash at bank

Current accounts - local currency
Current accounts - foreign currency

Saving accounts

Note

	31 December 2021	31 December 2020
	----- Rupees -----	
	350,000	350,000
	4,585,994	2,874,553
	<u>4,935,994</u>	<u>3,224,553</u>
	<u>218,002,404</u>	162,285,198
	<u>9,255,622</u>	11,256,038
	227,258,026	173,541,236
	<u>22,457,354</u>	1,253
	<u>249,715,380</u>	173,542,489
	<u>254,651,374</u>	<u>176,767,042</u>

17.1 These carry profit at the rates ranging from 4% to 7% (2020: 4% to 6%) per annum.

18 REVALUATION SURPLUS ON LEASEHOLD LAND AND BUILDING ON LEASEHOLD LAND

Gross amount of revaluation surplus
Deferred tax
Net amount of revaluation surplus

Incremental depreciation:

Gross
Deferred tax
Net

	31 December 2021	31 December 2020
	----- Rupees -----	
	834,599,593	853,819,957
	(73,437,295)	(77,675,136)
	<u>761,162,298</u>	<u>776,144,821</u>
	<u>(19,474,388)</u>	(19,220,364)
	<u>4,416,297</u>	4,237,841
	<u>(15,058,091)</u>	(14,982,523)
	<u>746,104,207</u>	<u>761,162,298</u>

19 LONG-TERM FINANCING	Note	31 December	31 December
		2021	2020
		----- Rupees -----	
Diminishing musharaka	19.1	47,037,551	69,387,887
Refinance scheme for payment of wages and salaries	19.2	194,975,323	75,474,702
Temporary economic refinance facility	19.3 & 19.4	121,544,671	383,001,257
		363,557,545	527,863,846
Less: Current maturities		(243,866,425)	(206,539,557)
		<u>119,691,120</u>	<u>321,324,289</u>

19.1 The Holding Company had obtained a diminishing musharaka facility of Rs. 53 million (2020: Rs. 183.114 million) from Islamic Financial Institutions (IFI). The musharaka units are to be re-purchased during a period of 5 years' time with a grace period of 6 months to 1 year. All of the units comprising 90% to 80% of the IFI's Musharaka share will be purchased during this period. These carry mark-up at the rates ranging from 6 months' KIBOR plus 1 to 1.5 percent (2020: 6 months' KIBOR plus 1 percent to 1.5 percent) and are secured against first exclusive charge over plant and machinery to the extent of Rs. 248 million and ranking charge over land and building of the Holding Company.

19.2 With a view to support businesses to continue payment of wages and salaries to their workers and employees in the aftermath of COVID-19 outbreak, State Bank of Pakistan (SBP) has introduced a temporary Refinance Scheme for Payment of Wages and Salaries to the workers and employees of business concerns for three (3) months (i.e. April 2020 to June 2020) at a subsidized mark-up rate. However, since the impact of pandemic continues, subsequently the facility has been extended to the Company for a further period of two (2) months (i.e. July 2020 and September 2020).

The Holding Company has availed and entered into an arrangement of said refinancing scheme from a commercial bank up to Rs. 402.736 million for a period of 2.5 years including 6 months' grace period. The repayment will be made in 8 equal instalments after the grace period. It carries profit rate of SBP rate (i.e. nil) + 3% per annum. The facility is secured against equitable mortgage charge for Rs. 500 million and subsequently token registered charge for Rs. 500k over property located at Survey No. 158 and personal guarantees of the directors. The financings are recognized at the present value using the effective interest rates applicable at the dates of the drawdown. The differential of present value and the drawn amounts has been recognized as Government grant (as mentioned in note 20).

19.3 The Holding Company had entered into a diminishing musharika facility from a commercial bank upto Rs. 257 million for a period of 5 years including 1 year grace period for the purchase of plant and machinery introduced by State Bank of Pakistan (SBP) carrying mark-up at SBP rate 1% + 3% per annum. The loan along with the markup is repayable in 16 equal quarterly installments commencing from January 2022. The facility is secured against exclusive charge over plant and machinery of the Company to be registered with SECP of Rs. 286.962 million, ranking charge of Rs. 55 million over land and building of the Holding Company and personal guarantees of the directors. The Financing is recognized at the present value using the effective interest rates applicable at the dates of the drawdown. The differential of present value and the drawn amounts has been recognized as Government grant (as mentioned in note 20).

19.4 During the year, the Holding Company entered into a diminishing musharika facility from a commercial bank upto Rs. 240 million for a period of 10 years including 2 years grace period for the purchase of plant and machinery introduced by State Bank of Pakistan (SBP) carrying mark-up at SBP rate 1% + 4% per annum. The loan along with the markup is repayable in 32 equal quarterly installments commencing from May 2024. The facility is secured against 2nd charge over specific plant and machinery of the Holding Company of Rs. 247.8 million and personal guarantees of the directors. The Financing is recognized at the present value using the effective interest rates applicable at the dates of the drawdown. The differential of present value and the drawn amounts has been recognized as Government grant (as mentioned in note 20).

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GENIX PHARMA (PRIVATE) LIMITED

	31 December 2021	31 December 2020
	----- Rupees -----	
20 DEFERRED GRANT		
Balance as at 01 January	31,343,698	-
Recognized during the year	6,942,792	41,003,830
Released to consolidated statement of profit or loss	(20,246,846)	(9,660,132)
As at 31 December	18,039,644	31,343,698
Current maturity	(10,049,185)	(19,073,134)
	<u>7,990,459</u>	<u>12,270,564</u>

20.1 As aforementioned in note 19.2, 19.3 and 19.4, the Government grant has been recorded as per the provisions of IAS-20 due to the difference between coupon and effective interest rates of the aforementioned financial liabilities.

	Opening	Charge to profit or loss	Charge to OCI	Closing
	----- Rupees -----			
21 DEFERRED TAXATION - NET				
Taxable temporary difference				
Accelerated tax				
depreciation and amortisation	97,375,177	(5,867,530)	-	91,507,647
Long-term financing	7,034,738	(2,958,953)	-	4,075,785
Deductible temporary difference				
Provisions	(51,438,859)	(16,652,487)	-	(68,091,346)
Deferred grant	(7,034,738)	2,958,952	-	(4,075,786)
Allowance for expected credit loss	(11,185,279)	(3,452,813)	-	(14,638,092)
	<u>34,751,039</u>	<u>(25,972,831)</u>	-	<u>8,778,208</u>

		31 December 2021	31 December 2020
	Note	----- Rupees -----	
22 TRADE AND OTHER PAYABLES			
Trade creditors - local		123,976,248	128,575,767
Trade creditors - foreign		63,167,843	61,929,042
Accrued liabilities		187,144,091	190,504,809
Contract liabilities		468,080,536	319,949,126
Provident fund		35,366,056	54,846,483
Workers' Profit Participation Fund (WPPF)	22.1	318,322,943	250,693,711
Workers' Welfare Fund (WWF)	22.2	196,392,590	148,300,280
Central research fund		44,216,033	33,059,369
Withholding tax		5,279,744	3,292,507
		10,128,961	6,641,463
		<u>1,264,930,954</u>	<u>1,007,287,748</u>

22.1 Provident fund			
Opening balance		250,693,711	198,424,097
Contribution for the year		94,993,453	77,546,016
Interest on funds utilized in Group's business	33.1	32,512,941	26,225,521
		378,200,105	302,195,634
Payments made during the year		(59,877,162)	(51,501,923)
Closing balance		<u>318,322,943</u>	<u>250,693,711</u>

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GENIX PHARMA (PRIVATE) LIMITED

		31 December 2021	31 December 2020
	Note	----- Rupees -----	
22.2 Workers' Profits Participation Fund			
Opening balance		148,300,280	116,780,778
Charge for the year	32	30,296,276	17,505,809
Interest on funds utilized in Group's business	33	17,796,034	14,013,693
Closing balance		<u>196,392,590</u>	<u>148,300,280</u>
23 SHORT-TERM BORROWINGS - secured			
Istisna payable	23.1	1,149,605,898	472,007,591
Murabaha facilities	23.2	43,419,000	78,620,062
		<u>1,193,024,898</u>	<u>550,627,653</u>
23.1	The Holding Company had obtained Istisna finance facilities from Islamic Financial Institutions aggregating to Rs. 1,230 million (2020: Rs. 930 million) out of which Rs. 80 million (2020: Rs. 458 million) remained unutilized and are repayable in 6 months. The facility is secured against hypothecation by way of floating charge over stocks and book debts and by creating parri passu charge over land, building and machinery and personal guarantees of all the directors. Rate of mark-up applicable to these facilities are 6 months' KIBOR plus 0.5 percent to 1.75 percent (2020: ranging from 6 months' KIBOR plus 1 percent to 1.75 percent) per annum.		
23.2	The Holding Company had obtained Murabaha finance facility from Islamic Financial Institutions aggregating to Rs. 515 million (2020 : Rs. 515 million) out of which Rs. 472 million (2020: Rs. 436 million) remained unutilized and are repayable in 6 months. The facility is secured against hypothecation by way of floating charge over stocks and book debts and by creating parri passu charge over land, building and machinery and personal guarantees of all the directors. Rate of mark-up applicable to these facilities are 6 months KIBOR plus 1 percent to 1.25 percent (2020: ranging from 6 months KIBOR plus 1 percent to 1.25 percent).		
24	Represents interest free and unsecured loan obtained from the Director of the Holding Company and is repayable on demand.		

		31 December 2021	31 December 2020
	Note	----- Rupees -----	
25 ACCRUED MARK-UP			
Murabaha facility		452,616	2,382,856
Istisna finance facility		26,426,335	12,103,405
Long-term financing		2,070,465	1,908,525
		<u>28,949,416</u>	<u>16,394,786</u>
26 CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Long-term financing	19	243,866,425	206,539,557
Deferred grant	20	10,049,185	19,073,134
		<u>253,915,610</u>	<u>225,612,691</u>

27 CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

As of the reporting date, there are several pending cases filed by / against the Group. The majority of these cases pertain to trademark, copyright, patent, design and litigations with various courts. All these cases are still pending adjudication for decision. The management of the Group based on the written advice of legal counsel expect that the outcome of these cases will be in favour of the Group as they have a reasonable defense. Accordingly, no provision has been made in these consolidated financial statements.

		31 December 2021	31 December 2020
	Note	----- Rupees -----	
27.2 Commitments			
Letter of credits	27.2.1	367,795,543	192,061,639
Purchase orders issued to local suppliers		80,892,387	84,087,227
Guarantees issued by a bank on behalf of the Company		25,548,000	21,694,000
Ijarah rentals:			
Not later than one year		1,497,783	902,745
Later than one year but not later than five years		4,054,554	2,866,568
		<u>5,552,337</u>	<u>3,769,313</u>

27.2.1 The total limit for the letters of credit is Rs. 1,115 million (2020: Rs. 1,115 million).

GENIX PHARMA (PRIVATE) LIMITED

		31 December 2021	31 December 2020
		----- Rupees -----	-----
30	SELLING AND DISTRIBUTION EXPENSES	Note	
	Salaries, wages and other benefits	30.1	819,790,901
	Marketing expenses		422,538,063
	Advertisement and promotional expenses		274,267,783
	Incentives		489,981,457
	Travelling and conveyance		156,735,246
	Repair and maintenance		3,155,384
	Utilities		16,386,256
	Legal and professional charges		3,248,013
	Depreciation on operating fixed assets	8.1.1	2,227,126
	Printing, stationery and consumables		5,204,445
	Vehicle running expenses		10,521,142
	Entertainment expenses		1,297,684
	Insurance expense		2,003,877
	Fees and subscription		22,816,837
	Inspection fee		3,936,059
	General expenses		961,615
			<u>2,235,071,888</u>
			<u>1,653,473,187</u>

30.1 Include Rs. 33.872 million (2019: Rs. 22.662 million) in respect of employees' provident fund.

		31 December 2021	31 December 2020
		----- Rupees -----	-----
31	ADMINISTRATIVE EXPENSES	Note	
	Salaries, wages and other benefits	31.1	175,694,673
	Travelling and conveyance		15,524,141
	Rent, rates and taxes	31.3	3,532,074
	Repair and maintenance		11,752,668
	Utilities		15,718,140
	Legal and professional charges		8,706,591
	Depreciation on operating fixed assets	8.1.1	29,416,064
	Amortization on intangible assets	9.1	173,750
	Printing, stationery and consumables		4,313,891
	Vehicle running expenses		4,955,875
	Entertainment expenses		8,706,227
	Insurance expense		25,797,778
	Donation expenses	31.2	3,419,515
	Ijarah rentals		-
	Fees and subscription		9,185,588
	Inspection fee		5,341,560
	General expenses		10,693,064
			<u>332,931,599</u>
			<u>274,156,864</u>

31.1 Include Rs. 4.133 million (2020: Rs. 3.078 million) in respect of employees' provident fund.

31.2 Donations include payment of Rs. 2 million (2020: Rs. 0.5 million) to Al - Sharif Foundation. The directors of the Holding Company are also the trustees of Al - Sharif Foundation.

31.3 Rent, rates and taxes include rent expense of Rs. 3.397 million (2020: Rs. 2.994 million) pertaining to short-term lease.

		31 December 2021	31 December 2020
		----- Rupees -----	-----
32	OTHER EXPENSES	Note	
	Central research fund		5,521,985
	Workers' Profit Participation Fund	22.2	30,296,276
	Workers' Welfare Fund		11,156,664
	Exchange loss - net		12,502,822
	Auditors' remuneration	32.1	2,393,950
			<u>61,871,697</u>
			<u>53,233,322</u>

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GENIX PHARMA (PRIVATE) LIMITED

		31 December 2021	31 December 2020
32.1 Breakup of auditor's remuneration	Note	----- Rupees -----	
Statutory audit fee		1,750,000	1,699,680
Audit of consolidated financial statements		300,000	-
Others		343,950	266,000
		<u>2,393,950</u>	<u>1,965,680</u>
33 FINANCE COSTS			
Mark-up	33.1	164,148,562	171,734,145
Bank charges		16,985,249	16,680,607
		<u>181,133,811</u>	<u>188,414,752</u>
33.1 Mark-up on:			
Long-term financing		39,722,716	29,216,083
Istisna financing		71,020,151	88,384,157
Murabaha financing		3,455,362	13,894,691
Provident fund	22.1	32,154,299	26,225,521
Workers' Profit Participation Fund		17,796,034	14,013,693
		<u>164,148,562</u>	<u>171,734,145</u>
34 OTHER INCOME			
Income from financial assets:			
Profit earned on saving accounts		306	149
Gain on short-term investment		1,240,823	206,476
(Charge) / reversal of provision for expected credit loss		(17,906,859)	19,913,462
Others		610,000	-
		<u>(16,055,730)</u>	<u>20,120,087</u>
Income from non-financial assets:			
(Loss) / gain on disposal of operating fixed assets	7.1.5	(1,448,246)	1,823,167
Export rebate		17,384,711	11,658,026
Scrap sales		6,926,472	4,658,776
Amortisation of Government grant	20	20,246,846	9,660,132
Others		2,899,664	137,057
		<u>46,009,447</u>	<u>27,937,158</u>
		<u>29,953,717</u>	<u>48,057,245</u>
35 TAXATION			
Current		160,145,003	81,848,162
Prior		15,485,657	7,679,607
Deferred		(25,972,831)	(774,193)
	35.1	<u>149,657,829</u>	<u>88,753,576</u>
35.1 Relationship between income tax expense and accounting profit			
Accounting profit before tax		<u>367,441,356</u>	<u>290,393,572</u>
Tax at applicable rate 29% (2020: 29%)		106,557,993	84,214,136
Effects of previous years tax charge		15,485,657	7,679,607
Effects of unabsorbed losses		55,661,971	10,238,821
Effects of income charge at a lower rate		(26,422,069)	(3,970,761)
Effects of non-deductible expenses		(1,625,723)	(9,408,227)
		<u>149,657,829</u>	<u>88,753,576</u>
36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES			

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. No changes made to the objectives and policies during the year ended 31 December 2021. The Board of Directors review and agree policies for managing each of these risks which are summarised below:

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36.1. Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

The Group is exposed to credit risk on long-term deposits, trade debts, loans, deposits, other receivables and bank balances. The Group seeks to minimise the credit risk exposure by dealing only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	31 December 2021	31 December 2020
	----- Rupees -----	
Long-term deposits	12,634,518	12,239,526
Trade debts	921,997,009	683,043,560
Loans to employees	134,000	339,000
Deposits	122,916,347	78,291,484
Other receivables	70,764,678	68,663,493
Bank balances	249,715,380	173,542,489
	<u>1,378,161,932</u>	<u>1,016,119,552</u>

Quality of financial assets

The credit quality of financial assets that are past due but not impaired is disclosed in note 12.2 to these consolidated financial statements. As at reporting date, there are no financial assets that would otherwise be past due or impaired whose terms have been renegotiated.

The Group monitors the credit policy of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under:

	31 December 2021	31 December 2020
	----- Rupees -----	
	Carrying Values	
Long-term deposits	12,634,518	12,239,526
Trade debts	921,997,009	683,043,560
Loans to employees	134,000	339,000
Deposits	122,916,347	78,291,484
Other receivables	70,764,678	68,663,493
Bank balances	249,715,380	173,542,489
	<u>1,378,161,932</u>	<u>1,016,119,552</u>

Cash with Banks

A1+	171,727,717	124,224,339
A-1	77,987,663	49,318,150
	<u>249,715,380</u>	<u>173,542,489</u>

36.2 Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarizes the maturity profile of the Company's financial liabilities at the following reporting dates:

ETU

	On demand	Less than 12 months	More than 12 months	Total
	(Rupees)			
31 December 2021				
Long-term financing	-	243,866,425	119,691,120	363,557,545
Short-term borrowings	-	1,193,024,898	-	1,193,024,898
Trade and other payables	-	1,008,913,625	-	1,008,913,625
Due to a related party	10,839,849	-	-	10,839,849
Accrued mark-up	-	28,949,416	-	28,949,416
	<u>10,839,849</u>	<u>2,474,754,364</u>	<u>119,691,120</u>	<u>2,605,285,334</u>

	On demand	Less than 12 months	More than 12 months	Total
	(Rupees)			
31 December 2020				
Long-term financing	-	206,539,557	321,324,289	527,863,845
Short-term borrowings	-	550,627,653	-	550,627,653
Trade and other payables	-	788,787,331	-	788,787,331
Due to a related party	12,077,163	-	-	12,077,163
Accrued mark-up	-	16,394,787	-	16,394,787
	<u>12,077,163</u>	<u>1,562,349,328</u>	<u>321,324,289</u>	<u>1,895,750,779</u>

36.3. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and equity price risk. The sensitivity analysis in the following sections relate to the position as at 31 December 2021.

36.3.1. Foreign Currency Risk

Foreign currency risk is the risk that the value of financial assets or financial liabilities will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency.

	31 December 2021	31 December 2020
	(Rupees)	
The following significant exchange rate has been applied at the reporting dates:		
Pakistani Rupee to US Dollar	<u>177.46</u>	<u>160.23</u>
Pakistani Rupee to Euro	<u>200.78</u>	<u>196.43</u>

The following figures demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Company's profit before tax:

	Change in exchange rates	Effect on profit before tax (Rupees)
31 December 2021	± 10%	<u>46,520,084</u>
31 December 2020	± 10%	<u>121,427,144</u>

36.3.2. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of change in market interest rates relates primarily to the Group's long-term financing, short-term financing obligations with floating interest rates and balances in saving accounts.

EW

Interest rate sensitivity analysis:

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax:

	Change in interest rate (1%)	Effect on profit before tax (Rupees)
31 December 2021	± 1%	<u>15,521,647</u>
31 December 2020	± 1%	<u>10,852,928</u>

36.4 Capital risk management

The primary objective of the Group's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. 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.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans including any finance cost thereon, less cash and bank balances. Capital signifies equity as shown in the balance sheet plus net debt.

	31 December 2021	31 December 2020
The gearing ratios as at 31 December are as follows:		
Long-term financing, including current maturity	363,557,545	527,863,846
Short-term borrowings	1,193,024,898	550,627,653
Total debt	<u>1,556,582,443</u>	<u>1,078,491,499</u>
Cash and bank balances	(254,651,374)	(176,767,042)
Net debt	<u>1,301,931,069</u>	<u>901,724,457</u>
Shareholders' equity	2,241,039,864	2,023,256,337
Total net debt and equity	<u>3,542,970,933</u>	<u>2,924,980,794</u>
Gearing ratio	<u>37%</u>	<u>31%</u>

The Group finances its investment portfolio through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

36.5. Fair value of financial instruments

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

- In the principal market for the asset or liability
- Or
- In the absence of a principal market, In the most advantageous market for the asset or liability

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

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

36.5.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	2021		
	Carrying amount		
	Loan and receivable	Other financial liabilities ----- Rupees -----	Total
Financial assets not measured at fair value			
Long-term deposits	12,634,518	-	12,634,518
Long-term Investment	-	-	-
Trade debts	921,997,009	-	921,997,009
Loans and advances	301,231,810	-	301,231,810
Other receivables	70,764,678	-	70,764,678
Short-term investment	11,447,300	-	11,447,300
Bank balances	249,715,380	-	249,715,380
Financial liabilities not measured at fair value			
Long-term financing, including current maturities	-	363,557,545	363,557,545
Trade and other payables	-	1,264,930,954 *	1,264,930,954
Short-term borrowings	-	1,193,024,898	1,193,024,898
Due to a related party	-	10,839,849	10,839,849
Accrued mark-up	-	28,949,416	28,949,416
2020			
Carrying amount			
	Loan and receivable	Other financial liabilities ----- Rupees -----	Total
Financial assets not measured at fair value			
Long-term deposits	12,239,526	-	12,239,526
Long-term Investment	-	-	-
Trade debts	683,043,560	-	683,043,560
Loans and advances	200,625,179	-	200,625,179
Other receivables	68,663,493	-	68,663,493
Short-term investment	40,206,476	-	40,206,476
Bank balances	173,542,489	-	173,542,489
Financial liabilities not measured at fair value			
Long-term financing, including current maturities	-	527,863,846	527,863,846
Trade and other payables	-	1,007,287,748 *	1,007,287,748
Short-term borrowings	-	550,627,653	550,627,653
Due to a related party	-	12,077,163	12,077,163
Accrued mark-up	-	16,394,786	16,394,786

*It includes provident fund payable as disclosed in note 22 to these consolidated financial statements. The management is in the process of establishing a separate fund and to ensure compliance of section 218 of the Companies Act, 2017.

36.3. Changes in liabilities to cash flows arising from financing activities:

	2021			2020		
	Long-term financing (including current maturity)	Short-term borrowings	Total	Long-term financing (including current maturity)	Short-term borrowings	Total
	Rupees			Rupees		
At the beginning of the year	527,863,845	550,627,653	1,078,491,498	149,646,430	788,787,331	938,433,761
Changes from financing cash flows						
Borrowings obtained	49,012,942	642,397,245	691,410,187	499,129,565	-	499,129,565
Borrowings repaid	(226,623,297)	-	(226,623,297)	(94,471,236)	(238,159,678)	(332,630,914)
	(177,610,355)	642,397,245	464,786,890	404,658,329	(238,159,678)	166,498,651
Other changes						
Recognition of Government grant	(6,942,792)	-	(6,942,792)	(41,003,830)	-	(41,003,830)
Finance cost	39,722,716	74,475,513	114,198,229	23,537,581	102,278,848	125,816,429
Finance cost paid	(19,475,869)	(74,475,513)	(93,951,382)	(8,974,665)	(102,278,848)	(111,253,513)
	13,304,055	-	13,304,055	(26,440,914)	-	(26,440,914)
At the end of the year	363,557,545	1,193,024,898	1,556,582,443	527,863,845	550,627,653	1,078,491,498

37. TRANSACTIONS WITH RELATED PARTIES

The related parties includes group companies, directors and key management personnel. The related party status of outstanding balances as at 31 December 2021 and 31 December 2020 are disclosed in respective notes to these consolidated financial statements, wherever applicable. Transactions with related parties other than remuneration and benefits to key management personnel are as follows:

Relationship	Nature of transactions	31 December 2021	31 December 2020
		Rupees	
Associates			
TED Solutions (Private) Limited	Expenses incurred on behalf of group company	30,601	535
Genix Healthcare (Private) Limited	Expenses incurred on behalf of group company Amount incurred against capital expenditure	664,340 1,125,000	11,232,435 -
Daneen Beauty (Private) Limited	Expenses incurred on behalf of group company	58,410	-
Anwar Sharif Hospital (Private) Limited	Expenses incurred on behalf of group company	57,325	-
Key management personnel	Advance given to Chief Executive for capital expenditure Loan received during the year	- 33,995	257,600 6,475,821
Staff retirement fund			
Provident fund	Contribution for the year Interest on provident fund Contribution paid during the year	94,993,453 32,512,941 (59,877,162)	77,546,016 26,225,521 51,501,923

37.1. All transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Group. The outstanding receivable and payable balances of the related parties are disclosed in their respective notes to these consolidated financial statements.

37.2. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group directly and indirectly. The Group considers Chief Executive, Company Secretary and Chief Financial Officer to be the key management personnel.

37.3. Certain expenses are shared among the group companies as per the terms agreed by the Board of Directors.

38. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTOR AND OTHER EXECUTIVES

The aggregate amount, charged in these consolidated financial statements in respect of remuneration and other benefits to the chief executive, directors and executives of the Group for the year is as follows:

	Chief Executive		Director		Other Executives	
	For the year ended 31 December 2021	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2020
	----- Rupees -----					
Remuneration	21,464,513	16,004,513	21,464,513	16,004,513	182,561,642	127,290,925
House rent	7,135,135	5,203,135	7,135,135	5,203,135	59,344,863	40,245,996
Utilities	1,706,228	1,244,228	1,706,228	1,244,228	14,191,163	9,624,043
Medical	2,016,451	1,470,451	2,016,451	1,470,451	16,771,375	11,373,868
	<u>32,322,327</u>	<u>23,922,327</u>	<u>32,322,327</u>	<u>23,922,327</u>	<u>272,869,043</u>	<u>188,534,832</u>
Number of persons	1	1	1	1	77	48

- 38.1. The chief executive and director of the Group are also provided with Group maintained cars.
- 38.2. There are no transactions with key management personnel other than under the terms of employment.
- 38.3. As per the requirement of the Act, executive means an employee, other than Chief Executive and directors, whose basic salary exceeds twelve hundred thousand rupees in financial year.

39. PLANT CAPACITY AND ACTUAL PRODUCTION

The plant of the Holding Company has an annual capacity of 40 million units / packs and currently working at full capacity.

The plant of the subsidiary company has an annual capacity of 17.95 million (2020: 17.95 million) and utilization during the year was 16.66% (2020: 14%) of total capacity. As the subsidiary company is in the initial phase of operations, it is not operating at maximum capacity. However, it is expected that the subsidiary company will progress in the future periods.

40. NUMBER OF EMPLOYEES

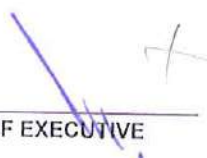
The total number of employees at the year end were 2,033 (2020: 1,531) and average number of employees during the year were 1,973 (2020: 1,523).

41. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on 23 JUN 2022 by the Board of Directors of the Holding Company.

42. GENERAL

- 42.1. Figures in these consolidated financial statements have been rounded off to the nearest Rupees, unless otherwise stated.
- 42.2. Certain prior year figures have been reclassified for better presentation. However, there are no material reclassifications to report.
- 42.3. Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding. *gmu*


CHIEF EXECUTIVE


DIRECTOR