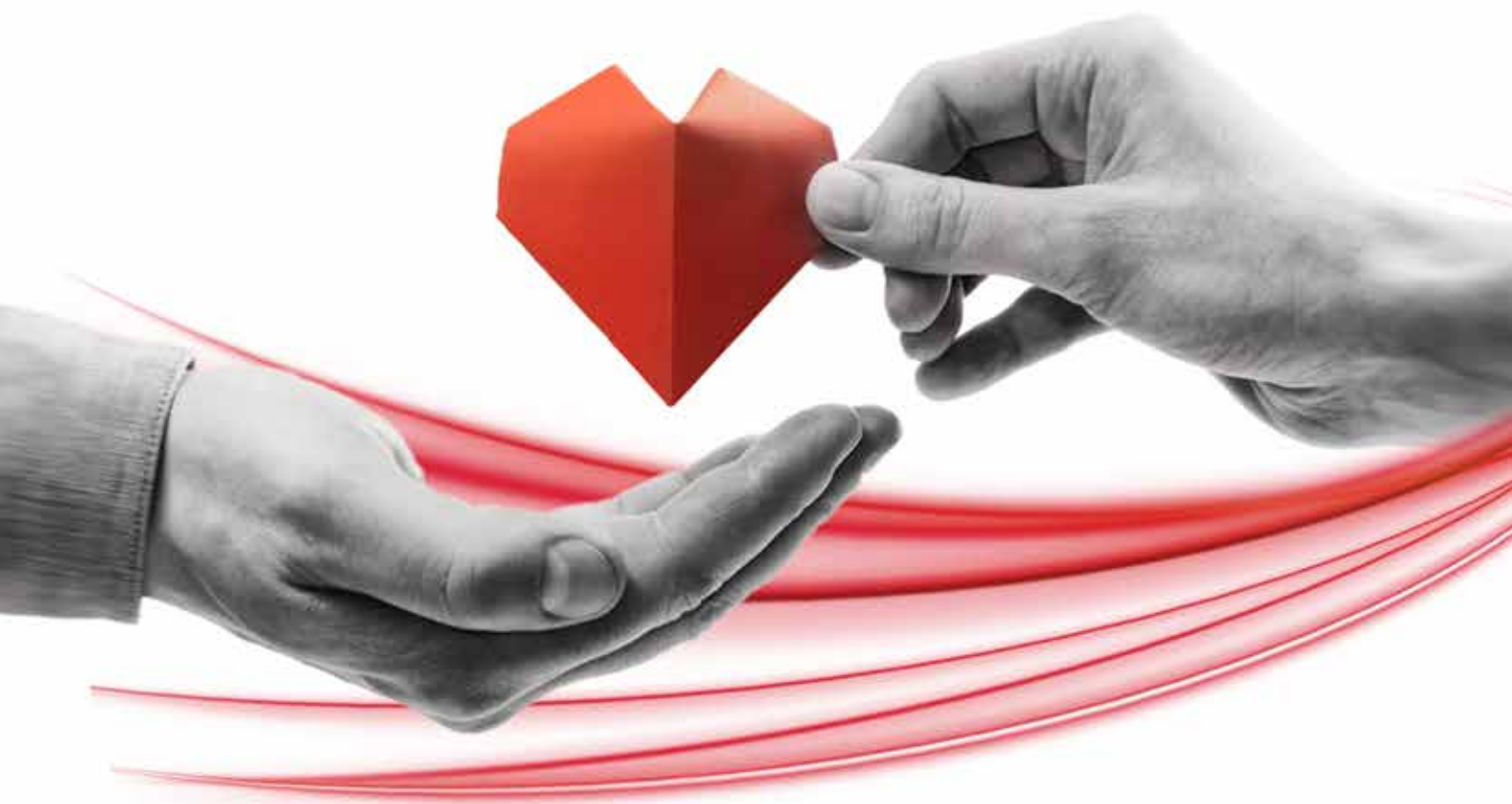


ANNUAL REPORT 2020





CONTENTS

- 2 Our Purpose & Values
- 4 About Sanofi Pakistan
- 6 Year at a Glance
- 8 Directors' Profile
- 10 Corporate Social Responsibility
- 12 Company Information
- 14 Products
- 24 Governance
- 26 Independent Auditors' Review
Report to the Members on
Statement of Compliance with the
Code of Corporate Governance
- 27 Statement of Compliance with the
Code of Corporate Governance
- 30 Chairman's Review Report
- 33 Chairman's Review Report (Urdu)
- 34 Directors' Report
- 52 Directors' Report (Urdu)
- 53 Auditors' Report to the Members
- 59 Financial Statements

OUR PURPOSE

At Sanofi we work passionately, every day, to understand and solve healthcare needs of people across the world.

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 50 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. Manufacturing of pharmaceuticals and specialty chemicals started in 1972. In 1977 the company went public and was listed on the Pakistan Stock Exchange. Agrochemical formulation started in 1985.

In 1996, the Agriculture business was spun off into a separate legal entity called AgrEvo Pakistan (Private) Limited, and the following year, Specialty Chemicals business was sold to Clariant Pakistan Limited. Hoechst Pakistan Limited changed its name to Hoechst Marion Roussel (Pakistan) Limited in June 1996, and the core business was then restricted to pharmaceutical activities.

In December 1999, Hoechst AG & Rhone Poulenc S.A. globally merged their life sciences business into a new company known as Aventis S.A. The name of the company in Pakistan was changed to Aventis Pharma (Pakistan) Limited in November 2000.

In line with the amalgamation globally, Aventis Pharma (Pakistan) Limited was merged locally with Rhone Poulenc Rorer Pakistan (Private) Limited and the company changed its name to Aventis Limited from April 2003.

During 2004 Aventis S.A. was acquired by sanofi synthelabo to form a company called sanofi-aventis S.A. Consequently in September 2005 the name of the company was changed to sanofi-aventis Pakistan limited.

In 2011, sanofi-aventis changed its identity to Sanofi. However, the legal entity continues to be sanofi-aventis Pakistan limited.



The image features a hand holding a wooden puzzle piece in the foreground. The background is a bright, out-of-focus scene with a sun flare. At the top, there are flowing red streamers. The text is positioned in the upper left quadrant.

OUR VISION

To enhance the quality of life of the greatest number through providing a continuum of care by answering unmet medical needs of the community and promoting access to quality healthcare.

THE YEAR AT A GLANCE

TOTAL EMPLOYEES: 968*



74% OF TOTAL
COMMERCIAL OPERATIONS
HEADCOUNT IS IN SALES



28% FEMALES
ARE IN LEADERSHIP
POSITIONS

*includes Commercial Operations, Industrial Affairs, Vaccines, Genzyme (Specialty Care) & Afghanistan business

GENDER BALANCE**

Commercial Operations

FEMALE **7%** MALE **93%**

Industrial Affairs

FEMALE **12%** MALE **88%**

**includes contractual employees

PRESCRIPTIONS

Almost
220,000
Sanofi prescriptions
are generated daily



7TH
ranked company with
80 MILLION
prescriptions annually

Flagyl[®]
4TH
ranked product with
24 MILLION
prescriptions

As per Rx data MAT S1 2020



is ranked
#4
among MNC pharma
in Pakistan & #11 in
overall industry

Flagyl[®]
#13
product in
the industry



97%
market share**



75%
market share*

As per PKPI data MAT Dec 2020 (trade sales-out figures, excluding institutional sales)

*Gelatin Solution and Starches market

**Anti-coagulants market

TOP 5 PRODUCTS (GROWTH)



16.2%



107.5%



15.2%

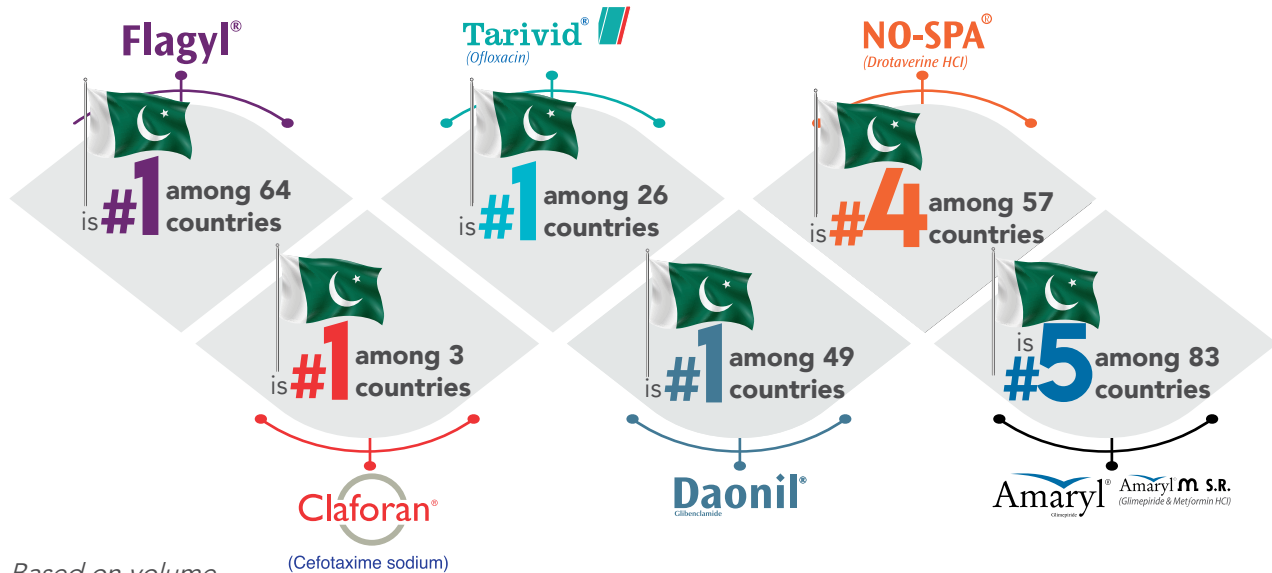


33.1%



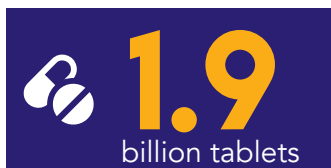
68.3%

Based on absolute increase in product sales



Based on volume

2020 PRODUCTION VOLUMES



NET SALES

PKR **14,108**
MILLION



PROFIT AFTER TAX

PKR **493**
MILLION



EPS (EARNINGS PER SHARE)

PKR **51.12**
PER SHARE

DIRECTORS' PROFILE

Directors		Other Engagements
<p>SYED BABAR ALI Chairman, Non-Executive Director</p>	Chairman	<ul style="list-style-type: none"> • Ali Institute of Education • Babar Ali Foundation • Coca Cola Beverages Pakistan Limited • IGI Holdings Limited • Industrial Technical & Educational Institute • National Management Foundation • Syed Maratib Ali Religious & Charitable Trust Society • Tetra Pak Pakistan Limited • Tri-Pack Films Limited
<p>Date of Joining Board Prior to the listing of the Company in 1977</p>	Board Member	<ul style="list-style-type: none"> • Gurmani Foundation
	Director	<ul style="list-style-type: none"> • Nestle Pakistan Limited
	Member - Governing Body	<ul style="list-style-type: none"> • Lahore University of Management Sciences (LUMS)
	Trustee	<ul style="list-style-type: none"> • The Layton Rahmatullah Benevolent Trust
<p>SYED HYDER ALI Non-Executive Director</p>	Director/CEO	<ul style="list-style-type: none"> • Packages Limited and Packages Convertors Limited
<p>Date of Joining Board February 22, 1987</p>	Director	<ul style="list-style-type: none"> • Babar Ali Foundation • Bulleh Shah Packaging (Private) Limited • Flexible Packages Convertors (Pty) Limited • IGI General Insurance Limited • IGI Holdings Limited • IGI Investments (Private) Limited • IGI Life Insurance Company Limited • National Management Foundation • Nestle Pakistan Limited • Packages Real Estate (Private) Limited • Packages Lanka (Private) Limited • Pakistan Centre for Philanthropy • Syed Maratib Ali Religious & Charitable Trust Society • Tri-Pack Films Limited
	Member	<ul style="list-style-type: none"> • Ali Institute of Education • International Chamber of Commerce, Pakistan • Lahore University of Management Sciences (LUMS) • World Wide Fund for Nature – Member Advisory Council
<p>ARSHAD ALI GOHAR Non-Executive Director</p>	Director	<ul style="list-style-type: none"> • Ali Gohar & Company (Private) Limited • AGT Holdings (Private) Limited • AGC (Private) Limited
<p>Date of Joining Board February 11, 2011</p>		

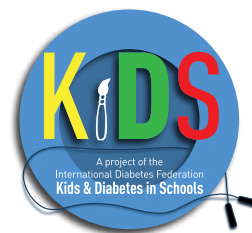
Directors		Other Engagements
IMTIAZ AHMED HUSAIN LALIWALA Independent Director	Director	<ul style="list-style-type: none"> Pakistan Petroleum Limited
Date of Joining Board April 25, 2017	Member	<ul style="list-style-type: none"> Board of Governors of The Kidney Centre Post Graduate Training Institute Audit Oversight Board
ASIM JAMAL Chief Executive Officer	Director	<ul style="list-style-type: none"> Pakistan France Business Alliance (PFBA) Technobiz (Private) Limited
Date of Joining Board June 1, 2015	Member	<ul style="list-style-type: none"> Board of Governors of National Management Foundation (Governing body of LUMS) Board of Studies of Institute of Health Management – Dow University of Health Sciences
YASSER PIRMUHAMMAD Chief Financial Officer	Member	<ul style="list-style-type: none"> Board of Trustees of sanofi-aventis Pakistan Limited Provident Fund Board of Trustees of sanofi-aventis Pakistan Limited Gratuity Fund Board of Trustees of sanofi-aventis Pakistan Limited Pension Fund Board of Trustees of sanofi-aventis Pakistan Limited Workers' Profit Participation Fund
Date of Joining Board January 1, 2016		
SHAHID ZAKI Independent Director	Director	<ul style="list-style-type: none"> HESCO (Hyderabad Electric Supply Company)
Date of Joining Board May 20, 2020		
MARC-ANTOINE LUCCHINI Non-Executive Director	Director	<ul style="list-style-type: none"> Sanofi India Limited AO Sanofi Russia Sanofi Aventis S.A.
Date of Joining Board May 20, 2020		
HERMES MARTET Non-Executive Director	Director	<ul style="list-style-type: none"> PT Aventis Pharma Sanofi Manufacturing Pte Limited Genzyme Singapore Pte Limited Aventis Pharma Manufacturing Pte Limited Sanofi Aventis Singapore Pte Limited
Date of Joining Board May 20, 2020		
NAIRA ADAMYAN Non-Executive Director	Director	<ul style="list-style-type: none"> None
Date of Joining Board April 23, 2019		
REHMATULLAH KHAN WAZIR Independent Director	Director	<ul style="list-style-type: none"> None
Date of Joining Board May 20, 2020		

CORPORATE SOCIAL RESPONSIBILITY

CSR is about Sanofi's responsibility vis-à-vis society. We believe in close relationships with our stakeholders and we believe we are responsible for contributing to the sustainable development of our communities

KIDS (KiDS and Diabetes in Schools)

The 3rd wave of the KiDS (Kids & Diabetes in Schools) program was launched in February 2020 with Sanofi Pakistan signing a Memorandum of Understanding with the National Education Foundation (NEF) – an autonomous body of the Ministry of Federal Education and Professional Training, Islamabad. Under this partnership, Sanofi Pakistan will conduct awareness sessions across the 45 community schools of NEF between 2020 & 2023.



KiDS is an educational program co-created by Sanofi with the International Diabetes Federation (IDF), in collaboration with the International Society for Pediatric and Adolescent Diabetes (ISPAD). Pakistan was the third country in the world to launch the program in 2016 after Brazil and India.

The KiDS program primarily targets teachers, school nurses, school staff, students (6-14 years) and parents, while also involving policy makers and government officials. The program aims to foster a safe and supportive school environment for children with type 1 diabetes to manage their condition and avoid discrimination. It also seeks to promote the benefits of a healthy diet and the importance of physical activity among school-age children while raising awareness of diabetes.

Initial sessions at NEF schools were conducted in February 2020, educating over 15 faculty members and school staff & 137 students.



Contribution to fight COVID-19

Sanofi Pakistan launched a robust awareness campaign on social media to keep the public informed and updated on the COVID-19 situation and preventive measures for keeping safe.

The campaign comprised of awareness videos, instructional messages of healthcare professionals, polls, and key messages and content from the website of World Health Organization (WHO) designed for the general public.



Advocating Active Lifestyle

The Covid-19 pandemic necessitated nationwide lockdown after mid-March, resulting in closure of public places, including parks, schools, gyms and other recreational spots. There was growing concern amongst health experts all over the world about the deteriorating mental and physical health of children and adults alike, during the challenging times of the pandemic.

To reinforce the importance of an active lifestyle and a healthy/balanced diet during lockdown, Sanofi Pakistan launched a social media campaign "Active Bachay, Healthy Bachay".



Parents from all over Pakistan shared videos and photos of their children performing various physical and mental health activities while also capturing healthy food intake. The campaign was launched in connection with the KiDS program which also seeks to promote the benefits of a healthy diet and the importance of physical activity among school-age children while raising awareness of diabetes.

Combating Environmental Issues

- To promote biodiversity of our site, over 300 native trees & plant species were grown, including Araucaria, Mango Tree, Chiko Tree, Coconut Tree & Neem Trees.
- To reduce our carbon footprints, various measures were adopted, such as efficient utilization of machinery & energy monitoring system.
- 100% environmentally compliant Wastewater Treatment Plant is available at Site to ensure safety of marine life.



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

Muhammad Yousuf

Head of Internal Audit

Muhammad Abu Bakar

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisors

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

Registrar & Share Transfer

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

Contact

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

URL

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





SANOFI

OUR PRODUCTS

Sanofi addresses the spectrum of healthcare needs ranging from wellness to prevention and from management & treatment to cure.



DIABETES (ORALS)

Amaryl[®]
Glimepiride

Amaryl m S.R.
(Glimepiride & Metformin HCl)

Amaryl[®] (Glimepiride) and **Amaryl**[®] **MSR** (Glimepiride + Metformin) are oral blood glucose-lowering drugs of the sulfonylurea class, administered once a day to treat type 2 diabetes in combination with diet and lifestyle modification.

Daonil[®]
Glibenclamide

Daonil[®] (Glibenclamide) is an oral blood glucose-lowering drug belonging to the sulfonylurea class. Daonil[®] is used in the treatment of Type 2 diabetes and is used in conjunction with proper diet and exercise to decrease blood sugar levels.

 **Neodipar**[®]
(Metformin HCl)

Neodipar[®] (Metformin) is an oral blood glucose-lowering drug that helps control blood sugar levels. It is used for the management of type 2 diabetes. At times, Neodipar[®] is used in combination with insulin or other medications for better efficient blood glucose control.

DIABETES (INSULINS)


Toujeo[®]
insulin glargine 300U/mL

Toujeo[®] (Insulin Glargine U300) is the next-generation insulin glargine which works like the human body's natural insulin and is designed to provide steady control over 24 hours. Toujeo[®] provides stable glycemic control over 24 hours and provides dosing flexibility with less risk of hypoglycemia.


LANTUS[®]
insulin glargine

Lantus[®] (Insulin Glargine) works by lowering levels of glucose (blood sugar) in the blood. Insulin glargine is a long-acting form of insulin that is slightly different from other forms of insulin that are not man-made.

 **SoloSTAR**[®]

SoloSTAR[®] is an insulin delivery device / disposable pen, for Lantus[®] (insulin Glargine) and Toujeo[®] (insulin Glargine U300). It enables patients to inject up to 80 IUs of insulin, in one shot- if advised by the physician. It is designed to meet the everyday needs of people with diabetes, making insulin injection almost painless as slight pressure suffices to inject the right dose (30% less force than similar devices).


APIDRA[®]
insulin glulisine

Apidra[®] (Insulin Glulisine) is a rapid-acting insulin analog indicated to improve blood sugar levels in adults with type 2 diabetes or adults and children with type 1 diabetes.

The primary activity of insulin Glulisine, is regulation of glucose metabolism. **Apidra**[®] is available in a pre-filled SoloStar pen. Each pen contains 3 ml solution, equivalent to 300 Units.

ONCOLOGY



Thyrogen[®] (thyrotropin alfa for injection) is an injectable protein designed to be identical to natural human thyroid-stimulating hormone (TSH). Thyrogen[®] is administered prior to radioactive iodine ablation or diagnostic testing in patients with thyroid cancer. Thyrogen[®] raises the levels of TSH in the body, which is important when preparing for radiation therapy or in monitoring the recurrence of thyroid cancer.



Jevtana[®] (Cabazitaxel) is an anti-cancer medicine used with the steroid medicine prednisone. Jevtana[®] is used to treat men with prostate cancer that is resistant to medical or surgical treatments that lower testosterone and has worsened after treatment with other medicines, including docetaxel.



Taxotere[®] (Docetaxel) is an anti-cancer medicine used to treat certain people with breast cancer, non-small cell lung cancer, ovarian cancer, head and neck cancer, stomach cancer and prostate cancer.



Eloxatin[®] (Oxaliplatin) is an anti-cancer medicine that is used with other anti-cancer medicines called 5-fluorouracil and folinic acid to treat adults with: stage III colon cancer after surgery to remove the tumor and advanced/metastatic colon or rectal cancer (colorectal cancer).



Fludara (Fludarabine Phosphate) is an anti-cancer medicine that interferes with the growth and spread of cancer cells in the body. Fludara[®] is used to treat adults with B-cell chronic lymphocytic leukemia (CLL) after other medicines have been tried without successful response to treatment.

NEPHROLOGY



Renvela[®] (Sevelamer carbonate) is known as a phosphate binder which helps control phosphorus levels in the body of patients of Chronic Kidney Disease (CKD). Sevelamer has the largest body of peer-reviewed evidence among all phosphate binders, demonstrating its clinical benefits in hyperphosphatemic patients.

ORGAN TRANSPLANTATION



Thymoglobuline[®] { Anti-Thymocyte Globulin (rabbit) } is used for prevention and treatment of graft rejection in solid organ transplantation, graft-versus-host disease following haematopoietic stem cell transplantation, and treatment of aplastic anemia. Thymoglobuline works by suppressing the body's immune system.

UROLOGY



Xatral® (Alfuzosin) is used for symptomatic treatment of Benign Prostatic Hyperplasia which is a condition where the prostate gland enlarges but is not cancerous (i.e. it is benign). Enlarged prostate occurs primarily in older men and can cause problems in passing urine.

PAIN MANAGEMENT

NO-SPA®
(Drotaverine HCl)

No-Spa® (Drotaverine HCl) is used as an antispasmodic in the management of biliary-tract, urinary-tract, and gastrointestinal spasm. No-Spa® is indicated in the management of irritable bowel syndrome, renal colic, biliary colic, and the management of severe pain during menstruation

MuscoRil®
(thiocolchicoside)

Muscoril® (Thiocolchicoside) is a muscle relaxant drug with anti-inflammatory and analgesic properties. It is used as adjuvant treatment of painful muscle contractures in actual spinal pathology.

ANTIEMETIC

Stemetil®
(Prochlorperazine)

Stemetil® (Prochlorperazine maleate) is used to treat nausea, vomiting and dizziness due to various causes, including migraine (severe headache).

ALLERGY MANAGEMENT

Telfast®
(Fexofenadine HCl)

Telfast® D
(Fexofenadine HCl + Pseudoephedrine HCl)

Telfast® (Fexofenadine) is an effective and potent antihistaminic agent. It is indicated for the treatment of allergic rhinitis, hay fever and chronic idiopathic urticaria. The **Telfast-D®** (Fexofenadine + Pseudoephedrine) formulation combines this antihistaminic with a prolonged-release decongestion agent.

Avil®
(Pheniramine maleate)

One of the oldest and most trusted antihistamines, **Avil®** (Pheniramine maleate) is used to treat allergic conditions such as hay fever or urticaria.

Nasacort® AQ
(triamcinolone acetonide) Nasal Spray

Nasacort® (Triamcinolone acetonide) allergy nasal spray is a once-a-day treatment for hay fever. Nasacort® prevents the body from releasing the chemicals that cause the symptoms of hay fever (sneezing, itching and a runny or blocked nose) and controls symptoms.

PHENERGAN®

Phenergan® (Promethazine) is one of the most established antihistamines in the local market. It is useful in perennial and seasonal allergic rhinitis, allergic conjunctivitis, urticaria and pruritis. Phenergan® also prevents motion sickness and treats nausea and vomiting after surgery and is effective in the relief of apprehension and inducing light sleep from which a patient can easily be aroused.

Tixylix®

Tixylix® contains Promethazine hydrochloride and Pholcodine in a pleasant blackcurrant flavor. Tixylix® is indicated for the symptomatic relief of dry cough and as an adjuvant in the treatment of upper respiratory tract infections in children. It is also useful for the relief of irritating night cough and spasm of whooping cough in children.

SLEEP DISORDERS

Stilnox®

Zolpidem 10mg scored tablets

Stilnox® (Zolpidem) is a hypnotic which is indicated in the short-term treatment of insomnia. It rapidly induces sleep that is qualitatively close to natural sleep and devoid of certain side effects that are characteristic of the benzodiazepine class as a whole. Its action lasts for a minimum of six hours, and it is generally well tolerated, allowing the patient to awake with a reduced risk of impaired attention, decreased alertness, or memory lapses throughout the day.

EMERGENCY CARE

Haemaccel®

Polygeline 3.5%

Haemaccel® (Polygeline) is an emergency care / life-saving product. It is a plasma substitute for volume replacement used to correct or avert circulatory insufficiency due to plasma / blood volume deficiency, resulting from bleeding or from a shift in plasma volume between the circulatory compartments. It is a ready-for-use solution for intravenous infusion and can also be used as a carrier solution for various medicines. Polygeline is recommended by the World Health Organization (WHO) on its list of 'Essential Medicines 2019'.

CARDIOLOGY

Plavix®

(clopidogrel hydrogen sulphate)
75mg, 300mg tablets

Plavix® (Clopidogrel) is used to prevent blood clots after a recent heart attack or stroke, and in people with certain disorders of the heart or blood vessels. It prevents blood clots (thrombi) from forming in hardened blood vessels (arteries), a process known as atherothrombosis, which can lead to atherothrombotic events (such as stroke, heart attack, or cardiovascular death).

CoPlavix®

Clopidogrel 75mg/Acetylsalicylic acid 75mg

CoPlavix® (Clopidogrel and Acetylsalicylic acid) is used to prevent blood clots from forming in hardened blood vessels (a process known as atherothrombosis) which can lead to events such as stroke, heart attack or cardiovascular death.



Aprovel® (Irbesartan) is indicated for the treatment of hypertension and renal disease in type 2 diabetes. It acts by blocking the effect of angiotensin II, the hormone responsible for constriction of blood vessels, thereby permitting the normalization of arterial blood pressure.



CoAprovel® (Irbesartan + Hydrochlorothiazide) is indicated for treatment of hypertension. It may be used either alone or in combination with other antihypertensive agents. CoAprovel® may also be used as initial therapy in patients who are likely to need multiple drugs to achieve their blood pressure goals.



Cordarone® (Amiodarone hydrochloride) is an antiarrhythmic. It is used for the treatment of severe heart rhythm disorders, not responding to other therapy or when other treatments cannot be used. Cordarone® works by helping the heart to regain a normal rhythm.



Clexane® (Enoxaparin sodium) is the most widely studied and used low molecular weight heparin (LMWH) in the world. Clexane® is an anti-coagulant used to inhibit the formation of clots in veins and arteries, thereby preventing possible acute or chronic complications associated with deep vein or arterial thrombosis



Tritace® contains the active ingredient Ramipril, which is an ACE inhibitor. It is used to treat high blood pressure and heart failure. It may also be used as treatment following a heart attack (myocardial infarction) complicated with heart failure or to reduce the risk of heart attack or stroke.



CoTritace® is a combination product with two active ingredients: Ramipril and Hydrochlorothiazide. It is used to lower blood pressure in essential hypertension when treatment with a combination product is needed.



Winstor® (Atorvastatin) is a member of the drug class known as statins, used for lowering cholesterol. This drug is indicated for prevention of cardiovascular disease (heart attack or stroke), to lower cholesterol and other harmful types of cholesterol in the body and to slow the progression of heart disease.



Lasix (Furosemide) / **Lasoride** (Furosemide + Amiloride HCl) is a diuretic that improves the elimination of water and salts (electrolytes) in the urine. It is used to treat hypertension and fluid retention due to diseases of the heart, liver or kidneys.

ANTIBIOTICS

Flagyl®

Introduced in 1979, **Flagyl®** (Metronidazole) is an established brand of Sanofi which has won the trust of millions of physicians over the years across Pakistan. It is indicated in the prophylaxis and treatment of infections in which anaerobic bacteria have been identified or are suspected to be the cause. It is also effective for the treatment of parasitic infections caused by trichomonas vaginalis or entamoeba histolytica known to cause diarrheal disease.

Tarivid®

(Ofloxacin)

Tarivid® (Ofloxacin) is a Fluroquinolone antibiotic prescribed to adults in bacterial infections due to ofloxacin-susceptible micro-organisms including Pyelonephritis, Prostatitis, Epididymitis, Orchitis, and Pelvic inflammatory disease. Ofloxacin may be used as an alternative to other usual anti-infectives in Uncomplicated cystitis and urethral infections, Complicated skin and soft-tissue infections, Bone and joint infections, Acute sinusitis, Acute exacerbation of chronic bronchitis, community acquired pneumonia and in prevention of infections due to ofloxacin susceptible pathogens.

Claforan®

(Cefotaxime sodium)

Claforan® (Cefotaxime) is a third-generation cephalosporin injectable antibiotic for the treatment of a wide range of infections including those of the respiratory tract, skin and soft tissues, urinary tract, and meningitis due to susceptible pathogens in both adults and children. It is also indicated for surgical prophylaxis (i.e. prevention of surgical infections).

Aventriax®

(Ceftriaxone Sodium)

Aventriax® (Ceftriaxone) is a third-generation cephalosporin antibiotic. Like other third-generation cephalosporins, it has broad spectrum activity against Gram-positive and Gram-negative bacteria. This drug is indicated for the treatment of lower respiratory tract infections, acute bacterial otitis media, skin infections, bone and joint infections, intra-abdominal and urinary tract infections, pelvic inflammatory disease (PID), uncomplicated gonorrhea, bacterial septicemia, and meningitis. Ceftriaxone injection is also given before certain types of surgery to prevent infections that may develop after the operation.

ORELOX® Tablet

(Cefpodoxime Proxetil Tablet U.S.P.)

Orelox® (Cefpodoxime Proxetil) is an antibiotic for treatment of bacterial infections. It is a broad-spectrum antibiotic that kills a wide variety of bacteria that cause commonly-occurring infections of the upper and lower airways, skin and soft tissue. It may also be used to treat urinary tract infections.

TAVANIC®

(Levofloxacin)

Tavanic® (Levofloxacin) is used to treat bacterial infections. Levofloxacin works by killing the bacteria that are causing an infection. As levofloxacin is effective against a large number of bacteria, it is indicated for the treatment of infections due to levofloxacin-susceptible micro-organisms which includes: Hospital-acquired pneumonia, complicated urinary tract infections and pyelonephritis, Prostatitis and Anthrax Inhalation (post exposure prophylaxis and curative treatment). Levofloxacin may be used as an alternative to other usual anti-infective in Acute sinusitis, Acute exacerbation of chronic bronchitis, Uncomplicated cystitis, Community-acquired pneumonia, Complicated skin and soft tissue infections.



Targocid[®] (Teicoplanin) injection is an antibiotic. It is used to kill bacteria responsible for infections which can occur in your blood (sepsis), bones or joints. This antibiotic is generally used when the bacteria causing the infection are not satisfactorily eliminated by other antibiotics or when patients may be allergic to other antibiotics.



This antibiotic targets a wide range of bacterial infections and is commonly used to treat respiratory tract conditions such as acute bronchitis, tonsillitis and pneumonia. **Rulid**[®] (Roxithromycin) also combats bacterial infections in the body's genitals, gastrointestinal tract and soft tissues.

ANTI-DIARRHEALS



Secnidazole forte is a synthetic derivative of the group of Nitroimidazoles. It is indicated in Intestinal amoebiasis, hepatic amoebiasis, giardiasis, urethritis and vaginitis due to *Trichomonas vaginalis*.



Enterogermina[®] (*Bacillus clausii*) is an oral suspension, ready-to-drink probiotic offered in single dose. It restores the right balance of bacteria in the gut in case of gastrointestinal disorder. Enterogermina[®] can be used for management of diarrhea in children and adults.

EPILEPSY



Frisium[®] (Clobazam) belongs to a class of medications called benzodiazepines and is effective against all seizure types. It is used mainly as an add-on (adjunctive) medication for primary generalized and partial seizure disorders, but it also can be effective when used alone.

RARE DISORDERS



Myozyme[®] (Alglucosidase alfa) contains an enzyme that naturally occurs in the body in healthy people. Some people lack this enzyme because of a genetic disorder. Myozyme[®] helps replace this missing enzyme to treat a glycogen storage disorder called Pompe disease, in adults and children who are at least 8 years old.

Myozyme[®] has been shown to improve ventilator-free survival in patients with infantile-onset Pompe disease.



Aubagio[®] (Teriflunomide) is used to treat relapsing forms of multiple sclerosis (MS), to include clinically isolated syndrome, relapsing-remitting disease, and active secondary progressive disease, in adults. Aubagio is effective in reducing relapses, decreasing brain lesions, and slowing disability progression.

CONSUMER HEALTHCARE



Selsun Blue® contains Selenium sulfide which cuts dandruff and a certain scalp infection (Seborrheic dermatitis). It reduces itching, flaking, irritation, and redness of the scalp. Selsun Blue® shampoo targets the source to control dandruff, and leaves hair clean and healthy looking.

VACCINES



Menactra is a safe and effective vaccine that helps protect against meningococcal disease, including meningococcal meningitis and meningococcal sepsis. Menactra is given to people 9 months through 55 years of age to help prevent meningococcal disease (including meningitis) caused by certain strains of meningococcal bacteria.



Verorab is a vaccine used to help prevent rabies infection in people who have been, or are likely to be, bitten, licked or scratched by an animal that has rabies. Rabies is a serious infection caused by a virus. The virus affects the brain. Verorab works by causing the body to protect itself against rabies. The body makes substances which fight the rabies virus.



Typhim helps prevent typhoid fever, which is caused by a bacterium called Salmonella typhi. The organism which causes typhoid fever can be passed on through contaminated food or water.



Vaxigrip is used to help prevent influenza ('flu') especially in people who have a high risk of experiencing complications as a result of flu. New types of influenza virus can appear each year hence vaccination is recommended every year for anyone who wishes to reduce their chance of becoming ill with the flu.

VACCINES



VaxigripTetra is the newest addition to the **Vaxigrip** family of influenza vaccines. The quadrivalent vaccine provides broader protection to children from 6 months of age and adults for the prevention of influenza disease caused by the two influenza A virus subtypes and the two influenza B virus types.

Annual revaccination with influenza vaccine is recommended given the duration of immunity provided by the vaccine and because circulating strains of influenza virus might change every year.



Stamaril is a vaccine that provides protection against a serious infectious disease called yellow fever. Yellow fever occurs in certain areas of the world and is spread to man through the bites of infected mosquitoes.

Stamaril is given as a single dose to adults and children from 6 months of age.



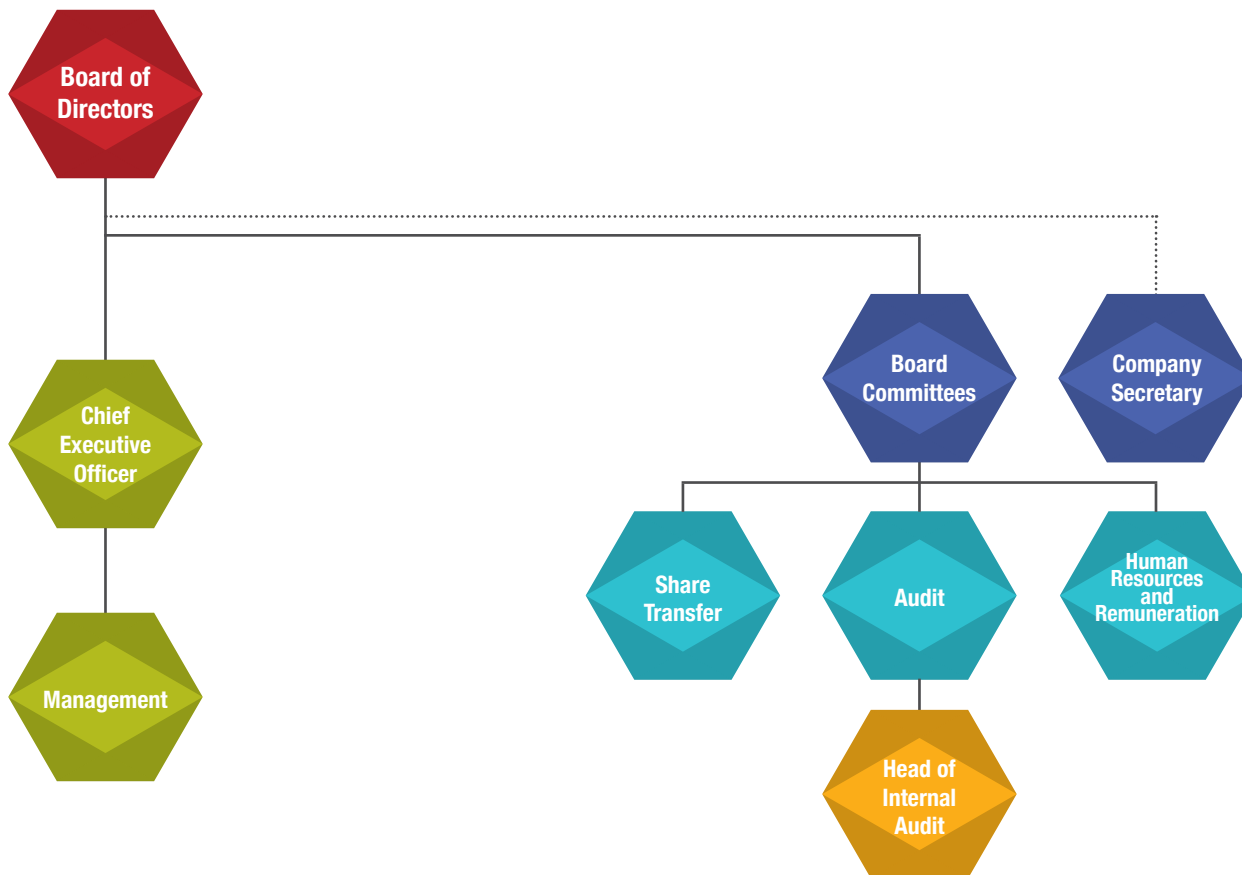
Hexaxim (DTaP-IPV-HB-Hib) is indicated for primary and booster vaccination of infants and toddlers from six weeks of age against diphtheria, tetanus, pertussis, hepatitis B, poliomyelitis and invasive diseases caused by *Haemophilus influenzae* type b (Hib). The vaccine works by causing the body to produce its own protection (antibodies) against the bacteria and viruses that cause these different infections.

Hexaxim should be administered intramuscularly.

GOVERNANCE

Corporate governance is a system of structures and processes for the direction and control of organizations. It is a process through which balance of duties and responsibilities between shareholders, management and the board are defined. Thus enabling an organization to maintain the right balance of power and accountability, while striving to achieve its objective of enhancing shareholder value. sanofi-aventis Pakistan limited fully implements the principles of Corporate Governance in general and the Code of Corporate Governance in specific.

Shareholders



Composition of Board

The Board comprises of 11 Directors out of which 6 are Non-Executive, 3 are Independent and 2 are Executive Directors. The Chairman of the Board is a Non-Executive Director representing minority interest. The roles of Chairman and the CEO have been segregated and responsibilities have been clearly defined. The CEO is responsible for operations of the Company, whereas the Board, under the Chairman, performs oversight responsibilities.

Board Committees

The Board has formed following Committees in line with the best practices and requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019:

Board Audit Committee

The Board Audit Committee assists the Board in fulfilling its responsibilities related to the financial reporting process, the system of internal control over financial reporting, risk management and internal controls assessment and the Company's process for monitoring compliance with laws and regulations.

The Board Audit Committee comprises of 3 Directors, 2 of whom are Independent Directors, while 1 is a Non-Executive Director. The Chairman of the Board Audit Committee is an Independent Director. The Head of Internal Audit & Controls, Muhammad AbuBakar is the secretary of the Board Audit Committee.

Human Resources and Remuneration Committee

This Committee assists the Board in fulfilling its responsibilities in the formulation and implementation of Human Resource Policies and in the appointment, remuneration and succession of CEO, CFO, Company Secretary, Head of Internal Audit & Controls and other senior positions.

The Committee comprises of two Non-Executive and one Independent Director. The Chairman of the Committee is an Independent Director. The Director Human Resources, Shakeel Mapara is the Secretary of the Human Resources and Remuneration Committee.

Board Share Transfer Committee

The Board Share Transfer Committee has been authorized by the Board to approve transfer of shares. All share transfer resolutions are ratified by the Board in subsequent meetings.

Board Performance Evaluation

The Code of Corporate Governance stipulates that the Board should put in place a mechanism for an annual evaluation of its own performance. In line with this requirement, the Board has set a well-defined criteria for the evaluation of its performance, which focuses on the following areas:

- Board's Effectiveness
- Role of Non-Executive Directors
- Effectiveness of Board Committees
- Role of the Chairman

During the year, an evaluation was carried out on the above defined criteria and results thereof were discussed by the Board.

Performance Evaluation of the Chief Executive

The performance of the Chief Executive (CEO) is based on the criteria defined by Sanofi, which takes into account both qualitative as well as quantitative parameters. The Board is fully aware of the criteria and is involved in the performance assessment of the CEO.



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INDEPENDENT AUDITORS' REVIEW REPORT

To the members of sanofi-aventis Pakistan Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of sanofi-aventis Pakistan Limited for the year ended 31 December 2020 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 2020.

Chartered Accountants

Place: Karachi

Date: 22 March 2021

STATEMENT OF COMPLIANCE

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

For the year ended December 31, 2020

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2019 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 Listed Companies (Code of Corporate Governance) Regulations, 2019 (here-in-after referred as '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 Company encourages representation of Independent Non-Executive Directors and Directors representing minority interests on its Board. At present the Board composition is as follows:

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

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 entity and the minority shareholders.

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 called "Code of Ethics" 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. A complete record of particulars of significant policies along with the dates on which they were approved or amended 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 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 Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedure for remuneration of Directors in accordance with the Companies Act, 2017 and the Regulations.
9. The Company is compliant with Regulation 19(1) of the Regulations as half of the Directors have either already attended the directors' training as required in previous years or meet the exemption criteria as contained in the Regulations.
10. The Board approves the appointment, remuneration and terms & conditions of employment of the Chief Financial Officer (CFO), Company Secretary and the Head of Internal Audit and complies with the relevant requirements of Regulations.
11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. 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.

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

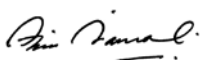
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of the meetings of the committees were as follows:

Committee	Date of Meeting	Nature
Board Audit Committee	March 3, 2020	For the Year Ended December 31, 2019
Board Audit Committee	April 28, 2020	For the Quarter Ended March 31, 2020
Board Audit Committee	August 26, 2020	For the Half Year Ended June 30, 2020
Board Audit Committee	October 27, 2020	For the Quarter Ended September 30, 2020
Human Resource and Remuneration Committee	November 12, 2020	For the Year 2020

15. The Board has setup up an effective Internal Audit and Control function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the 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 Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017 and the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.


Syed Babar Ali
Chairman


Asim Jamal
Chief Executive Officer

Karachi: March 02, 2021

CHAIRMAN'S REVIEW REPORT

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of sanofi-aventis Pakistan Limited highlighting the Company's performance and achievements for the year ended December 31, 2020.

The year 2020 was the year of COVID-19. It was a year of unprecedented challenges and significant changes for companies as well as people. Like most countries, in Pakistan too, the healthcare sector was identified as one of the critical industries. Hence your Company continued to operate throughout the year to ensure manufacture and availability of quality medicines across the country.

The Company faced challenges at the import stage, due to lockdowns across the world, as well as on sales due to lockdown within the country, particularly inability to meet healthcare professionals or visit hospitals and clinics. In addition to logistical issues, the depreciation of Pak Rupee also impacted the results of the Company. Despite these challenges, the management of the Company ensured business continuity, while ensuring safety and wellbeing of employees.

At the global level, a new company strategy was announced by Group CEO, Paul Hudson, and implementation commenced. The objective is to deliver transformative medicines to patients and reinvent care, in the quickest way possible. To achieve this ambition, the Company needs to be ready to '*Play to Win*'. This encompasses new behaviors, new ways of working and a new organization.

Designed to drive growth and unleash fresh inspiration across all Sanofi's activities, the '*Play to Win*' strategy is based on four key priorities:

1. **Focus on growth:** Portfolio prioritization to strengthen profile
2. **Lead with innovation:** Bring transformative therapies to patients
3. **Accelerate efficiency:** Decisive actions to expand margins
4. **Reinvent how we work:** Empowerment and accountability

During the year, Sanofi Pakistan also adjusted its corporate strategy to align with the above.

Review of Financial Performance

As mentioned above, the Company's operations were significantly impacted due to national as well as international lockdowns, closure of businesses, unavailability of logistics service providers, closure of ports, clinics as well as restricted or no access to healthcare providers. To minimize the impact of these challenges, the Company adapted innovative and digital means to reach out to its customers. The Company also ensured, through its distribution partners, that all its products were available in every licensed pharmacy across the country.

Key Financial Highlights

- Net sales of the Company closed at Rs. 14,108 million, a decline of 2.7% from last year.
- Gross profit margins in the current year improved to 27% from 25.7% last year.
- Profit after tax reached Rs. 493 million as compared to Rs.155 million last year.
- Earnings per share stand at Rs. 51.12 per share (2019: Rs. 16.05 per share).

Board's Function and Decision Making

The function of the Board as stewards on behalf of shareholders is governance of the Company. The Board, under the leadership of its Chairman, kept fully engaged with management during this challenging year, by giving guidance to management and monitoring their achievements.

Board's Annual Performance Evaluation

As required by the Listed Companies (Code of Corporate Governance) Regulations, 2019, an annual performance evaluation needs to be conducted to assess the Board's overall performance and effectiveness. The Board has completed its annual self-evaluation for the year ended December 31, 2020.

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



Syed Babar Ali

Karachi: March 02, 2021

مالیاتی کارکردگی کا جائزہ

جیسا کہ اوپر ذکر کیا گیا، ملکی اور عالمی لاک ڈاؤنز، کاروباری بندش، لاجسٹک سروس فراہم کرنے والوں کی عدم دستیابی، پورٹس کی بندش، کلیٹنکس کی بندش کے ساتھ طبعی ماہرین تک محدود رسائی کی بدولت کمپنی کے آپریشنز شدید متاثر ہوئے۔ ان مسائل کے اثرات میں کمی لانے کے لیے، کمپنی نے اپنے صارفین تک رسائی کے جدید اور ڈیجیٹل ذرائع اختیار کئے۔ کمپنی نے اپنے ڈسٹری بیوشن پارٹنرز کے ذریعے اس بات کو یقینی بنایا کہ ملک بھر میں ہر لائسنس یافتہ فارمیسی کے پاس اس کی پروڈکٹس موجود ہوں۔

اہم مالیاتی جھلکیاں

- کمپنی کی مجموعی سیلز گزشتہ سال کے مقابلے میں 2.7% کمی کے ساتھ 14.1 ارب روپے رہی۔
- رواں سال مجموعی منافع جات گزشتہ سال کے 25.7% سے بڑھ کر 27% تک پہنچ گئے۔
- رواں سال منافع بعد از ٹیکس 493 ملین روپے ریکارڈ کیا گیا جو گزشتہ سال 155 ملین روپے تھا۔
- فی شیئر منافع 51.12 روپے فی شیئر رہا (2019: 16.05 روپے فی شیئر)

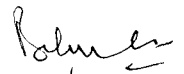
بورڈ کی ذمہ داری اور فیصلہ سازی

شیئر ہولڈرز کی طرف سے بورڈ کمپنی کی گورننس کی نگرانی کا کام سرانجام دیتا ہے۔ اس مشکل سال کے دوران بورڈ اپنے چیئرمین کی رہنمائی میں انتظامیہ کے ساتھ مکمل طور پر مصروف عمل رہا، انتظامیہ کی رہنمائی کی اور ان کی کامیابیوں کا جائزہ بھی لیتا رہا۔

بورڈ کی سالانہ کارکردگی کا جائزہ

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تحت بورڈ کی مجموعی کارکردگی اور سرگرمی کا سالانہ جائزہ لیا گیا۔ بورڈ نے 31 دسمبر 2020 کو ختم شدہ سال کے لیے اپنی کارکردگی کے جائزے کو مکمل کیا ہے۔

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


سید بابر علی

کراچی: 2 مارچ، 2021

چیرمین کی جائزہ رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے، مجھے 31 دسمبر 2020 کو ختم شدہ سال کے لیے سنوئی اینڈس کی سالانہ رپورٹ پیش کرتے ہوئے خوشی ہے، جس میں کمپنی کی کارکردگی اور کامرانیوں پر روشنی ڈالی گئی ہے۔

2020 کا سال کورونا کی وبا کا سال تھا۔ یہ سال کمپنیوں کے ساتھ عوام کے لیے بھی نمایاں تبدیلیوں اور سنگین مشکلات کا سال رہا۔ دیگر ممالک کی طرح، پاکستان میں بھی صحت کے شعبے کو خاص اہمیت حاصل رہی۔ اس لیے آپ کی کمپنی نے سال بھر اپنے امور جاری رکھے تاکہ ملک میں معیاری ادویات کی تیاری اور فراہمی کو یقینی بنایا جائے۔

دنیا بھر میں لاک ڈاؤن کے سبب کمپنی کو اپورٹ کے مرحلے میں شدید مسائل کے ساتھ ملک بھر میں لاک ڈاؤن کے نتیجے میں خاص طور پر صحت کے ماہرین سے ملاقات یا ہسپتالوں اور کلینکس میں جانے سے قاصر رہنے کی وجہ سے سیلز پر منفی اثرات کا سامنا کرنا پڑا۔ لاجسٹکس کے مسائل کے علاوہ روپے کی قدر میں کمی نے کمپنی کے معاشی نتائج پر منفی اثرات مرتب کئے۔ ان مسائل کے باوجود، کمپنی کی انتظامیہ نے ملازمین کی صحت اور حفاظت کو یقینی بناتے ہوئے کاروباری تسلسل کو برقرار رکھا۔

عالمی سطح پر، گروپ سی ای او، پال ہڈسن کی جانب سے کمپنی کی نئی پالیسی کا اعلان کیا گیا اور اس پر عمل کا آغاز کیا گیا۔ جس کا مقصد مریضوں کو تغیر پذیر ادویات کی دستیابی اور جدید معالجے کی ممکنہ حد تک فوری دستیابی ہے۔ اس عزم کو پانے کے لیے، کمپنی کو ”پلے ٹوون“ کے لیے تیار رہنے کی ضرورت ہے۔ اس میں نئے ضابطہ اخلاق، کام کے نئے طریقے اور ادارے کی از سر نو تشکیل شامل ہے۔

سنوئی کے تمام امور میں ترقی پانے اور نئی سوچ کو پروان چڑھانے کے لیے مرتب کردہ ”پلے ٹوون“ کی منصوبہ بندی درج ذیل چار اہم ترجیحات پر مشتمل ہے:

- 1- ترقی پر توجہ: پروفاکٹل کو مضبوط بنانے کے لیے پورٹ فولیو کی ترجیح مرتب کرنا
- 2- جدت پر گامزن: مریضوں کو تغیر پذیر تھراپی سے روشناس کرانا
- 3- اثر انگیزی کو بڑھانا: منافع بڑھانے کے لیے فیصلہ کن امور تشکیل دینا
- 4- کام کرنے کے طریقہ میں جدت: با اختیار بنانے اور احتساب کے عمل پر توجہ

دوران سال، سنوئی پاکستان بھی مذکورہ بالا منصوبہ بندی پر عمل درآمد کے لیے کوشاں رہی۔

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, 2020. 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.

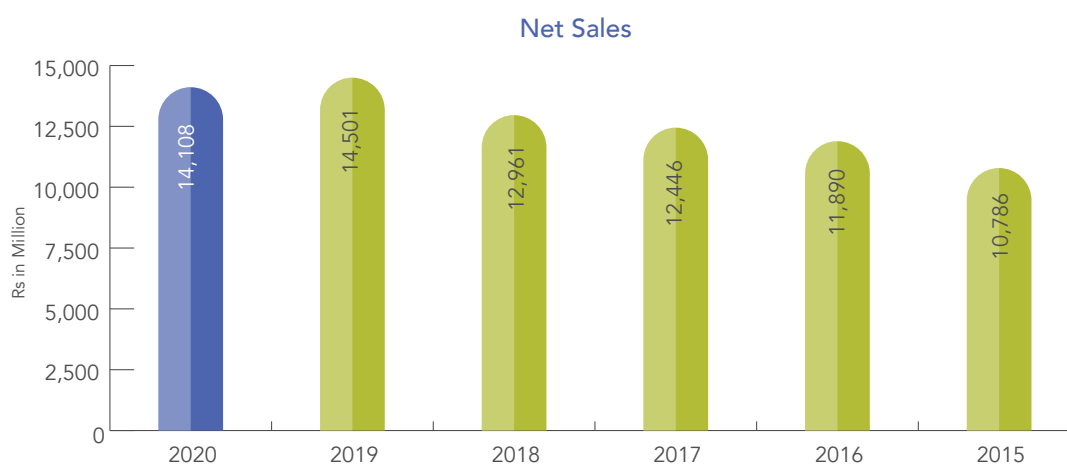
Performance Overview

The year 2020 was the year of COVID-19. It was a year of unprecedented challenges and significant changes for companies as well as people. Like most countries, in Pakistan too, the healthcare sector was identified as one of the critical industries, hence your Company continued to operate throughout the year to ensure manufacture and availability of quality medicines across the country.

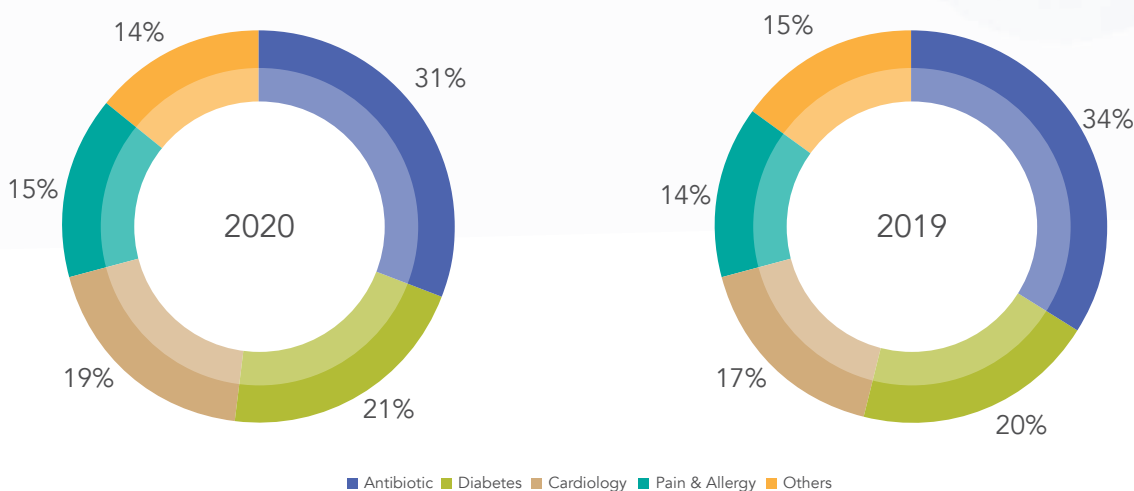
Key Financial Highlights – Full Year 2020

Amounts in Million	2020	2019
Net Sales	14,108	14,501
Gross Profit	3,805	3,725
Gross Profit %	27%	25.7%
Operating Profit	938	619
Operating Profit %	6.6%	4.3%
Finance Cost	58	72
Profit after tax	493	155
Earnings per share (Rupees)	51.12	16.05

The net sales of the Company, for the year ended December 31, 2020, declined by 2.7% from Rs. 14,501 million last year to Rs. 14,108 million. The primary reason for this shortfall was the closure of HCP clinics during lockdown period.



The sales split between different therapeutic products is as follows:



Antibiotic, Diabetes and Cardiology maintained their momentum of being the highest contributors accounting for 71% of the total net sales of the Company. Sales from Antibiotic declined to Rs. 4,466 million from Rs. 4,968 million last year witnessing a decline of 10.1% which was mainly due to decline in sales of Flagyl® by 7.8%, which contributes to 66% of Antibiotic sales.

Sales from Diabetes portfolio reached Rs. 2,944 million from Rs. 2,843 million last year depicting a growth of 3.6%. Major contributors to the sales were Amaryl®, Lantus® and Daonil®. However, growth was mainly driven by Lantus® which grew by 15.2% during the year.

Sales from Cardiology reached to Rs. 2,641 million from Rs. 2,445 million registering a growth of 8% mainly driven by Clexane®, Plavix® and Lasix® which grew by 16.2%, 9% and 17% respectively.

Gross margin for the year increased from Rs. 3,725 million to Rs. 3,805 million in absolute terms and from 25.7% to 27% as a percentage of net sales, due to various initiatives taken by the Company, including rationalization of commercial conditions, price increases, management of destructions etc.

Distribution and marketing expenses decreased to 14% from 16.1% as compared to last year. This reduction was mainly due to reduction in costs related to marketing activities and decrease in travel costs due to lockdown and slow economic activity.

Net exchange loss on foreign currency payments and liabilities amounted to Rs.273 million (2019: Rs.117 million). This was mainly due to continued rupee devaluation during the year, which depreciated by around 7.4% against US Dollar over the period 2019-2020.

Due to the reasons explained above, Profit After Tax for the year ended December 31, 2020 stands at Rs. 493 million (2019: Rs.155 million).

Cash flow Strategy and Position

During the year, the Company took various measures to improve its cashflow position which included changing distributor model, streamlining the payment cycle, reduction in borrowings. However, some of these efforts were partially offset by increase in inventories which were maintained at higher levels to ensure availability of quality medicines for patients.

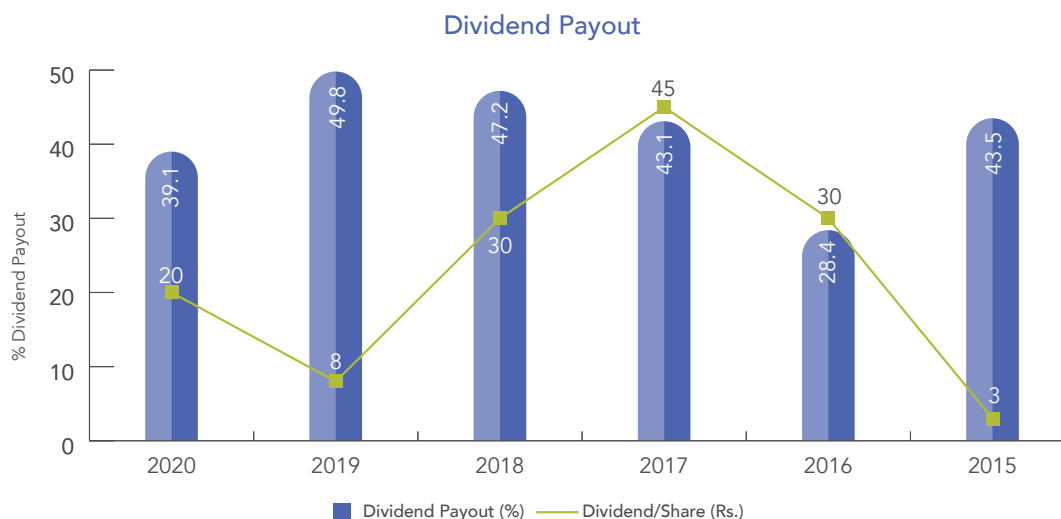
The Company has implemented a cash flow monitoring system whereby cash inflows and outflows are projected and monitored on a regular basis to minimize borrowings resulting in lower financing cost. Short-term borrowings obtained from various banks during the year decreased to Rs. 233 million as compared to previous year (2019: Rs. 448 million). These measures resulted in decrease in financing cost to Rs. 58 million

(2019: Rs. 72 million). In addition, reduction of interest rates by the government also resulted in positive impact for the Company.

The Company also availed the refinance scheme introduced by State Bank of Pakistan to support continued employment in the COVID environment. The loan obtained amounted to Rs. 328 million at a markup of 1.5% repayable in 2.5 years. This scheme eased liquidity challenges during the pandemic.

Dividend

The Directors of the Company recommend a final dividend of Rs. 20 per share (200%), amounting to Rs. 192.895 million subject to the approval of the shareholders in Annual General Meeting to be held on April 23, 2021.



Internal Audit and Controls

The Company has setup an effective internal audit and controls 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 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.

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 are in place and are working effectively and any significant issues are escalated to higher management and the Board. The Head of Internal Audit & Controls also acts as the Risk Management coordinator for the Company.

Strategic risks are managed by the Board of Directors with the assistance of Country Leadership while operational risks are managed by management with the assistance of Internal Audit and Controls function.

Some key areas which can impact the Company's operations are:

- Pricing of pharmaceutical products
- Currency devaluation
- Counterfeit products
- Product liability claims
- Disruption in supplies of raw materials

Strategic Shift “Play to Win”

At the global level, a new company strategy was announced by Group CEO, Paul Hudson. The objective is to deliver transformative medicines to patients and reinvent care, in the quickest way possible. To achieve this ambition, the Company needs to be ready to ‘Play to Win’. This encompasses new behaviors, new ways of working and a new organization.

Designed to drive growth and unleash fresh inspiration across all Sanofi’s activities, the ‘Play to Win’ strategy is based on four key priorities:

Focus on growth: Portfolio prioritization to strengthen profile

Lead with innovation: Bring transformative therapies to patients

Accelerate efficiency: Decisive actions to expand margins

Reinvent how we work: Empowerment and accountability

During the year, Sanofi Pakistan also adjusted its corporate strategy to align with the above.

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, Team Work, 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 targets.

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.

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 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 carries out regular training of the staff.

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 115 to 117.
- The value of investments of provident, gratuity and pension funds based on their accounts (un-audited) as at December 31, 2020 was as follows:

	Rs. in '000
Provident Fund	618,096
Gratuity Fund	604,273
Pension Fund	830,716

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

Annual Analyst Briefing

The Company organized a corporate briefing session on October 20, 2020 as per the requirement of the Pakistan Stock Exchange in order to engage with the stakeholders and investors. CEO and CFO of the Company provided key business insights of the Company, its operational and financial performance and the key challenges being faced by the industry in general and specific to the Company.

Related Party Transactions

All related party transactions, during the year 2020, 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 the transfer pricing methods and the policy with related parties approved by the Board previously. The Company also maintains a full record of all such transactions, along with the terms and conditions. For further details please refer note 30 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.

Composition of the Board of Directors

During the year, election of the Board of Directors of the Company was held on May 20, 2020. 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	Naira Adamyan* - Non-Executive
Syed Hyder Ali - Non-Executive	Hermes Martet - Non-Executive
Asim Jamal - Chief Executive Officer	Marc-Antoine Lucchini - Non-Executive
Imtiaz Ahmed Husain Laliwala - Independent	Yasser Pirmuhammad - Chief Financial Officer
Arshad Ali Gohar - Non-Executive	Shahid Zaki - Independent
Rehmatullah Khan Wazir - Independent	

*Female Director

During the year 2020, 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	4
Yasser Pirmuhammad	4
Syed Hyder Ali	4
Arshad Ali Gohar	4
Imtiaz Ahmed Husain Laliwala	4
Rehmatullah Khan Wazir**	2
Shahid Zaki**	2
Thomas Rouckout*	-
Ana Arcos*	-
Naira Adamyan	-
Hermes Martet**	-
Marc Antoine Lucchini**	-

* Retired on May 20, 2020

**Elected on May 20, 2020

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

Trading of shares by Directors, CFO, Company Secretary & Other Executives

During the year, Rehmatullah Khan Wazir, Independent Director, purchased 25 shares. The requirements of local laws for disclosure of this transaction were duly complied.

Apart from above, no trade was carried out in shares of the Company by the Directors, CEO, CFO, Company Secretary, Executives or their spouses & minor children during the year.

Directors' Remuneration

The Company pays a standard fee to Non-Executive Directors, including Independent Directors for attending the Board meetings and meetings of the Board Committees. The fee, decided 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 31 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 Husain 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)

Holding Company

The Company is a subsidiary of Sanofi Foreign Participations 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 of the Company remains Sanofi S.A., France.

Pattern of shareholding

The pattern of shareholding along with categories of shareholders as at December 31, 2020 as required under section 227 of the Companies Act, 2017 is presented on page 110 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, 2020 and have issued an unqualified report. The auditors shall retire at the conclusion of Annual General Meeting on April 23, 2021 and being eligible, have offered themselves for reappointment for the year 2021. As suggested by the Audit Committee, the Board recommends their reappointment for the year ending December 31, 2021.

Future Outlook

The pharmaceutical market in Pakistan is a growing market. With a large and growing population base, the Pakistan pharmaceutical market is expected to continue to grow significantly. The Directors are confident that your Company will benefit from this opportunity and grow based on the following strategic pillars:

Focus on growth: Portfolio prioritization that allows us to focus on commercially and financially feasible products, thereby improving profitability.

Lead with innovation: Increased focus on digitalization and multi-channel engagement with healthcare providers.

Accelerate efficiency: Leaner leadership and team structures to promote accountability and cost effectiveness.

Reinvent how we work: Creating a more agile organization through greater empowerment.

General


The Board looks forward to the forthcoming Annual General Meeting of shareholders to discuss Company's performance during the year 2020 and is thankful for the trust and confidence reposed in the Board by the shareholders.

The Board would like to take this opportunity to acknowledge and thank all stakeholders, employees, customers, suppliers, shareholders, bankers and all others for their continued support and loyalty

By order of the Board



Syed Babar Ali
Chairman



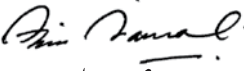
Asim Jamal
Chief Executive Officer


Karachi: March 02, 2021

بورڈ اپنے آنے والے سالانہ اجلاس عام برائے حصص یافتگان میں سال 2020 کے دوران کمپنی کی کارکردگی پر غور کرے گا، اور حصص یافتگان کی جانب سے بورڈ پر اعتماد اور بھروسے کے لیے شکر گزار ہے۔

بورڈ اس موقع پر اپنے تمام اسٹیک ہولڈرز، ملازمین، کسٹمرز، سپلائرز، شیئرز ہولڈرز، بینکرز اور تمام دیگر افراد کا شکریہ ادا کرنا چاہتا ہے جنہوں نے اپنے تعاون اور وفاداری کا سلسلہ جاری رکھا۔

بحکم بورڈ


عاصم جمال
چیف ایگزیکٹو آفیسر


سید باقر علی
چیئرمین

کراچی: 02 مارچ، 2021

ہولڈنگ کمپنی

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

شیئر ہولڈنگ کا طریقہ

کمپنی ایکٹ 2017 کے سیکشن 227 کے تحت 31 دسمبر، 2020 کو شیئر ہولڈرز کی درجہ بندی کے ساتھ شیئر ہولڈنگ کے طریقہ کے لیے مالیاتی اسٹیٹمنٹ بیانات کا صفحہ 110 ملاحظہ کیجیے۔

آڈیٹرز

موجودہ بیرونی آڈیٹرز، میسرز ارنسٹ اینڈ یانگ فورڈر ہوڈس، چارٹرڈ اکاؤنٹنٹس نے 31 دسمبر، 2020 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 23 اپریل 2021 کو سبکدوش ہو جائیں گے اور اہل ہونے کی وجہ سے انھوں نے خود کو دوبارہ برائے سال 2021 تفرری کے لیے پیش کیا ہے۔ آڈٹ کمیٹی کی جانب سے تجویز کے مطابق، بورڈ نے ان کے 31 دسمبر 2021 تک ختم ہونے والے سال کے لیے تفرری کی سفارش کر دی ہے۔

مستقبل پر نظر

پاکستان میں فارماسیوٹیکل مارکیٹ ایک ترقی پذیر مارکیٹ ہے۔ زیادہ اور بڑھتی ہوئی آبادی کے پیش نظر، پاکستان میں فارماسیوٹیکل مارکیٹ کے تیزی سے ترقی کرنے کے امکانات ہیں۔ ڈائریکٹرز با اعتماد ہیں کہ آپ کی کمپنی اس موقع سے فائدہ اٹھائے گی اور مستقبل میں حکمت عملی کے درج ذیل نکات کی بنیاد پر ترقی کی منازل طے کرے گی:

- 1- ترقی پر توجہ: پورٹ فولیو پر توجہ دینا جس سے تجارتی اور مالیاتی طور پر مناسب پروڈکٹس پر توجہ دے کر منافع میں اضافہ کرنا
- 2- جدت پر گامزن: ڈاکٹروں کے ساتھ ڈیجیٹل اور دیگر چینلز کے ذریعے مصروف عمل رہنے پر توجہ
- 3- اثر انگیزی کو بڑھانا: منافع بڑھانے کے لیے فیصلہ کن امور تشکیل دینا
- 4- کام کرنے کے طریقہ میں جدت: با اختیار بنانے اور احتساب کے عمل پر توجہ دینا

ڈائریکٹرز کا مشاہرہ

کمپنی نان ایگزیکٹو ڈائریکٹرز کو بشمول آزاد ڈائریکٹر بورڈ کے اجلاسوں اور بورڈ کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے مشاہرہ ادا کرتی ہے۔ مشاہرے 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 چیئرمین کے مشاہرے کی بھی منظوری دی ہے کیونکہ وہ چیئرمین بورڈ کی ذمہ داریوں کے علاوہ انتظامیہ کو رہنمائی اور مفید مشورے بھی فراہم کرتے ہیں۔ نان ایگزیکٹو ڈائریکٹرز بشمول آزاد ڈائریکٹر اور چیئرمین کو ادا کیے جانے والے مشاہرے کی تفصیلات مالیاتی بیانات کے نوٹ 31 میں موجود ہیں۔

آڈٹ کمیٹی

بورڈ کی آڈٹ کمیٹی درج ذیل ممبرز پر مشتمل ہے:

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

ہیومن ریسورس اور مشاہرہ کے لیے کمیٹی

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

-	امتیاز احمد حسین لالی والا	چیئرمین (آزاد ڈائریکٹر)
-	سید حیدر علی	رکن (نان۔ ایگزیکٹو ڈائریکٹر)
-	ارشد علی گوہر	رکن (نان۔ ایگزیکٹو ڈائریکٹر)

شیئر ٹرانسفر کمیٹی

شیئر ٹرانسفر کمیٹی میں درج ذیل ارکان شامل ہیں:

-	عاصم جمال	(ایگزیکٹو ڈائریکٹر۔ سی ای او)
-	یاسر پیر محمد	(ایگزیکٹو ڈائریکٹر۔ سی ایف او)

سال 2020 کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	اجلاس میں حاضر ہونے کی تعداد
سید بابر علی	4
عاصم جمال	4
یاسر بی محمد	4
سید حیدر علی	4
ارشاد علی گوہر	4
امتیاز احمد حسین لالی والا	4
رحمت اللہ خان وزیر**	2
شاہد ذکی**	2
تھامس روکوٹ*	-
آنا آرکوس	-
نانزا ایڈامیان	-
ہرس مارٹیٹ**	-
مارک اینٹونی لیوچینی**	-
20* مئی، 2020 کو ریٹائر ہو گئے	
20** مئی، 2020 کو منتخب ہوئے	

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، سی ایف او، کمپنی سیکریٹری اور دیگر ایگزیکٹوز کی جانب سے شیئرز کی ٹریڈنگ

گزشتہ سال کے دوران، رحمت اللہ خان وزیر، آزاد ڈائریکٹر نے 25 شیئرز خریدے۔ اس ٹرانزیکشن کو ظاہر کرنے کے لیے تمام مقامی قوانین پر مکمل طور پر عمل کیا گیا۔

مذکورہ بالا کے علاوہ، گزشتہ سال کے دوران کمپنی کے شیئرز میں ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری، ایگزیکٹوز اور ان کے شریک حیات اور چھوٹے بچوں نے کوئی تجارت نہیں کی۔

متعلقہ فریق کی ٹرانزیکشنز

سال 2020ء کے دوران تمام متعلقہ فریق کی 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 کو ٹرانسفر پالیسی کے طریقہ کار اور متعلقہ فریقوں کے ساتھ منسلک بورڈ کی پہلے سے منظور شدہ پالیسی کے تحت کی گئیں۔ کمپنی کے پاس ایسی تمام ٹرانزیکشنز کا مکمل ریکارڈ، بمع شرائط و ضوابط محفوظ ہے۔ مزید تفصیلات کے لیے براہ مہربانی مالیاتی بیانات کا نوٹ 30 ملاحظہ فرمائیں۔

ضابطہ اخلاق اور عملدرآمد

قوانین پر عملدرآمد کا کمپنی کے کاروبار میں انتہائی اہم حصہ ہے جو کہ ہمارے 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 عملدرآمد کے لیے روبرو تربیت اور ایک ای لرننگ پلیٹ فارم بھی دستیاب ہے جو تمام جغرافیائی حدود کے معیارات کا احاطہ کرتا ہے۔ کمپنی نے شکایات اور تجاوز درج کرانے کے لیے بھی موثر پروگرام متعارف کرایا ہے، جس تک تمام شعبہ جات کے ملازمین آسانی سے رسائی حاصل کر سکتے ہیں۔

بورڈ آف ڈائریکٹرز کی تشکیل

رواں سال، کمپنی کے بورڈ آف ڈائریکٹرز کے انتخابات 20 مئی، 2020ء کو منعقد ہوئے۔ اب بورڈ میں 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 - چیئرمین، نان ایگزیکٹو ڈائریکٹر	نان ایڈامیان - نان ایگزیکٹو ڈائریکٹر*
سید حیدر علی - نان ایگزیکٹو ڈائریکٹر	ہرمس مارٹین - نان ایگزیکٹو ڈائریکٹر
عاصم جمال - چیف ایگزیکٹو آفیسر	مارک اینٹونی لیوچینی - نان ایگزیکٹو ڈائریکٹر
انتیاز احمد حسین لالی والا - آزاد ڈائریکٹر	یاسر بیچیر محمد سی ایف او
ارشاد علی گوہر - نان ایگزیکٹو ڈائریکٹر	شاہد ذکی - آزاد ڈائریکٹر
رحمت اللہ خان وزیر - آزاد ڈائریکٹر	

*خواتین ڈائریکٹر

کارپوریٹ اور مالیاتی رپورٹنگ کا ضابطہ

- کمپنی انتظامیہ کی جانب سے تیار کردہ، مالیاتی بیانات شفاف طریقے سے پیش کیے گئے ہیں، ان میں تمام معاملات، پیداواری عمل کے نتائج، زرگردش نقدی اور ایکویٹی میں تبدیلیاں شامل ہیں۔
- کمپنی کے کھاتوں کا حساب کتاب اچھی طرح سے رکھا جاتا ہے۔
- مالیاتی بیانات کی تیاری کے دوران اکاؤنٹنگ پالیسیز پر تسلسل کے ساتھ عملدرآمد کیا جاتا ہے اور اکاؤنٹنگ کے تخمینے مناسب اور محتاط فیصلوں پر مبنی ہوتے ہیں۔
- مالیاتی بیانات کی تیاری کے دوران پاکستان میں لاگو انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز پر عملدرآمد کو یقینی بنایا گیا ہے۔
- اندرونی ضابطے کا نظام تشکیل کے اعتبار سے مستحکم ہے اور اس پر عملدرآمد اور اس کی نگرانی کا کام بھی منوثر طریقے سے کیا جاتا ہے۔
- اس بات میں کوئی شک و شبہ نہیں کہ کمپنی روبہ 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 وگردانی نہیں کی گئی۔
- اس رپورٹ کے ابتدائی صفحات میں گزشتہ سال کے مقابلے میں کاروباری نتائج میں فرق کی تفصیل کے ساتھ وضاحت کی گئی ہے اور اس کے اسباب پر بھی روشنی ڈالی گئی ہے۔
- اہم آپریٹنگ اور فنانشل ڈیٹا برائے گزشتہ چھ سال صفحہ نمبر 115 سے 117 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، 2020 پر درج ذیل ہے:

روپے 000 میں

618,096 پروویڈنٹ فنڈ

604,273 گریجویٹ فنڈ

830,716 پنشن فنڈ

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

سالانہ اینالسٹ بریفنگ

20 اکتوبر، 2020 کو پاکستان اسٹاک ایکسچینج کی ضرورت کے مطابق اسٹیک ہولڈرز اور سرمایہ کاروں کے لیے کمپنی نے ایک کارپوریٹ بریفنگ سیشن کا انتظام کیا۔ کمپنی کے سی ای او اور سی ایف او نے کمپنی کے کاروباری کارکردگی، اس کی آپریشنل اور فنانشل کارکردگی کے علاوہ فارما کی صنعت کو عمومی جبکہ خاص طور پر کمپنی کو درپیش مسائل پر روشنی ڈالی۔

دوران سال، سنوئی پاکستان بھی مذکورہ بالا منصوبہ بندی پر عمل درآمد کے لیے کوشاں رہی۔

سنوئی کا ماحول

سنوئی میں ہمیں اس بات پر فخر ہے کہ یہاں کام کرنے کے لیے یکساں مواقع دستیاب ہیں اور سنوئی کی اہم اقدار؛ یعنی سالمیت، ٹیم ورک، احترام اور عزم پر عمل درآمد کیا جاتا ہے۔ ضابطہ اخلاق کے ساتھ ساتھ، مذکورہ اہم اقدار ادارے میں بھائی چارے، شفافیت اور ترقی کی فضا ہموار کرتے ہیں۔

ہم اس بات کو یقینی بناتے ہیں کہ ہمت افزائی اور کام کرنے کی لگن سے سرشار ماحول میں ملازمین اپنی منزل تک پہنچ جائیں، اس کے لیے انھیں تمام ساز و سامان کے علاوہ تربیت سے سرشار کیا جاتا ہے تاکہ وہ موثر طریقے سے کارکردگی کا مظاہرہ کرتے ہوئے اپنے اہداف حاصل کر سکیں۔

ملازم کا بھروسہ اور وفاداری حاصل کرنا ہماری اولین ترجیح ہوتی ہے، جس کے لیے مضبوط سربراہانہ معاونت کی فراہمی سے اپنے اہداف کو حاصل کرنے کے لیے ان کا جذبہ اور عزم مستحکم ہو جاتا ہے۔

کارپوریٹ سماجی ذمہ داری (CSR)

کمپنی کی ملک بھر میں زندگیوں کو بہتر بنانے کے لیے کوشاں رہنے کی ایک لمبی تاریخ ہے، کمپنی اس بات سے آگاہ ہے کہ سماجی ذمہ داری کی سرگرمیوں سے زندگیوں پر مثبت اثرات مرتب ہوتے ہیں۔

2020 کے دوران منعقد کی جانے والی سی ایس آر سرگرمیاں سالانہ رپورٹ کے سی ایس آر سیکشن میں شامل ہیں۔

صحت، حفاظت اور ماحولیات (HSE)

کمپنی صحت، حفاظت اور ماحولیات (HSE) کے معیار کو انتہائی اعلیٰ سطح پر برقرار رکھنے کے لیے پر عزم ہے۔ کمپنی کی توجہ اس بات پر مرکوز ہے کہ صحت کے لیے نقصان دہ عوامل کی کمپنی کے اندر اور کمپنی حدود سے باہر نشاندہی اور خاتمے کے لیے اقدامات کیے جائیں۔

کمپنی کے پاس HSE کا ایک فعال شعبہ ہے جو کہ HSE کے مقاصد پر عملدرآمد کی نگرانی اور اعلیٰ انتظامیہ کو رپورٹ کرنے 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 مستقل بنیادوں پر تربیت کا بھی انتظام کرتا ہے۔

انٹرنل آڈٹ اور ضابطے

کمپنی کے پاس انٹرنل آڈٹ کا موثر انتظام ہے، جو بورڈ کو موجودہ انٹرنل کنٹرولز کی موثر کارکردگی کی یقین دہانی کراتا ہے۔ کمپنی کے رسک گورننس فریم ورک کی پابندی کرتے ہوئے، آڈٹ کمیٹی نے 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 عملدرآمد اور نگرانی کی گئی۔

رسک مینجمنٹ

کمپنی کو مختلف قانونی اور آپریشنل خطرات کا سامنا ہے۔ کمپنی میں انٹرنل کنٹرولز اینڈ رسک مینجمنٹ فریم ورک مصروف عمل ہے جو کہ یقینی بناتا ہے کہ خطرات سے نمٹنے کے لیے مناسب منصوبہ بندی کی گئی ہے اور یہ فریم ورک موثر طریقے سے کام کر رہا ہے اور کسی بھی اہم مسئلے کی نشاندہی کر کے اعلیٰ انتظامیہ اور بورڈ تک پہنچایا جاتا ہے۔ انٹرنل آڈٹ اور ضابطوں کے سربراہ کمپنی کے لیے رسک مینجمنٹ کو آرڈی نیٹر کے طور پر بھی کام کرتے ہیں۔

اسٹریٹجک خطرات کے ساتھ کنٹری لیڈرشپ کی مدد سے بورڈ آف ڈائریکٹرز کے ذریعے نمٹا جاتا ہے جبکہ آپریشنل خطرات کے ساتھ انٹرنل آڈٹ اینڈ کنٹرولز کی مدد سے انتظامیہ کے ذریعے نمٹا جاتا ہے۔

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

- فارماسیوٹیکل پروڈکٹس کی قیمتیں
- کرنسی کی قدر میں کمی
- جعلی پروڈکٹس
- پروڈکٹ کی مد میں ادائیگی کے دعوے
- خام مال کی فراہمی میں رکاوٹ

اسٹریٹجک شفٹ ”پلے ٹوون“

عالمی سطح پر، گروپ سی ای او، پال ہڈسن کی جانب سے کمپنی کی نئی پالیسی کا اعلان کیا گیا اس کا مقصد مریضوں کو تعمیر پذیر ادویات کی دستیابی اور جدید معالجے کی ممکنہ حد تک فوری دستیابی ہے۔ اس عزم کو پانے کے لیے، کمپنی کو ”پلے ٹوون“ کے لیے سرگرم رہنے کی ضرورت ہے۔ اس میں نئے ضابطہ اخلاق، کام کے نئے طریقے اور ادارے کی از سر نو تشکیل شامل ہے۔

سنوئی کے تمام امور میں ترقی پانے اور نئی سوچ کو پروان چڑھانے کے لیے مرتب کردہ ”پلے ٹوون“ کی منصوبہ بندی درج ذیل چار اہم ترجیحات پر مشتمل ہے:

- 1- ترقی پر توجہ: پروفائل کو مضبوط بنانے کے لیے پورٹ فولیو پر توجہ دینا
- 2- جدت پر گامزن: مریضوں کو متبادل تھراپی سے روشناس کرانا
- 3- اثر انگیزی میں اضافہ: منافع بڑھانے کے لیے فیصلہ کن امور تشکیل دینا
- 4- کام کرنے کے طریقہ میں جدت: باختیار بنانے اور احتساب کے عمل پر توجہ

کیش فلو کا انتظام

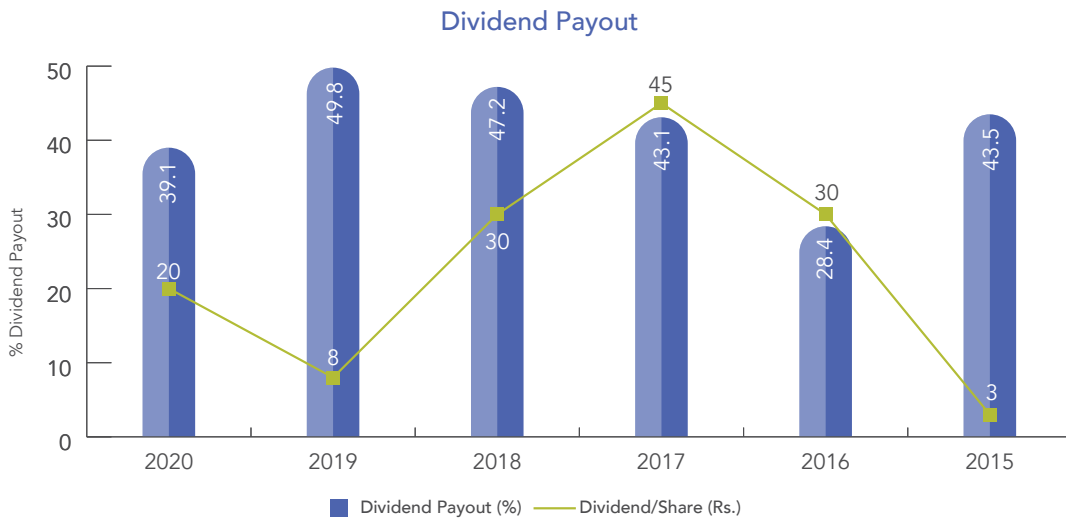
سال کے دوران، کمپنی نے اپنے کیش فلو کو بہتر بنانے کے لیے مختلف اقدامات اٹھائے جن میں ڈسٹری بیوٹر ماڈل کی تبدیلی، ادائیگی کے گردان میں بہتری اور قرضوں میں کمی شامل ہیں۔ البتہ، ان میں چند اقدامات کو انویٹریز میں اضافے نے جزوی طور پر آف سیٹ کیا جو کہ مریضوں کے لیے معیاری ادویات کی دستیابی کو یقینی بنانے کے لیے ضروری تھا۔

کمپنی نے کیش فلو مانیٹرنگ سسٹم پر عملدرآمد کیا جس میں کیش ان فلو اور آؤٹ فلو کی منصوبہ بندی اور نگرانی شامل ہے، جس کے نتیجے میں فنانشنگ کے اخراجات بھی کم ہوئے۔ مختلف بینکوں سے قلیل مدت کے لیے قرضے گزشتہ سال 448 ملین روپے کے مقابلے میں کم ہو کر 233 ملین روپے تک آگئے۔ ان اقدامات کے نتیجے میں فنانشنگ کے اخراجات گزشتہ سال 72 ملین روپے کے مقابلے میں کم ہو کر 58 ملین روپے رہ گئے۔ اس کے علاوہ، حکومت کی جانب سے شرح سود میں کمی کا بھی کمپنی پر مثبت اثر ہوا۔

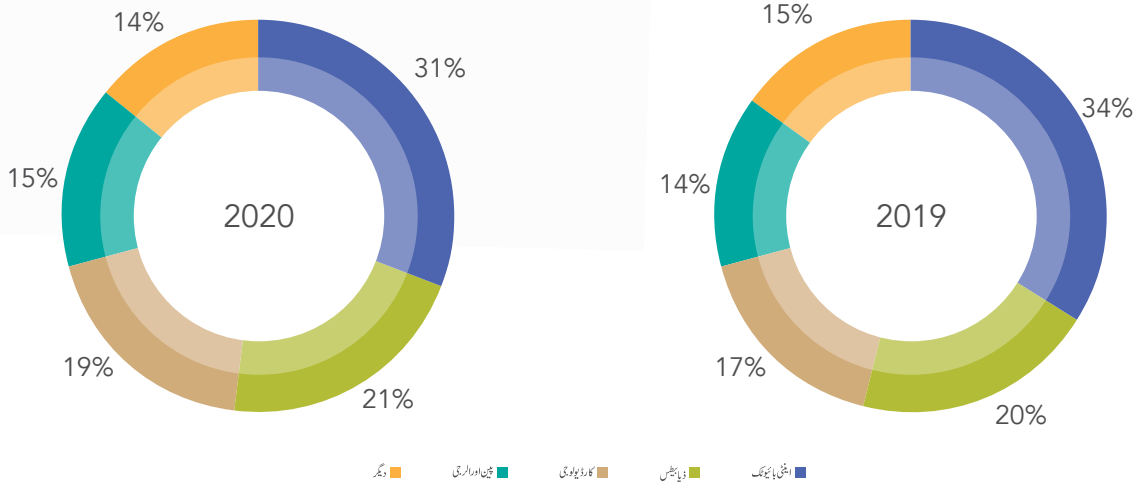
کورونا کی وبا سے پیدا ہونے والی صورتحال میں ملازمتوں کو برقرار رکھنے کے لیے بینک دولت پاکستان کی جانب سے متعارف کرائی گئی ری۔ فنانس اسکیم کو بھی کمپنی نے استعمال کیا۔ 328 ملین روپے کا قرضہ 1.5% مارک اپ پر حاصل کیا گیا جو ڈھائی سال کے عرصے میں واجب الادا ہے۔ اس اسکیم سے وبا کے دوران لیکویڈٹی کی مشکلات کو کم کرنے میں آسانی پیدا ہوئی۔

منافع منقسمہ

کمپنی کے ڈائریکٹرز نے 20 روپے فی شیئر (200%) کے حساب سے 192.895 ملین روپے حتمی منافع منقسمہ کی سفارش کی ہے، جس کی منظوری 23 اپریل، 2021 کو منعقد ہونے والے سالانہ اجلاس عام میں شیئر ہولڈرز دیں گے۔



علاج معالجے کے مختلف شعبوں میں سیلز کی تفصیلات درج ذیل ہے:



اینٹی بائیوٹک، ڈیپٹیس اور کارڈیولوجی، کمپنی کی مجموعی نیٹ سیلز میں 71% حصے کے ساتھ سرفہرست رہے۔ اینٹی بائیوٹک کی سیلز گزشتہ سال 4,968 ملین روپے کے مقابلے میں 10.1% کمی کے ساتھ 4,466 ملین روپے رہی، جس کی بڑی وجہ فلجیل® کی سیلز میں 7.8% کمی ہے جو کہ اینٹی بائیوٹک سیلز کا 66% حصہ ہے۔

ڈیپٹیس پورٹ فولیو کی سیلز گزشتہ سال کے 2,843 ملین روپے کے مقابلے میں 3.6% اضافے کے ساتھ 2,944 ملین روپے تک جا پہنچی۔ اس میں امارات، لیبینس اور ڈاویڈ کی سیلز کا حصہ سرفہرست رہا۔ البتہ، اضافے کی بنیادی وجہ لیبینس کی سیلز ہے جس میں 15.2% اضافہ ریکارڈ کیا گیا۔

کارڈیولوجی کی سیلز گزشتہ سال 2,445 ملین کے مقابلے میں 8% اضافے کے ساتھ 2,641 ملین روپے تک جا پہنچی۔ اس اضافے میں کلگیوین®، پلوکس® اور لاسکس® کی سیلز کا کردار رہا، جس میں بالترتیب 16.2%، 9% اور 17% اضافہ ہوا۔

مجموعی منافع 3,725 ملین روپے سے بڑھ کر 3,805 ملین روپے تک جا پہنچا جو کہ سیلز کی 25.7% سے بڑھ کر 27% ہو گیا۔ اس کی وجوہات میں تجارتی حالات کی رجعت کاری، قیمتوں میں اضافہ اور نقصانات پر قابو پانے والے اقدامات شامل ہیں۔

ڈسٹری بیوشن اور مارکیٹنگ کے اخراجات گزشتہ سال کے 16.1% کے مقابلے میں کم ہو کر 14% ہو گئے۔ اس بہتری کی خاص وجہ لاک ڈاؤن اور معاشی سرگرمیوں کی سست روی کے باعث مارکیٹنگ سرگرمیوں کے خرچوں اور سفری اخراجات میں کمی تھی۔

فارن کرنسی میں ادائیگیوں اور واجبات کی مد میں نیٹ زرمبادلہ کا خسارہ بڑھ کر 273 ملین روپے ہو گیا (2019: 117 ملین روپے) جس کی بنیادی وجہ پاکستانی روپے کی قدر میں مسلسل کمی تھی، جو کہ 2019-2020 کے عرصے میں امریکی ڈالر کے مقابلے میں تقریباً 7.4% تک رہی۔

مذکورہ بالا وجوہات کی بنا پر، 31 دسمبر، 2020 کو ختم شدہ سال کے لیے منافع بعد از ٹیکس 493 ملین روپے رہا (2019: 155 ملین روپے)۔

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز 31 دسمبر، 2020 کو ختم شدہ سال کے لیے سنوٹی- اینٹس پاکستان 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۔

کمپنی کی کارکردگی

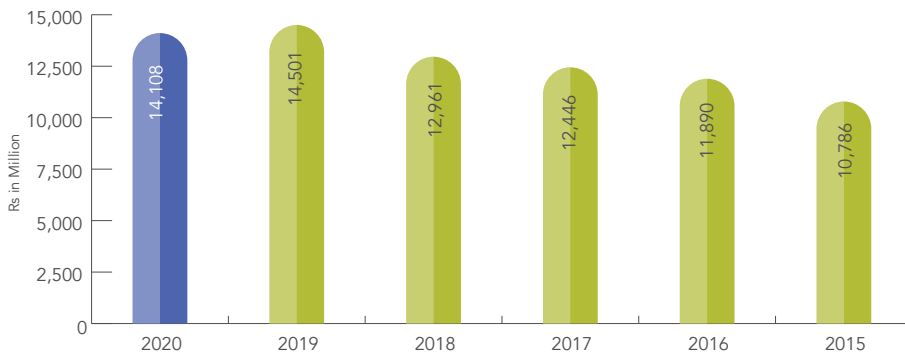
سال 2020، کورونا کی وبا کا سال تھا۔ یہ سال کمپنیوں کے ساتھ ساتھ عوام کے لیے بھی نمایاں تبدیلیوں اور سنگین مشکلات کا سال رہا۔ دیگر ممالک کی طرح، پاکستان میں بھی صحت کے شعبے کو خاص اہمیت حاصل رہی، اس لیے آپ کی کمپنی نے پورا سال اپنے امور جاری رکھے تاکہ ملک میں معیاری دواؤں کی تیاری اور فراہمی کو یقینی بنایا جائے۔

اہم مالیاتی جھلکیاں - سال 2020

رقم ملین میں	2019	2020
نیٹ سیلز	14,501	14,108
مجموعی منافع	3,725	3,805
مجموعی منافع %	25.7%	27%
آپریٹنگ منافع	619	938
آپریٹنگ منافع %	4.3%	6.6%
فنانس اخراجات	72	58
منافع بعد از ٹیکس	155	493
فی شیئر آمدنی (روپے)	16.05	51.12

31 دسمبر، 2020 کو ختم شدہ سال کے لیے کمپنی کی نیٹ سیلز گزشتہ سال کے 14,501 ملین روپے سے 2.7 فیصد کم ہو کر 14,108 ملین روپے ہو گئی۔ اس کمی کی بنیادی وجہ لاک ڈاؤن کے دوران ایچ سی پی کلینکس کا بند رہنا تھا۔

نیٹ سیلز





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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 2020, and the statement of profit or loss and 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 and 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 2020 and of the profit and other comprehensive income, 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 Matters

Key audit matters 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 matters:

Key audit matter	How the matter was addressed in our audit
Tax contingencies	
<p>As disclosed in note 20 to the financial statements, various tax matters are pending adjudication at various levels with the taxation authorities and other legal forums.</p> <p>The tax contingencies requires the management to make judgements and estimates in relation to the interpretation of tax laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Due to inherent uncertainties, management judgements and estimates involved in relation to such contingencies may be complex and can impact the financial statements.</p> <p>For reasons defined above, we have considered tax contingencies as a key audit matter.</p>	<p>Our key audit procedures in this area included, amongst others, a review of the correspondence of the Company with the relevant tax authorities and tax advisors including judgments or orders passed by the competent authorities.</p> <p>We also obtained and reviewed confirmations from the Company's external tax and legal advisors for their views on the status of such contingencies. Further, we have also received the tax position summary as at 31 December 2020 prepared by the management and vetted by the tax consultants to assess its reasonableness.</p> <p>We have also involved internal tax experts to assess and review the management's conclusions on the above matters and evaluated whether adequate disclosures have been made in the financial statements.</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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of 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 and 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 **Arif Nazeer**.

Chartered Accountants

Place: Karachi

Date: 22 March 2021

A member firm of Ernst & Young Global Limited



SANOFI



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FINANCIAL STATEMENTS

CONTENTS

60	Statement of Financial Position	112	Analytical Review
61	Statement of Profit or Loss	114	Statement of Value Added
62	Statement of Other Comprehensive Income	115	Operating & Financial Highlights
63	Statement of Cash Flows	118	Horizontal Analysis
64	Statement of Changes in Equity	119	Vertical Analysis
65	Notes to the Financial Statements	120	Notice of Annual General Meeting Proxy Form
110	Pattern of Shareholding		

STATEMENT OF FINANCIAL POSITION

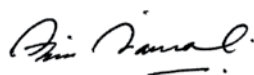
As at December 31, 2020

	Note	December 31, 2020	December 31, 2019
----- Rupees in '000 -----			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	3	1,741,583	1,650,113
Right-of-use assets	4	21,790	2,828
Intangible assets	5	3,604	5,646
		<u>1,766,977</u>	<u>1,658,587</u>
Long-term loans	6	3,119	4,742
Long-term deposits		13,643	13,643
Deferred taxation - net	7	123,773	108,183
		<u>1,907,512</u>	<u>1,785,155</u>
CURRENT ASSETS			
Stores and spares	8	48,273	62,165
Stock-in-trade - net	9	3,210,363	2,544,188
Trade debts - net	10	538,646	691,325
Loans and advances	11	88,694	119,103
Trade deposits and short-term prepayments	12	427,861	330,674
Other receivables - net	13	966,953	583,916
Taxation - net		1,411,809	1,548,734
Cash and bank balances	14	53,235	30,779
		<u>6,745,834</u>	<u>5,910,884</u>
TOTAL ASSETS		<u>8,653,346</u>	<u>7,696,039</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	15	96,448	96,448
Reserves	16	4,465,650	3,993,004
		<u>4,562,098</u>	<u>4,089,452</u>
NON-CURRENT LIABILITIES			
Long-term financing	17	163,622	-
Deferred liabilities		42,274	-
Lease liabilities	4	1,340	1,592
		<u>207,236</u>	<u>1,592</u>
CURRENT LIABILITIES			
Contract liabilities		57,927	79,594
Trade and other payables	18	3,396,136	3,054,420
Current maturity of long-term financing	17	143,758	-
Current maturity of deferred liabilities		16,340	-
Current maturity of lease liabilities	4	22,140	1,407
Accrued mark-up		5,599	12,883
Unclaimed dividend		9,279	9,138
Short-term borrowings	19	232,833	447,553
		<u>3,884,012</u>	<u>3,604,995</u>
CONTINGENCIES AND COMMITMENTS	20		
TOTAL EQUITY AND LIABILITIES		<u>8,653,346</u>	<u>7,696,039</u>

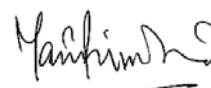
The annexed notes 1 to 39 form an integral part of these financial statements.



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer



Yasser Pirmuhammad
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

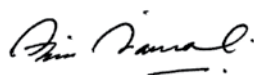
For the year ended December 31, 2020

	Note	December 31, 2020	December 31, 2019
		----- Rupees in '000 -----	
NET SALES	21	14,107,802	14,500,678
Cost of sales	22	(10,303,005)	(10,775,718)
GROSS PROFIT		3,804,797	3,724,960
Distribution and marketing costs	22	(1,978,071)	(2,328,707)
Administrative expenses	22	(573,212)	(519,540)
Other expenses	23	(365,032)	(350,404)
Other income	24	49,675	92,442
		(2,866,640)	(3,106,209)
OPERATING PROFIT		938,157	618,751
Finance costs	25	(58,305)	(72,372)
PROFIT BEFORE TAXATION		879,852	546,379
Taxation	26	(386,785)	(391,543)
PROFIT AFTER TAXATION		493,067	154,836
EARNINGS PER SHARE - basic and diluted (Rupees)	27	51.12	16.05

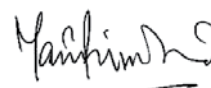
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Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer



Yasser Pirmuhamad
Chief Financial Officer

STATEMENT OF OTHER COMPREHENSIVE INCOME

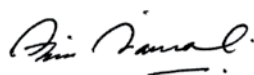
For the year ended December 31, 2020

	December 31, 2020	December 31, 2019
	----- Rupees in '000 -----	
Profit after taxation	493,067	154,836
Other comprehensive income		
Items that will not be reclassified to profit or loss in subsequent periods:		
Actuarial gain/(loss) on defined benefit plans	35,235	(148,346)
Deferred tax on actuarial gain/(loss) on defined benefit plans	(10,218)	43,020
	25,017	(105,326)
Total comprehensive income for the year	518,084	49,510

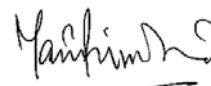
The annexed notes 1 to 39 form an integral part of these financial statements.



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer



Yasser Pirmuhammad
Chief Financial Officer

STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

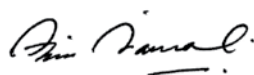
	December 31, 2020	December 31, 2019
Note	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	28 915,636	503,710
Finance costs paid	(61,762)	(59,387)
Interest on lease liability paid	(381)	(442)
Income tax paid	(275,668)	(368,471)
Retirement benefits paid	(181,199)	(107,298)
Long-term loans - net	1,623	830
Net cash generated from / (used in) operating activities	398,249	(31,058)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(485,373)	(392,009)
Deferred liability	36,000	-
Sale proceeds from disposal of operating fixed assets	54,665	41,040
Interest received	5	18
Net cash used in investing activities	(394,703)	(350,951)
CASH FLOWS FROM FINANCING ACTIVITIES *		
Dividends paid	17 (77,017)	(288,170)
Proceeds from long-term financing	328,428	-
Repayment of lease liabilities	(17,781)	(1,243)
Net cash generated from / (used in) financing activities	233,630	(289,413)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	237,176	(671,422)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	(416,774)	254,648
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	29 (179,598)	(416,774)

* No non-cash items are included in these activities

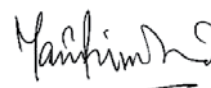
The annexed notes 1 to 39 form an integral part of these financial statements.



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer



Yasser Pirmuhammad
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

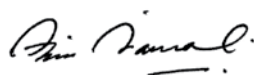
For the year ended December 31, 2020

	Capital Reserves				Revenue Reserves		Total
	Issued, subscribed and paid-up share capital	Long-term liabilities forgone	Difference of share capital under scheme of arrangement for amalgamation	Other	General reserve	Unappropriated profit	
----- Rupees in '000 -----							
Balance as at January 1, 2019	96,448	5,935	18,000	266,032	3,335,538	575,712	4,297,665
Transfer to general reserve	-	-	-	-	200,000	(200,000)	-
Final dividend @ Rs. 30.00 per ordinary share of Rs. 10 each for the year ended December 31, 2018	-	-	-	-	-	(289,343)	(289,343)
Employee benefit cost under IFRS 2 - "Share-based Payment" (notes 2.18 and 16.1)	-	-	-	31,620	-	-	31,620
Profit after taxation	-	-	-	-	-	154,836	154,836
Other comprehensive loss	-	-	-	-	-	(105,326)	(105,326)
Total comprehensive income for the year	-	-	-	-	-	49,510	49,510
Balance as at December 31, 2019	96,448	5,935	18,000	297,652	3,535,538	135,879	4,089,452
Final dividend @ Rs. 8.00 per ordinary share of Rs. 10 each for the year ended December 31, 2019	-	-	-	-	-	(77,158)	(77,158)
Employee benefit cost under IFRS 2 - "Share-based Payment" (notes 2.18 and 16.1)	-	-	-	31,720	-	-	31,720
Profit after taxation	-	-	-	-	-	493,067	493,067
Other comprehensive income	-	-	-	-	-	25,017	25,017
Total comprehensive income for the year	-	-	-	-	-	518,084	518,084
Balance as at December 31, 2020	96,448	5,935	18,000	329,372	3,535,538	576,805	4,562,098

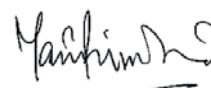
The annexed notes 1 to 39 form an integral part of these financial statements.



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, 2020

1. THE COMPANY AND ITS OPERATIONS

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

1.2 Geographical location and address of head office and manufacturing plants are as follows:

Address

Plot 23, Sector 22,
Korangi Industrial Area,
Karachi

Purpose

Head Office and Manufacturing Plants

1.3 The year 2020 was the year of COVID-19. It was a year of unprecedented challenges and significant changes for companies as well as people. Like most countries, in Pakistan too, the healthcare sector was identified as one of the critical industries.

The Company faced challenges at the import stage, due to lockdowns across the world, as well as on sales due to partial lockdown within the country, particularly because of inability to meet healthcare professionals or visit hospitals and clinics. In addition to logistical issues, the depreciation of Pak Rupee also impacted the results of the Company. Due to this, the management has assessed the accounting implications of these developments on these financial statements, including but not limited to expected credit losses under IFRS 9, 'Financial Instruments', the impairment of tangible and intangible assets under IAS 36, 'Impairment of non-financial assets', the net realisable value of inventory under IAS 2, 'Inventories', deferred tax assets in accordance with IAS 12, 'Income taxes', provisions and contingent liabilities under IAS 37, including onerous contracts, and going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 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 (IFRS), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention except, as otherwise stated in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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

2.3.1 Adoption of standards and amendments effective during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except as described below:

New / amended standards and interpretation

IFRS 3 - Definition of a Business (Amendments)
IFRS 9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (Amendments)
IFRS 14 - Regulatory Deferral Accounts
IAS 1 / IAS 8 - Definition of Material (Amendments)
IFRS 16 - Covid-19 Related Rent Concessions (Amendment)
The Conceptual Framework for Financial Reporting

The adoption of the above standards, amendments, interpretations and improvements to the accounting standards did not have any material effect on the Company's financial statements.

2.3.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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

Standard or amendments	Effective date (annual periods beginning on or after)
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform – Phase 2 (Amendments)	1 January 2021
IFRS 3 - Reference to the Conceptual Framework (Amendments)	1 January 2022
IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	1 January 2022
IAS 1 - Classification of Liabilities as Current or Non-current (Amendments)	1 January 2023
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an investor and its Associate or Joint Venture (Amendment)	Not yet finalised

Improvements to accounting standards issued by IASB (2018 - 2020 Cycle)

IFRS 9 - Fees in the '10 percent' test for derecognition of financial liabilities	1 January 2022
IAS 41 - Agriculture – Taxation in fair value measurements	1 January 2022

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

**IASB Effective
date
(annual periods
beginning on or
after)**

Standard

IFRS 17

Insurance Contracts

1 January 2023

The Company expects that above new standards will not have any material impacts on the Company's financial statements in the period of initial application.

2.4 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 written off over its estimated useful life. The rates used are stated in note 3.1 to these financial statements.

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.

(ii) Capital work-in-progress

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

2.5 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. 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.

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.

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 (license fee) 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.

2.5.1 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 2.13 to these financial statements.

2.5.2 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. The 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, 2020

2.6 Intangible assets

Computer software licenses 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 as disclosed in note 5 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 5 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.

2.7 Stores and spares

These are valued at cost less provision for slow moving and obsolete stores and spares. 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.

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 Employee benefits

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 gratuity and pension obligations are calculated annually by independent actuaries using the Projected Unit Credit Method. The most recent valuations in this regard were carried out as at December 31, 2020.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in equity through the statement of other comprehensive income in the period in which they arise. All past service costs are recognised at the earlier of when the amendments or curtailment occurs and when the Company has recognised related retirement or termination benefits.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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.

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.

2.10 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation in accordance with Income Tax Ordinance, 2001.

Deferred

Deferred tax 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 income 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. Deferred tax relating to items recognised outside profit or loss are recognised in correlation to the underlying transaction either in OCI or directly in equity.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and current accounts held with banks. Short term finance facilities (running finance) availed by the Company, which are payable within a year 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.

2.12 Financial instruments

2.12.1 Financial assets

(i) Initial recognition and measurement

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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
- 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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

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

Impairment of financial assets

Disclosures relating to impairment of financial assets are provided under disclosures for significant accounting judgements and estimates and trade debts, as disclosed in notes 2.22 and 2.19.1 to these financial statements respectively.

2.12.2 Financial liabilities

Initial recognition and measurement

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

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

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) 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.

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, 2020

2.12.3 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.

2.13 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 transaction 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 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.

2.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed out in the period they occur. Borrowing costs consist of interest and other cost that an entity incurs in connection with the borrowing of funds.

2.15 Provisions

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.

2.16 Government grants

Government 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 recognised as income 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

2.17 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 translated 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 currently. 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.

2.18 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 group company. 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 (other capital reserves).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the grant date using an appropriate valuation model, further details of which are given in note 16.1 to these financial statements.

The cost is recognised in staff costs (note 22.1), together with a corresponding increase in equity (other capital reserves), over the period in which the services 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.

2.19 Revenue recognition

2.19.1 Revenue from contracts with customers

The Company is engaged in the manufacturing and selling of pharmaceutical, consumer healthcare products and vaccines. 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.

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 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).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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.

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 will not 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.

Contract balances

Contract assets

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

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 2.12 - Financial Instruments.

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.

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products. Returns for the Company comprise of expired products or near expiry products (i.e. within 6 months of expiry), which are of nil value by the time of return and are subject to destructions as per statutory laws.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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.

2.19.2 Others

License fee / other income is recorded on accrual basis. Interest income is accounted for using the effective interest rate method.

2.20 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.

2.21 Operating segments

For management purposes, the activities of the Company are organised into one operating segment. 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.

2.22 Significant accounting judgments and estimates

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.

(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, 2020

(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) 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.

(iv) 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.

(v) 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.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate 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.

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 32.3.2.

(vi) Revenue recognition - Estimating variable consideration for returns

Refer to note 2.19.1 to these financial statements for estimates relating to estimates with respect to right of return assets and related refund liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

(vii) 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.

(viii) Taxation

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

(ix) 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 event(s).

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 notes 32 and 33 to these financial statements.

(x) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	December 31, 2020	December 31, 2019
		----- Rupees in '000 -----	
3. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	3.1	1,586,496	1,546,805
Capital work-in-progress	3.2 & 3.3	155,087	103,308
		<u>1,741,583</u>	<u>1,650,113</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 -----						
Year ended December 31, 2020							
Opening net carrying value	279	475,578	557,091	19,183	182,819	311,855	1,546,805
Additions / transfers from capital work-in-progress	-	16,483	223,555	566	84,623	107,808	433,035
Disposals	-	-	-	-	-	(54,616)	(54,616)
Write-off	-	-	-	-	-	(800)	(800)
Amortization / depreciation charge	(6)	(47,512)	(169,975)	(3,942)	(68,486)	(48,007)	(337,928)
Closing net carrying value	<u>273</u>	<u>444,549</u>	<u>610,671</u>	<u>15,807</u>	<u>198,956</u>	<u>316,240</u>	<u>1,586,496</u>
Gross carrying value basis							
As at December 31, 2020							
Cost	480	1,048,663	2,887,500	71,406	539,201	419,109	4,966,359
Accumulated depreciation	(207)	(604,114)	(2,276,829)	(55,599)	(340,245)	(102,869)	(3,379,863)
Net carrying value	<u>273</u>	<u>444,549</u>	<u>610,671</u>	<u>15,807</u>	<u>198,956</u>	<u>316,240</u>	<u>1,586,496</u>
Year ended December 31, 2019							
Opening net carrying value	285	513,375	633,383	20,287	172,533	224,047	1,563,910
Additions / transfers from capital work-in-progress	-	9,189	119,268	3,404	76,053	173,269	381,183
Disposals	-	-	-	-	(2,243)	(38,499)	(40,742)
Write-off	-	-	-	-	-	(4,643)	(4,643)
Amortization / depreciation charge	(6)	(46,986)	(195,560)	(4,508)	(63,524)	(42,319)	(352,903)
Closing net carrying value	<u>279</u>	<u>475,578</u>	<u>557,091</u>	<u>19,183</u>	<u>182,819</u>	<u>311,855</u>	<u>1,546,805</u>
Gross carrying value basis							
As at December 31, 2019							
Cost	480	1,032,180	2,663,945	70,840	464,755	413,395	4,645,595
Accumulated depreciation	(201)	(556,602)	(2,106,854)	(51,657)	(281,936)	(101,540)	(3,098,790)
Net carrying value	<u>279</u>	<u>475,578</u>	<u>557,091</u>	<u>19,183</u>	<u>182,819</u>	<u>311,855</u>	<u>1,546,805</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, 2020

3.1.1 The Company granted two exclusive licenses to Bayer Pakistan (Private) Limited, Karachi, for the use of the land for a period of 20 years, commencing April 12, 1997 and October 1, 1997, respectively. The fee for each license for the first three years was Rs. 2.6 million and Rs. 0.8 million, respectively. Thereafter, the fee is being enhanced every year on the anniversary of the agreements on the basis of the rate of inflation in Pakistan calculated on a twelve months moving average published in the official Consumer Price Index prior to the relevant anniversary of the agreement. The licences expired during the year 2017 and the management is in negotiations with Bayer Pakistan (Private) Limited to buy the buildings built on leased land. The Company being a lessor, has recognized rental income (license fee) during the year amounting to Rs. 31.5 million (2019: Rs. 30.4 million).

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

Location	Address	Usage of immovable Property	Covered Area (Sq. Meters)
Karachi	Plot 23, Sector 22 Korangi Industrial Area, Karachi	Head office & Manufacturing Plants	22,185

3.1.3 The depreciation / amortization charge including right-of-use assets (Refer Note 4) and intangible assets (Refer Note 5) for the year has been allocated as follows:

	Note	December 31, 2020	December 31, 2019
		----- Rupees in '000 -----	
Cost of sales	22	239,894	258,907
Distribution and marketing costs	22	67,858	50,152
Administrative expenses	22	50,197	47,058
		<u>357,949</u>	<u>356,117</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

3.1.4 The details of operating fixed assets disposed off during the year are as follows:

Description	Cost	Accumulated depreciation	Net carrying value	Sale proceeds	Gain/(loss)	Mode of Disposal	Particulars of buyers
----- (Rupees in '000) -----							
Factory and office equipment	10,177	10,177	-	486	486	Company Policy	Employees
Motor vehicles	11,829	7,097	4,732	4,732	-	Company Policy	Asim Jamal (Employee)
	3,108	497	2,611	2,611	-	Company Policy	Ahmed Iqbal (Employee)
	2,875	115	2,760	2,760	-	Company Policy	Iqbal Ali (Employee)
	2,797	699	2,098	2,098	-	Company Policy	Shakeel Mapara (Employee)
	2,647	1,059	1,588	1,588	-	Company Policy	Amjad Javed (Employee)
	2,379	476	1,903	1,903	-	Company Policy	Uroosa Meraj (Employee)
	2,303	1,382	921	921	-	Company Policy	Laila Mughal (Employee)
	1,905	791	1,114	1,114	-	Company Policy	Abdul Qadir (Employee)
	1,828	1,097	731	731	-	Company Policy	Shamim Akhter (Employee)
	1,828	1,097	731	731	-	Company Policy	Syed Wasiuddin (Employee)
	1,745	244	1,501	1,501	-	Company Policy	Faiz Ul Hassan (Employee)
	1,736	538	1,198	1,198	-	Company Policy	Samar Abbas (Employee)
	1,663	881	782	665	(117)	Company Policy	Rustom Irani (Employee)
	1,663	998	665	665	-	Company Policy	Irfan Hasherny (Employee)
	1,663	898	765	665	(100)	Company Policy	Umair Aziz (Employee)
	1,663	881	782	665	(117)	Company Policy	Kaleem Khan (Employee)
	1,628	977	651	651	-	Company Policy	Iqbal Ali (Employee)
	1,628	944	684	651	(33)	Company Policy	Tariq Shah (Employee)
	1,628	895	733	651	(82)	Company Policy	Haseeb Khan (Employee)
	1,628	977	651	651	-	Company Policy	Hasan Sultan (Employee)
	1,483	208	1,275	1,275	-	Company Policy	Mohsin Ali (Employee)
	1,410	226	1,184	1,184	-	Company Policy	Fakhar Ul Islam (Employee)
	1,340	295	1,045	1,045	-	Company Policy	Qaiser Rasheed (Employee)
	1,300	325	975	975	-	Company Policy	Faheem Ahmed Qureshi (Employee)
	1,300	325	975	975	-	Company Policy	Waqar Ahmed (Employee)
	1,300	221	1,079	1,105	26	Company Policy	Imtiaz Ahmed Khan (Employee)
	1,270	343	927	927	-	Company Policy	Imdad Rajput (Employee)
	1,270	330	940	940	-	Company Policy	Muhammad Nazim (Employee)
	1,270	330	940	940	-	Company Policy	Shahid Khan (Employee)
	1,250	313	937	963	26	Company Policy	Habib Ur Rehman (Employee)
	1,099	582	517	517	-	Company Policy	Amir Raza Bukhari (Employee)
	1,099	549	550	550	-	Company Policy	Murtaza Muhammad Khan (Employee)
	1,039	623	416	416	-	Company Policy	Regina John (Employee)
	1,039	623	416	416	-	Company Policy	Omer Khan (Employee)
	1,039	623	416	416	-	Company Policy	Muhammad Aamir (Employee)
	1,039	623	416	416	-	Company Policy	Faiza Karim (Employee)
	1,039	623	416	416	-	Company Policy	Basit Jawed (Employee)
	1,039	623	416	416	-	Company Policy	Shoab Siddiqui (Employee)
	1,039	551	488	416	(72)	Company Policy	Nazim Chaudhary (Employee)
	1,039	623	416	416	-	Company Policy	Naveed Alam (Employee)
	1,039	623	416	416	-	Company Policy	Imran Alvi (Employee)
	1,039	623	416	416	-	Company Policy	Athar Ali (Employee)
	1,039	613	426	416	(10)	Company Policy	Ghazal Ahmed (Employee)
	1,039	623	416	416	-	Company Policy	Kashif Ibrahim (Employee)
	1,039	623	416	416	-	Company Policy	Abdul Karim (Employee)
	1,039	623	416	416	-	Company Policy	Salar Ali (Employee)
	1,039	623	416	416	-	Company Policy	Mirza Abrar (Employee)
	1,039	540	499	520	21	Company Policy	Kashif Ahmed (Employee)
	1,039	623	416	416	-	Company Policy	Masood Yaseen (Employee)
	1,039	540	499	520	21	Company Policy	Arbab Himayatullah (Employee)
	1,039	623	416	416	-	Company Policy	Talha Kamal (Employee)
	1,039	623	416	416	-	Company Policy	Abdul Majid (Employee)
	1,039	623	416	416	-	Company Policy	Hafiz Tahir (Employee)
	1,039	613	426	426	-	Company Policy	Rizwan Anwer (Employee)
	1,039	623	416	416	-	Company Policy	Ziauddin (Employee)
	1,034	610	424	424	-	Company Policy	Riaz Hussain Larik (Employee)
	1,034	620	414	414	-	Company Policy	Irfan Ali (Employee)
	1,034	620	414	414	-	Company Policy	Asim Ahmed (Employee)
	1,034	620	414	414	-	Company Policy	Zubair Shahzad (Employee)
	1,004	602	402	402	-	Company Policy	Saeed Zafar (Employee)
	1,004	602	402	402	-	Company Policy	Asim Shahzad (Employee)
	860	172	688	688	-	Company Policy	Hira Jamil (Employee)
	860	138	722	722	-	Company Policy	Noman Ahmed (Employee)
	762	198	564	564	-	Company Policy	Nouman Ashraf Ali (Employee)
	732	256	476	476	-	Company Policy	Hari Krishan (Employee)
	688	323	365	365	-	Company Policy	Waqas Khan (Employee)
	683	403	280	280	-	Company Policy	Ishtiaq Ahmad Anjum (Employee)
	683	403	280	280	-	Company Policy	Bilal Munir (Employee)
	100,844	46,228	54,616	54,179	(437)		
2020	111,021	56,405	54,616	54,665	49		
2019	115,598	74,856	40,742	41,040	298		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

		December 31, 2020	December 31, 2019
	Note	----- Rupees in '000 -----	-----
3.2 Capital work-in-progress			
Buildings on leasehold land		50,264	41,294
Plant and machinery		51,941	40,417
Others		52,882	21,597
		<u>155,087</u>	<u>103,308</u>

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

Opening balance		103,308	97,222
Additions during the year	3.3.1	88,377	88,337
Transferred to operating fixed assets	3.3.2	(36,598)	(82,251)
Closing balance		<u>155,087</u>	<u>103,308</u>

3.3.1 Represents additions to buildings on leasehold land amounting to Rs. 13.4 million (2019: Rs. 36.9 million), plant and machinery amounting to Rs. 26.5 million (2019: Rs. 35.9 million) and others amounting to Rs. 48.4 million (2019: Rs. 15.5 million).

3.3.2 Represents transfers to buildings on leasehold land amounting to Rs. 4.5 million (2019: Rs. 8.4 million), plant and machinery amounting to Rs. 15 million (2019: Rs. 46.8 million) and others amounting to Rs. 17.1 million (2019: Rs. 27 million).

4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company has lease contracts for sales offices located in various cities in Pakistan with lease terms between 1 to 3 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased asset. The contract includes an option to extend, and the Company, based on the management's assessment expects to exercise the option for a period of one term.

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

		December 31, 2020	December 31, 2019
		----- Rupees in '000 -----	-----
Opening balance		2,828	-
Additions during the year		36,382	4,242
Depreciation expense		(17,420)	(1,414)
Closing balance		<u>21,790</u>	<u>2,828</u>
Depreciation rate % per annum		<u>33 to 50</u>	<u>33</u>

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

Opening balance		2,999	-
Additions during the year		36,382	4,242
Accretion of interest		2,261	442
Payments		(18,162)	(1,685)
Closing balance		<u>23,480</u>	<u>2,999</u>
Non-current lease liabilities		1,340	1,592
Current maturity of lease liabilities		22,140	1,407
		<u>23,480</u>	<u>2,999</u>

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

Depreciation expense of right-of-use assets	17,420	1,414
Interest expense on lease liabilities	2,261	442

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

		December 31, 2020	December 31, 2019
	Note	----- Rupees in '000	-----
5. INTANGIBLE ASSETS - computer software and product license			
Net carrying value basis			
Opening net carrying value		5,646	2,706
Additions		559	4,740
Amortisation charge		(2,601)	(1,800)
Closing net carrying value		<u>3,604</u>	<u>5,646</u>
Gross carrying value basis			
Cost		83,473	82,914
Accumulated amortisation		(79,869)	(77,268)
Net carrying value		<u>3,604</u>	<u>5,646</u>
Amortisation rate per annum		<u>33% & 80%</u>	<u>33% & 80%</u>
6. LONG-TERM LOANS - considered good, unsecured			
Employees	6.1	5,615	8,390
Less: Current maturity	11	(2,496)	(3,648)
		<u>3,119</u>	<u>4,742</u>
6.1 Reconciliation of carrying amount of long term loans to employees:			
Opening balance		8,390	9,594
Disbursements		2,150	3,369
Repayments		(4,925)	(4,573)
Closing balance		<u>5,615</u>	<u>8,390</u>
<p>Represent loans for the purchase of motor cars, motor cycles and capital goods, in accordance with the Company's policy. Loans for the purchase of motor cars and motor cycles are interest free whereas loans for purchase of capital goods, carry interest at the rate of 9% (2019: 9%) per annum, respectively. These are repayable within five years in equal monthly installments, except for capital goods fund which are repayable over a period of three years. These are not discounted to present value since the impact is not considered to be material in the overall context of the financial statements.</p>			
		December 31, 2020	December 31, 2019
	Note	----- Rupees in '000	-----
7. DEFERRED TAXATION			
Debit balances arising from:			
- provisions	7.1	181,432	165,061
Credit balances arising from:			
- accelerated tax depreciation allowance		(57,659)	(56,878)
		<u>123,773</u>	<u>108,183</u>
7.1	Includes Rs. 10.2 million (2019: Rs. 43 million) routed through statement of other comprehensive income relating to actuarial gain/(loss) on defined benefit plans.		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	December 31, 2020	December 31, 2019
		----- Rupees in '000 -----	
8. STORES AND SPARES			
Stores		18,264	14,375
Spares			
In hand		32,469	41,991
In transit		-	5,799
		32,469	47,790
Provision against stores and spares		(2,460)	-
		48,273	62,165
9. STOCK-IN-TRADE - net			
Raw and packing material			
In hand		1,364,825	1,091,279
In transit		79,069	81,996
		1,443,894	1,173,275
Provision against raw and packing material	9.1	(221,054)	(151,162)
		1,222,840	1,022,113
Work-in-process		96,071	62,973
Finished goods			
In hand		1,853,682	1,290,156
In transit		209,692	348,562
		2,063,374	1,638,718
Provision against finished goods	9.2 & 9.3	(171,922)	(179,616)
		1,891,452	1,459,102
		3,210,363	2,544,188
9.1	Movement of provision against raw and packing material		
	Opening balance	151,162	130,155
	Charge for the year	86,216	21,007
	Write-off during the year	(16,324)	-
	Closing balance	221,054	151,162
9.2	Includes write down of finished goods costing Rs. 349.7 million (2019: Rs. 341.5 million), to their net realizable value of Rs. 273.6 million (2019: Rs. 264.5 million).		
		December 31, 2020	December 31, 2019
	Note	----- Rupees in '000 -----	
9.3	Movement of provision against finished goods		
	Opening balance	179,616	185,157
	Charge for the year	49,451	121,150
	Write-off during the year	(57,145)	(126,691)
	Closing balance	171,922	179,616

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

9.4 Details of stock-in-trade held (net of provision) with major third party is as follows:

	Note	December 31, 2020	December 31, 2019
		----- Rupees in '000 -----	
Stancos (Private) Limited		<u>33,289</u>	<u>18,920</u>

10. TRADE DEBTS - net, unsecured

Considered good		<u>538,646</u>	691,325
Considered doubtful		<u>931</u>	931
		<u>539,577</u>	692,256
Allowance for expected credit loss		<u>(931)</u>	(931)
		<u>538,646</u>	<u>691,325</u>

11. LOANS AND ADVANCES - unsecured, considered good

Loans

Current maturity of long-term loans	6	<u>2,496</u>	3,648
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Advances

Executives		<u>167</u>	688
Employees		<u>4,332</u>	8,396
Contractors and suppliers		<u>81,699</u>	106,371
		<u>86,198</u>	115,455
		<u>88,694</u>	<u>119,103</u>

12. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Tender deposits - unsecured			
Considered good		<u>317,660</u>	245,781
Considered doubtful		<u>14,851</u>	18,966
		<u>332,511</u>	264,747
Allowance for expected credit loss	12.1	<u>(14,851)</u>	(18,966)
		<u>317,660</u>	245,781
Margin against letters of credit		<u>98,490</u>	71,758
Short-term prepayments		<u>11,711</u>	13,135
		<u>427,861</u>	<u>330,674</u>

12.1 Movement of allowance for expected credit loss

Opening balance		<u>18,966</u>	19,496
Reversal during the year		<u>(4,115)</u>	(530)
Closing balance		<u>14,851</u>	<u>18,966</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	December 31, 2020	December 31, 2019
		----- Rupees in '000 -----	
13. OTHER RECEIVABLES - net			
Considered good - unsecured			
Due from - related parties	13.1-13.3	928,420	554,649
- others		27,458	29,267
- employees' gratuity fund	18.2	11,075	-
		966,953	583,916
Considered doubtful			
Sales tax refundable		5,918	5,918
Provision against sales tax refundable		(5,918)	(5,918)
		-	-
		966,953	583,916

13.1 Due from related parties

Sanofi-Aventis Singapore Pte Limited	908,773	539,354
Sanofi-Aventis Groupe, France	3,115	15,095
Sanofi-Aventis Gulf, UAE	207	200
Sanofi Pasteur Inc.	16,325	-
	928,420	554,649

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

	December 31, 2020	December 31, 2019
	----- Rupees in '000 -----	
		Maximum aggregate amount outstanding
Sanofi-Aventis Singapore Pte Limited	908,773	539,354
Sanofi-Aventis Groupe, France	3,202	15,095
Sanofi-Aventis Gulf, UAE	216	4,166
Sanofi Pasteur Inc.	16,325	-

13.3 The aging analysis of unimpaired receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired		
			1-90 Days	91-180 Days	> 181 Days
	----- Rupees in '000 -----				
Related party - 2020	928,420	925,098	-	-	3,322
Related party - 2019	554,649	551,553	-	-	3,096

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	December 31, 2020	December 31, 2019
	----- Rupees in '000 -----	
16. RESERVES		
Capital reserves		
Long-term liabilities forgone	5,935	5,935
Difference of share capital under scheme of arrangement for amalgamation	18,000	18,000
Other	329,372	297,652
	353,307	321,587
Revenue reserves		
General reserve	3,535,538	3,535,538
Un-appropriated profit	576,805	135,879
	4,112,343	3,671,417
	4,465,650	3,993,004

16.1 Share-based compensation plans

As at December 31, 2020, the Company has following equity settled share-based compensation plans:

Stock Option Plans:

The Ultimate Parent Company granted a number of equity-settled share-based payment plans (stock option plans) to some of its employees, including employees of the Company. These plans entitled the eligible employees to acquire shares of the Ultimate Parent by exercising options granted to them, subject to the fulfilment of the vesting conditions.

In accordance with IFRS-2 (Share-based Payment), services received from employees as consideration for stock options are recognised as an expense in the statement of profit or loss, with the corresponding entry recorded as equity. The expense corresponds to the fair value of the stock option plans of the shares of the Ultimate Parent Company and is charged against income on a straight-line basis over the four-year vesting period of the plan.

The fair value of stock option plans is measured at the date of grant, using the Black-Scholes valuation model, taking into account the expected life of the options.

The benefit cost recognised, therefore, relates to rights that vested during the reporting period for all plans granted by the Ultimate Parent Company.

The table below shows stock subscription option plans granted by the Ultimate Parent Company to the employees of the Company which are still outstanding.

Date of grant	Vesting period (years)	Options granted (number)	Start date of exercise period	Expiration Date	Exercise price (€)	Options outstanding at December 31, 2020 (number)
01/03/2010	4	<u>8,035</u>	03/03/2014	01/03/2020	54.12	<u>-</u>

The exercise of each option will result in the issuance of one share of the Ultimate Parent Company to the employees of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

Summary of stock option plans:	Number of options	Weighted average exercise price per share (€)
Options outstanding at January 1, 2019	2,655	52.22
Of which exercisable	<u>2,655</u>	<u>52.22</u>
Options granted	-	-
Options exercised	(1,370)	(50.43)
Options cancelled	<u>(175)</u>	<u>(54.12)</u>
Options outstanding at December 31, 2019	1,110	54.13
Of which exercisable	<u>1,110</u>	<u>54.13</u>
Options granted	-	-
Options exercised	(1,110)	(54.12)
Options cancelled	-	-
Options outstanding at December 31, 2020	<u>-</u>	<u>-</u>
Of which exercisable	<u>-</u>	<u>-</u>

The expense recognized for the stock option plans with the corresponding effect on the equity amounted to Nil (2019: Nil).

Restricted share plan:

The Board of Directors of Sanofi S.A. (France), in a meeting held on April 28, 2020, decided to award a restricted share plan comprising 1,535 shares to some of the employees 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 date of grant. 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 April 28, 2020 amounted to € 84.22.

The number of restricted shares outstanding as of December 31, 2020 were 9,758 (2019: 11,961).

The expense recognised for restricted share plan with the corresponding effect on the equity (other capital reserve) amounted to Rs. 31.7 million (2019: Rs. 31.6 million).

The table below shows restricted shares plan granted by the Ultimate Parent Company to the employees of the Company which are still outstanding.

Date of grant	Vesting period (years)	Shares granted (number)	End of vesting period	Fair value of shares (€)	Shares outstanding at December 31, 2020 (number)
10/05/2017	4	3,505	10/05/2021	81.50	2,980
02/05/2018	3	3,438	02/05/2021	65.86	3,098
30/04/2019	3	2,445	30/04/2022	77.49	2,145
28/04/2020	3	1,535	28/04/2023	84.22	1,535
		<u>10,923</u>			<u>9,758</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

		December 31, 2020	December 31, 2019
	Note	----- Rupees in '000 -----	
17. LONG-TERM FINANCING			
Loan obtained during the year		328,428	-
Deferred income - government grant		(32,710)	-
Accretion of interest		11,662	-
Less: Current maturity		(143,758)	-
Closing Balance	17.1	<u>163,622</u>	<u>-</u>

17.1 Represents fair value of long-term loan obtained under refinance scheme from State Bank of Pakistan for payment of wages and salaries to workers and employees. The loan is 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 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 2.16 to these financial statements. During the year, an amount of Rs. 10 million has been released to statement of profit or loss. As at reporting date, there are no unfulfilled conditions or contingencies attached to these grants.

		December 31, 2020	December 31, 2019
	Note	----- Rupees in '000 -----	
18. TRADE AND OTHER PAYABLES			
Trade creditors			
Related parties		1,029,599	858,171
Other trade creditors		360,760	312,422
		<u>1,390,359</u>	<u>1,170,593</u>

Other payables

Accrued liabilities		1,050,350	939,769
Refund liabilities		27,347	36,330
Provision for Sindh Development and Maintenance of Infrastructure Cess	18.1	403,546	353,695
Employees' Pension Fund	18.2	321,912	263,229
Employees' Gratuity Fund	18.2	-	110,292
Workers' Profit Participation Fund	18.3	50,291	31,112
Workers' Welfare Fund		95,967	96,941
Central Research Fund		9,054	5,326
Compensated absences		27,107	27,228
Security deposits	18.4	1,775	775
Contractors' retention money		5,156	2,662
Sales tax payable		13,272	16,468
		<u>2,005,777</u>	<u>1,883,827</u>
		<u>3,396,136</u>	<u>3,054,420</u>

18.1 Provision for Sindh Development and Maintenance of Infrastructure Cess

Opening balance		353,695	306,669
Provision for the year		49,851	47,026
Closing balance		<u>403,546</u>	<u>353,695</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

- 18.2** The status of the funds and principal assumptions used in the actuarial valuation as of December 31, 2020 were as follows:

	Pension Fund		Gratuity Fund	
	2020	2019	2020	2019
	-----Rupees in '000 -----			
Statement of financial position reconciliation as at December 31				
Fair value of plan assets	830,716	704,235	604,273	490,604
Present Value (PV) of defined benefit obligation	(1,152,628)	(967,464)	(593,198)	(600,896)
Net (liability) / asset in statement of financial position	(321,912)	(263,229)	11,075	(110,292)
Movement in net liability				
Payable as at January 1	(263,229)	(161,545)	(110,292)	(32,986)
Charge for the year	(86,660)	(81,787)	(67,090)	(56,155)
Employer contribution	108,563	60,526	72,636	46,772
Actuarial (loss) / gain recognised in equity	(80,586)	(80,423)	115,821	(67,923)
(Payable) / Receivable as at December 31	(321,912)	(263,229)	11,075	(110,292)
Expense recognised				
Current service cost	49,636	43,160	60,885	48,471
Past service cost	11,787	16,218	-	-
Interest cost	137,147	91,232	81,013	54,888
Expected return on plan assets	(111,910)	(68,823)	(74,808)	(47,204)
	86,660	81,787	67,090	56,155
Actual return on plan assets	61,161	24,177	(20,737)	(20,737)
Movement in the defined benefit obligation				
Obligation as at January 1	967,464	867,910	600,896	528,118
Current service cost	49,636	43,160	60,885	48,471
Past service cost	11,787	16,218	-	-
Interest cost	137,147	91,232	81,013	54,888
Benefits paid	(43,243)	(38,479)	(74,775)	(30,563)
Actuarial loss / (gain)	29,837	(12,577)	(74,821)	(18)
Obligation as at December 31	1,152,628	967,464	593,198	600,896
Movement in fair value of plan assets				
Fair value as at January 1	704,235	706,365	490,604	495,132
Expected return on plan assets	111,910	68,823	74,808	47,204
Employer contributions	108,563	60,526	72,636	46,772
Benefits paid	(43,243)	(38,479)	(74,775)	(30,563)
Actuarial (loss) / gain	(50,749)	(93,000)	41,000	(67,941)
Fair value as at December 31	830,716	704,235	604,273	490,604
Key actuarial assumptions used are as follows				
Discount factor used	10.25%	14.50%	10.25%	14.50%

As per IAS 19 guidelines, the rate used to discount defined benefit obligation shall be determined by reference to market yield on high quality corporate bonds at the end of the reporting period. In absence of deep market in such bonds, the market yield on government bonds shall be used.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

Considering the duration and market yield on government bonds, it was decided by the management's actuary to assume a discount rate of 10.25% p.a. (2019: 14.50% p.a.).

	Pension Fund		Gratuity Fund	
	2020	2019	2020	2019
Expected rate of return per annum on plan assets	10.25%	14.50%	10.25%	14.50%

As per IAS 19, the Return on Plan Assets should be same as the valuation discount rate. Therefore, the assumed return on Plan Assets is 10.25% per annum.

Long term salary increase rate per annum	10.25%	14.50%	10.25%	14.50%
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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 6.00% per annum and for long term 10.25% 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.

Indexation of pension	7.00%	10.00%	-	-
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The future pension increase rate to be used was assumed to be 7.00% per annum compounded. The pension increase rate used in the last valuation was 10.00% per annum.

Weighted average duration (years)	12.61	11.73	12.66	11.73
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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.

	60 years	60 years	60 years	60 years
	Moderate	Moderate	Moderate	Moderate
Retirement age (years)				
Withdrawal rate				
Mortality rate	SLIC 2001 - 2005		SLIC 2001 - 2005	

	2020		2019	
	Rs in '000	% change	Rs in '000	% change

Sensitivity analysis for pension fund

Current liability as at the reporting date	1,152,628	-	967,464	-
Following shall be the PV under various sensitivities:				
+0.5% Discount rate	1,073,145	-6.90%	904,685	-6.49%
-0.5% Discount rate	1,241,540	7.71%	1,037,228	7.21%
+0.5% Salary increase rate	1,178,965	2.28%	989,655	2.29%
-0.5% Salary increase rate	1,127,695	-2.16%	946,419	-2.18%
+0.5% Pension indexation	1,241,727	7.73%	1,016,772	5.10%
-0.5% Pension indexation	1,115,716	-3.20%	921,661	-4.73%

Sensitivity analysis for gratuity fund

Current liability - without payables	583,982	-	600,896	-
Following shall be the PV under various sensitivities:				
+0.5% Discount rate	559,857	-4.13%	577,076	-3.96%
-0.5% Discount rate	609,877	4.43%	626,412	4.25%
+0.5% Salary increase rate	611,248	4.67%	627,647	4.45%
-0.5% Salary increase rate	558,378	-4.38%	575,731	-4.19%
+5% Withdrawal rates	583,641	-0.06%	600,523	-0.06%
-5% Withdrawal rates	584,326	0.06%	601,271	0.06%
0.5 year mortality age set back	583,957	-	600,866	-
0.5 year mortality age set forward	584,007	-	600,924	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	2020		2019	
	Rs in '000	%	Rs in '000	%
Maturity profile of gratuity fund				
Year 1	67,491	-	46,953	-
Year 2	29,460	-	47,238	-
Year 3	45,817	-	39,844	-
Year 4	22,550	-	30,263	-
Year 5	63,423	-	54,669	-
Year 6 to Year 10	353,641	-	290,253	-
Year 11 and above	1,323,189	-	1,354,981	-

Plan assets comprise of:

Funded pension plan

Debt	660,655	79.53	469,854	66.72
Equity	114,934	13.84	86,493	12.28
Cash and cash equivalents	55,127	6.63	147,888	21.00
	830,716	100.00	704,235	100.00

Funded gratuity plan

Debt	462,513	76.54	327,472	66.75
Equity and Mutual Funds	78,525	12.99	59,627	12.15
Cash and cash equivalents	63,235	10.47	103,505	21.10
	604,273	100.00	490,604	100.00

Comparison for five years:

	2020	2019	2018	2017	2016
	----- Rupees in '000 -----				
Funded pension plan					
Fair value of plan assets	830,716	704,235	706,365	636,168	576,115
Present value of defined benefit obligation	(1,152,628)	(967,464)	(867,910)	(724,980)	(638,063)
Deficit	(321,912)	(263,229)	(161,545)	(88,812)	(61,948)
Experience adjustment					
Actuarial gain / (loss) on obligation	(29,837)	12,577	(68,888)	(24,609)	(26,765)
Actuarial gain / (loss) on plan assets	(50,749)	(93,000)	3,339	(3,296)	(4,541)
Funded gratuity plan					
Fair value of plan assets	604,273	490,604	495,132	463,901	412,864
Present value of defined benefit obligation	(593,198)	(600,896)	(528,118)	(479,354)	(440,771)
Surplus / (Deficit)	11,075	(110,292)	(32,986)	(15,453)	(27,907)
Experience adjustment					
Actuarial gain / (loss) on obligation	74,821	18	(19,881)	11,093	10,197
Actuarial (loss) / gain on plan assets	41,000	(67,941)	5,398	3,503	100

18.2.1 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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.

18.2.2 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.

18.2.3 Based on the actuarial advice, the amount of expected contribution to gratuity and pension funds during the year 2021 will be Rs. 43.1 million and Rs. 84.6 million respectively.

		December 31, 2020	December 31, 2019
		----- Rupees in '000 -----	-----
18.3	Workers' Profits Participation Fund		
	Opening balance	31,112	40,968
	Allocation for the year	48,031	30,509
		79,143	71,477
	Amount paid to the Fund	(28,852)	(40,365)
	Closing balance	50,291	31,112

18.4 This represents unutilized security deposits received from various vendors / contractors, kept in a separate bank account.

		December 31, 2020	December 31, 2019
		----- Rupees in '000 -----	-----
19.	SHORT-TERM BORROWINGS		
	Running finance utilized under mark-up arrangements	232,833	447,553

19.1 Represents utilized portion of running finance facilities from various commercial banks under mark-up arrangements. The total running finance facilities available aggregates to Rs. 2,800 million (2019: 3,350 million). These facilities are secured against first registered joint pari passu charge over current assets of the Company, inclusive but not limited to stock-in-trade and book debts of the Company. These facilities carry mark-up rates ranging between KIBOR + 0.15% to KIBOR + 0.40% (2019: KIBOR + 0.15% to KIBOR + 0.40%) per annum and will expire latest by September 30, 2021.

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

20.1.1 The Deputy Commissioner Inland Revenue (DCIR), issued an order on December 28, 2017, for the year ended December 31, 2013 increasing the tax liability by Rs.275.7 million by disallowing certain expenses. The Company was required to pay an amount of Rs.110.6 million being the short payment on account of reassessed tax liability. The Company paid the said amount under protest and filed an appeal with the Commissioner Inland Revenue (Appeals) [CIR(A)] against the said order. The CIR(A) decided on the above issue against the Company vide order dated May 6, 2019. The Company filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) on the issue which is pending to be heard.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

20.1.2 The DCIR passed an order under section 122(5) of the Income Tax Ordinance, 2001 for the year ended December 31, 2012, increasing the tax liability by Rs.131.1 million on the contention that the Company understated the gain on sale of WAH Site and disallowance of certain expenses related to sales promotion and advertisement. The Company filed an appeal before the CIR(A), wherein the CIR(A) vide order dated July 19, 2018, has deleted the addition for gain on disposal of WAH Site while remanded back on the additions relating to sales promotion and advertisements. An appeal has been filed with the ATIR against the said decision of the CIR(A) on the issue remanded back.

20.1.3 During the year ended December 31, 2016, Inland Revenue, Enforcement & Collection had framed the assessment for Tax Year 2014 on the alleged contention that the Company had short deducted income tax from payments made to vendors under various heads of expenditures. Total tax demand raised under the order was Rs.123.4 million. During the year 2018, the CIR (A) had remanded back the proceedings for fresh consideration to the DCIR. The Company had filed an appeal before ATIR against the directions of CIR(A) for remand back proceedings. During the year 2019, the DCIR reduced the withholding tax demand from Rs.123.4 million to Rs.39.4 million in respect of matters pertaining to short withholding on imports and therefore balance of Rs.84 million was refundable to the Company. The remaining amount was sustained by DCIR therefore this was pursued in appeal as well as in rectification. During the year 2020, an amount of Rs.49 million was refunded to the Company and the balance of Rs.35 million shall be adjusted against the tax liability for the Tax Year 2021.

20.1.4 During the year ended December 31, 2016, after conducting monitoring proceedings under section 161 of the Income Tax Ordinance, 2001 (Ordinance). Additional Commissioner Inland Revenue (ACIR) raised a demand of Rs. 44.6 million. The Company paid the said amount under protest and filed an appeal before the CIR(A). During the year 2018, the CIR(A) remanded back to (ACIR) for fresh proceedings. However, the Company had filed an appeal before the ATIR against the directions of CIR(A) for remand back proceeding which is pending. During the year, officer has sustained the demand of Rs.44.6 million which will be pursued in appeal as well as in rectification.

The management, based on advice from its tax advisor, 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.

20.1.5 The Company disposed off its Wah Site to M/s COMSATS in June 2012 for an amount of Rs. 240 million and the possession of property was transferred to the buyer subsequent to the signing of the Agreement to Sell. The Company has obtained a 'No Tax Demand' Certificate from the Wah Cantonment Board (WCB) before the sale was finalised, however, WCB revised its assessment of the rental value of the property retrospectively from July 1, 2011 resulting in the levy of an additional amount of house tax on the Company amounting to Rs. 28.7 million. Further, WCB levied composition tax, TIP tax, building drawings fee and miscellaneous charges amounting to Rs. 71.2 million on grounds that the construction / upgrading of buildings that took place in 1991 had been undertaken without prior approval from the WCB. The Company challenged this unjustified revision in the rental value at the Director Military Lands and Cantonments (DMLC), Rawalpindi Region and filed a civil suit against the demand of composition fee/TIP tax.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

In the matter of the Civil Suit where WCB levied composition tax, TIP tax, building drawing fee and miscellaneous charges, judgement was passed in favour of the Company in October 2018. However, WCB filed an appeal before Rawalpindi Bench of the Lahore High Court against the said order. The Company filed its rejoinder in the appeal in February 2019, the hearing for which is due to be held.

On March 10, 2019 Lahore High Court, Rawalpindi Bench granted stay against coercive measures being taken to recover the disputed house tax in favour of the Company subject to a guarantee totaling the disputed amount. The matter is still subjudice.

20.1.6 The Company is defending various suits, other than those disclosed above, filed against it in various courts in Pakistan. The Company's management is confident, based on the advice from its legal advisors, that these suits, including the aforementioned case in note 20.1.5, will be decided in Company's favor.

	December 31, 2020	December 31, 2019
Note	----- Rupees in '000 -----	
20.2 Commitments		
Commitments for capital expenditure	<u>99,512</u>	145,626
Outstanding letters of credit	20.2.1 <u>214,422</u>	249,635
Outstanding bank guarantees	20.2.1 <u>417,220</u>	408,950
Outstanding bank contracts	<u>808,339</u>	1,033,502

20.2.1 Total available facility for letters of credit amount to Rs. 575 million (2019: Rs. 475 million) and for bank guarantees amount to Rs. 629 million (2019: Rs. 629 million).

	December 31, 2020	December 31, 2019
Note	----- Rupees in '000 -----	
21. NET SALES		
Gross Sales		
Local	14,895,410	15,597,190
Export	659,429	378,095
	<u>15,554,839</u>	15,975,285
Toll manufacturing	89,504	138,305
	<u>15,644,343</u>	16,113,590
Less:		
Discounts	(1,373,048)	(1,450,864)
Returns	(100,977)	(111,888)
Sales tax	(62,516)	(50,160)
	<u>(1,536,541)</u>	(1,612,912)
	21.1 <u>14,107,802</u>	14,500,678

21.1 Includes contract liabilities as at December 31, 2019 realized during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

22. OPERATING COSTS

	Cost of sales		Distribution and marketing costs		Administrative expenses		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	Rupees in '000							
Raw and packing material consumed	4,653,886	5,127,694	-	-	-	-	4,653,886	5,127,694
Raw and packing material written-off	18,285	287	-	-	-	-	18,285	287
Provision against raw and packing material (note 9.1)	86,216	21,007	-	-	-	-	86,216	21,007
Stores and spares consumed	45,356	27,328	-	-	-	-	45,356	27,328
Stationery and supplies consumed	8,232	7,253	3,670	8,160	2,533	4,121	14,435	19,534
Staff costs (note 22.1)	698,075	652,487	1,144,869	949,679	413,067	346,503	2,256,011	1,948,669
Fuel and power	389,138	327,062	3,177	5,744	29,706	23,577	422,021	356,383
Rent, rates and taxes	17,599	18,135	6,631	18,840	733	305	24,963	37,280
Insurance	7,567	6,750	12,619	12,643	3,316	4,178	23,502	23,571
Repairs and maintenance	128,412	109,978	4,347	9,930	15,078	19,842	147,837	139,750
Depreciation / amortisation	239,894	258,907	67,858	50,152	50,197	47,058	357,949	356,117
Travelling and conveyance	53,936	62,503	108,266	318,000	23,293	38,765	185,495	419,268
Handling, freight and transportation	-	-	189,629	192,043	-	-	189,629	192,043
Communication	67,882	64,647	21,864	22,889	7,887	9,081	97,633	96,617
Security and maintenance	41,121	41,358	3,780	3,669	15,222	13,371	60,123	58,398
Publication and subscription	219	537	7,237	6,602	5,045	3,578	12,501	10,717
Electronic and print media	-	-	121,390	127,127	-	-	121,390	127,127
Conferences and exhibitions	-	-	60,003	253,487	-	-	60,003	253,487
Market research	-	-	30,206	28,969	-	-	30,206	28,969
Clinical trials	-	-	8,522	11,550	-	-	8,522	11,550
Patient care	-	-	46,601	54,400	-	-	46,601	54,400
Samples	-	-	2,693	4,884	-	-	2,693	4,884
Sales promotion	-	-	43,471	60,228	-	-	43,471	60,228
Sales commission	-	-	76,936	176,512	-	-	76,936	176,512
Software license / maintenance fee	872	269	3,214	2,653	1,457	1,498	5,543	4,420
Other expenses	11,095	11,476	11,088	10,546	5,678	7,663	27,861	29,685
	6,467,785	6,737,678	1,978,071	2,328,707	573,212	519,540	9,019,068	9,585,925
Recovery of service charges from outside parties	(19,024)	(16,655)	-	-	-	-	(19,024)	(16,655)
	6,448,761	6,721,023	1,978,071	2,328,707	573,212	519,540	9,000,044	9,569,270
Opening work-in-process	62,973	94,040						
Closing work-in-process	(96,071)	(62,973)						
Cost of goods manufactured	6,415,663	6,752,090						
Opening stock of finished goods	1,638,718	1,554,577						
Finished goods purchased	4,152,875	3,934,109						
Cost of samples included under distribution and marketing expenses	(2,693)	(4,884)						
Finished goods written-off	112,365	57,394						
Provision against finished goods (note 9.3)	49,451	121,150						
Closing stock of finished goods	(2,063,374)	(1,638,718)						
	10,303,005	10,775,718						

22.1 Staff Costs

Salaries, wages and other benefits	646,192	607,143	1,018,268	821,263	336,823	274,557	2,001,283	1,702,963
Training expenses	121	523	1,810	12,121	422	2,909	2,353	15,553
Defined benefit plan	28,534	25,472	79,446	72,442	45,770	40,028	153,750	137,942
Defined contribution plan	18,074	14,623	35,209	33,785	13,622	12,183	66,905	60,591
Share-based payments	5,154	4,726	10,136	10,068	16,430	16,826	31,720	31,620
	698,075	652,487	1,144,869	949,679	413,067	346,503	2,256,011	1,948,669

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	December 31, 2020	December 31, 2019
		----- Rupees in '000 -----	
23. OTHER EXPENSES			
Auditors' remuneration	23.1	2,581	2,506
Workers' Profit Participation Fund	18.3	48,031	30,509
Workers' Welfare Fund		16,148	13,320
Central Research Fund		9,692	6,199
Legal and consultancy charges		14,892	22,629
Donations		-	150
Exchange loss - net		272,888	116,560
Provision for tax receivable		-	153,513
Operating fixed assets written-off		800	4,643
Others		-	375
		365,032	350,404
23.1 Auditors' remuneration			
Audit fee		1,653	1,544
Review of half yearly financial statements		432	432
Report on Statement of Compliance with Code of Corporate Governance Regulations		162	162
Other certifications and reporting		152	152
Out-of-pocket expenses		182	216
		2,581	2,506
24. OTHER INCOME			
Income from financial assets			
Interest on loans to employees		5	18
Liabilities no longer payable written back		3,568	5,667
		3,573	5,685
Income from non-financial assets			
License fee		31,528	30,422
Insurance claim recovery		11,783	48,367
Scrap sales		2,742	7,670
Gain on sale of operating fixed assets	3.1.4	49	298
		46,102	86,757
		49,675	92,442
25. FINANCE COSTS			
Mark-up on long-term financing & short-term borrowings		34,326	57,979
Bank charges		21,718	13,951
Interest on lease liability	4	2,261	442
		58,305	72,372

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	December 31, 2020	December 31, 2019
	----- Rupees in '000 -----	
26. TAXATION		
Current	436,702	407,132
Prior	(24,109)	10,186
	412,593	417,318
Deferred	(25,808)	(25,775)
	386,785	391,543
26.1 Relationship between accounting profit and tax expense:		
Accounting profit before taxation	879,852	546,379
Tax at the applicable tax rate of 29% (2019: 29%)	255,157	158,450
Tax effects of:		
- Income charged at different rates	155,737	222,907
- Prior year	(24,109)	10,186
	386,785	391,543
27. EARNINGS PER SHARE - basic and diluted		
Profit after taxation	493,067	154,836
	Number of shares	
Weighted average number of ordinary shares	9,644,760	9,644,760
	----- Rupees -----	
Earnings per share - basic and diluted	51.12	16.05
27.1 There is no dilutive effect on the basic earnings per share of the Company.		
	December 31, 2020	December 31, 2019
	----- Rupees in '000 -----	
28. CASH GENERATED FROM OPERATIONS		
Profit before taxation	879,852	546,379
Adjustment for non-cash charges and other items:		
Depreciation / amortization	357,949	356,117
Gain on sale of operating fixed assets	(49)	(298)
Operating fixed assets written-off	800	4,643
Expenses arising from equity settled share-based payment plans	31,720	31,620
Retirement benefits	153,750	137,942
Provision for tax receivable	-	153,513
Interest income	(5)	(18)
Finance costs	58,305	72,372
Working capital changes	(566,686)	(798,560)
	915,636	503,710

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	December 31, 2020	December 31, 2019
Note	----- Rupees in '000 -----	
28.1 Working capital changes		
(Increase) / Decrease in current assets:		
Stores and spares	13,892	(10,145)
Stock-in-trade	(666,175)	335,457
Trade debts	152,679	(109,324)
Loans and advances	30,409	14,632
Trade deposits and short-term prepayments	(97,187)	68,378
Other receivables (excluding receivable from employees' gratuity fund)	(371,962)	(552,821)
	(938,344)	(253,823)
(Decrease) / Increase in current liabilities:		
Contract liabilities	(21,667)	79,594
Trade and other payables (excluding liabilities for employees' pension fund)	393,325	(624,331)
	(566,686)	(798,560)

29. CASH AND CASH EQUIVALENTS

Cash and bank balances	14	53,235	30,779
Short-term borrowings (running finance)	19	(232,833)	(447,553)
		(179,598)	(416,774)

30. TRANSACTIONS WITH RELATED PARTIES

30.1 The related parties of the Company comprise of group companies, associated undertakings, employees' retirement funds, directors and key management personnel. All transactions with related parties are executed 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, 2020					December 31, 2019				
	Parent Company	Group companies	Associated undertakings	Employees' Retirement funds	Total	Parent Company	Group Companies	Associated undertakings	Employees' Retirement funds	Total
-----Rupees in '000-----										
Sales	-	16,610	-	-	16,610	-	29,001	-	-	29,001
Purchase of goods	-	5,319,788	14,679	-	5,334,467	-	5,316,212	21,634	-	5,337,846
Purchase of services	-	66,616	13,002	-	79,618	-	56,105	13,255	-	69,360
Insurance claim received	-	-	11,783	-	11,783	-	-	48,367	-	48,367
Dividend paid	40,796	-	16,373	-	57,169	152,984	-	61,400	-	214,384
Contribution paid:										
- Provident fund	-	-	-	66,905	66,905	-	-	-	60,590	60,590
- Gratuity fund	-	-	-	72,636	72,636	-	-	-	46,772	46,772
- Pension fund	-	-	-	108,563	108,563	-	-	-	60,526	60,526

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

30.2 Following are the related parties including Parent Company and Associated Companies with whom the Company had entered into transactions during the year:

Name of the Company	Country of Incorporation	Basis of Association	Aggregate percentage of shareholding
Sanofi Foreign Participations B.V.	Netherlands	Parent Company	52.87%
Sanofi-Aventis Groupe France	France	Group Company	-
Sanofi-Aventis Singapore Pte Limited	Singapore	Group Company	-
Sanofi India Limited	India	Group Company	-
Sanofi Pasteur Inc.	USA	Group Company	-
Sanofi-Aventis Deutschland GmbH	Germany	Group Company	-
Sanofi Chimie	France	Group Company	-
Sanofi Pasteur Inc.	France	Group Company	-
IGI General Insurance Limited	Pakistan	Common Directorship	-
Packages Limited / 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	-

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

	Chief Executive		Director		Other Executives		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	----- Rupees in '000 -----							
Managerial remuneration	21,521	19,287	8,594	7,813	339,982	266,951	370,097	294,051
Profit sharing	9,923	8,885	1,332	1,231	74,068	56,240	85,323	66,356
Retirement benefits	3,912	3,502	1,575	1,432	56,693	45,866	62,180	50,800
Rent, utilities & others	11,811	10,586	4,769	4,359	172,862	145,491	189,442	160,436
Medical expenses	556	1,481	178	79	12,337	9,825	13,071	11,385
	47,723	43,741	16,448	14,914	655,942	524,373	720,113	583,028
Number of persons	1	1	1	1	121	90	123	92

In addition to the above remuneration, the Chief Executive, Director and certain Executives are also provided with free use of Company maintained cars and household equipment in accordance with the terms of employment.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. Other Executives includes remuneration paid to Key Management Personnel amounting to Rs.134.4 million (2019: Rs.144.7 million).

Aggregate amount charged in the financial statements in respect of fee to 3 Non-Executive Directors and 3 Independent Directors amount to Rs. 6.6 million (2019: Rs. 6 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

Further, the impact of benefits available to the Chief Executive, Director and certain Executives recognised by the Company on account of share-based payment plans aggregated to Rs. 11.8 million (2019: Rs. 11.2 million), Rs. 1.7 million (2019: Rs. 1.5 million) and Rs. 18.2 million (2019: Rs. 18.9 million), respectively.

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

		December 31, 2020	December 31, 2019
	Note	----- Rupees in '000 -----	
32. FINANCIAL ASSETS AND FINANCIAL LIABILITIES			
32.1 Financial assets			
Loans to employees	6	5,615	8,390
Long-term deposits		13,643	13,643
Trade debts - net	10	538,646	691,325
Trade deposits - net		416,150	317,539
Others receivables (excluding employees' gratuity fund)	13	955,878	583,916
Cash and bank balances	14	53,235	30,779
Total financial assets		<u>1,983,167</u>	<u>1,645,592</u>

				December 31, 2020	December 31, 2019
	Note	Interest Rate	Maturity	----- Rupees in '000 -----	
32.2 Financial liabilities					
Current interest-bearing financial liabilities					
Lease liabilities	4	7.9% - 14.1%	2021	22,140	1,407
Current maturity of long-term financing	17	1.50%	2021	143,758	-
Short-term borrowing	19	KIBOR + 0.15% to KIBOR + 0.40%	2021	232,833	447,553
Total current interest-bearing financial liabilities				<u>398,731</u>	<u>448,960</u>
Non-current interest-bearing financial liabilities					
Long-term financing		1.50%	2022	163,622	-
Lease liabilities	4	7.9% - 14.1%	2021	1,340	1,592
				<u>164,962</u>	<u>1,592</u>
Other financial liabilities at amortized cost					
Trade and other payables				2,502,094	2,177,357
Accrued mark-up				5,599	12,883
Total other financial liabilities				<u>2,507,693</u>	<u>2,190,240</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

32.3 Financial instruments risk management objectives and policies

The Company's principal financial liabilities comprise of 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 includes 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.

32.3.1 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.

32.3.1.1 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,	
	2020	2019	2020	2019	2020	2019
	GBP in '000		Euro in '000		USD in '000	
Other receivables	-	-	4,730	3,181	12	12
Bank balances	-	-	-	-	104	104
Trade and other payables	(4)	(11)	(5,595)	(5,332)	(169)	(86)
	<u>(4)</u>	<u>(11)</u>	<u>(865)</u>	<u>(2,151)</u>	<u>(53)</u>	<u>30</u>

Significant exchange rates applied during the year were as follows:

	Average rate		Spot rate	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	PKR		PKR	
GBP	209.4	192.9	219.3	205.5
EUR	185.9	168.8	195.9	173.8
USD	162.1	151.0	160.4	155.0

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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, 2020 represented in foreign currencies, with all other variables held constant, of the Company's profit before tax.

		December 31, 2020	December 31, 2019
Change in exchange rate	±	1%	1%
Effect on profit before tax (Rs.000's)	±	1,788	3,715
Effect on equity (Rs.000's)	±	1,002	1,053

32.3.1.2 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.

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:

	December 31, 2020	December 31, 2019
	----- Rupees in '000 -----	
Financial assets		
Loans to employees	139	117
Financial liabilities		
Long-term financing	163,622	-
Current maturity of long-term financing	143,758	-
Short-term borrowings	232,833	447,553
	540,213	447,553

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 and equity by the amounts shown below, with all other variables held constant.

		December 31, 2020	December 31, 2019
Change in interest rate	±	1%	1%
Effect on profit before tax (Rs.000's)	±	5,402	4,476
Effect on equity (Rs.000's)	±	3,027	1,268

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

32.3.1.3 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.

32.3.2 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.

December 31, December 31,
2020 2019
----- Rupees in '000 -----

Exposure to credit risk

The Company's maximum exposure to credit risk at the reporting date is as follows:

Financial assets at amortized cost

Loans to employees	5,615	8,390
Long-term deposits	13,643	13,643
Trade debts - net	538,646	691,325
Trade deposits - net	416,150	317,539
Other receivables (excluding employee's gratuity fund)	955,878	583,916
Cash at banks	53,174	30,719
	<u>1,983,106</u>	<u>1,645,532</u>

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 32.3.2.1 and 32.3.2.2 of these financial statements.

32.3.2.1 Trade debts

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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 analyzed as follows:

	December 31, 2020	December 31, 2019
	----- Rupees in '000 -----	
Amounts not yet due	143,752	384,462

The ageing of trade debts past due but not impaired at the reporting date is as under. These relate to a number of independent customers from whom there is no history of default.

1 - 30 days	44,622	55,514
31 - 60 days	15,391	52,902
61 - 90 days	18,029	34,989
91 - 120 days	48,892	15,507
121 - 150 days	69,531	41,113
151 - 180 days	35,893	20,722
181 - 365 days	91,201	78,339
Over 365 days	72,266	8,708
	395,825	307,794
Less: Allowance for expected credit loss	(931)	(931)
	538,646	691,325

The maximum exposure to credit risk for trade debts as at the reporting date by type of counter parties were:

Government institutions and hospitals	499,654	441,386
Private institutions and hospitals	39,923	58,532
Credit distributors	-	192,338
	539,577	692,256
Less: Allowance for expected credit loss	(931)	(931)
	538,646	691,325

32.3.2.2 Cash at banks

The carrying values of bank balances are analyzed as follows:

A1+	33,437	13,959
P-1	3,098	676
P-2	-	16,084
A-2	16,639	-
	53,174	30,719

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

32.4 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
	----- Rupees in '000	months
	-----	-----
December 31, 2020		
Trade and other payables	2,502,094	2,502,094
Accrued mark-up	5,599	5,599
Long-term financing	163,622	-
Current maturity of long-term financing	143,758	143,758
Short-term borrowings	232,833	232,833
Lease liabilities	23,480	22,140
	<u>3,071,386</u>	<u>2,906,424</u>
December 31, 2019		
Trade and other payables	2,177,357	2,177,357
Accrued mark-up	12,883	12,883
Short-term borrowings	447,553	447,553
Lease liabilities	2,999	1,407
	<u>2,640,792</u>	<u>2,639,200</u>

32.5 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying amounts of all the financial instruments reflected in these financial statements approximate to their fair value.

33. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	December 31, 2020	December 31, 2019
		-----Rupees in '000 -----	
The gearing ratio were as follows:			
Short term-borrowings	19	232,833	447,553
Long-term financing	17	328,428	-
Less: Cash and bank balances	14	(53,235)	(30,779)
Net debt		508,026	416,774
Total capital	15 & 16	4,562,098	4,089,452
		5,070,124	4,506,226
Gearing ratio [Net debt / (Net debt + Total capital)]		10%	9%

34. ENTITY WIDE INFORMATION

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

	December 31, 2020	December 31, 2019
----- Rupees in '000 -----		
Sales to external customers, net of returns and discounts		
Pakistan	13,589,146	14,194,661
Afghanistan	502,046	277,016
Other exports	16,610	29,001
	14,107,802	14,500,678

34.2 Information about major customers

There were four major customers of the Company who contributed 38% of the Company's net sales.

35. 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.

36. PROVIDENT FUND

Investments out of provident fund have been made in accordance with the provisions of the section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

37. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 2, 2021 by the Board of Directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

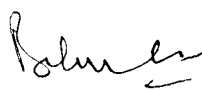
38. DIVIDEND AND APPROPRIATIONS

Subsequent to year ended December 31, 2020, the Board of Directors in its meeting held on March 2, 2021 proposed final cash dividend @ Rs. 20/- per share amounting to Rs. 192.895 million for approval of the members at the Annual General Meeting.

The financial statements for the year ended December 31, 2020 do not include the effect of the final cash dividend which will be accounted for in the financial statements for the year ending December 31, 2021.

39. GENERAL

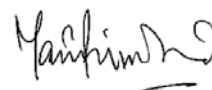
- 39.1** Total number of employees as at December 31, 2020 was 968 (2019: 1,099) and average number of employees during the year was 1,114 (2019: 1,144).
- 39.2** Figures presented in these financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.
- 39.3** Corresponding 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, 2020

No. of shareholders	No. of shareholdings		Total shares
	From	To	
606	1	100	23,889
357	101	500	105,509
76	501	1,000	57,472
69	1,001	5,000	122,307
10	5,001	10,000	67,931
4	15,001	20,000	73,223
2	20,001	25,000	43,668
2	50,001	55,000	105,442
1	60,001	65,000	63,777
1	85,001	90,000	89,700
1	200,001	205,000	204,099
1	225,001	230,000	228,461
1	255,001	260,000	255,700
1	445,001	450,000	446,435
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
1,135			9,644,760

S. No.	Shareholders Category	No. of Shareholders	No. of Shares	Percentage
1.	Directors, Chief Executive Officer, their spouse and children	7	1,328,151	13.77
2.	Associated Companies, Undertakings and Related Parties	5	7,146,127	74.09
3.	Banks, Development Financial Institutions, Non-Banking Financial Institutions	2	169	0.00
4.	Insurance Companies	2	223,299	2.32
5.	Modarabas and Mutual Funds	1	228,461	2.37
6.	General Public	1,094	413,686	4.29
7.	Others	24	304,867	3.16
	Total	1,135	9,644,760	100

PATTERN OF SHAREHOLDING

As at December 31, 2020

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
Rehmatullah Khan Wazir	25
	<u>1,328,151</u>

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
Babar Ali Foundation	63,777
	<u>7,146,127</u>

Banks, Development Financial Institutions, Non-Banking Financial Institutions

Name	Holding
National Bank of Pakistan	129
MCB Bank Limited	40
	<u>169</u>

Insurance Companies

Name	Holding
State Life Insurance Corporation of Pakistan	204,099
EFU General Insurance Limited	19,200
	<u>223,299</u>

Modarabas and Mutual Funds

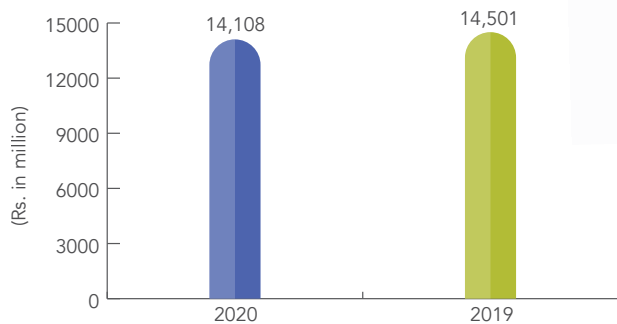
Name	Holding
CDC - Trustee National Investment (Unit) Trust	228,461

Shareholders Holding Five Percent or More Voting Rights in the Company

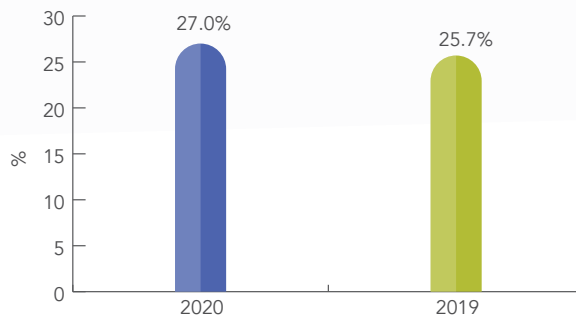
Name	Holding
Arshad Ali Gohar	815,939
IGI Investments (Private) Limited	1,841,739
Sanofi Foreign Participations B.V.	5,099,469
	<u>7,757,147</u>

ANALYTICAL REVIEW

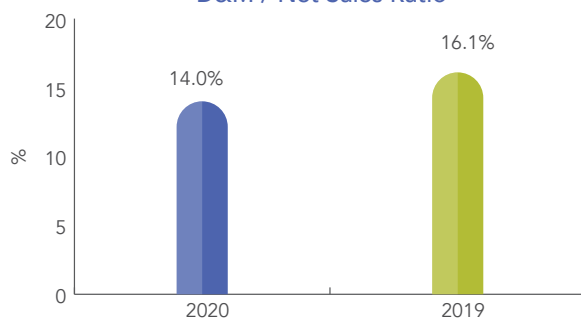
Total Net Sales



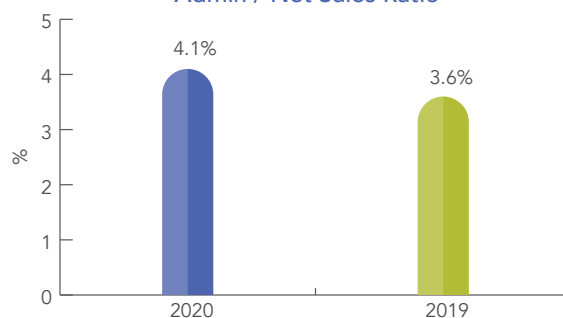
Gross Margin %



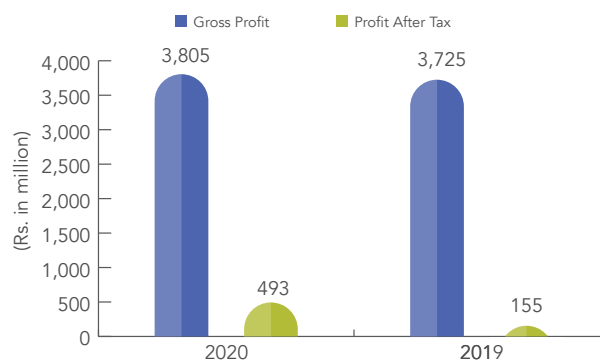
D&M / Net Sales Ratio



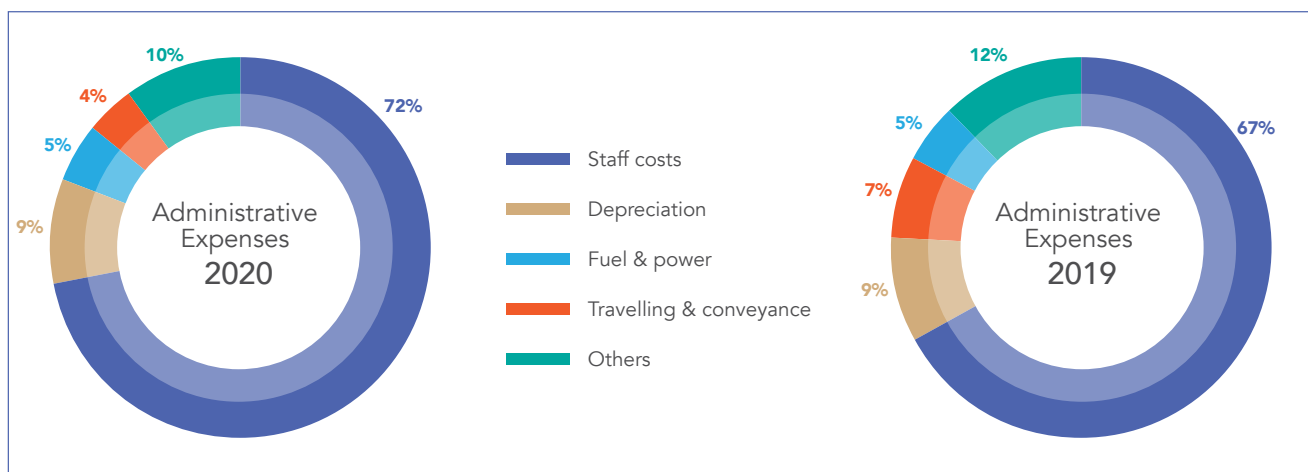
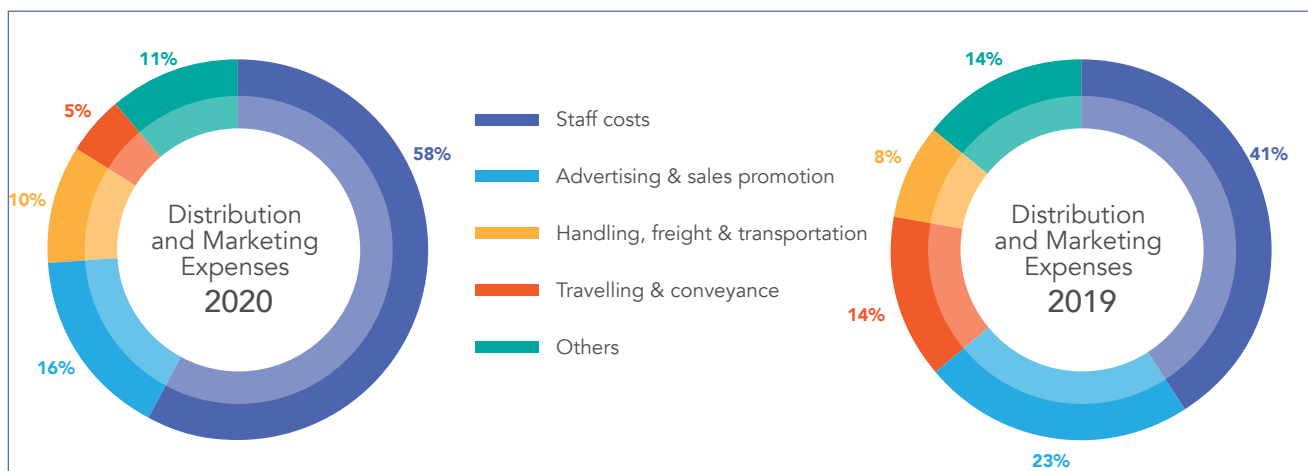
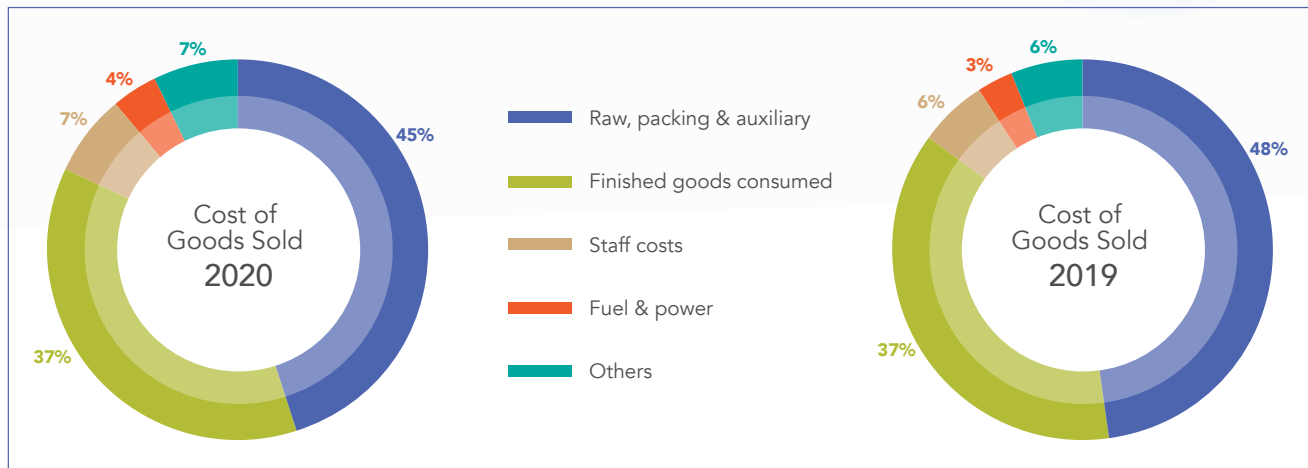
Admin / Net Sales Ratio



Gross Profit vs. Profit After Tax



ANALYTICAL REVIEW



STATEMENT OF VALUE ADDED

	2020		2019	
	Rs. in 000	%	Rs. in 000	%
Net sales	14,107,802	100	14,500,678	100
Materials and services	(9,647,285)	(68)	(10,796,895)	(74)
	4,460,517	32	3,703,783	26

DISTRIBUTED AS FOLLOWS:

Employees

Staff cost	2,256,011	51	1,948,669	53
Workers' Profit Participation Fund	48,031	1	30,509	1
	2,304,042	52	1,979,178	54

Government

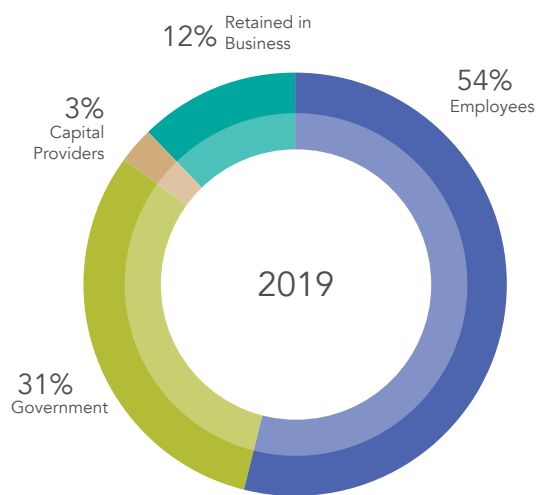
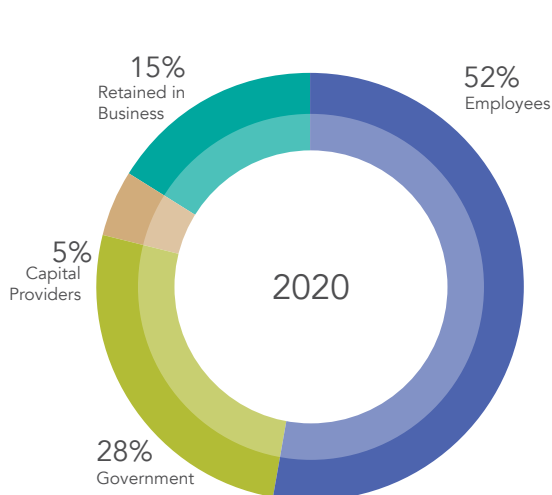
Income tax	386,785	9	391,543	11
Custom duty, Sales tax & Others	858,508	19	744,611	20
Central Research Fund	9,692	-	6,199	-
Workers' Welfare Fund	16,148	-	13,320	-
	1,271,133	28	1,155,673	31

Capital Providers

Dividend to shareholders	192,895	4	77,158	2
Mark-up on borrowed funds	34,326	1	57,979	1
	227,221	5	135,137	3

Retained in business

Depreciation / amortisation	357,949	8	356,117	10
Net Earnings	300,172	7	77,678	2
	658,121	15	433,795	12
	4,460,517	100	3,703,783	100



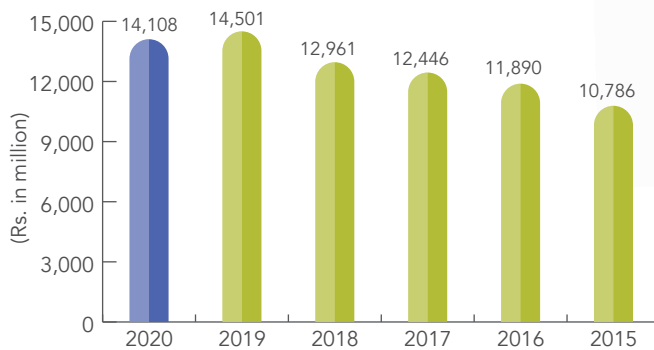
OPERATING & FINANCIAL HIGHLIGHTS

		2020	2019	2018	2017	2016	2015
Liquidity Ratios							
Current Ratio	Times	1.7	1.6	1.7	2.0	1.7	1.2
Quick Ratio	Times	0.9	0.9	0.9	1.0	0.8	0.6
Cash to Current Liabilities	Times	(0.05)	(0.12)	0.07	(0.10)	(0.04)	(0.01)
Cash Flow from Operations to Sales	%	6.5	3.5	15.1	18.4	23.1	14.8
Net Working Capital	Rs. M	2,861	2,306	2,575	2,421	2,082	973
Net Assets	Rs. M	4,562	4,089	4,298	4,149	3,412	2,410
Operating Cycle	Days	39	26	40	66	82	107
Current Assets to Total Assets	%	78.0	76.8	77.9	73.9	72.3	72.5
Inventory / Current Assets	%	48.3	44.1	48.2	50.2	54.6	54.1
Inventory to Total Assets	%	37.7	33.9	37.6	37.1	39.5	39.2
Activity Ratios							
Inventory Turnover	Times	3.5	3.9	3.3	3.1	2.8	2.4
Average No. of Days Inventory in Stock	Days	104	94	109	117	130	154
Accounts Receivable Turnover	Times	22.9	22.8	20.5	17.9	13.9	12.4
Average Collection Period	Days	15.9	16	18	20	26	29
Creditors Turnover	Times	4.5	4.4	4.2	5.1	4.9	4.8
Average Payment Period	Days	81	84	87	72	74	76
Fixed Assets Turnover	Times	8.0	8.7	7.8	7.3	6.4	5.4
Operating Fixed Assets Turnover	Times	8.9	9.4	8.3	7.9	7.0	5.9
Total Assets Turnover	Times	1.6	1.9	1.7	1.9	1.7	1.5
Leverage							
Interest Coverage Ratio	Times	16.1	8.5	63.6	44.7	9.8	1.6
Fixed Assets to Equity	Times	0.4	0.4	0.4	0.4	0.5	0.8
Profitability Ratios							
Sales Growth	%	(2.7)	11.9	4.1	4.7	10.2	8.4
COGS to Net Sales	%	73.0	74.3	69.5	64.4	66.2	74.0
EBITDA* to Net Sales	%	9.2	6.7	9.9	15.4	15.9	7.3
Profit Before Tax to Net Sales	%	6.2	3.8	7.1	12.4	11.8	1.6
Profit After Tax Margin	%	3.5	1.1	4.7	8.1	8.6	0.6
Gross Profit Margin	%	27.0	25.7	30.5	35.6	33.8	26.0
Operating Profit Margin	%	6.6	4.3	7.3	12.7	13.2	4.3
Return on Assets	%	5.7	2.0	7.9	15.2	14.9	0.9
Return on Equity	%	10.8	3.8	14.3	24.3	29.9	2.8
Return on Capital Employed	%	21.2	14.8	22.3	39.0	44.9	15.5
Admin. Dist. & Mktg. Exp. to Net Sales	%	18.1	19.7	20.0	20.6	20.1	22.9
Admin. Dist. & Mktg. Exp. Variance	%	(10.4)	10.0	0.9	7.2	(2.9)	17.8
Financial Charges to Net Income	%	11.8	46.7	2.4	3.5	15.6	440.3
Market Value							
Market Value Per Share	Rs.	757	800	750	1,244	2,856	670
Market / Book Ratio	Times	1.6	1.9	1.7	2.9	8.1	2.7
Earnings per Share (before tax)	Rs.	91.2	56.7	96.0	160.3	145.9	18.3
Earnings per Share (after tax)	Rs.	51.1	16.1	63.5	104.3	105.6	6.9
Price Earning Ratio	Times	14.8	49.8	11.8	11.9	27.0	97.2
Dividend per Share	Rs.	20.0	8.00	30.00	45.00	30.00	3.00
Dividend Yield	%	2.6	1.0	4.0	3.6	1.1	0.4
Dividend Cover	Times	2.7	0.6	1.9	2.3	3.5	2.3
Payout Ratio (after tax)	%	39.1	49.8	47.2	43.1	28.4	43.5
Market Capitalisation	Rs.M	7,301	7,716	7,234	11,993	27,545	6,462
Break-up Value per Share	Rs.	473.0	424.0	445.6	430.1	353.8	249.9

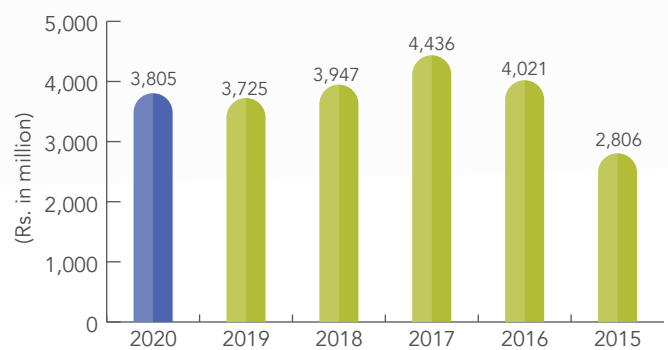
*EBITDA = Earnings before interest, taxes and depreciation & amortization

OPERATING & FINANCIAL HIGHLIGHTS

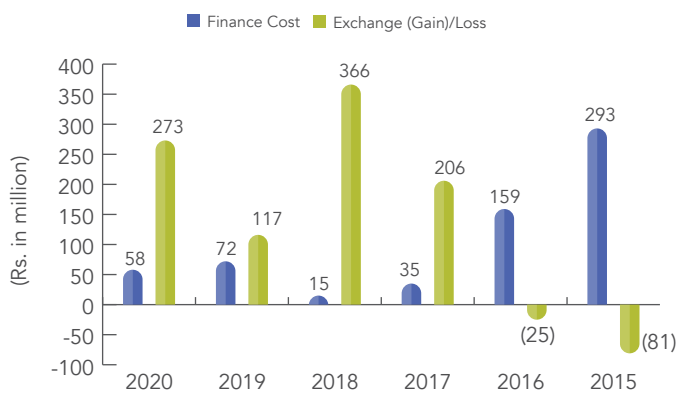
Total Company Net Sales



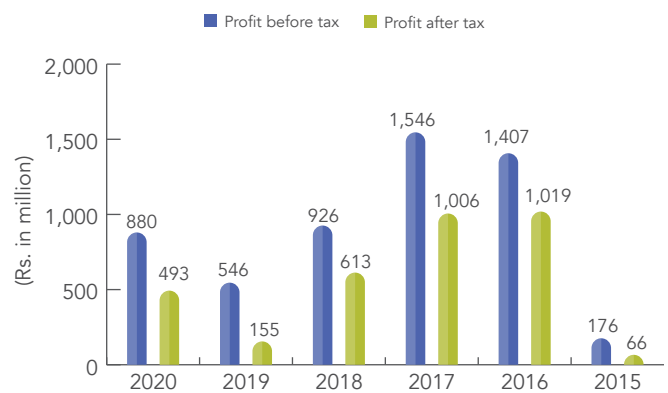
Gross Profit



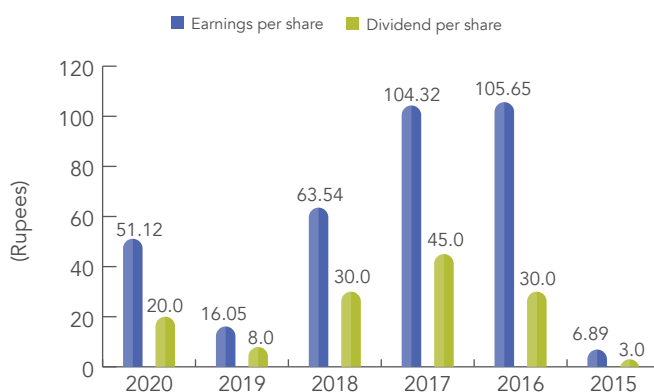
Finance Cost & Exchange (Gain) / Loss



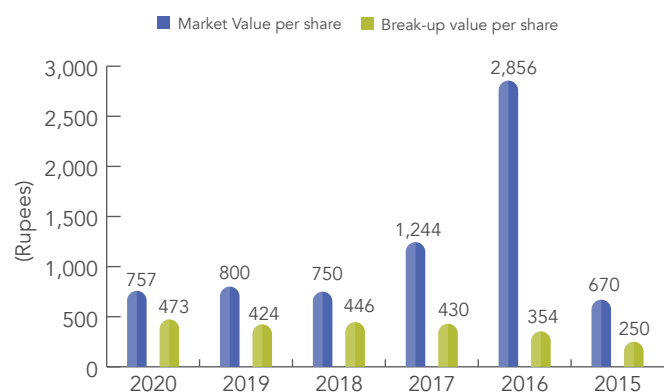
Profit before tax & Profit after tax



Earnings per Share & Dividend per Share

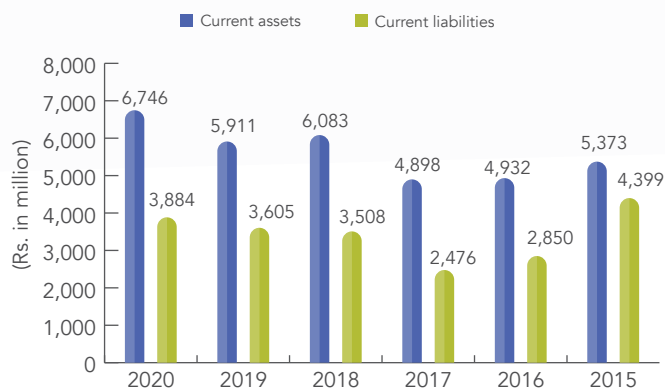


Market Value & Break-up Value per Share

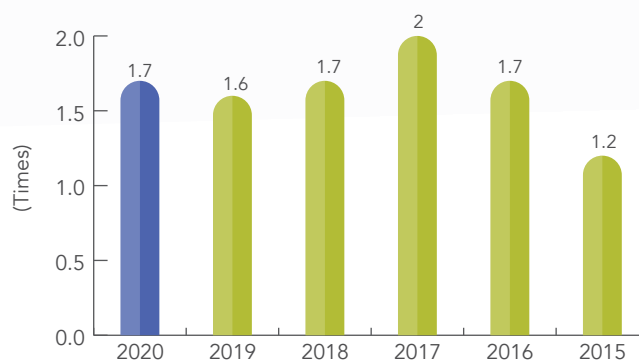


OPERATING & FINANCIAL HIGHLIGHTS

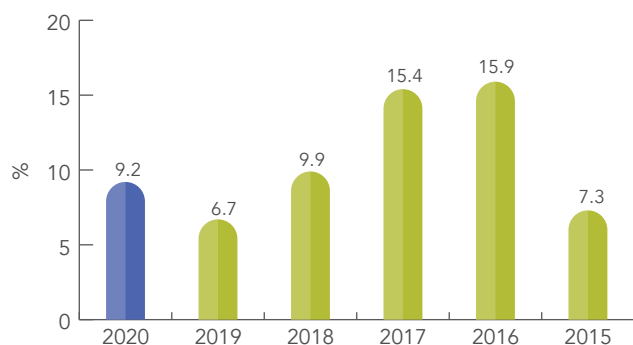
Current Assets & Current Liabilities



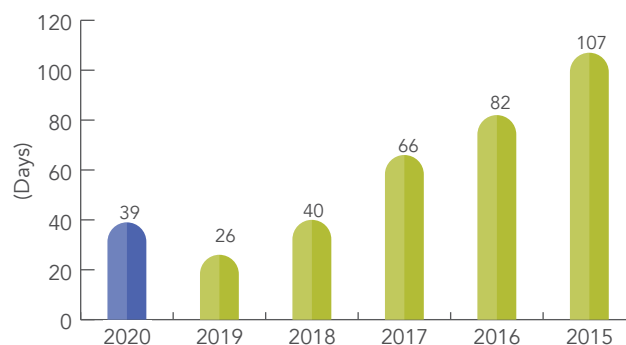
Current Ratio



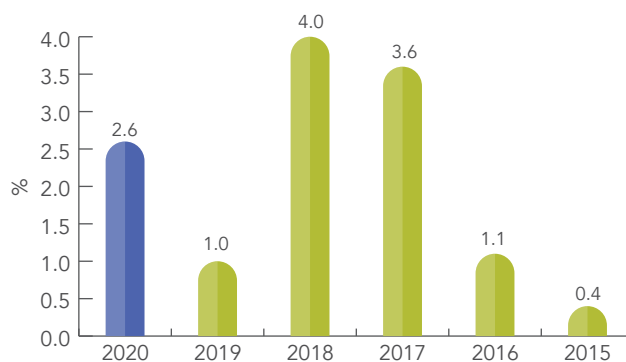
EBITDA to Net Sales



Operating Cycle



Dividend Yield Ratio



HORIZONTAL ANALYSIS

	2020	20 Vs. 19	2019	19 Vs. 18	2018	18 Vs. 17	2017	17 Vs. 16	2016	16 Vs. 15	2015	15 Vs. 14
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Operating Results												
(Rupees in million)												
Net sales	14,108	(2.7)	14,501	11.9	12,961	4.1	12,446	4.7	11,890	10.2	10,786	8.4
Cost of sales	(10,303)	(4.4)	(10,776)	19.5	(9,014)	12.5	(8,010)	1.8	(7,869)	(1.4)	(7,980)	7.8
Gross profit	3,805	2.1	3,725	(5.6)	3,947	(11.0)	4,436	10.3	4,021	43.3	2,806	10.2
Distribution, selling and administrative expenses	(2,551)	(10.4)	(2,848)	10.0	(2,589)	0.9	(2,566)	7.2	(2,394)	(2.8)	(2,464)	17.7
Other expenses	(365)	4.2	(350)	(24.4)	(463)	31.2	(353)	157.7	(137)	291.4	(35)	(23.9)
Other income	50	(45.6)	92	100.7	46	(29.2)	65	(14.5)	76	(53.1)	162	(27.0)
Operating profit	938	51.5	619	(34.2)	941	(40.5)	1,582	1.0	1,566	233.9	469	(25.6)
Finance costs	(58)	(19.4)	(72)	389.2	(15)	(57.1)	(35)	(77.7)	(159)	(45.7)	(293)	(0.3)
Profit before taxation	880	61.2	546	(41.0)	926	(40.1)	1,546	9.9	1,407	699.4	176	(47.6)
Taxation	(387)	(1.3)	(392)	25.1	(313)	(42.0)	(540)	39.2	(388)	252.7	(110)	13.4
Profit After Taxation	493	218.1	155	(74.7)	613	(39.1)	1,006	(1.3)	1,019	1,443.9	66	(72.4)
Statement of Financial Position												
(Rupees in million)												
Fixed assets	1,767	6.5	1,659	(0.3)	1,664	(2.2)	1,702	(8.8)	1,867	(7.3)	2,015	(0.2)
Other non-current assets	140	10.2	127	116.0	59	136	25	26.1	20	5.3	19	58.3
Current assets	6,746	14.1	5,911	(2.8)	6,083	24.2	4,898	(0.7)	4,932	(8.2)	5,373	(7.3)
Total assets	8,653	12.4	7,696	(1.4)	7,806	17.8	6,625	(2.8)	6,819	(7.9)	7,407	(5.4)
Ordinary share capital	96	-	96	-	96	-	96	0.5	96	-	96	-
Reserves	4,466	11.8	3,993	(5.0)	4,201	3.7	4,052	22.2	3,316	43.3	2,314	0.8
Non-current liabilities	207	10,250	2	100	-	-	-	(100.0)	557	(6.9)	598	(5.4)
Current liabilities	3,884	7.7	3,605	2.8	3,508	41.7	2,476	(13.1)	2,850	(35.2)	4,399	(8.4)
Total Equity and Liabilities	8,653	12.4	7,696	(1.4)	7,806	17.8	6,625	(2.8)	6,819	(7.9)	7,407	(5.4)
Cash Flows (Rupees in thousand)												
Cash generated from operations	915,636	81.8	503,710	(74.3)	1,962,488	(14.4)	2,293,943	(16.5)	2,747,015	72.3	1,594,235	521.2
Cash flows used in operating activities	(517,387)	(3.3)	(534,768)	(25.1)	(714,411)	(25.9)	(964,452)	15.2	(837,329)	4.4	(802,179)	53.0
Cash flows used in investing activities	(394,703)	12.5	(350,951)	14.5	(306,605)	78.4	(171,843)	(3.7)	(178,452)	(42.9)	(312,671)	(25.0)
Cash flows generated from / (used in) financing activities	233,630	180.7	(289,413)	(32.9)	(431,372)	(66.5)	(1,288,099)	(29.6)	(1,828,844)	(212.0)	1,632,811	1,472.1
Net increase / (decrease) in cash and cash equivalents	237,176	135.3	(671,422)	231.6	510,100	491.0	(130,451)	(33.6)	(97,610)	104.6	2,112,196	463.8
Number of Employees												
Number of permanent employees at year end	793		908		941		964		988		1000	

VERTICAL ANALYSIS

	2020		2019		2018		2017		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Operating Results												
(Rupees in million)												
Net sales	14,108	100.0	14,501	100.0	12,961	100.0	12,446	100.0	11,890	100.0	10,786	100.0
Cost of sales	(10,303)	(73.0)	(10,776)	(74.3)	(9,014)	(69.5)	(8,010)	(64.4)	(7,869)	(66.2)	(7,980)	(74.0)
Gross profit	3,805	27.0	3,725	25.7	3,947	30.5	4,436	35.6	4,021	33.8	2,806	26.0
Distribution, selling and administrative expenses	(2,551)	(18.1)	(2,848)	(19.6)	(2,589)	(20.0)	(2,566)	(20.6)	(2,394)	(20.1)	(2,464)	(22.8)
Other expenses	(365)	(2.6)	(350)	(2.4)	(463)	(3.6)	(353)	(2.8)	(137)	(1.2)	(35)	(0.3)
Other income	50	0.4	92	0.6	46	0.4	65	0.5	76	0.6	162	1.5
Operating profit	938	6.6	619	4.3	941	7.3	1,582	12.7	1,566	13.1	469	4.4
Finance costs	(58)	(0.4)	(72)	(0.5)	(15)	(0.1)	(35)	(0.3)	(159)	(1.3)	(293)	(2.7)
Profit before taxation	880	6.2	546	3.8	926	7.2	1,546	12.4	1,407	11.8	176	1.7
Taxation	(387)	(2.7)	(392)	(2.7)	(313)	(2.4)	(540)	(4.3)	(388)	(3.3)	(110)	(1.0)
Profit After Taxation	493	3.5	155	1.1	613	4.7	1,006	8.1	1,019	8.5	66	0.7

Statement of Financial Position

(Rupees in million)

Fixed assets	1,767	20.4	1,659	21.6	1,664	21.3	1,702	25.7	1,867	27.4	2,015	27.2
Other non-current assets	140	1.6	127	1.6	59	0.8	25	0.4	20	0.3	19	0.3
Current assets	6,746	78.0	5,911	76.8	6,083	77.9	4,898	73.9	4,932	72.3	5,373	72.5
Total assets	8,653	100.0	7,696	100.0	7,806	100.0	6,625	100.0	6,819	100.0	7,407	100.0
Ordinary share capital	96	1.1	96	1.3	96	1.2	96	1.5	96	1.4	96	1.3
Reserves	4,466	51.6	3,993	51.9	4,201	53.8	4,052	61.1	3,316	48.6	2,314	31.2
Non-current liabilities	207	2.4	2	-	-	-	-	-	557	8.2	598	8.1
Current liabilities	3,884	44.9	3,605	46.8	3,508	45.0	2,476	37.4	2,850	41.8	4,399	59.4
Total Equity and Liabilities	8,653	100.0	7,696	100.0	7,806	100.0	6,625	100.0	6,819	100.0	7,407	100.0

Cash Flows (Rupees in thousand)

Cash generated from operations	915,636	386	503,710	(75.0)	1,962,488	384.7	2,293,943	(1,758.5)	2,747,015	(2,814.3)	1,594,235	75.5
Cash flows used in operating activities	(517,387)	(218.1)	(534,768)	79.6	(714,411)	(140.1)	(964,452)	739.4	(837,329)	857.8	(802,179)	(38.0)
Cash flows used in investing activities	(394,703)	(166.4)	(350,951)	52.3	(306,605)	(60.1)	(171,843)	131.7	(178,452)	182.9	(312,671)	(14.8)
Cash flows generated from / (used in) from financing activities	233,630	98.5	(289,413)	43.1	(431,372)	(84.5)	(1,288,099)	987.4	(1,828,844)	1,873.6	1,632,811	77.3
Net increase / (decrease) in cash and cash equivalents	237,176	100.0	(671,422)	100.0	510,100	100.0	(130,451)	100.0	(97,610)	100.0	2,112,196	100.0

Number of Employees

Number of permanent employees at year end	793	908	941	964	988	1000
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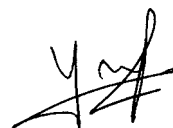
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 53rd Annual General Meeting of sanofi-aventis Pakistan Limited will be held on Friday, April 23, 2021 at 10:00 a.m., electronically through video link arrangement to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 52nd Annual General Meeting held on May 20, 2020.
2. To receive, consider and adopt the audited financial statements for the year ended December 31, 2020 together with the Directors' and Auditors' reports thereon.
3. To approve and declare final cash dividend on the ordinary shares of the Company. The directors have recommended a cash dividend of Rs. 20.00 (200%) per share for the year ended December 31, 2020 which will be payable to the Members whose names appear in the register of the Members on April 12, 2021 close of business.
4. To appoint External Auditors for the year ending December 31, 2021 and to fix their remuneration. The present auditors, M/s. EY Ford Rhodes, Chartered Accountants being eligible, have offered themselves for re-appointment. The Audit Committee and Board of Directors have also recommended appointment of M/s. EY Ford Rhodes, Chartered Accountants as Auditors for the year ending December 31, 2021.
5. To transact any other business with the permission of the Chair.

By order of the Board



Muhammad Yousuf
Company Secretary

Karachi, April 1, 2021

Notes:

1. The Share Transfer Books of the Company shall remain closed from April 13, 2021 to April 23, 2021 (both days inclusive). Transfers received at Company's Share Registrar namely FAMCO Associates (Pvt.) Ltd., 8-F, Near Hotel Faran, Nursery, Block 6, P.E.C.H.S, Shakra-e-Faisal, Karachi, by the close of business on April 12, 2021 will be considered in time, to entitle the transferees to the final cash dividend and to attend the Annual General Meeting.

2. Attending the AGM and appointment of proxies

- i) Members whose names are appearing in the register of members as of April 12, 2021 are entitled to attend and vote at the meeting. A member entitled to attend and vote at the above meeting may appoint a proxy to attend and vote on his behalf. No person shall act as a proxy (except for a corporation) unless he is entitled to be present and vote in his own right. Instrument appointing proxy must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. Shareholders whose shares are deposited with Central Depository Company (CDC) are requested to submit their CDC account number for verification along with the proxy form. In case of a corporate entity, the Board of Directors' resolution/Power of Attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) along with the proxy form.

- ii) The Securities & Exchange Commission of Pakistan (SECP) through its Circular No. 6 of 2021 dated March 3, 2021, has directed that in case, listed companies are facing difficulties in holding Annual General Meeting physically, they may opt to hold such meeting through electronic mode; however, the Company shall provide necessary reasoning in the notice of Annual General Meeting, for not holding the meeting physically. This direction has been issued to safeguard the shareholders against the continuing threat posed by the COVID-19 pandemic and to protect their wellbeing.

In view of SECP's aforementioned circular, the meeting will be attended by the Directors of sanofi-aventis Pakistan Limited and by shareholders including holders of proxies, electronically through video link arrangement, in the best health interest of our valued shareholders and to ensure maximum participation.

The shareholders are requested to get themselves registered by sending their particulars at the designated email address (pk.agm@sanofi.com), mentioning their names, CNIC number, Folio number, cell phone number and email address by the close of business hours (5:00 PM) on April 16, 2021. The webinar link would be provided to the registered shareholders who have provided all the requested information. The shareholders are also encouraged to send their comments / suggestions, related to the agenda items of the AGM on the above-mentioned email address by the close of business hours (5:00 PM) on April 16, 2021.

- iii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iv) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- v) Shareholders holding shares in physical form are requested to notify the change of their addresses, if any and provide the copy of their CNIC to Share Registrar, FAMCO Associates (Pvt.) Ltd., 8-F, Near Hotel Faran, Nursery, Block 6, P.E.C.H.S, Shakra-e-Faisal, Karachi, if not already provided. Those holding shares in electronic form with CDC must notify change of address to their participants or CDC Investor Accounts Services with whom account is maintained.
- vi) CDC account holders will further have to follow the guidelines as laid down in Circular No.1, dated 26 January 2000 issued by the SECP for attending the meeting and appointment of proxies.
3. Annual audited financial statements of the Company for the financial year ended December 31, 2020 have been uploaded on the Company's website i.e. www.sanofi.com.pk.
4. Members are hereby informed that pursuant to SECP's S.R.O. 787(1)/2014 dated September 8, 2014 regarding electronic transmission of Annual Report, we have uploaded the request form on our Company's website. Members who want to avail this facility are requested to submit the request form duly filled to the Share Registrar.
5. In accordance with the provisions of Section 242 of the Companies Act, 2017, and Regulation 4 of the Companies (Distribution of Dividends) Regulations, 2017, a listed company is required to pay cash dividend to its Shareholders ONLY through electronic mode directly into the bank account designated by the entitled Shareholders. In compliance with the above law and in order to receive dividends directly in bank account, Shareholders are requested to provide the information mentioned in Dividend Mandate Form available on the Company's website <http://www.sanofi.com.pk>, otherwise the Company would be constrained to withhold payment of dividend in terms of Regulation 6 of the Companies (Distribution of Dividends) Regulations, 2017. Shareholders shall submit the information directly to their Brokers/CDC Investor Account Service if the shares are held in electronic form or to the Company's Shares Registrar if the shares are held in physical form.
6. As per SECP directives, the dividend of Shareholders whose CNIC/SNIC are not available with the Shares Registrar could be withheld. Shareholders are therefore, requested to submit a copy of their valid CNIC/SNIC (if not already provided) to the Company's Shares Registrar, FAMCO Associates (Pvt.)

Ltd. 8-F, Near Hotel Faran, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi. In the absence of a Member's valid CNIC/SNIC, the Company will be constrained to withhold payment of dividend to such Members.

7. Withholding tax on dividend

Deduction of Income Tax from Dividend under Section 150 of the Income Tax Ordinance, 2001:

- i) As per the provisions of section 150 of the Income Tax Ordinance, 2001 ("Ordinance"), different rates are prescribed for deduction of tax on the amount of dividend paid by the companies. The current tax rates are as under:
 - a. Rate of tax deducted for persons appearing in active taxpayers list (ATL) is 15%.
 - b. Rate of tax deducted for persons not appearing in ATL is 30%.
- ii) Withholding tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to FAMCO Associates (Pvt.) Ltd, before the first day of book closure.
- iii) Members desiring non-deduction of zakat are requested to submit a valid declaration for non-deduction of zakat.
- iv) The corporate shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or FAMCO Associates (Pvt.) Ltd. The shareholders while sending NTN certificates, as the case may be, must quote company name and their respective folio numbers.

Tax in case of Joint Shareholders

According to clarification received from FBR, withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as Joint-Holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all Shareholders, either holding shares in physical form or in CDC, who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-Holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

8. Consent for video conference facility

Pursuant to section 132(2) of the Companies Act, 2017, if the Company receives consent from members holding in aggregate 10% or more of shareholding residing in a geographical location to participate in the meeting through video conferencing at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conferencing facility in that city subject to availability of such facility in that city. To avail this facility such members are requested to provide the following information to the Share Registrar Office of the Company i.e. FAMCO Associates (Pvt.) Limited 8-F, Near Hotel Faran, Nursery, Block 6, P.E.C.H.S, Shakra-e-Faisal, Karachi and email address info.shares@famco.com.pk.

I/We, being member(s) of sanofi-aventis Pakistan Limited, holder of Ordinary Shares as per Register Folio No. _____ hereby opt for video conference facility at (Please insert name of City)

Signature of member

9. E-Voting

Members can also exercise their right of E-voting subject to the requirements of Section 143-145 of the Companies Act, 2017 and the applicable clauses of the Companies (Postal Ballot) Regulations, 2018.

10. For any query/problem/information, the investors may contact the Company Secretary at phone: +92 21 35060221-35 and email address: company.secretary@sanofi.com and/or FAMCO Associates (Pvt.) Ltd. at phone +92 21 34380101-5 and email address: info.shares@famco.com.pk.

www.jamapunji.pk



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*Mobile apps are also available for download for android and ios devices

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 53rd Annual General Meeting of
the Company to be held on Friday, April 23rd, 2021 and at any adjournment thereof.

As witness my / our hand this _____ day of _____ 2021.

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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AFFIX
CORRECT
POSTAGE

The Company Secretary

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

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AFFIX
CORRECT
POSTAGE

The Company Secretary

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

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SANOFI

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