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

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INDEPENDENT AUDITOR'S REPORT

To the members of Genix Pharma (Private) Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Genix Pharma (Private) Limited (the Company), which comprise the unconsolidated statement of financial position as at 31 December 2021, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of the profit, its comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than the unconsolidated financial statements and Auditor's Report Thereon

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

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

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



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Responsibilities of Management and Board of Directors for the unconsolidated financial statements

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

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

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

Auditor's Responsibilities for the Audit of the unconsolidated financial statements

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

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

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



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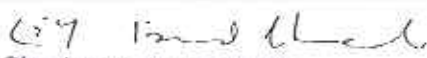
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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


Chartered Accountants

Place: Karachi

Date: 29 June 2022

GENIX PHARMA (PRIVATE) LIMITED
UNCONSOLIDATED 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	7	2,271,500,614	1,975,487,765
Intangible assets	8	837,554	2,800
Long-term deposits	9	11,589,518	11,194,526
Long-term Investment	10	490,000	490,000
		<u>2,284,417,686</u>	<u>1,987,175,091</u>
CURRENT ASSETS			
Stock-in-trade	11	821,053,540	504,467,524
Trade debts	12	978,610,664	680,557,808
Loans and advances	13	293,721,382	182,241,755
Deposits and prepayments	14	105,847,326	79,312,363
Other receivables	15	469,471,626	422,176,437
Taxation - net		99,435,402	230,986,038
Short-term investment	16	11,447,300	40,206,478
Cash and bank balances	17	222,460,615	153,866,512
		<u>3,002,047,855</u>	<u>2,293,814,915</u>
		<u>5,286,465,541</u>	<u>4,280,990,006</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	711,284,563	726,162,297
Revenue reserve			
Unappropriated profit		<u>1,709,441,629</u>	<u>1,306,788,845</u>
		<u>2,526,726,192</u>	<u>2,138,951,142</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	4,374,911	31,226,003
		<u>132,056,490</u>	<u>364,820,856</u>
CURRENT LIABILITIES			
Trade and other payables	22	1,140,953,086	972,505,714
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	16,394,787
Current maturity of non-current liabilities	26	253,915,610	225,612,691
		<u>2,627,682,859</u>	<u>1,777,218,008</u>
CONTINGENCIES AND COMMITMENTS			
	27	<u>5,286,465,541</u>	<u>4,280,990,006</u>

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

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CHIEF EXECUTIVE

DIRECTOR

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

	Note	31 December 2021	31 December 2020
		----- Rupees -----	
Turnover - net	28	6,703,765,036	5,777,296,642
Cost of goods sold	29	<u>(3,812,598,704)</u>	<u>(3,379,301,760)</u>
Gross profit		2,891,166,332	2,397,994,882
Selling and distribution expenses	30	<u>(1,863,589,741)</u>	<u>(1,644,170,723)</u>
Administrative expenses	31	<u>(287,282,327)</u>	<u>(240,850,432)</u>
Other expenses	32	<u>(61,049,134)</u>	<u>(52,736,674)</u>
Finance costs	33	<u>(180,429,448)</u>	<u>(182,594,446)</u>
Other income	34	<u>30,048,625</u>	<u>48,057,245</u>
		<u>(2,362,302,025)</u>	<u>(2,072,295,030)</u>
Profit before taxation		528,864,307	325,699,852
Taxation	35	<u>(141,089,256)</u>	<u>(85,402,428)</u>
Profit for the year		<u>387,775,050</u>	<u>240,297,424</u>

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




 CHIEF EXECUTIVE




 DIRECTOR

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

	31 December 2021	31 December 2020
	----- Rupees -----	
Profit for the year	387,775,050	240,297,424
Other comprehensive income	-	-
Total comprehensive income for the year	<u>387,775,050</u>	<u>240,297,424</u>

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


CHIEF EXECUTIVE


DIRECTOR

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

	Reserves					Total equity
	Capital reserves			Revenue reserve		
	Issued, subscribed and paid-up capital	Share premium	Surplus on revaluation of leasehold land and building	Unappropriated profit	Total reserves	
Rupees						
Balance as at 31 December 2019	100,000,000	6,000,000	741,144,821	1,133,508,897	1,880,653,718	1,980,653,718
Profit for the year	-	-	-	240,297,424	240,297,424	240,297,424
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	240,297,424	240,297,424	240,297,424
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	726,162,297	1,306,788,846	2,038,951,142	2,138,951,142
Profit for the year	-	-	-	387,775,050	387,775,050	387,775,050
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	387,775,050	387,775,050	387,775,050
Incremental depreciation on surplus on revaluation of leasehold land and building, net of deferred tax	-	-	(14,877,734)	14,877,734	-	-
Balance as at 31 December 2021	100,000,000	6,000,000	711,284,563	1,709,441,629	2,426,726,192	2,526,726,192

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


 CHIEF EXECUTIVE


 DIRECTOR

GENIX PHARMA (PRIVATE) LIMITED
UNCONSOLIDATED 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		528,864,307	325,699,852
Adjustments for:			
Depreciation on operating fixed assets	7.1	135,322,096	116,071,599
Amortisation on intangible assets	8	173,646	16,805
Loss / (gain) on disposal of operating fixed assets	34	1,353,338	(1,823,167)
Charge / (reversal) for expected credit loss	34	17,906,859	(19,913,462)
Provision / (reversal) for slow moving / expired stock	29	6,717,021	(14,413,523)
Stock-in-trade written off to NRV	29	2,774,670	561,033
Expired stock written off	29	38,153,748	52,212,620
Provident fund contribution	22.1	89,214,925	77,546,016
Government grant	20	(20,246,846)	(9,660,132)
Unrealised exchange loss		1,013,785	23,572,067
Finance costs	33	180,429,448	182,594,446
		<u>452,812,690</u>	<u>406,764,302</u>
Operating profit before working capital changes		981,676,997	732,464,154
Working capital changes			
Decrease / (increase) in current assets:			
Stock-in-trade		(364,231,455)	(18,140,946)
Trade debts		(311,472,066)	(189,998,241)
Loans and advances		(111,479,627)	89,220,838
Deposits and prepayments		(26,534,963)	(23,936,170)
Other receivables		(52,043,838)	(55,422,592)
		<u>(865,761,949)</u>	<u>(198,277,111)</u>
Increase in current liabilities:			
Trade and other payables		105,681,207	10,350,903
Cash generated from operations		<u>221,596,254</u>	<u>544,537,946</u>
Income taxes paid		(36,389,712)	(123,568,183)
Dividend paid		-	(82,000,000)
Finance costs paid		(115,212,674)	(142,355,231)
Long-term loans and advances		-	1,763,240
Long-term security deposits		(394,992)	(230,278)
Provident fund paid	22.1	(59,616,844)	(51,501,923)
		<u>(211,614,222)</u>	<u>(397,892,375)</u>
Net cash generated from operating activities		<u>9,982,032</u>	<u>146,645,571</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures		(438,363,678)	(218,174,410)
Sale proceeds from disposal of operating fixed assets		4,666,995	2,049,300
Short-term investment encashed		28,759,178	-
Net cash used in investing activities		<u>(404,937,505)</u>	<u>(216,125,110)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing - obtained		49,012,942	481,663,316
Long-term financing - repaid		(226,623,297)	(103,445,902)
Short-term borrowings - net		642,397,245	(238,159,678)
Due to a related party - net		(1,237,314)	6,475,820
Net cash generated from financing activities		<u>463,549,576</u>	<u>146,533,556</u>
Net increase in cash and bank balances		<u>68,594,103</u>	<u>77,054,017</u>
Cash and bank balances at the beginning of the year		153,866,512	76,812,495
Cash and bank balances at the end of the year	17	<u>222,460,615</u>	<u>153,866,512</u>

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

CHIEF EXECUTIVE

DIRECTOR

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

1. LEGAL STATUS AND OPERATIONS

- 1.1 Genix Pharma (Private) Limited (the 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 Company is the manufacturing and marketing of pharmaceutical products. The registered office and plant / factory of the Company is situated at 44-45/B, Korangi Creek Road, Korangi, Karachi.
- 1.2 These unconsolidated financial statements (the financial statements) are separate financial statements of the Company in which investment in subsidiary is accounted for at cost less accumulated impairment losses, if any. In addition, the Company prepares consolidated financial statements. The consolidated financial statements comprise of the Company's financial statements and its 98% wholly owned subsidiary - Daneen Pharma (Private) Limited.

2. STATEMENT OF COMPLIANCE

These unconsolidated 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 unconsolidated financial statements have been prepared under the historical cost convention except for leasehold land and buildings which are stated at revalued amount.

3.2 Functional and presentation currency

These unconsolidated 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 Company 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 unconsolidated financial statements.

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

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

	IASB Effective date (annual periods beginning on or after)
Improvement to accounting standards issued by the IASB (2018 – 2020 cycle)	
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.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

4.1.1 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 unconsolidated 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 7.1 to the unconsolidated 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 unconsolidated 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.

4.1.2 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.

4.2 Surplus on revaluation of fixed assets

A revaluation surplus is recorded in unconsolidated 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 unconsolidated 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.

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.

4.3 Intangible assets

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

Amortisation is charged to unconsolidated 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 8 to these unconsolidated financial statements. A full month's amortisation is charged in the month of addition, while no amortisation is charged in the month of disposal.

4.4 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.

4.5 Investment in subsidiary

The investments in subsidiary is recognized at cost less accumulated impairment losses. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the investment's recoverable amount is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized in the unconsolidated statement of profit or loss if the carrying amount exceeds its recoverable amount. The impairment loss is reversed to the extent of initial cost of investment if there is a change in estimates used to determine the recoverable amount of investments.

4.6 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.

4.7 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.

4.8 Taxation

4.8.1 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.

4.8.2 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.

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.

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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 unconsolidated statement of profit or loss.

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

4.8.3 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.

4.9 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated 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.

4.10 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.

4.11 Ijarah

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

4.12 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 Company.

4.13 Provisions

Provisions are recognised when the Company 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.

4.14 Retirement benefits – defined contribution plan

A defined contribution plan is a plan in which the Company is obliged to pay fixed contributions without any legal or constructive obligations to pay further contributions if the fund does not hold 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.

The Company operates approved contributory provident fund for all its permanent employees. Equal monthly contributions are made, both by the Company 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 Company for its business use.

4.15 Research and development cost

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

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4.16 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 unconsolidated 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.

4.17 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 unconsolidated 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.

4.18 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability are offset and the net amount is reported in the unconsolidated statement of financial position if the Company 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.

4.19 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.

4.19.1 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 Company 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 unconsolidated 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 unconsolidated 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 Company 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 Company 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 unconsolidated statement of profit or loss. Dividends are recognised as dividend income in the unconsolidated statement of profit or loss when the right of payment has been established, except when the Company 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 Company does not have any equity investments during the current and last year and as of reporting date.

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

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

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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 Company's unconsolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company 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 Company 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 Company could be required to repay.

Impairment / expected credit losses on financial assets

The Company 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 Company 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).

The Company applies a simplified approach in calculating ECLs for its trade debts and receivables. Therefore, the Company 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 Company applies low credit risk simplifications. At each reporting date, the Company 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 Company 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 Company considers a financial asset in default when contractual payments are past due over 180 days. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4.19.2 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 unconsolidated 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 Company 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 Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in unconsolidated 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 unconsolidated 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 unconsolidated statement of comprehensive income.

4.20 Revenue from contracts with customers

4.20.1 Sale of goods

The Company 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 Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

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 Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., right of returns, volume rebates). In determining the transaction price for the sale of goods, the Company 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 Company 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 Company 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 Company 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).

4.20.2 Assets and liabilities arising from rights of return**Right of return assets**

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

Cost to obtain a contract

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

Accounts receivables

A receivable represents the Company'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 4.19.1).

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.

4.21 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 unconsolidated 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 4.19.2 to these unconsolidated financial statements.

4.22 Contingent liabilities

A contingent liability is disclosed when the Company 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 Company; or the Company 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.

4.23 Contract liabilities

A contract liability is the obligation to transfer services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers 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 Company performs under the contract.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these unconsolidated 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 unconsolidated financial statements:

(Signature)

Estimates

	Notes
a) determining the method of depreciation, residual values and useful lives of operating fixed assets	4.1.1, 4.1.2, 4.2 & 7
b) determining the provision for slow moving / expired stock and adjustment of stock-in-trade to their net realizable value (NRV)	4.6 & 11
c) determining the provision for expected credit losses	4.19.1 & 12
d) recognition of taxation and deferred taxation	4.8, 21 & 35
e) determining the provision for retirement benefits	4.14 & 22.1
f) revaluation of leasehold land and buildings	4.2 & 18

Judgements

Expected outcome of contingencies involving the Company	4.22 & 27.1
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6. DETAILS OF RELATED PARTIES

Name of the related party	Basis of relationship	Shareholding
Daneen Pharma (Private) Limited	Subsidiary	98%
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	-
Dancen Beauty (Private) Limited	Associate - due to common directorship	-
Anwar Sharif Hospital (Private) Limited	Associate - due to common directorship	-

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	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 (%)
	Rupees									
Leasehold land	757,167,461	-	-	-	757,167,461	-	-	-	757,167,461	-
Buildings	461,098,330	**269,105,701	-	-	730,204,031	45,519,176	-	111,995,518	518,208,573	5
Plant and machinery	245,348,538	20,623,677 **23,777,034	-	-	269,749,449	25,937,075	-	139,175,559	150,573,910	10 - 20
Furniture and fittings	15,912,505	3,836,621 **5,542,124	-	-	35,285,250	4,369,692	-	12,652,594	22,450,586	14
Vehicles	67,439,214	3,661,500	(293,500)	-	70,807,214	8,539,238	(93,500)	56,581,095	15,216,121	20
Office equipments	20,458,528	7,714,081	-	-	28,173,009	3,850,090	-	17,550,500	10,642,599	20 - 25
Factory equipments	126,389,277	40,717,677	(399,000)	-	166,707,954	26,025,126	(372,657)	64,150,653	102,547,261	20
	1,593,814,313	76,555,759 **309,424,859	(692,500)	-	2,078,102,428	116,071,599	(468,357)	401,285,037	1,676,816,391	

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GENIX PHARMA (PRIVATE) LIMITED

		31 December 2021	31 December 2020
9	LONG-TERM DEPOSITS	Note	----- Rupees -----
	Against ijarah financing	393,900	393,900
	Utilities and other deposits	11,195,618	10,800,626
		<u>11,589,518</u>	<u>11,194,526</u>
10	LONG-TERM INVESTMENT		
	Investment in subsidiary - at cost	10.1	<u>490,000</u>
10.1	Represents 98% holding in a subsidiary Daneen Pharma (Private) Limited. 49,000 ordinary shares (2020: 49,000) of Rupee 10 each.		<u>490,000</u>
11	STOCK-IN-TRADE	Note	----- Rupees -----
	Raw and packing materials		
	In hand		336,560,863
	In transit		4,884,313
			<u>564,070,737</u>
	Work in process		44,286,840
	Finished goods	11.1	246,301,526
			<u>850,099,614</u>
	Provision for slow moving stock / expired stock	11.2	<u>(29,046,074)</u>
			<u>821,053,540</u>
11.1	Includes stock-in-trade costing Rs. 33.871 million (2020: Rs. 1.885 million) which has been written down to its net realizable value (NRV) amounting to Rs. 31.098 million (2020: Rs. 1.324 million).		<u>504,467,524</u>
11.2	Provision for slow moving / expired stock	Note	----- Rupees -----
	Opening balance		36,742,576
	Charge / (reversal) for the year	29	6,717,021
			<u>(14,413,523)</u>
			<u>29,046,074</u>
12	TRADE DEBTS		
	Unsecured		
	Considered good		680,557,809
	Considered doubtful		77,063,806
			<u>1,069,093,681</u>
	Allowance for expected credit losses	12.1	<u>(90,483,017)</u>
			<u>978,610,664</u>
12.1	Allowance for expected credit losses:		
	Opening balance		96,977,269
	Charge / (reversal) during the year		13,419,210
			<u>(19,913,462)</u>
	Closing balance		<u>90,483,017</u>
12.2	As at 31 December 2021, the ageing analysis of trade debts is as follows:		
		Neither past due nor impaired	Past due but not impaired
			91-180 days
			181-360 days
			361 and above days
		Total	----- Rupees -----
31 December 2021	<u>1,069,093,681</u>	<u>734,934,991</u>	<u>202,378,688</u>
		<u>94,532,207</u>	<u>37,247,795</u>
31 December 2020	<u>757,621,615</u>	<u>574,568,499</u>	<u>83,159,499</u>
		<u>53,614,251</u>	<u>46,279,366</u>

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GENIX PHARMA (PRIVATE) LIMITED

- 12.3 This includes receivable amounting to Rs. 105,526,686 (2020: 18,945,064) from the subsidiary company, Daneen Pharma (Private) Limited.
- 12.4 The maximum aggregate amount of receivable from the subsidiary company outstanding at anytime during the year by reference to month end balance is Rs. 105,526,686 (2020: 18,954,064).

			31 December 2021	31 December 2020
			----- Rupees -----	
13	LOANS AND ADVANCES	Note		
	Loans to employees - secured, considered good	13.1	134,000	339,000
	Advances - unsecured	13.2	293,587,382	181,902,755
			<u>293,721,382</u>	<u>182,241,755</u>

13.1 Represents interest free loans given to employees against salary and vehicle in accordance with the policy of the Company.

			31 December 2021	31 December 2020
			----- Rupees -----	
13.2	Advances - unsecured	Note		
	Advances to employees	13.2.1	77,066,937	19,363,127
			<u>77,066,937</u>	<u>19,363,127</u>
	Advances to suppliers - considered good	13.2.2	216,520,445	162,539,628
			<u>293,587,382</u>	<u>181,902,755</u>

13.2.1 This represents the advances paid to employees for the expenses to be incurred on behalf of the Company.

13.2.2 This includes advance amounting to Rs. 25,530,685 (2020: nil) from the subsidiary company, Daneen Pharma (Private) Limited.

			31 December 2021	31 December 2020
			----- Rupees -----	
14	DEPOSITS AND PREPAYMENTS	Note		
	Deposits - unsecured and considered good	14.1	103,566,131	77,203,241
	Prepayments	14.2	2,281,195	2,109,122
			<u>105,847,326</u>	<u>79,312,363</u>

14.1 Deposits

Letter of credits	26,989,418	4,498,377
Tenders	76,576,713	72,704,864
	<u>103,566,131</u>	<u>77,203,241</u>

14.2 Prepayments

Insurance	1,321,942	1,266,709
Rent	806,609	740,242
Fees and subscription	152,644	102,171
	<u>2,281,195</u>	<u>2,109,122</u>

15 OTHER RECEIVABLES

Receivable from related parties	418,768,653	376,160,617
Receivable from foreign distributors	10,424,454	10,424,454
Other receivables	40,278,519	35,591,366
	<u>469,471,626</u>	<u>422,176,437</u>

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GENIX PHARMA (PRIVATE) LIMITED

		31 December 2021	31 December 2020
	Note	----- Rupees -----	
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		14,017,640	12,228,300
TED Solutions (Private) Limited		2,377,671	2,347,070
Daneen Pharma (Private) Limited		398,706,948	353,512,944
Daneen Beauty (Private) Limited		58,410	-
Anwar Sahrif Hospital (Private) Limited		57,325	-
	15.1.2	<u>418,768,653</u>	<u>376,160,617</u>

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:

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 Pharma (Private) Limited	398,706,948	353,512,944
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).

		31 December 2021	31 December 2020
	Note	----- Rupees -----	
17 CASH AND BANK BALANCES			
Cash in hand			
Local currency		350,000	350,000
Foreign currency		4,585,994	2,874,553
		<u>4,935,994</u>	<u>3,224,553</u>
Cash at bank			
Current accounts - local currency		185,811,645	139,384,668
Current accounts - foreign currency		9,255,622	11,256,038
		195,067,267	150,640,706
Saving accounts	17.1	22,457,354	1,253
		<u>217,524,621</u>	<u>150,641,959</u>
		<u>222,460,615</u>	<u>153,866,512</u>

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

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		31 December 2021	31 December 2020
	Note	----- Rupees -----	
18 REVALUATION SURPLUS ON LEASEHOLD LAND AND BUILDING ON LEASEHOLD LAND			
Gross amount of revaluation surplus		799,599,593	818,819,957
Deferred tax		(73,437,296)	(77,675,136)
Net amount of revaluation surplus		<u>726,162,297</u>	<u>741,144,821</u>
Incremental depreciation:			
Gross		(19,220,364)	(19,220,364)
Deferred tax		4,342,630	4,237,840
Net		<u>(14,877,734)</u>	<u>(14,982,524)</u>
		<u>711,284,563</u>	<u>726,162,297</u>
19 LONG-TERM FINANCING			
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
		<u>363,557,545</u>	<u>527,863,846</u>
Less: Current maturities		(243,866,425)	(206,539,557)
		<u>119,691,120</u>	<u>321,324,289</u>
19.1	The 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 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 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 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 instalments 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 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 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 instalments commencing from May 2024. The facility is secured against 2nd charge over specific plant and machinery of the 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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		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 unconsolidated 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.				
21	DEFERRED TAXATION - NET				
		Opening	Charge to profit or loss	Charge to OCI	Closing
		----- Rupees -----			
	Taxable temporary difference				
	Accelerated tax				
	depreciation and amortisation	93,850,142	(6,859,949)	-	86,990,193
	Long-term financing	7,034,738	(2,958,953)	-	4,075,785
	Deductible temporary difference				
	Provisions	(45,633,682)	(16,538,329)	-	(62,172,011)
	Deferred grant	(7,034,738)	2,958,952	-	(4,075,786)
	Allowance for expected credit loss	(16,990,457)	(3,452,813)	-	(20,443,270)
		<u>31,226,003</u>	<u>(26,851,092)</u>	-	<u>4,374,911</u>
				31 December 2021	31 December 2020
22	TRADE AND OTHER PAYABLES		Note	----- Rupees -----	
	Trade creditors - local			112,243,963	135,691,869
	Trade creditors - foreign			63,167,843	61,929,042
				<u>175,411,806</u>	<u>197,620,911</u>
	Accrued liabilities			364,607,623	280,081,387
	Contract liabilities			34,582,644	54,846,483
	Provident fund		22.1	311,524,759	249,772,379
	Workers' Profit Participation Fund (WPPF)		22.2	196,392,590	148,300,280
	Workers' Welfare Fund (WWF)			44,216,033	33,059,369
	Central research fund			5,279,744	3,292,507
	Withholding tax			8,937,886	5,532,398
				<u>1,140,953,086</u>	<u>972,505,714</u>
22.1	Provident fund				
	Opening balance			249,772,379	197,502,765
	Contribution for the year			89,214,925	77,546,016
	Interest on funds utilized in Company's business		33.1	32,154,299	26,225,521
				<u>371,141,603</u>	<u>301,274,302</u>
	Payments made during the year			(59,616,844)	(51,501,923)
	Closing balance			<u>311,524,759</u>	<u>249,772,379</u>
				31 December 2021	31 December 2020
22.2	Workers' Profits Participation Fund		Note	----- Rupees -----	
	Opening balance			148,300,280	116,780,778
	Charge for the year		32	30,296,276	17,505,809
	Interest on funds utilized in Company'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>

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GENIX PHARMA (PRIVATE) LIMITED

- 23.1 The 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 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 Company and is repayable on demand.

		31 December 2021	31 December 2020
		----- Rupees -----	
25	ACCRUED MARK-UP	Note	
	Murabaha facility	452,616	2,382,856
	Istisna finance facility	26,426,335	12,103,405
	Long-term financing	<u>2,070,465</u>	<u>1,908,526</u>
		<u><u>28,949,416</u></u>	<u><u>16,394,787</u></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><u>253,915,610</u></u>	<u><u>225,612,691</u></u>

27 CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

As of the reporting date, there are several pending cases filed by / against the Company. 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 Company based on the written advice of legal counsel expect that the outcome of these cases will be in favour of the Company as they have a reasonable defense. Accordingly, no provision has been made in these unconsolidated financial statements.

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

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

		31 December 2021	31 December 2020
		----- Rupees -----	
28	TURNOVER - net		
	Gross sales		
	Local	6,258,185,613	5,277,850,226
	Export	<u>1,529,629,720</u>	<u>1,648,274,761</u>
		<u>7,787,815,333</u>	<u>6,926,124,987</u>
	Sales discount	(878,972,967)	(970,442,157)
	Sales return	<u>(205,077,330)</u>	<u>(178,386,188)</u>
		<u><u>6,703,765,036</u></u>	<u><u>5,777,296,642</u></u>

GENIX PHARMA (PRIVATE) LIMITED

		31 December 2021	31 December 2020
	Note	----- Rupees -----	
29 COST OF GOODS SOLD			
Raw and packing material consumed	29.1	1,744,889,612	1,232,873,469
Salaries, wages and other benefits	29.2	517,054,780	391,351,983
Research and development		563,186,444	731,030,417
Travelling and conveyance		153,256,929	120,574,598
Freight charges		97,045,546	121,388,462
Repair and maintenance		83,065,138	75,863,854
Utilities		70,127,043	56,248,334
Inspection fee		14,954,201	23,795,434
Registration charges		48,254,994	30,749,018
Printing, stationery and consumables		46,353,626	49,898,370
Depreciation on operating fixed assets	7.1.1	109,829,417	94,615,627
Provision / (reversal) for slow moving stock / expired stock	11.2	6,717,021	(14,413,523)
Stock written off to NRV		2,774,670	561,033
Expired stock written off		38,153,748	52,212,620
Legal and professional charges		1,134,067	479,274
Vehicle running expenses		12,338,549	9,361,960
Entertainment expenses		11,740,838	9,043,924
Insurance expense		5,362,414	6,337,031
General expenses		41,877,640	21,670,391
Fees and Subscription		10,594,661	68,000
		<u>3,578,711,338</u>	<u>3,013,710,276</u>
Work-in-process - opening	11	44,286,840	73,998,053
Work-in-process - closing	11	(39,727,352)	(44,286,840)
Cost of goods manufactured		<u>3,583,270,826</u>	<u>3,043,421,489</u>
Finished goods - opening	11	141,064,561	174,005,289
Purchases		334,564,843	302,939,543
Finished goods - closing	11	(246,301,526)	(141,064,561)
		<u>229,327,878</u>	<u>335,880,271</u>
Cost of goods sold		<u>3,812,598,704</u>	<u>3,379,301,760</u>
29.1 Raw and packing material consumed			
Opening stock	11	336,560,863	303,467,561
Purchases		1,957,689,198	1,265,966,771
		<u>2,294,250,061</u>	<u>1,569,434,332</u>
Closing stock	11	(549,360,449)	(336,560,863)
		<u>1,744,889,612</u>	<u>1,232,873,469</u>
29.2	Include Rs. 8.745 million (2020: Rs. 6.039 million) in respect of employees' provident fund.		
		31 December 2021	31 December 2020
30 SELLING AND DISTRIBUTION EXPENSES	Note	----- Rupees -----	
Salaries, wages and other benefits	30.1	716,879,958	640,819,571
Marketing expenses		354,333,567	318,544,057
Advertisement and promotional expenses		274,267,783	234,174,334
Incentives		403,514,209	336,805,259
Travelling and conveyance		46,527,871	69,565,798
Repair and maintenance		3,118,584	1,957,379
Utilities		15,107,367	12,563,628
Legal and professional charges		3,248,013	2,158,939
Depreciation on operating fixed assets	7.1.1	2,132,241	1,917,714
Printing, stationery and consumables		4,960,432	5,589,363
Vehicle running expenses		8,696,674	7,964,737
Entertainment expenses		1,297,684	1,630,660
Insurance expense		2,003,877	1,491,486
Fees and subscription		22,683,837	5,180,861
Inspection fee		3,936,059	3,495,445
General expenses		881,585	311,692
		<u>1,863,589,741</u>	<u>1,644,170,723</u>
30.1	Include Rs. 31.924 million (2020: Rs. 22.662 million) in respect of employees' provident fund.		

GENIX PHARMA (PRIVATE) LIMITED

		31 December 2021	31 December 2020
31 ADMINISTRATIVE EXPENSES	Note	----- Rupees -----	
Salaries, wages and other benefits	31.1	151,655,691	134,295,776
Travelling and conveyance		14,810,417	10,620,298
Rent, rates and taxes	31.3	3,532,074	3,277,133
Repair and maintenance		11,035,842	10,828,289
Utilities		13,339,895	10,011,605
Legal and professional charges		7,948,916	4,660,342
Depreciation on operating fixed assets	7.1.1	23,360,438	19,538,258
Amortization on intangible assets	8.1	173,750	16,805
Printing, stationery and consumables		3,619,544	2,011,672
Vehicle running expenses		4,076,953	3,273,200
Entertainment expenses		5,712,975	5,243,268
Insurance expense		22,888,929	20,943,713
Donation expenses	31.2	2,451,440	1,165,304
ijarah rentals		-	73,287
Fees and subscription		9,141,588	4,690,568
Inspection fee		2,675,060	2,016,274
General expenses		10,858,815	8,184,640
		<u>287,282,327</u>	<u>240,850,432</u>

31.1 Include Rs. 3.938 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 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
32 OTHER EXPENSES	Note	----- Rupees -----	
Central research fund		5,521,985	3,390,911
Workers' Profit Participation Fund	22.2	30,296,276	17,505,809
Workers' Welfare Fund		11,156,664	6,652,207
Exchange loss - net		12,142,097	23,572,067
Auditors' remuneration	32.1	1,932,112	1,615,680
		<u>61,049,134</u>	<u>52,736,674</u>
32.1 Breakup of auditor's remuneration			
Statutory audit fee		1,500,000	1,399,680
Audit of consolidated financial statements		300,000	-
Others		132,112	216,000
		<u>1,932,112</u>	<u>1,615,680</u>

33 FINANCE COSTS

Mark-up	33.1	164,148,562	166,055,644
Bank charges		16,280,886	16,538,802
		<u>180,429,448</u>	<u>182,594,446</u>
33.1 Mark-up on:			
Long-term financing		39,722,716	23,537,581
Istisna financing		71,020,151	88,384,157
Murabaha financing		3,455,362	13,894,692
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>166,055,644</u>

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GENIX PHARMA (PRIVATE) LIMITED

		31 December 2021	31 December 2020
	Note	----- Rupees -----	
34 OTHER INCOME			
Income from financial assets:			
Profit earned on saving accounts		306	149
Gain on short-term investment		1,240,823	206,477
(Charge) / reversal of provision for expected credit loss		(17,906,859)	19,913,462
Others		610,000	-
		<u>(16,055,730)</u>	<u>20,120,088</u>
Income from non-financial assets:			
(Loss) / gain on disposal of operating fixed assets	7.1.5	(1,353,338)	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	137,056
		<u>46,104,355</u>	<u>27,937,157</u>
		<u>30,048,625</u>	<u>48,057,245</u>
35 TAXATION			
Current		152,454,691	78,875,671
Prior		15,485,657	7,679,607
Deferred		(26,851,092)	(1,152,850)
	35.1	<u>141,089,256</u>	<u>85,402,428</u>
35.1 Relationship between income tax expense and accounting profit			
Accounting profit before tax		<u>528,864,307</u>	<u>325,699,852</u>
Tax at applicable rate 29% (2020: 29%)		153,370,649	94,452,957
Effects of previous years tax charge		15,485,657	7,679,607
Effects of income charge at a lower rate		(26,422,069)	(6,943,252)
Effects of non-deductible expenses		(1,344,981)	(9,786,884)
		<u>141,089,256</u>	<u>85,402,428</u>
36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES			

The main risks arising from the Company'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:

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 Company 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 Company's performance to developments affecting a particular industry.

The Company is exposed to credit risk on long-term deposits, trade debts, loans, deposits, other receivables and bank balances. The Company 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	11,589,518	11,194,526
Trade debts	978,610,664	680,557,808
Loans to employees	134,000	339,000
Deposits	103,566,131	77,203,241
Other receivables	469,471,626	422,176,437
Bank balances	217,524,621	150,641,959
	<u>1,780,896,560</u>	<u>1,342,112,971</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 unconsolidated 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 Company 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	11,589,518	11,194,526
Trade debts	978,610,664	680,557,808
Loans to employees	134,000	339,000
Deposits	103,566,131	77,203,241
Other receivables	469,471,626	422,176,437
Bank balances	217,524,621	150,641,959
	<u>1,780,896,560</u>	<u>1,342,112,971</u>
Cash with Banks		
A1+	139,536,958	101,323,809
A-1	77,987,663	49,318,150
	<u>217,524,621</u>	<u>150,641,959</u>

36.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company 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:

	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	-	886,126,832	-	886,126,832
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>2,351,967,571</u>	<u>119,691,120</u>	<u>2,482,498,541</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	-	782,321,160	-	782,321,160
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>1,555,883,157</u>	<u>321,324,289</u>	<u>1,889,284,608</u>

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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	177.46	160.23
Pakistani Rupee to Euro	200.78	196.43

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%	46,520,084
31 December 2020	± 10%	121,427,144

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 Company's exposure to the risk of change in market interest rates relates primarily to the Company's long-term financing, short-term financing obligations with floating interest rates and balances in saving accounts.

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 Company's profit before tax:

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

36.4 Capital risk management

The primary objective of the Company'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 Company 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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

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The Company 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
	----- Rupees -----	
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	(222,460,615)	(153,866,512)
Net debt	<u>1,334,121,828</u>	<u>924,624,987</u>
Shareholders' equity	2,526,726,192	2,138,951,142
Total net debt and equity	<u>3,860,848,020</u>	<u>3,063,576,129</u>
Gearing ratio	<u>35%</u>	<u>30%</u>

The Company 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 Company.

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

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, 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

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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	Total
	----- Rupees -----		
Financial assets not measured at fair value			
Long-term deposits	11,589,518	-	11,589,518
Long-term Investment	490,000	-	490,000
Trade debts	978,610,664	-	978,610,664
Loans and advances	293,721,382	-	293,721,382
Other receivables	469,471,626	-	469,471,626
Short-term investment	11,447,300	-	11,447,300
Bank balances	217,524,621	-	217,524,621
Financial liabilities not measured at fair value			
Long-term financing, including current maturities	-	363,557,545	363,557,545
Trade and other payables	-	1,140,953,086	1,140,953,086
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	Total
	----- Rupees -----		
Financial assets not measured at fair value			
Long-term deposits	11,194,526	-	11,194,526
Long-term Investment	490,000	-	490,000
Trade debts	680,557,808	-	680,557,808
Loans and advances	182,241,755	-	182,241,755
Other receivables	422,176,437	-	422,176,437
Short-term investment	40,206,478	-	40,206,478
Bank balances	150,641,959	-	150,641,959
Financial liabilities not measured at fair value			
Long-term financing, including current maturities	-	527,863,846	527,863,846
Trade and other payables	-	972,505,714	972,505,714
Short-term borrowings	-	550,627,653	550,627,653
Due to a related party	-	12,077,163	12,077,163
Accrued mark-up	-	16,394,787	16,394,787

*It includes provident fund payable as disclosed in note 22 to these unconsolidated 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	102,278,849	125,816,430
Finance cost paid	(19,475,869)	(74,475,513)	(93,951,382)	(8,974,665)	(102,278,849)	(111,253,514)
	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

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37. TRANSACTIONS WITH RELATED PARTIES

The related parties includes subsidiary Company, group companies 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 unconsolidated 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	31 December
		2021	2020
		----- Rupees -----	
Subsidiary Company			
Daneen Pharma (Private) Limited	Expenses incurred on behalf of subsidiary company	45,194,004	40,233,258
	Sales made to the subsidiary company	131,341,125	19,245,312
	Purchase from the subsidiary company	110,901,440	-
	Amount received against sales	152,700,000	-
	Amount paid against purchases	<u>33,000,000</u>	<u>-</u>
Associates			
TED Solutions (Private) Limited	Expenses incurred on behalf of group company	<u>30,601</u>	<u>535</u>
Genix Healthcare (Private) Limited	Expenses incurred on behalf of group company	664,340	11,232,435
	Amount incurred against capital expenditure	<u>1,125,000</u>	<u>-</u>
Daneen Beauty (Private) Limited	Expenses incurred on behalf of group company	<u>58,410</u>	<u>-</u>
Anwar Sharif Hospital (Private) Limited	Expenses incurred on behalf of group company	<u>57,325</u>	<u>-</u>
Key management personnel			
	Advance given to Chief Executive for capital expenditure	-	257,600
	Loan received during the year	<u>33,995</u>	<u>6,475,821</u>
Staff retirement fund			
Provident fund	Contribution for the year	89,214,925	77,546,016
	Interest on provident fund	32,154,299	26,225,521
	Contribution paid during the year	<u>59,616,844</u>	<u>51,501,923</u>

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

37.2. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly and indirectly. The Company 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 unconsolidated financial statements in respect of remuneration and other benefits to the chief executive, directors and executives of the Company for the year is as follows:

	Chief Executive		Director		Other Executives	
	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
----- Rupees -----						
Remuneration	16,900,000	11,440,000	16,900,000	11,440,000	167,600,267	122,106,951
House rent	5,520,000	3,588,000	5,520,000	3,588,000	54,050,838	38,411,667
Utilities	1,320,000	858,000	1,320,000	858,000	12,925,200	9,185,399
Medical	1,560,000	1,014,000	1,560,000	1,014,000	15,275,237	10,855,471
	<u>25,300,000</u>	<u>16,900,000</u>	<u>25,300,000</u>	<u>16,900,000</u>	<u>249,851,542</u>	<u>180,559,487</u>
Number of persons	1	1	1	1	67	44

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- 38.1. The chief executive and director of the Company are also provided with Company 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 has an annual capacity of 40 million units / packs and currently working at full capacity.

40. NUMBER OF EMPLOYEES

The total number of employees at the year end were 1,749 (2020: 1,531) and average number of employees during the year were 1,741 (2020: 1,523).

41. DATE OF AUTHORISATION FOR ISSUE

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

42. GENERAL

- 42.1. Figures in these unconsolidated 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. *ETW*



CHIEF EXECUTIVE



DIRECTOR