

sanofi-aventis Pakistan Limited

**CONDENSED INTERIM
FINANCIAL STATEMENTS**

FOR THE NINE MONTHS ENDED

September 30, 2021

(UN-AUDITED)



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Company Information

Board of Directors

Syed Babar Ali
Asim Jamal
Yasser Pirmuhammad
Syed Hyder Ali
Arshad Ali Gohar
Imtiaz Ahmed Husain Laliwala
Shahid Zaki
Rehmatullah Khan Wazir
Naira Adamyan
Hermes Martet
Marc-Antoine Lucchini

Chairman
Chief Executive Officer
Chief Financial Officer

Company Secretary

Muhammad AbuBakar Siddiq

URL

www.sanofi.com.pk

Auditors

EY Ford Rhodes,
Chartered Accountants

Legal Advisors

Khalid Anwer & Co.
Saadat Yar Khan & Co.
Ghani Law Associates

Bankers

Citibank, N.A.
Deutsche Bank AG
MCB Bank Limited
Allied Bank Limited
Habib Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited

Registrars & Share Transfer Office

FAMCO Associates (Private) Limited
8-F, Near Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi
Tel: +92 21 34380101-5
URL: www.famco.com.pk

Registered Office

Plot 23, Sector 22, Korangi Industrial Area,
Karachi - 74900

Postal Address

P.O. Box No. 4962, Karachi - 74000

Contact

Tel: +92 21 35060221-35
Email: contact.pk@sanofi.com

Directors' Report to the Shareholders

The Directors are pleased to present the un-audited interim condensed financial statements of your Company, for the nine months ended September 30, 2021. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - "Interim Financial Reporting" and the provisions of and the directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

Net sales for the nine months ended September 30, 2021 were Rs. 11,920 million, which grew by 12% compared to same period last year. This double-digit growth was mainly driven by Flagyl®, Haemaccel® and Clexane® which grew by 19%, 105% and 32% respectively.

The gross margin improved slightly to 21.8% from 21.7% as compared to same period last year on account of pricing, which was adversely impacted due to depreciation/instability in exchange rate, specially in the last 3 months. Distribution and marketing expenses increased by 7% as compared to last year due to increased activities on account of ease of COVID-19 restrictions. Administrative expenses increased compared to last year primarily due to increase in staff cost.

Due to the reasons explained above, profit before tax for the nine months ended September 30, 2021 amounted to Rs. 728 million, while profit after tax amounted to Rs. 349 million translating into earnings per share of Rs. 36.21 as compared to loss per share of Rs. 0.64 in same period last year.

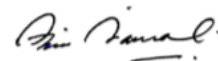
Volatile economic situation and devaluation of Pakistan Rupee remains a key concern for the business environment especially the pharmaceutical industry as majority of the active pharmaceutical ingredients and finished goods are imported. Your company remains cognizant of the upcoming challenges, while ensuring continuous supply of its medicines to patients. The management is confident that your Company would perform well in the coming months, as the outlook of pharma market is positive.

We would like to thank all our stakeholders for their continued support, faith and confidence in the company. We would like to especially appreciate the dedicated efforts of our committed employees for their diligence and hard work that enables us to take the Company ahead.

By order of the Board



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer

Karachi: October 27, 2021

ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز آپ کی کمپنی کے ۳۰ ستمبر، ۲۰۲۱ء کو ختم شدہ ششماہی کے غیر آڈٹ شدہ عبوری مالیاتی گوشوارے پیش کرتے ہیں۔ یہ مالیاتی گوشوارے انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ 34 (IAS) - 'انٹیرم فنانشل رپورٹنگ' کے مطابق اور کمپنیز ایکٹ، ۲۰۱۷ء کے تحت جاری شدہ ہدایات کی روشنی میں تیار کیے گئے ہیں۔ اگر کہیں پر ضروریات مختلف ہیں تو کمپنیز ایکٹ، ۲۰۱۷ء کی ہدایات پر عمل کیا گیا ہے۔

۳۰ ستمبر، ۲۰۲۱ء کو ختم شدہ نو مہینوں میں کمپنی کی نیٹ سیلز گزشتہ سال میں اسی دورانیہ کے مقابلے میں ۱۲ فیصد اضافے کے ساتھ ۱۱،۹۲۰ ملین روپے رہی۔ اس اضافے کی بنیادی وجہ فلیج، ہیما کسل اور کلگیزین کی نیٹ سیلز میں اضافہ ہے جن میں بالترتیب ۱۹ فیصد، ۱۰۵ فیصد اور ۳۲ فیصد اضافہ ریکارڈ کیا گیا۔

خاص طور پر گزشتہ تین مہینوں کے دوران پاکستانی روپے کی قدر میں کمی اعدم استحکام کی وجہ سے قیمتوں میں اضافے کے باعث زرمبادلہ کی شرح میں بھی عدم استحکام کی بنا پر مجموعی منافع گزشتہ سال اسی دورانیہ کے مقابلے میں مجموعی منافع ۲۱ء فیصد سے تھوڑا سا بڑھ کر ۲۱ء۸ فیصد ہو گیا۔ کورونا کی وجہ سے پابندیوں میں کمی کے باعث ڈسٹری بیوشن اور مارکیٹنگ اخراجات گزشتہ سال کے مقابلے میں ۷ فیصد بڑھ گئے ہیں۔ انتظامی اخراجات گزشتہ سال کے مقابلے میں ملازمین پر لاگت میں اضافے کی وجہ سے بڑھ گئے ہیں۔

مندرجہ بالا اسباب کی وجہ سے ۳۰ ستمبر، ۲۰۲۱ء کو ختم شدہ نو مہینوں میں قبل از ٹیکس منافع ۷۲۸ ملین روپے رہا جبکہ بعد از ٹیکس منافع ۳۴۹ ملین روپے ریکارڈ کیا گیا، اسی طرح گزشتہ سال اسی دورانیہ میں ۶۲۰ روپے فی حصص خسارے کے مقابلے میں ۳۶۰۲۱ روپے فی حصص منافع ریکارڈ کیا گیا ہے۔

ملک میں وبائی صورتحال اور پاکستانی روپے کی قدر میں کمی کے باعث کاروباری سرگرمیوں خاص طور پر فارماسیوٹیکل انڈسٹری شدید باؤ کا شکار رہی کیونکہ دواؤں میں استعمال ہونے والے اہم اجزاء اور تیار اشیاء درآمد کی جاتی ہیں۔ آپ کی کمپنی صورتحال کا مسلسل جائزہ لے رہی ہے اور ہم مریضوں کے لیے دواؤں کی مسلسل فراہمی کو یقینی بنا رہے ہیں۔ انتظامیہ پر اعتماد ہے کہ فارما مارکیٹ کے مستقبل میں بہتری کا امکان ہے اس لیے آپ کی کمپنی آنے والے مہینوں میں اچھی کارکردگی کا مظاہرہ کرے گی۔

ہم تمام اسٹیک ہولڈرز کے شکرگزار ہیں کہ انھوں نے کمپنی کے ساتھ مسلسل تعاون اور اپنے اعتماد کو برقرار رکھا۔ ہم اپنے ملازمین کی انتھک محنت اور لگن کے ساتھ کوششوں کی بھی خاص طور پر تعریف کرتے ہیں جن کی بدولت کمپنی ترقی کی راہ پر گامزن ہے۔

Ahmed

بحکم بورڈ

Sid

عاصم جمال

سید باہر علی

چیف ایگزیکٹو آفیسر

چیرمین

کراچی: ۲۷ اکتوبر، ۲۰۲۱ء

sanofi-aventis Pakistan Limited
 Condensed Interim Statement of Financial Position
 As at September 30, 2021

	Note	September 30, 2021 (Un-audited)	December 31, 2020 (Audited)
----- Rupees in '000 -----			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	1,548,058	1,741,583
Right-of-use assets	5	5,454	21,790
Intangible assets		3,657	3,604
		<u>1,557,169</u>	<u>1,766,977</u>
Long-term loans		2,721	3,119
Long-term deposits		15,983	13,643
Deferred taxation - net		168,794	123,773
		<u>1,744,667</u>	<u>1,907,512</u>
CURRENT ASSETS			
Stores and spares		52,978	48,273
Stock-in-trade - net	6	4,223,483	3,210,363
Trade debts - net		558,520	538,646
Loans and advances		164,749	88,694
Trade deposits and short-term prepayments		444,248	427,861
Other receivables - net		333,872	966,953
Taxation - net		1,287,967	1,411,809
Cash and bank balances		124,463	53,235
		<u>7,190,280</u>	<u>6,745,834</u>
TOTAL ASSETS		<u><u>8,934,947</u></u>	<u><u>8,653,346</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
10,000,000 Ordinary shares of Rs.10 each		<u>100,000</u>	<u>100,000</u>
Issued, subscribed and paid-up		96,448	96,448
Reserves			
Capital reserves		365,760	353,307
Revenue reserve		4,268,668	4,112,343
		<u>4,634,428</u>	<u>4,465,650</u>
		4,730,876	4,562,098
NON-CURRENT LIABILITIES			
Long-term financing		71,927	163,622
Deferred liabilities		32,784	42,274
Lease liabilities		-	1,340
		<u>104,711</u>	<u>207,236</u>
CURRENT LIABILITIES			
Contract liabilities		104,169	57,927
Trade and other payables	7	3,715,277	3,396,136
Current maturity of long-term financing		164,214	143,758
Current maturity of deferred liabilities		8,783	16,340
Current maturity of lease liabilities		2,639	22,140
Accrued mark-up		1,129	5,599
Unclaimed dividend		10,141	9,279
Short-term borrowings	8	93,008	232,833
		<u>4,099,360</u>	<u>3,884,012</u>
CONTINGENCIES AND COMMITMENTS			
	9		
TOTAL EQUITY AND LIABILITIES		<u><u>8,934,947</u></u>	<u><u>8,653,346</u></u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Syed Babar Ali
Chairman

Asim Jamal
Chief Executive Officer

Yasser Pirmuhammad
Chief Financial Officer

sanofi-aventis Pakistan limited
 Condensed Interim Statement of Profit or Loss
 For the nine months ended September 30, 2021 (Un-audited)

	Nine Months Ended		Three Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	----- Rupees in '000 -----			
NET SALES	11,919,819	10,677,223	3,849,202	4,060,794
Cost of sales	(9,318,249)	(8,357,558)	(3,084,140)	(3,206,090)
GROSS PROFIT	2,601,570	2,319,665	765,062	854,704
Distribution and marketing expenses	(1,417,941)	(1,325,008)	(526,544)	(380,109)
Administrative expenses	(392,941)	(380,961)	(122,027)	(119,649)
Other expenses	(112,515)	(362,118)	(38,056)	(111,088)
Other income	69,569	35,249	(60,303)	6,105
	(1,853,828)	(2,032,838)	(746,930)	(604,741)
OPERATING PROFIT	747,742	286,827	18,132	249,963
Finance costs	(19,816)	(46,389)	(4,158)	(23,783)
PROFIT BEFORE TAXATION	727,926	240,438	13,974	226,180
Taxation - Current	(425,344)	(314,745)	(122,223)	(127,404)
- Deferred	46,638	68,154	13,639	(1,744)
	(378,706)	(246,591)	(108,584)	(129,148)
PROFIT / (LOSS) AFTER TAXATION	349,220	(6,153)	(94,610)	97,032
EARNINGS / (LOSS) PER SHARE - basic and diluted (Rupees)	36.21	(0.64)	(9.81)	10.06

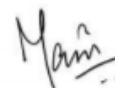
The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer




Yasser Pirmuhammad
Chief Financial Officer

sanofi-aventis Pakistan limited
 Condensed Interim Statement Of Other Comprehensive Income
 For the nine months ended September 30, 2021 (Un-audited)

	Nine months		Three Months Ended	
	September 2021	September 30, 2020	September 2021	September 30, 2020
	----- Rupees in '000 -----			
Profit / (loss) after the period	349,220	(6,153)	(94,610)	97,032
Other comprehensive income items that will not to be reclassified to profit or loss in subsequent periods:				
Actuarial gain / (loss) on defined benefit plans	-	-	-	-
Deferred tax on actuarial gain / (loss) on defined benefit plans	-	-	-	-
Total other comprehensive income	-	-	-	-
Total comprehensive income / (loss)	349,220	(6,153)	(94,610)	97,032


The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer



Yasser Pirmuhammad
Chief Financial Officer

sanofi-aventis Pakistan limited
 Condensed Interim Statement of Cash Flows
 For the nine months ended September 30, 2021 (Un-audited)

Note	September 30, 2021	September 30 2020
	-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	727,926	240,438
Adjustment for non-cash charges and other items:		
Depreciation / amortization	257,121	264,839
Impact of lease modification	(1,122)	-
Impact of lease termination	(115)	-
Gain on sale of operating fixed assets	(5,331)	(33)
Release of deferred liabilities	(17,047)	-
Expenses arising from equity settled share based payment plans	12,453	23,767
Retirement benefits	86,837	107,374
Interest income	(543)	(3)
Finance costs	19,816	46,389
	<u>1,079,995</u>	<u>682,771</u>
(Increase) / decrease in current assets		
Stores and spares	(4,705)	8,326
Stock-in-trade	(1,013,120)	(1,323,733)
Trade debts	(19,874)	89,747
Loans and advances	(76,055)	(41,934)
Trade deposits and short-term prepayments	(16,387)	(243)
Other receivables	625,140	543,912
	<u>(505,001)</u>	<u>(723,925)</u>
	574,994	(41,154)
(Decrease) / increase in current liabilities		
Contract liabilities	46,242	(37,017)
Trade and other payables (excluding liabilities for employees' pension and gratuity funds)	304,095	431,673
Cash generated from operations	<u>925,331</u>	<u>353,502</u>
Finance costs paid	(23,821)	(46,648)
Interest on lease liability paid	(2,354)	(283)
Income tax paid	(299,886)	(326,709)
Retirement benefits paid	(63,850)	(135,899)
Long-term loans	398	1,305
Long-term deposits	(2,340)	-
Net cash generated from/ (used in) operating activities	<u>533,478</u>	<u>(154,732)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(89,021)	(240,096)
Sale proceeds from sale of operating fixed assets	42,233	17,248
Interest received	543	3
Net cash used in investing activities	<u>(46,245)</u>	<u>(222,845)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(192,033)	(76,955)
Repayment of lease liability	(12,908)	(16,480)
(Repayment) / proceeds from long-term financing	(71,239)	328,428
Net cash (used in)/ generated from financing activities	<u>(276,180)</u>	<u>234,993</u>
Net Increase / (decrease) in cash and cash equivalents	<u>211,053</u>	<u>(142,584)</u>
Cash and cash equivalents at the beginning of the period	(179,598)	(416,774)
	<u>10</u>	<u>31,455</u>
	<u>31,455</u>	<u>(559,358)</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Syed Babar Ali
Chairman

Asim Jamal
Chief Executive Officer

Yasser Pir Muhammad
Chief Financial Officer

sanofi-aventis Pakistan limited
 Condensed Interim Statement of Changes in Equity
 For the nine months ended September 30, 2021 (Un-audited)

	Capital Reserves			Revenue Reserves			Total
	Issued, subscribed and paid-up share capital	long-term liabilities forgone	Difference of share capital under scheme of arrangement for amalgamation	Other	General reserve	Unappropriated profit / (loss)	
	-----Rupees '000-----						
Balance as at January 1, 2020 (Audited)	96,448	5,935	18,000	297,652	3,535,538	135,879	4,089,452
Employee benefit cost under IFRS 2 - "Share based Payment"	-	-	-	23,767	-	-	23,767
Final dividend @ Rs.8 per ordinary share for the year ended December 31, 2019	-	-	-	-	-	(77,158)	(77,158)
Loss after taxation	-	-	-	-	-	(6,153)	(6,153)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(6,153)	(6,153)
Balance as at September 30, 2020	96,448	5,935	18,000	321,419	3,535,538	52,568	4,029,908
Balance as at January 1, 2021 (Audited)	96,448	5,935	18,000	329,372	3,535,538	576,805	4,562,098
Employee benefit cost under IFRS 2 - "Share based Payment"	-	-	-	12,453	-	-	12,453
Final dividend @ Rs.20 per ordinary share for the year ended December 31, 2020	-	-	-	-	-	(192,895)	(192,895)
Profit after taxation	-	-	-	-	-	349,220	349,220
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	349,220	349,220
Balance as at September 30, 2021	96,448	5,935	18,000	341,825	3,535,538	733,130	4,730,876

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Syed Babar Ali
Chairman

Asim Jamal
Chief Executive Officer

Yasser Pirmuhammad
Chief Financial Officer

sanofi-aventis Pakistan limited

Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2021 (Un-audited)

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan in 1967 as a Public Limited Company. The shares of the Company are listed on Pakistan Stock Exchange Limited. The Company is a subsidiary of Sanofi Foreign Participations B.V., registered in Netherlands (the Parent Company). The Ultimate Parent of the Company is Sanofi S.A., France carrying shareholding at 52.87% and incorporated in France. The Company is engaged in the manufacturing and selling of pharmaceutical, consumer healthcare products and vaccines. The registered office of the Company is located at Plot 23, Sector 22, Korangi Industrial Area, Karachi.

2. STATEMENT OF COMPLIANCE

- 2.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' (IAS 34) , issued by the International Accounting Standards Board (IASB) as notified under Companies Act, 2017 (the Act) and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Act differ with the requirement of IAS 34, the provisions of and directives issued under the Act have been followed.
- 2.2** These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2020.
- 2.3** The preparation of these condensed interim financial statements, in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates. During the preparation of these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and assumptions are consistent with those that were applied to the annual audited financial statements of the Company for the year ended December 31, 2020 except, as stated in note 3 of these condensed interim financial statements.

3. ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2020, except for the adoption of amendments to approved accounting standards which became effective for the current period:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The adoption of above standards, interpretations and improvement to standards did not have any material effect on the condensed interim financial statements of the Company.

sanofi-aventis Pakistan limited
Notes to the Condensed Interim Financial Statements
For the nine months ended September 30, 2021 (Un-audited)

	Note	September 30, 2021 (Un-audited)	December 31, 2020 (Audited)
-----Rupees in '000-----			
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	1,473,950	1,586,496
Capital work-in-progress	4.2 & 4.3	74,108	155,087
		<u>1,548,058</u>	<u>1,741,583</u>
4.1 Operating fixed assets			
Opening net carrying value		1,586,496	1,546,805
Additions/transfers from capital work-in-progress	4.1.1	167,607	433,035
Disposals during the period / year	4.1.1	(36,902)	(54,616)
Write-off during the period / year		-	(800)
Depreciation charged for the period / year		(243,251)	(337,928)
Closing net carrying value		<u>1,473,950</u>	<u>1,586,496</u>

4.1.1 Details of additions and disposals are as follows:

	Additions (at cost)		Disposals (at net carrying value)	
	(Un-audited) September 30, 2021	(Audited) December 31, 2020	(Un-audited) September 30, 2021	(Audited) December 31, 2020
-----Rupees in '000-----				
Buildings on leasehold land	39,665	16,483	-	-
Plant and machinery	55,898	223,555	-	-
Furniture and fixtures	-	566	1,124	-
Factory and office equipment	22,559	84,623	1,190	-
Motor vehicles	49,485	107,808	34,588	54,616
	<u>167,607</u>	<u>433,035</u>	<u>36,902</u>	<u>54,616</u>

	September 30, 2021 (Un-audited)	December 31, 2020 (Audited)
-----Rupees in '000-----		
4.2 Capital work-in-progress		
Buildings on leasehold land	7,783	50,264
Plant and machinery	36,358	51,941
Others	29,967	52,882
	<u>74,108</u>	<u>155,087</u>

4.3 Movement in capital work-in-progress is as follows:

	September 30, 2021	December 31, 2020
Opening balance	155,087	103,308
Additions during the period / year	18,410	88,377
Transferred to operating fixed assets	(99,389)	(36,598)
Closing balance	<u>74,108</u>	<u>155,087</u>

5. RIGHT-OF-USE ASSETS

	September 30, 2021	December 31, 2020
Opening balance	21,790	2,828
Additions	-	36,382
Impact of lease modification	(3,432)	-
Depreciation charge for the period / year	(11,529)	(17,420)
Impact of termination of lease	(1,375)	-
Closing balance	<u>5,454</u>	<u>21,790</u>

5.1 The Company modified its contracts for two sales offices resulting in reduction in scope of lease. Right-of-use assets and lease liabilities have been adjusted accordingly as per the requirements of IFRS-16.

5.2 The Company terminated one contract for sales office due to its early closure. Right-of-use asset and lease liability have been adjusted accordingly as per the requirements of IFRS-16.

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		September 30, 2021	December 31, 2020
		-----Rupees in '000----- (Un-audited)	(Audited)
6. STOCK-IN-TRADE			
Raw and packing material			
In hand		1,535,088	1,364,825
In transit		147,956	79,069
		<u>1,683,044</u>	<u>1,443,894</u>
Provision against raw and packing material	6.1	<u>(274,714)</u>	<u>(221,054)</u>
		<u>1,408,330</u>	<u>1,222,840</u>
Work-in-process		120,048	96,071
Finished goods			
In hand		1,838,502	1,853,682
In transit		1,096,014	209,692
		<u>(239,411)</u>	<u>(171,922)</u>
Provision against finished goods	6.2	<u>2,695,105</u>	<u>1,891,452</u>
		<u>4,223,483</u>	<u>3,210,363</u>

		September 30, 2021	December 31, 2020
		-----Rupees in '000----- (Un-audited)	(Audited)

6.1 Movement of provision against raw and packing material

Opening balance	221,054	151,162
Charge for the period / year	135,192	86,216
Write-off during the period/ year	(81,532)	(16,324)
Closing balance	<u>274,714</u>	<u>221,054</u>

6.2 Movement of provision against finished goods

Opening balance	171,922	179,616
Charge for the period / year	90,172	49,451
Write off during the period / year	(22,683)	(57,145)
Closing balance	<u>239,411</u>	<u>171,922</u>

6.3 Inventory includes write down of raw and packing material costing Rs. 789 million, to their net realizable value of Rs. 649 million and write down of Finished goods costing Rs. 1,793 million (December 31, 2020: Rs 349.7 million), to their net realizable value of Rs. 1,695 million (December 31, 2020: Rs 273.6 million) .

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	September 30, 2021	December 31, 2020
	-----Rupees in '000-----	
	(Un-audited)	(Audited)
7. TRADE AND OTHER PAYABLES		
Trade creditors		
Related parties	1,256,877	1,029,599
Other trade creditors	383,047	360,760
	<u>1,639,924</u>	<u>1,390,359</u>
Other payables		
Accrued liabilities	1,065,956	1,050,350
Refund liabilities	33,854	27,347
Provision for Sindh Development and Maintenance of Infrastructure Cess	445,372	403,546
Employees' Pension Fund	336,958	321,912
Workers' Profit Participation Fund	42,274	50,291
Workers' Welfare Fund	98,222	95,967
Central Research Fund	7,407	9,054
Compensated absences	30,621	27,107
Security deposits	1,775	1,775
Contractors' retention money	4,804	5,156
Sales tax payable	8,110	13,272
	<u>2,075,353</u>	<u>2,005,777</u>
	<u>3,715,277</u>	<u>3,396,136</u>
8. SHORT-TERM BORROWING		
Running finance utilized under mark-up arrangements	93,008	232,833

Represents utilized portion of running finance facilities from various commercial banks under mark-up arrangements. The total running finance facilities available aggregates to Rs. 2,800 million (December 31, 2020: Rs. 2,800 million). These facilities are secured against first registered joint pari passu charge over current assets of the Company, inclusive but not limited to stock-in-trade and book debts of the Company. These facilities carry mark-up rates ranging between KIBOR + 0.15% to KIBOR + 0.40% (December 31, 2020: KIBOR + 0.15% to KIBOR + 0.40%) per annum. These facilities will expire latest by March 31, 2022.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There are no changes in the status of contingencies, as set out in note 20.1 to the annual financial statements of the Company for the year ended December 31, 2020 except for the following:

9.1.1 During the year ended December 31, 2016, Inland Revenue, Enforcement & Collection had framed the assessment for Tax Year 2014 on the alleged contention that the Company had short deducted income tax from payments made to vendors under various heads of expenditures. Total tax demand raised under the order was Rs.123.4 million. During the year 2018, the Commissioner Inland Revenue (Appeals) [CIR(A)] had remanded back the proceedings for fresh consideration to the Deputy Commissioner Inland Revenue (DCIR).The Company had filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the directions of CIR(A) for remand back proceedings. During the year 2019, the DCIR reduced the withholding tax demand from Rs.123.4 million to Rs.39.4 million in respect of matters pertaining to short withholding on imports. Therefore, balance of Rs.84 million was refundable to the Company, out of which an amount of Rs.49 million was refunded to the Company in the form of cash payments and the remaining amount of Rs.35 million was adjusted against the tax liability for the Tax Year 2021. During the period Appeal was filed with CIR(A) for the disputed amount of Rs.39.4 million which was rejected in Tax Year 2022 by CIR(A) therefore the appeal was filed before the ATIR.

9.1.2 During the year ended December 31, 2016, after conducting monitoring proceedings under section 161 of the Income Tax Ordinance, 2001 (Ordinance), Additional Commissioner Inland Revenue (ACIR) raised a demand of Rs. 44.6 million. The Company paid the said amount under protest and filed an appeal before the CIR(A). During the year 2018, the CIR(A) remanded back to (ACIR) for fresh proceedings. However, the Company had filed an appeal before the ATIR against the directions of CIR(A) for remand back proceeding which is pending. Appeal effect order was issued by the officer disallowing the same, therefore, appeal was filed with CIR(A). During the period, CIR(A) has sustained the demand of Rs.44.6 million which is pursued in appeal with the ATIR.

9.1.3 The DCIR passed an order under section 122(5) of the Income Tax Ordinance, 2001 for the year ended December 31, 2012, increasing the tax liability by Rs. 131.1 million on the contention that the Company understated the gain on sale of WAH Site and disallowance of certain expenses related to sales promotion and advertisement. The appeal was filed with CIR(A), matter related to gain on disposal of WAH site was deleted and additions relating to sales promotion and advertisements were remanded back. An appeal was filed with CIR(A) against the order issued by Commissioner on remand back proceedings to obtain the desired relief.

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	September 30, 2021	December 31, 2020
	-----Rupees in '000-----	
	(Un-audited)	(Audited)
9.2 Commitments		
Commitments for capital expenditure	<u>172,092</u>	<u>99,512</u>
Outstanding letters of credit	<u>276,425</u>	<u>214,422</u>
Outstanding bank guarantees	<u>539,537</u>	<u>417,220</u>
Outstanding bank contracts	<u>2,432,444</u>	<u>808,339</u>

	September 30, 2021	September 30, 2020
	-----Rupees in '000-----	
	(Un-audited)	(Un-audited)
10. CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>124,463</u>	37,339
Short-term borrowings	<u>(93,008)</u>	<u>(596,697)</u>
	<u>31,455</u>	<u>(559,358)</u>

11. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of group companies, associated undertakings, employees' retirement funds, directors and key management personnel. All transactions with related parties are executed at agreed terms duly approved by the Board of Directors of the Company.

There are no transactions with key management personnel other than under the terms of employment.

Details of transactions with related parties during the period are as follows:

	September 30, 2021 (Un-audited)					September 30, 2020 (Un-audited)				
	Group Companies	Associated undertakings	Retirement benefits plans	Key Management personnel	Total	Group Companies	Associated undertakings	Retirement benefits plans	Key Management personnel	Total
----- Rupees in '000 -----										
i) Gross Sales	16,707	-	-	-	16,707	16,609	-	-	-	16,609
ii) Purchase of goods	6,068,237	8,055	-	-	6,076,292	5,094,270	10,866	-	-	5,105,136
iii) Purchase of services	41,769	14,159	-	-	55,928	55,094	9,290	-	-	64,384
iv) Insurance claims received	-	39,011	-	-	39,011	-	10,571	-	-	10,571
v) Contribution paid										
- Provident fund	-	-	47,051	-	47,051	-	-	50,909	-	50,909
- Gratuity fund	-	-	21,572	-	21,572	-	-	54,477	-	54,477
- Pension fund	-	-	42,279	-	42,279	-	-	81,422	-	81,422
vi) Remuneration of key management personnel	-	-	-	199,953	199,953	-	-	-	207,085	207,085

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12. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND OTHERS

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2020. There have been no changes in any risk management policies since the year-end. The carrying amounts of all the financial instruments reflected in the condensed interim financial statements approximate to their fair value.

13. ENTITY WIDE INFORMATION

13.1 The Company constitutes a single reportable segment. Information about geographical areas of the Company are as follows:

	September 30, 2021 (Un-audited)	September 30, 2020 (Un-audited)
	-----Rupees in '000-----	
Sales to external customers- net of returns and discounts		
Pakistan	11,527,787	10,369,320
Afghanistan	375,325	291,294
Exports	16,707	16,609
	<u>11,919,819</u>	<u>10,677,223</u>

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 27, 2021 by the Board of Directors of the Company.

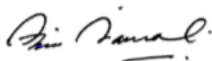
15. GENERAL

15.1 Figures presented in these condensed interim financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.

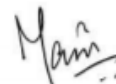
15.2 Corresponding figures have been rearranged and reclassified, whenever necessary, for the purpose of better presentation and comparison. However, there has been no material reclassification to report.



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer



Yasser Pirmuhammad
Chief Financial Officer