

sanofi-aventis Pakistan Limited

**CONDENSED INTERIM
FINANCIAL STATEMENTS**

FOR THE QUARTER ENDED
MARCH 31, 2021
(UN-AUDITED)



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Company Information

Board of Directors

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

Chairman
Chief Executive Officer
Chief Financial Officer

Company Secretary

Muhammad Yousuf

URL

www.sanofi.com.pk

Head of Internal Audit

Muhammad AbuBakar Siddiq

Auditors

EY Ford Rhodes,
Chartered Accountants

Legal Advisors

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

Bankers

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

Registrars & Share Transfer Office

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

Registered Office

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

Postal Address

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

Contact

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

Directors' Report to the Shareholders

The Directors are pleased to present the un-audited interim condensed financial statements of your Company, for the first quarter ended March 31, 2021. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - "Interim Financial Reporting" and the provisions of and the directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

The Country is currently going through the third wave of COVID-19 wherein cases are on the rise again. Government has again implemented smart lockdown in many parts of the country. The Company is conducting business with some modifications with respect to its ways of working to adapt to the "new normal", while focusing on digital transformation and engaging with stakeholders / Healthcare Professionals digitally.

Net sales for the quarter ended March 31, 2021 stands at Rs. 3,578 million which grew by 4.6% compared to same period last year. This growth was mainly driven by Haemaccel[®], Flagyl[®] and Clexane[®] which grew by 308%, 13.2% and 29.4% respectively. Significant growth in Haemaccel[®] vs. last year was mainly due to supply chain disruption. Growth in Clexane[®] is attributable to its use in treating COVID-19 related complications. The above growth was partly offset by decline in sales of Tixylix[®], Lantus[®] and No-Spa[®] which declined by 38.8%, 18.1% and 19.3% respectively.

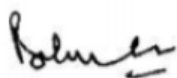
The gross margin improved to 24.7% from 21.5% as compared to same period last year on account of pricing and better product mix. Distribution and marketing expenses reduced to 12.1% of net sales from 16.6% last year mainly on account of savings in travelling and promotional expenses as most of the promotional activities and engagement with Healthcare Professionals are being done through digital mode. Administrative expenses reduced to 3.7% of net sales from 3.9% last year.

Due to the reasons explained above, profit before tax for the quarter ended March 31, 2021 amounted to Rs. 371 million. While profit after tax amounted to Rs. 246 million translating into earnings per share of Rs. 25.48 as compared to loss per share of Rs. 8.75 in same period last year.

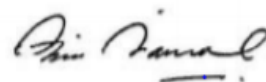
COVID-19 has altered business dynamics all over the globe and it is imperative that organizations take measures to adapt to the changing environment. The Board is closely monitoring the evolving situation of COVID1-19 and its impacts on the economy in general and the Company in particular. Under the leadership of the Board, management is putting all the efforts to ensure that adequate measures are taken to minimize the negative impacts on the Company.

The Board of Directors would like to wish all stakeholders, including employees, health, safety and well-being in these challenging times and recommend all to ensure compliance with the directives of the government to fight this pandemic.

By order of the Board



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer

Karachi: April 28, 2021

ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز آپ کی کمپنی کے ۳۱ مارچ، ۲۰۲۱ء کو ختم شدہ پہلی سہ ماہی کے غیر آڈٹ شدہ عبوری مالیاتی گوشوارے پیش کرتے ہیں۔ یہ مالیاتی گوشوارے انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ 34 (IAS) - "انٹیرم فنانشل رپورٹنگ" کے مطابق اور کمپنیز ایکٹ، ۲۰۱۷ء کے تحت جاری شدہ ہدایات کی روشنی میں تیار کیے گئے ہیں۔ اگر کہیں پر ضروریات مختلف ہیں تو کمپنیز ایکٹ، ۲۰۱۷ء کی ہدایات پر عمل کیا گیا ہے۔

ملک میں COVID-19 کی وبا کی تیسری لہر چل رہی ہے اور متاثرین کی تعداد ایک مرتبہ پھر بہت زیادہ ہو گئی ہے۔ حکومت نے ملک کے متعدد حصوں میں پھر اسمارٹ لاک ڈاؤن لگا دیا ہے۔ کمپنی اپنے کاروبار کو کرنے کے طریقوں میں تبدیلیاں لارہی ہے تاکہ نئے طریقوں سے کام کیے جاسکیں، جبکہ اسٹیک ہولڈرز/علاج معالجہ کے ماہرین کے ساتھ رابطے کے لیے ڈیجیٹل طریقوں پر توجہ دی جا رہی ہے۔

۳۱ مارچ، ۲۰۲۱ء کو ختم شدہ پہلی سہ ماہی میں کمپنی کی نیٹ سیلز گزشتہ سال میں اسی دورانیہ کے مقابلے میں ۲۶٪ فیصد اضافے کے ساتھ ۳۵.۵۷۸ ملین روپے رہی۔ اس اضافے کی بنیادی وجہ ہیما سسل، فلیج اور کلیگزین کی نیٹ سیلز میں اضافہ ہے جن میں بالترتیب ۳۰۸ فیصد، ۱۳۶ فیصد اور ۲۹ فیصد اضافہ ریکارڈ کیا گیا۔ ہیما سسل کی نیٹ سیلز میں گزشتہ سال کے مقابلے میں بہت زیادہ اضافے کی اہم وجہ پچھلے سال سپلائی چین میں خلل تھا۔ کلیگزین کی سیلز میں اضافے کا سبب COVID-19 سے منسلک پیچیدگیوں کے خاتمے کے لیے اس کا استعمال ہے۔ مذکورہ بالا اضافے میں جزوی طور پر کمی کی وجوہات میں ٹکسی ٹکس، لینیٹس اور نو سپا کی سیلز میں بالترتیب ۳۸٪، ۱۸٪ اور ۱۹٪ فیصد کمی شامل ہے۔

قیمتوں میں اضافے اور پروڈکٹ کے بہتر امتزاج کی بنا پر نیٹ سیلز کی شرح کے لحاظ سے مجموعی منافع گزشتہ سال اسی دورانیہ کے مقابلے میں ۲۱.۵ فیصد سے بڑھ کر ۲۴.۷ فیصد ہو گیا۔ ڈسٹری بیوشن اور مارکیٹنگ اخراجات گزشتہ سال نیٹ سیلز کے ۱۶.۶ فیصد کے مقابلے میں کم ہو کر ۱۲.۴ فیصد تک آگئے جس کی بنیادی وجوہات میں سفری اور تشہیری اخراجات میں بچت شامل ہے، کیونکہ زیادہ تر تشہیری سرگرمیوں اور طبی ماہرین سے رابطے کے لیے ڈیجیٹل طریقہ کار کو اپنایا گیا۔ انتظامی اخراجات گزشتہ سال نیٹ سیلز کے ۳.۹ فیصد کے مقابلے میں کم ہو کر ۳.۷ فیصد کی سطح پر آگئے۔

مندرجہ بالا اسباب کی وجہ سے ۳۱ مارچ، ۲۰۲۱ء کو ختم شدہ سہ ماہی میں قبل از ٹیکس منافع ۳۷۱ ملین روپے رہا۔ جبکہ بعد از ٹیکس منافع ۲۴۶ ملین روپے ریکارڈ کیا گیا، اسی طرح گزشتہ سال اسی دورانیہ میں ۸۷۵ روپے فی حصص خسارے کے مقابلے میں ۲۵۸ روپے فی حصص منافع ریکارڈ کیا گیا ہے۔

COVID-19 کی وبانے پوری دنیا میں کاروباری طریقوں کو یکسر تبدیل کر کے رکھ دیا ہے اور یہ لازمی ہے کہ اداروں کو ماحولیاتی تبدیلیوں کے مطابق اقدامات اٹھانے چاہئیں۔ بورڈ COVID-19 کی صورتحال اور معیشت پر عمومی جبکہ خصوصی طور پر کمپنی کے معاشی حالات پر اثرات کا باریک بینی سے جائزہ لے رہا ہے۔ بورڈ کی سربراہی میں انتظامیہ اس بات کو یقینی بنانے میں مصروف عمل ہے کہ کمپنی کے کاروبار پر منفی اثرات کو کم سے کم سطح پر لانے کے لیے تمام ممکنہ کوششیں کی جائیں۔ بورڈ آف ڈائریکٹرز موجودہ نازک حالات میں کمپنی کے تمام شراکت داروں، بشمول ملازمین کی صحت، حفاظت اور بہتری کا خواہاں ہے اور سفارش کرتا ہے کہ اس وبائی صورتحال سے نمٹنے کے لیے حکومت کی ہدایات پر عمل کو یقینی بنایا جائے۔

Asim Rana

عاصم جمال
چیف ایگزیکٹو آفیسر

بحکم بورڈ

Salman

سید باہر علی
چیئرمین

کراچی، ۲۸ اپریل، ۲۰۲۱ء

sanofi-aventis Pakistan Limited

Condensed Interim Statement of Financial Position

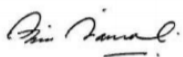
As at March 31, 2021

	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
----- Rupees in '000 -----			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	1,672,713	1,741,583
Right-of-use assets	5	13,981	21,790
Intangible assets		3,809	3,604
		<u>1,690,503</u>	<u>1,766,977</u>
Long-term loans		3,161	3,119
Long-term deposits		13,643	13,643
Deferred taxation - net		138,424	123,773
		<u>1,845,731</u>	<u>1,907,512</u>
CURRENT ASSETS			
Stores and spares		49,688	48,273
Stock-in-trade - net	6	4,549,710	3,210,363
Trade debts - net		550,701	538,646
Loans and advances		163,500	88,694
Trade deposits and short-term prepayments		432,907	427,861
Other receivables - net	7	43,015	966,953
Taxation - net		1,356,640	1,411,809
Cash and bank balances		222,983	53,235
		<u>7,369,144</u>	<u>6,745,834</u>
TOTAL ASSETS		<u><u>9,214,875</u></u>	<u><u>8,653,346</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
10,000,000 Ordinary shares of Rs.10 each		<u>100,000</u>	<u>100,000</u>
Issued, subscribed and paid-up			
		96,448	96,448
Reserves			
Capital reserves		357,911	353,307
Revenue reserve		4,358,060	4,112,343
		<u>4,715,971</u>	<u>4,465,650</u>
		4,812,419	4,562,098
NON-CURRENT LIABILITIES			
Long-term financing		131,181	163,622
Deferred liabilities		42,274	42,274
Lease liabilities		428	1,340
		<u>173,883</u>	<u>207,236</u>
CURRENT LIABILITIES			
Contract liabilities		111,564	57,927
Trade and other payables	8	3,814,360	3,396,136
Current maturity of long-term financing		182,206	143,758
Current maturity of deferred liabilities		11,292	16,340
Current maturity of lease liabilities		6,378	22,140
Accrued mark-up		2,294	5,599
Unclaimed dividend		9,216	9,279
Short-term borrowings	9	91,263	232,833
		<u>4,228,573</u>	<u>3,884,012</u>
CONTINGENCIES AND COMMITMENTS			
	10		
TOTAL EQUITY AND LIABILITIES		<u><u>9,214,875</u></u>	<u><u>8,653,346</u></u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer



Yasser Pir Muhammad
Chief Financial Officer

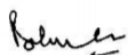
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Condensed Interim Statement of Profit or Loss

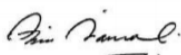
For the quarter ended March 31, 2021 (Un-audited)

	March 31, 2021	March 31, 2020
	----- Rupees in '000 -----	
NET SALES	3,577,847	3,421,068
Cost of sales	(2,692,634)	(2,686,914)
GROSS PROFIT	<u>885,213</u>	<u>734,154</u>
Distribution and marketing costs	(432,003)	(568,921)
Administrative expenses	(133,627)	(134,460)
Other expenses	(35,950)	(84,591)
Other income	96,091	16,802
	<u>(505,489)</u>	<u>(771,170)</u>
OPERATING PROFIT / (LOSS)	<u>379,724</u>	<u>(37,016)</u>
Finance costs	(8,266)	(12,273)
PROFIT / (LOSS) BEFORE TAXATION	<u>371,458</u>	<u>(49,289)</u>
Taxation - Current	(140,392)	(91,880)
- Deferred	14,651	56,756
	<u>(125,741)</u>	<u>(35,124)</u>
PROFIT / (LOSS) AFTER TAXATION	<u><u>245,717</u></u>	<u><u>(84,413)</u></u>
EARNINGS / (LOSS) PER SHARE - basic and diluted (Rupees)	<u><u>25.48</u></u>	<u><u>(8.75)</u></u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer



Yasser Pirmuhammad
Chief Financial Officer

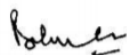
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Condensed Interim Statement of Other Comprehensive Income

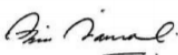
For the quarter ended March 31, 2021 (Un-audited)

	March 31, 2021	March 31, 2020
	----- Rupees in '000 -----	-----
Profit / (Loss) after taxation	245,717	(84,413)
Items pertaining to Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	<u>245,717</u>	<u>(84,413)</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer



Yasser Pirmuhammad
Chief Financial Officer

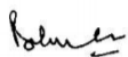
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Condensed Interim Statement of Cash Flows

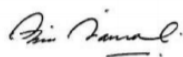
For the quarter ended March 31, 2021 (Un-audited)

	March 31, 2021	March 31 2020
Note	-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	371,458	(49,289)
Adjustment for non-cash charges and other items:		
Depreciation / amortization	90,707	91,084
Modification of Right-of-Use Assets	(1,122)	-
(Gain) / loss on disposal of operating fixed assets	(2,942)	114
Expenses arising from equity settled share based payment plans	4,604	7,643
Retirement benefits	30,611	36,527
Interest Income	(288)	(1)
Finance costs	8,266	12,273
	<u>501,294</u>	<u>98,351</u>
(Increase) / Decrease in current assets:		
Stores and spares	(1,415)	1,896
Stock-in-trade	(1,339,347)	(608,961)
Trade debts	(12,055)	(43,403)
Loans and advances	(74,806)	(34,029)
Trade deposits and short-term prepayments	(5,046)	(140,257)
Other receivables	923,953	(17,677)
	<u>(508,716)</u>	<u>(842,431)</u>
	(7,422)	(744,080)
Increase / (Decrease) in current liabilities:		
Contract liabilities	53,637	(43,367)
Trade and other payables (excluding liabilities for employees' pension fund)	419,522	767,135
Cash generated from / (used in) operations	<u>465,737</u>	<u>(20,312)</u>
Finance costs paid	(10,283)	(16,378)
Interest on lease liabilities paid	(2,140)	(86)
Income tax paid	(85,223)	(92,187)
Retirement benefits paid	(31,925)	(45,300)
Long-term loans	(42)	(91)
Net cash generated from / (used in) operating activities	<u>336,124</u>	<u>(174,354)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(34,389)	(72,669)
Sale proceeds from disposal of operating fixed assets	19,667	7,132
Interest received	288	1
Net cash used in investing activities	<u>(14,434)</u>	<u>(65,536)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(63)	(49)
Repayment of lease liabilities	(10,309)	(339)
Net cash used in in financing activities	<u>(10,372)</u>	<u>(388)</u>
Net increase / (decrease) in cash and cash equivalents	<u>311,318</u>	<u>(240,278)</u>
Cash and cash equivalents at the beginning of the period	(179,598)	(416,774)
Cash and cash equivalents at the end of the period	<u>11</u> <u>131,720</u>	<u>(657,052)</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer



Yasser Pirmuhammad
Chief Financial Officer

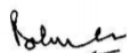
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Condensed Interim Statement of Changes in Equity

For the quarter ended March 31, 2021 (Un-audited)

	Capital Reserves				Revenue Reserves		Total
	Issued, subscribed and paid-up share capital	Long-term liabilities forgone	Difference of share capital under scheme of arrangement for amalgamation	Other	General reserve	Unappropriated profit	
-----Rupees '000-----							
Balance as at January 1, 2020	96,448	5,935	18,000	297,652	3,535,538	135,879	4,089,452
Transfer to general reserve	-	-	-	-	-	-	-
Employee benefit cost under IFRS 2 - "Share-based Payment"	-	-	-	7,643	-	-	7,643
Loss after taxation	-	-	-	-	-	(84,413)	(84,413)
Other comprehensive loss for the period	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(84,413)	(84,413)
Balance as at March 31, 2020	<u>96,448</u>	<u>5,935</u>	<u>18,000</u>	<u>305,295</u>	<u>3,535,538</u>	<u>51,466</u>	<u>4,012,682</u>
Balance as at January 1, 2021	96,448	5,935	18,000	329,372	3,535,538	576,805	4,562,098
Transfer to general reserve	-	-	-	-	-	-	-
Employee benefit cost under IFRS 2 - "Share-based Payment"	-	-	-	4,604	-	-	4,604
Profit after taxation	-	-	-	-	-	245,717	245,717
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	245,717	245,717
Balance as at March 31, 2021	<u>96,448</u>	<u>5,935</u>	<u>18,000</u>	<u>333,976</u>	<u>3,535,538</u>	<u>822,522</u>	<u>4,812,419</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer



Yasser Pirmuhammad
Chief Financial Officer

sanofi-aventis Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the quarter ended March 31, 2021 (Un-audited)

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.

Currently the Country is going through the third wave of COVID-19 pandemic which has again resulted in smart lockdown in various parts of the country. The Company is conducting business with some modifications with respect to its ways of working to adapt to the "new normal", while focusing on digital transformation and engaging with stakeholders / Healthcare Professionals digitally. The Company is actively monitoring the situation and may take further actions as may be required by Federal, Provincial or local authorities or that are in the best interest of the employees, customers, suppliers and stakeholders.

Based on management's assessment, the impact of COVID-19 is not likely to be significant on the over all operations of the Company.

2. STATEMENT OF COMPLIANCE

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

3. ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2020, except as described below:

IFRS 9 / IAS 39 / IFRS 7 / IFRS 4 / IFRS 16 - Interest Rate Benchmark Reform – Phase 2 (Amendments)

The adoption of the above amendment to accounting and reporting standards did not have any material effect on these condensed interim financial statements.

sanofi-aventis Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the quarter ended March 31, 2021 (Un-audited)

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Note	-----Rupees in '000-----	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	1,531,952	1,586,496
Capital work-in-progress	4.2	140,761	155,087
		<u>1,672,713</u>	<u>1,741,583</u>
4.1 Operating fixed assets			
Opening net book value		1,586,496	1,546,805
Additions / transfers during the period / year - at cost	4.1.1	47,822	433,035
Disposals during the period / year	4.1.1	(16,725)	(54,616)
Write-off during the period / year		-	(800)
Depreciation charged during the period / year		(85,641)	(337,928)
Closing net book value		<u>1,531,952</u>	<u>1,586,496</u>

4.1.1 Additions to the operating fixed assets, including transfers from capital work-in-progress and disposals made during the period were as follows:

	Additions (at cost)		Disposals (at net book value)	
	(Un-audited) March 31, 2021	(Un-audited) March 31, 2020	(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
	----- Rupees in '000 -----			
Buildings on leasehold land	33	-	-	-
Plant and machinery	6,540	-	-	-
Furniture and fixtures	-	-	-	-
Factory and office equipment	7,800	15,297	-	-
Motor vehicles - owned	33,449	20,777	16,725	7,246
	<u>47,822</u>	<u>36,074</u>	<u>16,725</u>	<u>7,246</u>

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Note	-----Rupees in '000-----	
4.2 Capital work-in-progress			
Buildings on leasehold land		45,341	50,264
Plant and machinery		56,856	51,941
Others		38,564	52,882
		<u>140,761</u>	<u>155,087</u>

5. RIGHT-OF-USE ASSETS			
Opening carrying value		21,790	2,828
Additions during the period / year		-	36,382
Modification of Right-of-Use Assets	5.1	(3,432)	-
Depreciation expense for the period / year		(4,377)	(17,420)
Closing carrying value		<u>13,981</u>	<u>21,790</u>

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

sanofi-aventis Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the quarter ended March 31, 2021 (Un-audited)

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
Note	-----Rupees in '000-----	
6. STOCK-IN-TRADE		
Raw and packing material		
In hand	1,254,426	1,364,825
In transit	<u>447,105</u>	<u>79,069</u>
	1,701,531	1,443,894
Provision against raw and packing material	<u>(190,584)</u>	<u>(221,054)</u>
	1,510,947	1,222,840
Work-in-process	103,216	96,071
Finished goods		
In hand	<u>2,394,302</u>	<u>1,853,682</u>
In transit	<u>744,508</u>	<u>209,692</u>
	3,138,810	2,063,374
Provision against finished goods	<u>(203,263)</u>	<u>(171,922)</u>
	<u>2,935,547</u>	<u>1,891,452</u>
	<u>4,549,710</u>	<u>3,210,363</u>
6.1 Movement of provision against raw and packing material		
Opening balance	221,054	151,162
(Reversal) / Charge for the period / year	(28,405)	86,216
Write-off during the period / year	<u>(2,065)</u>	<u>(16,324)</u>
Closing balance	<u>190,584</u>	<u>221,054</u>
6.2 Movement of provision against finished goods		
Opening balance	171,922	179,616
Charge for the period / year	31,461	49,451
Write-off during the period / year	<u>(120)</u>	<u>(57,145)</u>
Closing balance	<u>203,263</u>	<u>171,922</u>
7. OTHER RECEIVABLES - net		
Includes Rs. 2.9 million (2020: Rs. 928 million) receivable from related parties.		

sanofi-aventis Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the quarter ended March 31, 2021 (Un-audited)

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
-----Rupees in '000-----		
8. TRADE AND OTHER PAYABLES		
Trade creditors		
Related parties	1,525,427	1,029,599
Other trade creditors	419,598	360,760
	<u>1,945,025</u>	<u>1,390,359</u>
Other payables		
Accrued liabilities	951,100	1,050,350
Refund liabilities	19,549	27,347
Provision for Sindh Development and Maintenance of Infrastructure Cess	416,895	403,546
Employees' Pension Fund	320,614	321,912
Workers' Profit Participation Fund	22,213	50,291
Workers' Welfare Fund	90,200	95,967
Central Research Fund	12,786	9,054
Compensated absences	15,596	27,107
Security deposits	1,775	1,775
Contractors' retention money	3,251	5,156
Sales tax payable	15,356	13,272
	<u>1,869,335</u>	<u>2,005,777</u>
	<u>3,814,360</u>	<u>3,396,136</u>
9. SHORT-TERM BORROWINGS		
Running finance utilized under mark-up arrangements	<u>91,263</u>	<u>232,833</u>

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 (2020: Rs. 2,800 million). These facilities are secured against first registered joint pari passu charge over current assets of the Company, inclusive but not limited to stock-in-trade and book debts of the Company. These facilities carry mark-up rates ranging between KIBOR + 0.15% to KIBOR + 0.40% (2020: KIBOR + 0.15% to KIBOR + 0.40%) per annum. These facilities will expire latest by March 31, 2022.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

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

- 10.1.1** During the year ended December 31, 2016, Inland Revenue, Enforcement & Collection had framed the assessment for Tax Year 2014 on the alleged contention that the Company had short deducted income tax from payments made to vendors under various heads of expenditures. Total tax demand raised under the order was Rs.123.4 million. During the year 2018, the Commissioner Inland Revenue (Appeals) [CIR(A)] had remanded back the proceedings for fresh consideration to the Deputy Commissioner Inland Revenue (DCIR).The Company had filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the directions of CIR(A) for remand back proceedings. During the year 2019, the DCIR reduced the withholding tax demand from Rs.123.4 million to Rs.39.4 million in respect of matters pertaining to short withholding on imports. Therefore, balance of Rs.84 million was refundable to the Company, out of which an amount of Rs.49 million was refunded to the Company in the form of cash payments and the remaining amount of Rs.35 million was adjusted against the tax liability for the Tax Year 2021. Appeal was filed with CIR(A) for the disputed amount of Rs.39.4 million which was rejected in Tax Year 2022 by CIR(A) therefore the appeal was filed with ATIR in order to safeguard the Company's position.
- 10.1.2** During the year ended December 31, 2016, after conducting monitoring proceedings under section 161 of the Income Tax Ordinance, 2001 (Ordinance), Additional Commissioner Inland Revenue (ACIR) raised a demand of Rs. 44.6 million. The Company paid the said amount under protest and filed an appeal before the CIR(A). During the year 2018, the CIR(A) remanded back to (ACIR) for fresh proceedings. However, the Company had filed an appeal before the ATIR against the directions of CIR(A) for remand back proceeding which is pending. Appeal effect order was issued by the officer disallowing the same, therefore, appeal was filed with CIR(A). During the year 2021, CIR(A) has sustained the demand of Rs.44.6 million which is pursued in appeal in ATIR in order to safeguard Company's position.

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Notes to the Condensed Interim Financial Statements

For the quarter ended March 31, 2021 (Un-audited)

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	-----Rupees in '000-----	
10.2 Commitments		
Commitments for capital expenditure	<u>141,336</u>	<u>99,512</u>
Outstanding letters of credit	<u>397,610</u>	<u>214,422</u>
Outstanding bank guarantees	<u>417,856</u>	<u>417,220</u>
Outstanding bank contracts	<u>2,708,702</u>	<u>808,339</u>
11. CASH AND CASH EQUIVALENTS		
Cash and bank balances	222,983	40,712
Short-term borrowings	<u>(91,263)</u>	<u>(697,764)</u>
	<u>131,720</u>	<u>(657,052)</u>
12. TRANSACTIONS WITH RELATED PARTIES		

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

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

	March 31, 2021 (Un-audited)					March 31, 2020 (Un-audited)				
	Group Companies	Associated Undertakings	Retirement benefit plans	Key Management personnel	Total	Group Companies	Associated Undertakings	Retirement benefit plans	Key Management personnel	Total
	-----Rupees in '000-----									
i) Sale of goods	16,707	-	-	-	16,707	-	-	-	-	-
ii) Purchase of goods	2,623,916	3,513	-	-	2,627,429	2,050,224	56	-	-	2,050,280
iii) Purchase of services	13,122	8,545	-	-	21,667	10,339	8,281	-	-	18,620
iv) Insurance claim received	-	-	-	-	-	-	10,111	-	-	10,111
v) Contribution paid										
- Provident fund	-	-	15,583	-	15,583	-	-	15,917	-	15,917
- Gratuity fund	-	-	10,785	-	10,785	-	-	18,159	-	18,159
- Pension fund	-	-	21,140	-	21,140	-	-	27,141	-	27,141
vi) Remuneration of key management personnel	-	-	-	63,180	63,180	-	-	-	70,722	70,722

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

sanofi-aventis Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the quarter ended March 31, 2021 (Un-audited)

14. ENTITY WIDE INFORMATION

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

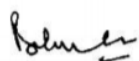
	(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
	-----Rupees in '000-----	
Pakistan	3,469,625	3,370,089
Afghanistan	91,515	50,979
Others	16,707	-
	<u>3,577,847</u>	<u>3,421,068</u>

15. DATE OF AUTHORIZATION FOR ISSUE

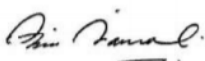
These condensed interim financial statements were authorized for issue on April 28, 2021 by the Board of Directors of the Company.

16. GENERAL

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



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer



Yasser Pirmuhammad
Chief Financial Officer