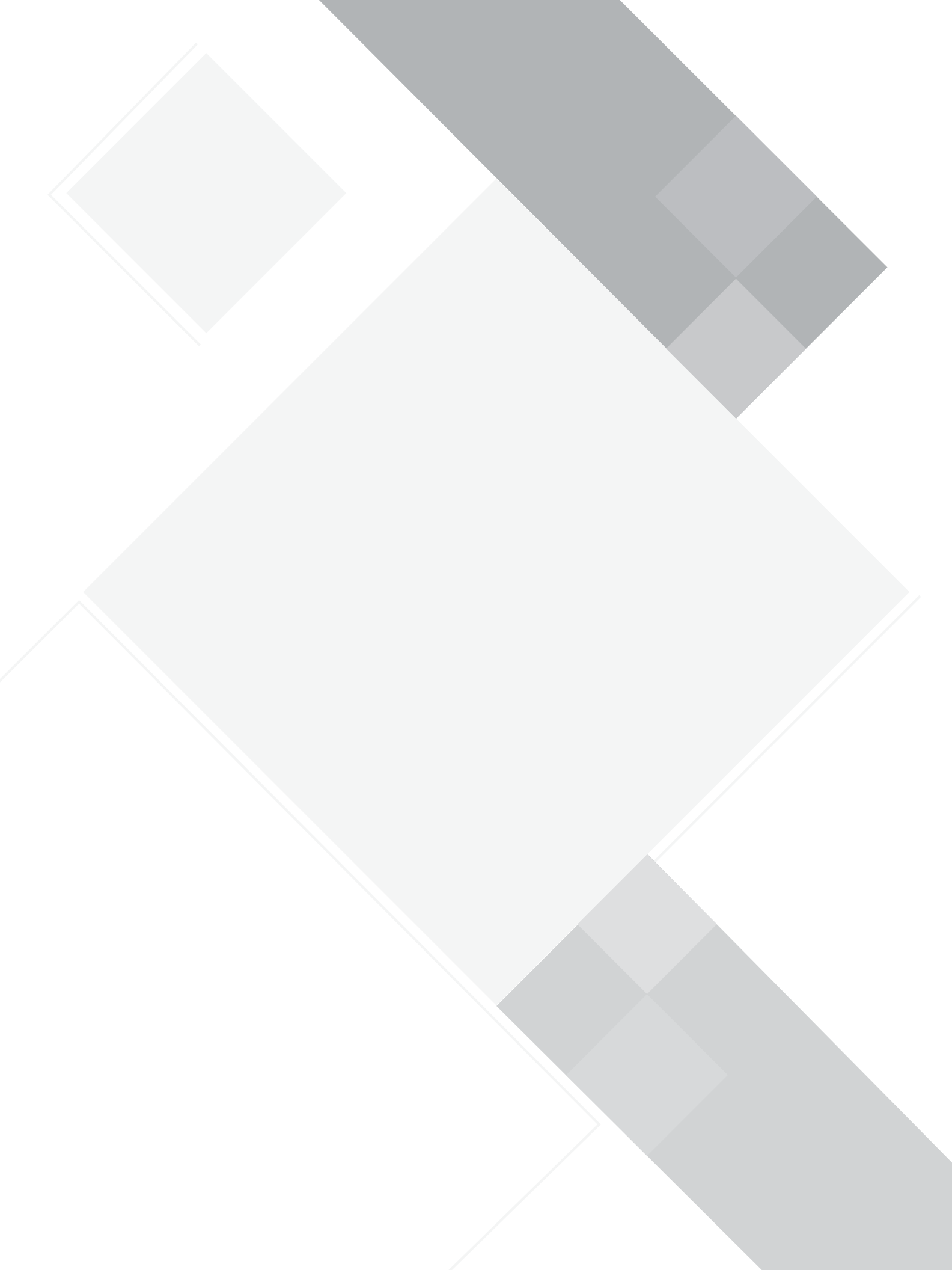


sanofi



ANNUAL  
REPORT  
**2022**

**PREPARING FOR A  
NEW TOMORROW**



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# Our Purpose

We chase the miracles of science to improve people's lives

# Our Core Values

Our values shape our behaviors, ethics, serve as a moral compass and ultimately define the DNA of our company



## Teamwork

Performing at our best to improve people's lives, winning together as One Sanofi.



## Integrity

Operate with honesty and transparency ensuring the highest ethical and quality standards.



## Respect

Embracing the diversity, different thoughts and needs of our people, customers, communities.



## Courage

Dare to innovate, taking ownership and risks and learning from failure.

## About Sanofi Pakistan

The company that is now known as Sanofi Pakistan has been present in Pakistan for over 55 years, saving the lives of millions and improving the quality of life of many more through effective, top-quality products.

The company was incorporated on December 8, 1967, as Hoechst Pakistan Limited. In 1977 the company went public and was listed on the Pakistan Stock Exchange. Following multiple mergers, divestments and acquisitions over the years, the name of the company was changed to sanofi-aventis Pakistan limited in 2005. In 2011, sanofi-aventis changed its identity to Sanofi at a global level and the Pakistan affiliate followed suit. However, the legal entity continues to be sanofi-aventis Pakistan limited.

On December 20, 2021, Packages Limited made a public announcement that its Board of Directors had given an in-principal approval to be part of an investor consortium to evaluate a potential purchase by the Consortium of all of 52.87% shares held by the Parent Company in the Company. The Consortium is led by Packages Limited and includes IGI Investments, and affiliates of Arshad Ali Gohar Group. In response, the Parent Company granted the Consortium an opportunity to conduct due diligence of the Company. On May 6th, 2022, Sanofi publicly announced the signing of a binding Share Purchase Agreement with the investor consortium. The transaction successfully closed at the end of April with the transfer of shares to the consortium.

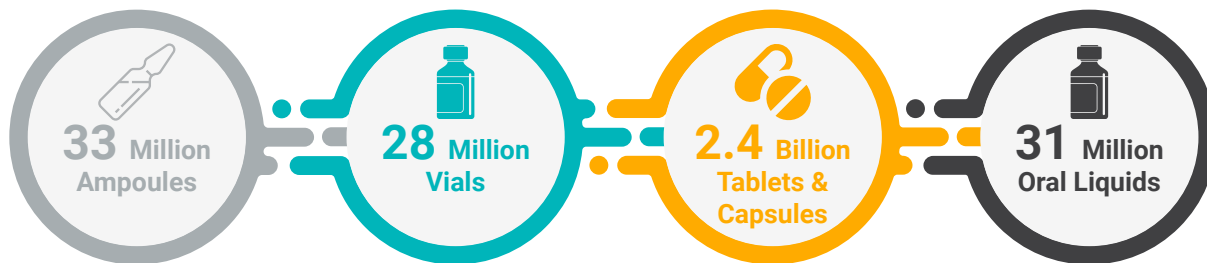
# The Year at a Glance

## Sanofi in Pakistan

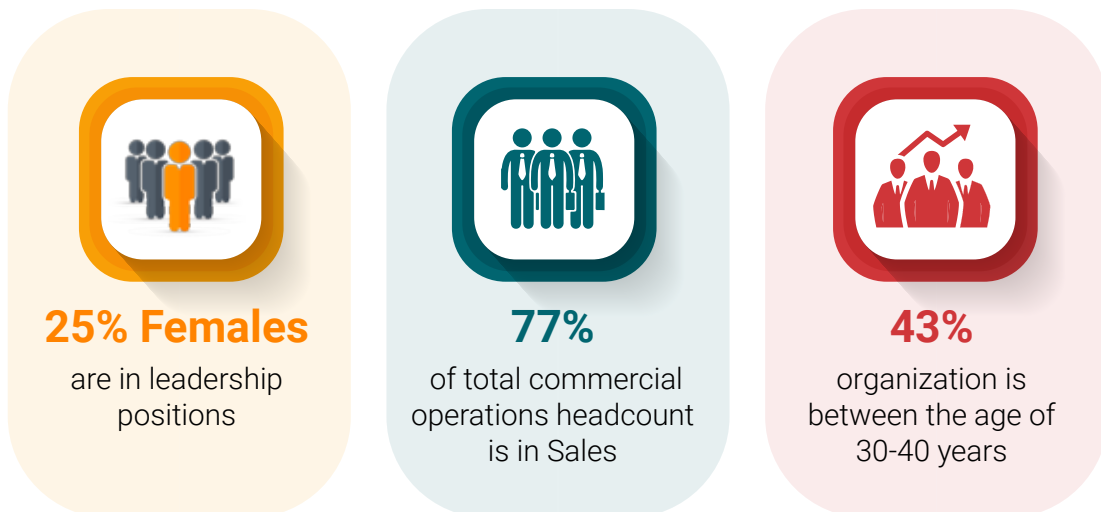


Source: IQVIA PKPI MAT December 2022

## Production Volumes



## Total Employees 744\*



\*Includes Commercial, Industrial Affairs (IA) and contractuels

## 1 Billion Club



# Flagyl®

(1979 to 2022)

**PKR 4.19 Billion**

**Highest ever production in 2022**

**876.5 Mn**  
Tablets

**11.1 Mn**  
Bottles

**10.8 Mn**  
Vials



**34% Growth**

Value gained in 2022 VS 2021 (MAT Dec'22)

**PKR 1.06 Bn**

Source: IQVIA Entry - MAT Dec 2022

**Net Sales**



**PKR 18,559**  
Million

**Profit**  
After Tax



**PKR 167**  
Million

**EPS**  
(Earnings Per Share)



**PKR 17.29**  
Per Share





# Employee Engagement



EP & CV Elite Club Reward Ceremony



Leadership Workshop of CHC team



Eid Milan breakfast



Internal awareness activity on World Diabetes Day





Annual Sports Week



People Festival



Christmas Celebration



Cross-functional activity on change management



# Customer Engagement



Rising Star Advance | Oct 2022, Islamabad

The Rising Star Advance Program was held in collaboration with the **ADVICE Academy**. Attended by 75 HCPs including Diabetologists and Primary Care Physicians from all over Pakistan, the program focused on future management & strategies for diabetes and prevention of its complications.

Entero Summit | December 2022, Lahore

Entero Summit is held annually with International and national healthcare professionals to share "Recent Advances in Gut Microbiotia and Explore Role of Probiotics". The event was attended by over 120 pediatricians and primary care physicians.



Zindagi Stroke Workshop | May 2022

Zindagi Stroke Workshops under the umbrella of the "Zindagi Chalti Rahey" campaign comprised of state-of-the-art workshops, improving healthcare outcomes by focusing on acute stroke care and secondary prevention of stroke in Pakistan. Participants had the privilege to learn from internationally acclaimed neurologists, followed by dissemination of knowledge at the stroke symposia held in Karachi.







**Helping Hearts International Workshop | Sep 2022**

“Helping Hearts” is a flagship program in the cardiology segment - organized in collaboration with the University of Twente, Netherlands - to elevate the skills of interventional cardiologists via a hands-on simulation workshop on the complex endovascular procedures associated with distinct intervention techniques & outcomes.

**Insulin Excellence Academy JHU Certification Programs | May- June 2022**

Insulin Excellence Academy program provides comprehensive information on diabetes management in line with the latest standard of care for healthcare professionals. This initiative was supported by Pakistan Endocrine Society (PES) through 20 PES executive members as faculty across 5 major cities (Karachi, Quetta, Lahore, Islamabad and Peshawar). Modules of the program were designed by Johns Hopkins University (JHU) and all 245 participating diabetologists and physicians were certified by JHU.



**No more Shushhh | Sep 2022**

Marie Stopes Society (MSS) & Sanofi Pakistan joined hands to train Lady Health Workers (LHWs), Field Health Executives (FHEs) and other representatives to reach out to the women in rural areas for creating awareness on menstrual hygiene, dysmenorrhea & its management. These trainers further conducted step down training to 300+ LHWs/FHEs across Pakistan. The engagement hopes to target over 75,000 women.



# Corporate Social Responsibility

## Our Commitment to Society

### Helping flood victims

Sanofi's global philanthropic arm, Foundation S, provided financial aid and medicines to help more than 33M people in need, through UNICEF France and Croix-Rouge (French Red Cross Pakistan).

Sanofi Pakistan's employees also came forward to support the vulnerable community, with financial and in-kind donations. In partnership with the Karachi Relief Trust (KRT), Sanofi employees volunteered their time to help pack 500 ration bags, in addition to donating food and clothing for the survivors. As a humanitarian gesture, Sanofi Pakistan offered free warehouse space to Karachi Relief Trust, facilitating the NGO to store large stocks of donated goods for shipment to targeted destinations.



### Bringing hope to rare disease patients

Sanofi's commitment to patients extends beyond developing therapies.

Sanofi Genzyme's Humanitarian Programs provide several therapies free to people for whom treatment may be financially or logistically beyond their means, and who qualify. Our Rare Humanitarian Program is the first humanitarian initiative of its kind for people with Lysosomal Storage Disorders (LSD), a group of rare genetic conditions caused by enzyme deficiencies.

23 patients of LSDs benefitted from this program in Pakistan between 1997 and 2022. Of these 23 patients, 18 are of Gaucher disease, 1 of Pompe disease, and 3 of MPS-1.



### Gut Health Classroom

Sanofi believes that empowering individuals, the community and healthcare professionals to promote and practice self-care will support people all over the world to live healthier, fuller lives. This will contribute significantly to more sustainable healthcare systems.

Sanofi launched a robust awareness campaign in schools to impart education to children on gut health. In 2022, over 10,000 school children in more than 100 schools across Karachi, Lahore, Islamabad & Sukkur were engaged and educated on gut health. The goal of educating the children on taking proper care of their hygiene is to help reduce health risks such as diarrhea, stomach aches and sluggish intestines.

### KIDS

Kids and Diabetes in Schools (KiDS) is an international collaborative project of the International Diabetes Federation (IDF) and multiple partners, including Sanofi. The KiDS project aims to foster a safe and supportive school environment for children with diabetes. The objective is to prevent discrimination while raising awareness about diabetes and the benefits of healthy eating habits and physical activity among school children.

In Pakistan, the program has been active since 2016 with various public and private entities supporting the cause, including long-term partners like National Education Foundation (NEF) and Akhuwat Foundation. In April 2022, an MoU was inked with Akhuwat Foundation whereby children and teachers of Akhuwat owned/adopted schools across Punjab, will be trained till 2024 on Type 1 diabetes and prevention of diabetes risk factors, under the banner of KiDS.

Overall, in 2022, 4,867 school children and 626 faculty members in 16 schools in Lahore and AJK were trained on the signs and symptoms of Type 1 diabetes and the importance of promoting a healthy lifestyle from an early age.



# Company Information

## Board of Directors

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

## Company Secretary

Mir Zulfiqar Hussain Khan

## Auditors

EY Ford Rhodes  
Chartered Accountants

## Legal Advisors

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

## Registrar & Share Transfer

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

## Contact

Tel: +92 21 35060221-35  
Email: [contact.pk@sapl.com.pk](mailto:contact.pk@sapl.com.pk)

## URL

[www.sanofi.com.pk](http://www.sanofi.com.pk)

## 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

## Registered Office

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

## Postal Address

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



sanofi







EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

UAN: +9221 111 11 39 37 (EYFR)  
Tel: +9221 3565 0007-11  
Fax: +92 21 35681965  
ey.khi@pk.ey.com  
ey.com/pk

# INDEPENDENT AUDITORS' REVIEW REPORT

To the members of sanofi-aventis Pakistan Limited (the Company)

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019 [the Regulations]

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of sanofi-aventis Pakistan Limited (the Company) for the year ended 31 December 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2022.

Chartered Accountants

Place: Karachi

Date: 26 April 2023

UDIN Number: CR202210120UY6aTIN7c

# Statement of Compliance

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

For the year ended December 31, 2022

This statement is being presented to comply with the Listed Companies [Code of Corporate Governance] Regulations, 2019 [here-in-after referred as 'the Regulations'] for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are 11 as per the following composition:

Gender	Independent Directors	Executive Directors	Non-Executive Directors
Male	3	2	5
Female	-	-	1

2. The Composition of the board is as follows:

Syed Babar Ali – Chairman, Non - Executive	Naira Adamyan – Non - Executive
Syed Hyder Ali – Non - Executive	Heremes Martet – Non - Executive
Asim Jamal – Chief Executive Officer (CEO)	Marc Antoine Lucchini – Non - Executive
Imtiaz Ahmed Husain Laliwala – Independent	Yasser Pirmuhammad – Chief Financial Officer (CFO)
Arshad Ali Gohar – Non - Executive	Shahid Zaki – Independent
Rehmatullah Khan Wazir - Independent	

NOTE: It is to be noted that the fractional requirement for independent directors has not been rounded up as the Board has an adequate number of independent directors and the same is in agreement with the Parent Company.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this, Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or amendment has been maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/Shareholders as empowered by the relevant provisions of the Companies Act, 2017 [here-in-after referred as 'the Act'] and the Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence by a Director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations.
9. The Board has approved the appointment, remuneration and terms & conditions of employment of the Company Secretary and the Head of Internal Audit and complied with the relevant requirements of the Regulations. There has been no new appointment of the Chief Financial Officer (CFO) during the current year.
10. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
11. The Board has formed an Audit Committee. It comprises of three members, out of which two are independent and one is Non – Executive Director. Chairman of the Audit Committee is an Independent Director who is not Chairman of the Board.

Shahid Zaki	Chairman	Independent Director
Imtiaz Ahmed Husain Laliwala	Member	Independent Director
Syed Hyder Ali	Member	Non – Executive Director

The Board has also formed a Human Resources and Remuneration Committee. It comprises of three members, out of which one is an Independent Director, who is also the Chairman and remaining two are Non – Executive Directors.

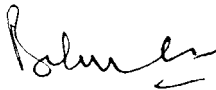
Imtiaz Ahmed Husain Laliwala	Chairman	Independent Director
Syed Hyder Ali	Member	Non – Executive Director
Arshad Ali Gohar	Member	Non – Executive Director

12. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
13. The frequency of the meetings of the committees were as per followings.

<b>Committee</b>	<b>Frequency</b>
Board Audit Committee	Quarterly
Human Resource and Remuneration Committee	Yearly

14. The Board has outsourced the internal audit function to BDO Ebrahim & Co., who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

15. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non – dependent children) of the CEO, CFO, Head of Internal Audit, Company Secretary or Director of the Company.
16. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act the Resolutions or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
17. We confirm that requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
18. Four directors of the Company are certified under the Directors' Training Program, while three other directors of the Company are exempt from the requirement of Directors' Training Program. The remaining directors will be trained within a due course of time to comply with the requirements of clause 19 of the Regulations. It is to be noted that all directors are fully conversant with their duties.
19. With respect to Regulations 12 (1) there were some delays on certain occasion with respect to circulation of minutes of the meetings of the Board of Directors due to inadvertent delays.



Syed Babar Ali  
Chairman



Asim Jamal  
Chief Executive Officer

Karachi: April 19, 2023

# Chairman's Review Report



With the close of another financial year, it is my privilege to write to you once more. At Sanofi we live by our core values of integrity, respect, teamwork and courage and aim at improving the lives of patients.

Economic instability, weakening currency and pricing dilemma have negatively impacted the pharmaceutical sector in Pakistan, especially in the last quarter of the financial year 2022. The unprecedented devaluation of the local currency along with high fuel, energy and borrowing costs resulted in a heavy cost-push impact across all industries, particularly the pharmaceutical sector. These unfavorable movements in macro-economic factors coupled with deteriorating consumer propensity to pay, impacted the Company's financial performance during the current year.

Product margins remained under pressure due to continued devaluation of our currency and inflation. Your Company through its resilience and commitment is managing these challenges to ensure business continuity and the availability of products, in order to protect and support people facing health challenges.

## **Review of Financial Performance**

Our performance has been encouraging in the last couple of years showing sustainable growth creating value for shareholders in terms of profitability and dividend distribution.

Below are the financial highlights for 2022:

- Net sales of the Company closed at PKR 18,560 million with a 17% increase from last year.
- The gross profit increased by PKR 748 million, an increase of 18% from last year.
- The gross profit margin has remained at 26% the current year as it was in the last year.
- The net profit has decreased to PKR 167 million due to currency devaluation resulting in foreign exchange losses.

**Board's Function and Decision Making**

The function of the Board as representatives of the shareholders is governance and oversight. During this challenging year, the Board, under my leadership, worked closely with the management in realigning strategies to deal with ongoing challenges and provided necessary direction for the attainment of strategic goals.

**Board's Annual Performance Evaluation**

During the year, the Board continued its effort to ensure adherence to the Code of Corporate Governance Regulations 2019 and fortify a culture of strong commitment and compliance with the best corporate governance and prudent pharma practices. The Board has completed its annual self-evaluation for the year ended December 31, 2022.

The overall performance of the Board for the year was satisfactory.

**Acknowledgement**

I would like to thank all our shareholders, customers, bankers and employees for their trust and support during these challenging times. I would also like to extend my gratitude to the Board members, CEO and all employees for their valuable support and commitment towards your company.

**Syed Babar Ali**

Karachi: April 19, 2023

## بورڈ کی سالانہ کارکردگی کا جائزہ

سال کے دوران، بورڈ نے کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019 کی پابندی کو یقینی بنانے اور بہترین کارپوریٹ گورننس اور پروڈنٹ فارما پریکٹس کے ساتھ مضبوط وابستگی اور تعمیل کے کلچر کو مستحکم کرنے کے لیے کوششیں جاری رکھی ہیں۔ بورڈ نے 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے اپنی سالانہ کارکردگی کے جائزے کو مکمل کیا ہے۔

رواں سال کے لیے بورڈ کی مجموعی کارکردگی اطمینان بخش قرار دی گئی ہے۔

## اظہار تشکر

میں اپنے تمام شیئر ہولڈرز، صارفین، بینکرز اور ملازمین کا ان مشکل وقتوں میں اعتماد اور تعاون کے لیے شکر گزار ہوں۔ میں بورڈ کے ممبران، سی ای او اور تمام ملازمین کا آپ کی کمپنی کے لیے ان کی گرانقدر حمایت اور وابستگی کے لیے بھی مشکور رہوں گا۔



سید بابر علی

کراچی: اپریل 19 2023



## چیسر مین کی جائزہ رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے مجھے ایک اور سال کے لیے سنوئی اوپینٹس کی سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔ مشکل حالات کے باوجود، ہم اپنے وژن کے مطابق عوام الناس کی ایک بہت بڑی تعداد کی طبی ضروریات پوری کرتے ہوئے معیار زندگی بڑھا رہے ہیں اور معیاری علاج معالجہ تک رسائی کو بھی آسان کر رہے ہیں۔

معاشی عدم استحکام، روپے کی قدر میں کمی اور بلند افراط زر نے پاکستان میں بالخصوص، مالی سال 2022 کی آخری سہ ماہی میں فارماسیوٹیکل سیکٹر پر منفی اثرات مرتب کیے ہیں۔ مقامی کرنسی کی قدر میں شدید کمی کے ساتھ ساتھ ایندھن، توانائی اور قرض لینے کے اخراجات میں بھاری لاگت نے بڑا بوجھ ڈالا ہے۔ جس کے نتیجے میں تمام صنعتوں بالخصوص فارماسیوٹیکل سیکٹر متاثر ہوا ہے۔ میکرو اکنامک عوامل میں ان ناموافق حالات کے ساتھ ساتھ صارفین کی ادائیگی کے بگڑتے رجحان نے موجودہ سال کے دوران کمپنی کی مالی کارکردگی کو متاثر کیا ہے۔

ہماری کرنسی کی قدر میں مسلسل قدر کمی اور افراط زر کی وجہ سے پروڈکٹ مارجن دباؤ میں رہے۔ آپ کی کمپنی اپنی چلک اور عزم کے ذریعے ان چیلنجز کا سامنا کر رہی ہے تاکہ کاروبار کے تسلسل اور مصنوعات کی دستیابی کو یقینی بنایا جاسکے اور صحت کے چیلنجز کا سامنا کرنے والے لوگوں کی حفاظت اور مدد کی جاسکے۔

### مالیاتی کارکردگی کا جائزہ

گزشتہ چند سالوں میں پائیدار نمو ہماری حوصلہ کارکردگی کو ظاہر کرتی ہے۔ جس کے نتیجے میں منافع اور ڈیویڈنڈ کی تقسیم کے اعتبار سے شیئر ہولڈرز کی قدر بڑھتی ہے۔

### سال 2022 کی مالی جھلکیاں مندرجہ ذیل ہیں:

- کمپنی کی نیٹ سیلز گزشتہ سال کے مقابلے میں 17 فیصد اضافے کے ساتھ 18,560 ملین روپے پر بند ہوئی۔
- مجموعی منافع میں 748 ملین روپے کا اضافہ ہوا، جو گزشتہ سال کے مقابلے میں 18 فیصد زیادہ ہے۔
- مجموعی منافع کا مارجن موجودہ سال 26 فیصد پر برقرار ہے جیسا کہ گزشتہ سال تھا۔
- روپے کی قدر میں کمی کے نتیجے میں زرمبادلہ کے نقصانات کی وجہ سے خالص منافع کم ہو کر 167 ملین روپے ہو گیا ہے۔

### بورڈ کی ذمہ داری اور فیصلہ سازی

شیئر ہولڈرز کے نمائندے ہونے کی صورت میں بورڈ کا کام گورننس اور نگرانی کرنا ہے۔ اس مشکل سال کے دوران، بورڈ نے میری قیادت میں درپیش چیلنجز سے نمٹنے کے لیے حکمت عملیوں کو دوبارہ ترتیب دینے میں انتظامیہ کے ساتھ مل کر کام کیا اور اسٹیٹیجک اہداف کے حصول کے لیے درست سمت فراہم کی ہے۔

# DIRECTORS' REPORT

The Board of Directors is pleased to present the Annual Report of Sanofi-aventis Pakistan Limited (the "Company") along with the Company's audited financial statements for the year ended December 31, 2022. The Directors' report has been prepared in accordance with Section 227 of the Companies Act 2017, and Listed Companies (Code of Corporate Governance) Regulations 2019.

Your Company is one of the well-established healthcare companies of Pakistan, focused on patient needs and engaged in the manufacturing, promotion, and sale of pharmaceutical and related products.

## Holding Company

The Company is a subsidiary of Sanofi Foreign Participants B.V., registered in Netherlands (the Parent Company), holding 5,099,469 ordinary shares of Rs. 10 each, constituting 52.87% of the issued share capital of the Company. The ultimate parent company remains Sanofi S.A., France.

Following the announcement made by Packages Limited on December 20, 2021, regarding an in-principal approval to be part of an investor consortium to evaluate a potential purchase of all 52.87% shares held by the Parent Company, significant progress was made in the year 2022 in materializing the transaction and hence sale purchase agreements were made, together with the purchase consideration made to the parent company.

The transaction successfully closed at the end of April with the transfer of shares to the consortium.

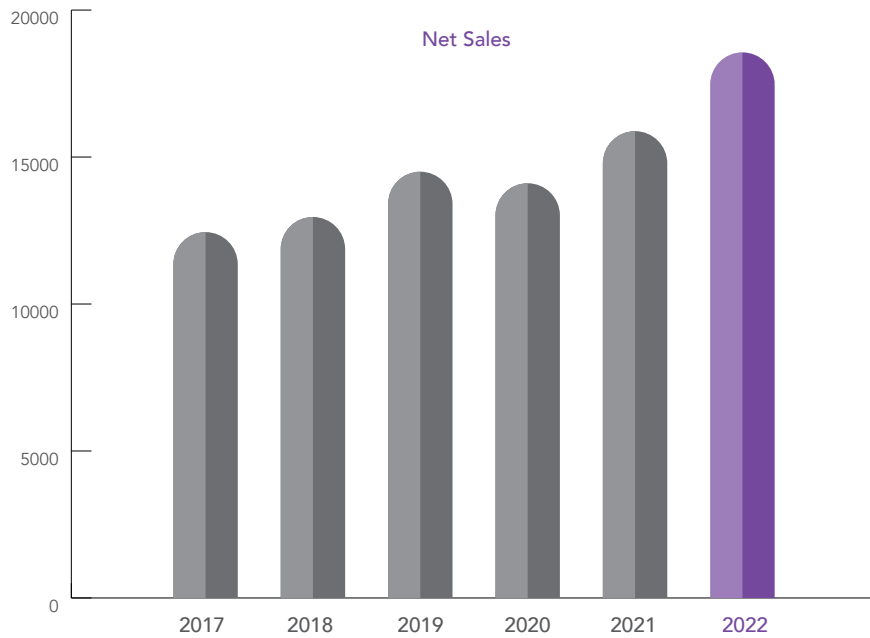
## Performance Overview

The year 2022 was influenced by various challenges faced both at the national as well as the organizational level. Some key challenges faced during the year 2022 were the significant devaluation of local currency against foreign currencies, high inflation, devastating floods across the country and resultant logistics issues, pressure on national exchequer and the rising cost of doing business. The aforementioned factors have seriously impacted the bottom-line figures of your Company.

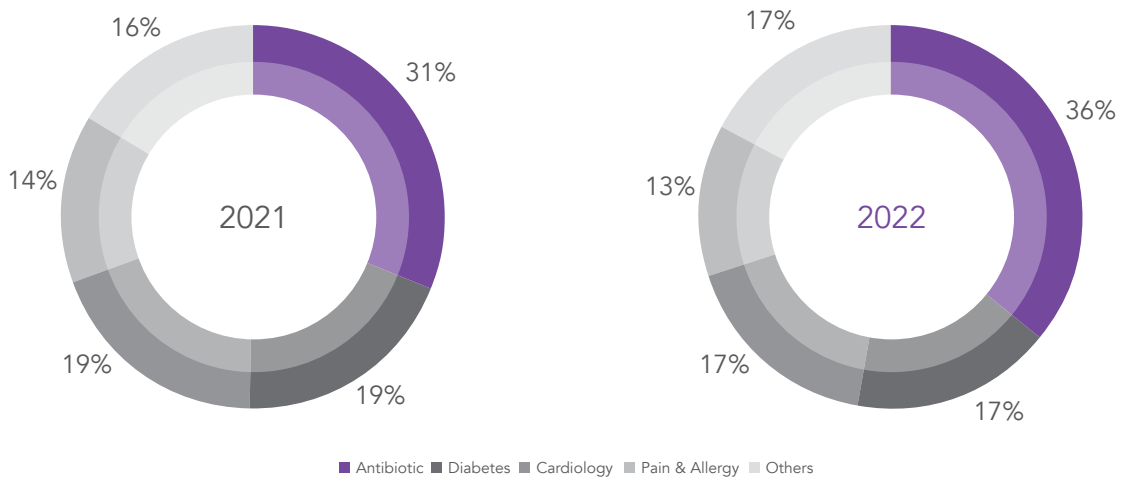
## Key Financial Highlights – Full Year 2021

Amounts in Million	2022	2021
Net Sales	<b>18,560</b>	15,881
Gross Profit	<b>4,871</b>	4,123
Gross Profit %	<b>26.0%</b>	26.0%
Operating Profit	<b>774</b>	1,465
Operating Profit %	<b>4.2%</b>	9.2%
Finance Cost	<b>(50)</b>	(28)
Profit After Tax	<b>167</b>	906
Earnings Per Share (Rupees)	<b>17.29</b>	93.93

The net sales of the Company, for the year ended December 31, 2022, increased by 17% from PKR 15,881 million last year to PKR 18,560 million. Our flagship product Flagyl® witnessed a growth of 41% during the year 2022 as compared to last year.



Sales contribution split between different therapeutic areas is as follows:



Antibiotics, Diabetes and Cardiology maintained their momentum of being the highest contributors accounting for 69% of the total net sales of the Company. Sales from Antibiotics increased to PKR 6,641 million from PKR 4,968 million last year witnessing an increase of 34% which was mainly due to the increase in sales of Flagyl® by 41% which contributes 73% of Antibiotic sales.

Sales from our Diabetes portfolio reached PKR 3,099 million from PKR 3,051 million last year depicting a growth of 2%. Major contributors to the sales were Lantus® and Amaryl®. However, growth was mainly driven by Toujeo® which grew by 34% during the year.

Sales from Cardiology reached PKR 3,151 million from PKR 2,998 million, registering a growth of 5% mainly driven by Lasix® and Plavix® which grew by 23% and 26% respectively.

Gross profit for the year increased from PKR 4,123 million to PKR 4,871 million in absolute terms but remained the same as a percentage of net sales at 26%, primarily due to the devaluation of the rupee against foreign currencies resulting in higher import costs of raw material, packaging, and finished products.

Net exchange loss on foreign currency liabilities amounted to PKR 576 million [2021: PKR 88 million]. This increase in exchange loss is primarily due to significant devaluation of local currency (PKR) against USD and Euro.

Due to above factors together with weak macroeconomic indicators, profit after tax for the year ended December 31, 2022, stands at PKR 167 million, as compared to profit after tax of PKR 906 million in 2021.

### **Dividend**

The economic volatility coupled with constant rupee devaluation and the resulting inflation has had an adverse impact over the Company's margins and liquidity. Consequently, the Board of Directors have decided against recommending final dividend for the year ended December 31, 2022 .

### **Internal Audit and Controls**

The Company has setup an effective internal audit and control function, which provides independent assurance to the Board on the existence and effectiveness of internal controls. In compliance with the Company's risk governance framework, the Audit Committee approves the annual internal audit plan to ensure effectiveness and independence of the Internal Audit function. The Directors are confident that the system of internal control is sound in design and was effectively implemented and monitored throughout the year. The Head of Internal Audit position was filled in the last quarter of 2022.

### **Risk Management**

The Company faces several legal, regulatory, and operational risks. There is an Internal Controls and Risk Management Framework in place which ensures that appropriate risk mitigation plans exist and are working effectively. Any significant issues are escalated to higher management and the Board.

Strategic risks are managed by the Board of Directors with the assistance of country leadership while operational risks are managed by the leadership team. Some key areas which can impact the Company's operations are:

- Pricing of pharmaceutical products
- Currency devaluation
- Counterfeit products
- Disruption in supply of raw materials
- Delayed recoveries from institutions
- Product liability claims

### **Culture at Sanofi**

Sanofi takes pride in being an equal opportunity employer that ensures a working environment which contributes to Sanofi's core values, namely Integrity, Teamwork, Respect, and Courage. Together with the Code of Ethics, these core values promote a culture of harmony, transparency, and growth across the organization. We ensure that our employees achieve self-actualization backed by motivation and dedication, by equipping them with tools and trainings to help perform efficiently and achieve their professional goals. Employees are encouraged to pursue their ambitions in different geographies and during 2022, several of our employees were selected for positions in Sanofi's international network.

Earning employee trust and loyalty is one of our key objectives, while providing strong leadership to inspire enthusiasm and commitment towards achieving shared goals..

## Corporate Social Responsibility

The Company has a long history of supporting and partnering with communities to improve lives across the Country. The Company recognizes that Corporate Social Responsibility (CSR) initiatives create positive impact for communities.

Sanofi Pakistan's employees also came forward to support the vulnerable community, with financial and in-kind donations. In partnership with the Karachi Relief Trust (KRT), Sanofi employees volunteered their time to help pack 500 ration bags, in addition to donating food and clothing for the survivors. As a humanitarian gesture, Sanofi Pakistan offered free warehouse space to Karachi Relief Trust, facilitating the NGO to store large stocks of donated goods for shipment to targeted destinations.

Besides this, several other health awareness programs were carried out for the betterment of the society.

Details of CSR activities carried out during the year are given in CSR section of the Annual Report.

## Health, Safety and Environment

The Company is committed to maintaining high standards of Health, Safety and Environment (HSE). The Company's focus has been on identification and mitigation of hazards and risks within and outside the Company premises. The Company has a dedicated HSE department to oversee the implementation of HSE objectives. The department not only ensures compliance with the best HSE practices but also conducts regular training of staff.

Effectively ensuring the safety and well-being of employees is the top priority of the HSE function. During the year 2022, there was no lost time injury (LTI) sustained or reported.

## Corporate and Financial Reporting Framework

- The financial statements, prepared by the management of the Company, present true and fair view, of its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts regarding the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the Listed Companies (Code of Corporate Governance) Regulations, 2019.
- Significant deviations from last year in operating results have been explained in detail together with the reasons thereof in the Annual Report.
- Key operating and financial data for the last six years is shown on pages from 107 to 109.
- The value of investments of provident, gratuity and pension funds based on their accounts (unaudited) as at December 31, 2022 was as follows:

Particulars	Rs. in '000
Provident Fund	523,531
Gratuity Fund	609,262
Pension Fund	29,315

- Outstanding duties, statutory charges, and taxes, if any, have been duly disclosed in the financial statements.

### Related Party Transactions

All related party transactions, during the year 2022, were placed before the Audit Committee and the Board for their review and approval. These transactions were duly reviewed by the Audit Committee and approved by the Board in their respective meetings. All these transactions were in line with transfer pricing methods and policy with related parties approved by the Board. The Company also maintains a full record of all such transactions, along with the terms and conditions. For further details please refer note 33 to the financial statements.

### Ethics and Compliance

Compliance is an integral part of the Sanofi way of doing business, which emanates from our Code of Ethics. The Code is communicated to employees and is available in both English and Urdu languages. Training on compliance and ethical principles is mandatory for all employees, with additional specialized trainings for certain categories of employees. An eLearning platform, standardized across geographies, is also available to ensure trainings on the Code and other compliance policies. A new Code of Conduct was issued by Sanofi global in the beginning of 2023.

### Composition of the Board of Directors

The Board now consists of total of 11 directors comprising of 3 Independent, 6 Non-Executive (including one female Director) and 2 Executive Directors.

Syed Babar Ali - Chairman, Non-Executive Director	Naira Adamyan* - Non-Executive Director
Syed Hyder Ali - Non-Executive Director	Hermes Martet - Non-Executive Director
Asim Jamal - Chief Executive Officer	Marc Antoine Lucchini - Non-Executive Director
Imtiaz Ahmed Husain Laliwala - Independent Director	Yasser Pirmuhammad - Chief Financial Officer
Arshad Ali Gohar - Non-Executive Director	Shahid Zaki - Independent Director
Rehamatullah Khan Wazir - Independent Director	

\*Female Director

During the year 2022, four meetings of the Board of Directors were held. Attendance by each Director was as follows:

Name of Director	No. of meetings attended
Syed Babar Ali	4
Asim Jamal	3
Yasser Pirmuhammad	3
Syed Hyder Ali	3
Arshad Ali Gohar	4
Imtiaz Ahmed Husain Laliwala	4
Rehamatullah Khan Wazir	4
Shahid Zaki	4
Naira Adamyan	-
Hermes Martet	-
Marc Antoine Lucchini	-

Leave of absence was granted to Directors who could not attend Board meetings. However, those Directors who are based outside Pakistan were represented by their respective alternates.

### **Directors' Remuneration**

The Company pays a standard fee to Non-Executive Directors, including Independent Directors, for attending Board meetings and meetings of Board Committees. The fee, determined by the Board, is aligned with market norms and is in no manner at a level that could be perceived to compromise their independence.

In addition, the Board has also approved payment of a fee to the Chairman in consideration of providing guidance and advice to the management over and above his duties as a Chairman of the Board. The details of the fees payable to the Non-Executive Directors, including Independent Directors and the Chairman are detailed in note 34 of the financial statements.

### **Audit Committee**

The Board Audit Committee comprises of the following members:

- Shahid Zaki Chairman (Independent Director)
- Imtiaz Ahmed Husain Laliwala Member (Independent Director)
- Syed Hyder Ali Member (Non-Executive Director)

### **Human Resource & Remuneration Committee**

The Human Resource & Remuneration Committee comprises of the following members:

- Imtiaz Ahmed Hussain Laliwala Chairman (Independent Director)
- Syed Hyder Ali Member (Non-Executive Director)
- Arshad Ali Gohar Member (Non-Executive Director)

### **Share Transfer Committee**

The Share Transfer Committee comprises of the following members:

- Asim Jamal (Executive Director - CEO)
- Yasser Pirmuhammad (Executive Director - CFO)

### **Pattern of shareholding**

The pattern of shareholding along with categories of shareholders as at December 31, 2022 as required under section 227 of the Companies Act 2017 is presented on page 101 to 103 of the annual report.

### **Auditors**

The present external auditors, M/s EY Ford Rhodes, Chartered Accountants, have completed the annual audit for the year ended December 31, 2022 and have issued a clean report. The auditors shall retire at the conclusion of Annual General Meeting on May 25, 2023 and being eligible, have offered themselves for reappointment for the year 2023. As suggested by the Audit Committee, the Board recommends the appointment of A.F. Fergusons & Co. for the year ending December 31, 2023.

### **Future Outlook**

The Company continues to face the dual challenges of escalation in costs owing to inflation and further devaluation of the rupee. The continuous rise in the policy rate will further increase the cost of doing business along with deteriorating macroeconomic indicators which may further affect the company's liquidity adversely and future operations. However, we are confident that through effective management and leadership, the Company would be able to navigate those challenges.



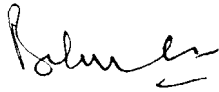
Moving forward, we hope that the Drug Regulatory Authority of Pakistan (DRAP) together with the Government will take necessary actions, including pricing reviews, to address the margin depletion facing the industry. We remain committed and available for engagement with regulators and the Government to explore avenues in driving the industry forward.

As we look to the year ahead, we will continue to build on our competencies and review our strategies to ensure that they remain relevant and most suited, in line with changing dynamics in the local and global marketplace. Your company remains focused on delivering high-quality medicines to customers, while also making concrete efforts to improve profitability through innovation, improved efficiency and effective cost containment initiatives to maximize shareholders' returns.

### General

The Board looks forward to the forthcoming Annual General Meeting of shareholders to discuss Company's performance during the year 2022 and is thankful for the trust and confidence reposed in the Board by the shareholders. We would like to thank all our stakeholders for their continued support 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: April 19, 2023

جیسا کہ ہم آنے والے سال کی طرف دیکھتے ہیں، ہم اپنی قابلیت کو بڑھانا جاری رکھیں گے اور اپنی حکمت عملیوں کا جائزہ لیتے رہیں گے تاکہ یہ یقینی بنایا جاسکے کہ وہ مقامی اور عالمی مارکیٹ میں جدت کے مطابق متعلقہ اور موزوں رہیں۔ آپ کی کمپنی صارفین کو اعلیٰ معیار کی ادویات کی فراہمی پر توجہ مرکوز رکھتی ہے، جبکہ حصص یافتگان کے منافع کو زیادہ سے زیادہ کرنے کے لیے جدت، بہتر کارکردگی اور مؤثر لاگت پر قابو پانے کے اقدامات کے ذریعے منافع کو بہتر بنانے کے لیے ٹھوس کوششیں بھی کرتی ہے۔

## جنرل

بورڈ سال 2022 کے دوران کمپنی کی کارکردگی پر تبادلہ خیال کرنے کے لیے حصص یافتگان کی آئندہ سالانہ جنرل میٹنگ کا منتظر ہے اور حصص یافتگان کی جانب سے بورڈ پر کیے گئے یقین اور اعتماد کے لیے شکر گزار ہے۔ ہم اپنے تمام اسٹیک ہولڈرز کا کمپنی میں مسلسل تعاون اور اعتماد کے لیے شکریہ ادا کرنا چاہیں گے۔ ہم خاص طور پر اپنے پر عزم ملازمین کی ان کی محنت اور لگن کے ساتھ کمپنی کے لیے سرشار کوششوں کی تعریف کرنا چاہیں گے جو ہمیں کمپنی کو آگے لے جانے کے قابل بناتی ہیں۔

بحکم بورڈ

*Ain Samad*

عاصم جمال

چیف ایگزیکٹو آفیسر

*Syed Babar Ali*

سید بابر علی

چیئر مین

کراچی: اپریل 19 2023

## ہیومن ریسورس اور مشاہرہ کے لیے کمیٹی

ہیومن ریسورس اور مشاہرہ کے لیے کمیٹی میں درج ذیل ارکان شامل ہیں:

انتیاز احمد حسین لالی والا چیئر مین (آزاد ڈائریکٹر)

سید حیدر علی رکن (نان۔ ایگزیکٹو ڈائریکٹر)

ارشاد علی گوہر رکن (نان۔ ایگزیکٹو ڈائریکٹر)

شیر ٹرانسفر کمیٹی

شیر ٹرانسفر کمیٹی میں درج ذیل ارکان شامل ہیں:

عاصم جمال (ایگزیکٹو ڈائریکٹر۔ سی ای او)

یاسر پیر محمد (ایگزیکٹو ڈائریکٹر۔ سی ایف او)

## شیر ہولڈنگ کا طریقہ کار

کمپنی ایکٹ 2017 کے سیکشن 227 کے تحت 31 دسمبر 2022 کو شیر ہولڈرز کی درجہ بندی کے ساتھ شیر ہولڈنگ کا طریقہ کے لیے مالیاتی اسٹیٹمنٹ بیانات کا صفحہ 101 سے 103 ملاحظہ کیجیے۔

## آڈیٹرز

موجودہ بیرونی آڈیٹرز، میسرز ارنسٹ اینڈ ینگ فوڈز، چارٹرڈ اکاؤنٹنٹس نے 31 دسمبر 2022 کو ختم ہونے والے سال کا سالانہ آڈٹ مکمل کر لیا ہے اور آڈٹ رپورٹ بھی جاری کر دی ہے۔ سالانہ جنرل اجلاس کے مطابق آڈیٹرز 25 مئی 2023 کو سبکدوش ہو جائیں گے اور اہل ہونے کی وجہ سے انہوں نے خود کو دوبارہ برائے سال 2023 تقرری کے لیے پیش کیا ہے۔ آڈٹ کمیٹی کی جانب سے تجویز کے مطابق، بورڈ نے اے ایف فرگوسن اینڈ کمپنی کی 31 دسمبر 2023 تک ختم ہونے والے سال کے لیے تقرری کی سفارش کر دی ہے۔

## مستقبل پر نظر

کمپنی کو افراط زر اور روپے کی قدر میں مزید کمی کی وجہ سے اخراجات میں اضافے کے دوہرے چیلنجز کا سامنا ہے۔ پالیسی ریٹ میں مسلسل اضافہ کاروبار کرنے کی لاگت میں مزید اضافہ کرے گا اور بگڑتے ہوئے میکرو اکنامک انڈیکسٹرز جو نہ صرف کمپنی کی لیکویڈیٹی کو مزید منفی طور پر متاثر کر سکتے ہیں بلکہ مستقبل کے آپریشنز میں رکاوٹ بن سکتی ہیں۔ تاہم، ہمیں یقین ہے کہ موثر انتظام اور قیادت کے ذریعے، کمپنی ان چیلنجز کی نشاندہی کرنے اور ان سے نمٹنے میں کامیاب ہوگی۔

مزید برآں، ہم امید کرتے ہیں کہ ڈرگ ریگولیٹری اتھارٹی آف پاکستان (DRAP) حکومت کے ساتھ مل کر صنعت کو درپیش مارجن کی کمی کو دور کرنے کے لیے قیمتوں کے جائزے سمیت ضروری اقدامات کرے گی۔ ہم صنعت کو آگے بڑھانے کے راستے تلاش کرنے کے لیے ریگولیٹرز اور حکومت کے ساتھ حکمت عملیوں کے لیے پرعزم اور دستیاب ہیں۔

ڈائریکٹر کا نام	اجلاس میں حاضر ہونے کی تعداد
سید بابر علی	4
عاصم جمال	3
یاسر پیر محمد	3
سید حیدر علی	3
ارشاد علی گوہر	4
امتیاز احمد حسین لالی والا	4
رحمت اللہ خان وزیر	4
شاہد ذکی	4
نائرا ایڈ امیان	-
ہر مس مارٹیٹ	-
مارک لینٹونی لیو چیننی	-

غیر حاضری کی صورت میں ڈائریکٹرز کی چھٹی کی درخواست منظور کی گئی جو بورڈ اجلاسوں میں شرکت نہیں کر سکے۔ البتہ وہ ڈائریکٹرز جو پاکستان سے باہر ہیں ان کی جگہ متبادل نمائندوں نے شرکت کی تھی۔

### ڈائریکٹرز کا مشاہرہ

کمپنی نان ایگزیکٹو ڈائریکٹرز کو بشمول آزاد ڈائریکٹر کمپنی کے اجلاسوں بشمول بورڈ کے اجلاسوں اور بورڈ کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے مشاہرہ ادا کرتی ہے۔ مشاہرہ کا فیصلہ بورڈ کرتا ہے اور بورڈ کی جانب سے طے شدہ فیس مارکیٹ کے حساب سے ہوتی ہے اور کسی بھی حوالے سے ڈائریکٹرز کی آزاد حیثیت کو متاثر نہیں کرتی۔

اس کے علاوہ، بورڈ نے چیئر مین کے مشاہرے کی بھی منظوری دی ہے کیونکہ وہ چیئر مین بورڈ کی ذمہ داریوں کے علاوہ انتظامیہ کی رہنمائی اور مفید مشورے بھی فراہم کرتے ہیں۔ نان ایگزیکٹو ڈائریکٹرز بشمول آزاد ڈائریکٹر اور چیئر مین کو ادا کیے جانے والے مشاہرے کی تفصیلات مالیاتی بیانات کے نوٹ 34 میں موجود ہیں۔

### آڈٹ کمیٹی

بورڈ کی آڈٹ کمیٹی درج ذیل ممبرز پر مشتمل ہے:

شاہد ذکی	چیئر مین (آزاد ڈائریکٹر)
امتیاز احمد حسین لالی والا	رکن (آزاد ڈائریکٹر)
سید حیدر علی	رکن (نان-ایگزیکٹو ڈائریکٹر)

## متعلقہ فریق کی ٹرانزیکشن

سال 2022 کے دوران تمام متعلقہ فریق ٹرانزیکشنز کا جائزہ لینے اور ان کی منظوری کے لیے آڈٹ کمیٹی اور بورڈ کے سامنے پیش کیا گیا۔ ٹرانزیکشنز کا آڈٹ کمیٹی نے جائزہ لیا اور بورڈ نے متعلقہ اجلاسوں میں ان کی منظوری دی۔ تمام ٹرانزیکشنز، ٹرانسفر پالیسی کے طریقہ کار اور متعلقہ فریقوں کے ساتھ منسلک بورڈ کے پہلے سے منظور شدہ پالیسی کے تحت کی گئیں۔ کمپنی کے پاس ایسی تمام ٹرانزیکشنز کا مکمل ریکارڈ بمع شرائط و ضوابط محفوظ ہے۔ براہ مہربانی مالیاتی بیانات کا نوٹ نمبر 33 ملاحظہ فرمائیں۔

## ضابطہ اخلاق اور عملدرآمد

قوانین پر عملدرآمد کا کمپنی کے کاروبار میں انتہائی اہم حصہ ہے جو کہ ہماری ضابطہ اخلاق سے اخذ کیا جاتا ہے۔ ضابطہ اخلاق، بورڈ کی جانب سے منظور شدہ ہے جو کہ ملازمین کی آسانی کے لیے انگریزی اور اردو زبانوں میں دستیاب ہے۔ ضابطہ اخلاق کے قوانین اور ان پر عملدرآمد کے لیے تربیت تمام ملازمین کے لیے لازمی ہے اس کے علاوہ مخصوص ملازمین کے لیے مزید اضافی تربیت کا انتظام بھی ہے۔ ضابطہ اخلاق کی تربیت اور دیگر پالیسیز پر عمل درآمد کے لیے روبرو تربیت اور ایک ای لرننگ پلیٹ فارم بھی دستیاب ہے جو تمام جغرافیائی حدود کے معیارات کا احاطہ کرتا ہے۔ سنونی گلوبل کی جانب سے 2023 کے آغاز میں ایک نیا ضابطہ اخلاق جاری کیا گیا۔

## بورڈ آف ڈائریکٹرز کی تشکیل

اب بورڈ کی مجموعی طور پر 11 ڈائریکٹرز ہیں جن میں سے 3 آزاد، 6 نان ایگزیکٹو (بشمول ایک خاتون ڈائریکٹر) اور 2 ایگزیکٹو ڈائریکٹرز شامل ہیں۔

سید بابر علی۔ چیئر مین، نان ایگزیکٹو ڈائریکٹر	نائر ایڈامین *۔ نان ایگزیکٹو ڈائریکٹر
سید حیدر علی۔ نان ایگزیکٹو ڈائریکٹر	ہر مس مارٹین۔ نان ایگزیکٹو ڈائریکٹر
عاصم جمال۔ چیف ایگزیکٹو آفیسر	مارک لہٹونی لیوچینی۔ نان ایگزیکٹو ڈائریکٹر
انتیاز احمد حسین لالی والا۔ آزاد ڈائریکٹر	یاسر پیر محمد۔ چیف فنانشل آفیسر
ارشاد علی گوہر۔ نان ایگزیکٹو ڈائریکٹر	شاہد ذکی۔ آزاد ڈائریکٹر
رحمت اللہ خان وزیر۔ آزاد ڈائریکٹر	
*خواتین ڈائریکٹر	

سال 2022 کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری درج ذیل رہی:

ملازمین کی حفاظت اور بہبود کو یقینی بنانا HSE فنکشن کی اولین ترجیح ہے۔ سال 2022 کے دوران، کوئی لاسٹ ٹائم انجری (LTD) برقرار یا رپورٹ نہیں ہوئی۔

## کارپوریٹ اور مالیاتی رپورٹنگ کا ضابطہ

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی بیانات شفاف طریقے سے پیش کیے گئے ہیں ان میں تمام تر معاملات، پیداواری عمل کے نتائج، زر گردش نقدی اور لیکوئٹی میں تبدیلیاں شامل ہیں۔
- کمپنی کے کھاتوں کا حساب کتاب اچھی طرح سے رکھا جاتا ہے۔
- مالیاتی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- مالی بیانات کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، پابندی کی گئی ہے۔
- انٹرنل ضابطے کا نظام تشکیل کے اعتبار سے مستحکم ہے اور اس پر عمل درآمد اور اس کی نگرانی کا کام بھی موثر طریقے سے کیا جاتا ہے۔
- اس بات میں کوئی شک و شبہ نہیں کہ کمپنی رو بہ عمل رہنے کی اہلیت رکھتی ہے۔
- لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 میں شامل کارپوریٹ نظم و نسق کے ضابطوں سے کوئی قابل ذکر روگردانی نہیں کی گئی۔
- سالانہ رپورٹ میں گزشتہ سال کے مقابلے میں کاروباری نتائج کی تفصیل کے ساتھ وضاحت کی گئی ہے۔
- اہم آپریٹنگ اور فنانشل ڈیٹا برائے گزشتہ چھ سال صفحہ نمبر 107 سے 109 تک میں دیا گیا ہے۔
- پروویڈنٹ، گریجویٹ اور پنشن فنڈز کی سرمایہ کاری کی مالیت جو کہ اکاؤنٹس کی بنیاد پر ہے (غیر آڈٹ شدہ) 31 دسمبر 2022 پر درج ذیل ہے:

روپے 000 میں

523,531	پروویڈنٹ فنڈ
609,262	گریجویٹ فنڈ
29,315	پنشن فنڈ

- واجب الادا ڈیویڈنڈ، قانونی چارجز اور ٹیکسز، اگر کوئی ہیں تو مالیاتی بیانات میں ظاہر کیے گئے ہیں۔

کچھ معاملات جو آپ کی کمپنی کے آپریشنز پر نظر انداز ہو سکتے ہیں:

- فارماسیوٹیکل پروڈکٹس کی قیمتیں
- کرنسی کی قدر میں کمی
- جعلی پروڈکٹس
- خام مال کی فراہمی میں رکاوٹ
- اداروں کی جانب سے ادائیگیوں میں تاخیر
- پروڈکٹ کی مد میں ادائیگی کے دعوے

## سنوفی کا ماحول

سنوفی میں ہمیں اس بات پر فخر ہے کہ یہاں کام کرنے کے لیے یکساں مواقع دستیاب ہیں جہاں سنوفی کی بنیادی اقدار، یعنی سالمیت، ٹیم ورک، احترام اور عزم پر عمل درآمد کیا جاتا ہے۔ ضابطہ اخلاق کے ساتھ، یہ بنیادی اقدار پوری تنظیم میں ہم آہنگی، شفافیت اور ترقی کی روایات کو فروغ دیتی ہیں۔ ہم اس بات کو یقینی بناتے ہیں کہ ہمارے ملازمین حوصلہ افزائی اور اپنی لگن سے ایک نمایاں مقام حاصل کریں اور ان کی تربیت سے موثر کارکردگی کا مظاہرہ کرنے اور اپنے پیشہ ورانہ اہداف کو حاصل کرنے میں مدد کریں۔ ملازمین کو مختلف جغرافیوں میں اپنے عزم کو آگے بڑھانے کی ترغیب دی جاتی ہے اور 2022 کے دوران ہمارے کئی ملازمین کو سنوفی کے بین الاقوامی نیٹ ورک میں عہدوں کے لیے منتخب کیا گیا۔

ملازمین کا بھروسہ اور وفاداری حاصل کرنا ہماری اولین ترجیح ہوتی ہے جبکہ مشترکہ اہداف کو حاصل کرنے کے لیے جذبے اور عزم کی حوصلہ افزائی کے لیے مضبوط قیادت فراہم کی جاتی ہے۔

## کارپوریٹ سماجی ذمہ داری

کمپنی کی ملک بھر میں زندگیوں کو بہتر بنانے کے لیے کمیونٹیز کے ساتھ تعاون اور شراکت داری کی ایک طویل تاریخ ہے۔ کمپنی اس بات سے آگاہ ہے کہ کارپوریٹ سماجی ذمہ داری (CSR) کی سرگرمیوں سے زندگیوں پر مثبت اثرات مرتب ہوتے ہیں۔

سنوفی پاکستان کے ملازمین بھی مالی اور غیر معمولی عطیات کے ساتھ کمزور کمیونٹی کی مدد کے لیے آگے آئے۔ کراچی ریلیف ٹرسٹ (KRT) کے ساتھ شراکت میں، Sanofi کے ملازمین نے رضاکارانہ طور پر 500 راشن بیگ پیک کرنے میں مدد کرنے کے ساتھ ساتھ لواحقین کے لیے خوراک اور کپڑے کا عطیہ بھی کیا۔ انسانی ہمدردی کے جذبے کے طور پر، سنوفی پاکستان نے کراچی ریلیف ٹرسٹ کو مفت گودام کی جگہ کی پیشکش کی، جس سے این جی او کو عطیہ کردہ سامان کے بڑے ذخیرے کو ہدف کے مقامات پر بھیجنے کے لیے ذخیرہ کرنے کی سہولت فراہم کی گئی۔

جبکہ معاشرے کی بہتری کے لیے صحت سے متعلق آگاہی کے کئی دوسرے پروگرام بھی کیے گئے۔

سال کے دوران کی گئی CSR سرگرمیوں کی تفصیلات سالانہ رپورٹ کے CSR حصے میں درج ہیں۔

## صحت، حفاظت اور ماحولیات

کمپنی صحت، حفاظت اور ماحولیات (HSE) کے اعلیٰ معیار کو برقرار رکھنے کے لیے پر عزم ہے۔ کمپنی نے کمپنی کی حدود کے اندر اور باہر نقصانات کی نشاندہی اور ازالے پر توجہ مرکوز رکھی ہے۔ کمپنی کے پاس HSE کا ایک فعال شعبہ ہے جو کہ HSE کے مقاصد پر عمل درآمد کی نگرانی کا ذمہ دار ہے۔ یہ شعبہ نہ صرف صحت، حفاظت اور ماحولیات پر عملدرآمد کی بہترین روایات کی یقین دہانی کراتا ہے بلکہ عملے کی باقاعدہ تربیت کا انتظام بھی کرتا ہے۔

ہنٹی بائیو ٹیکس، ذیابیطیس اور کارڈیولوجی، کمپنی کی مجموعی نیٹ سیلز میں 69 فیصد حصے کے ساتھ سر فہرست رہے۔ ہنٹی بائیو ٹیک کی سیلز گزشتہ سال 4,968 ملین روپے سے بڑھ کر 6,641 ملین روپے تک ہو گئی جو کہ 34 فیصد اضافے کو ظاہر کرتا ہے اور اس کی بنیادی وجہ فلیجبل کی فروخت میں 41 فیصد اضافہ تھا جو کہ ہنٹی بائیو ٹیک کی سیلز کا 73 فیصد حصہ ہے۔

ذیابیطیس پورٹ فولیو کی سیلز گزشتہ سال کے 3,051 ملین روپے سے 3,099 ملین تک پہنچ گئی جو 2 فیصد شرح نمو کو ظاہر کرتی ہے۔ اس میں امارل اور لینٹس کی سیلز کا حصہ سر فہرست رہا۔ البتہ، اضافے کی بنیادی وجہ ٹوجیو کی سیلز ہے جس میں 34 فیصد اضافہ ریکارڈ کیا گیا۔

کارڈیولوجی کی سیلز گزشتہ سال 2,998 ملین روپے کے مقابلے میں 3,151 ملین روپے تک جا پہنچی۔ اس اضافے میں لیسکس، پیلوکس کی سیلز کا کردار اہم رہا جس میں بالترتیب 23 فیصد اور 26 فیصد اضافہ ہوا۔

سال کے لیے مجموعی منافع 4,123 ملین روپے سے بڑھ کر 4,871 ملین روپے ہو گیا ہے لیکن نیٹ سیلز کی شرح کے اعتبار سے 26 فیصد برقرار رہا۔ اس کی وجہ غیر ملکی کرنسیوں کے مقابلے میں روپے کی قدر میں کمی کے باعث خام مال ہیکسجنگ اور تیار شدہ مصنوعات کی درآمدی قیمتوں میں اضافہ ہوا۔

فارن کرنسی میں ادائیگیوں اور واجبات کی مد میں نیٹ زرمبادلہ کا خسارہ بڑھ کر 576 ملین روپے ہو گیا (2021: 88 ملین روپے)۔ زرمبادلہ کے خسارے میں یہ اضافہ بنیادی طور پر امریکی ڈالر اور یورو کے مقابلے میں مقامی کرنسی (روپے) کی قدر میں نمایاں کمی کی وجہ سے ہے۔

مذکورہ بالا عوامل کے ساتھ ساتھ معاشی اشاریوں کے باعث 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے بعد از ٹیکس منافع 167 ملین روپے رہا جو سال 2021 کے دوران 906 ملین روپے تھا۔

## منافع منقسمہ

روپے کی قدر میں مسلسل کمی اور اس کے نتیجے میں افراط زر کی بلند سطح کے ساتھ معاشی اتاڑ چڑھاؤ نے کمپنی کے مارجن اور لیکویڈٹی پر منفی اثر ڈالا ہے۔ نتیجتاً، بورڈ آف ڈائریکٹرز نے 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے حتمی منافع کی سفارش کرنے کے خلاف فیصلہ کیا ہے۔

## انٹرنل آڈٹ اور ضابطے

کمپنی میں ایک موثر انٹرنل آڈٹ اور کنٹرول فنکشن کا انتظام ہے، جو بورڈ کو انٹرنل کنٹرولز کی موثر کارکردگی کی یقین دہانی کراتا ہے۔ کمپنی کے رسک گورننس فریم ورک کی پابندی کرتے ہوئے، آڈٹ کمیٹی انٹرنل آڈٹ کے عمل کے موثر ترین اور غیر جانبدار ہونے کی یقین دہانی کے لیے سالانہ انٹرنل آڈٹ پلان کی منظوری دے دی ہے۔ ڈائریکٹرز کو اعتماد ہے کہ انٹرنل کنٹرول کا نظام تشکیل کے اعتبار سے مستحکم ہے اور اس پر پورا سال موثر عمل درآمد اور نگرانی کی گئی۔ ہیڈ آف انٹرنل آڈٹ کا عہدہ 2022 کی آخری سہ ماہی میں کسی اور کو دیا گیا تھا۔

## رسک مینجمنٹ

کمپنی کو مختلف قانونی، ریگولیٹری اور آپریشنل خطرات کا سامنا ہے۔ کمپنی میں ایک انٹرنل کنٹرول اور رسک مینجمنٹ فریم ورک مصروف عمل ہے جو یقینی بناتا ہے کہ خطرات سے نمٹنے کی مناسب منصوبہ بندی کی گئی ہے اور یہ موثر طریقے سے کام کر رہا ہے اور کسی بھی اہم مسئلے کی نشاندہی کے لیے اعلیٰ انتظامیہ اور بورڈ تک پہنچتا ہے۔

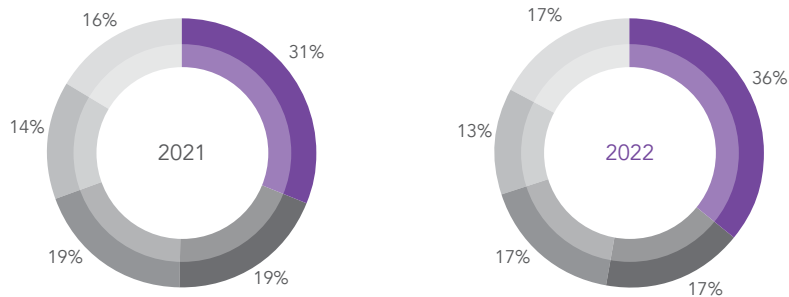
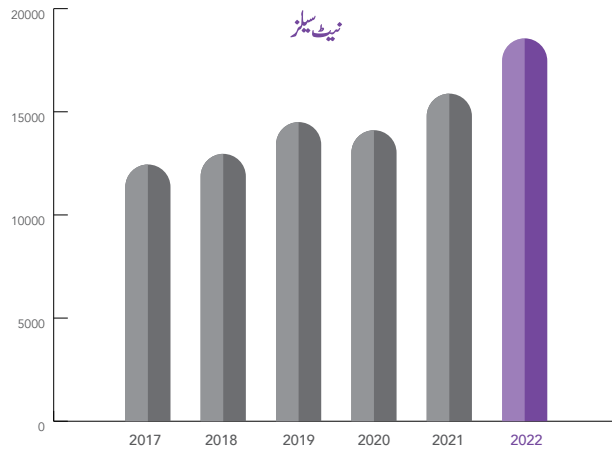
اسٹریٹجک خطرات کا انتظام بورڈ آف ڈائریکٹرز ملکی قیادت کی مدد سے کرتے ہیں جبکہ آپریشنل خطرات کا انتظام قیادت کی ٹیم کرتی ہے۔



## اہم مالیاتی جھلکیاں - مکمل سال 2022

2021	2022	رقم ملین میں
15,881	18,560	نیٹ سیلز
4,123	4,871	مجموعی منافع
26.0%	26.0%	مجموعی منافع %
1,465	774	آپریٹنگ منافع
9.2%	4.2%	آپریٹنگ منافع %
(28)	(50)	مالیاتی لاگت
906	167	فنانس بعد از ٹیکس
93.93	17.29	فی شیئر آمدنی (روپے)

31 دسمبر 2022 کو ختم شدہ سال کے لیے کمپنی کی نیٹ سیلز گزشتہ سال کے 15,881 ملین روپے سے 17 فیصد بڑھ کر 18,560 ملین روپے ہو گئی۔ ہمارے فلیگ شپ پراڈکٹ فلیجبل میں گزشتہ سال کے مقابلے میں سال 2022 کے دوران 41 فیصد اضافہ دیکھنے میں آیا۔



■ ایسی ہائیکٹ ■ ڈیائینٹس ■ کارڈیالوجی ■ بزنس اور رٹیل ■ دیگر

## ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز 31 دسمبر 2022 کو ختم شدہ سال کیلئے سنوفی - ایونٹس لمیٹڈ ("کمپنی") کی سالانہ رپورٹ اور کمپنی کے آڈٹ شدہ مالیاتی بیانات پیش کرتے ہوئے خوشی محسوس کرتا ہے۔ ڈائریکٹرز رپورٹ کمپنیز ایکٹ، 2017 کے سیکشن 227 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تحت تیار کی گئی ہے۔

آپ کی کمپنی پاکستان کی بہترین ہیلتھ کیئر کمپنیز میں سے ایک ہے جو کہ مریضوں کی ضروریات پر توجہ کے علاوہ فارماسیوٹیکل اور کنزیومر ہیلتھ کیئر پروڈکٹس کی تیاری اور فروخت کرتی ہے۔

### ہولڈنگ کمپنی

کمپنی سنوفی پارٹی سی پیشنز بی -وی۔ (بنیادی کمپنی) کا ذیلی ادارہ ہے جو نیدر لینڈ میں رجسٹرڈ ہے، جس کے پاس 10 روپے کے حساب سے 5,099,469 عمومی شیئرز ہیں جو کہ کمپنی کی جاری شیئر کیپٹل کا 52.87% بنتا ہے۔ کمپنی کا سربراہ ادارہ سنوفی S.A، فرانس ہے۔

20 دسمبر 2021 کو پیکیجز لمیٹڈ نے عوام الناس کو اطلاع دی ہے کہ ان کے بورڈ آف ڈائریکٹرز نے سنوفی - ایونٹس پاکستان میں سنوفی فارن پارٹی سی پیشنز بی -وی۔ ("سنوفی") کے تمام 52.87% شیئرز کی کنسورشیم کے ذریعے خریداری کے جائزہ کے لیے انویسٹر کنسورشیم کا حصہ بننے کی اصولی منظوری کے حوالے سے اعلان کے بعد سال 2022 کے دوران اہم پیش رفت دیکھنے میں آئی۔ لین دین کو مکمل لانے کے لیے سیل پرچیز اگریمنٹ کیے گئے تھے اسی کے ساتھ ساتھ پریٹ کمپنی کی جانب سے کی جانے والی خریداری پر بھی غور و خوض کیا گیا تھا۔

اپریل کے آخر میں کنسورشیم کو حصص کی منتقلی کے ساتھ لین دین کامیابی سے بند ہوا۔

### کارکردگی کا جائزہ

سال 2022 قومی سطح پر آزمائشوں کا ایک اور سال تھا جس کے دوران درپیش چند اہم چیلنجز میں غیر ملکی کرنسیوں کے مقابلے میں مقامی کرنسی کی قدر میں نمایاں کمی، بلند افراط زر، ملک بھر میں تباہ کن سیلابی صورتحال اور اسی سے منسلک لاجسٹکس کے مسائل، قومی خزانے پر دباؤ کے ساتھ بڑھتی ہوئی کاروباری لاگت شامل ہیں۔ جس کے نتیجے میں آپ کی کمپنی کے باٹم لائن اعداد و شمار شدید متاثر ہوئے ہیں۔



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# INDEPENDENT AUDITORS' REPORT

To the members of sanofi-aventis Pakistan Limited  
Report on the Audit of the Financial Statements

## Opinion

We have audited the annexed financial statements of sanofi-aventis Pakistan Limited (the Company), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss, the statement of other comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the 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 statement of financial position, statement of profit or loss, the statement of other comprehensive income, the statement of cash flows and the statement of changes in equity 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 2022 and of the profit and other comprehensive loss, its cash flows and the changes in equity for the year then ended.

## Basis for Opinion

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

## Key Audit Matter

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



Following are the key audit matter:

Key audit matter	How the matter was addressed in our audit
<p>Revenue Recognition</p> <p>As disclosed in note 24 to the accompanying financial statements, revenue from sale of pharmaceutical and related products for the year ended 31 December 2022 amounted to Rs. 18.560 billion. Revenue from contracts with customers is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.</p> <p>As part of our overall response to the audit risks when identifying and assessing the risks of material misstatement, we considered that there is an inherent risk that revenue may be overstated, resulting from the pressure local management may feel to achieve performance targets. The Company also focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognised before the control has been transferred. We have specifically focused as to whether sales are valid, with higher risk in recording revenue for sales transactions where the control of the goods have not yet passed to the customer on and around the year end.</p> <p>Considering the aforementioned reasons together with growth in revenue during the year, we have identified this area as a key audit matter.</p>	<p>Our key audit procedures in this area amongst others included the following;</p> <p>Obtained an understanding of the Company's process with respect to revenue recognition and tested design and operating effectiveness of controls relevant to such process.</p> <p>Reviewed contracts with customer to obtain an understanding of terms particularly relating to timing and transfer of control of the products and assessed the appropriateness of revenue recognition policies and practices followed by the Company.</p> <p>Performed substantive audit procedures including analytical procedures and test of details over revenue transactions alongwith review of related supporting documents, including dispatch-related documents and customer acknowledgement, on test basis.</p> <p>Performed sales cut-off procedures by agreeing sample of transactions occurred on and around the year end to the evidence of deliveries to ensure that sales are recorded in the correct accounting period.</p> <p>We assessed the adequacy of the Company's disclosures in accordance with applicable financial reporting standards.</p>

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

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

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



## **Responsibilities of Management and Board of Directors for the Financial Statements**

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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

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

#### Report on Other Legal and Regulatory Requirements

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

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

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

Chartered Accountants

Place: Karachi

Date: 26 April 2023

UDIN Number: AR202210120cNbQr3alx

# FINANCIAL STATEMENTS





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# STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

	Note	December 31, 2022	December 31, 2021
----- Rupees in '000 -----			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment	3	1,884,260	1,654,157
Investment properties	4	32,961	34,710
Right-of-use assets	5	-	1,878
Intangible assets	6	2,657	2,829
		<b>1,919,878</b>	1,693,574
Long-term loans to employees	7	3,623	2,398
Long-term deposits		15,983	15,983
Deferred taxation - net	8	147,394	236,330
		<b>167,000</b>	254,711
		<b>2,086,878</b>	1,948,285
<b>CURRENT ASSETS</b>			
Stores and spares	9	88,038	59,670
Stock-in-trade	10	4,550,693	3,919,660
Trade debts	11	857,348	455,428
Loans and advances	12	220,304	163,212
Trade deposits and short-term prepayments	13	2,499,808	470,424
Other receivables	14	485,566	250,411
Taxation - net		1,309,840	1,223,096
Cash and bank balances	15	233,196	784,295
		<b>10,244,793</b>	7,326,196
<b>TOTAL ASSETS</b>		<b>12,331,671</b>	9,274,481
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	16	96,448	96,448
Reserves	17	4,933,244	5,122,073
		<b>5,029,692</b>	5,218,521
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	18	-	35,016
Deferred liabilities	19.1	9,000	18,000
Defined benefit plan - gratuity fund	20.1	32,844	-
		<b>41,844</b>	53,016
<b>CURRENT LIABILITIES</b>			
Contract liabilities		155,332	57,302
Trade and other payables	20	5,435,086	3,753,519
Current maturity of long-term financing	18	41,053	164,214
Current maturity of deferred liabilities	19.1	9,000	15,274
Current maturity of lease liabilities	5	-	1,594
Accrued mark-up		17,440	1,397
Unclaimed dividend		8,286	7,248
Unpaid dividend		2,283	2,396
Bank overdraft	21	891,655	-
Short-term borrowings	22	700,000	-
		<b>7,260,135</b>	4,002,944
<b>CONTINGENCIES AND COMMITMENTS</b>	23		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,331,671</b>	9,274,481

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


Syed Babar Ali  
Chairman

Asim Jamal  
Chief Executive Officer

Yasser Pirmuhammad  
Chief Financial Officer

# STATEMENT OF PROFIT OR LOSS

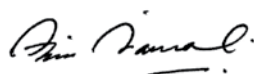
For the year ended December 31, 2022

	Note	December 31, 2022	December 31, 2021
		----- Rupees in '000 -----	
<b>NET SALES</b>	24	<b>18,559,884</b>	15,880,932
Cost of sales	25	<b>(13,688,965)</b>	(11,758,221)
<b>GROSS PROFIT</b>		<b>4,870,919</b>	4,122,711
Distribution and marketing costs	25	<b>(2,612,212)</b>	(1,921,755)
Administrative expenses	25	<b>(752,497)</b>	(521,835)
Other expenses	26	<b>(912,169)</b>	(384,470)
Other income	27	<b>179,851</b>	170,234
		<b>(4,097,027)</b>	(2,657,826)
<b>OPERATING PROFIT</b>		<b>773,892</b>	1,464,885
Finance costs	28	<b>(49,825)</b>	(28,434)
<b>PROFIT BEFORE TAXATION</b>		<b>724,067</b>	1,436,451
Taxation	29	<b>(557,284)</b>	(530,499)
<b>PROFIT AFTER TAXATION</b>		<b>166,783</b>	905,952
<b>EARNINGS PER SHARE - basic and diluted (Rupees)</b>	30	<b>17.29</b>	93.93

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



Syed Babar Ali  
Chairman



Asim Jamal  
Chief Executive Officer



Yasser Pirmuhammad  
Chief Financial Officer

# STATEMENT OF OTHER COMPREHENSIVE INCOME

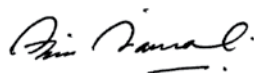
For the year ended December 31, 2022

	<b>December 31, 2022</b>	December 31, 2021
	----- Rupees in '000 -----	
Profit after taxation	<b>166,783</b>	905,952
<b>Other comprehensive loss</b>		
<b>Items that will not be reclassified to profit or loss in subsequent periods (net of tax):</b>		
Actuarial loss on defined benefit plans	<b>(61,482)</b>	(108,773)
Deferred tax on actuarial loss on defined benefit plans	<b>(21,524)</b>	31,544
	<b>(83,006)</b>	(77,229)
Total comprehensive income for the year	<b>83,777</b>	828,723

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



Syed Babar Ali  
Chairman



Asim Jamal  
Chief Executive Officer



Yasser Pirmuhammad  
Chief Financial Officer

# STATEMENT OF CASH FLOWS

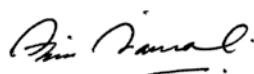
For the year ended December 31, 2022

	Note	December 31, 2022	December 31, 2021
		----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	31	<b>(19,507)</b>	2,096,442
Finance costs paid		<b>(33,769)</b>	(32,141)
Interest on lease liabilities paid		<b>(22)</b>	(2,392)
Interest received	27	<b>1,379</b>	759
Income tax paid		<b>(576,616)</b>	(422,801)
Retirement benefits paid	20.1	<b>(640,592)</b>	(130,233)
Long-term loans to employees - net		<b>(1,225)</b>	721
Long-term deposits		<b>-</b>	(2,340)
Net cash (used in) / generated from operating activities		<b>(1,270,352)</b>	1,508,015
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		<b>(573,230)</b>	(307,101)
Sale proceeds from disposal of operating fixed assets	3.1.4	<b>70,935</b>	46,631
Income from investment properties		<b>67,347</b>	25,487
Net cash used in investing activities		<b>(434,948)</b>	(234,983)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		<b>(288,418)</b>	(192,530)
Repayment of principal portion long-term financing		<b>(158,177)</b>	(108,150)
Repayment of principal portion of lease liabilities		<b>(1,585)</b>	(13,945)
Net cash used in financing activities		<b>(448,180)</b>	(314,625)
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2,153,480)</b>	958,407
<b>NET FOREIGN EXCHANGE DIFFERENCE</b>		<b>10,726</b>	5,486
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>784,295</b>	(179,598)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	32	<b>(1,358,459)</b>	784,295

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



Syed Babar Ali  
Chairman



Asim Jamal  
Chief Executive Officer



Yasser Pirmuhammad  
Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY

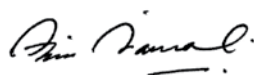
For the year ended December 31, 2022

	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	Share-based payments reserve	General reserve	Unappropriated profit	
----- Rupees in '000 -----							
<b>Balance as at January 01, 2021</b>	96,448	5,935	18,000	329,372	3,535,538	576,805	4,562,098
Final dividend @ Rs. 20 per ordinary share of Rs. 10 each for the year ended December 31, 2020	-	-	-	-	-	(192,895)	(192,895)
Staff cost in relation to share-based payments (note 17.1)	-	-	-	20,595	-	-	20,595
Profit after taxation	-	-	-	-	-	905,952	905,952
Other comprehensive loss	-	-	-	-	-	(77,229)	(77,229)
Total comprehensive income for the year	-	-	-	-	-	828,723	828,723
<b>Balance as at December 31, 2021</b>	96,448	5,935	18,000	349,967	3,535,538	1,212,633	5,218,521
Final dividend @ Rs.30 per ordinary share for the year ended December 31, 2021	-	-	-	-	-	(289,343)	(289,343)
Staff cost in relation to share-based payments (note 17.1)	-	-	-	16,737	-	-	16,737
Profit after taxation	-	-	-	-	-	166,783	166,783
Other comprehensive loss	-	-	-	-	-	(83,006)	(83,006)
Total comprehensive income for the year	-	-	-	-	-	83,777	83,777
<b>Balance as at December 31, 2022</b>	<b>96,448</b>	<b>5,935</b>	<b>18,000</b>	<b>366,704</b>	<b>3,535,538</b>	<b>1,007,067</b>	<b>5,029,692</b>

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



Syed Babar Ali  
Chairman



Asim Jamal  
Chief Executive Officer



Yasser Pirmuhammad  
Chief Financial Officer

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 1 THE COMPANY AND ITS OPERATIONS

**1.1** The Company was incorporated in Pakistan in 1967 as a Public Limited Company under Companies Act, 1913 [now Companies Act, 2017 (the Act)]. The shares of the Company are listed on Pakistan Stock Exchange Limited. The Company is a subsidiary of Sanofi Foreign Participations B.V. (the Parent Company), registered in Netherlands. The Ultimate Parent of the Company is Sanofi S.A., France (incorporated in France). The Company is engaged in the manufacturing, selling and trading of pharmaceutical and related products. The registered office of the Company is located at Plot 23, Sector 22, Korangi Industrial Area, Karachi.

**1.2** Geographical location and address of business units are as follows:

### **Business Units**

- Registered address / Manufacturing facility
- Sales Office Islamabad
- Sales Office Lahore
- Sales Office Peshawar
- Sales Office Multan
- Sales Office Faisalabad

### **Addresses**

- Plot 23, Sector 22, Korangi Industrial Area, Karachi.
- Jaspal Arcade, Plot No 5, I&T Center, Sector G-8/4, Islamabad.
- New Building located at, 31/E-I, Gulberg III, Lahore.
- 71A , Small industrial state, Kohat Road, Peshawar.
- No 502, 5th Floor, Plot no 74-Abdali Road, Multan.
- P-833 situated at State Life Building No.02 , Faisalabad.

**1.3** Summary of significant transactions and events that have affected Company's financial position and performance during the year are as follows:

On December 20, 2021, Packages Limited made a public announcement that its Board of Directors had given an in-principle approval to be part of an investor consortium to evaluate a potential purchase by the Consortium of all of 52.87% shares held by the Parent Company in the Company. The Consortium is led by Packages Limited and includes IGI Investments, and affiliates of Arshad Ali Gohar Group. In response, the Parent Company granted the Consortium an opportunity to conduct due diligence of the Company. Subsequently, and upon conclusion of the due diligence, Packages Limited made a public announcement of the finalization of purchase price and terms and conditions of the Proposed Transaction between the Consortium and Sanofi Foreign Participants B.V. On April 29, 2022, Sanofi Foreign Participations B.V. and Consortium have executed a binding Share Purchase Agreement for the sale of 52.87% shares held by Sanofi Foreign Participations B.V. On August 23, 2022, the mandatory tender offer for the acquisition of shares from the public by the Consortium under Pakistan's takeover laws was successfully completed. On October 11, 2022 an Extra-Ordinary General Meeting of the Company was held to pass Special Resolutions regarding post closing agreements, transfer of shares (from Seller to Purchaser), appointment of authorised signatories and board restructuring (Post-Acquisition). The transaction successfully closed at the end of April with the transfer of shares to the consortium.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **2.1 Basis of preparation**

#### **2.1.1** Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs), issued by International Accounting Standard Board (IASB) as notified under the Act and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

#### **2.1.2** Basis of measurement

These financial statements have been prepared under the historical cost convention.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 2.1.3 Adoption of standards, amendments and improvements to International Financial Reporting Standards (IFRSs) effective during the year

The Company has adopted the following accounting standards and amendments of IFRSs and the framework for financial reporting which became effective for the current year:

### Amendments

IFRS 3 - Reference to the Conceptual Framework (Amendments)  
IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use (Amendments)  
IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

<b>Improvement to accounting standards issued by the IASB (2018 – 2020 cycle)</b>	<b>IASB effective date (annual periods beginning on or after)</b>
IFRS 9 - Financial Instruments - Fees in the '10 percent' test for the derecognition of financial liabilities	01 January 2022
IAS 41 - Agriculture - Taxation in fair value measurement	01 January 2022

The adoption of the above standards, amendments and improvements of IFRSs and framework for financial reporting did not have any material effect on the Company's financial statements.

## 2.1.4 Standards, amendments and improvements to approved accounting standards that are not yet effective

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

<b>Amendments</b>	<b>Effective date (annual periods beginning on or after)</b>
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
IAS 1 - Classification of Liabilities as Current or Non-current (Amendments)	January 01, 2024
IFRS 16 - Lease Liability in a Sale and Leaseback (Amendments)	January 01, 2024
IFRS10 / IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalized

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

<b>New standards</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 1 - First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17 - Insurance Contracts	January 01, 2023

The Company expects that above standards, amendments of IFRSs and improvements to approved accounting standards will not have any material impact on the Company's financial statements in the period of initial application.

## 2.2 Shariah related disclosures

As at the reporting date, the Company is listed on the PSX-KMI All Share Index. The Company accordingly, as per requirements specified in the Sub-clause 10 of Clause VI of Part 1 of the 4th Schedule to the Companies Act, 2017, has provided disclosures applicable to it in notes 26.2 and 27.1 respectively.

## 2.3 Property, plant and equipment

### (i) Operating fixed assets

These are stated at cost less accumulated depreciation / amortisation and impairment in value, if any.

Leasehold land is amortised over the period of the lease. Depreciation on all other assets is charged to statement of profit or loss applying the straight-line method whereby the cost of an asset less residual value, if not insignificant, is depreciated over its estimated useful life. When significant parts of assets are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. The rates used are stated in note 3.1 to these financial statements. In particular, the Company considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values.

In respect of additions, depreciation is charged from the month in which asset is available for use and on disposal up to the month the asset is in use. Additional depreciation at the rate of fifty percent of the normal rate is charged on such machinery which is operated on double shift during the year.

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end. The effect of any adjustment to residual values, useful lives and methods is recognised prospectively as a change of accounting estimate.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The Company accounts for impairment by reducing its carrying value to the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of profit or loss in the year the asset is derecognised.

Subsequent costs are not recognised as assets unless it is probable that future economic benefits associated with these costs will flow to the Company and the cost can be measured reliably.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## (ii) Capital work-in-progress

These are stated at cost less impairment in value, if any and consist of expenditure incurred in respect of tangible fixed assets in the course of their construction and installation.

## 2.4 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### 2.4.1 Company as a lessee

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

### 2.4.2 Right-of-use assets

The Company recognises right-of-use assets (ROU assets) at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Unless the Company is reasonably certain to obtain ownership of the leased asset or the ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The ROU assets are also subject to impairment. Refer to accounting policy in note 2.14 to these financial statements.

### 2.4.3 Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option (if any) reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 2.4.4 Short-term leases and leases of low-value assets

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

## 2.4.5 Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the amount of the leased asset and recognised over the lease term on the same basis as rental contingent rents are recognised as revenue in the period in which they are earned.

The Company has entered into operating leases on its investment property portfolio consisting of leasehold land and buildings on leasehold land. These leases have terms of three years. All leases include a clause for upward revision of the rental charge at agreed rates. Rental income recognised by the Company during the year has been disclosed in note 27 to the financial statements.

Future minimum rentals receivable under non-cancellable operating leases as at the reporting dates are as follows:

	<b>December 31, 2022</b>	December 31, 2021
	----- Rupees in '000 -----	
Within one year	<b>55,941</b>	55,941
After one year but not more than three years	<b>58,134</b>	114,075
	<b><u>114,075</u></b>	<u>170,016</u>

## 2.5 Intangible assets

Computer software acquired by the Company are stated at cost less accumulated amortization and impairment in value, if any. Cost represents the cost incurred to acquire the software licenses and bring them to use. The cost of computer software is amortised over the estimated useful life. The amortisation rates have been disclosed in note 6 to these financial statements. Separately acquired product licenses are shown at historical cost. These have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of product licenses over their estimated useful lives as disclosed in note 6 to the financial statements. Cost associated with maintaining computer software are charged to statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

The useful lives of intangible assets are reviewed at each reporting date. The effect of any adjustment to useful lives is recognised prospectively as a change of accounting estimate.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 2.6 Investment properties

The Company's investment properties consist of leasehold land and buildings on leasehold land in Karachi. Management determined that the investment properties consist of two classes of assets, leasehold land and buildings on leasehold land, based on the nature, characteristics and risk of property.

Investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to statement of profit or loss applying the straight-line method. The rates used are disclosed in note 4.1 to these financial statements.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the derecognition of investment property are recognised in the statement of profit or loss in the year of retirement or disposal. Gain or loss on disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment upto the date of change in use.

## 2.7 Stores and spares

These are valued at lower of cost and estimated net realisable value. Cost is determined on weighted average basis, except for the stores and spares in transit, which are stated at invoice price plus other charges incurred thereon up to the reporting date. Value of items are reviewed at each reporting date to record provision for any slow-moving items, where necessary. Provision is recorded for slow moving and obsolete stores and spares where necessary.

## 2.8 Stock-in-trade

These are valued at lower of weighted average cost and estimated net realisable value. Goods in transit are valued at cost, comprising invoice price plus other charges incurred thereon up to the reporting date. Cost signifies standard costs adjusted by variances. Cost in relation to work-in-process and finished goods represent direct cost of materials, direct wages and appropriate manufacturing overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Provision is recorded for slow moving and expired stock where necessary.

## 2.9 Employees benefits

### 2.9.1 Defined benefit plans

The Company operates an approved funded gratuity scheme and an approved funded non-contributory pension scheme in respect of all permanent employees and senior management staff respectively, excluding expatriates. The schemes define the amounts of benefit that an employee will receive on or after retirement subject to a minimum qualifying period of service under the schemes. The schemes are managed in conformity with the provisions of the Trust Deeds. The Company is responsible to make contributions to the Gratuity and Pension Funds (the Funds) as prescribed under the Trust Deed and its rules, whereas, the trustees are responsible for the day to day management of the Funds. The gratuity and pension obligations are calculated annually by independent actuaries using the Projected Unit Credit Method. The most recent valuations in this regards were carried out as at December 31, 2022.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the effect of the asset ceiling are recognised directly in equity through the statement of other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. All past service costs are recognised in statement of profit or loss at the earlier of when the amendments or curtailment occurs and when the Company has recognised related retirement or termination benefits. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income in the statement of profit or loss.

## 2.9.2 Defined contribution plan

The Company also operates a recognised provident fund scheme for all permanent employees excluding expatriates. Equal monthly contributions are made to the fund at the rate of 10 percent of basic salary by employees and the Company.

## 2.10 Compensated absences

The Company accounts for the accrual in respect of employees' compensated absences in the year in which these are earned. Provisions to cover the obligations are made using the current salary levels of employees.

## 2.11 Taxation

### 2.11.1 Current

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in Pakistan.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### 2.11.2 Deferred

Deferred tax liability is recognised using the liability method, on all major temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and / or carry-forward of unused tax losses can be utilized.

The carrying amount of all deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the statement of profit or loss except for deferred tax arising on recognition of actuarial loss or gain which is charged to the statement of other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 2.11.3 Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

## 2.12 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and accounts held with banks that are subject to an insignificant risk of changes in value. This includes Short-term borrowings and bank overdraft facilities (running finance) availed by the Company, which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of the statement of cash flows.

## 2.13 Financial instruments

### 2.13.1 Financial assets

#### (i) Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### (ii) Subsequent measurement

##### Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

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

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

The Company does not have any financial assets designated at FVTOCI with recycling of cumulative gains and losses (debt instruments), FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets at FVTPL, during the current and last year and as of the reporting date.

## (iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's 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 it has not transferred neither 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.

## (iv) Impairment of financial assets

Further disclosures relating to impairment of financial assets are provided under disclosures for significant accounting judgements, estimates and assumptions as disclosed in notes 2.29 to these financial statements.

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).



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

For trade debts, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset to be at a risk of default when contractual payments are 90 days past due except for receivables from government institutions for which it is considered as 365 days, unless there are factors that might indicate otherwise. 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.

## 2.13.2 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, bank overdraft and short-term borrowings and payables, net of directly attributable transaction costs.

### (ii) Subsequent measurement

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

#### (a) Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through statement of profit or loss. Gains or losses on liabilities held for trading are recognised in the Statement of profit or loss. 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.

#### (b) Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss 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 Statement of profit or loss.

### (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 statement of profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 2.13.3 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle liabilities simultaneously. Incomes and expenses arising from such assets and liabilities are also offset accordingly.

## 2.14 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for asset is required then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining the fair value less cost of disposal, recent market transactions are taken into account, if no such transaction can be identified, appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or available fair value budgets. The Company bases its impairment calculation on detailed budget and forecast calculation, which are prepared separately for each of the Company Cash-Generating Unit (CGU) to which individual assets are allocated. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

## 2.15 Deposits, advances, prepayments and other receivables excluding financial assets

These are stated initially at transaction price and subsequently measured at amortized cost using the effective interest rate method.

Exchange gains or losses, if any arising in respect of deposits, advances and other receivables in foreign currency are added to their respective carrying amounts and charged to statement of profit or loss.

## 2.16 Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Provisions are reviewed at each reporting date to reflect the current best estimate.

A contingent liability is disclosed when there is a possible obligation that arises from past events and 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 a present 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 the obligation cannot be measured with sufficient reliability.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 2.17 Short-term borrowings

Short-term borrowings are initially recognised at fair value, net of transaction cost incurred and subsequently carried at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional / contractual right to defer settlement of the liability for at least twelve months after the statement of financial position date.

## 2.18 Government / deferred capital grants

Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is deducted from the related expense, 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.

## 2.19 Foreign currency translation

The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are recorded at the rates of exchange which approximate those prevailing on the reporting date. Gains and losses on translation are taken to 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.

## 2.20 Share-based compensation

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services to the Company as consideration for equity instruments (equity-settled transactions) granted by the Ultimate Parent. The economic cost of awarding shares of group companies to employees is reflected by recording a charge as employee benefit expense in the statement of profit or loss, equivalent to the fair value of shares on the grant date over the vesting period, with a corresponding reserve created to reflect the equity component (share-based payments reserve).

### Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the grant date using an appropriate valuation technique, further details of which are given in note 17.1 to these financial statements.

The cost is recognised in staff costs (note 25.1), together with a corresponding increase in equity (share-based payments reserve), over the period in which the service are provided and where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

## 2.21 Revenue recognition

### 2.21.1 Revenue from contracts with customers

The Company is engaged in the manufacturing, selling and trading of pharmaceutical and related products. 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 or services before transferring them to the customer.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term varies up to 210 days depending on the customer type.

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). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

## 2.21.2 Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. In general, the contracts for the sale of goods provides customer with a right to return near expiry products.

## 2.22 Right of return

In general, the contracts for sales of goods provides a customer with a right to return near expiry products. The Company uses the expected value method to estimate the goods that will be returned because this method best predicts the amount of variable consideration to which the Company not 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. For products that are expected to be returned, the Company recognises a provision under refund liability and a corresponding adjustment in sales return. Returns for the Company comprise of expired and near expiry products, which are of nil value by the time of return and are subject to destructions.

## 2.23 Contract balances

### 2.23.1 Trade debts

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). Accounting policies of financial assets have been disclosed in note 2.13.1.

### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is 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 (i.e. transfers control of related goods to the customer).

## 2.24 Assets and liabilities arising from rights of return

### Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 2.25 Other income

Interest income is accounted for using the effective interest rate method. Income other than interest income is recorded on accrual basis.

## 2.26 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved. However, if these are approved after the reporting period but before the financial statements are authorised for issue, disclosure is made in the financial statements.

## 2.27 Operating segments

For management purposes, the activities of the Company are organised into one operating segment since Chief Operating Decision Maker monitors the operating results of the entity. The Company operates in the said reportable operating segment based on the nature of the products, risks and returns, organisational and management structure, and internal financial reporting systems. Accordingly, the figures reported in the financial statements are related to the Company's only reportable segment.

## 2.28 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 2.29 Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### 2.29.1 Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

#### (i) Determining the lease term of contracts with renewal and termination options - Company as a lessee

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

The Company has the option, under its lease arrangements to lease the assets for additional terms of one to three years. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., a change in business strategy). Any change is accounted for change in estimate and applied prospectively with corresponding change in ROU assets and lease liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## (ii) Property lease classification – Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

## (iii) Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities, which may differ on the occurrence / non-occurrence of the uncertain future events.

## 2.29.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### (i) Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

### (ii) Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) and incorporate applicable spread.

### (iii) Stock-in-trade and stores and spares

The Company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values and also review the inventories for obsolescence.

### (iv) Allowance for expected credit losses on financial assets

The Company uses a provision matrix to calculate ECLs for trade debts. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For financial assets other than trade debts, 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.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's financial assets exposed to credit risk is disclosed in note 35.3.2.

## (v) Revenue recognition - Estimating variable consideration for returns

Refer to note 2.22 & 2.24 to these financial statements for estimates with respect to right of return assets and related refund liabilities.

## (vi) Retirement benefits

The cost of the retirement benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

## (vii) Taxation

The Company takes into account the current income tax laws and decisions taken by appellate authorities while recognizing provision for income tax.

## (viii) Share based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses listed market price of the share as of that date, adjusted for dividends expected during the vesting period.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future event 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.

Other disclosures relating to the Company's exposure to risks and uncertainties includes capital risk management, Financial instruments risk management and policies and sensitivity analyses disclosures, as disclosed in note 34 to these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

	Note	December 31, 2022	December 31, 2021
		----- Rupees in '000 -----	
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	3.1	<b>1,606,792</b>	1,489,951
Capital work-in-progress	3.2 & 3.3	<b>277,468</b>	164,206
		<b><u>1,884,260</u></b>	<u>1,654,157</u>

## 3.1 Operating fixed assets

	Leasehold land	Buildings on leasehold land	Plant and machinery	Furniture and fixtures	Factory and office equipment	Motor vehicles	Total
	----- Rupees in '000 -----						
<b>Year ended December 31, 2022</b>							
Opening net carrying value	253	477,717	558,245	11,064	161,669	281,003	1,489,951
Additions / transfers from capital work-in-progress	-	15,619	221,247	2,977	57,537	160,922	458,302
Disposals	-	-	(503)	-	(53)	(60,435)	(60,991)
Depreciation charge	(6)	(51,946)	(125,314)	(3,397)	(54,060)	(45,747)	(280,470)
Closing net carrying value	<u>247</u>	<u>441,390</u>	<u>653,675</u>	<u>10,644</u>	<u>165,093</u>	<u>335,743</u>	<u>1,606,792</u>
Gross carrying value basis							
<b>As at December 31, 2022</b>							
Cost	455	1,146,435	3,146,439	70,660	590,305	451,014	5,405,308
Accumulated amortisation / depreciation	(208)	(705,045)	(2,492,764)	(60,016)	(425,212)	(115,271)	(3,798,516)
Net carrying value	<u>247</u>	<u>441,390</u>	<u>653,675</u>	<u>10,644</u>	<u>165,093</u>	<u>335,743</u>	<u>1,606,792</u>
<b>Year ended December 31, 2021</b>							
Opening net carrying value	273	444,549	610,671	15,807	198,956	316,240	1,586,496
Additions / transfers from capital work-in-progress	-	82,153	95,734	-	33,229	49,485	260,601
Transfers to investment properties	(14)	-	-	-	-	-	(14)
Disposals	-	-	-	(1,124)	(1,017)	(36,874)	(39,015)
Write-off	-	-	-	-	(184)	-	(184)
Depreciation charge	(6)	(48,985)	(148,160)	(3,619)	(69,315)	(47,848)	(317,933)
Closing net carrying value	<u>253</u>	<u>477,717</u>	<u>558,245</u>	<u>11,064</u>	<u>161,669</u>	<u>281,003</u>	<u>1,489,951</u>
Gross carrying value basis							
<b>As at December 31, 2021</b>							
Cost	455	1,130,816	2,968,146	67,683	543,208	397,599	5,107,907
Accumulated amortisation / depreciation	(202)	(653,099)	(2,409,901)	(56,619)	(381,539)	(116,596)	(3,617,956)
Net carrying value	<u>253</u>	<u>477,717</u>	<u>558,245</u>	<u>11,064</u>	<u>161,669</u>	<u>281,003</u>	<u>1,489,951</u>
Depreciation rate % per annum	<u>1.23</u>	<u>5</u>	<u>10 to 15</u>	<u>10</u>	<u>10 to 33</u>	<u>20</u>	

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

**3.1.2** Particulars of the immovable assets of the Company are as follows:

Location	Address	Usage of immovable Property	Total Area (Sq. Meters)
Karachi	Plot 23, Sector 22 Korangi Industrial Area, Karachi	Head office & Manufacturing Plants	96,155

**3.1.3** The depreciation / amortization charge in respect of operating fixed assets (Refer Note 3.1), investment properties (Refer Note 4.1), right-of-use assets (Refer Note 5) and intangible assets (Refer Note 6) for the year has been allocated as follows:

		<b>December 31, 2022</b>	December 31, 2021
Cost of sales	25	<b>183,925</b>	222,348
Distribution and marketing costs	25	<b>60,320</b>	59,919
Administrative expenses	25	<b>41,690</b>	54,232
		<b>285,935</b>	336,499

Note ----- Rupees in '000 -----

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 3.1.4 Details of disposal of each operating fixed asset having book value exceeding five hundred thousand rupees are as follows:

Description	Cost	Accumulated depreciation	Net carrying value	Sale proceeds	Gain/(loss)	Mode of Disposal	Particulars of buyers
----- (Rupees in '000) -----							
Plant and machinery	1,105	602	503	1,389	886	Negotiation	Chemcon Engg
Motor vehicles	1,673	1,004	669	-	(669)	Company Policy	Asif Ali (Employee)
	1,862	1,117	745	745	-	Company Policy	Abdul Rehman (Employee)
	2,647	1,588	1,059	1,059	-	Company Policy	Yasser Pirmuhammad (Employee)
	2,647	1,588	1,059	1,059	-	Company Policy	Tariq Naveed Khan (Employee)
	2,692	1,615	1,077	1,077	-	Company Policy	Ali Hasani (Employee)
	2,692	1,615	1,077	1,059	(18)	Company Policy	Nadeem Rehman (Employee)
	2,692	1,615	1,077	1,077	-	Company Policy	Laila Khan (Employee)
	1,125	439	686	450	(236)	Company Policy	Irshad Muhammad (Employee)
	1,688	1,013	675	675	-	Company Policy	Sohail Hasan (Employee)
	1,909	1,145	764	764	-	Company Policy	Irfan Alam (Employee)
	1,939	1,163	776	776	-	Company Policy	Adnan Noor Ali (Employee)
	1,731	1,039	692	692	-	Company Policy	Zaeem Amin (Employee)
	1,939	1,163	776	776	-	Company Policy	Arshad Zaidi (Employee)
	1,250	712	538	538	-	Company Policy	Faisal Hasan Khan (Employee)
	1,688	844	844	844	-	Company Policy	Kashif Ibrahim (Employee)
	1,250	625	625	638	13	Company Policy	Muzamil Malik (Employee)
	1,270	533	737	749	12	Company Policy	Muhammad Farhan (Employee)
	1,270	546	724	724	-	Company Policy	Shahid Ahmed Vohra (Employee)
	1,270	521	749	762	13	Company Policy	Aftab Hussain Laghari (Employee)
	1,944	719	1,225	1,225	-	Company Policy	Shaheryar Kazi (Employee)
	1,300	571	729	742	13	Company Policy	Imran Maqbool (Employee)
	1,944	758	1,186	1,186	-	Company Policy	Nabeesa Junaid (Employee)
	2,009	723	1,286	1,286	-	Company Policy	Abu Bakar Siddiq (Employee)
	3,004	1,172	1,832	1,832	-	Company Policy	Ahsan Rizvi (Employee)
	1,340	523	817	817	-	Company Policy	Muhammad Aamir Mushtaq (Employee)
	2,379	833	1,546	1,570	24	Company Policy	Arshad Hussain (Employee)
	1,999	960	1,039	1,039	-	Company Policy	Basit Ur Rahman (Employee)
	1,340	590	750	750	-	Company Policy	Syed Imtiazuddin (Employee)
	2,009	784	1,225	1,225	-	Company Policy	Yasir Ahmed (Employee)
	2,304	922	1,382	1,382	-	Company Policy	Ammad Zafar (Employee)
	2,009	723	1,286	1,286	-	Company Policy	Shahbaz Khan (Employee)
	3,304	1,388	1,916	1,916	-	Company Policy	Maha Abu Bakar (Employee)
	1,476	576	900	900	-	Company Policy	Talal Hussain Kashmiri (Employee)
	1,440	475	965	979	14	Company Policy	Ehsan Malik (Employee)
	1,476	458	1,018	1,018	-	Company Policy	Hina Ahmed Siddiqui (Employee)
	2,114	846	1,268	1,268	-	Company Policy	Muhammad Bilal (Employee)
	2,507	827	1,680	1,680	-	Company Policy	Amir Jilani (Employee)
	1,483	504	979	1,455	476	Company Policy	Tahmoor Shahzad (Employee)
	1,745	471	1,274	1,291	17	Company Policy	Shadab Darain (Employee)
	2,507	827	1,680	1,680	-	Company Policy	Aneel Kumar (Employee)
	2,875	747	2,128	2,128	-	Company Policy	Syed Tariq Mehmood (Employee)
	2,632	605	2,027	2,027	-	Company Policy	Irfan Ali Kalwar (Employee)
	2,735	438	2,297	2,735	438	Company Policy	Syed Muhammad Shamim Akhter (Employee)
	1,745	576	1,169	1,745	576	Company Policy	Shahid Irfan (Employee)
	1,745	244	1,501	1,501	-	Company Policy	Faiza Karim (Employee)
	2,657	372	2,285	2,285	-	Company Policy	Zubair Ali (Employee)
	2,657	399	2,258	2,258	-	Company Policy	Saif Adhami (Employee)
	93,913	38,916	54,997	55,670	673		
Operating fixed asset having book value not exceeding five hundred thousand rupees	65,884	60,393	5,491	13,876	8,385	Various	Various
<b>2022</b>	<b>160,902</b>	<b>99,911</b>	<b>60,991</b>	<b>70,935</b>	<b>9,944</b>		

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

Description	Cost	Accumulated depreciation	Net carrying value	Sale proceeds	Gain/(loss)	Mode of Disposal	Particulars of buyers and relationship, if any
----- (Rupees in '000) -----							
Motor vehicles	2,735	191	2,544	2,544	-	Company policy	Nehaludin Balkhi (Employee)
	1,863	1,080	783	2,295	1,512	Negotiation	Uzma Naz
	1,863	1,118	745	745	-	Company policy	Shahzada Auranzeb (Employee)
	1,863	1,118	745	745	-	Company policy	Irfan Ali Zeb (Employee)
	1,663	998	665	1,709	1,044	Negotiation	Muhammad Arif
	1,643	986	657	657	-	Company policy	Saif Adhami (Employee)
	1,643	986	657	657	-	Company policy	Haris Ahmed Siddiqui (Employee)
	1,827	1,097	730	730	-	Company policy	Waheed ur Raza (Employee)
	1,827	1,097	730	730	-	Company policy	Nehaludin Balkhi (Employee)
	1,842	1,106	736	736	-	Company policy	Nazir Bandukda (Employee)
	1,827	1,097	730	730	-	Company policy	Javaid Iqbal (Employee)
	2,323	1,394	929	929	-	Company policy	Salman Shamim (Employee)
	1,099	593	506	1,159	653	Negotiation	Vava Cars
	1,780	231	1,549	1,549	-	Company policy	Syed Athar Ali (Employee)
	1,099	484	615	440	(175)	Company policy	Manzoor Iqbal (Employee)
	1,483	356	1,127	1,127	-	Company policy	Zia Ahmed (Employee)
	1,099	484	615	440	(175)	Company policy	Sajida Iqbal (Employee)
	1,270	470	800	800	-	Company policy	Muhammad Saddique (Employee)
	1,270	470	800	800	-	Company policy	Muhammad Noman Owais (Employee)
	860	241	619	905	286	Negotiation	Vava Cars
	860	189	671	905	234	Negotiation	Vava Cars
	9,899	5,939	3,960	4,060	100	Negotiation	Ittehad Motors
	1,250	563	687	687	-	Company policy	Khurram Shahzad (Employee)
	1,129	598	531	452	(79)	Company policy	Zeeshan Hassan (Employee)
	1,300	377	923	988	65	Company policy	Asif Hussain (Employee)
	2,594	830	1,764	1,790	26	Company policy	S.Nasir Faid (Employee)
	860	163	697	714	17	Company policy	Muhammad Nasir Abbas (Employee)
	2,379	571	1,808	1,808	-	Company policy	Jawwad Shabbir (Employee)
	2,897	840	2,057	2,057	-	Company policy	Zubair Rizvi (Employee)
	1,663	998	665	665	-	Company policy	Khurram Anis (Employee)
	1,663	998	665	665	-	Company policy	Shariq Ali (Employee)
	2,379	714	1,665	1,665	-	Company policy	Haroon Hamid Faiz (Employee)
	61,752	28,377	33,375	36,883	3,508		
Operating fixed asset having book value not exceeding five hundred thousand rupees	57,092	51,452	5,640	9,748	4,108	Various	Various
2021	118,844	79,829	39,015	46,631	7,616		

**December 31, 2022**      December 31, 2021  
Note      ----- Rupees in '000 -----

### 3.2 Capital work-in-progress

Buildings on leasehold land	<b>69,243</b>	30,185
Plant and machinery	<b>165,879</b>	121,435
Others	<b>42,346</b>	12,586
	<b>277,468</b>	164,206

### 3.3 Movement in capital work-in-progress is as follows:

Opening balance		<b>164,206</b>	155,087
Additions during the year	3.3.1	<b>298,926</b>	136,700
Transferred to operating fixed assets	3.3.2	<b>(185,664)</b>	(127,581)
Closing balance		<b>277,468</b>	164,206

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

**3.3.1** Represents additions to buildings on leasehold land amounting to Rs. 39.7 million (2021: Rs. 25.2 million), plant and machinery amounting to Rs. 60.6 million (2021: Rs. 111.5 million), factory and office equipment amounting to Rs. 15.8 million (2021: Nil) and motor vehicles amounting to Rs. 182.8 (2021: Nil).

**3.3.2** Represents transfers to buildings on leasehold land amounting to Rs. 2.2 million (2021: Rs. 40.4 million), plant and machinery amounting to Rs. 11.8 million (2021: Rs. 46.9 million), furniture and fixtures amounting to Rs. 3.0 million (2021: Nil), factory and office equipment amounting to Rs. 12.4 million (2021: Rs. 4.0 million) and motor vehicles amounting to Rs. 156.2 (2021: Rs. 36.3 million).

		<b>December 31, 2022</b>	December 31, 2021
	Note	----- Rupees in '000 -----	-----
<b>4 INVESTMENT PROPERTIES</b>	4.1	<b>32,961</b>	34,710

**4.1 Particulars of investment properties are as follows:**

	Leasehold land	Buildings on leasehold land	Total
	----- Rupees in '000 -----		
Year ended December 31, 2022			
Opening net carrying value	<b>13.95</b>	<b>34,696</b>	<b>34,710</b>
Depreciation charge	<b>(0.4)</b>	<b>(1,749)</b>	<b>(1,749)</b>
Closing net carrying value	<b>13.55</b>	<b>32,947</b>	<b>32,961</b>
Gross carrying value basis			
As at December 31, 2022			
Cost	<b>14</b>	<b>34,988</b>	<b>35,002</b>
Accumulated depreciation	<b>(0.45)</b>	<b>(2,041)</b>	<b>(2,041)</b>
Net carrying value	<b>13.55</b>	<b>32,947</b>	<b>32,961</b>
Year ended December 31, 2021			
Opening net carrying value	-	-	-
Additions (acquisitions)	-	34,988	34,988
Transfers from property, plant and equipment	14	-	14
Depreciation charge	(0.05)	(292)	(292)
Closing net carrying value	13.95	34,696	34,710
Gross carrying value basis			
As at December 31, 2021			
Cost	14	34,988	35,002
Accumulated depreciation	(0.05)	(292)	(292)
Net carrying value	13.95	34,696	34,710
Depreciation rate % per annum	3.13	5	



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

		<b>December 31, 2022</b>	December 31, 2021
	Note	----- Rupees in '000 -----	-----
<b>4.2</b>	<b>Amounts recognised in profit or loss</b>		
		<b>67,347</b>	25,487
	Rental income derived from investment properties		
	Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the year	25 <b>(12,142)</b>	(15,370)
	<b>Profit arising from investment property carried at cost</b>	27 <u><b>55,205</b></u>	<u>10,117</u>

**4.3** As at December 31, 2022, the fair value and forced sales value of leasehold land amounting to Rs. 526.7 million (2021: Rs. 520.8 million) and Rs. 418.6 million (2021: Rs. 442.7 million) respectively and buildings on leasehold land amounting to Rs. 48.2 million (2021: Rs. 62.9 million) and Rs. 38.6 million (2021: Rs. 53.5 million) respectively are based on valuations performed by an accredited independent valuer with reference to standards of International Valuation Standards Council (IVSC). Refer note 35.5 to these financial statements for further disclosures.

**4.4** The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

**4.5** The amount of recovery of expenses from the lessee has been disclosed in note 25 to these financial statements.

## 5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Set out below are the carrying amounts of right-of-use assets recognised and the movement during the year:

		<b>December 31, 2022</b>	December 31, 2021
		----- Rupees in '000 -----	-----
	Opening balance	<b>1,878</b>	21,790
	Impact of lease modification	-	(3,432)
	Depreciation charge	<b>(1,878)</b>	(15,105)
	Impact of termination of lease	-	(1,375)
	Closing balance	<u>-</u>	<u>1,878</u>
	Depreciation rate % per annum	<u><b>33 to 50</b></u>	<u>33 to 50</u>

Set out below are the carrying amount of lease liabilities and the movement during the year:

	Opening balance	<b>1,594</b>	23,480
	Accretion of interest	<b>13</b>	495
	Payments	<b>(1,607)</b>	(16,337)
	Impact of lease modification	-	(4,554)
	Impact of termination of lease	-	(1,490)
	Closing balance	<u>-</u>	<u>1,594</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

**December 31,**    December 31,  
**2022**                    2021  
----- Rupees in '000 -----

Non-current lease liabilities	-	-
Current maturity of lease liabilities	-	1,594
	<u>-</u>	<u>1,594</u>

The following are the amounts recognised in statement of profit or loss:

Depreciation charge for right-of-use assets	<b>1,878</b>	15,105
Interest expense on lease liabilities	<b>13</b>	495
Expense relating to short- term leases	<b>19,048</b>	7,043
	<u><b>19,048</b></u>	<u>7,043</u>

## 6 INTANGIBLE ASSETS

	Computer software	Product license	Total
	----- Rupees in '000 -----		

### Year ended December 31, 2022

Net carrying value basis

Opening net carrying value	1,541	1,288	2,829
Additions	1,666	-	1,666
Amortisation charge	(877)	(961)	(1,838)
<b>Closing net carrying value</b>	<u><b>2,330</b></u>	<u><b>327</b></u>	<u><b>2,657</b></u>

Gross carrying value basis

Cost	8,242	79,291	87,533
Accumulated amortisation	(5,912)	(78,964)	(84,876)
Net carrying value	<u><b>2,330</b></u>	<u><b>327</b></u>	<u><b>2,657</b></u>

**Amortisation rate per annum**

	<u><b>33%</b></u>	<u><b>33%</b></u>	
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### Year ended December 31, 2021

Net carrying value basis

Opening net carrying value	570	3,034	3,604
Additions	1,874	520	2,394
Amortisation charge	(903)	(2,266)	(3,169)
Closing net carrying value	<u>1,541</u>	<u>1,288</u>	<u>2,829</u>

Gross carrying value basis

Cost	6,576	79,291	85,867
Accumulated amortisation	(5,035)	(78,003)	(83,038)
Net carrying value	<u>1,541</u>	<u>1,288</u>	<u>2,829</u>

**Amortisation rate per annum**

	<u><b>33%</b></u>	<u><b>33%</b></u>	
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# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

		<b>December 31, 2022</b>	December 31, 2021
	Note	----- Rupees in '000 -----	
<b>7 LONG-TERM LOANS TO EMPLOYEES - considered good, unsecured</b>			
Employees	7.1	<b>5,740</b>	4,435
Less: Current maturity	12	<b>(2,117)</b>	(2,037)
		<b>3,623</b>	2,398
<b>7.1</b>	Reconciliation of carrying amount of long-term loans to employees:		
		<b>4,435</b>	5,615
		<b>3,560</b>	1,552
		<b>(2,255)</b>	(2,732)
	7.2	<b>5,740</b>	4,435
<b>7.2</b>	Represent loans for the purchase of motor cars, motorcycles and capital goods, in accordance with the Company's policy. Loans for the purchase of motor cars and motorcycles are interest free, whereas loans for purchase of capital goods carry interest at the rate of 9% (2021: 9%) per annum. These are repayable within five years in equal monthly instalments, except for loans for purchase of capital goods which are repayable over a period of three years.		
		<b>December 31, 2022</b>	December 31, 2021
	Note	----- Rupees in '000 -----	
<b>8 DEFERRED TAXATION - NET</b>			
Taxable temporary difference arising in respect of:			
- Accelerated tax depreciation		<b>(67,589)</b>	(30,966)
- Right-of-use assets		<b>-</b>	(545)
		<b>(67,589)</b>	(31,511)
Deductible temporary difference arising in respect of:			
- Allowance for expected credit loss		<b>115,141</b>	35,357
- Defined benefit plans		<b>1,612</b>	134,031
- Provision against stores, and spares, raw and packaging material & stock-in-trade		<b>86,510</b>	95,137
- Lease liabilities		<b>-</b>	462
- Others		<b>11,720</b>	2,854
		<b>214,983</b>	267,841
	8.1	<b>147,394</b>	236,330
<b>8.1</b>	Includes Rs. 21.5 million (2021: Rs. 31.5 million) routed through statement of other comprehensive income relating to actuarial loss on defined benefit plans. All other movements for deferred tax income / expense have been routed through statement of profit or loss.		
<b>8.2</b>	Deferred tax is recognized for tax losses, minimum tax, alternative corporate tax and depreciation available for carry forward to the extent of realization of the related tax benefit through future taxable profits, based on projections, is probable. As of the date of statement of financial position, deferred tax asset amounting to Rs. 16.23 million in respect of minimum tax credits has not been recognized in these financial statements.		

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

		<b>December 31, 2022</b>	December 31, 2021
	Note	----- Rupees in '000 -----	-----
<b>9 STORES AND SPARES</b>			
Stores		<b>43,663</b>	21,316
Spares		<b>45,138</b>	38,354
		<b>88,801</b>	59,670
Provision against stores and spares	25	<b>(763)</b>	-
		<b>88,038</b>	59,670
<b>10 STOCK-IN-TRADE - net</b>			
Raw and packing material			
In hand	10.2	<b>1,492,608</b>	1,151,419
In transit		<b>317,729</b>	500,717
		<b>1,810,337</b>	1,652,136
Provision against raw and packing material	10.1	<b>(103,521)</b>	(134,457)
		<b>1,706,816</b>	1,517,679
Work-in-process		<b>120,918</b>	160,160
Finished goods			
In hand	10.2	<b>2,637,692</b>	2,033,904
In transit		<b>256,436</b>	316,063
		<b>2,894,128</b>	2,349,967
Provision against finished goods	10.3	<b>(171,169)</b>	(108,146)
		<b>2,722,959</b>	2,241,821
		<b>4,550,693</b>	3,919,660
<b>10.1</b> Movement of provision against raw and packing material is as follows:			
Opening balance		<b>134,457</b>	221,054
Charge for the year		<b>61,476</b>	52,787
Reversal for the year		<b>(20,285)</b>	(47,717)
Charge for the year	25	<b>41,191</b>	5,070
Write-off during the year		<b>(72,127)</b>	(91,667)
Closing balance		<b>103,521</b>	134,457
<b>10.2</b> Includes write down of raw and packing material costing Rs. Nil (2021: 427 million) to their net realizable value of Rs. Nil million (2021: 403.9 million). Also includes write down of finished goods costing Rs. 182.3 million (2021: Rs. 996.8 million) to their net realizable value of Rs. 157.3 million (2021: Rs. 807.6 million).			
		<b>December 31, 2022</b>	December 31, 2021
	Note	----- Rupees in '000 -----	-----
<b>10.3</b> Movement of provision against finished goods is as follows:			
Opening balance		<b>108,146</b>	95,790
Charge for the year		<b>108,457</b>	69,599
Reversal for the year		<b>(8,386)</b>	(35,794)
Charge for the year	25	<b>100,071</b>	33,805
Write-off during the year		<b>(37,048)</b>	(21,449)
Closing balance		<b>171,169</b>	108,146

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

		<b>December 31,</b>	December 31,
		<b>2022</b>	2021
		----- Rupees in '000 -----	
<b>10.4</b>	Details of stock-in-trade (net of provision) held with third party is as follows:		
	Stancos (Private) Limited	<u><b>67,763</b></u>	<u>43,982</u>
<b>11</b>	<b>TRADE DEBTS - net, unsecured</b>		
	Considered good	<b>857,348</b>	455,428
	Considered doubtful	<b>190,803</b>	136,631
		<b>1,048,151</b>	592,059
	Allowance for expected credit loss	<b>(190,803)</b>	(136,631)
		<u><b>857,348</b></u>	<u>455,428</u>
<b>11.1</b>	<b>Movement of allowance for expected credit loss is as follows:</b>		
	Opening balance	<b>136,631</b>	931
	Charge for the year	<b>54,172</b>	135,700
	Closing balance	<u><b>190,803</b></u>	<u>136,631</u>
<b>12</b>	<b>LOANS AND ADVANCES - unsecured, considered good</b>		
	<b>Loans</b>		
	Current maturity of long-term loans to employees	7	<b>2,117</b>
			2,037
	<b>Advances</b>		
	Employees	<b>2,400</b>	3,837
	Contractors and suppliers	<b>215,787</b>	157,338
		<b>218,187</b>	161,175
		<u><b>220,304</b></u>	<u>163,212</u>
<b>12.1</b>	Represents advance payments made to contractors and suppliers against goods and services to be received in future.		
		Note	
<b>13</b>	<b>TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>		
	<b>Trade deposits - unsecured</b>		
	Considered good	<b>145,831</b>	310,373
	Considered doubtful	<b>171,668</b>	29,151
		<b>317,499</b>	339,524
	Allowance for expected credit loss	<b>(171,668)</b>	(29,151)
		<b>145,831</b>	310,373
	<b>Margin against letters of credit</b>	<b>2,330,192</b>	149,500
	<b>Short-term prepayments</b>	<b>23,785</b>	10,551
		<u><b>2,499,808</b></u>	<u>470,424</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

**December 31, 2022**      December 31, 2021  
----- Rupees in '000 -----

## 13.1 Movement of allowance for expected credit loss is as follows:

Opening balance	<b>29,151</b>	14,851
Charge for the year	<b>142,517</b>	14,300
Closing balance	<b>171,668</b>	29,151

13.2 During the year, State Bank of Pakistan has instructed banks to obtain 100 percent cash margin on the import of items vide BPRD Circular Letter No. 9, of 2022 resulting in a significant increase in the balance as at the reporting date.

**December 31, 2022**      December 31, 2021  
----- Rupees in '000 -----

## 14 OTHER RECEIVABLES - net

### Considered good - unsecured

Due from - related parties	14.1	<b>35,226</b>	228,850
- others		<b>9,084</b>	4,672
- employees' gratuity fund	20.1	-	16,889
- employees' pension fund	20.1 & 14.4	<b>22,580</b>	-
Sales tax receivable on goods		<b>418,676</b>	-
		<b>485,566</b>	250,411

### Considered doubtful - unsecured

Sales tax refundable	<b>5,918</b>	5,918
Provision against sales tax refundable	<b>(5,918)</b>	(5,918)
	-	-

Due from related parties	14.1	<b>4,149</b>	3,322
Allowance for expected credit loss	14.3	<b>(4,149)</b>	(3,322)
		-	-
		<b>485,566</b>	250,411

14.1 The aging analysis of receivable from related parties is as follows:

Days	Neither past due nor impaired	Past due			Total
		1-90 Days	91-180	> 181 Days	
----- Rupees in '000 -----					
<b>December 31, 2022</b>					
Sanofi-Aventis Groupe, France	-	-	-	<b>4,149</b>	<b>4,149</b>
Sanofi Foreign Participation B.V.	<b>35,226</b>	-	-	-	<b>35,226</b>
	<b>35,226</b>	-	-	<b>4,149</b>	<b>39,375</b>
Allowance for expected credit loss					<b>(4,149)</b>
Net receivable from related parties					<b>35,226</b>
<b>December 31, 2021</b>					
Sanofi-Aventis Singapore Pte Limited	<b>194,354</b>	-	-	-	<b>194,354</b>
Sanofi-Aventis Groupe, France	-	-	-	<b>3,322</b>	<b>3,322</b>
Sanofi Pasteur Inc.	<b>27,830</b>	-	-	-	<b>27,830</b>
Opella Health Care Thailand	<b>5,576</b>	-	-	-	<b>5,576</b>
Opella Health Care Gulf FZE	<b>1,090</b>	-	-	-	<b>1,090</b>
	<b>228,850</b>	-	-	<b>3,322</b>	<b>232,172</b>
Allowance for expected credit loss					<b>(3,322)</b>
Net receivable from related parties					<b>228,850</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

- 14.2** The maximum aggregate amount outstanding at any time during the year by reference to month end balances and receivables from following related parties:

	Note	December 31, 2022	December 31, 2021
----- Rupees in '000 -----			
Sanofi-Aventis Singapore Pte Limited		-	223,852
Sanofi-Aventis Groupe, France	14.3	<b>4,149</b>	3,322
Sanofi-Aventis Gulf, UAE		-	-
Sanofi Pasteur Inc.		-	27,830
Opella Health Care Thailand		-	5,576
Opella Health Care Gulf FZE		-	1,090
Sanofi Foreign Participation B.V.		<b>35,226</b>	-

- 14.3** Movement of allowance for expected credit loss is as follows:

Opening balance	<b>3,322</b>	-
Charge for the year	<b>827</b>	3,322
Closing balance	<b>4,149</b>	3,322

- 14.4** During the year, the pension fund scheme has been terminated and the settlement / curtailment process has been initiated.

December 31, 2022      December 31, 2021  
----- Rupees in '000 -----

## 15 CASH AND BANK BALANCES

Cash in hand		<b>46</b>	20
Cash at banks			
In current accounts - local currency		<b>197,257</b>	755,715
- foreign currency		<b>23,520</b>	18,281
		<b>220,777</b>	773,996
In savings account - local currency	15.1	<b>12,373</b>	10,279
		<b>233,196</b>	784,295

- 15.1** These carry mark-up at the rate of 15.50% (2021: 5.69%) per annum.

## 16 SHARE CAPITAL

December 31, 2022	December 31, 2021		December 31, 2022	December 31, 2021
No. of shares		Authorized share capital	----- Rupees in '000 -----	
<b>10,000,000</b>	10,000,000	Ordinary shares of Rs. 10/- each	<b>100,000</b>	100,000
<b>Issued, subscribed and paid up capital</b>				
		Ordinary shares of Rs. 10/- each issued		
<b>2,757,783</b>	2,757,783	Issued for cash	<b>27,578</b>	27,578
<b>3,359,477</b>	3,359,477	Issued as fully paid bonus shares	<b>33,595</b>	33,595
<b>687,500</b>	687,500	Issued against plant and equipment	<b>6,875</b>	6,875
<b>140,000</b>	140,000	Issued against loan	<b>1,400</b>	1,400
<b>2,700,000</b>	2,700,000	Issued in pursuant to merger with Rhone Poulenc Rorer Pakistan (Private) Limited	<b>27,000</b>	27,000
<b>9,644,760</b>	9,644,760		<b>96,448</b>	96,448

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

- 16.1** The Parent Company held 5,099,469 (2021: 5,099,469) ordinary shares of Rs. 10/- each, aggregating to Rs. 50.995 million, constituting 52.87% of issued share capital of the Company, as at the reporting date.
- 16.2** Voting rights, board selection, rights of first refusal, block voting and other shareholders' rights are in proportion to their shareholding.

		<b>December 31, 2022</b>	December 31, 2021
	Note	----- Rupees in '000 -----	
<b>17 RESERVES</b>			
<b>Capital reserves</b>			
Long-term liabilities forgone		<b>5,935</b>	5,935
Difference of share capital under scheme of arrangement for amalgamation		<b>18,000</b>	18,000
Share-based payments reserve	17.1	<b>366,704</b>	349,967
		<b>390,639</b>	373,902
<b>Revenue reserves</b>			
General reserve		<b>3,535,538</b>	3,535,538
Unappropriated profit		<b>1,007,067</b>	1,212,633
		<b>4,542,605</b>	4,748,171
		<b>4,933,244</b>	5,122,073

## 17.1 Share-based compensation plan

As at the reporting date, the Company has following equity settled share-based compensation plan:

Restricted share-based compensation plan:

The Board of Directors of Sanofi S.A. (France), in a meeting held on May 3, 2022, decided to award a restricted share-based compensation plan comprising 50 shares to one employee of the Company, which will vest after a three-year service period.

In compliance with IFRS-2, the Company has measured the fair value of this plan by reference to the fair value of the equity instruments awarded, representing the fair value of the services rendered during the period.

The plans were measured as of the grant date. The fair value of each share awarded is equal to the listed market price of the share as of that date, adjusted for dividends expected during the vesting period. The fair value of each share awarded as on May 3, 2022 amounted to € 101.07.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

The number of restricted shares outstanding as of the reporting date were 4,423 (2021: 4,702).

The expense recognised for restricted share-based compensation plan with the corresponding effect on the equity amounted to Rs. 16.7 Million (2021: Rs. 20.6 million). The table below shows restricted share-based compensation plan granted by the Ultimate Parent Company to the employees of the Company which are still outstanding.

Grant date	Vesting period (years)	Shares granted (number)	End of vesting period	Fair value of shares (€)	Shares outstanding at December 31, 2022 (number)
April 30, 2019	3	2,445	April 30, 2022	77.49	<b>1,819</b>
April 28, 2020	3	1,535	April 28, 2023	84.22	<b>1,203</b>
April 30, 2021	3	1,351	April 30, 2024	85.31	<b>1,351</b>
May 03, 2022	3	50	May 03, 2025	101.07	<b>50</b>
		<u>5,381</u>			<u><b>4,423</b></u>

18	LONG-TERM FINANCING	Note	December 31,	December 31,
			2022	2021
			----- Rupees in '000 -----	
	Opening balance		<b>199,230</b>	307,380
	Accretion of interest		<b>9,012</b>	20,597
	Repayment		<b>(167,189)</b>	(128,747)
			<u><b>41,053</b></u>	<u>199,230</u>
	Less: Current maturity		<b>(41,053)</b>	(164,214)
	Closing balance	18.1	<u><b>-</b></u>	<u>35,016</u>

- 18.1** Represents long-term loan obtained under refinance scheme from State Bank of Pakistan for payment of wages and salaries to workers and employees having a limit of Rs. 350 million. The loan was repayable within a period of 2.5 years and carries a mark-up rate of 1.5% per annum. The carrying value of loan is increased by the amount of interest accredited during the period using effective interest rate, with a corresponding effect on interest expense charged in statement of profit or loss.

The difference between the fair value at inception of the loan and the carrying value (i.e. the proceeds received) has been recorded as a deferred liability under IAS 20 'Government Grants', as explained in note 2.18 to these financial statements. As at reporting date, there are no unfulfilled conditions or contingencies attached to these grants.

19	DEFERRED LIABILITIES	Note	December 31,	December 31,
			2022	2021
			----- Rupees in '000 -----	
	Government grant	19.1	-	6,274
	Deferred capital grant	19.1	<b>18,000</b>	27,000
			<u><b>18,000</b></u>	<u>33,274</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

19.1 Movement of grants is as follows:	Government grant	Deferred capital grant	Total
	----- Rupees in '000 -----		
<b>December 31, 2022</b>			
Opening balance	<b>6,274</b>	<b>27,000</b>	<b>33,274</b>
Released to the statement of profit or loss	<b>(6,274)</b>	<b>(9,000)</b>	<b>(15,274)</b>
Closing balance	<b>-</b>	<b>18,000</b>	<b>18,000</b>
Current	<b>-</b>	<b>9,000</b>	<b>9,000</b>
Non-current	<b>-</b>	<b>9,000</b>	<b>9,000</b>
	<b>-</b>	<b>18,000</b>	<b>18,000</b>
<b>December 31, 2021</b>			
Opening balance	22,614	36,000	58,614
Released to the statement of profit or loss	(16,340)	(9,000)	(25,340)
Closing balance	6,274	27,000	33,274
Current	6,274	9,000	15,274
Non-current	-	18,000	18,000
	6,274	27,000	33,274
		<b>December 31,</b>	December 31,
		<b>2022</b>	2021
<b>20 TRADE AND OTHER PAYABLES</b>	Note	----- Rupees in '000 -----	
Trade creditors			
Related parties		<b>2,207,657</b>	1,164,328
Other trade creditors		<b>825,486</b>	558,824
		<b>3,033,143</b>	1,723,152
Other payables			
Accrued liabilities		<b>1,477,507</b>	846,407
Refund liabilities		<b>31,400</b>	27,438
Infrastructure Development Cess	23.1.1	<b>589,833</b>	445,402
Employees' Pension Fund	20.1	<b>-</b>	438,997
Workers' Profit Participation Fund	20.2	<b>43,253</b>	79,487
Workers' Welfare Fund		<b>96,813</b>	109,988
Central Research Fund		<b>7,868</b>	15,059
Payable to provident fund		<b>-</b>	13,227
Compensated absences		<b>116,938</b>	37,921
Security deposits	20.3	<b>15,576</b>	1,775
Contractors' retention money		<b>8,223</b>	3,251
Sales tax payable		<b>14,532</b>	11,415
		<b>2,401,943</b>	2,030,367
		<b>5,435,086</b>	3,753,519

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

20.1 The status of the funds and principal assumptions used in the actuarial valuation as of the reporting date were as follows:

	Pension Fund		Gratuity Fund	
	2022	2021	2022	2021
	-----Rupees in '000-----			
<b>Statement of financial position reconciliation as at December 31 is as follows:</b>				
Fair value of plan assets	<b>29,315</b>	962,985	<b>609,262</b>	606,904
Present value of defined benefit obligation	<b>(6,735)</b>	(1,401,982)	<b>(642,106)</b>	(590,015)
Net asset / (liability) in statement of financial position	<b>22,580</b>	(438,997)	<b>(32,844)</b>	16,889
<b>Movement in net asset / (liability) is as follows:</b>				
Opening balance	<b>(438,997)</b>	(321,912)	<b>16,889</b>	11,075
Charge for the year	<b>(134,850)</b>	(87,795)	<b>(32,416)</b>	(44,936)
Employer contribution	<b>595,709</b>	84,590	<b>44,883</b>	45,643
Actuarial (loss) / gain	<b>718</b>	(113,880)	<b>(62,200)</b>	5,107
Closing balance	<b>22,580</b>	(438,997)	<b>(32,844)</b>	16,889
<b>Expense recognised in statement of profit or loss is as follows:</b>				
Current service cost	<b>53,157</b>	53,132	<b>36,998</b>	49,091
Past service cost	-	8,095	-	-
Interest cost	<b>84,278</b>	115,641	<b>68,127</b>	55,953
Expected return on plan assets	<b>(116,812)</b>	(89,073)	<b>(72,709)</b>	(60,108)
Curtailment and Settlement	<b>114,227</b>	-	-	-
	<b>134,850</b>	87,795	<b>32,416</b>	44,936
Actual return on plan assets	<b>126,583</b>	96,527	<b>(555)</b>	41,507
<b>Movement in present value of defined benefit obligation is as follows:</b>				
Opening balance	<b>1,401,982</b>	1,152,628	<b>590,015</b>	593,198
Current service cost	<b>53,157</b>	53,132	<b>36,998</b>	49,091
Past service cost	-	8,095	-	-
Interest cost	<b>84,278</b>	115,641	<b>68,127</b>	55,953
Benefits paid	<b>(1,599,294)</b>	(48,848)	<b>(41,970)</b>	(84,519)
Curtailment and Settlement	<b>57,559</b>	-	-	-
Actuarial loss / (gain)	<b>9,053</b>	121,334	<b>(11,064)</b>	(23,708)
Closing balance	<b>6,735</b>	1,401,982	<b>642,106</b>	590,015
<b>Movement in fair value of plan assets is as follows:</b>				
Opening balance	<b>962,985</b>	830,716	<b>606,904</b>	604,273
Expected return on plan assets	<b>116,812</b>	89,073	<b>72,709</b>	60,108
Employer contributions	<b>595,709</b>	84,590	<b>44,883</b>	45,643
Benefits paid	<b>(1,599,294)</b>	(48,848)	<b>(41,970)</b>	(84,519)
Curtailment	<b>(56,668)</b>	-	-	-
Actuarial gain / (loss)	<b>9,771</b>	7,454	<b>(73,264)</b>	(18,601)
Closing balance	<b>29,315</b>	962,985	<b>609,262</b>	606,904
<b>Actuarial (gain) / loss arising from:</b>				
Changes in financial assumptions	-	157,679	<b>(18,141)</b>	(23,708)
Experience adjustments	<b>(718)</b>	(43,799)	<b>80,341</b>	18,601
	<b>(718)</b>	113,880	<b>62,200</b>	(5,107)
<b>Key actuarial assumptions used are as follows:</b>				
Discount factor used	<b>12.25%</b>	12.25%	<b>14.50%</b>	12.25%
Expected rate of return per annum on plan assets	<b>12.25%</b>	12.25%	<b>14.50%</b>	12.25%

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

As per IAS 19, the Return on Plan Assets should be same as the valuation discount rate.

	Pension Fund		Gratuity Fund	
	2022	2021	2022	2021
Long term salary increase rate per annum	<b>12.25%</b>	12.25%	<b>14.50%</b>	12.25%

Estimates of future salary increase takes into account inflation, seniority & promotion. Having regard to the actual salary increase rate of current year and the future expectation of the Company, the management's actuary has assumed that the short-term salary increase rate to be used is 10.25% per annum and for long term 14.50% per annum compounded. The rate of salary increase and the discount rate should not be viewed in isolation as the effective rate used in the actuarial calculations is the difference between the two.

	Pension Fund		Gratuity Fund	
	2022	2021	2022	2021
Indexation of pension	<b>10.00%</b>	10.00%	-	-

The future pension increase rate to be used was assumed to be 10.00% per annum compounded. The pension increase rate used in the last valuation was also 10.00% per annum

	Pension Fund		Gratuity Fund	
	2022	2021	2021	2020
Weighted average duration (years)	<b>14.48</b>	13.12	<b>7.99</b>	13.12

The effective duration of the future cash flows was calculated based on the yields available on government bonds at the end of the reporting period.

	Pension Fund		Gratuity Fund	
	2022	2021	2022	2021
Retirement age (years)	<b>60 years</b>	60 years	<b>60 years</b>	60 years
Withdrawal rate	<b>Moderate</b>	Moderate	<b>Moderate</b>	Moderate
Mortality rate	SLIC 2001 - 2005		SLIC 2001 - 2005	

	2022		2021	
	Rupees in '000	Percentage	Rupees in '000	Percentage

## Sensitivity analysis for pension fund

Current liability as at the reporting date	-	-	<b>1,401,982</b>	-
Following shall be the PV under various sensitivities:				
+0.5% Discount rate	-	-	<b>1,302,847</b>	-7.07%
-0.5% Discount rate	-	-	<b>1,512,988</b>	7.92%
+0.5% Salary increase rate	-	-	<b>1,433,143</b>	2.22%
-0.5% Salary increase rate	-	-	<b>1,372,393</b>	-2.11%
+0.5% Pension indexation	-	-	<b>1,482,998</b>	5.78%
-0.5% Pension indexation	-	-	<b>1,327,288</b>	-5.33%

## Sensitivity analysis for gratuity fund

Current liability as at the reporting date	<b>642,106</b>		<b>590,015</b>	
Following shall be the PV under various sensitivities:				
+0.5% Discount rate	<b>594,220</b>	-7.46%	<b>566,661</b>	-3.96%
-0.5% Discount rate	<b>696,707</b>	8.50%	<b>615,020</b>	4.24%
+0.5% Salary increase rate	<b>699,464</b>	8.93%	<b>616,350</b>	4.46%
-0.5% Salary increase rate	<b>591,029</b>	-7.95%	<b>565,228</b>	-4.20%
+5% Withdrawal rates	<b>641,539</b>	-0.09%	<b>589,991</b>	0.00%
-5% Withdrawal rates	<b>642,685</b>	0.09%	<b>590,038</b>	0.00%
0.5 year mortality age set back	<b>642,153</b>	0.01%	<b>590,322</b>	0.05%
0.5 year mortality age set forward	<b>642,060</b>	-0.01%	<b>589,710</b>	-0.05%



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

	Pension Fund		Gratuity Fund	
	2022	2021	2022	2021
	-----Rupees in '000 -----			
Year 1	-	232,233	<b>60,652</b>	51,227
Year 2	-	618,215	<b>27,725</b>	43,599
Year 3	-	122,608	<b>69,962</b>	24,688
Year 4	-	724,175	<b>51,071</b>	62,287
Year 5	-	789,922	<b>140,996</b>	44,273
Year 6 to Year 10	-	7,131,306	<b>488,463</b>	385,668
Year 11 and above	-	17,788,171	<b>2,714,993</b>	1,827,286

	2022		2021	
	Rs in '000	%	Rs in '000	%

#### Plan assets comprise of:

##### Funded pension plan

Equity	-	-	138,088	14.34%
Cash and cash equivalents	<b>29,315</b>	<b>100%</b>	119,792	12.44%
Debt	-	-	705,105	73.22%
	<b>29,315</b>	<b>100%</b>	<b>962,985</b>	<b>100.00%</b>

##### Funded gratuity plan

Equity	<b>81,280</b>	<b>13.34%</b>	90,276	14.87%
Cash and cash equivalents	<b>129,722</b>	<b>21.30%</b>	46,627	7.69%
Debt	<b>398,260</b>	<b>65.36%</b>	470,001	77.44%
	<b>609,262</b>	<b>100.00%</b>	<b>606,904</b>	<b>100.00%</b>

#### Comparison for five years:

	2022	2021	2020	2019	2018
	----- Rupees in '000 -----				

##### Funded pension plan

Fair value of plan assets	<b>29,315</b>	962,985	830,716	704,235	706,365
Present value of defined benefit obligation	<b>(6,735)</b>	(1,401,982)	(1,152,628)	(967,464)	(867,910)
Surplus / (Deficit)	<b>22,580</b>	(438,997)	(321,912)	(263,229)	(161,545)

##### Experience adjustment

Actuarial (loss) / gain on defined benefit obligation	<b>(9,053)</b>	(121,334)	(29,837)	12,577	(68,888)
Actuarial gain / (loss) on plan assets	<b>9,771</b>	7,454	(50,749)	(93,000)	3,339
	<b>718</b>	(113,880)	(80,586)	(80,423)	(65,549)

##### Funded gratuity plan

Fair value of plan assets	<b>609,262</b>	606,904	604,273	490,604	495,132
Present value of defined benefit obligation	<b>(642,106)</b>	(590,015)	(593,198)	(600,896)	(528,118)
(Deficit) / surplus	<b>(32,844)</b>	16,889	11,075	(110,292)	(32,986)

##### Experience adjustment

Actuarial gain / (loss) on defined benefit obligation	<b>11,064</b>	23,708	74,821	18	(19,881)
Actuarial (loss) / gain on plan assets	<b>(73,264)</b>	(18,601)	41,000	(67,941)	5,398
	<b>(62,200)</b>	5,107	115,821	(67,923)	(14,483)

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 20.1.1 Risks associated with defined benefit plan

Longevity Risks:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary Increase Risk:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal Risk:

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

**20.1.2** The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the plan at the beginning of the period.

**20.1.3** The Company contributes to the gratuity fund on the advice of the funds' actuary. The contributions are equal to the current service cost with adjustment for any deficit. If there is a surplus, the Company takes a contribution holiday, accordingly, there is no impact of asset ceiling in these financial statements. Based on the actuarial advice, the amount of expected contribution to gratuity fund during the year 2023 will be Rs. 53.9 million.

		<b>December 31, 2022</b>	December 31, 2021
	Note	----- Rupees in '000 -----	-----
<b>20.2</b> Movement of Workers' Profits Participation Fund (the Fund) is as follows:			
Opening balance		<b>79,487</b>	50,291
Allocation for the year	26	<b>38,766</b>	75,642
		<b>118,253</b>	125,933
Amount paid to the Fund		<b>(75,000)</b>	(46,446)
Closing balance		<b>43,253</b>	79,487

**20.3** Represent unutilized security deposits received from various vendors / contractors, kept in a separate bank account.

<b>December 31, 2022</b>	December 31, 2021
----- Rupees in '000 -----	-----

## 21 BANK OVERDRAFT

Running finance utilized under mark-up arrangements	21.1	<b>891,655</b>	-
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**21.1** The total running finance facilities from various commercial banks under mark-up arrangements aggregates to Rs.3,500 million (2021: Rs. 2,800 million) out of which Rs. 2,608 million remains unutilized as at December 31, 2022. 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 + 0.10% to KIBOR + 0.50% (2021: KIBOR + 0.10% to KIBOR + 0.40%) per annum and will expire latest by August 31, 2023.

**21.2** The amount included Rs. 156.99 million marked as lien against the cheque given.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 22 SHORT-TERM BORROWINGS

Represents money market facilities obtained from two commercial banks amounting to Rs. 300 million which carries a markup of 2 weeks KIBOR + 0.02% (2021: Rs.-Nil), and Rs. 400 million which carries a markup of 1 month KIBOR - 0.05% (2021: Rs. Nil), These are short-term loans with latest maturity of January 2023.

## 23 CONTINGENCIES AND COMMITMENTS

### 23.1 Contingencies

**23.1.1** The Government of Sindh through Sindh Finance Act, 1994 imposed infrastructure fee for development and maintenance of infrastructure on goods entering or leaving the Province of Sindh through air or sea at prescribed rates. Several companies contested the imposition of this infrastructure fee in High Court of Sindh. Through the interim order passed on May 31, 2011, the High Court had ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. Subsequently, the Company started to deposit cash and bank guarantees on import of goods and also started recognizing accrual for the unpaid amount for which bank guarantee was submitted.

On June 04, 2021 High Court of Sindh dismissed appeals filed by the petitioners and ordered that the Sindh Finance Act, 2017 is a valid law with the competence of provincial legislature and all bank guarantees previously furnished by the petitioners against the High Court of Sindh's interim order dated May 31, 2011 shall be en-cashed and paid to the department.

The Company, in consultation with its lawyer, filed an appeal before the Supreme Court of Pakistan (SCP) against the High Court of Sindh's order dated June 04, 2021 jointly with other petitioners. SCP provided leave to appeal against the orders of High Court of Sindh vide CP No. 4913/2021 dated September 01, 2021 with the directions that till the further order of SCP, the operations of impugned judgment of the High Court of Sindh dated June 04, 2021 and recovery of the impugned levy shall remain suspended. The petitioners were ordered to submit fresh bank guarantees equivalent to the amount of levy for all future consignments of imported goods. Based on the discussion with the legal advisor, the Company has booked a provision against the fee payable.

**23.1.2** The Deputy Commissioner Inland Revenue (DCIR), initiated monitoring proceedings u/s 156/161 for Tax Year 2009 vide letter dated November 12, 2010. Company filed constitutional petition before the High Court of Sindh who remanded back the matter vide order D-573/2011 dated December 24, 2012. After disposal of constitutional petition, the proceedings were reinitiated by DCIR vide his letter dated December 26, 2012 requiring Company to explain its position on advertisement and sales promotion expenses amounting to Rs. 203.963 million.

In the order dated April 29, 2013, issued under section 161/205 of the Ordinance, the DCIR had imposed tax under section 161 of the Ordinance amounted to Rs 11.663 million for non deduction of tax+C5+C766 under section 156 of the Ordinance from certain payments under the head 'Advertisement and sales promotion'.

The Company filed constitutional petition before High Court of Sindh who restrained the tax department from any coercive recovery measure in respect of the impugned demand till disposal of petition. It is, however, noticed that the department later adjusted this outstanding demand without issuance of any recovery notice to the Company, against refunds pertaining to Tax Year 2012. This petition has later been dismissed vide order CP 2309 of 2013 dated May 25, 2013 directing the petitioner to peruse departmental hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

The Company then filed appeal before CIR(A) against the impugned order. The CIR(A) disposed-off the appeal vide order dated August 25, 2015 remanding back the matter to the department. The Company filed an appeal against the CIR(A)'s order before the ATIR dated October 05, 2015. The ATIR passed an order on December 24, 2021 against the Company and dismissed the appeal. The company filed a reference before Honorable High Court of Sindh in March 2022 hearing of which is still pending.

- 23.1.3** The Deputy Commissioner Inland Revenue (DCIR), initiated audit proceedings u/s 177 read with 214C and clause 72B of Part-IV of 2nd Schedule for Tax Year 2016 by issuing a notice dated March 06, 2019 which was responded by the Company on April 09, 2019. Upon completion of the proceedings u/s 177(6), notice u/s 122(9) was issued by DCIR on May 06, 2022 against which the Company filed constitutional petition before Honorable High Court of Sindh which has granted an interim stay order to the Company dated May 24, 2022 and has restrained the tax department from finalizing the proceedings.
- 23.1.4** The Company's case was selected in the Parametric balloting done for selection of cases for audit for the Tax Year 2011 on February 25, 2013 by the Federal Board of Revenue (FBR) under section 214C of the Ordinance. The company filed a representation against the said selection before the review panel of FBR in terms of circular dated February 25, 2013. Without prejudice to the representation against the audit selection, the company made complete compliance to the Information Document Request (IDR) notice dated April 04, 2013. Subsequently the DCIR issued the show cause notice under section 122(9) to which the company made compliance. However, DCIR amended vide order dated June 17, 2014 and made additions of Rs. 124.115 million on various expenses. The company had filed appeal against the DCIR order before CIR-A, who vide order dated September 10, 2015 had disposed-off the appeal but upheld additions of sundry promotional expenses of Rs. 36.973 million. Accordingly, the company has filed appeal before ATIR which maintained the disallowance of Rs. 36.973 million vide there order dated July 14, 2021. Thus, for the same purpose, rectification application has been filed by the Company dated September 06, 2021. The ATIR passed order in favor of the Company and allowed the aforementioned expenses via order dated November 29, 2021. Further, the department's appeal for tax year 2011 challenging Commissioner Appeal's verdict to delete the disallowances at Rs 87.142 million has been dismissed by the Tribunal vide order dated July 06, 2022. The Department has then filed an appeal before High Court against ATIR order.
- 23.1.5** The Deputy Commissioner Inland Revenue (DCIR), issued a notice dated March 06, 2019 under section 177 read with 214C and clause 72B of part IV of Second Schedule for tax year 2017 in lieu exemption granted to the company for collection of tax at import stage. The Company had initially responded to the notice through various letters that the subject audit proceedings were time barred and hence without jurisdiction. Instead of replying to these jurisdictional objections, the DCIR again issued a notice dated 13 October 2022. The Company again responded to the notice on legal grounds on November 7, 2022. The DCIR issued notice dated November 22, 2022 under section 122(9) of the Ordinance, against the company. The company then filed constitutional petition before High Court of Sindh who has now restrained the tax department from proceedings further on the notice till disposal of petition. The petition has yet to be decided.
- 23.1.6** The management, based on advice from its tax and legal advisors, is confident for a favourable outcome on the above-mentioned cases. Hence, no provision is made in these financial statements in respect of these orders.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

	Note	December 31, 2022	December 31, 2021
<b>23.2 Commitments</b>			
Commitments for capital expenditure		<b>119,048</b>	118,333
Outstanding letters of credit	23.2.1	<b>304,305</b>	271,030
Outstanding bank guarantees	23.2.1	<b>616,261</b>	523,308
Outstanding bank contracts		<b>2,594,854</b>	2,885,426
<b>23.2.1</b>	Total available facility for letters of credit amount to Rs.2,150 million (2021: Rs. 700 million) and for bank guarantees amount to Rs. 804 million (2021: Rs. 629 million)		
<b>24 NET SALES</b>		<b>December 31, 2022</b>	December 31, 2021
	Note	----- Rupees in '000 -----	
<b>Gross Sales</b>			
Local		<b>19,318,072</b>	16,557,268
Export		<b>1,105,560</b>	641,717
		<b>20,423,632</b>	17,198,985
Toll manufacturing		<b>197,812</b>	147,510
		<b>20,621,444</b>	17,346,495
<b>Less:</b>			
Discounts		<b>(1,799,883)</b>	(1,339,612)
Returns		<b>(126,445)</b>	(54,730)
Sales tax & excise duty		<b>(135,232)</b>	(71,221)
		<b>(2,061,560)</b>	(1,465,563)
	24.1	<b>18,559,884</b>	15,880,932

**24.1** Includes contract liabilities as at December 31, 2021 realized during the year.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 25 OPERATING COSTS

	Cost of sales		Distribution and marketing costs		Administrative expenses		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees in '000							
Raw and packing material consumed	7,055,692	4,814,788	-	-	-	-	7,055,692	4,814,788
Raw and packing material written off	4,192	-	-	-	-	-	4,192	-
Provision against stores and spares & raw and packing material (note 9 & 10.1)	41,954	5,070	-	-	-	-	41,954	5,070
Stores and spares consumed	54,570	54,236	-	-	-	-	54,570	54,236
Stationery and supplies consumed	12,809	10,116	9,159	6,093	5,200	1,689	27,168	17,898
Staff costs (note 25.1)	835,685	689,525	1,284,991	1,064,176	527,273	372,746	2,647,949	2,126,447
Fuel and power	496,407	392,006	3,489	2,620	33,971	19,293	533,867	413,919
Rent, rates and taxes	45,819	12,975	13,135	698	-	243	58,954	13,916
Insurance	11,154	8,816	13,202	15,415	3,902	3,907	28,258	28,138
Repairs and maintenance	310,454	139,282	22,632	6,930	14,931	13,840	348,017	160,052
Amortisation / depreciation	183,925	222,348	60,320	59,919	41,690	54,232	285,935	336,499
Travelling and conveyance	77,336	56,601	289,316	139,711	47,281	21,285	413,933	217,597
Handling, freight and transportation	-	-	252,487	173,872	-	-	252,487	173,872
Communication	60,230	59,639	20,942	18,818	11,138	8,849	92,310	87,306
Security and maintenance	47,056	43,568	11,073	4,751	14,200	10,792	72,329	59,111
Publication and subscription	22	10	6,814	8,120	7,166	4,055	14,002	12,185
Electronic and print media	-	-	91,749	109,657	-	-	91,749	109,657
Conferences and exhibitions	-	-	178,093	139,338	-	-	178,093	139,338
Market research	-	-	56,996	36,847	-	-	56,996	36,847
Clinical trials	-	-	1,928	4,258	-	-	1,928	4,258
Patient care	-	-	36,953	43,621	-	-	36,953	43,621
Samples	-	-	7,219	12,857	-	-	7,219	12,857
Sales promotion	-	-	101,360	48,393	-	-	101,360	48,393
Sales commission	-	-	135,072	10,899	-	-	135,072	10,899
Software license / maintenance fee	579	564	1,540	5,265	42,829	1,658	44,948	7,487
Other expenses	14,869	11,458	13,742	9,497	2,916	9,246	31,527	30,201
	<b>9,252,753</b>	<b>6,521,002</b>	<b>2,612,212</b>	<b>1,921,755</b>	<b>752,497</b>	<b>521,835</b>	<b>12,617,462</b>	<b>8,964,592</b>
Recovery of expenses (note 4.2)	(12,142)	(15,370)	-	-	-	-	(12,142)	(15,370)
	<b>9,240,611</b>	<b>6,505,632</b>	<b>2,612,212</b>	<b>1,921,755</b>	<b>752,497</b>	<b>521,835</b>	<b>12,605,320</b>	<b>8,949,222</b>
Opening work-in-process	160,160	96,071						
Closing work-in-process	(120,918)	(160,160)						
Cost of goods manufactured	<b>9,279,853</b>	<b>6,441,543</b>						
Opening stock of finished goods	2,349,967	1,987,242						
Finished goods purchased	4,850,932	5,625,501						
Cost of samples included under distribution and marketing expenses	(7,219)	(12,857)						
Finished goods written-off	9,489	32,954						
Provision against finished goods (note 10.3)	100,071	33,805						
Closing stock of finished goods	(2,894,128)	(2,349,967)						
	<b>13,688,965</b>	<b>11,758,221</b>						

### 25.1 Staff Costs

Salaries, wages and other benefits	767,918	642,154	1,152,110	967,016	477,445	294,235	2,397,473	1,903,405
Training expenses	53	310	1,206	5,324	306	18	1,565	5,652
Defined benefit plans (note 20.1)	44,973	24,435	93,541	53,558	28,752	54,739	167,266	132,731
Defined contribution plan	19,428	18,785	32,382	31,613	13,098	13,665	64,908	64,063
Share-based payments	3,313	3,841	5,752	6,665	7,672	10,089	16,737	20,595
	<b>835,685</b>	<b>689,525</b>	<b>1,284,991</b>	<b>1,064,176</b>	<b>527,273</b>	<b>372,746</b>	<b>2,647,949</b>	<b>2,126,447</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

26	OTHER EXPENSES	Note	December 31,	December 31,
			2022	2021
			----- Rupees in '000 -----	
	Auditors' remuneration	26.1	4,212	2,978
	Workers' Profit Participation Fund	20.2	38,766	75,642
	Workers' Welfare Fund		13,241	26,570
	Central Research Fund		7,839	15,542
	Allowance for expected credit loss	11.1, 13.1 & 14.3	197,516	153,322
	Legal and consultancy charges		74,894	22,378
	Exchange loss - net	26.2	575,701	87,854
	Operating fixed assets written-off		-	184
			<b>912,169</b>	<b>384,470</b>

## 26.1 Auditors' remuneration

Audit fee	1,822	1,735
Review of half yearly financial statements	432	432
Report on Statement of Compliance with Code of Corporate Governance Regulations	178	162
Other certifications	1,499	369
Out-of-pocket expenses	281	280
	<b>4,212</b>	<b>2,978</b>

26.2 This is net-off exchange gain earned from other receivables, bank balances & import payables amounting to Rs.86.11 million (2021: Rs. 135.30 million).

27	OTHER INCOME	Note	December 31,	December 31,
			2022	2021
			----- Rupees in '000 -----	
	<b>Income from financial instruments</b>			
	Interest income	27.1	1,379	759
	Liabilities no longer payable written back		92,858	20,232
			<b>94,237</b>	20,991
	<b>Income from non-financial instruments</b>			
	Rental income from investment properties	4.2	55,205	10,117
	Insurance claim recovery		-	95,104
	Deferred income	19.1	9,000	9,000
	Gain on disposal of operating fixed assets - net	3.1.4	9,944	7,616
	Miscellaneous		11,465	27,406
			<b>85,614</b>	149,243
			<b>179,851</b>	<b>170,234</b>

27.1 This includes income derived from saving account maintained in / from conventional bank.

28	FINANCE COSTS	Note	December 31,	December 31,
			2022	2021
			----- Rupees in '000 -----	
	Mark-up on long-term financing		2,738	4,257
	Mark-up on short-term borrowings & bank overdraft		20,487	3,038
	Bank charges		26,587	20,644
	Interest on lease liability	5	13	495
			<b>49,825</b>	<b>28,434</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

29 TAXATION	Note	December 31, 2022	December 31, 2021
		----- Rupees in '000 -----	
Current income tax charge		<b>432,961</b>	634,996
Adjustments in respect of current income tax of previous year		<b>56,911</b>	(23,484)
		<b>489,872</b>	611,512
Deferred relating to origination and reversal of temporary differences		<b>67,412</b>	(81,013)
		<b>557,284</b>	530,499

29.1 During the year, provision for current taxation is based on minimum tax and final tax regime. Accordingly the reconciliation between accounting profit before tax and tax expense has not been presented in these financial statements.

30 EARNINGS PER SHARE - basic and diluted		December 31, 2022	December 31, 2021
		----- Rupees in '000 -----	
Profit after taxation		<b>166,783</b>	905,952
Weighted average number of ordinary shares		<b>9,644,760</b>	9,644,760
		----- Rupees -----	
Earnings per share - basic and diluted		<b>17.29</b>	93.93

30.1 There is no dilutive effect on the basic earnings per share of the Company.

31 CASH (USED IN) / GENERATED FROM OPERATIONS	Note	December 31, 2022	December 31, 2021
		----- Rupees in '000 -----	
Profit before taxation		<b>724,067</b>	1,436,451
Adjustment for non-cash charges and other items:			
Depreciation charge on operating fixed assets	3.1	<b>280,470</b>	317,933
Depreciation charge on investment properties	4.1	-	292
Depreciation charge on right-of-use assets	5	<b>1,878</b>	15,105
Amortisation charge on intangible assets	6	<b>1,838</b>	3,169
Write-off of operating fixed assets	3.1	-	184
Allowance for expected credit loss	11.1, 13.1 & 14.3	<b>197,516</b>	153,322
Impact of lease modification	5	-	(1,122)
Impact of termination of lease	5	-	(115)
Unrealised foreign exchange differences		<b>237,134</b>	34,365
Gain on disposal of operating fixed assets - net	3.1.4	<b>(9,944)</b>	(7,616)
Release of deferred liabilities		<b>(15,274)</b>	(25,340)
Staff cost in relation to share-based payments	25.1	<b>16,737</b>	20,595
Expense in relation to defined benefit plans	25.1	<b>167,266</b>	132,732
Interest income	27	<b>(1,379)</b>	(759)
Income from investment properties	4.2	<b>(67,347)</b>	(25,487)
Finance costs	28	<b>49,825</b>	28,434
Working capital changes	31.1	<b>(1,604,043)</b>	14,299
		<b>(21,256)</b>	2,096,442

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

December 31, December 31,  
2021 2020  
Note ----- Rupees in '000 -----

## 31.1 Working capital changes

### (Increase) / decrease in current assets:

Stores and spares	<b>(28,368)</b>	(11,397)
Stock-in-trade	<b>(631,033)</b>	(709,297)
Trade debts	<b>(456,092)</b>	(52,482)
Loans and advances	<b>(57,092)</b>	(74,518)
Trade deposits and short-term prepayments	<b>(2,171,901)</b>	(56,863)
Other receivables (excluding receivable from employees' pension fund / receivable from employees' gratuity fund)	<b>(226,818)</b>	720,541
	<b>(3,571,304)</b>	(184,016)

### (Decrease) / increase in current liabilities:

Contract liabilities	<b>98,030</b>	(625)
Trade and other payables (excluding liabilities for employees' pension fund)	<b>1,869,231</b>	198,940
	<b>(1,604,043)</b>	14,299

## 32 CASH AND CASH EQUIVALENTS

Cash and bank balances	15	<b>233,196</b>	784,295
Bank overdraft	21	<b>(891,655)</b>	-
Short-term borrowings	22	<b>(700,000)</b>	-
		<b>(1,358,459)</b>	784,295

## 33 TRANSACTIONS WITH RELATED PARTIES

**33.1** The related parties of the Company comprise of group companies, associated undertakings, employees' retirement funds and key management personnel. All transactions with related parties are executed into at agreed terms duly approved by the Board of Directors of the Company. Transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

	December 31, 2022					December 31, 2021				
	Parent Company	Group companies	Associated undertakings	Employees' Retirement funds	Total	Parent Company	Ultimate Parent and Group Companies	Associated undertakings	Employees' Retirement funds	Total
-----Rupees in '000-----										
Sales	-	-	-	-	-	-	16,707	-	-	16,707
Purchase of goods	-	6,590,354	26,369	-	6,616,723	-	6,867,907	10,419	-	6,878,326
Purchase of services	-	69,216	-	-	69,216	-	52,435	-	-	52,435
Insurance claim received	-	-	-	-	-	-	-	95,104	-	95,104
Insurance premium	-	-	20,304	-	20,304	-	-	17,825	-	17,825
Subscription fee paid	-	-	50	-	50	-	-	50	-	50
Other	-	360	5,929	-	6,289	-	6,666	168	-	6,834
Dividend paid	152,984	-	59,486	-	212,470	101,989	-	40,933	-	142,922
Contribution paid:										
- Provident fund	-	-	-	64,908	64,908	-	-	-	148,029	148,029
- Gratuity fund	-	-	-	44,883	44,883	-	-	-	45,643	45,643
- Pension fund	-	-	-	595,709	595,709	-	-	-	84,590	84,590

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

- 33.2** Following are the related parties with whom the Company had entered into transactions or arrangements / agreements in place:

Name of the Company	Country of Incorporation	Basis of Association	Aggregate Percentage of Shareholding in the Company
Sanofi Foreign Participations B.V.	Netherlands	Parent Company	52.87%
Sanofi-Aventis Groupe France	France	Ultimate Parent Company	-
Sanofi-Aventis Singapore Pte Limited	Singapore	Group Company	-
Sanofi US Services Inc.	USA	Group Company	-
Sanofi Pasteur Inc.	USA	Group Company	-
Sanofi Chimie	France	Group Company	-
AGT Holding (Private) Limited	Pakistan	Common Directorship/ Shareholding	0.93%
IGI General Insurance Limited	Pakistan	Common Directorship	-
Packages Converters Limited	Pakistan	Common Directorship	-
Ali Gohar & Company (Private) Limited	Pakistan	Common Directorship/ Shareholding	0.53%
IGI Investments (Private) Limited	Pakistan	Common Directorship/ Shareholding	19.10%
Pak-France Business Alliance	Pakistan	Common Directorship	-

## 34 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND OTHER EXECUTIVES

	Chief Executive		Director		Other Executives		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	----- Rupees in '000 -----							
Managerial remuneration	<b>24,645</b>	22,814	<b>10,582</b>	9,676	<b>397,181</b>	343,325	<b>432,408</b>	375,815
Bonus	<b>12,352</b>	10,525	<b>2,672</b>	2,250	<b>100,166</b>	70,855	<b>115,190</b>	83,630
Retirement benefits	<b>4,634</b>	4,149	<b>2,002</b>	1,774	<b>55,683</b>	53,400	<b>62,319</b>	59,323
Rent, utilities & others	<b>13,456</b>	12,449	<b>5,771</b>	5,322	<b>183,639</b>	161,822	<b>202,866</b>	179,593
Medical expenses	<b>1,029</b>	518	<b>229</b>	307	<b>14,573</b>	13,683	<b>15,831</b>	14,508
	<b>56,116</b>	50,455	<b>21,256</b>	19,329	<b>751,242</b>	643,085	<b>828,614</b>	712,869
Number of persons	<b>1</b>	1	<b>1</b>	1	<b>127</b>	113	<b>129</b>	115

In addition to the above remuneration, the Chief Executive Officer, Director and certain Executives are also provided with free use of Company maintained cars.

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly and include Chief Executive Officer, Chief Financial Officer and other Directors.

Aggregate amount charged in the financial statements in respect of fee to 3 Non-Executive Directors and 3 Independent Directors amount to Rs. 6.4 million (2021: Rs. 6.8 million).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

Further, the impact of benefits available to the Chief Executive Officer, Director and certain Executives recognised by the Company on account of share-based compensation plans aggregated to Rs. 6.9 million (2021: Rs.8 million), Rs. 0.6 million (2021: 1.2 million) and Rs. 9.2 million (2021: Rs. 11.4 million), respectively.

As per requirement of the Act, executive means an employee, other than Chief Executive Officer and Directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

## 35 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

35.1 Financial assets			Maturity up to one year	Maturity after one year	Total
	Note	Interest Rate	----- Rupees in '000 -----		
<b>As at December 31, 2022</b>					
<b>Interest-bearing financial assets at amortised cost</b>					
Loans to employees	7	9%	29	-	29
Cash and bank balances	15	15.5%	12,373	-	12,373
<b>Total interest-bearing financial assets</b>			<b>12,402</b>	<b>-</b>	<b>12,402</b>
<b>Non interest-bearing financial assets at amortised cost</b>					
Loans to employees	7		2,088	3,623	5,711
Long-term deposits				15,983	15,983
Trade debts	11		857,348	-	857,348
Trade deposits	13		2,476,023	-	2,476,023
Advances	12		2,400	-	2,400
Other receivables	14		44,310	-	44,310
Cash and bank balances	15		220,823	-	220,823
<b>Total non interest-bearing financial assets</b>			<b>3,602,992</b>	<b>19,606</b>	<b>3,622,598</b>
<b>As at December 31, 2021</b>					
<b>Interest-bearing financial assets at amortised cost</b>					
Loans to employees	7	9%	102	-	102
Cash and bank balances	15	5.69%	10,279	-	10,279
<b>Total interest-bearing financial assets</b>			<b>10,381</b>	<b>-</b>	<b>10,381</b>
<b>Non interest-bearing financial assets at amortised cost</b>					
Loans to employees	7		1,935	2,398	4,333
Long-term deposits			-	15,983	15,983
Trade debts	11		455,428	-	455,428
Trade deposits	13		459,873	-	459,873
Advances	12		3,837	-	3,837
Other receivables	14		233,522	-	233,522
Cash and bank balances	15		774,016	-	774,016
<b>Total non interest-bearing financial assets</b>			<b>1,928,611</b>	<b>18,381</b>	<b>1,946,992</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

35.2 Financial liabilities			Maturity up to one year	Maturity after one year	Total
	Note	Interest Rate	----- Rupees in '000 -----		
<b>As at December 31, 2022</b>					
<b>Interest-bearing financial liabilities at amortised cost</b>					
Long-term financing	18	1.5%	41,053	-	41,053
Short-term borrowings	22	KIBOR minus 0.05% - KIBOR plus 0.02%	700,000	-	700,000
Bank overdraft	21	KIBOR plus 0.1% - 0.4%	891,655	-	891,655
<b>Total interest-bearing financial liabilities</b>			<u>1,632,708</u>	<u>-</u>	<u>1,632,708</u>
<b>Non interest-bearing financial liabilities at amortised cost</b>					
Trade and other payables	20		4,682,787	-	4,682,787
Accrued mark-up			17,440	-	17,440
<b>Total non interest-bearing financial liabilities</b>			<u>4,700,227</u>	<u>-</u>	<u>4,700,227</u>
<b>As at December 31, 2021</b>					
<b>Interest-bearing financial liabilities at amortised cost</b>					
Lease liabilities	5	7.9% - 14.1%	1,594	-	1,594
Long-term financing	18	1.5%	164,214	35,016	199,230
<b>Total interest-bearing financial liabilities</b>			<u>165,808</u>	<u>35,016</u>	<u>200,824</u>
<b>Non interest-bearing financial liabilities at amortised cost</b>					
Trade and other payables	20		2,639,944	-	2,639,944
Accrued mark-up			1,397	-	1,397
<b>Total non interest-bearing financial liabilities</b>			<u>2,641,341</u>	<u>-</u>	<u>2,641,341</u>

## 35.3 Financial instruments risk management objectives and policies

The Company's principal financial liabilities comprise of bank overdraft, short-term borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade debts, trade deposits and other receivables that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company's overall risk management program focuses on minimizing potential adverse effects on the Company's financial performance. The overall risk management of the Company is carried out by the Company's senior management team under policies approved by the Board of Directors. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 35.3.1 Market risk

Market risk is the risk that the fair value or 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 other price risk, such as equity price risk. The objective of market risk management is to manage and control market risk exposures within an acceptable range, and the management manages these risks as explained in the following paragraphs.

### 35.3.1.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk due to transactions denominated in foreign currencies primarily relating to its operating activities. When the management expects future depreciation of reporting currency, the Company manages its foreign currency risk in accordance with the Company's treasury policy.

#### Exposure to foreign currency risk

The Company's exposure to foreign currency risk in major currencies is as follows:

	December 31,		December 31,		December 31,		December 31,		December 31,	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JPY in '000		Euro in '000		USD in '000		GBP in '000		CHF in '000	
Other receivables	-	-	151	1,150	10	10	-	-	-	-
Bank balances	-	-	-	-	104	104	-	-	-	-
Trade and other payables	(950)	(1,425)	(9,123)	(5,871)	(764)	(766)	(2)	-	(33)	-
	<b>(950)</b>	<b>(1,425)</b>	<b>(8,972)</b>	<b>(4,721)</b>	<b>(650)</b>	<b>(652)</b>	<b>(2)</b>	<b>-</b>	<b>(33)</b>	<b>-</b>

Significant exchange rates applied during the year were as follows:

	Average rate		Spot rate	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- Rupees -----		----- Rupees -----	
JPY	1.55	1.50	1.71	1.50
EUR	214.53	192.60	242.33	200.40
USD	204.51	163.40	226.90	176.20
GBP	251.50	224.40	273.23	238.40
CHF	213.92	178.60	245.78	193.10

#### Sensitivity analysis

The following is the demonstration of the sensitivity to a reasonably possible change in exchange rate of all major currencies applied to assets and liabilities as at December 31, 2022 represented in foreign currencies, with all other variables held constant, of the Company's profit before tax.

	December 31, 2022	December 31, 2021
Change in exchange rate	±	10%
Effect on profit before tax (Rs.000's)	±	10%
	<b>233,194</b>	106,311

### 35.3.1.2 Interest rate risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to the risk of change in market interest rate relates primarily to the Company's liability against short-term borrowings with floating interest rates. The Company manages its net working capital by keeping it at an optimum level to ensure minimal utilization of running finance facilities.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## Interest rate profile of financial instruments

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments were as follows:

	<b>December 31, 2022</b>	December 31, 2021
	----- Rupees in '000 -----	
<b>Financial assets</b>		
Loans to employees	<b>29</b>	102
Cash and bank balances	<b>12,373</b>	10,279
	<b>12,402</b>	10,381
<b>Financial liabilities</b>		
Lease liabilities	-	1594
Long-term financing	<b>41,053</b>	199,230
Short-term borrowings	<b>700,000</b>	-
Bank overdraft	<b>891,655</b>	-
	<b>1,632,708</b>	200,824

## Sensitivity analysis

A change of 100 basis points (1%) in interest rate at the reporting date would have changed Company's profit before tax for the year by the amounts shown below, with all other variables held constant.

		<b>December 31, 2022</b>	December 31, 2021
Change in interest rate	±	<b>1%</b>	1%
Effect on profit before tax (Rs.000's)	±	<b>16,203</b>	1,904

### 35.3.1.3 Equity price risk

Equity price risk is the risk of loss arising from movements in prices of equity investments. The Company is not exposed to any equity price risk, as the Company does not have any investment in equity shares.

### 35.3.2 Credit risk

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

Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits, other receivables and balances with banks. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk on trade debts, the Company has developed a formal approval process, whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and records an allowance for expected credit loss. The credit risk on liquid funds such as balances with banks is limited because the counter parties are banks with reasonably high credit ratings.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

<b>Exposure to credit risk</b>		<b>December 31, 2022</b>	December 31, 2021
The Company's maximum exposure to credit risk at the reporting date is as follows:	Note	----- Rupees in '000 -----	
<b>Financial assets at amortized cost</b>			
Loans to employees	7	<b>5,740</b>	4,435
Long-term deposits		<b>15,983</b>	15,983
Trade debts	11	<b>857,348</b>	455,428
Trade deposits	13	<b>2,476,023</b>	459,873
Advances	12	<b>2,400</b>	3,837
Others receivables	14	<b>44,310</b>	233,522
Cash and bank balances	15	<b>233,196</b>	784,295
		<b>3,635,000</b>	<b>1,957,373</b>

## Quality of financial assets

The credit quality of financial assets can be assessed by reference to external credit ratings or default history of counter parties as shown in notes 35.3.2.1 and 35.3.2.2 of these financial statements.

### 35.3.2.1 Trade debts

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The carrying values of trade debts that are neither past due nor impaired are analysed as follows:

<b>Days</b>	<b>&lt; 90</b>	<b>91-180</b>	<b>180 - 270</b>	<b>270 - 365</b>	<b>&gt; 365</b>	<b>Total</b>
	----- Rupees in '000 -----					
<b>December 31, 2022</b>						
Expected credit loss rate	0.94%	5.92%	8.91%	77.54%	100.00%	18.20%
Expected credit loss	6,401	7,712	5,621	11,916	159,152	190,804
Estimated total gross carrying amount at default	680,339	130,186	63,107	15,368	159,152	1,048,152
<b>December 31, 2021</b>						
Expected credit loss rate	1.88%	7.86%	12.60%	26.75%	100.00%	22.92%
Expected credit loss	5,451	10,112	6,775	2,264	111,098	135,700
Estimated total gross carrying amount at default	290,104	128,609	53,785	8,463	111,098	592,059

**December 31,  
2022**      December 31,  
2021  
----- Rupees in '000 -----

### 35.3.2.2 Cash at banks

The carrying values of bank balances are analysed as follows:

A1+	<b>208,845</b>	573,473
P-1	<b>785</b>	30,885
A-2	<b>23,520</b>	179,917
	<b>233,150</b>	<b>784,275</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

The Company has placed its funds with banks, with short-terms ratings by PACRA / Moody's / JCR-VIS / S&P as shown above.

## 35.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company maintains flexibility in funding by maintaining availability under control committed credit lines.

The table below summarizes the maturity profile of the Company's financial liabilities, carried at amortized cost, as at reporting date.

	Carrying amount	Less than 12 months
	----- Rupees in '000 -----	
<b>December 31, 2022</b>		
Long-term financing	41,053	41,053
Short-term borrowings	700,000	700,000
Bank overdraft	891,655	891,655
Trade and other payables	4,682,787	4,682,787
Accrued mark-up	17,440	17,440
	<u>6,332,935</u>	<u>6,332,935</u>
December 31, 2021		
Lease liabilities	1,594	1,594
Long-term financing	199,230	164,214
Trade and other payables	2,639,944	2,639,944
Accrued mark-up	1,397	1,397
	<u>2,842,165</u>	<u>2,807,149</u>

## 35.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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.

The different levels of fair valuation method have been defined as follows:

**Level 1:** Quoted prices in active markets for identical assets or liabilities;

**Level 2:** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

**Level 3:** Inputs for the asset or liability that are not based on observable market data.

The carrying value of all financial assets and liabilities reflected in these financial statements approximate their fair values.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

As at December 31, 2022, the Company's investments properties have been valued under level 3 as disclosed in note 4.3 to the financial statements. The fair values were determined with reference to market-based evidence after making adjustments for size, location, time, amenities and other relevant factors by comparing the subject asset with identical or similar assets for which price information is available. Valuation techniques used to derive the fair values of the investment properties have been summarised in the table below:

Class of investment property	Fair value	Fair value	Valuation technique	Key unobservable inputs	Rate	Rate
	2022	2021			2022	2021
	Rupees in '000				Rupees	
Leasehold land	<b>526,706</b>	520,800	Market comparable approach	Price per sqm	<b>106,191</b>	105,000
Buildings on leasehold land	<b>48,166</b>	62,905			<b>18,132</b>	23,681
	<b>574,872</b>	583,705				

Increases (decreases) in the price per sqm in isolation would result in a higher (lower) fair value. Sensitivity analysis of change in key input is as follows:

	Sensitivity used	Effect on fair values	
		Leasehold land	Buildings on leasehold land
		-----Rupees in '000 -----	
<b>2022</b>	<b>Increase of 10%</b>	<b>52,671</b>	<b>4,817</b>
2021	Increase of 10%	52,080	6,291

## 36 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may regulate the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Company monitor its capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total bank borrowings less cash and bank balances. Total capital is calculated as equity, as shown in the statement of financial position plus net debt.

The gearing ratio were as follows:	Note	December 31,	December 31,
		2022	2021
		----- Rupees in '000 -----	
Bank overdraft	21	<b>891,655</b>	-
Short term-borrowings	22	<b>700,000</b>	-
Long-term financing	18	<b>41,053</b>	199,230
Less: Cash and bank balances	15	<b>(233,196)</b>	(784,295)
Net debt		<b>1,399,512</b>	(585,065)
Total capital	16 & 17	<b>5,029,692</b>	5,218,521
		<b>6,429,204</b>	4,633,456
Gearing ratio [Net debt / (Net debt + Total capital)]		<b>22%</b>	-

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 37 ENTITY WIDE INFORMATION

**37.1** The Company constitutes a single reportable segment since the Executive Management monitors the operating results of the entity for the purpose of making decisions about resource allocation and performance assessment. Information about geographical areas of the Company are as follows:

	<b>December 31, 2022</b>	December 31, 2021
Sales to external customers, net of returns and discounts	----- Rupees in '000 -----	
Pakistan	<b>17,663,570</b>	15,366,289
Afghanistan	<b>896,314</b>	497,936
Other exports	<b>-</b>	16,707
	<b><u>18,559,884</u></b>	<u>15,880,932</u>

**37.2** There were three major customers of the Company who contributed 11%,10% and 9% (2021: 11%,10% and 10%) respectively, of the Company's net sales. All the sales of the Company relate to pharmaceutical and related products. All non-current assets of the Company as at December 31, 2022 and 2021 are located in Pakistan.

## 38 CAPACITY AND PRODUCTION

The capacity and production of the Company's manufacturing facility is not determinable as it is a multiproduct plant involving varying processes of manufacture.

## 39 PROVIDENT FUND

Investments out of provident fund have been made in collective investment schemes, listed equity and listed debt securities in accordance with the provisions of the section 218 of the Act and the conditions specified thereunder.

## 40 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on April 19, 2023 by the Board of Directors of the Company.

## 41 DIVIDEND AND APPROPRIATIONS

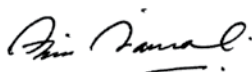
Subsequent to year ended December 31, 2022, the Board of Directors in its meeting held on April 19, 2023 proposed final cash dividend @ Rs. Nill (2021: Rs. 30) per share amounting to Rs. Nill (2021: Rs. 289.343 million) for approval of the members at the Annual General Meeting.

## 42 GENERAL

- 42.1** Total number of employees as at December 31, 2022 was 744 (2021: 819) and average number of employees during the year was 746 (2021: 890).
- 42.2** Figures presented in these financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.
- 42.3** Corresponding figures have also been rearranged and reclassified, wherever necessary, for better presentation. However there has been no material reclassification to report.



Syed Babar Ali  
Chairman



Asim Jamal  
Chief Executive Officer



Yasser Pirmuhammad  
Chief Financial Officer



# PATTERN OF SHAREHOLDING

As at December 31, 2022

No. of Shareholders	No. of Shareholdings		Total Shares
	From	To	
539	1	100	19,566
295	101	500	86,442
58	501	1,000	43,160
49	1,001	5,000	83,078
5	5,001	10,000	38,619
2	15,001	20,000	35,028
4	20,001	25,000	90,470
1	50,001	55,000	51,442
1	60,001	65,000	63,777
1	85,001	90,000	89,700
1	255,001	260,000	255,700
1	445,001	450,000	446,435
1	580,001	585,000	584,196
1	815,001	820,000	815,939
1	1,840,001	1,845,000	1,841,739
1	5,095,001	5,100,000	5,099,469
<b>961</b>			<b>9,644,760</b>

S.No.	Shareholders Category	No. of Shareholders	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	7	1,328,126	13.77
2	Associated Companies, Undertakings and related Parties	6	7,667,604	79.5
3	Banks, Development Financial Institutions, Non Banking Financial Institutions	2	169	0.00
4	Insurance Companies	1	22,083	0.23
5	Modarabas and Mutual Funds	2	24,769	0.26
6	General Public	920	250,652	2.6
7	Others	23	351,357	3.64
	<b>Total</b>	<b>961</b>	<b>9,644,760</b>	<b>100</b>

# PATTERN OF SHAREHOLDING

Category Details of Shareholding as at 31 December 2022

## Directors, Chief Executive Officer, Their Spouse And Children

Name	Holding
Syed Babar Ali	446,435
Mrs. Perwin Babar Ali	22,690
Syeda Henna Babar Ali	18,714
Syed Hyder Ali	16,914
Mrs. Naiyar Zamani Gohar	7,434
Arshad Ali Gohar	815,939
	<b>1,328,126</b>

## Associated Companies, Undertakings And Related Parties

Name	Holding
Ali Gohar & Company (Private) Limited	51,442
Sanofi Foreign Participations B.V.	5,099,469
AGT Holdings (Private) Limited	89,700
IGI Investments (Private) Limited	1,841,739
Packages Limited	585,254
	<b>7,667,604</b>

## Banks, Development Financial Institutions, Non-Banking Financial Institutions

Name	Holding
National Bank Of Pakistan	129
MCB Bank Limited	40
	<b>169</b>

## Insurance Companies

Name	Holding
State Life Insurance Corporation of Pakistan	22,083
	<b>22,083</b>

## Modarabas and Mutual Funds

Name	Holding
CDC - Trustee National Investment (Unit) Trust	24,719
B.R.R. Guardian Modaraba	50
	<b>24,769</b>

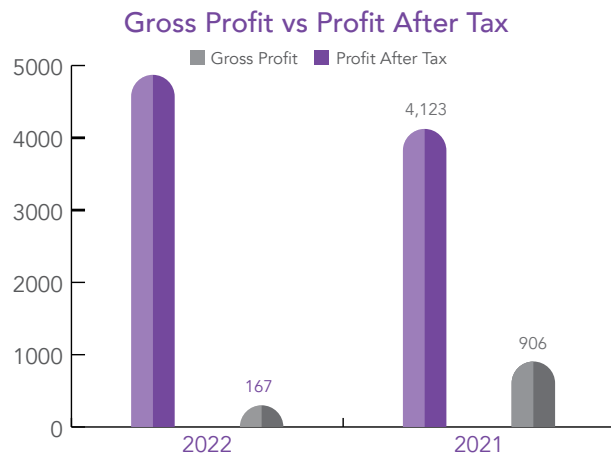
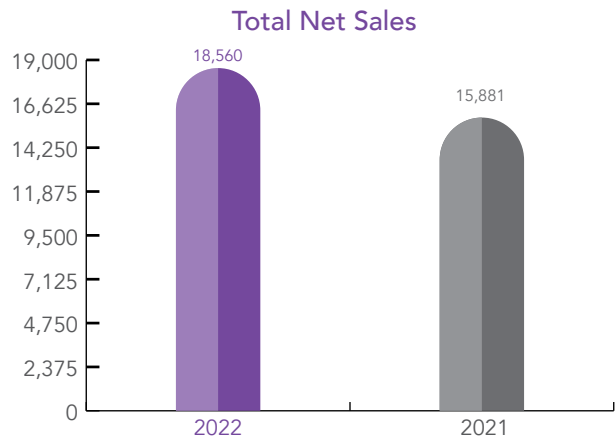
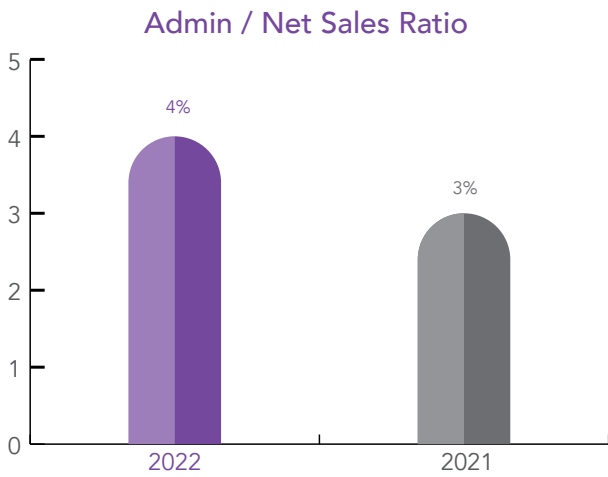
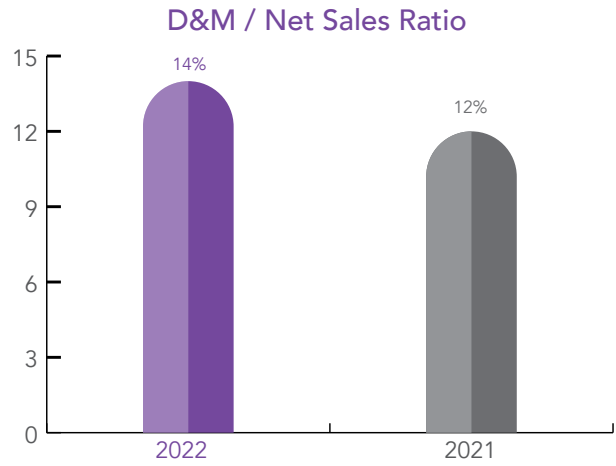
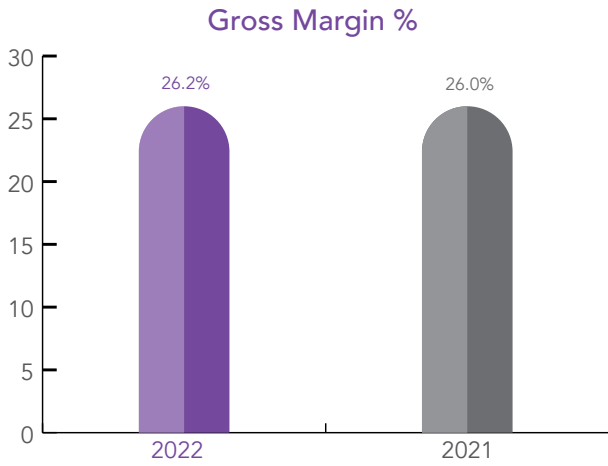
# PATTERN OF SHAREHOLDING

Category Details of Shareholding as at 31 December 2022

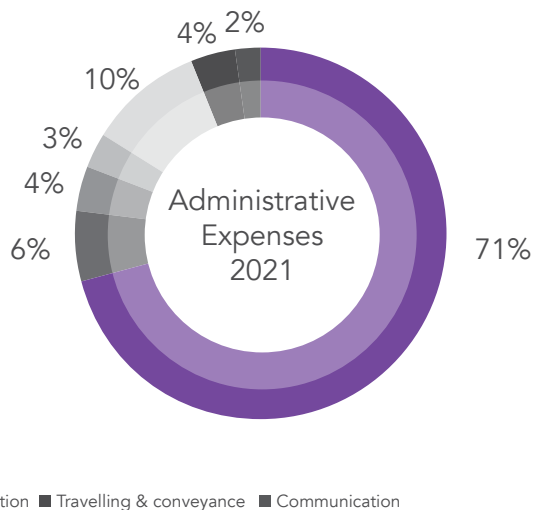
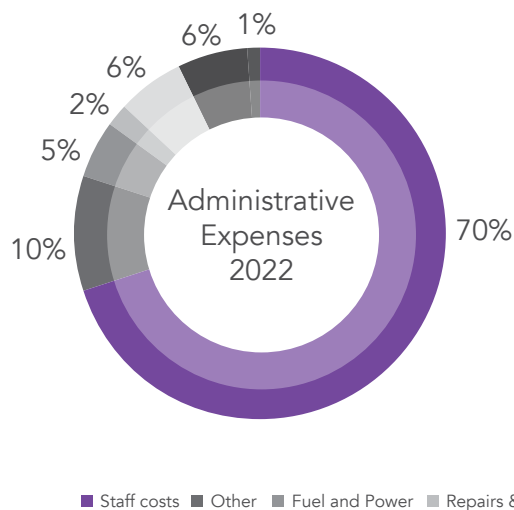
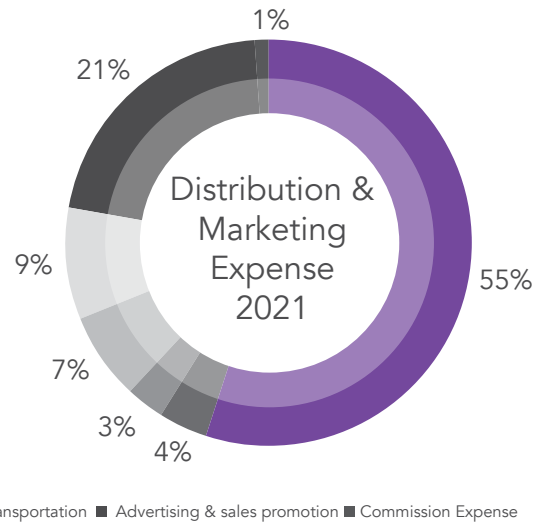
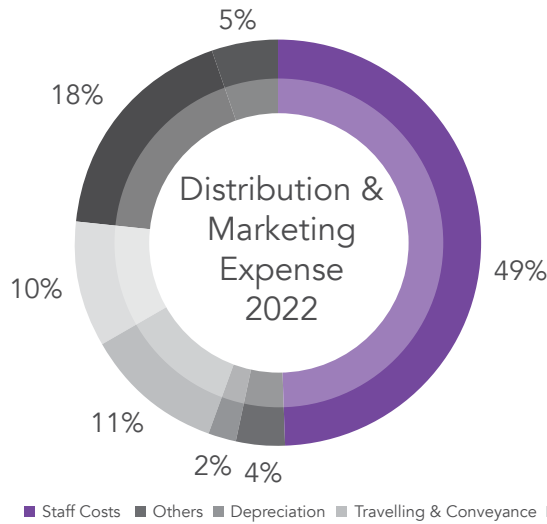
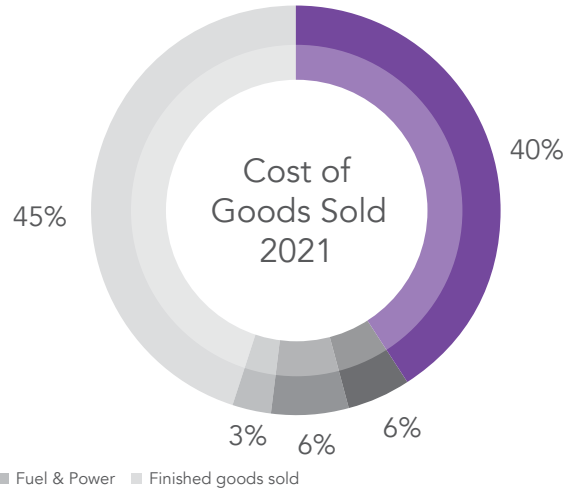
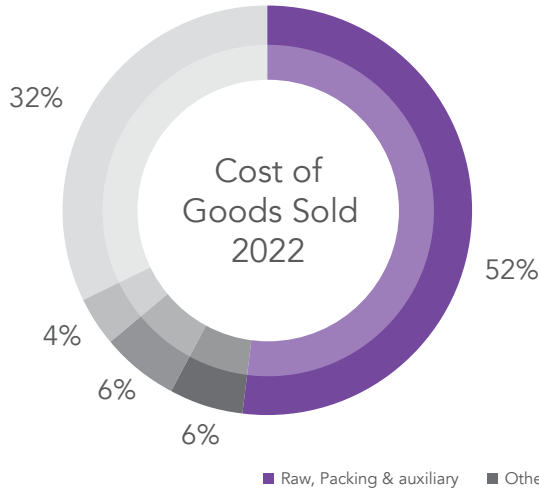
## Shareholders Holdings Five Percent or More Voting Rights in the Company

Name	Holding
Arshad Ali Gohar	815,939
IGI Investments (Pvt.) Limited	1,841,739
Sanofi Foreign Participations B.V.	5,099,469
Packages Limited	584,196
	<hr/> <b>8,341,343</b> <hr/>

# ANALYTICAL REVIEW



# ANALYTICAL REVIEW



# STATEMENT OF VALUE ADDED

	2022		2020	
	Rs. in 000	%	Rs. in 000	%
Net sales	18,559,884	100.0	15,880,932	100
Materials and services	(12,983,366)	-70.0	(11,088,530)	(68)
	<b>5,576,518</b>	<b>30.0</b>	<b>4,792,402</b>	<b>30.2</b>

## DISTRIBUTED AS FOLLOWS:

### Employees

Staff cost	2,647,949	47.5	2,126,447	44.4
Workers' Profit Participation Fund	38,766	0.7	75,642	1.6
	<b>2,686,715</b>	<b>48.2</b>	<b>2,202,089</b>	<b>45.9</b>

### Government

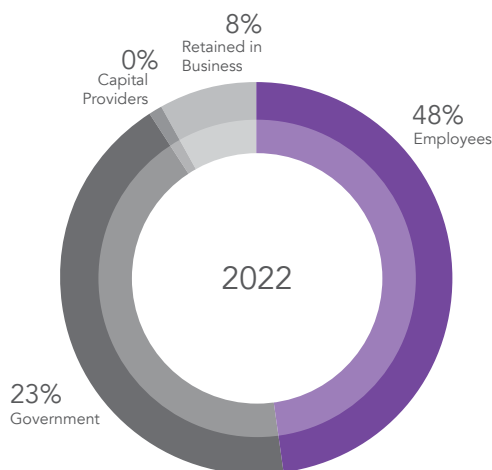
Income tax	557,284	10.0	530,499	11.1
Custom duty, Sales tax & Others	1,835,496	32.9	767,956	16.0
Central Research Fund	7,839	0.1	15,542	0.3
Workers' Welfare Fund	13,241	0.2	26,570	0.6
	<b>2,413,860</b>	<b>43.3</b>	<b>1,340,567</b>	<b>28.0</b>

### Capital Providers

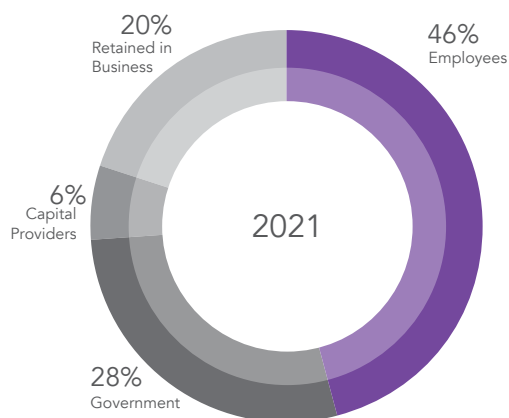
Dividend to shareholders	0	0.0	289,343	6.0
Mark-up on borrowed funds	23,225	0.4	7,295	0.2
	<b>23,225</b>	<b>0.4</b>	<b>296,638</b>	<b>6.2</b>

### Retained in business

Depreciation / amortisation	285,935	5.1	336,499	7.0
Net Earnings	166,783	3.0	616,609	12.9
	<b>452,718</b>	<b>8.1</b>	<b>953,108</b>	<b>19.9</b>
	<b>5,576,518</b>	<b>100</b>	<b>4,792,402</b>	<b>100</b>



■ Employees ■ Government ■ Capital Providers ■ Retained in Business



■ Employees ■ Government ■ Capital Providers ■ Retained in Business

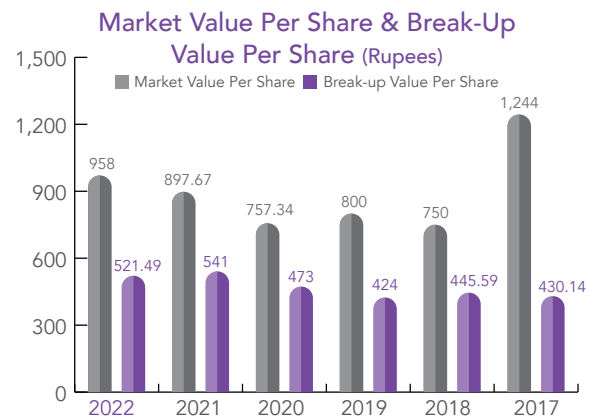
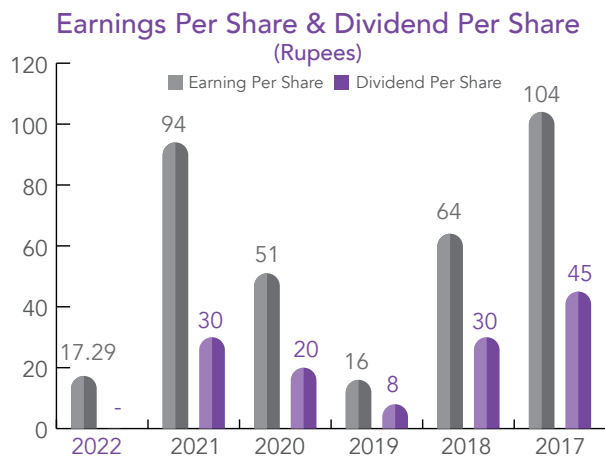
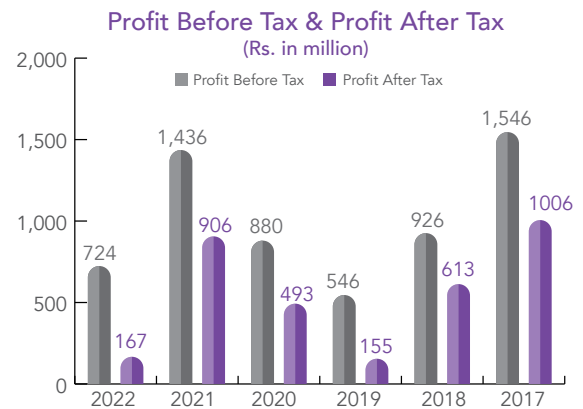
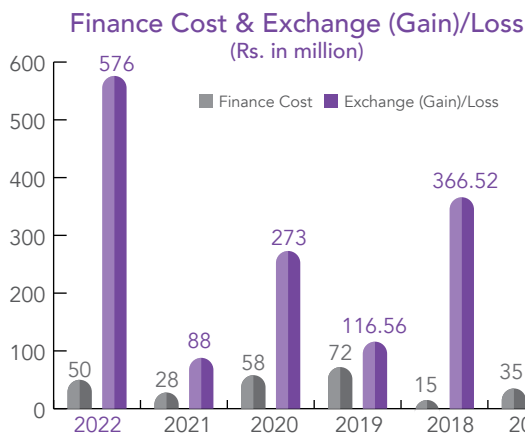
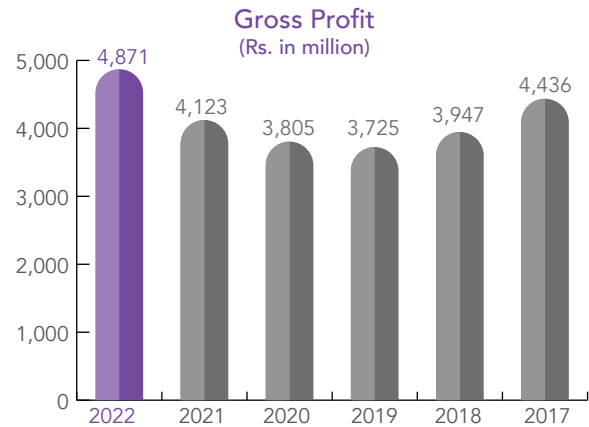
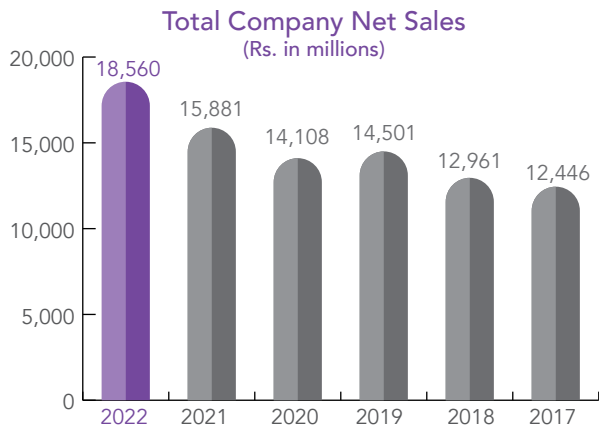
# OPERATING & FINANCIAL HIGHLIGHTS

		2022	2021	2020	2019	2018	2017
<b>Liquidity Ratios</b>							
Current Ratio	Times	<b>1.4</b>	1.8	1.7	1.6	1.7	2.0
Quick Ratio	Times	<b>0.8</b>	0.8	0.9	0.9	0.9	1.0
Cash to Current Liabilities	Times	<b>(0.19)</b>	0.20	(0.05)	(0.12)	0.07	(0.10)
Cash Flow from Operations to Sales	%	<b>(0)</b>	13.4	6.5	3.5	15.1	18.4
Net Working Capital	Rs. M	<b>2,984,658</b>	3,323	2,861	2,306	2,575	2,421
Net Assets	Rs. M	<b>5,029,692</b>	5,219	4,562	4,089	4,298	4,149
Operating Cycle	Days	<b>128</b>	124	121	110	127	138
Current assets to Total assets	%	<b>83.1</b>	79.0	78.0	76.8	77.9	73.9
Inventory / Current Assets	%	<b>45.3</b>	54.3	48.3	44.1	48.2	50.2
Inventory to Total Assets	%	<b>37.6</b>	42.9	37.7	33.9	37.6	37.1
<b>Activity Ratios</b>							
Inventory Turnover	Times	<b>3</b>	3.2	3.5	3.9	3.3	3.1
Average No of Days Inventory in stock	Days	<b>115</b>	112	104	94	109	117
Accounts Receivable Turnover	Times	<b>28</b>	32.0	22.9	22.8	20.5	17.9
Average Collection Period	Days	<b>13</b>	11	15.9	16	18	20
Creditors Turnover	Times	<b>5</b>	4.6	4.5	4.4	4.2	5.1
Average Payment Period	Days	<b>80</b>	79	81	84	87	72
Fixed Assets Turnover	Times	<b>10.3</b>	9.2	8.2	8.7	7.7	7.0
Operating Fixed Assets Turnover	Times	<b>2.2</b>	2.4	2.5	2.7	2.4	2.4
Total Assets Turnover	Times	<b>1.7</b>	1.8	1.7	1.9	1.8	1.9
<b>Leverage</b>							
Interest Coverage Ratio	Times	<b>15.53</b>	51.5	16.1	8.5	63.6	15.53
Fixed Assets to Equity	Times	<b>0.38</b>	0.3	0.4	0.4	0.4	0.38
<b>Profitability Ratios</b>							
Sales Growth	%	<b>16.87</b>	12.6	(2.78)	11.9	4.1	4.7
COGS to Net Sales	%	<b>73.76</b>	74.0	73.0	74.3	69.5	64.4
EBITDA* to Net Sales	%	<b>5.71</b>	11.3	9.2	6.7	9.9	15.4
Profit Before Tax to Net Sales	%	<b>3.90</b>	9.0	6.2	3.8	7.1	12.4
Profit After Tax Margin	%	<b>0.90</b>	5.7	3.5	1.1	4.7	8.1
Gross Profit Margin	%	<b>26.24</b>	26.0	27.0	25.7	30.5	35.6
Operating Profit Margin	%	<b>4.17</b>	9.2	6.6	4.3	7.3	12.7
Return on Assets	%	<b>1.35</b>	9.8	5.7	2.0	7.9	15.2
Return on Equity	%	<b>3.32</b>	17.4	10.8	3.8	14.3	24.3
Return on Capital Employed	%	<b>14.96</b>	29.2	21.2	14.8	22.3	39.0
Admin. Dist. & Mktg. Exp. to Net Sales	%	<b>18.13</b>	15.5	18.1	19.6	20.0	20.6
Admin. Dist. & Mktg. Exp. Variance	%	<b>36.7</b>	(3.5)	(10.4)	10.0	0.9	7.2
Financial Charges to Net Income	%	<b>29.87</b>	3.1	11.8	46.7	2.4	3.5
<b>Market Value</b>							
Market Value Per Share	Rs.	<b>958</b>	897.67	757.34	800	750	1,244
Market / Book Ratio	Times	<b>1.8</b>	1.7	1.6	1.9	1.7	2.9
Earnings per share (before tax)	Rs.	<b>75.1</b>	148.9	91.2	56.7	96.0	160.3
Earnings per share (after tax)	Rs.	<b>17.3</b>	93.9	51.1	16.1	63.5	104.3
Price Earning Ratio	Times	<b>55.4</b>	9.6	14.8	49.8	11.8	11.9
Dividend per Share	Rs.	-	30.00	20.0	8.00	30.00	45.00
Dividend Yield	%	-	3.3	2.6	1.0	4.0	3.6
Dividend cover	Times	-	2.9	2.7	0.6	1.9	2.3
Payout Ratio (after tax)	%	-	31.9	39.1	49.8	47.2	43.1
Market Capitalisation	Rs.M	<b>9,365.1</b>	8,658	7,301	7,717	7,234	11,993
Break-up value	Rs.	<b>521.5</b>	541.1	473.0	424.0	445.6	430.1

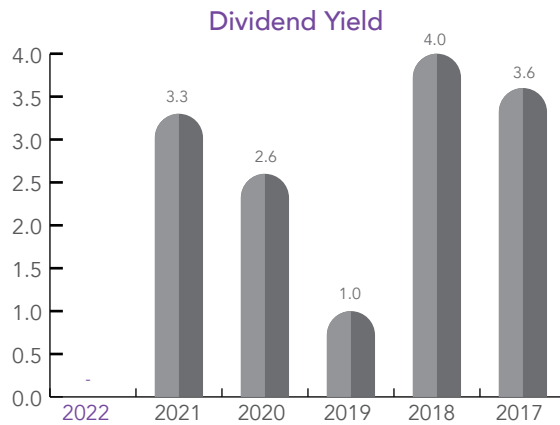
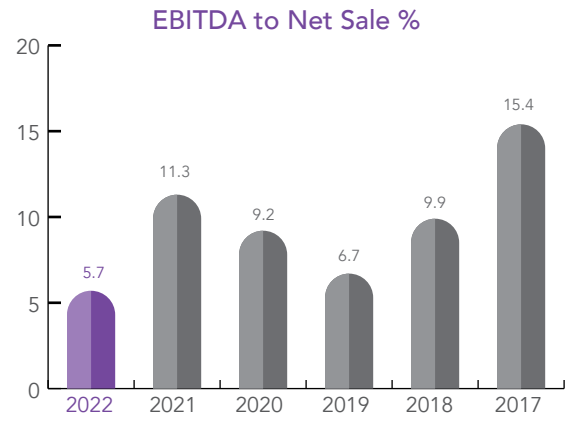
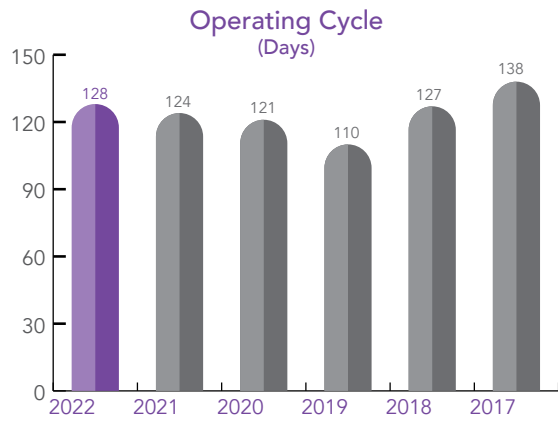
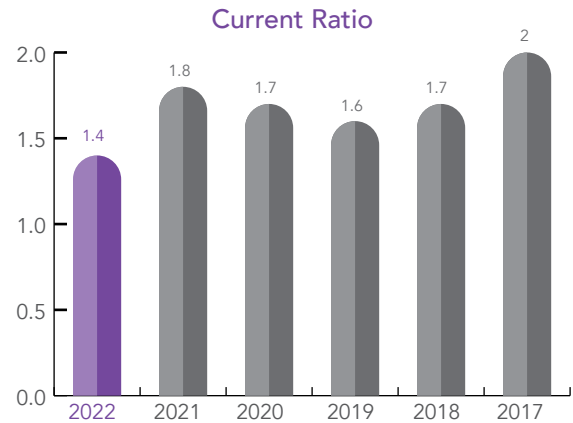
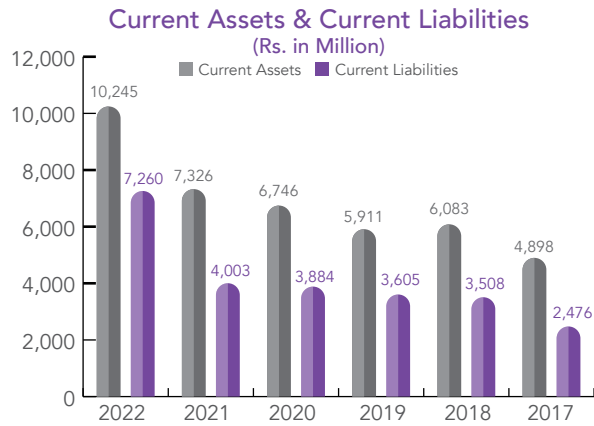
\*EBITDA = Earnings before interest, taxes and depreciation & amortization



# OPERATING & FINANCIAL HIGHLIGHTS



# OPERATING & FINANCIAL HIGHLIGHTS



# HORIZONTAL ANALYSIS

	2022 Rs.	22 Vs. 21 %	2021 Rs.	21 Vs. 20 %	2020 Rs.	20 Vs. 19 %	2019 Rs.	19 Vs. 18 %	2018 Rs.	18 Vs. 17 %	2017 Rs.	17 Vs. 16 %
<b>Operating Results (Rupees in million)</b>												
Net sales	18,560	16.9	15,881	12.6	14,108	(2.7)	14,501	11.9	12,961	4.1	12,446	4.7
Cost of sales	(13,689)	16.4	(11,758)	14.1	(10,303)	(4.4)	(10,776)	19.5	(9,014)	12.5	(8,010)	1.8
Gross profit	4,871	18.1	4,123	8.4	3,805	2.1	3,725	(5.6)	3,947	(11.0)	4,436	10.3
Distribution, selling and administrative expenses	(3,365)	37.7	(2,444)	(4.2)	(2,551)	(10.4)	(2,848)	10.0	(2,589)	0.9	(2,566)	7.2
Other expenses	(912)	137.5	(384)	5.3	(365)	4.3	(350)	(24.4)	(463)	31.2	(353)	157.7
Other income	180	5.9	170	242.7	50	(46.3)	92	100.7	46	29.20	65	(14.5)
Operating profit	774	(47.2)	1,465	56.1	938	51.6	619	(34.2)	941	(40.5)	1,582	1.0
Finance costs	(50)	78.5	(28)	(51.7)	(58)	(19.4)	(72)	380	(15)	(58.2)	(35)	(77.7)
Profit before taxation	724	(49.6)	1,436	63.3	880	61.0	546	(41.0)	926	(40.1)	1,546	9.9
Taxation	(557)	5.0	(530)	36.9	(387)	(1.2)	(392)	25.1	(313)	(42.0)	(540)	39.2
<b>Net profit</b>	<b>167</b>	<b>(81.6)</b>	<b>906</b>	<b>83.7</b>	<b>493</b>	<b>218.5</b>	<b>155</b>	<b>(74.7)</b>	<b>613</b>	<b>(39.1)</b>	<b>1,006</b>	<b>(1.3)</b>
<b>Balance Sheet (Rupees in million)</b>												
Fixed assets	1,920	13.4	1,694	(4.2)	1,767	6.5	1,659	(0.3)	1,664	(2.3)	1,702	(8.8)
Other non-current assets	167	(34.4)	255	81.9	140	10.2	127	116.0	59	132.3	25	26.1
Current assets	10,245	39.8	7,326	8.6	6,746	14.1	5,911	(2.8)	6,083	24.2	4,898	(0.7)
<b>Total assets</b>	<b>12,332</b>	<b>33.0</b>	<b>9,274</b>	<b>7.2</b>	<b>8,653</b>	<b>12.4</b>	<b>7,696</b>	<b>(1.4)</b>	<b>7,806</b>	<b>17.8</b>	<b>6,625</b>	<b>(2.8)</b>
Ordinary share capital	96	-	96	-	96	-	96	-	96	-	96	0.5
Reserves	4,933	(3.7)	5,122	14.7	4,466	11.8	3,993	(5.0)	4,201	3.7	4,052	22.2
Non-current liabilities	42	(20.8)	53	(74.4)	207	10,250	2	-	-	-	-	(100.0)
Current liabilities	7,260	81.4	4,003	3.1	3,884	7.7	3,605	2.8	3,508	41.7	2,476	(13.1)
<b>Total equity and liabilities</b>	<b>12,332</b>	<b>33.0</b>	<b>9,274</b>	<b>7.2</b>	<b>8,653</b>	<b>12.4</b>	<b>7,696</b>	<b>(1.4)</b>	<b>7,806</b>	<b>17.8</b>	<b>6,625</b>	<b>(2.8)</b>
<b>Cash Flows (Rupees in millions)</b>												
Cash generated from operations	(20)	(105.8)	2,096	129.9	912	81.0	504	(74.3)	1,962	(14.4)	2,294	(16.5)
Cash flows used in operating activities	(1,251)	112.6	(588)	13.7	(517)	(3.3)	(535)	(25.1)	(714)	(25.9)	(964)	15.2
Cash flows used in investing activities	(435)	85.1	(235)	(35.1)	(362)	3.1	(351)	14.5	(307)	78.4	(172)	(3.7)
Cash flows (used in) / generated from financing activities	(448)	42.4	(315)	(256.6)	201	(169.4)	(289)	(32.9)	(431)	(66.5)	(1,288)	(29.6)
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(2,153)</b>	<b>(324.7)</b>	<b>958</b>	<b>310.7</b>	<b>233</b>	<b>(134.8)</b>	<b>(671)</b>	<b>(231.6)</b>	<b>510</b>	<b>(491.0)</b>	<b>(130)</b>	<b>33.6</b>
<b>Number of Employees</b>												
<b>Number of permanent employees at year end</b>	<b>744</b>		<b>819</b>		<b>793</b>		<b>908</b>		<b>941</b>		<b>1189</b>	

# VERTICAL ANALYSIS

	2022		2021		2020		2019		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Operating Results (Rupees in million)</b>												
Net sales	18,560	100.0	15,881	100.0	14,108	100.0	14,501	100.0	12,961	100.0	12,446	100.0
Cost of sales	(13,689)	(73.8)	(11,758)	(74.0)	(10,303)	(73.0)	(10,776)	(74.3)	(9,014)	(69.5)	(8,010)	(64.4)
Gross profit	4,871	26.2	4,123	26.0	3,805	27.0	3,725	25.7	3,947	30.5	4,436	35.6
Distribution, selling and administrative expenses	(3,365)	(18.1)	(2,444)	(15.4)	(2,551)	(18.1)	(2,848)	(19.6)	(2,589)	(20.0)	(2,566)	(20.6)
Other expenses	(715)	(3.9)	(384)	(2.4)	(365)	(2.6)	(350)	(2.4)	(463)	(3.6)	(353)	(2.8)
Other income	180	1.0	170	1.1	50	0.4	92	0.6	46	0.4	65	0.5
Operating profit	971	5.2	1,465	9.3	938	6.7	619	4.3	941	7.3	1,582	12.7
Finance costs	(50)	(0.3)	(28)	(0.2)	(58)	(0.4)	(72)	(0.5)	(15)	(0.1)	(35)	(0.3)
Profit before taxation	922	4.90	1,436	9.10	880	6.3	546	3.80	926	7.2	1,546	12.4
Taxation	(557)	(3.00)	(530)	(3.300)	(387)	(2.7)	(392)	(2.700)	(313)	(2.4)	(540)	(4.3)
<b>Net profit</b>	<b>364</b>	<b>1.96</b>	<b>906</b>	<b>5.7</b>	<b>493</b>	<b>3.5</b>	<b>155</b>	<b>1.1</b>	<b>613</b>	<b>4.7</b>	<b>1,006</b>	<b>8.1</b>
<b>Balance Sheet (Rupees in million)</b>												
Fixed assets	1,920	15.6	1,694	18.3	1,767	20.4	1,659	21.6	1,664	21.3	1,702	25.7
Other non-current assets	167	1.4	255	2.7	140	1.6	127	1.6	59	0.8	25	0.4
Current assets	10,245	83.0	7,326	79.0	6,746	78.0	5,911	76.8	6,083	77.9	4,898	73.9
<b>Total assets</b>	<b>12,332</b>	<b>100.0</b>	<b>9,274</b>	<b>100.0</b>	<b>8,653</b>	<b>100.0</b>	<b>7,696</b>	<b>100.0</b>	<b>7,806</b>	<b>100.0</b>	<b>6,625</b>	<b>100.0</b>
Ordinary share capital	96	0.8	96	1.0	96	1.1	96	1.3	96	1.2	96	1.5
Reserves	4,933	40.0	5,122	55.2	4,466	51.6	3,993	51.9	4,201	53.8	4,052	61.1
Non-current liabilities	42	0.3	53	0.6	207	2.4	2	-	-	-	-	-
Current liabilities	7,260	58.9	4,003	43.2	3,884	44.9	3,605	46.8	3,508	45.0	2,476	37.4
<b>Total equity and liabilities</b>	<b>12,332</b>	<b>100.0</b>	<b>9,274</b>	<b>100.0</b>	<b>8,653</b>	<b>100.0</b>	<b>7,696</b>	<b>100.0</b>	<b>7,806</b>	<b>100.0</b>	<b>6,625</b>	<b>100.0</b>
<b>Cash Flows (Rupees in millions)</b>												
Cash generated from operations	(20)	0.9	2,096	218.7	912	390.8	504	(75.0)	1,962	384.7	2,294	(1,758.5)
Cash flows used in operating activities	(1,251)	58.1	(588)	(61.4)	(517)	(221.7)	(535)	79.6	(714)	(140.0)	(964)	739.3
Cash flows used in investing activities	(435)	20.2	(235)	(24.5)	(362)	(155.1)	(351)	52.3	(307)	(60.1)	(172)	131.8
Cash flows (used in) / generated from financing activities	(448)	20.8	(315)	(32.8)	201	86.1	(289)	43.1	(431)	(84.6)	(1,288)	987.4
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(2,153)</b>	<b>100.0</b>	<b>958</b>	<b>100.0</b>	<b>233</b>	<b>100.0</b>	<b>(671)</b>	<b>100.0</b>	<b>510</b>	<b>100.0</b>	<b>(130)</b>	<b>100.0</b>
<b>Number of Employees</b>												
<b>Number of permanent employees at year end</b>	<b>744</b>		<b>819</b>		<b>793</b>		<b>908</b>		<b>941</b>		<b>1189</b>	

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## Proxy Form

I/We \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ (full address) being a member of sanofi-aventis Pakistan  
Limited holding \_\_\_\_\_ ordinary shares hereby  
appoint \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ (full address) or failing him \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ (full address) as my / our proxy in my / our  
absence to attend and vote for me / us and on my / our behalf at the 55<sup>th</sup> Annual General  
Meeting of the Company to be held on Thursday, May 25<sup>th</sup>, 2023 and at any adjournment  
thereof.

As witness my / our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

### Witness No.1

Name \_\_\_\_\_  
Address \_\_\_\_\_  
C.N.I.C. No. \_\_\_\_\_

Rs. 10/-  
Revenue  
Stamp

\_\_\_\_\_  
Signature of Member(s)

### Witness No.2

Name \_\_\_\_\_  
Address \_\_\_\_\_  
C.N.I.C. No. \_\_\_\_\_

\_\_\_\_\_  
(Name in Block Letters)

### Important

1. CDC Account Holders are requested to strictly follow the guidelines mentioned in Circular No.1 of 2000 of SECP.
2. A member entitled to attend a General Meeting is entitled to appoint a proxy to attend and vote instead of him/her, no person shall act as a proxy, who is not a member of the Company except that a Corporation may appoint a person who is not a member.
3. The instrument appointing a proxy, together with the Board of Directors' resolution/Power of Attorney (if any) under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office.
4. The instrument appointing a proxy should be signed by the member or by his attorney duly authorized in writing.
5. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, not less than 48 hours before the time of holding the meeting.
6. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

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The Company Secretary

**sanofi-aventis Pakistan limited**  
Plot 23, Sector 22, Korangi Industrial Area,  
Karachi - 74900 Pakistan

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## پراکسی فارم

میں مسمیٰ/مسماءہ-----  
----- (مکمل پتہ) سنوفی۔ ایونٹس پاکستان لیڈ کے رکن کی حیثیت سے یہاں پر مقرر کرتا ہوں/کرتی ہوں/  
کرتے ہیں  
----- (مکمل پتہ) یا اس کی غیر موجودگی میں-----

(مکمل پتہ) کو میرے / ہمارے پراکسی کے طور پر مقرر کرتا ہوں/کرتی ہوں/ کرتے ہیں تاکہ وہ میرے/ ہماری جانب سے کمپنی کے  
55 ویں سالانہ اجلاس عام، منعقدہ جمعرات، 25 مئی، 2023 میں شریک ہو کر میری/ ہماری جانب سے ووٹ دے سکے اور دیگر کسی  
التوا میں بھی شامل ہو سکے۔

میرے/ ہمارے سامنے----- بروز----- 2023 کو دستخط کئے گئے۔

گواہ نمبر ۱

۱۰ روپے  
کا ریونیو  
اسٹامپ

دستخط  
نام  
پتہ  
سی این آئی سی نمبر

رکن (ارکان) کے دستخط

(نام جلی حروف میں)

گواہ نمبر ۲

دستخط  
نام  
پتہ  
سی این آئی سی نمبر

شعبہ ہولڈر کا فولیو نمبر  
آئی ڈی نمبر  
سی ڈی ایل میں اکاؤنٹ نمبر  
سی این آئی سی نمبر

## ضروری

- ۱۔ سی ڈی سی اکاؤنٹ ہولڈرز سے درخواست ہے کہ ایس ای سی پی کے سرکلر نمبر 1 آف ۲۰۰۰ کے رہنما اصولوں کی سختی سے پیروی کریں۔
- ۲۔ اجلاس عام میں شرکت کرنے والے رکن کو اختیار ہے کہ وہ اپنی جگہ اجلاس میں شرکت اور ووٹ دینے کے لئے پراکسی مقرر کر سکتا/کر سکتی ہے، کمپنی کے رکن کے علاوہ کوئی بھی شخص پراکسی کی حیثیت سے مقرر نہیں ہو سکتا، تاہم کارپوریشن کسی ایسے شخص کو مقرر کر سکتی ہے جو رکن نہیں ہے۔
- ۳۔ پراکسی مقرر کرنے کی دستاویز کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی (اگر کوئی ہو) جس کے تحت اس پر دستخط کئے گئے ہیں یا پھر نوٹری پبلک سے تصدیق شدہ کاپی، رجسٹرڈ آفس میں جمع کرانی ہوگی۔
- ۴۔ پراکسی کو مقرر کرنے کی دستاویز پر رکن یا اٹارنی کے تحریری دستخط ہونے چاہئیں۔
- ۵۔ مکمل اور دستخط شدہ پراکسی فارم اجلاس شروع ہونے سے ۴۸ گھنٹے پہلے کمپنی کے رجسٹرڈ آفس پر موصول ہو جانا چاہیے۔
- ۶۔ اگر کوئی رکن ایک سے زیادہ پراکسی یا پراکسی کے ایک سے زیادہ دستاویزات کمپنی کے پاس جمع کرتا ہے تو یہ تمام invalid تصور کئے جائیں گے۔

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The Company Secretary

**sanofi-aventis Pakistan limited**  
Plot 23, Sector 22, Korangi Industrial Area,  
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The Sanofi logo is centered on the page. It features the word "sanofi" in a bold, lowercase, sans-serif font. The letter "s" is black with a small purple dot above its top curve. The letter "i" is also black with a small purple dot above its top curve. The remaining letters "a", "n", "o", "f", and "i" are solid black.

sanofi-aventis Pakistan limited

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