



SANOFI



ANNUAL REPORT 2021



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SANOFI

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Our Purpose

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

Our Core Values

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



Teamwork

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



Integrity

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



Respect

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



Courage

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



sanofi



Paul Hudson
CEO Sanofi

“We’re not trying to just transform medicine... but also ourselves as an organization”

Sanofi has a wonderfully rich heritage of scientific discoveries and patient focus, as well as industry leadership in rare disease, diabetes, cardiovascular medicine and vaccines.

These achievements have come with complexity, with the current Sanofi being formed as the result of many acquisitions and combinations over the last 50 years.

In early February 2022, Sanofi repositioned the Company as one strong, unified company with science, technology and people at the core.

sanofi

About Sanofi Pakistan

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

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

On December 20, 2021, Packages Limited made a public announcement that its Board of Directors had given an in-principal approval to be part of an investor consortium to evaluate a potential purchase by the Consortium of all of 52.87% shares held by Sanofi Foreign Participations B.V. (the Parent Company) in the Company. The Consortium is led by Packages Limited and includes IGI Investments, and affiliates of Arshad Ali Gohar Group. In response, the Parent Company granted the Consortium an opportunity to conduct due diligence of the Company. However, no significant development has been made up to the finalisation of this annual report.

At this point, there are no assurances that negotiations between Sanofi and the Consortium will result in a binding agreement and that the transaction will occur at all.

In February 2022, Sanofi launched a new brand identity / logo at a global level. The tagline “Empowering Life” was retired, and a new purpose was articulated: “We chase the miracles of science to improve people’s lives”, positioning the Company as one strong, unified company with science, technology and people at the core.

Since the Pakistan affiliate is in the midst of a potential share transfer agreement, local management chose to defer adoption of the new brand identity.



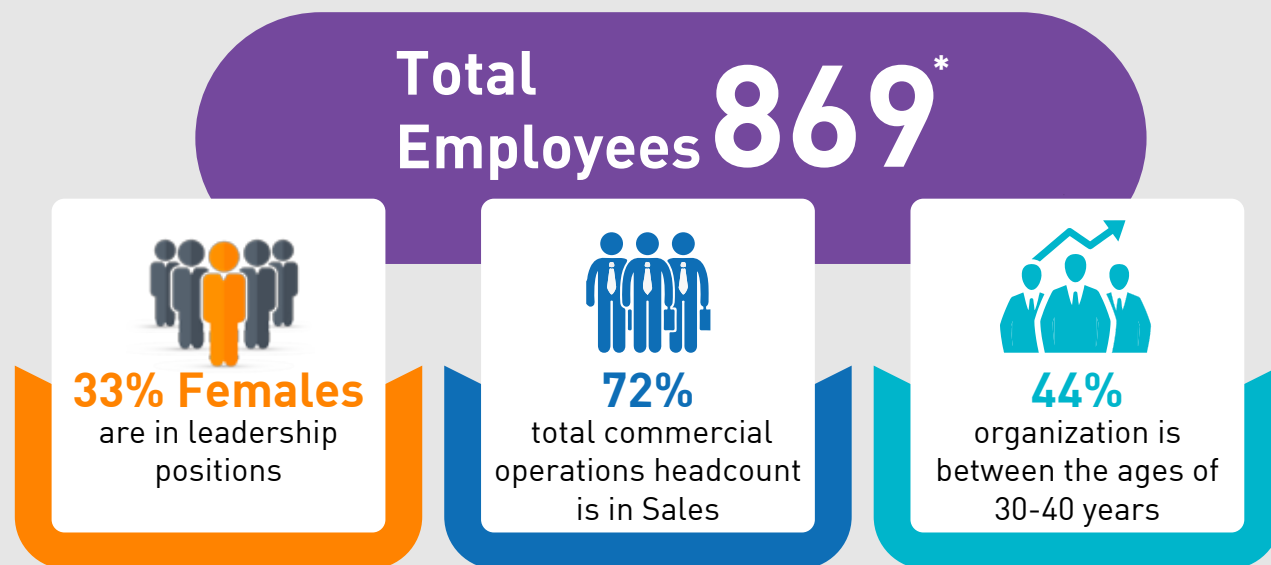
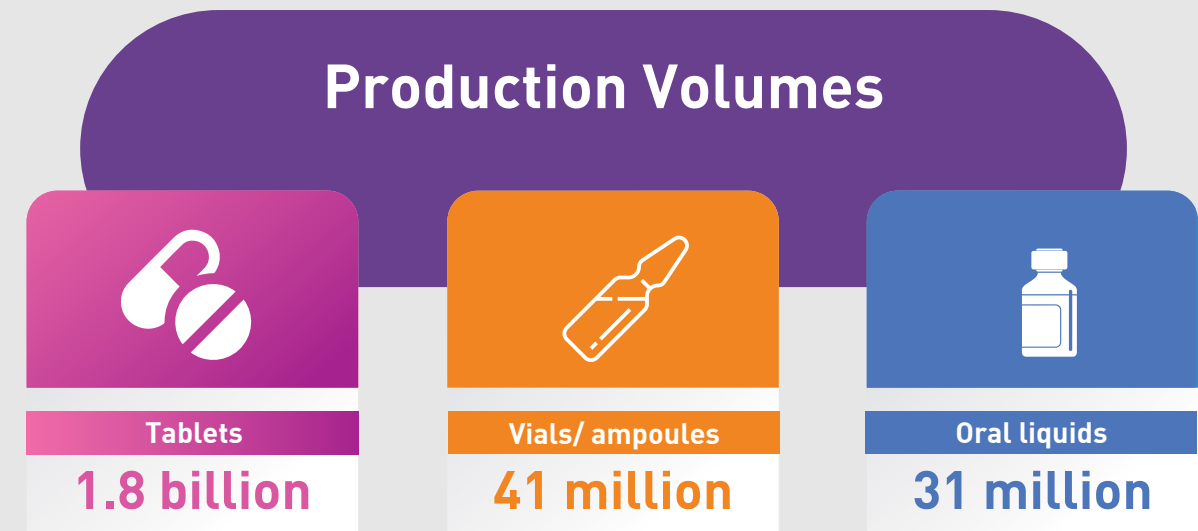
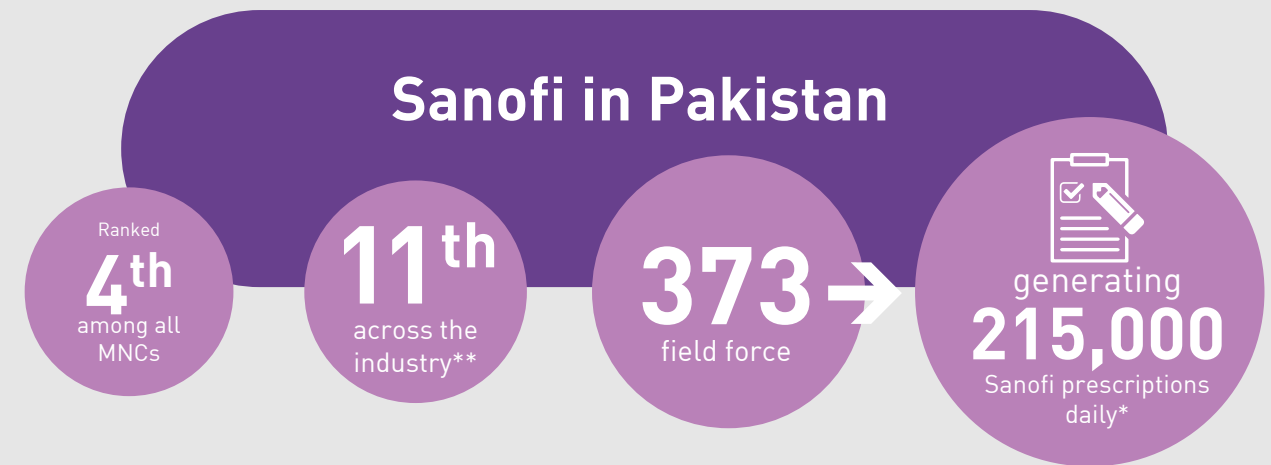
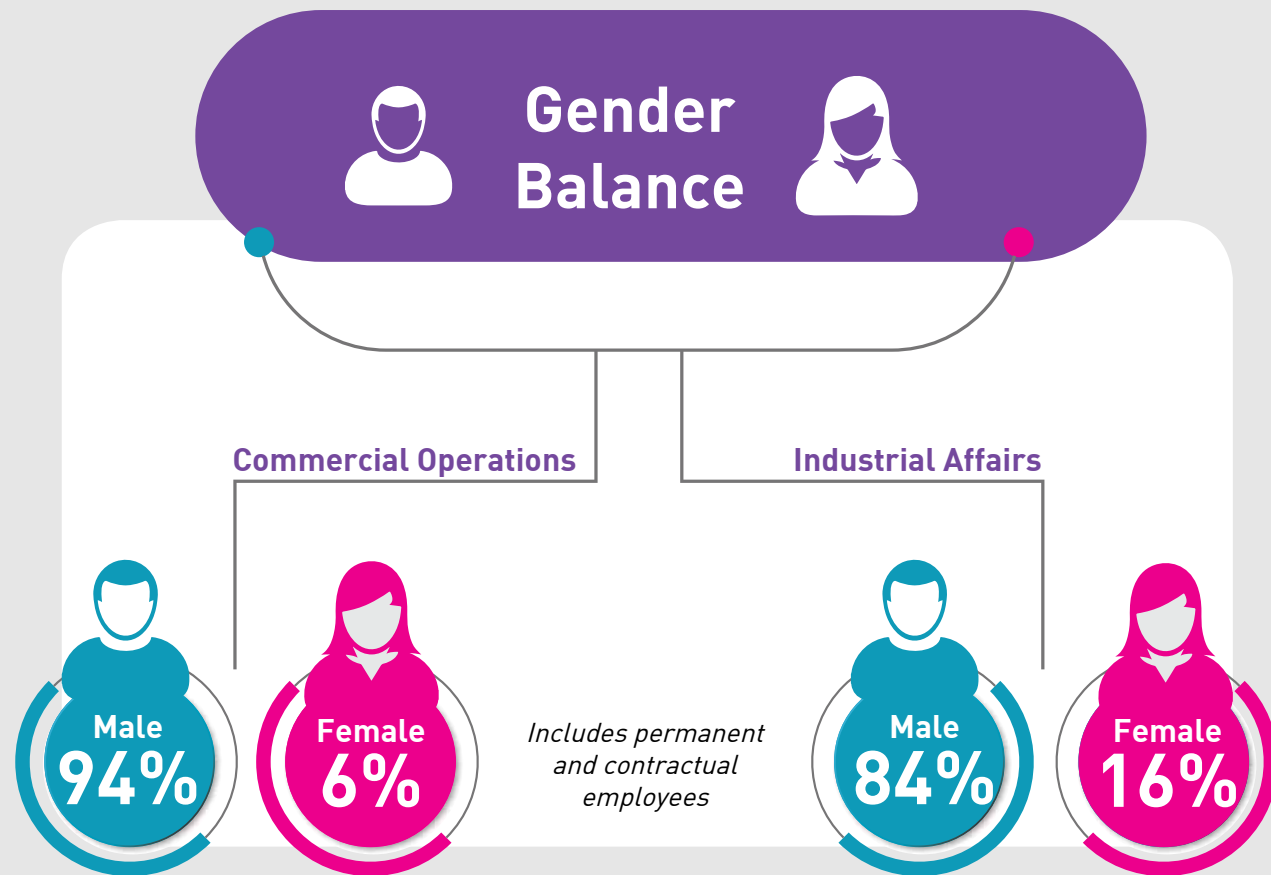
Our Vision

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



2021



*Includes Commercial, Industrial Affairs (IA) and contractual

*Based on MIP MAT S1, 2021
**Based on PKPI MAT Dec 2021 (excluding V06 and V07)

Market Performance

growth

Haemacel[®]
Polygeline 3.5%

87%

Enterogermina[®]

36%

Toujeo[®]
insulin glargine 300U/ml

32%

Tixylix[®]
Uridin

29%

**Selsun
blue**

27%

NO-SPA[®]
(Drotaverine HCl)

25%

Phenergan

16%

Net Sales



**PKR 15,881
Million**

Profit
After Tax



**PKR 906
Million**

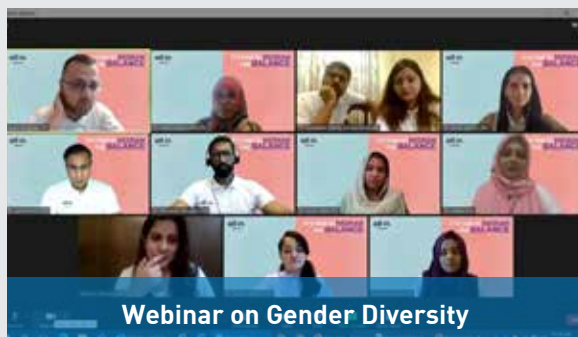
EPS

(Earnings Per Share)



**PKR 93.93
Per Share**

Employee Engagement





Annual Sales Conference of CHC



Leadership Workshop with Diabetes Team



Medical Team Meet



Marketing Team Training



HR Head Shakeel Mapara delivering a motivational talk at Medical Team Meet



District Managers Training



Leadership Workshop



Established Products and Cardio Sales Conference

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
	Trustee	<ul style="list-style-type: none"> • The Layton Rahmatulla Benevolent Trust
	Member – Governing Body	<ul style="list-style-type: none"> • Lahore University of Management Sciences (LUMS) • Aitchison College, Lahore
<p>Syed Hyder Ali Non-Executive Director</p>	Director/CEO	<ul style="list-style-type: none"> • Packages Limited and Packages Convertors Limited
	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
<p>Date of Joining Board February 22, 1987</p>	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
	Trustee	<ul style="list-style-type: none"> • Packages Foundation
<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>		

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
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 Algérie
Date of Joining Board May 20, 2020		
HERMES MARTET Non-Executive Director	Director	<ul style="list-style-type: none"> None
Date of Joining Board May 20, 2020		
NAIRA ADAMYAN Non-Executive Director	Supervisor (Board of Director)	<ul style="list-style-type: none"> Amulet Health Technology (Shanghai) Company LTD
Date of Joining Board April 23, 2019		
REHMATULLAH KHAN WAZIR Independent Director	Chairman	<ul style="list-style-type: none"> Foundation For International peace and protection of Environment (FIPPE)
Date of Joining Board May 20, 2020		

Corporate Social Responsibility

Vaccination Drive

Two on-site vaccination camps were organized in partnership with the National Command and Operation Center (NCOC) to facilitate vaccination of Sanofi's employees and their families. 361 employees along with their families were vaccinated at the camps.



Improving Access to Treatment

Sanofi's commitment to patients extends beyond developing therapies.

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

conditions caused by enzyme deficiencies.

Between 1997 and end of 2021, 20 patients of LSDs in Pakistan have benefitted from our ongoing global humanitarian program. Of the 20, 17 patients are of Gaucher disease, 2 patients of Pompe disease and 1 patient of MPS 1 who was onboarded in June 2021.



Gut Health Classroom

The gut is often called the "second brain" because it is intricately linked with the nervous system. The gut influences mood, the immune system and brain function. Sanofi launched a robust awareness campaign in schools to impart education to children on gut health. Sanofi volunteers conducted engaging activities in 40 schools across 5 cities in Pakistan, engaging 1,000 children on this important health topic.

KIDS

Sanofi and National Education Foundation (NEF) jointly held awareness sessions in Muzaffarabad, AJK as part of their collaboration on the global educational program KiDS and Diabetes in Schools (KiDS)

64 faculty members and 145 students in Muzaffarabad were trained on the signs and symptoms of Type 1 diabetes and the importance of promoting a healthy lifestyle from an early age.

Sanofi received overwhelming response from the teachers who benefitted immensely from a comprehensive training which focused on Type 1 diabetes management in schools and the role of teachers in providing a strong support system to children with diabetes.



Advocating Active Lifestyle



Due to the hybrid teaching model adopted by many schools as a precautionary measure during Covid, most children missed out on routine activities involving interaction with fellow students and playing in the school ground.

To drive home the importance of healthy lifestyle during the challenging times of Covid, Sanofi launched a video competition "Active Bachay, Healthy Bachay", inviting parents to share videos of their children doing sports.

Sanofi received an incredible response in the form of inspirational and fun videos of children from all over Pakistan. Shortlisted videos were posted on Sanofi's social media channels.

Blood Donation

Indus Hospital Blood Donation Center and Sanofi Pakistan jointly organized a blood donation drive in December 2021, at Sanofi Pakistan's Head Office.

17 employees donated blood at the camp, each saving 3 lives.



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 AbuBakar Siddiq

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisors

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

Registrar & Share Transfer

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

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.

ALLERGY MANAGEMENT

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.

ONCE DAILY
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[®]
PROMETHAZINE HCl

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.

Telfast[®]
(Fexofenadine HCl)

Telfast[®]**D**
(Fexofenadine HCl + Pseudoephedrine HCl)

Telfast[®] (Fexofenadine) is an effective and potent antihistaminic agent, devoid of sedative effects and with a prolonged duration of action allowing administration once every 12 or 24 hours. 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.

Tixylix[®]
Linctus

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.

ANTIBIOTICS

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 gonorrhoea, bacterial septicemia, and meningitis. Ceftriaxone injection is also given before certain types of surgery to prevent infections that may develop after the operation.

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).

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.

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.

RULID®
Roxithromycin

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.

TARGOCID® ^{ONCE-A-DAY} ^{IM} ^{IV}
Teicoplanin

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.

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.



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.

ANTI-DIARRHEALS



Bacillus clausii spores

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.



(Secnidazole)

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.

ANTIEMETIC



(Prochlorperazine)

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

CARDIOLOGY



Tablets
150mg, 300mg

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.



Tablets
150mg/12.5mg, 300mg/12.5mg

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.



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 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.



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.



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.



Clexane® (Enoxaparin sodium) is the most widely studied and used low molecular weight heparin (LMWH) in the world & is approved for more clinical indications than any other LMWH. **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.



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.



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.

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.

DIABETES (ORALS)



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) 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) 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)



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.



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® 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).



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.

EMERGENCY CARE



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 2021'.

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.

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.

ONCOLOGY

Eloxatin[®]
OXALIPLATIN 5 mg/ml

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

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.

JEVTANA[®]
(cabazitaxel)
Injection

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)

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.

Thyrogen[®]
thyrotropin alfa for injection

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.

ORGAN TRANSPLANTATION

Thymoglobuline[®]
Rabbit anti-human thymocyte immunoglobulin

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.

PAIN MANAGEMENT

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.

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.

RARE DISORDERS



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.



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.

SLEEP DISORDERS



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.

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.

VACCINES

IMOVAX® POLIO

Polio is a disease of the spinal cord that can cause nerve damage and paralyze the muscles used for breathing, talking, eating and walking. It is spread when people drink water or eat food with the polio virus in it. Polio is also spread from person to person. **Imovax Polio** is an injectable vaccine for polio.



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.



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.



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.



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.



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.



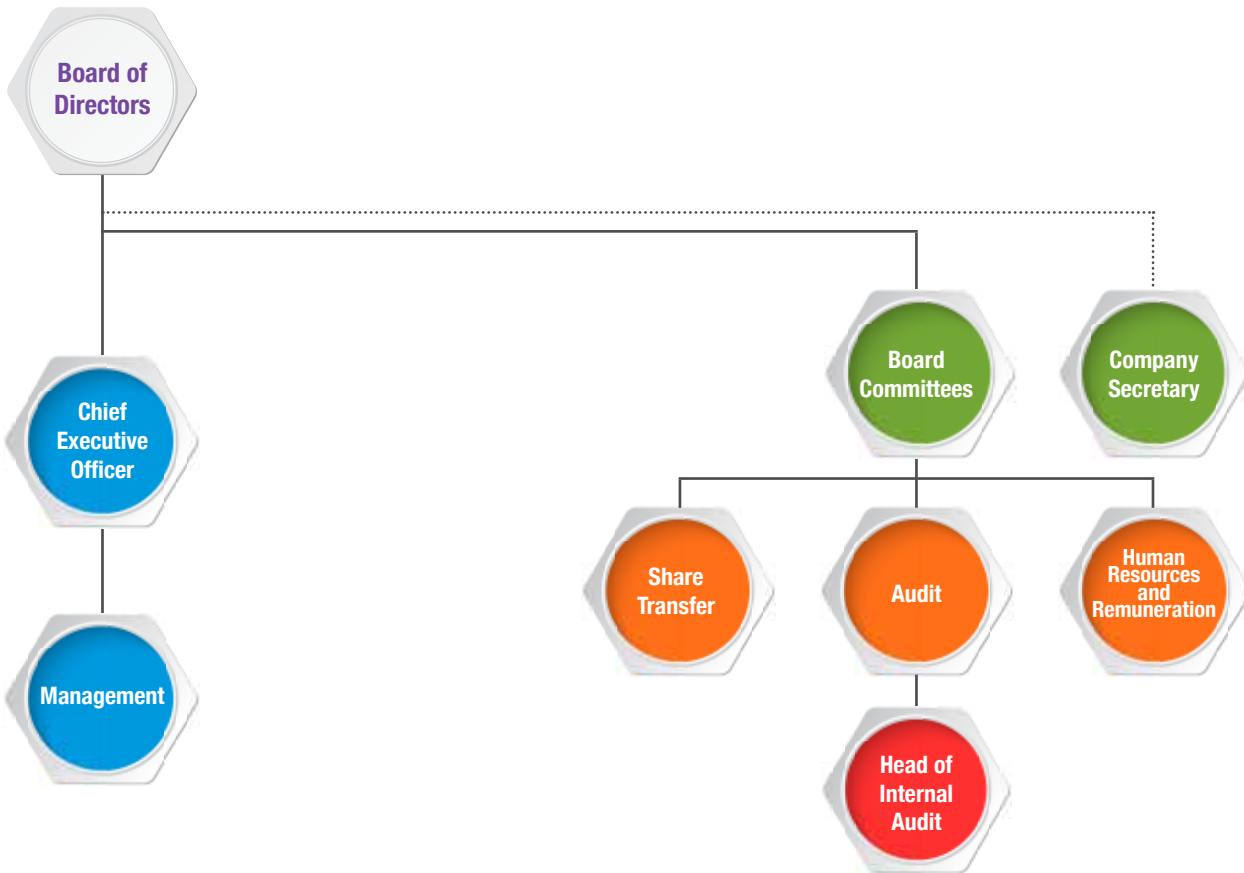
VaxigripTetra is the newest addition to the Vaxigrip® family of influenza vaccines. The quadrivalent vaccine provides broader protection to children from 6 months of age and adults for the prevention of influenza disease caused by the two influenza A virus subtypes and the two influenza B virus types.

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.

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.

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 2021 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 Regulation as applicable to the Company for the year ended 31 December 2021.

Chartered Accountants

Place: Karachi

Date: 01 April 2022

UDIN Number: CR202110099DkwzSuUJK

A member firm of Ernst & Young Global Limited

Statement of Compliance

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

For the year ended December 31, 2021

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

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

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

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

2. The 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 (CEO)	Marc Antoine Lucchini - Non-Executive
Imtiaz Ahmed Husain Laliwala - Independent	Yasser Pirmuhammad - Chief Financial Officer (CFO)
Arshad Ali Gohar - Non-Executive	Shahid Zaki - Independent
Rehmatullah Khan Wazir - Independent	

It is to be noted that the fractional requirement for independent directors has not been rounded up as the Board has an adequate number of independent directors and the same is in agreement with the Parent Company 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 and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of 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 (here-in-after referred as 'the Act') and the Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence by a Director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedure for remuneration of Directors in accordance with the Act and the Regulations.
9. The Board has approved the appointment, remuneration and terms & conditions of employment of the Company Secretary and complied with the relevant requirements of the Regulations. There has been no new appointment of the Chief Financial Officer (CFO) and the Head of Internal Audit during the current year.
10. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
11. The Board has formed an Audit Committee. It comprises of three members, out of which two are Independent and one is Non-Executive Director. Chairman of the Audit Committee is an Independent Director.

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

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

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

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

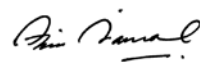
Committee	Frequency
Board Audit Committee	Quarterly
Human Resource and Remuneration Committee	Yearly

14. The Board has outsourced the internal audit function to, who are considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company. The Head of Internal Audit position is vacant since Q4 2021 and the Company is currently in the process of hiring a suitable candidate.

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



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer

Karachi: March 24, 2022

Chairman's Review Report



On behalf of the Board of Directors, it is my privilege to present another year's performance of sanofi-aventis Pakistan Limited. Despite the challenging circumstances, we continue to foster our vision of enhancing 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.

2021 has been another challenging year as business environment continues to remain disrupted due to COVID-19 as new variants have continuously hit the country coupled with the devaluation of PKR, slowdown of economic activity, high inflation and overall environment of uncertainty.

Considering all the challenges, your company has given a good performance. The fundamental core principals of our "Play to Win" strategy have enabled us to face the challenges head on, focus on growth, lead with innovation, accelerate efficiency and reinvent how we work.

Review of Financial Performance

Your company's strategy has resulted in an impressive performance during the year despite all the challenges. The company has delivered a topline performance of Rs 15,881 million for the year ended 31, December 2021, an increase of 13% from last year. The gross profit resultantly increased by Rs 318 million, an increase of 8% when compared to last year. The gross profit margin has deteriorated slightly from 27% to 26% in the current year mainly due to the devaluation of currency. The net profit has increased by 84% from Rs 493 million in 2020 to Rs 906 million in 2021 due to the exemplary growth in revenue. The net profit margin has also increased from 3% in 2020 to 6% in the current year due to your company's constant efforts to derive optimal results in a cost effective and efficient manner.

Board's Function and Decision Making

The Board comprises of highly accomplished professionals, with diverse and invaluable experience. The Board provided strategic guidance and focused on major risk areas to ensure that the Company is headed in the right direction. The Board continuously engages with the management for efficient and effective decision making and oversight, in order to enhance and preserve stakeholder's value. The Board is cognizant of its duties and responsibilities which the shareholders' have entrusted to them and works diligently to carry them out to the best of their abilities.

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, 2021.

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

Evaluation Criteria for the Board

In line with the above stipulation, the Board had earlier set the following broad criteria for evaluation of its performance:

- Ensuring maximum attendance at Board meetings to enhance the quality of decision making as well as effective discharge of its roles & responsibilities.
- Review and approval of strategic plans and significant policies.
- Monitor Company's performance against planned objectives and advise the management on strategic initiatives.
- Review of business risks and compliance with the applicable laws & regulations.
- Establishing adequate internal control system in the Company and its regular assessment through internal audit activities.
- Ensuring orientation of the Board of Directors including new appointments so that each member is fully aware of his / her roles & responsibilities.

To have a more detailed evaluation, a questionnaire based on below mentioned four categories was circulated for individual assessment by each Director:

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

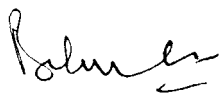
The overall performance of the Board measured on the basis of above-mentioned parameters for the year was satisfactory.

Outlook

We are optimistic that the year 2022 will also be a successful year. The business plans have been structured to bring more innovative healthcare solutions to our patients and engage HCP's in traditional as well as digital manner. Going forward, increasing global prices, rising cost of international logistics, devaluation of PKR, persistent pricing pressure and high inflation are the challenges which the Company anticipates will adversely impact your Company's bottom line. However, the Company plans to meet these challenges head on by appropriate risk mitigation and cost-effective policies and procedures. Government support through favorable and consistent policies is essential in order to ensure availability of quality medicines and sustained growth.

Acknowledgement

I extend my gratitude to the Board of Directors for their valuable support and commitment. I would also like to sincerely thank our dedicated and hardworking employees for all their efforts, as well as our consumers, shareholders, customers, suppliers and all other stakeholders for placing their trust in in the Company. It is with your support that we are growing swiftly and expanding rapidly year by year.



Syed Babar Ali


Karachi: March 24, 2022

مستقبل پر نظر

ہم پر امید ہیں کہ سال 2022 بھی کامیاب سال ہوگا۔ کاروباری منصوبے اس طرح تشکیل دیئے گئے ہیں کہ مریضوں کو جدید طریقہ علاج فراہم کیا جاسکے اور معالجین کو روایتی کے ساتھ ساتھ ڈیجیٹل طریقوں سے بھی متعارف کرایا جاسکے۔ اس کے علاوہ عالمی سطح پر بڑھتی ہوئی قیمتوں، بین الاقوامی لاجسٹکس کے اخراجات میں اضافہ، پاکستانی روپے کی قدر میں کمی، قیمتوں کا مسلسل دباؤ اور بڑھتی ہوئی مہنگائی ایسی مشکلات ہیں جو کہ کمپنی پر منفی اثرات مرتب کریں گی۔ البتہ، کمپنی نے مذکورہ مشکلات سے نمٹنے کے لیے خطرات کا مناسب حل نکالنے اور کم اخراجات والی پالیسیوں اور طریقوں پر عمل پیرا ہونے کے منصوبے تشکیل دیئے ہیں۔ فائدہ مند اور مستقل پالیسیوں کے ذریعے سرکاری تعاون ضروری ہے تاکہ معیاری ادویات کی دستیابی اور مسلسل ترقی کو یقینی بنایا جائے۔

اظہارِ تشکر

میں بورڈ آف ڈائریکٹرز کی قابل قدر معاونت اور سخت محنت پر ان کا شکر گزار ہوں۔ میں اپنے ملازمین کی انتھک کوششوں اور سخت محنت پر ان کا شکریہ ادا کرتا ہوں اس کے ساتھ ساتھ ہمارے صارفین، شیئر ہولڈرز، سپلائرز کے علاوہ دیگر اسٹیک ہولڈرز کے کمپنی پر بھروسے کو قدر کی نگاہ سے دیکھتا ہوں۔ یہ آپ کا تعاون ہے جس کی بدولت ہم ترقی کی راہ پر گامزن ہیں اور ہر سال وسعت کی منزلیں طے کر رہے ہیں۔


سید باقر علی

کراچی: 24 مارچ، 2022

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 لینے کی ضرورت ہوتی ہے۔ بورڈ نے 31 دسمبر 2021 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۔

بورڈ کے جائزے کا طریقہ کار

مندرجہ بالا ضرورت کے پیش نظر بورڈ نے اپنی کارکردگی کا جائزہ لینے کے لیے درج ذیل طریقہ کار مرتب کیا ہے:

- بورڈ کے اجلاسوں میں زیادہ سے زیادہ حاضری کو یقینی بنانا تاکہ فیصلوں کے معیار میں بہتری آئے اور اس کے ساتھ اپنے فرائض اور ذمے داریوں کی ادائیگی میں سرگرم کردار ادا کیا جائے۔
- آئندہ حکمت عملی پر مبنی منصوبوں اور اہم پالیسیوں کا جائزہ لینا اور ان کی منظوری دینا۔
- مقرر شدہ مقاصد کے حصول کے لیے کمپنی کی کارکردگی پر نظر رکھنا اور حکمت عملی پر مبنی اقدامات سے متعلق انتظامیہ کو مشورے دینا۔
- کاروباری خطرات کا جائزہ لینا اور لاگو قواعد و ضوابط کی تعمیل کرنا۔
- کمپنی میں اطمینان بخش انٹرنل کنٹرول سسٹم قائم کرنا اور انٹرنل آڈٹ پر مبنی سرگرمیوں کے ذریعے مستقل بنیادوں پر اس کا جائزہ لینا۔
- بورڈ آف ڈائریکٹرز میں نئی تقرریوں سمیت تمام ارکان کی واقفیت کو یقینی بنانا تاکہ ہر رکن اپنے فرائض اور ذمے داریوں سے مکمل طور پر آگاہ ہو۔

جائزے کو مزید تفصیلی بنانے کے لیے درج ذیل چار درجہ بند یوں کے مطابق ایک سوالنامہ تقسیم کیا گیا تاکہ ہر ڈائریکٹر انفرادی طور پر جائزہ لے سکے:

- بورڈ کا مئوثر ہونا
- نان ایگزیکٹو ڈائریکٹرز کا کردار
- بورڈ کمیٹیوں کا مئوثر ہونا
- چیئرمین کا کردار

چیرمین کی جائزہ رپورٹ

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

2021 کا سال بھی کاروباری اعتبار سے مشکل سال گزرا اور کووڈ وبا کی نئی اقسام اور پاکستانی روپے کی قدر میں گراؤ کے تسلسل نے معاشی سرگرمیوں کو مست روی کا شکار کر دیا، مزید برآں مہنگائی میں بہت زیادہ اضافے اور دیگر وجوہات کے باعث مجموعی طور پر غیر یقینی صورتحال کا سامنا رہا۔

آپ کی کمپنی نے تمام تر مشکلات کے باوجود بہترین کارکردگی کا مظاہرہ کیا۔ ”پلٹوون“ کی حکمت عملی کے بنیادی اصولوں پر عملدرآمد سے ہم نے مشکلات پر قابو پایا، ترقی پر توجہ دی، جدت پسندی کو ترجیح دی، کارکردگی میں اضافہ کیا اور کام کرنے کے طریقہ کار کو از سر نو تشکیل دیا ہے۔

مالیاتی کارکردگی کا جائزہ

آپ کی کمپنی نے گزشتہ سال کے دوران تمام تر مشکلات کے باوجود اپنی بہتر حکمت عملی کے نتیجے میں اچھی کارکردگی کا مظاہرہ کیا۔ کمپنی کی اچھی کارکردگی کی بدولت 31 دسمبر 2021 کو ختم شدہ سال کے لیے کمپنی کی مجموعی سیلز 15,881 ملین روپے رہی جو کہ گزشتہ سال سے 13 فیصد زیادہ رہی۔ مجموعی منافع میں 318 ملین روپے کا اضافہ ہوا، جو کہ 2020 کے مقابلے میں 8 فیصد زیادہ ہے۔ پاکستانی روپے کی قدر میں کمی کی وجہ سے مجموعی منافع کی شرح 2020 کے مقابلے میں 27 فیصد سے معمولی کم ہو کر 26 فیصد رہی۔ آمدنی میں مثالی اضافے کے باعث خالص منافع 2020 کے 493 ملین روپے کے مقابلے میں 84 فیصد اضافے کے ساتھ 2021 کے دوران 906 ملین روپے ہو گیا۔ کمپنی کی جانب سے اخراجات میں کمی کے لیے مستقل مزاجی کے ساتھ کوششوں کے نتیجے میں خالص منافع کی شرح بھی 2020 کے 3 فیصد کے مقابلے میں 2021 میں 6 فیصد رہا۔

بورڈ کی ذمہ داری اور فیصلہ سازی

بورڈ میں اعلیٰ مہارت اور بے مثال تجربے کے حامل پیشہ ور ممبران شامل ہیں۔ بورڈ نے کمپنی کو ترقی کی راہ میں درست سمت پر آگے بڑھنے کو یقینی بنانے کے لیے اہم خطرات پر توجہ دی اور حکمت عملی سے بھرپور رہنمائی فراہم کی۔ اسٹیک ہولڈرز کے سرمائے میں اضافے اور اس کو محفوظ بنانے کے لیے نتیجہ خیز اور منوثر فیصلہ سازی اور نگرانی کے لیے بورڈ مسلسل بنیادوں پر انتظامیہ کے ساتھ مصروف عمل رہا۔ کمپنی کے شیئر ہولڈرز کے اعتماد پر پورا اترنے کے لیے بورڈ نے اپنی ذمہ داریوں کو بخوبی سرانجام دینے کے لیے بہترین کارکردگی کا مظاہرہ کرتا ہے۔

Directors' Report

The Board of Directors is pleased to present the Annual Report of sanofi-aventis Pakistan Limited (the "Company") along with the Company's audited financial statements for the year ended December 31, 2021. The Directors' report has been prepared in accordance with Section 227 of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019.

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

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.

On December 20, 2021, Packages Limited made a public announcement that its Board of Directors had given an in-principal approval to be part of an investor consortium to evaluate a potential purchase by the Consortium of all of 52.87% shares held by the Parent Company in the Company. The Consortium is led by Packages Limited and includes IGI Investments, and affiliates of Arshad Ali Gohar Group. In response, the Parent Company granted the Consortium an opportunity to conduct due diligence of the Company.

At this point, there are no assurances that negotiations between Sanofi and the Consortium will result in a binding agreement and that the transaction will occur at all.

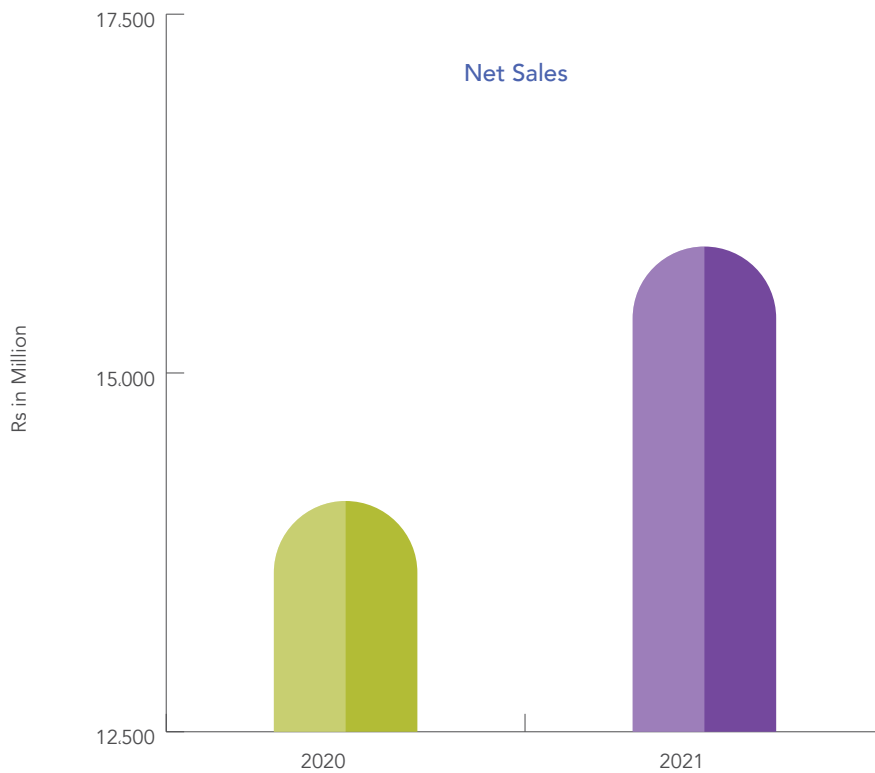
Performance Overview

The year 2021 was another challenging year as new variants of COVID-19 continued to disrupt the economic wagon of Pakistan and devaluation of PKR vis-à-vis US Dollar and Euro. Considering these challenges, the directors are pleased with the results and performance of your Company.

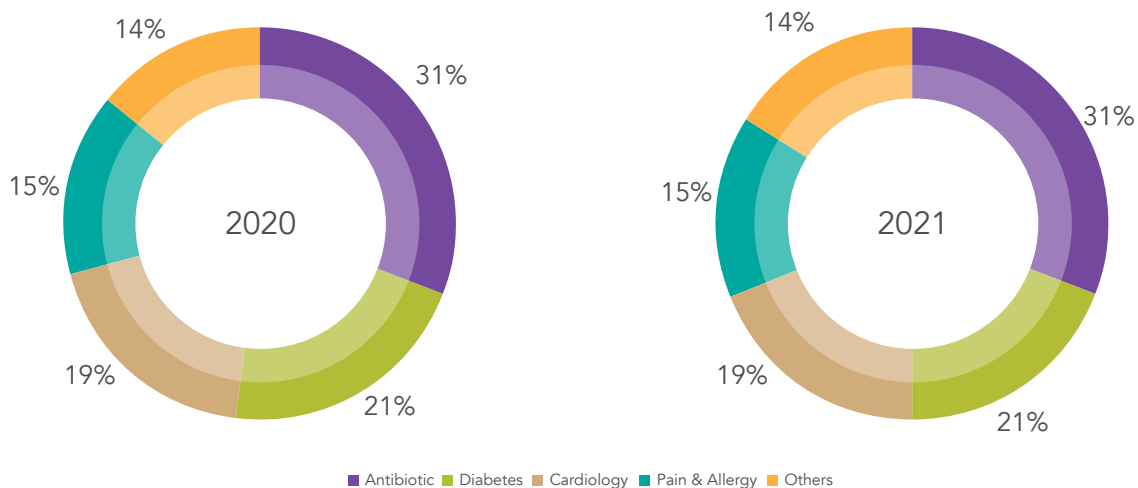
Key Financial Highlights – Full Year 2021

Amounts in Million	2021	2020
Net Sales	15,881	14,108
Gross Profit	4,123	3,805
Gross Profit %	26.0%	27.0%
Operating Profit	1,465	938
Operating Profit %	9.2%	6.6%
Finance Cost	(28)	(58)
Profit after tax	906	493
Earnings per share (Rupees)	93.93	51.12

The net sales of the Company, for the year ended December 31, 2021, increased by 12.6% from Rs. 14,108 million last year to Rs. 15,881 million. The primary reason for this increase was the normalization of business after easement of Covid-19 protocols and greater access to HCP clinics.



The sales contribution split between different therapeutic area is as follows:



Antibiotics, Diabetes and Cardiology maintained their momentum of being the highest contributors accounting for 69 % of the total net sales of the Company. Sales from Antibiotic increased to Rs. 4,968 million from Rs. 4,466 million last year witnessing an increase of 11.2% which was mainly due to increase in sales of Flagyl® by 16.5%, which contributes 69.3% of Antibiotic sales.

Sales from Diabetes portfolio reached Rs. 3,051 million from Rs. 2,944 million last year depicting a growth of 3.6%. Major contributors to the sales were Amaryl®, Lantus® and Toujeo®. However, growth was mainly driven by Lantus® which grew by 12.% during the year.

Sales from Cardiology reached Rs. 2,998 million from Rs. 2,642 million registering a growth of 13.5% mainly driven by Clexane® and Plavix® which grew by 32.1% and 6.9% respectively.

Gross profit for the year increased from Rs. 3,805 million to Rs. 4,123 million in absolute terms but decreased as a percentage of net sales from 27% to 26%, primarily due to the devaluation of PKR which was off-set by price increases.

Net exchange loss on foreign currency assets and liabilities amounted to Rs.88 million (2020: Rs.273 million). The reduction in net exchange loss compared to last year is due to efficient credit management & planning, which enabled the Company to decrease impact of devaluation of Rupee.

Due to the reasons explained above, Profit After Tax for the year ended December 31, 2021 stands at Rs. 906 million (2020: Rs.493 million).

Dividend

The Directors of the Company recommend a final dividend of Rs. 30 per share (300%), amounting to Rs. 289.343 million subject to the approval of shareholders in the Annual General Meeting to be held on April 25, 2022 .

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. The Head of Internal Audit position is vacant since Q4 2021 and the Company is currently in the process of hiring a suitable candidate.

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.

Strategic risks are managed by the Board of Directors with the assistance of Country Leadership while operational risks are managed by the leadership team.

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

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

Culture at Sanofi

Sanofi takes pride in being an equal opportunity employer that ensures a working environment which contributes to Sanofi's core values, namely Integrity, Teamwork, Respect, and Courage. Together with the Code of Ethics, these core values promote a culture of harmony, transparency and growth across the organization.

We ensure that our employees achieve self-actualization backed by motivation and dedication, by equipping them with tools and trainings to help perform efficiently and achieve their 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 high standards of Health, Safety and Environment (HSE). The Company's focus has been on identification and mitigation of hazards and risks within and outside the Company premises.

The Company has a dedicated HSE department to oversee the implementation of HSE objectives. The department not only ensures compliance with the best HSE practices but also 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 129 to 131.
- The value of investments of provident, gratuity and pension funds based on their accounts (un-audited) as at December 31, 2021 was as follows:

Particulars	Rs. in '000
Provident Fund	Rs. 589,254
Gratuity Fund	Rs. 606,904
Pension Fund	Rs. 962,985

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

Related Party Transactions

All related party transactions, during the year 2021, 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. The Company also maintains a full record of all such transactions, along with the terms and conditions. For further details please refer note 32 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

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

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

*Female Director

During the year 2021, 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	2
Asim Jamal	4
Yasser Pirmuhammad	4
Syed Hyder Ali	3
Arshad Ali Gohar	3
Imtiaz Ahmed Husain Laliwala	4
Rehmatullah Khan Wazir	3
Shahid Zaki	4
Naira Adamyan	-
Hermes Martet	-
Marc Antoine Lucchini	-

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.

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 33 of the financial statements.

Audit Committee

The Board Audit Committee comprises of the following members:

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

Human Resource & Remuneration Committee

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

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

Share Transfer Committee

The Share Transfer Committee comprises of the following members:

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

Pattern of shareholding

The pattern of shareholding along with categories of shareholders as at December 31, 2021 as required under section 227 of the Companies Act 2017 is presented on page 123 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, 2021 and have issued a clean report. The auditors shall retire at the conclusion of Annual General Meeting on April 25, 2022 and being eligible, have offered themselves for reappointment for the year 2022. As suggested by the Audit Committee, the Board recommends their reappointment for the year ending December 31, 2022.

Future Outlook

The COVID-19 pandemic has had a significant impact on the domestic as well as global economy. The business environment continues to remain disrupted due to COVID-19 as new variants have continuously hit the country. The country has dealt well with the economic shock caused by the pandemic due to the Government of Pakistan's concerned efforts, including fiscal and monetary measures and smart lock downs. Your Company is continuously evaluating the impact of this pandemic on its operations while ensuring continuous

supply of its medicines to its patients. Your company remains cognizant of the upcoming challenges and plans to meet them head on through smart inventory management, uninterrupted flow of production and robust operations, while ensuring the wellbeing of all its stakeholders.

The biggest challenge that the business community of Pakistan is currently facing is the depreciation of Rupee against US Dollar and other major currencies, and high inflation. The widening of the current account deficit is the chief reason behind Rupee depreciation. The weakening of Rupee has put inflationary pressure on the entire business community as well as the common man. Additionally, there may be interruptions in the international flows due to the volatile situation between Russia and Ukraine. The Company is closely monitoring the situation and our business and financial strategies are designed to move the Company from strength to strength and ensure that its independence and growth is preserved in a sustainable way during such turbulent times.

General

The Board looks forward to the forthcoming Annual General Meeting of shareholders to discuss Company's performance during the year 2021 and is thankful for the trust and confidence reposed in the Board by the shareholders.


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

By order of the Board



Syed Babar Ali

Chairman



Asim Jamal

Chief Executive Officer

Karachi: March 24, 2022

بورڈ اپنے آنے والے سالانہ اجلاس عام برائے حصص یافتگان میں سال 2021 کے دوران کمپنی کی کارکردگی پر غور کرے گا، اور حصص یافتگان کی جانب سے بورڈ پر اعتماد اور بھروسے کے لیے ان کا شکر گزار ہے۔

ہم اپنے تمام اسٹیک ہولڈرز کے مسلسل تعاون، بھروسے اور کمپنی پر اعتماد کے لیے شکر گزار ہیں۔ ہم خاص طور پر اپنے ملازمین کی انتھک کوششوں اور سخت محنت پر ان کا شکریہ ادا کرتے ہیں جس کی بدولت ہم کمپنی کو ترقی کی راہ پر گامزن کر سکے ہیں۔

بحکم بورڈ

Dr. Naveed

عاصم جمال

چیف ایگزیکٹو آفیسر

Salim

سید بابر علی

چیرمین

کراچی: 24 مارچ، 2022

شیمز ہولڈنگ کا طریقہ

کمپنیز ایکٹ 2017 کے سیکشن 227 کے تحت 31 دسمبر، 2021 کو شیمز ہولڈرز کی درجہ بندی کے ساتھ شیمز ہولڈنگ کے طریقہ کے لیے مالیاتی اسٹیٹمنٹ بیانات کا صفحہ 123 ملاحظہ کیجیے۔

آڈیٹرز

موجودہ بیرونی آڈیٹرز، میسرز انسٹ اینڈ بیکنگ فورڈر ہوڈز، 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 25 اپریل 2021 کو سبکدوش ہو جائیں گے اور اہل ہونے کی وجہ سے انھوں نے خود کو دوبارہ برائے سال 2022 تقرری کے لیے پیش کیا ہے۔ آڈٹ کمیٹی کی جانب سے تجویز کے مطابق، بورڈ نے ان کے 31 دسمبر 2022 تک ختم ہونے والے سال کے لیے تقرری کی سفارش کر دی ہے۔

مستقبل پر نظر

کورونا کی وبا کے باعث ملکی سطح کے ساتھ ساتھ بین الاقوامی طور پر بھی معیشت پر انتہائی گہرے اثرات مرتب ہوئے ہیں۔ کورونا کی وجہ سے کاروباری سرگرمیاں متاثر رہیں کیونکہ کورونا کی نئی قسمیں مسلسل آتی رہیں۔ حکومت پاکستان کی خاص کوششوں کی وجہ سے ملک میں آنے والے معاشی بحران پر قابو پانے میں مدد ملی ہے، جس میں مالی اور مالیاتی اقدامات کے علاوہ سمارٹ لاک ڈاؤنز شامل ہیں۔ آپ کی کمپنی اس وبائی صورتحال میں آپریشنز پر اثرات کا مسلسل جائزہ لے رہی ہے جبکہ مریضوں تک دواؤں کی فراہمی کے تسلسل کو بھی یقینی بنایا جا رہا ہے۔ آپ کی کمپنی مستقبل میں آنے والے چیلنجز سے بخوبی آگاہ ہے اور سمارٹ انوینٹری مینجمنٹ، رکاوٹ کے بغیر پیداوار کے تسلسل اور بہترین آپریشنز کے ذریعے ان سے نمٹنے کے لیے منصوبہ بندی رکھتی ہے جبکہ تمام اسٹیک ہولڈرز کی بہتری اور بھلائی کو بھی یقینی بنایا جا رہا ہے۔

پاکستان میں کاروباری طبقے کو امریکی ڈالر اور دیگر بڑی کرنسیوں کے مقابلے میں پاکستانی روپے کی قدر میں کمی اور بڑھتی ہوئی مہنگائی جیسے بڑے چیلنجز کا سامنا ہے۔ روپے کی قدر میں کمی کا سب سے بڑا سبب بڑھتا ہوا کرنٹ اکاؤنٹ خسارہ ہے۔ روپے کی قدر میں کمی کے پیش نظر پورے کاروباری طبقے کے ساتھ ساتھ عام آدمی پر بھی مہنگائی کا بوجھ بڑھ گیا ہے۔ علاوہ ازیں، روس اور یوکرین کے درمیان جنگی صورتحال کی وجہ سے عالمی سطح پر مہنگائی کے اثرات یہاں بھی مرتب ہو سکتے ہیں۔ کمپنی صورتحال کا گہرائی سے جائزہ لے رہی ہے اور ہماری کاروباری اور مالیاتی حکمت عملی کمپنی کو مستحکم سے مستحکم بنانے کے لیے تیار کی گئی ہے اور اس بات کو یقینی بنایا گیا ہے کہ اس افراتفری کے عالم میں کمپنی کی آزادی اور ترقی کو پائیدار طریقے سے محفوظ بنایا جائے۔

ڈائریکٹرز کا مشاہرہ

کمپنی نان ایگزیکٹو ڈائریکٹرز کو بشمول آزاد ڈائریکٹر کمپنی کے اجلاسوں بشمول بورڈ کے اجلاسوں اور بورڈ کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے مشاہرہ ادا کرتی ہے۔ 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 نمبر 33 میں موجود ہیں۔

آڈٹ کمیٹی

بورڈ کی آڈٹ کمیٹی درج ذیل ممبرز پر مشتمل ہے:

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

ہیومن ریسورس اور مشاہرہ کے لیے کمیٹی

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

انتیاز احمد حسین لالی والا	چیئرمین (آزاد ڈائریکٹر)
سید حیدر علی	رکن (نان۔ ایگزیکٹو ڈائریکٹر)
ارشاد 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)

سید بابر علی - چیئر مین، نان ایگزیکٹو ڈائریکٹر
 سید حیدر علی - نان ایگزیکٹو ڈائریکٹر
 عاصم جمال - چیف ایگزیکٹو آفیسر
 امتیاز احمد حسین لالی والا - آزاد ڈائریکٹر
 ارشد علی گوہر - نان ایگزیکٹو ڈائریکٹر
 رحمت اللہ خان وزیر - آزاد ڈائریکٹر
 *خواتین ڈائریکٹرز

سال 2021 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	2
عاصم جمال	4
یاسر پیر محمد	4
سید حیدر علی	3
ارشد علی گوہر	3
امتیاز احمد حسین لالی والا	4
رحمت اللہ خان وزیر	3
شاہد ذکی	4
نانر ایڈامیان	-
ہرس مارٹینٹ	-
مارک اینٹونی لیوچینی	-

غیر حاضری کی صورت میں ڈائریکٹرز کی چھٹی کی درخواست منظوری 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۔

- اہم آپریٹنگ اور فنانشل ڈیٹا برائے گزشتہ چھ سال صفحہ نمبر 129 سے 131 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، 2021 پر درج ذیل ہے:

روپے 000 میں	
589,254	پروویڈنٹ فنڈ
606,904	گریجویٹ فنڈ
962,985	پنشن فنڈ

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

متعلقہ فریق کی ٹرانزیکشنز

سال 2021، 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، 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 نمبر 32 ملاحظہ فرمائیں۔

ضابطہ اخلاق اور عملدرآمد

قوانین پر عملدرآمد 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۔

بورڈ آف ڈائریکٹرز کی تشکیل

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۔

کارپوریٹ سماجی ذمے 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 کارپوریٹ سماجی ذمے داری کی سرگرمیوں سے زندگیوں پر مثبت اثرات مرتب ہوتے ہیں۔

سال کے دوران منعقد کی جانے والی سی ایس آر سرگرمیوں کی تفصیلات 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 پرعزم ہے۔ کمپنی نے کمپنی کی حدود کے اندر اور باہر نقصانات کی نشاندہی اور ازالے پر توجہ مرکوز کر رکھی ہے۔

کمپنی کے پاس HSE کا ایک فعال شعبہ ہے جو کہ HSE کے مقاصد پر عملدرآمد کی نگرانی کا ذمے 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۔

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 تر 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 منوٹر 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 وگروڈانی 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۔

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 مؤثر طریقے سے کام کر رہا ہے اور کسی بھی اہم مسئلے کی نشاندہی کر کے اعلیٰ انتظامیہ اور بورڈ تک پہنچاتا ہے۔

اسٹریٹجک خطرات کے ساتھ کنٹری لیڈرشپ کی مدد سے بورڈ آف ڈائریکٹرز کے ذریعے نمٹا جاتا ہے جبکہ آپریشنل خطرات سے لیڈرشپ ٹیم 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
- اداروں کی جانب سے ادائیگیوں میں تاخیر

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 عملدرآمد 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 مؤثر 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۔

اینٹی بائیونک، ذیابیطس اور کارڈیولوجی، کمپنی کی مجموعی نیٹ سیلز میں 69 فیصد حصے کے ساتھ سرفہرست رہے۔ اینٹی بائیونک کی سیلز گزشتہ سال 4,466 ملین روپے کے مقابلے میں 11.2 فیصد اضافے کے ساتھ 4,968 ملین روپے رہی، جس کی بڑی وجہ فلیجیل کی سیلز میں 16.5 فیصد اضافہ ہے جو کہ اینٹی بائیونک سیلز کا 69.3 فیصد حصہ ہے۔

ذیابیطس پورٹ فولیو کی سیلز گزشتہ سال کے 2,944 ملین روپے کے مقابلے میں 3.6 فیصد اضافے کے ساتھ 3,051 ملین روپے تک جا پہنچی۔ اس میں امارل، لپینٹس اور ٹوجیو کی سیلز کا حصہ سرفہرست رہا۔ البتہ، اضافے کی بنیادی وجہ لپینٹس کی سیلز ہے جس میں 12.0 فیصد اضافہ ریکارڈ کیا گیا۔

کارڈیولوجی کی سیلز گزشتہ سال 2,642 ملین روپے کے مقابلے میں 13.5 فیصد اضافے کے ساتھ 2,998 ملین روپے تک جا پہنچی۔ اس اضافے میں کلگیڈین اور پلوکس کی سیلز کا کردار اہم رہا، جس میں بالترتیب 32.1 فیصد اور 6.9 فیصد اضافہ ہوا۔

مجموعی منافع 3,805 ملین روپے سے بڑھ کر 4,123 ملین روپے تک جا پہنچا لیکن نیٹ سیلز کی شرح کے اعتبار سے 27 فیصد سے کم ہو کر 26 فیصد ہو گیا۔ اس کی وجوہات میں پاکستانی روپے کی قدر میں کمی شامل ہے جو کہ قیمتوں میں اضافے کا سبب بنی۔

فارن کرنسی میں ادائیگیوں اور واجبات کی مد میں نیٹ زرمبادلہ کا خسارہ بڑھ کر 88 ملین روپے ہو گیا (2020: 273 ملین روپے)۔ قرضے کے موثر انتظام اور منصوبہ بندی کی وجہ سے گزشتہ سال کے مقابلے میں نیٹ زرمبادلہ کے خسارے میں کمی آئی ہے، جس کے باعث کمپنی پر روپے کی قدر میں کمی کا اثر بہت ہی کم ہوا ہے۔

مذکورہ بالا وجوہات کی بنا پر، 31 دسمبر، 2021 کو ختم شدہ سال کے لیے منافع بعد از ٹیکس 906 ملین روپے رہا (2020: 493 ملین روپے)۔

منافع منقسمہ

کمپنی کے ڈائریکٹرز نے 30 روپے فی شیئر (300%) کے حساب سے حتمی منافع منقسمہ کی سفارش کی ہے، جو کہ 289 ملین کی رقم بنتی ہے، جس کی منظوری 25 اپریل، 2022 کو منعقد ہونے والے سالانہ اجلاس عام میں شیئر ہولڈرز دیں گے۔

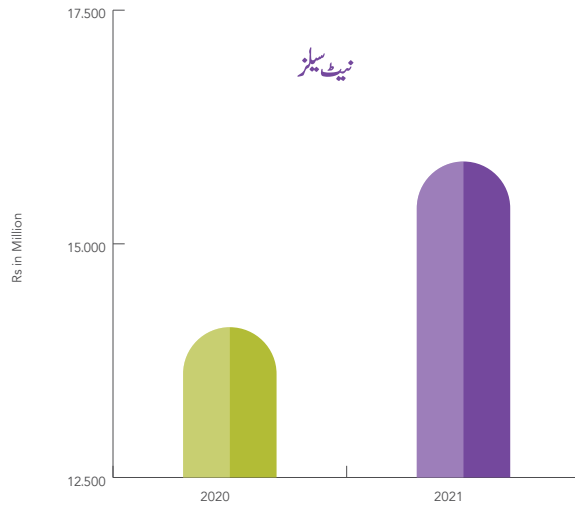
انٹرنل آڈٹ اور ضابطے

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۔

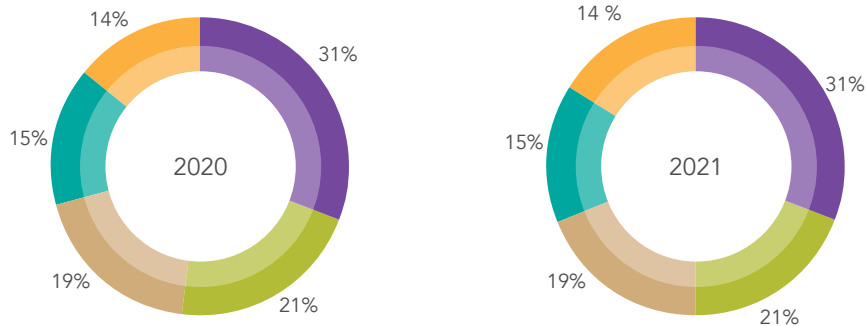
اہم مالیاتی جھلکیاں - مکمل سال 2021

2020	2021	رقم ملین میں
14,108	15,881	نیٹ سیلز
3,805	4,123	مجموعی منافع
27.0%	26.0%	مجموعی منافع %
938	1,465	آپریٹنگ منافع
6.6%	9.2%	آپریٹنگ منافع %
(58)	(28)	فنانس اخراجات
493	906	منافع بعد از ٹیکس
51.12	93.93	ٹی شیئر آمدنی (روپے)

31 دسمبر، 2021 کو ختم شدہ سال کے لیے کمپنی کی نیٹ سیلز گزشتہ سال کے 14,108 ملین روپے سے 12.6 فیصد بڑھ کر 15,881 ملین روپے ہو گئی۔ اس اضافے کی بنیادی وجوہات میں کورونا کی پابندیوں میں نرمی کے بعد کاروبار کی بحالی اور پی سی پی کلیئنس تک آسان رسائی شامل ہیں۔



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



■ اپنی ہائیٹیک ■ ڈیپٹیس ■ کارڈیالوجی ■ پیپن اور لارجی ■ دیگر

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز 31 دسمبر، 2021 کو ختم شدہ سال کے لیے سنوئی۔ 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۔

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

ہولڈنگ کمپنی

کمپنی سنوئی فارن پارٹی سی پبشز بی۔وی۔ (بنیادی کمپنی) کا ذیلی ادارہ ہے، جو نیدرلینڈز 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 سنوئی S.A.، فرانس ہے۔

20 دسمبر، 2021 کو پیکجز لمیٹڈ نے عوام الناس کو اطلاع دی ہے کہ ان کے بورڈ آف ڈائریکٹرز نے سنوئی۔ اینٹس پاکستان لمیٹڈ میں سنوئی فارن پارٹی سی پبشز بی۔وی (”سنوئی“) کے تمام 52.87% شیئرز کی کنسورشیم کے ذریعے خریداری کے جائزہ کے لیے انویسٹر کنسورشیم کا حصہ بننے کی اصولی منظوری دے دی ہے۔ کنسورشیم کی سربراہی پیکجز لمیٹڈ کر رہی ہے اور اس میں آئی جی آئی انویسٹمنٹس اور اس کے علاوہ ارشد علی گوہر گروپ سے الحاق شدہ کمپنیز شامل ہیں۔ اس سلسلے میں بنیادی کمپنی نے کنسورشیم کو منظوری دے دی ہے جو کہ کمپنی کے لیے ایک بہتر موقع ہے اور شیئرز خریداری کے معاہدے کے لیے مذاکرات شروع کر دیئے گئے ہیں۔

اس موقع پر یہ بات یقینی نہیں ہے کہ سنوئی اور کنسورشیم کے درمیان مذاکرات کے نتیجے میں معاہدہ ہو جائے گا اور ٹرانزیکشن پایہ تکمیل تک پہنچے گی۔

کمپنی کی کارکردگی

سال 2021، مشکلات کا ایک اور سال تھا، کیونکہ کورونا وبا کی نئی قسموں کے علاوہ امریکی ڈالر اور یورو کے مقابلے میں روپے کی قدر میں کمی نے پاکستان میں معاشی ترقی کے پیسے کو سست روی کا شکار رکھا۔ ان مشکلات کو مدنظر رکھتے ہوئے ڈائریکٹرز آپ کی کمپنی کی کارکردگی اور نتائج سے مطمئن ہیں۔



EY Ford Rhodes
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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 2021**, and the statement of profit or loss, the statement of other comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

Basis for Opinion

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

Key Audit 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
<p>Revenue Recognition</p> <p>Revenue from sale of pharmaceutical and related products for the year ended 31 December 2021 amounted to Rs. 15.881 billion. Revenue from contracts with customers is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.</p> <p>As part of our overall response to the audit risks when identifying and assessing the risks of material misstatement, we considered that there is an inherent risk that revenue may be overstated, resulting from the pressure local management may feel to achieve performance targets. The Company also focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognised before the control has been transferred. We have specifically focused as to whether sales are valid, with higher risk in recording revenue for sales transactions where the control of the goods have not yet passed to the customer on and around the year end.</p> <p>Considering revenue recognition a significant risk area, we have identified this as a key audit matter.</p>	<p>Our key audit procedures in this area amongst others included the following;</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of the Company’s revenue recognition accounting policy. • Obtained an understanding of management’s internal controls over the revenue process and tested effectiveness of controls relevant to such process. • Performed testing of sales transactions on a sample basis to ensure that the related revenues are recorded appropriately at the correct quantity and price when control of goods has been transferred to the customer. • Performed sales cut-off procedures by agreeing sample of transactions occurred on and around the year end to the evidence of deliveries to ensure that sales are recorded in the correct accounting period. • Considered the adequacy of the disclosures in respect of revenues in accordance with the applicable financial reporting standards.

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

The engagement partner on the audit resulting in this independent auditors' report is Arif Nazeer.

Chartered Accountants

Place: Karachi

Date: 01 April 2022

UDIN Number: AR202110099UkLFvc9TP



SANOFI

Financial Statements



A person wearing a brown suit jacket, a purple striped tie, and a purple shirt is sitting at a desk. Their hands are resting on a blue folder containing documents. The background is a bright window with a view of a building. The text 'Contents' is overlaid on the left side of the image.

Contents

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- 65 Statement of Profit or Loss
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Statement of Financial Position

As at December 31, 2021

	Note	December 31, 2021	December 31, 2020
----- Rupees in '000 -----			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	3	1,654,157	1,741,583
Investment properties	4	34,710	-
Right-of-use assets	5	1,878	21,790
Intangible assets	6	2,829	3,604
		1,693,574	1,766,977
Long-term loans to employees	7	2,398	3,119
Long-term deposits		15,983	13,643
Deferred taxation - net	8	236,330	123,773
		1,948,285	1,907,512
CURRENT ASSETS			
Stores and spares	9	59,670	48,273
Stock-in-trade	10	3,919,660	3,210,363
Trade debts	11	455,428	538,646
Loans and advances	12	163,212	88,694
Trade deposits and short-term prepayments	13	470,424	427,861
Other receivables	14	250,411	966,953
Taxation - net		1,223,096	1,411,809
Cash and bank balances	15	784,295	53,235
		7,326,196	6,745,834
TOTAL ASSETS		9,274,481	8,653,346
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	16	96,448	96,448
Reserves	17	5,122,073	4,465,650
		5,218,521	4,562,098
NON-CURRENT LIABILITIES			
Long-term financing	18	35,016	163,622
Deferred liabilities	19	18,000	42,274
Lease liabilities	5	-	1,340
		53,016	207,236
CURRENT LIABILITIES			
Contract liabilities		57,302	57,927
Trade and other payables	20	3,753,519	3,396,136
Current maturity of long-term financing	18	164,214	143,758
Current maturity of deferred liabilities	19	15,274	16,340
Current maturity of lease liabilities	5	1,594	22,140
Accrued mark-up		1,397	5,599
Unclaimed dividend		9,644	9,279
Short-term borrowings	21	-	232,833
		4,002,944	3,884,012
CONTINGENCIES AND COMMITMENTS	22		
TOTAL EQUITY AND LIABILITIES		9,274,481	8,653,346

The annexed notes 1 to 41 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

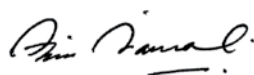
For the year ended December 31, 2021

	Note	December 31, 2021	December 31, 2020
		----- Rupees in '000 -----	
NET SALES	23	15,880,932	14,107,802
Cost of sales	24	(11,758,221)	(10,303,005)
GROSS PROFIT		4,122,711	3,804,797
Distribution and marketing costs	24	(1,921,755)	(1,978,071)
Administrative expenses	24	(539,457)	(573,212)
Allowance for expected credit loss	11.1	(135,700)	-
Other expenses	25	(231,148)	(365,032)
Other income	26	170,234	49,675
		(2,657,826)	(2,866,640)
OPERATING PROFIT		1,464,885	938,157
Finance costs	27	(28,434)	(58,305)
PROFIT BEFORE TAXATION		1,436,451	879,852
Taxation	28	(530,499)	(386,785)
PROFIT AFTER TAXATION		905,952	493,067
EARNINGS PER SHARE - basic and diluted (Rupees)	29	93.93	51.12

The annexed notes 1 to 41 form an integral part of these financial statements.



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer



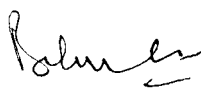
Yasser Pirmuhammad
Chief Financial Officer

Statement of Other Comprehensive Income

For the year ended December 31, 2021

	December 31, 2021	December 31, 2020
	----- Rupees in '000 -----	
Profit after taxation	905,952	493,067
Other comprehensive income		
Items that will not be reclassified to profit or loss in subsequent periods (net of tax):		
Actuarial (loss)/gain on defined benefit plans	(108,773)	35,235
Deferred tax on actuarial (loss)/gain on defined benefit plans	31,544	(10,218)
	(77,229)	25,017
Total comprehensive income for the year	828,723	518,084

The annexed notes 1 to 41 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, 2021

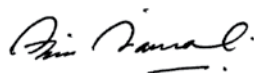
	Note	December 31, 2021	December 31, 2020
		----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	30	2,121,929	911,792
Finance costs paid		(32,141)	(61,762)
Interest on lease liabilities paid		(2,392)	(381)
Interest received	26	759	5
Income tax paid		(422,801)	(275,668)
Retirement benefits paid	20.1	(130,233)	(181,199)
Long-term loans to employees - net		721	1,623
Long-term deposits		(2,340)	-
Net cash generated from operating activities		1,533,502	394,410
CASH FLOWS FROM INVESTING ACTIVITIES *			
Fixed capital expenditure		(307,101)	(485,373)
Deferred capital grant	19.1	-	36,000
Government grant	19.1	-	32,710
Sale proceeds from disposal of operating fixed assets	3.1.3	46,631	54,665
Net cash used in investing activities		(260,470)	(361,998)
CASH FLOWS FROM FINANCING ACTIVITIES *			
Dividends paid		(192,530)	(77,017)
Long-term financing obtained		-	295,718
Repayment of principal portion long-term financing		(108,150)	-
Repayment of principal portion lease liabilities		(13,945)	(17,781)
Net cash (used in) / generated from financing activities		(314,625)	200,920
NET INCREASE IN CASH AND CASH EQUIVALENTS		958,407	233,332
NET FOREIGN EXCHANGE DIFFERENCE		5,486	3,844
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(179,598)	(416,774)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	31	784,295	(179,598)

* No non-cash items are included in these activities.

The annexed notes 1 to 41 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

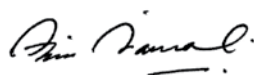
For the year ended December 31, 2021

	Capital Reserves			Revenue Reserves			Total
	Issued, subscribed and paid-up share capital	Long-term liabilities forgone	Difference of share capital under scheme of arrangement for amalgamation	Share-based payments reserve	General reserve	Unappropriated profit	
----- Rupees in '000 -----							
Balance as at January 01, 2020	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)
Staff cost in relation to share-based payments (note 17.1)	-	-	-	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
Final dividend @ Rs.20 per ordinary share for the year ended December 31, 2020	-	-	-	-	-	(192,895)	(192,895)
Staff cost in relation to share-based payments (note 17.1)	-	-	-	20,595	-	-	20,595
Profit after taxation	-	-	-	-	-	905,952	905,952
Other comprehensive loss	-	-	-	-	-	(77,229)	(77,229)
Total comprehensive income for the year	-	-	-	-	-	828,723	828,723
Balance as at December 31, 2021	96,448	5,935	18,000	349,967	3,535,538	1,212,633	5,218,521

The annexed notes 1 to 41 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, 2021

1 THE COMPANY AND ITS OPERATIONS

1.1 The Company was incorporated in Pakistan in 1967 as a Public Limited Company under Companies Act, 1913 [now Companies Act, 2017 (the Act)]. The shares of the Company are listed on Pakistan Stock Exchange Limited. The Company is a subsidiary of Sanofi Foreign Participations B.V. (the Parent Company), registered in Netherlands. The ultimate parent of the Company is Sanofi S.A., France (incorporated in France). The Company is engaged in the manufacturing, selling and trading of pharmaceutical and related products. The registered office of the Company is located at Plot 23, Sector 22, Korangi Industrial Area, Karachi. Refer to note 16.1 for details regarding public announcement made by Packages Limited during the year for potential purchase of shares held by the Parent Company.

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

<u>Address</u>	<u>Purpose</u>
Plot 23, Sector 22, Korangi Industrial Area, Karachi	Head Office, manufacturing plants and warehouses

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

2.2 Basis of measurement

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

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

2.3.1 Adoption of amendments to approved accounting standards 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:

Amendments to approved accounting standards

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform (Amendments)
IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments).

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

Notes to the Financial Statements

For the year ended December 31, 2021

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

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

Amendments	Effective date (annual periods beginning on or after)
IFRS 3 Reference to the Conceptual Framework (Amendments)	January 01, 2022
IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	January 01, 2022
IAS 37 Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	January 01, 2022
IAS 1 Classification of Liabilities as Current or Non-current (Amendments)	January 01, 2023
IAS 1 Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8 Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12 Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	January 01, 2023
IFRS 10 / IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
Improvements to accounting standards issued by IASB (2018 - 2020 Cycle)	
IFRS 9 - Fees in the '10 per cent' test for derecognition of financial liabilities	January 01, 2022
IAS 41 - Agriculture – Taxation in fair value measurements	January 01, 2022
IFRS 16 - Leases: Lease incentives	January 01, 2022

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17 – Insurance Contracts	January 01, 2023

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

2.4 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 depreciated over its estimated useful life. When significant parts of assets are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. The rates used are stated in note 3.1 to these financial statements. In particular, the Company considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values.

Notes to the Financial Statements

For the year ended December 31, 2021

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 in respect of tangible fixed assets in the course of their construction and installation.

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.

Company as a lessee

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

2.5.1 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 2.14 to these financial statements.

Notes to the Financial Statements

For the year ended December 31, 2021

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. 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.

2.5.3 Short-term leases and leases of low-value assets

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

2.5.4 Company as a lessor

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

The Company has entered into operating leases on its investment property portfolio consisting of leasehold land and buildings on leasehold land. These leases have terms of three years. All leases include a clause for upward revision of the rental charge at agreed rates. Rental income recognised by the Company during the year has been disclosed in note 26 to the financial statements.

Notes to the Financial Statements

For the year ended December 31, 2021

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

	December 31, 2021	December 31, 2020
	----- Rupees in '000 -----	
Within one year	55,941	-
After one year but not more than three years	114,075	-
	170,016	-

2.6 Intangible assets

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

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

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

2.7 Investment properties

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

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

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

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

Notes to the Financial Statements

For the year ended December 31, 2021

2.8 Stores and spares

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

2.9 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.

2.10 Employees 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 schemes are managed in conformity with the provisions of the Trust Deeds. The Company is responsible to make contributions to the Gratuity and Pension Funds (the Funds) as prescribed under the Trust Deed and its rules, whereas, the trustees are responsible for the day to day management of the Funds. The gratuity and pension obligations are calculated annually by independent actuaries using the Projected Unit Credit Method. The most recent valuations in this regards were carried out as at December 31, 2021.

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

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.

Notes to the Financial Statements

For the year ended December 31, 2021

2.11 Taxation

Current

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

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

Deferred

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

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

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

Sales tax

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

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

2.12 Cash and cash equivalents

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

Notes to the Financial Statements

For the year ended December 31, 2021

2.13 Financial instruments

2.13.1 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).

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

Notes to the Financial Statements

For the year ended December 31, 2021

- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When it has 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

Further disclosures relating to impairment of financial assets are provided under disclosures for significant accounting judgements, estimates and assumptions as disclosed in notes 2.24 to these financial statements.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

The Company considers a financial asset to be at a risk of default when contractual payments are 90 days past due except for receivables from government institutions for which it is considered as 365 days, unless there are factors that might indicate otherwise. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.13.2 Financial liabilities

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.

Notes to the Financial Statements

For the year ended December 31, 2021

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) Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of profit or loss.

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.

2.13.3 Offsetting of financial instruments

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

2.14 Impairment of non-financial assets

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

Notes to the Financial Statements

For the year ended December 31, 2021

be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit, or CGU").

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

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

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

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

2.16 Provisions and contingent liabilities

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

A contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

2.17 Government / deferred capital grants

These are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is deducted from the related expense, on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

2.18 Foreign currency translation

The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are recorded at the rates of exchange which approximate those prevailing on the reporting date. Gains and losses on translation are taken to statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.19 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

Notes to the Financial Statements

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(equity-settled transactions) granted by the ultimate parent. The economic cost of awarding shares of group companies to employees is reflected by recording a charge as employee benefit expense in the statement of profit or loss, equivalent to the fair value of shares on the grant date over the vesting period, with a corresponding reserve created to reflect the equity component (share-based payments reserve).

Equity-settled transactions

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

The cost is recognised in staff costs (note 24.1), together with a corresponding increase in equity (share-based payments reserve), over the period in which the service are provided and where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

2.20 Revenue recognition

2.20.1 Revenue from contracts with customers

The Company is engaged in the manufacturing, selling and trading of pharmaceutical and related products. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

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

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., right of returns). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

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

Notes to the Financial Statements

For the year ended December 31, 2021

transaction price. For products that are expected to be returned, the Company recognises a provision under refund liability and a corresponding adjustment in sales return. Returns for the Company comprise of expired products and near expiry products, which are of nil value by the time of return and are subject to destructions.

Contract balances

Trade debts

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Accounting policies of financial assets have been disclosed in note 2.13.1 - 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 (i.e. transfers control of related goods to the customer).

Liabilities arising from rights of return

Refund liabilities

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

2.20.2 Other income

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

2.21 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.

2.22 Operating segments

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

2.23 Share capital

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

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2.24 Significant accounting judgments, estimates and assumptions

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

Judgements

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

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

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

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

(ii) Property lease classification – Company as lessor

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

(iii) Contingencies

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

Estimates and assumptions

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

Notes to the Financial Statements

For the year ended December 31, 2021

(i) Property, plant and equipment

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

(ii) Leases - Estimating the incremental borrowing rate

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

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

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

(iv) Allowance for expected credit losses on financial assets

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

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

For financial assets other than trade debts, ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's financial assets exposed to credit risk is disclosed in note 34.3.2 of these financial statements.

(v) Revenue recognition - Estimating variable consideration for returns

Refer to note 2.20.1 to these financial statements for estimates with respect to right of return assets and related refund liabilities.

Notes to the Financial Statements

For the year ended December 31, 2021

(vi) Retirement benefits

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

(vii) Taxation

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

(viii) Share based payments

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future event that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

Notes to the Financial Statements

For the year ended December 31, 2021

3. PROPERTY, PLANT AND EQUIPMENT	Note	December 31,	December 31,
		2021	2020
		----- Rupees in '000 -----	
Operating fixed assets	3.1	1,489,951	1,586,496
Capital work-in-progress	3.2	164,206	155,087
		<u>1,654,157</u>	<u>1,741,583</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, 2021							
Opening net carrying value	273	444,549	610,671	15,807	198,956	316,240	1,586,496
Additions / transfers from capital work-in-progress	-	82,153	95,734	-	33,229	49,485	260,601
Transfers to investment properties	(14)	-	-	-	-	-	(14)
Disposals	-	-	-	(1,124)	(1,017)	(36,874)	(39,015)
Write-off	-	-	-	-	(184)	-	(184)
Amortisation / depreciation charge	(6)	(48,985)	(148,160)	(3,619)	(69,315)	(47,848)	(317,933)
Closing net carrying value	<u>253</u>	<u>477,717</u>	<u>558,245</u>	<u>11,064</u>	<u>161,669</u>	<u>281,003</u>	<u>1,489,951</u>

Gross carrying value basis

As at December 31, 2021

Cost	455	1,130,816	2,968,146	67,683	543,208	397,599	5,107,907
Accumulated amortisation / depreciation	(202)	(653,099)	(2,409,901)	(56,619)	(381,539)	(116,596)	(3,617,956)
Net carrying value	<u>253</u>	<u>477,717</u>	<u>558,245</u>	<u>11,064</u>	<u>161,669</u>	<u>281,003</u>	<u>1,489,951</u>
Depreciation rate % per annum	<u>1.23</u>	<u>5</u>	<u>10 to 15</u>	<u>10</u>	<u>10 to 33</u>	<u>20</u>	

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
Transfers to investment properties	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(54,616)	(54,616)
Write-off	-	-	-	-	-	(800)	(800)
Amortisation / 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 amortisation / 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>
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, 2021

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

Location	Address	Usage of immovable Property	Total Area (Sq. Meters)
Karachi	Plot 23, Sector 22 Korangi Industrial Area, Karachi	Head Office, manufacturing plants and warehouses	96,155

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

		December 31, 2021	December 31, 2020
	Note	----- Rupees in '000 -----	
Cost of sales	24	222,348	239,894
Distribution and marketing costs	24	59,919	67,858
Administrative expenses	24	54,232	50,197
		<u>336,499</u>	<u>357,949</u>

Notes to the Financial Statements

For the year ended December 31, 2021

3.1.3 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 and relationship, if any
----- (Rupees in '000) -----							
Plant and machinery	15,088	15,088	-	2,100	2,100	Negotiation	Zaki Chemical Products
Furniture and fixtures	3,723	2,599	1,124	580	(544)	Negotiation	Alica Waster Experts & Naveen Enterprises
Factory and office equipment	15,290	14,775	515	652	137	Company policy	Employees
Factory and office equipment	13,748	13,246	502	457	(45)	Negotiation	Naveen Enterprises
Motor vehicles	2,735	191	2,544	2,544	-	Company policy	Nehaludin Balkhi (Employee)
	1,863	1,080	783	2,295	1,512	Negotiation	Uzma Naz
	1,863	1,118	745	745	-	Company policy	Shahzada Auranzeb (Employee)
	1,863	1,118	745	745	-	Company policy	Irfan Ali Zeb (Employee)
	1,663	998	665	1,709	1,044	Negotiation	Muhammad Arif
	1,643	986	657	657	-	Company policy	Saif Adhami (Employee)
	1,643	986	657	657	-	Company policy	Haris Ahmed Siddiqui (Employee)
	1,827	1,097	730	730	-	Company policy	Waheed ur Raza (Employee)
	1,827	1,097	730	730	-	Company policy	Nehaludin Balkhi (Employee)
	1,842	1,106	736	736	-	Company policy	Nazir Bandukda (Employee)
	1,827	1,097	730	730	-	Company policy	Javaid Iqbal (Employee)
	2,323	1,394	929	929	-	Company policy	Salman Shamim (Employee)
	1,099	593	506	1,159	653	Negotiation	Vava Cars
	1,039	623	416	1,052	636	Negotiation	Hafiz Umair
	1,039	623	416	1,052	636	Negotiation	Hafiz Umair
	1,019	611	408	831	423	Company policy	Kashif Kanwar (Employee)
	1,780	231	1,549	1,549	-	Company policy	Syed Athar Ali (Employee)
	1,099	484	615	440	(175)	Company policy	Manzoor Iqbal (Employee)
	504	503	1	390	389	Company policy	Awais Noor (Employee)
	1,483	356	1,127	1,127	-	Company policy	Zia Ahmed (Employee)
	1,099	484	615	440	(175)	Company policy	Sajida Iqbal (Employee)
	1,270	470	800	800	-	Company policy	Muhammad Saddique (Employee)
	1,270	470	800	800	-	Company policy	Muhammad Noman Owais (Employee)
	1,099	659	440	440	-	Company policy	Farhan Waheed (Employee)
	683	410	273	650	377	Negotiation	Nadeem Ahmed Khan
	860	241	619	905	286	Negotiation	Vava Cars
	1,039	623	416	416	-	Company policy	Waqar Alam (Employee)
	860	189	671	905	234	Negotiation	Vava Cars
	1,039	623	416	415	(1)	Company policy	Muhammad Ali (Employee)
	683	410	273	273	-	Company policy	Malik Subhan Rauf (Employee)
	1,099	659	440	440	-	Company policy	Aftab Hussain Laghari (Employee)
	9,899	5,939	3,960	4,060	100	Negotiation	Ittehad Motors
	1,250	563	687	687	-	Company policy	Khurram Shahzad (Employee)
	1,129	598	531	452	(79)	Company policy	Zeeshan Hassan (Employee)
	1,300	377	923	988	65	Company policy	Asif Hussain (Employee)
	2,594	830	1,764	1,790	26	Company policy	S.Nasir Faidr (Employee)
	860	163	697	714	17	Company policy	Muhammad Nasir Abbas (Employee)
	2,379	571	1,808	1,808	-	Company policy	Jawwad Shabbir (Employee)
	2,897	840	2,057	2,057	-	Company policy	Zubair Rizvi (Employee)
	1,663	998	665	665	-	Company policy	Khurram Anis (Employee)
	1,663	998	665	665	-	Company policy	Shariq Ali (Employee)
	2,379	714	1,665	1,665	-	Company policy	Haroon Hamid Faiz (Employee)
	70,995	34,121	36,874	42,842	5,968		
2021	118,844	79,829	39,015	46,631	7,616		

Notes to the Financial Statements

For the year ended December 31, 2021

Description	Cost	Accumulated depreciation	Net carrying value	Sale proceeds	Gain/(loss)	Mode of Disposal	Particulars of buyers and relationship, if any
	----- (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 (Chief Executive Officer)
	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 Wasuiddin (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	Kaiser 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	Shoaib 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		

Notes to the Financial Statements

For the year ended December 31, 2021

		December 31, 2021	December 31, 2020
	Note	----- Rupees in '000 -----	-----
3.2 Capital work-in-progress			
Buildings on leasehold land		30,185	50,264
Plant and machinery		121,435	51,941
Others		12,586	52,882
	3.3	<u>164,206</u>	<u>155,087</u>
3.3 Movement in capital work-in-progress is as follows:			
Opening balance		155,087	103,308
Additions during the year	3.3.1	136,700	88,377
Transferred to operating fixed assets	3.3.2	(127,581)	(36,598)
Closing balance		<u>164,206</u>	<u>155,087</u>
3.3.1	Represents additions to buildings on leasehold land amounting to Rs. 25.2 million (2020: Rs. 13.5 million), plant and machinery amounting to Rs. 111.5 million (2020: Rs. 26.5 million) and others amounting to Nil (2020: Rs. 48.4 million).		
3.3.2	Represents transfers to buildings on leasehold land amounting to Rs. 40.4 million (2020: Rs. 4.5 million), plant and machinery amounting to Rs. 46.9 million (2020: Rs. 15 million) and others amounting to Rs. 40.3 million (2020: Rs. 17.1 million).		

		December 31, 2021	December 31, 2020
	Note	----- Rupees in '000 -----	-----
4 INVESTMENT PROPERTIES	4.1	<u>34,710</u>	<u>-</u>

4.1 Particulars of investment properties are as follows:

	Leasehold land	Buildings on leasehold land	Total
	----- Rupees in '000 -----		
Year ended December 31, 2021			
Opening net carrying value	-	-	-
Additions	-	34,988	34,988
Transfers from property, plant and equipment	14	-	14
Amortisation / depreciation charge	(0.05)	(292)	(292)
Closing net carrying value	<u>14</u>	<u>34,696</u>	<u>34,710</u>
Gross carrying value basis			
As at December 31, 2021			
Cost	14	34,988	14
Accumulated depreciation	(0.05)	(292)	-
Net carrying value	<u>14</u>	<u>34,696</u>	<u>14</u>
Depreciation rate % per annum	<u>3.13</u>	<u>5</u>	

Notes to the Financial Statements

For the year ended December 31, 2021

The Company did not have investment property during the year ended December 31, 2020, therefore, no comparative information is presented.

	December 31, 2021	December 31, 2020
	----- Rupees in '000 -----	
4.2 Amounts recognised in profit or loss		
Rental income derived from investment properties	10,117	-
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the period	(1,530)	-
Profit arising from investment property carried at cost	8,587	-

4.3 As at December 31, 2021, the fair value of leasehold land amounting to Rs. 442.7 million and buildings on leasehold land amounting to Rs. 53.5 million are based on valuations performed by an accredited independent valuer with reference to standards of International Valuation Standards Council (IVSC). Refer note 34.5 to these financial statements for further disclosures.

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

4.5 The amount of recovery of expenses from the lessee has been disclosed in note 24 to these financial statements.

5 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, 2021	December 31, 2020
	----- Rupees in '000 -----	
Opening balance	21,790	2,828
Additions during the year	-	36,382
Impact of lease modification	(3,432)	-
Depreciation charge	(15,105)	(17,420)
Impact of termination of lease	(1,375)	-
Closing balance	1,878	21,790
Depreciation rate % per annum	33 to 50	33 to 50

Notes to the Financial Statements

For the year ended December 31, 2021

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

	December 31, 2021	December 31, 2020
	----- Rupees in '000 -----	
Opening balance	23,480	2,999
Additions during the year	-	36,382
Accretion of interest	495	2,261
Payments	(16,337)	(18,162)
Impact of lease modification	(4,554)	-
Impact of termination of lease	(1,490)	-
Closing balance	1,594	23,480
Non-current lease liabilities	-	1,340
Current maturity of lease liabilities	1,594	22,140
	1,594	23,480
The following are the amounts recognised in statement of profit or loss:		
Depreciation charge for right-of-use assets	15,105	17,420
Interest expense on lease liabilities	495	2,261
Expense relating to short- term leases	7,043	5,355

6 INTANGIBLE ASSETS

	Computer software	Product license	Total
	----- Rupees in '000 -----		
Year ended December 31, 2021			
Net carrying value basis			
Opening net carrying value	570	3,034	3,604
Additions	1,874	520	2,394
Amortisation charge	(903)	(2,266)	(3,169)
Closing net carrying value	1,541	1,288	2,829
Gross carrying value basis			
Cost	6,576	79,291	85,867
Accumulated amortisation	(5,035)	(78,003)	(83,038)
Net carrying value	1,541	1,288	2,829
Amortisation rate per annum	33%	33%	
Year ended December 31, 2020			
Net carrying value basis			
Opening net carrying value	822	4,824	5,646
Additions	265	294	559
Amortisation charge	(517)	(2,084)	(2,601)
Closing net carrying value	570	3,034	3,604
Gross carrying value basis			
Cost	4,702	78,771	83,473
Accumulated amortisation	(4,132)	(75,737)	(79,869)
Net carrying value	570	3,034	3,604
Amortisation rate per annum	33%	33%	

Notes to the Financial Statements

For the year ended December 31, 2021

		December 31,	December 31,
		2021	2020
	Note	----- Rupees in '000 -----	-----
7 LONG-TERM LOANS TO EMPLOYEES - considered good, unsecured			
Employees	7.1	4,435	5,615
Less: Current maturity	12	(2,037)	(2,496)
		<u>2,398</u>	<u>3,119</u>
7.1 Reconciliation of carrying amount of long-term loans to employees:			
Opening balance		5,615	8,390
Disbursements		1,552	2,150
Repayments		(2,732)	(4,925)
Closing balance	7.2	<u>4,435</u>	<u>5,615</u>
7.2 Represent loans for the purchase of motor cars, motorcycles and capital goods, in accordance with the Company's policy. Loans for the purchase of motor cars and motorcycles are interest free, whereas loans for purchase of capital goods carry interest at the rate of 9% (2020: 9%) per annum. These are repayable within five years in equal monthly installments, except for loans for purchase of capital goods 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.			
		December 31,	December 31,
		2021	2020
	Note	----- Rupees in '000 -----	-----
8 DEFERRED TAXATION - NET			
Taxable temporary difference arising in respect of:			
- Accelerated tax depreciation		(30,966)	(51,340)
- Right-of-use assets		(545)	(6,319)
		<u>(31,511)</u>	<u>(57,659)</u>
Deductible temporary difference arising in respect of:			
- Allowance for expected credit loss		35,357	3,434
- Defined benefit plans		134,031	80,355
- Provision against stores, spares and stock-in-trade		95,137	86,035
- Lease liabilities		462	6,809
- Others		2,854	4,799
		<u>267,841</u>	<u>181,432</u>
	8.1	<u>236,330</u>	<u>123,773</u>
8.1 Includes Rs. 31.5 million (2020: Rs. 10.2 million) routed through statement of other comprehensive income relating to actuarial (loss) / gain on defined benefit plans. All other movements for deferred tax income / expense have been routed through statement of profit or loss.			

Notes to the Financial Statements

For the year ended December 31, 2021

		December 31, 2021	December 31, 2020
	Note	----- Rupees in '000 -----	
9 STORES AND SPARES			
Stores		21,316	18,264
Spares		38,354	32,469
		59,670	50,733
Provision against stores and spares		-	(2,460)
		59,670	48,273
10 STOCK-IN-TRADE - net			
Raw and packing material			
In hand	10.2	1,151,419	1,364,825
In transit		500,717	79,069
		1,652,136	1,443,894
Provision against raw and packing material	10.1	(134,457)	(221,054)
		1,517,679	1,222,840
Work-in-process		160,160	96,071
Finished goods			
In hand	10.2	2,033,904	1,777,550
In transit		316,063	209,692
		2,349,967	1,987,242
Provision against finished goods	10.3	(108,146)	(95,790)
		2,241,821	1,891,452
		3,919,660	3,210,363
10.1 Movement of provision against raw and packing material is as follows:			
Opening balance		221,054	151,162
Charge for the year	24	52,787	107,342
Reversal for the year		(47,717)	(21,126)
		5,070	86,216
Write-off during the year		(91,667)	(16,324)
Closing balance		134,457	221,054
10.2 Includes write down of raw and packing material costing Rs. 427.0 million (2020: nil), to their net realizable value of Rs. 403.9 million (2020: nil). Also includes write down of finished goods costing Rs. 996.8 million (2020: Rs. 349.7 million), to their net realizable value of Rs. 807.6 million (2020: Rs. 273.6 million).			

Notes to the Financial Statements

For the year ended December 31, 2021

		December 31, 2021	December 31, 2020
	Note	----- Rupees in '000 -----	
10.3	Movement of provision against finished goods is as follows:		
		95,790	120,392
	Opening balance		
	Charge for the year	69,599	61,834
	Reversal for the year	(35,794)	(32,628)
		33,805	29,206
	Write-off during the year	(21,449)	(53,808)
	Closing balance	108,146	95,790
10.4	Details of stock-in-trade (net of provision) held with third party is as follows:		
	Stancos (Private) Limited	43,982	33,289
11	TRADE DEBTS - net, unsecured		
	Considered good	455,428	538,646
	Considered doubtful	136,631	931
		592,059	539,577
	Allowance for expected credit loss	(136,631)	(931)
		455,428	538,646
11.1	Movement of allowance for expected credit loss is as follows:		
	Opening balance	931	931
	Charge for the year	135,700	-
	Closing balance	136,631	931
12	LOANS AND ADVANCES - unsecured, considered good		
	Loans		
	Current maturity of long-term loans to employees	2,037	2,496
	Advances		
	Executives	-	167
	Employees	3,837	4,332
	Contractors and suppliers	157,338	81,699
		161,175	86,198
		163,212	88,694
12.1	Represent advance payments made to contractors and suppliers against goods and services to be received in future.		

Notes to the Financial Statements

For the year ended December 31, 2021

		December 31, 2021	December 31, 2020
	Note	----- Rupees in '000 -----	
13 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits - unsecured			
Considered good		310,373	317,660
Considered doubtful		29,151	14,851
		339,524	332,511
Allowance for expected credit loss	13.1	(29,151)	(14,851)
		310,373	317,660
Margin against letters of credit		149,500	98,490
Short-term prepayments		10,551	11,711
		470,424	427,861
13.1 Movement of allowance for expected credit loss is as follows:			
Opening balance		14,851	18,966
Charge/ (reversal) for the year		14,300	(4,115)
Closing balance		29,151	14,851
14 OTHER RECEIVABLES - net			
Considered good - unsecured			
Due from - related parties	14.1	228,850	928,420
- others		4,672	27,458
- employees' gratuity fund	20.1	16,889	11,075
		250,411	966,953
Considered doubtful - unsecured			
Sales tax refundable		5,918	5,918
Provision against sales tax refundable		(5,918)	(5,918)
		-	-
Due from related parties	14.1	3,322	-
Allowance for expected credit loss	14.3	(3,322)	-
		-	-
		250,411	966,953

Notes to the Financial Statements

For the year ended December 31, 2021

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

	Neither past		Past due		Total
	due nor impaired	1-90 Days	91-180 Days	> 181 Days	
	----- Rupees in '000 -----				
December 31, 2021					
Sanofi-Aventis Singapore Pte Limited	194,354	-	-	-	194,354
Sanofi-Aventis Groupe, France	-	-	-	3,322	3,322
Sanofi Pasteur Inc.	27,830	-	-	-	27,830
Opella Health Care Thailand	5,576	-	-	-	5,576
Opella Health Care Gulf FZE	1,090	-	-	-	1,090
	228,850	-	-	3,322	232,172
Allowance for expected credit loss					(3,322)
Net receivable from related parties					228,850
December 31, 2020					
Sanofi-Aventis Singapore Pte Limited	908,773	-	-	-	908,773
Sanofi-Aventis Groupe, France	-	-	-	3,115	3,115
Sanofi-Aventis Gulf, UAE	-	-	-	207	207
Sanofi Pasteur Inc.	16,325	-	-	-	16,325
	925,098	-	-	3,322	928,420
Allowance for expected credit loss					-
Net receivable from related parties					928,420

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

	December 31, 2021	December 31, 2020
	----- Rupees in '000 -----	
Sanofi-Aventis Singapore Pte Limited	223,852	908,773
Sanofi-Aventis Groupe, France	3,322	3,202
Sanofi-Aventis Gulf, UAE	-	216
Sanofi Pasteur Inc.	27,830	16,325
Opella Health Care Thailand	5,576	-
Opella Health Care Gulf FZE	1,090	-

Notes to the Financial Statements

For the year ended December 31, 2021

	December 31,	December 31,
	2021	2020
Note	-----	Rupees in '000 -----
14.3 Movement of allowance for expected credit loss is as follows:		
Opening balance	-	-
Charge for the year	<u>3,322</u>	-
Closing balance	<u>3,322</u>	-

15 CASH AND BANK BALANCES

Cash in hand	20	61
Cash at banks		
In current accounts - local currency	<u>755,715</u>	27,256
- foreign currency	<u>18,281</u>	16,639
	<u>773,996</u>	43,895
In savings account - local currency	15.1 <u>10,279</u>	9,279
	<u>784,295</u>	<u>53,235</u>

15.1 These carry mark-up at the rate of 5.69% (2020: 5.5%) per annum.

16 SHARE CAPITAL

December 31,	December 31,		December 31,	December 31,
2021	2020		2021	2020
-----	-----		-----	Rupees in '000 -----
No. of shares		Authorized share capital		
<u>10,000,000</u>	10,000,000	Ordinary shares of Rs. 10/- each	<u>100,000</u>	<u>100,000</u>
		Issued, subscribed and paid up capital		
		Ordinary shares of Rs. 10/- each issued		
2,757,783	2,757,783	Issued for cash	27,578	27,578
3,359,477	3,359,477	Issued as fully paid bonus shares	33,595	33,595
687,500	687,500	Issued against plant and equipment	6,875	6,875
140,000	140,000	Issued against loan	1,400	1,400
2,700,000	2,700,000	Issued in pursuant to merger with Rhone Poulenc Rorer Pakistan (Private) Limited	27,000	27,000
<u>9,644,760</u>	<u>9,644,760</u>		<u>96,448</u>	<u>96,448</u>

16.1 The Parent Company held 5,099,469 (2020: 5,099,469) ordinary shares of Rs. 10/- each, aggregating to Rs. 50.995 million, constituting 52.87% of issued share capital of the Company, as at the reporting date.

Notes to the Financial Statements

For the year ended December 31, 2021

On December 20, 2021, Packages Limited made a public announcement that its Board of Directors had given an in-principal approval to be part of an investor consortium to evaluate a potential purchase by the Consortium of all of 52.87% shares held by the Parent Company in the Company. The Consortium is led by Packages Limited and includes IGI Investments, and affiliates of Arshad Ali Gohar Group. In response, the Parent Company granted the Consortium an opportunity to conduct due diligence of the Company. However, no significant development has been made upto the authorisation of the financial statements.

- 16.2** Voting rights, board selection, rights of first refusal, block voting and other shareholders' rights are in proportion to their shareholding.

	December 31, 2021	December 31, 2020
	----- Rupees in '000 -----	
17 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
Share-based payments reserve	349,967	329,372
	373,902	353,307
Revenue reserves		
General reserve	3,535,538	3,535,538
Unappropriated profit	1,212,633	576,805
	4,748,171	4,112,343
	5,122,073	4,465,650

17.1 Share-based compensation plans

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

Restricted share plan:

The Board of Directors of Sanofi S.A. (France), in a meeting held on April 30, 2021, decided to award a restricted share plan comprising 1,351 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 30, 2021 amounted to € 85.31

Notes to the Financial Statements

For the year ended December 31, 2021

The number of restricted shares outstanding as of the reporting date were 4,702 (2020: 9,758).

The expense recognised for restricted share plan with the corresponding effect on the equity amounted to Rs. 20.6 Million (2020: Rs. 31.7 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, 2021
April 30, 2019	3	2,445	April 30, 2022	77.49	1,982
April 28, 2020	3	1,535	April 28, 2023	84.22	1,369
April 30, 2021	3	1,351	April 30, 2024	85.31	1,351
		<u>5,331</u>			<u>4,702</u>

	Note	December 31, 2021	December 31, 2020
		----- Rupees in '000 -----	
18 LONG-TERM FINANCING			
Opening balance		307,380	-
Obtained during the year		-	328,428
Deferred income - government grant		-	(32,710)
Accretion of interest		20,597	11,662
Repayment		(128,747)	-
		<u>199,230</u>	<u>307,380</u>
Less: Current maturity		(164,214)	(143,758)
Closing balance	18.1	<u>35,016</u>	<u>163,622</u>

- 18.1** Represents long-term loan obtained under refinance scheme from State Bank of Pakistan for payment of wages and salaries to workers and employees having a limit of Rs. 350 million. The loan 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 at inception of the loan and the carrying value (i.e. the proceeds received) has been recorded as a deferred liability under IAS 20 'Government Grants', as explained in note 2.17 to these financial statements. As at reporting date, there are no unfulfilled conditions or contingencies attached to these grants.

	Note	December 31, 2021	December 31, 2020
		----- Rupees in '000 -----	
19 DEFERRED LIABILITIES			
Government grant		6,274	22,614
Deferred capital grant		27,000	36,000
	19.1	<u>33,274</u>	<u>58,614</u>

Notes to the Financial Statements

For the year ended December 31, 2021

19.1 Movement of grants is as follows:	Government grant	Deferred capital grant	Total
	----- Rupees in '000 -----		
December 31, 2021			
Opening balance	22,614	36,000	58,614
Received during the year	-	-	-
Released to the statement of profit or loss	(16,340)	(9,000)	(25,340)
Closing balance	<u>6,274</u>	<u>27,000</u>	<u>33,274</u>
Current	6,274	9,000	15,274
Non-current	-	18,000	18,000
	<u>6,274</u>	<u>27,000</u>	<u>33,274</u>
December 31, 2020			
Opening balance	-	-	-
Received during the year	32,710	36,000	68,710
Released to the statement of profit or loss	(10,096)	-	(10,096)
Closing balance	<u>22,614</u>	<u>36,000</u>	<u>58,614</u>
Current	7,340	9,000	16,340
Non-current	15,274	27,000	42,274
	<u>22,614</u>	<u>36,000</u>	<u>58,614</u>
		December 31,	December 31,
		2021	2020
	Note	----- Rupees in '000 -----	
20 TRADE AND OTHER PAYABLES			
Trade creditors			
Related parties		1,164,328	1,029,599
Other trade creditors		<u>558,824</u>	348,015
		1,723,152	1,377,614
Other payables			
Accrued liabilities		846,407	1,050,350
Refund liabilities		27,438	27,347
Infrastructure Development Cess		445,402	403,546
Employees' Pension Fund	20.1	438,997	321,912
Workers' Profit Participation Fund	20.2	79,487	50,291
Workers' Welfare Fund		109,988	95,967
Central Research Fund		15,059	9,054
Payable to provident fund		13,227	12,745
Compensated absences		37,921	27,107
Security deposits	20.3	1,775	1,775
Contractors' retention money		3,251	5,156
Sales tax payable		11,415	13,272
		<u>2,030,367</u>	2,018,522
		3,753,519	3,396,136

Notes to the Financial Statements

For the year ended December 31, 2021

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

	Pension Fund		Gratuity Fund	
	2021	2020	2021	2020
-----Rupees in '000 -----				
Statement of financial position reconciliation as at December 31 is as follows:				
Fair value of plan assets	962,985	830,716	606,904	604,273
Present value of defined benefit obligation	(1,401,982)	(1,152,628)	(590,015)	(593,198)
Net (liability) / asset in statement of financial position	<u>(438,997)</u>	<u>(321,912)</u>	<u>16,889</u>	<u>11,075</u>
Movement in net (liability) / asset is as follows:				
Opening balance	(321,912)	(263,229)	11,075	(110,292)
Charge for the year	(87,795)	(86,660)	(44,936)	(67,090)
Employer contribution	84,590	108,563	45,643	72,636
Actuarial (loss) / gain	(113,880)	(80,586)	5,107	115,821
Closing balance	<u>(438,997)</u>	<u>(321,912)</u>	<u>16,889</u>	<u>11,075</u>
Expense recognised in statement of profit or loss is as follows:				
Current service cost	53,132	49,636	49,091	60,885
Past service cost	8,095	11,787	-	-
Interest cost	115,641	137,147	55,953	81,013
Expected return on plan assets	(89,073)	(111,910)	(60,108)	(74,808)
	<u>87,795</u>	<u>86,660</u>	<u>44,936</u>	<u>67,090</u>
Actual return on plan assets	<u>96,527</u>	<u>61,161</u>	<u>41,507</u>	<u>(20,737)</u>
Movement in present value of defined benefit obligation is as follows:				
Opening balance	1,152,628	967,464	593,198	600,896
Current service cost	53,132	49,636	49,091	60,885
Past service cost	8,095	11,787	-	-
Interest cost	115,641	137,147	55,953	81,013
Benefits paid	(48,848)	(43,243)	(84,519)	(74,775)
Actuarial loss / (gain)	121,334	29,837	(23,708)	(74,821)
Closing balance	<u>1,401,982</u>	<u>1,152,628</u>	<u>590,015</u>	<u>593,198</u>
Movement in fair value of plan assets is as follows:				
Opening balance	830,716	704,235	604,273	490,604
Expected return on plan assets	89,073	111,910	60,108	74,808
Employer contributions	84,590	108,563	45,643	72,636
Benefits paid	(48,848)	(43,243)	(84,519)	(74,775)
Actuarial gain / (loss)	7,454	(50,749)	(18,601)	41,000
Closing balance	<u>962,985</u>	<u>830,716</u>	<u>606,904</u>	<u>604,273</u>
Actuarial loss / (gain) arising from:				
Changes in financial assumptions	157,679	93,037	(23,708)	(35,011)
Experience adjustments	(43,799)	(12,451)	18,601	(80,810)
	<u>113,880</u>	<u>80,586</u>	<u>(5,107)</u>	<u>(115,821)</u>
Key actuarial assumptions used are as follows:				
Discount factor used	<u>12.25%</u>	<u>10.25%</u>	<u>12.25%</u>	<u>10.25%</u>

Notes to the Financial Statements

For the year ended December 31, 2021

	Pension Fund		Gratuity Fund	
	2021	2020	2021	2020
Expected rate of return per annum on plan assets	12.25%	10.25%	12.25%	10.25%

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

	Pension Fund		Gratuity Fund	
	2021	2020	2021	2020
Long term salary increase rate per annum	12.25%	10.25%	12.25%	10.25%

Estimates of future salary increase, takes into account inflation, seniority, promotion. Having regard to the actual salary increase rate of current year and the future expectation of the Company, the management's actuary has assumed that the short-term salary increase rate to be used is 8.00% per annum and for long term 12.25% 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.

	Pension Fund		Gratuity Fund	
	2021	2020	2021	2020
Indexation of pension	10.00%	7.00%	-	-

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

	Pension Fund		Gratuity Fund	
	2021	2020	2021	2020
Weighted average duration (years)	13.12	12.61	13.12	12.66

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

	Pension Fund		Gratuity Fund	
	2021	2020	2021	2020
Retirement age (years)	60 years	60 years	60 years	60 years
Withdrawal rate	Moderate	Moderate	Moderate	Moderate
Mortality rate	SLIC 2001 - 2005		SLIC 2001 - 2005	

	2021		2020	
	Rupees in '000	Percentage	Rupees in '000	Percentage

Sensitivity analysis for pension fund

Current liability as at the reporting date	1,401,982		1,152,628	
Following shall be the PV under various sensitivities:				
+0.5% Discount rate	1,302,847	-7.07%	1,073,145	-6.90%
-0.5% Discount rate	1,512,988	7.92%	1,241,540	7.71%
+0.5% Salary increase rate	1,433,143	2.22%	1,178,965	2.28%
-0.5% Salary increase rate	1,372,393	-2.11%	1,127,695	-2.16%
+0.5% Pension indexation	1,482,998	5.78%	1,241,727	7.73%
-0.5% Pension indexation	1,327,288	-5.33%	1,115,716	-3.20%

Sensitivity analysis for gratuity fund

Current liability as at the reporting date	590,015		583,982	
Following shall be the PV under various sensitivities:				
+0.5% Discount rate	566,661	-3.96%	559,857	-4.13%
-0.5% Discount rate	615,020	4.24%	609,877	4.43%
+0.5% Salary increase rate	616,350	4.46%	611,248	4.67%
-0.5% Salary increase rate	565,228	-4.20%	558,378	-4.38%
+5% Withdrawal rates	589,991	0.00%	583,641	-0.06%
-5% Withdrawal rates	590,038	0.00%	584,326	0.06%
0.5 year mortality age set back	590,322	0.05%	583,957	0.00%
0.5 year mortality age set forward	589,710	-0.05%	584,007	0.00%

Notes to the Financial Statements

For the year ended December 31, 2021

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

	Pension Fund		Gratuity Fund	
	2021	2020	2021	2020
	-----Rupees in '000 -----			
Year 1	232,233	80,174	51,227	67,491
Year 2	618,215	132,046	43,599	29,460
Year 3	122,608	326,812	24,688	45,817
Year 4	724,175	74,955	62,287	22,550
Year 5	789,922	360,385	44,273	63,423
Year 6 to Year 10	7,131,306	3,134,062	385,668	353,641
Year 11 and above	17,788,171	5,511,378	1,827,286	1,323,189

	2021		2020	
	Rs in '000	%	Rs in '000	%

Plan assets comprise of:

Funded pension plan

Equity	138,088	14.34%	114,934	13.84%
Cash and cash equivalents	119,792	12.44%	55,127	6.63%
Debt	705,105	73.22%	660,655	79.53%
	962,985	100.00%	830,716	100.00%

Funded gratuity plan

Equity	90,276	14.87%	78,525	12.99%
Cash and cash equivalents	46,627	7.69%	63,235	10.47%
Debt	470,001	77.44%	462,513	76.54%
	606,904	100.00%	604,273	100.00%

Comparison for five years:

	2021	2020	2019	2018	2017
	----- Rupees in '000 -----				
Fair value of plan assets	962,985	830,716	704,235	706,365	636,168
Present value of defined benefit obligation	(1,401,982)	(1,152,628)	(967,464)	(867,910)	(724,980)
Deficit	(438,997)	(321,912)	(263,229)	(161,545)	(88,812)

Experience adjustment

Actuarial (loss) / gain on defined benefit obligation	(121,334)	(29,837)	12,577	(68,888)	(24,609)
Actuarial gain / (loss) on plan assets	7,454	(50,749)	(93,000)	3,339	(3,296)
	(113,880)	(80,586)	(80,423)	(65,549)	(27,905)

Funded gratuity plan

Fair value of plan assets	606,904	604,273	490,604	495,132	463,901
Present value of defined benefit obligation	(590,015)	(593,198)	(600,896)	(528,118)	(479,354)
Surplus / (Deficit)	16,889	11,075	(110,292)	(32,986)	(15,453)

Experience adjustment

Actuarial gain / (loss) on defined benefit obligation	23,708	74,821	18	(19,881)	11,093
Actuarial (loss) / gain on plan assets	(18,601)	41,000	(67,941)	5,398	3,503
	5,107	115,821	(67,923)	(14,483)	14,596

Notes to the Financial Statements

For the year ended December 31, 2021

20.1.1 Risks associated with defined benefit plan

Longevity Risks:

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

Salary Increase Risk:

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

Withdrawal Risk:

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

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

20.1.3 The Company contributes to the pension and gratuity funds on the advice of the funds' actuary. The contributions are equal to the current service cost with adjustment for any deficit. If there is a surplus, the Company takes a contribution holiday, accordingly, there is no impact of asset ceiling in these financial statements. Based on the actuarial advice, the amount of expected contribution to gratuity and pension funds during the year 2022 will be Rs. 44.8 million and Rs. 108.5 million respectively.

		December 31, 2021	December 31, 2020
		----- Rupees in '000 -----	
20.2	Movement of Workers' Profits Participation Fund (the Fund) is as follows:		
	Opening balance	50,291	31,112
	Allocation for the year	75,642	48,031
		125,933	79,143
	Amount paid to the Fund	(46,446)	(28,852)
	Closing balance	79,487	50,291

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

		December 31, 2021	December 31, 2020
		----- Rupees in '000 -----	
21	SHORT-TERM BORROWINGS		
	Running finance utilized under mark-up arrangements	-	232,833

Notes to the Financial Statements

For the year ended December 31, 2021

- 21.1** The total running finance facilities from various commercial banks under mark-up arrangements aggregates to Rs.2,800 (2020:Rs. 2,800) million which remained unutilized as at December 31, 2021. These facilities are secured against first registered joint pari passu charge over current assets of the Company, inclusive but not limited to stock-in-trade and book debts of the Company. These facilities carry mark-up rates ranging between KIBOR + 0.10% to KIBOR + 0.40% (2020: KIBOR + 0.15% to KIBOR + 0.40%) per annum and will expire latest by September 30, 2022.

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

22.1.1 The Deputy Commissioner Inland Revenue (DCIR), issued a show casue notice on November 24, 2017, for tax year 2014 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 dated July 12, 2019 with the Appellate Tribunal Inland Revenue (ATIR) on the issue which is pending to be heard.

22.1.2 The DCIR passed an order dated April 30, 2015 under section 122(5) of the Income Tax Ordinance, 2001 for the Tax Year 2013, increasing the tax liability by Rs.129.1 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 dated October 02, 2018, has been filed with the ATIR against the said decision of the CIR(A) on the issue remanded back which is not yet fixed for hearing.

The DCIR vide order dated June 30, 2021 passed appeal effect order to give effect to matters remanded back and deleted by CIR-A vide his order dated 19 July 2018. As a result, the tax payable as per DCIR order dated April 30, 2015 PKR 129.1 million was converted to tax refundable of PKR 5.2 million. The company filed rectification application under section 221 against this order in respect of certain computational errors. Consequently, the order was rectified by DCIR vide her order dated July 29, 2021 as a result the tax refundable is now increased to PKR 110.3 million. Furthermore, the company has filed appeal against the DCIR order dated July 29, 2021, before the CIR(A) in respect of the additions maintained in the DCIR order dated July 29, 2021 under section 122 / 124 which is yet to be concluded.

Notes to the Financial Statements

For the year ended December 31, 2021

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

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

The Company, in consultation with its lawyer, filed an appeal before the Supreme Court of Pakistan (SCP) against the High Court of Sindh's order dated June 04, 2021 jointly with other petitioners. SCP provided leave to appeal against the orders of High Court of Sindh vide CP No. 4913/2021 dated September 01, 2021 with the directions that till the further order of SCP, the operations of impugned judgment of the High Court of Sindh dated June 04, 2021 and recovery of the impugned levy shall remain suspended. The petitioners were ordered to submit fresh bank guarantees equivalent to the amount of levy for all future consignments of imported goods. Pursuant to the leave granted by SCP, the Company has not booked accrual of the said levy amounting to Rs. 35 million from the date of SCP order till year end.

22.1.4 Sindh Revenue Board (SRB) issued a notification on June 05, 2017 pursuant to which proviso to Rule 42(E) of the Sindh Sales Tax Rules, 2011 was deleted, as a consequence thereof, the Company, as a recipient of labor and manpower services, was required to deduct Sales Tax on the gross amount of payments to such service providers, including the amounts which were reimbursed to the service providers in lieu of salaries and wages. The Company filed a Constitutional Petition in the High Court of Sindh and challenged the above notification based on the fact that salary on its own is not a sale of service, and action of SRB in introducing tax on the entire amount by implication and deletion of the proviso is ultra vires and unlawful. The High Court of Sindh decided the matter in favor of the Company and other petitioners on November 17, 2020. SRB challenged the judgement passed by the High Court of Sindh before the Supreme Court of Pakistan hearing of which is pending.

The management, based on advice from its tax and legal advisors, is confident for a favorable outcome on the above-mentioned cases, hence no provision is made in these financial statements in respect of these orders.

Notes to the Financial Statements

For the year ended December 31, 2021

	December 31, 2021	December 31, 2020
	----- Rupees in '000 -----	----- Rupees in '000 -----
22.2 Commitments	Note	
Commitments for capital expenditure	118,333	99,512
Outstanding letters of credit	22.2.1 271,030	214,422
Outstanding bank guarantees	22.2.1 523,308	417,220
Outstanding bank contracts	2,885,426	808,339
22.2.1 Total available facility for letters of credit amount to Rs. 700 million (2020: Rs. 575 million) and for bank guarantees amount to Rs. 629 million (2020: Rs. 629 million)		
23 NET SALES	Note	
Gross Sales		
Local	16,557,268	14,895,410
Export	641,717	659,429
	17,198,985	15,554,839
Toll manufacturing	147,510	89,504
	17,346,495	15,644,343
Less:		
Discounts	(1,339,612)	(1,373,048)
Returns	(54,730)	(100,977)
Sales tax	(71,221)	(62,516)
	(1,465,563)	(1,536,541)
	23.1 15,880,932	14,107,802
23.1 Includes all contract liabilities as at December 31, 2020 realized during the year.		

Notes to the Financial Statements

For the year ended December 31, 2021

24. OPERATING COSTS

	Cost of sales		Distribution and marketing costs		Administrative expenses		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	----- Rupees in '000 -----							
Raw and packing material consumed	4,814,788	4,674,999	-	-	-	-	4,814,788	4,674,999
Raw and packing material written off	-	18,285	-	-	-	-	-	18,285
Provision against raw and packing material (note 10.1)	5,070	86,216	-	-	-	-	5,070	86,216
Stores and spares consumed	54,236	45,356	-	-	-	-	54,236	45,356
Stationery and supplies consumed	10,116	8,232	6,093	3,670	1,689	2,533	17,898	14,435
Staff costs (note 24.1)	689,525	698,075	1,064,176	1,144,869	372,746	413,067	2,126,447	2,256,011
Allowance for expected credit loss (note 13.1 and 14.4)	-	-	-	-	17,622	-	17,622	-
Fuel and power	392,006	389,138	2,620	3,177	19,293	29,706	413,919	422,021
Rent, rates and taxes	12,975	17,599	698	6,631	243	733	13,916	24,963
Insurance	8,816	7,567	15,415	12,619	3,907	3,316	28,138	23,502
Repairs and maintenance	139,282	128,412	6,930	4,347	13,840	15,078	160,052	147,837
Amortisation / depreciation	222,348	239,894	59,919	67,858	54,232	50,197	336,499	357,949
Travelling and conveyance	56,601	53,936	139,711	108,266	21,285	23,293	217,597	185,495
Handling, freight and transportation	-	-	173,872	189,629	-	-	173,872	189,629
Communication	59,639	67,882	18,818	21,864	8,849	7,887	87,306	97,633
Security and maintenance	43,568	41,121	4,751	3,780	10,792	15,222	59,111	60,123
Publication and subscription	10	219	8,120	7,237	4,055	5,045	12,185	12,501
Electronic and print media	-	-	109,657	121,390	-	-	109,657	121,390
Conferences and exhibitions	-	-	139,338	60,003	-	-	139,338	60,003
Market research	-	-	36,847	30,206	-	-	36,847	30,206
Clinical trials	-	-	4,258	8,522	-	-	4,258	8,522
Patient care	-	-	43,621	46,601	-	-	43,621	46,601
Samples	-	-	12,857	2,693	-	-	12,857	2,693
Sales promotion	-	-	48,393	43,471	-	-	48,393	43,471
Sales commission	-	-	10,899	76,936	-	-	10,899	76,936
Software license / maintenance fee	564	871	5,265	3,214	1,658	1,457	7,487	5,542
Other expenses	11,458	11,095	9,497	11,088	9,246	5,678	30,201	27,861
	6,521,002	6,488,897	1,921,755	1,978,071	539,457	573,212	8,982,214	9,040,180
Recovery of expenses (note 4.5)	(15,370)	(19,024)	-	-	-	-	(15,370)	(19,024)
	6,505,632	6,469,873	1,921,755	1,978,071	539,457	573,212	8,966,844	9,021,156
Opening work-in-process	96,071	62,973						
Closing work-in-process	(160,160)	(96,071)						
Cost of goods manufactured	6,441,543	6,436,775						
Opening stock of finished goods	1,987,242	1,561,719						
Finished goods purchased	5,625,501	4,152,875						
Cost of samples included under distribution and marketing expenses	(12,857)	(2,693)						
Finished goods written-off	32,954	112,365						
Provision against finished goods (note 10.3)	33,805	29,206						
Closing stock of finished goods	(2,349,967)	(1,987,242)						
	11,758,221	10,303,005						

24.1 Staff Costs

Salaries, wages and other benefits	642,154	646,192	967,016	1,018,268	294,235	336,823	1,903,405	2,001,283
Training expenses	310	121	5,324	1,810	18	422	5,652	2,353
Defined benefit plans (note 20.1)	24,435	28,534	53,558	79,446	54,739	45,770	132,732	153,750
Defined contribution plan	18,785	18,074	31,613	35,209	13,665	13,622	64,063	66,905
Share-based payments	3,841	5,154	6,665	10,136	10,089	16,430	20,595	31,720
	689,525	698,075	1,064,176	1,144,869	372,746	413,067	2,126,447	2,256,011

Notes to the Financial Statements

For the year ended December 31, 2021

		December 31, 2021	December 31, 2020
	Note	----- Rupees in '000 -----	
25 OTHER EXPENSES			
Auditors' remuneration	25.1	2,978	2,581
Workers' Profit Participation Fund	20.2	75,642	48,031
Workers' Welfare Fund		26,570	16,148
Central Research Fund		15,542	9,692
Legal and consultancy charges		22,378	14,892
Exchange loss - net		87,854	272,888
Operating fixed assets written-off		184	800
		231,148	365,032
25.1 Auditors' remuneration			
Audit fee		1,735	1,653
Review of half yearly financial statements		432	432
Report on Statement of Compliance with Code of Corporate Governance Regulations		162	162
Other certifications		369	152
Out-of-pocket expenses		280	182
		2,978	2,581
26 OTHER INCOME			
Income from financial instruments			
Interest income		759	5
Liabilities no longer payable written back		20,232	3,568
		20,991	3,573
Income from non-financial instruments			
Rental income from investment properties	4.2	10,117	-
Insurance claim recovery		95,104	11,783
Deferred income	19.1	9,000	-
Gain on disposal of operating fixed assets - net	3.1.3	7,616	49
Miscellaneous		27,406	34,270
		149,243	46,102
		170,234	49,675
27 FINANCE COSTS			
Mark-up on long-term financing		4,257	4,036
Mark-up on short-term borrowings		3,038	30,290
Bank charges		20,644	21,718
Interest on lease liability	5	495	2,261
		28,434	58,305
28 TAXATION			
Current income tax charge		634,996	436,702
Adjustments in respect of current income tax of previous year		(23,484)	(24,109)
		611,512	412,593
Deferred relating to origination and reversal of temporary differences		(81,013)	(25,808)
		530,499	386,785

Notes to the Financial Statements

For the year ended December 31, 2021

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

28.1 Relationship between accounting profit and tax expense:

Accounting profit before taxation	1,436,451	879,852
Tax at the applicable tax rate of 29% (2020: 29%)	416,571	255,157
Tax effects of:		
- Income charged at different rates	137,412	155,737
- Prior year	(23,484)	(24,109)
	530,499	386,785
Effective income tax rate	37%	44%

29 EARNINGS PER SHARE - basic and diluted

Profit after taxation	905,952	493,067
Weighted average number of ordinary shares	9,644,760	9,644,760
	Number of shares	
Earnings per share - basic and diluted	93.93	51.12
	----- Rupees -----	

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

30 CASH GENERATED FROM OPERATIONS

Profit before taxation		1,436,451	879,852
Adjustment for non-cash charges and other items:			
Amortisation / depreciation charge on operating fixed assets	3.1	317,933	337,928
Amortisation / depreciation charge on investment properties	4.1	292	-
Depreciation charge on right-of-use assets	5	15,105	17,420
Amortisation charge on intangible assets	6	3,169	2,601
Write-off of operating fixed assets	3.1	184	800
Allowance for expected credit loss	11.1, 13.1 & 14.3	153,322	-
Impact of lease modification	5	(1,122)	-
Impact of termination of lease	5	(115)	-
Unrealised foreign exchange differences		34,365	140,306
Gain on disposal of operating fixed assets-net	3.1.3	(7,616)	(49)
Release of deferred liabilities		(25,340)	-
Staff cost in relation to share-based payments	24.1	20,595	31,720
Expense in relation to defined benefit plans	24.1	132,732	153,750
Interest income	26	(759)	(5)
Finance costs	27	28,434	58,305
Working capital changes	30.1	14,299	(710,836)
		2,121,929	911,792

Notes to the Financial Statements

For the year ended December 31, 2021

	December 31, 2021	December 31, 2020
Note	----- Rupees in '000 -----	
30.1 Working capital changes		
	(Increase) / decrease in current assets:	
Stores and spares	(11,397)	13,892
Stock-in-trade	(709,297)	(666,175)
Trade debts	(52,482)	152,679
Loans and advances	(74,518)	30,409
Trade deposits and short-term prepayments	(56,863)	(97,187)
Other receivables (excluding receivable from employees' gratuity fund)	720,541	(335,809)
	(184,016)	(902,191)
	(Decrease) / increase in current liabilities:	
Contract liabilities	(625)	(21,667)
Trade and other payables (excluding liabilities for employees' pension fund)	198,940	213,022
	14,299	(710,836)

31 CASH AND CASH EQUIVALENTS

Cash and bank balances	15	784,295	53,235
Short-term borrowings	21	-	(232,833)
		784,295	(179,598)

32 TRANSACTIONS WITH RELATED PARTIES

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

	December 31, 2021					December 31, 2020				
	Parent Company	Group companies	Associated undertakings	Employees' Retirement funds	Total	Parent Company	Group Companies	Associated undertakings	Employees' Retirement funds	Total
-----Rupees in '000-----										
Sales	-	16,707	-	-	16,707	-	16,610	-	-	16,610
Purchase of goods	-	6,867,907	10,587	-	6,878,494	-	5,319,788	14,679	-	5,334,467
Purchase of services	-	52,435	17,825	-	70,260	-	66,616	13,002	-	79,618
Insurance claim received	-	-	95,104	-	95,104	-	-	11,783	-	11,783
Other	-	6,666	-	-	6,666	-	-	-	-	-
Dividend paid	101,989	-	40,933	-	142,922	40,796	-	16,373	-	57,169
Contribution paid:										
- Provident fund	-	-	-	148,029	148,029	-	-	-	66,905	66,905
- Gratuity fund	-	-	-	45,643	45,643	-	-	-	72,636	72,636
- Pension fund	-	-	-	84,590	84,590	-	-	-	108,563	108,563

Notes to the Financial Statements

For the year ended December 31, 2021

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

Name of the Company	Country of Incorporation	Basis of Association	
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	-
Opella Health Care Thailand	Thailand	Group Company	-
Opella Health Care Gulf FZE	UAE	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	-

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

	Chief Executive		Director		Other Executives		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	----- Rupees in '000 -----							
Managerial remuneration	22,814	21,521	9,676	8,594	343,325	339,982	375,815	370,097
Profit sharing	10,525	9,923	2,250	1,332	70,855	74,068	83,630	85,323
Retirement benefits	4,149	3,912	1,774	1,575	53,400	56,693	59,323	62,180
Rent, utilities & others	12,449	11,811	5,322	4,769	161,822	172,862	179,593	189,442
Medical expenses	518	556	307	178	13,683	12,337	14,508	13,071
	50,455	47,723	19,329	16,448	643,085	655,942	712,869	720,113
Number of persons	1	1	1	1	113	121	115	123

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

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

Aggregate amount charged in the financial statements in respect of fee to 3 Non-Executive Directors and 3 Independent Directors amount to Rs. 6.8 million (2020: Rs. 6.6 million).

Notes to the Financial Statements

For the year ended December 31, 2021

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. 8 million (2020: Rs. 11.8 million), Rs. 1.2 million (2020: 1.7 million) and Rs. 11.4 million (2020: Rs. 18.2 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.

34 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

		December 31,		December 31,
		2021	2020	
		----- Rupees in '000 -----		
		Note		
34.1	Financial assets			
	Loans to employees	7	4,435	5,615
	Trade debts	11	455,428	538,646
	Trade deposits	13	459,873	416,150
	Others receivables (excluding employees' gratuity fund)	14	233,522	955,878
	Cash and bank balances	15	784,295	53,235
	Total financial assets		1,937,553	1,969,524
34.2	Financial liabilities			
		Note	Interest Rate	
	As at December 31, 2021			
	Interest-bearing financial liabilities at amortised cost			
	Lease liabilities	5	7.9% - 14.1%	1,594
	Long-term financing	18	1.5%	164,214
	Short-term borrowings	21	KIBOR plus 0.1% - 0.4%	-
	Total interest-bearing financial liabilities			165,808
	Non interest-bearing financial liabilities at amortised cost			
	Trade and other payables			2,639,944
	Accrued mark-up			1,397
	Total non interest-bearing financial liabilities			2,641,341

Notes to the Financial Statements

For the year ended December 31, 2021

As at December 31, 2020

	Note	Interest Rate	Maturity up to one year -----	Maturity after one year Rupees in '000 -----	Total
Interest-bearing financial liabilities at amortised cost					
Lease liabilities	5	7.9% - 14.1%	22,140	1,340	23,480
Long-term financing	18	1.5%	143,758	163,622	307,380
Short-term borrowings	21	KIBOR plus 0.1% - 0.4%	232,833	-	232,833
Total interest-bearing financial liabilities			<u>398,731</u>	<u>164,962</u>	<u>563,693</u>
Non interest-bearing financial liabilities at amortised cost					
Trade and other payables			2,489,349	-	2,489,349
Accrued mark-up			5,599	-	5,599
Total non interest-bearing financial liabilities			<u>2,494,948</u>	<u>-</u>	<u>2,494,948</u>

34.3 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 include trade debts, trade deposits and other receivables that derive directly from its operations.

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

34.3.1 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.

34.3.1.1 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.

Notes to the Financial Statements

For the year ended December 31, 2021

Exposure to foreign currency risk

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

	December 31,		December 31,		December 31,		December 31,	
	2021	2020	2021	2020	2021	2020	2021	2020
	JPY in '000		Euro in '000		USD in '000		GBP in '000	
Other receivables	-	-	1,150	4,730	10	12	-	-
Bank balances	-	-	-	-	104	104	-	-
Trade and other payables	(1,425)	-	(5,871)	(5,595)	(766)	(169)	-	(4)
	(1,425)	-	(4,721)	(865)	(652)	(53)	-	(4)

Significant exchange rates applied during the year were as follows:

	Average rate		Spot rate	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	----- Rupees -----		----- Rupees -----	
JPY	1.5	1.5	1.5	1.6
GBP	224.4	209.4	238.4	219.3
EUR	192.6	185.9	200.4	195.9
USD	163.4	162.1	176.2	160.4

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, 2021 represented in foreign currencies, with all other variables held constant, of the Company's profit before tax.

		December 31, 2021	December 31, 2020
Change in exchange rate	±	10%	10%
Effect on profit after taxation / equity (Rupees in 000's)	±	66,893	10,020

34.3.1.2 Interest rate risk

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

Notes to the Financial Statements

For the year ended December 31, 2021

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, 2021	December 31, 2020
	----- Rupees in '000 -----	
Financial assets		
Loans to employees	<u>22</u>	<u>139</u>
Financial liabilities		
Long-term financing	199,230	307,380
Lease liabilities	1,594	23,480
Short-term borrowings	-	232,833
	<u>200,824</u>	<u>563,693</u>

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, 2021	December 31, 2020
Change in interest rate	± 1%	1%
Effect on profit after taxation / equity (Rupees in 000's)	± 1,266	3,159

34.3.1.3 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.

34.3.2 Credit risk

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

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

Notes to the Financial Statements

For the year ended December 31, 2021

Exposure to credit risk

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

Financial assets at amortized cost

	December 31, 2021	December 31, 2020
	----- Rupees in '000 -----	
Loans to employees	4,435	5,615
Trade debts - net	455,428	538,646
Trade deposits - net	459,873	416,150
Other receivables (excluding employee's gratuity fund)	233,522	955,878
Cash at banks	784,275	53,174
	<u>1,937,533</u>	<u>1,969,463</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 34.3.2.1 and 34.3.2.2 of these financial statements.

34.3.2.1 Trade debts

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

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

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

	< 90 days	91-180 days	180-270 days	270-365 days	> 365 days	Total
	----- Rupees in '000 -----					
December 31, 2021						
Expected credit loss rate	2%	8%	13%	27%	100%	23%
Expected credit loss	5,451	10,112	6,775	2,264	112,029	136,631
Estimated total gross carrying amount at default	290,104	128,609	53,785	8,463	111,098	592,059
December 31, 2020						
Estimated total gross carrying amount at default	221,794	154,316	61,736	28,672	73,059	539,577

Notes to the Financial Statements

For the year ended December 31, 2021

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

34.3.2.2 Cash at banks

The carrying values of bank balances are analysed as follows:

A1+	573,473	33,437
P-1	30,885	3,098
A-2	179,917	16,639
	784,275	53,174

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

34.4 Liquidity risk

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

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

	Carrying amount	less than 12 months
	----- Rupees in '000 -----	
December 31, 2021		
Trade and other payables	2,639,944	2,639,944
Accrued mark-up	1,397	-
Long-term financing	199,230	164,214
Lease liabilities	1,594	1,594
	2,842,165	2,805,752
December 31, 2020		
Trade and other payables	2,489,349	2,489,349
Accrued mark-up	5,599	5,599
Long-term financing	307,380	143,758
Short-term borrowings	232,833	232,833
Lease liabilities	23,480	22,140
	3,058,641	2,893,679

Notes to the Financial Statements

For the year ended December 31, 2021

34.5 Fair value measurement

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

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

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

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

Notes to the Financial Statements

For the year ended December 31, 2021

As at December 31, 2021, the Company's investments properties have been valued under level 3 as disclosed in note 4.3 to the financial statements. The fair values were determined with reference to market-based evidence after making adjustments for size, location, time, amenities and other relevant factors by comparing the subject asset with identical or similar assets for which price information is available. Valuation techniques used to derive the fair values of the investment properties have been summarised in the table below:

Class of investment property	Fair value 2021	Valuation technique	Key unobservable inputs	Rate 2021
	Rupees in '000			Rupees
Leasehold land	442,680	Market comparable approach	Price per sqm	89,250
Buildings on leasehold land	53,461			20,129
	496,141			

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

	Effect on fair values	
	Leasehold land	Buildings on leasehold land
	-----Rupees in '000 -----	
2021	Increase of 10%	44,268 5,346

The Company did not have investment property during the year ended December 31, 2020, therefore, no comparative information is presented.

35 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, 2021

		December 31, 2021	December 31, 2020
		----- Rupees in '000 -----	
The gearing ratio were as follows:	Note		
Short term-borrowings	21	-	232,833
Long-term financing	18	199,230	328,428
Less: Cash and bank balances	15	(784,295)	(53,235)
Net debt		(585,065)	508,026
Total capital	16 & 17	5,218,521	4,562,098
		4,633,456	5,070,124
Gearing ratio [Net debt / (Net debt + Total capital)]		-	10%

36 ENTITY WIDE INFORMATION

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

	December 31, 2021	December 31, 2020
	----- Rupees in '000 -----	
Sales to external customers, net of returns and discounts		
Pakistan	15,366,289	13,589,146
Afghanistan	497,936	502,046
Other exports	16,707	16,610
	15,880,932	14,107,802

36.2 There were three major customers of the Company who contributed 11%,10% and 10% (2020: 12%,10% and 10%) respectively, of the Company's net sales. All the sales of the Company relate to pharmaceutical and related products. All non-current assets of the Company as at December 31, 2021 and 2020 are located in Pakistan.

37 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.

38 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.

39 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 24, 2022 by the Board of Directors of the Company.

40 DIVIDEND AND APPROPRIATIONS

Subsequent to year ended December 31, 2021, the Board of Directors in its meeting held on March 24, 2022 proposed final cash dividend @ Rs. 30/- (2020: Rs. 20) per share amounting to Rs. 289.343 million (2020: Rs. 192.895 million) for approval of the members at the Annual General Meeting.

Notes to the Financial Statements

For the year ended December 31, 2021

The financial statements for the year ended December 31, 2021 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, 2022.

41 GENERAL

- 41.1** Total number of employees as at December 31, 2021 was 869 (2020: 968) and average number of employees during the year was 951 (2020: 1,114).
- 41.2** Figures presented in these financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.
- 41.3** 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, 2021

No. of Shareholders	No. of Shareholdings		Total Shares
	From	To	
584	1	100	23,062
335	101	500	100,140
78	501	1,000	60,499
75	1,001	5,000	137,526
12	5,001	10,000	83,631
2	10,001	15,000	26,250
4	15,001	20,000	73,223
2	20,001	25,000	43,668
1	50,001	55,000	51,442
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
1,102			9,644,760

S.No.	Shareholders Category	No. of Shareholders	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	7	1,328,151	13.77
2	Associated Companies, Undertakings and related Parties	4	7,082,350	73.43
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	1,064	406,246	4.21
7	Others	22	376,084	3.90
	Total	1,102	9,644,760	100.00

Pattern of Shareholding

Category Details of Shareholding as at 31 December 2021

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
Rehmatullah Khan Wazir	25
Arshad Ali Gohar	815,939
	1,328,151

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
	7,146,127

Banks, Development Financial Institutions, Non-Banking Financial Institutions

Name	Holding
National Bank Of Pakistan	129
MCB Bank Limited	40
	169

Insurance Companies

Name	Holding
State Life Insurance Corporation Of Pakistan	204,099
EFU General Insurance Limited	19,200
	223,299

Modarabas and Mutual Funds

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

Pattern of Shareholding

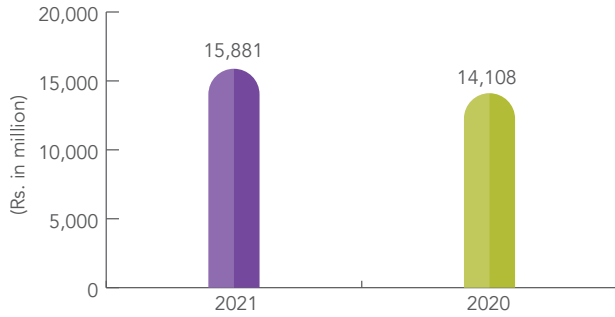
Category Details of Shareholding as at 31 December 2021

Shareholders Holding Five Percent or More Voting Rights in the Company

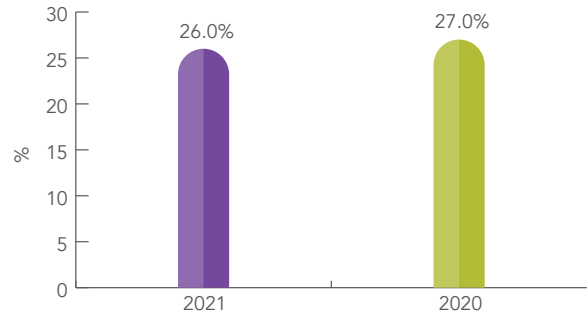
Name	Holding
Arshad Ali Gohar	815,939
IGI Investments (Pvt.) Limited	1,841,739
Sanofi Foreign Participations B.V.	5,099,469
	<hr/> 7,757,147 <hr/>

Analytical Review

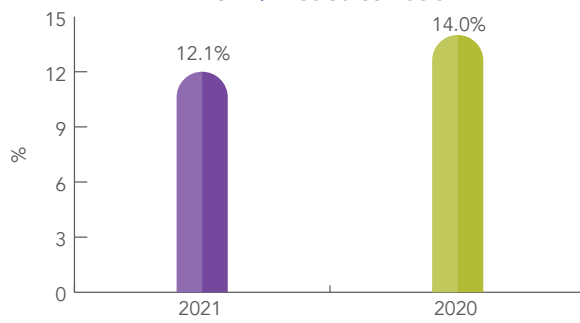
Total Net Sales



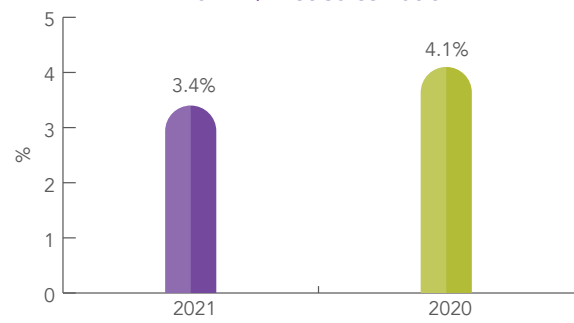
Gross Margin %



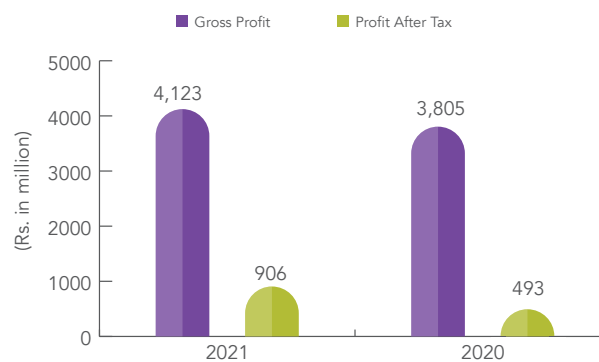
D&M / Net Sales Ratio



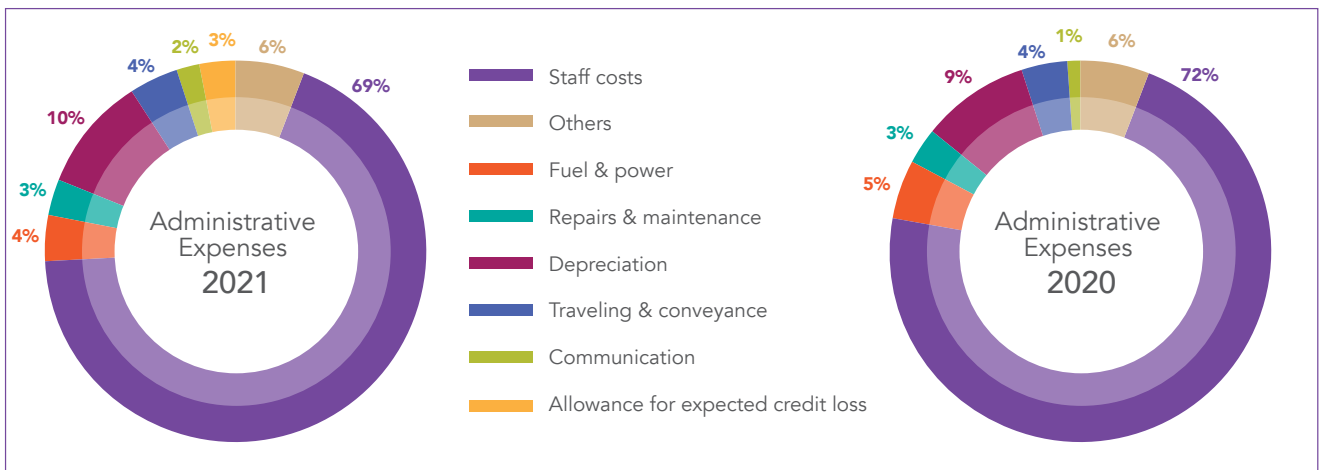
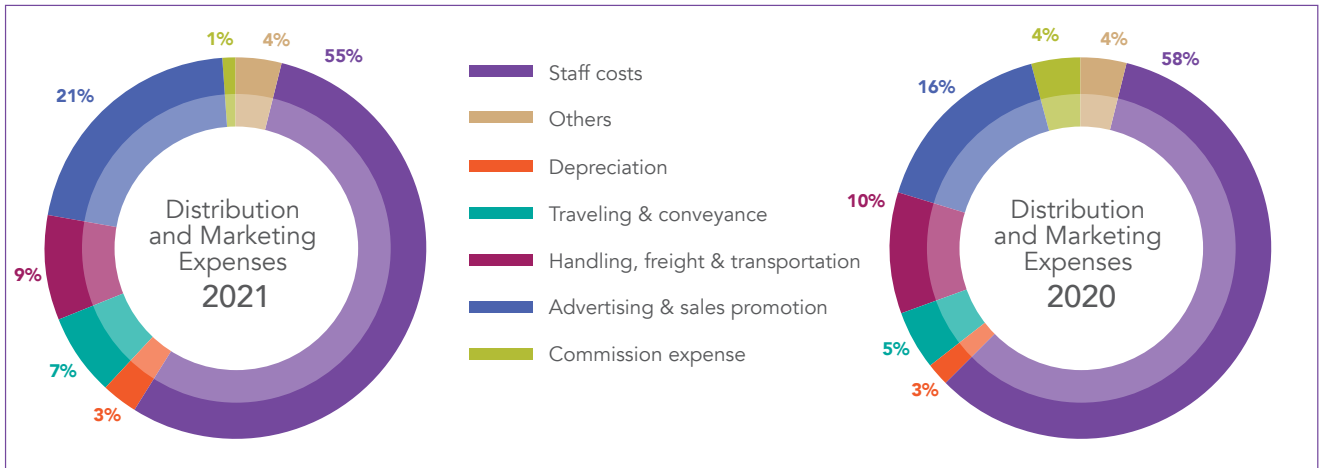
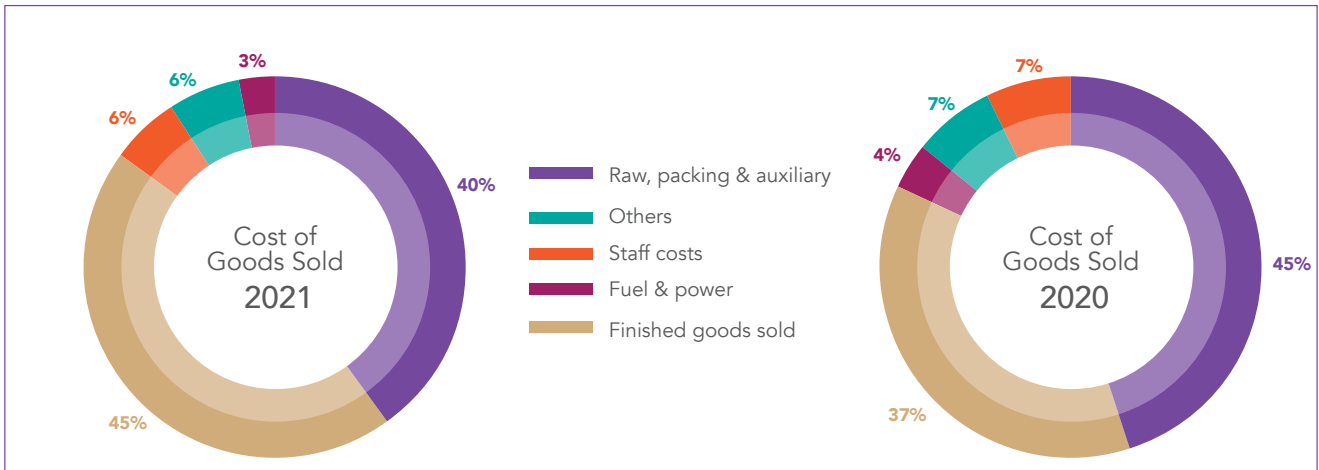
Admin / Net Sales Ratio



Gross Profit vs. Profit After Tax

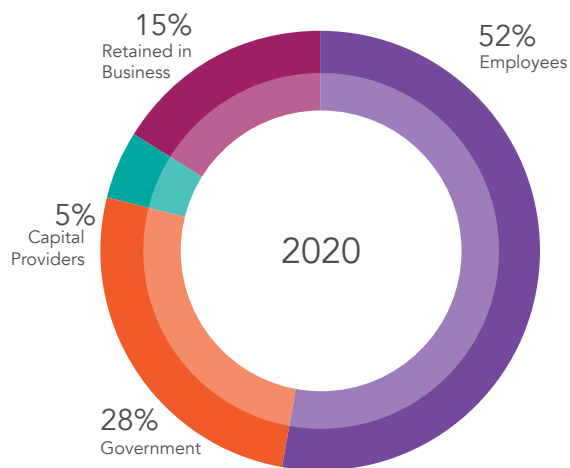
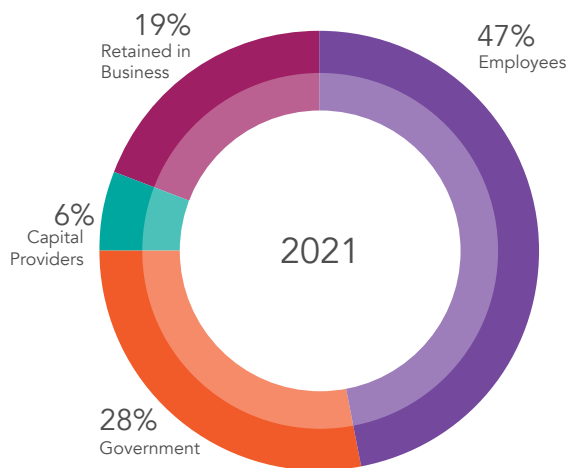


Analytical Review



Statement of Value Added

	2021		2020	
	Rs. in 000	%	Rs. in 000	%
Net sales	15,880,932	100	14,107,802	100
Materials and services	(11,088,530)	(70)	(9,647,285)	(68)
	<u>4,792,402</u>	<u>30</u>	<u>4,460,517</u>	<u>26</u>
DISTRIBUTED AS FOLLOWS:				
Employees				
Staff cost	2,126,447	45.0	2,256,011	51
Workers' Profit Participation Fund	75,642	2.0	48,031	1
	<u>2,202,089</u>	<u>47.0</u>	<u>2,304,042</u>	<u>52</u>
Government				
Income tax	530,499	11.0	386,785	9
Custom duty, Sales tax & Others	767,956	16.0	858,508	19
Central Research Fund	15,542	0	9,692	0
Workers' Welfare Fund	26,570	1.0	16,148	0
	<u>1,340,567</u>	<u>28.0</u>	<u>1,271,133</u>	<u>28</u>
Capital Providers				
Dividend to shareholders	289,343	6.0	192,895	4
Mark-up on borrowed funds	7,295	0	34,326	1
	<u>296,638</u>	<u>6.0</u>	<u>227,221</u>	<u>5</u>
Retained in business				
Depreciation / amortisation	336,499	7.0	357,949	8
Net Earnings	616,609	12.0	300,172	7
	<u>953,108</u>	<u>19.0</u>	<u>658,121</u>	<u>15</u>
	<u>4,792,402</u>	<u>100.0</u>	<u>4,460,517</u>	<u>100</u>



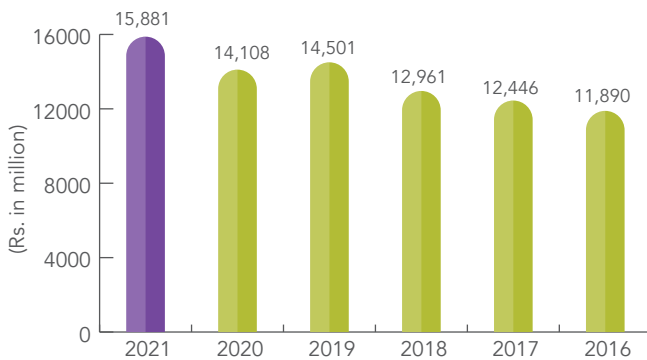
Operating & Financial Highlights

		2021	2020	2019	2018	2017	2016
Liquidity Ratios							
Current Ratio	Times	1.8	1.7	1.6	1.7	2.0	1.7
Quick Ratio	Times	0.8	0.9	0.9	0.9	1.0	0.8
Cash to Current Liabilities	Times	0.20	(0.05)	(0.12)	0.07	(0.10)	(0.04)
Cash Flow from Operations to Sales	%	13.4	6.5	3.5	15.1	18.4	23.1
Net Working Capital	Rs. M	3,323	2,861	2,306	2,575	2,421	2,082
Net Assets	Rs. M	5,219	4,562	4,089	4,298	4,149	3,412
Operating Cycle	Days	40	39	26	40	66	82
Current assets to Total assets	%	79.0	78.0	76.8	77.9	73.9	72.3
Inventory / Current Assets	%	54.3	48.3	44.1	48.2	50.2	54.6
Inventory to Total Assets	%	42.9	37.7	33.9	37.6	37.1	39.5
Activity Ratios							
Inventory Turnover	Times	3.2	3.5	3.9	3.3	3.1	2.8
Average No of Days Inventory in stock	Days	112	104	94	109	117	130
Accounts Receivable Turnover	Times	32.0	22.9	22.8	20.5	17.9	13.9
Average Collection Period	Days	11	15.9	16	18	20	26
Creditors Turnover	Times	4.6	4.5	4.4	4.2	5.1	4.9
Average Payment Period	Days	79	81	84	87	72	74
Fixed Assets Turnover	Times	9.4	8.0	8.7	7.8	7.3	6.4
Operating Fixed Assets Turnover	Times	10.7	8.9	9.4	8.3	7.9	7.0
Total Assets Turnover	Times	1.7	1.6	1.9	1.7	1.9	1.7
Leverage							
Interest Coverage Ratio	Times	51.5	16.1	8.5	63.6	44.7	9.8
Fixed Assets to Equity	Times	0.3	0.4	0.4	0.4	0.4	0.5
Profitability Ratios							
Sales Growth	%	12.6	(2.78)	11.9	4.1	4.7	10.2
COGS to Net Sales	%	74.0	73.0	74.3	69.5	64.4	66.2
EBITDA* to Net Sales	%	11.3	9.2	6.7	9.9	15.4	15.9
Profit Before Tax to Net Sales	%	9.0	6.2	3.8	7.1	12.4	11.8
Profit After Tax Margin	%	5.7	3.5	1.1	4.7	8.1	8.6
Gross Profit Margin	%	26.0	27.0	25.7	30.5	35.6	33.8
Operating Profit Margin	%	9.2	6.6	4.3	7.3	12.7	13.2
Return on Assets	%	9.8	5.7	2.0	7.9	15.2	14.9
Return on Equity	%	17.4	10.8	3.8	14.3	24.3	29.9
Return on Capital Employed	%	29.2	21.2	14.8	22.3	39.0	44.9
Admin. Dist. & Mktg. Exp. to Net Sales	%	15.5	18.1	19.6	20.0	20.6	20.1
Admin. Dist. & Mktg. Exp. Variance	%	(3.7)	(10.4)	10.0	0.9	7.2	(2.9)
Financial Charges to Net Income	%	3.1	11.8	46.7	2.4	3.5	15.6
Market Value							
Market Value Per Share	Rs.	897.67	756.8	800	750	1,244	2,856
Market / Book Ratio	Times	1.7	1.6	1.9	1.7	2.9	8.1
Earnings per share (before tax)	Rs.	148.9	91.2	56.7	96.0	160.3	145.9
Earnings per share (after tax)	Rs.	93.9	51.1	16.1	63.5	104.3	105.6
Price Earning Ratio	Times	9.6	14.8	49.8	11.8	11.9	27.0
Dividend per Share	Rs.	30.00	20.0	8.00	30.00	45.00	30.00
Dividend Yield	%	3.3	2.6	1.0	4.0	3.6	1.1
Dividend cover	Times	2.9	2.7	0.6	1.9	2.3	3.5
Payout Ratio (after tax)	%	31.9	39.1	49.8	47.2	43.1	28.4
Market Capitalisation	Rs.M	8,658	7,301	7,717	7,234	11,993	27,545
Break-up value	Rs.	541.1	473.0	424.0	445.6	430.1	353.8

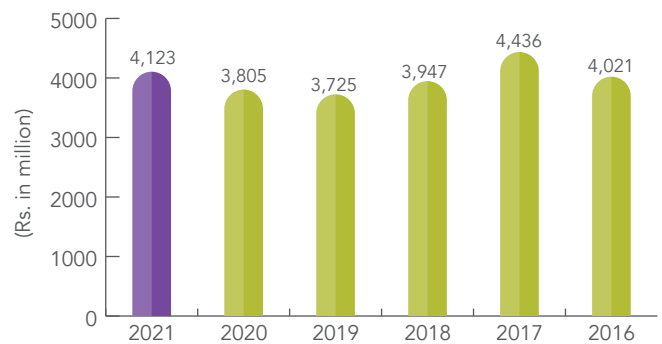
*EBITDA = Earnings before interest, taxes and depreciation & amortization

Operating & Financial Highlights

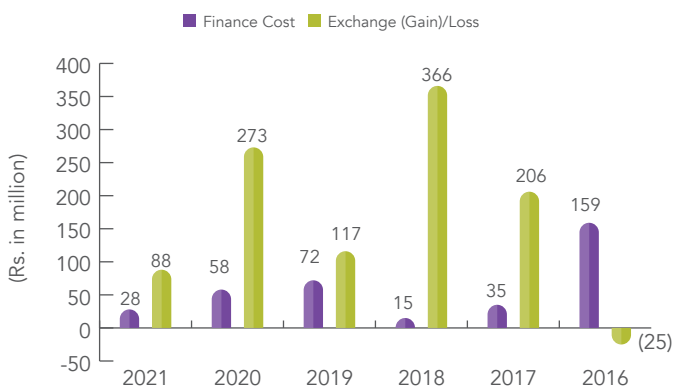
Total Company Net Sales



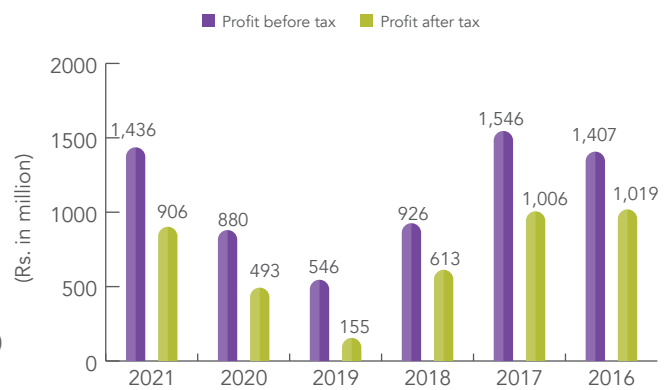
Gross Profit



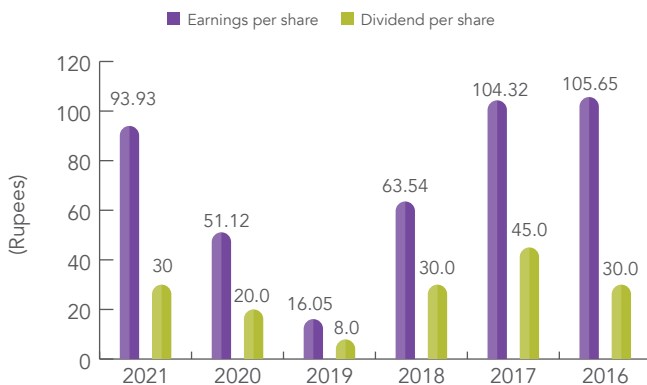
Finance Cost & Exchange (Gain) / Loss



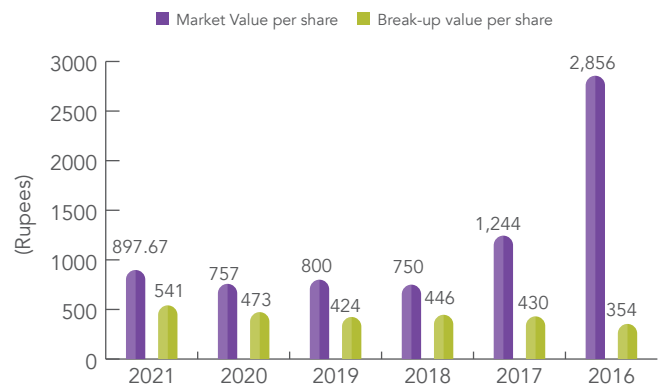
Profit before tax & Profit after tax



Earnings per Share & Dividend per Share

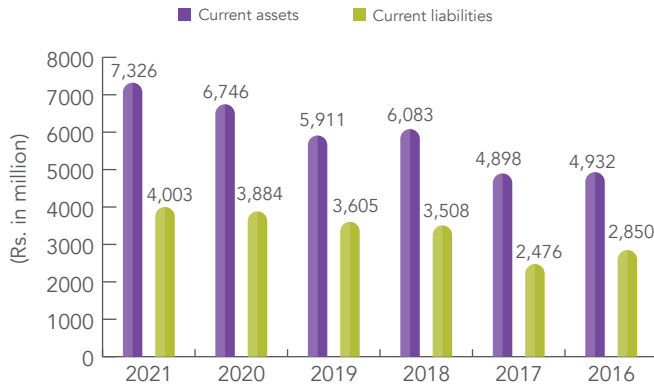


Market Value & Break-up Value per Share

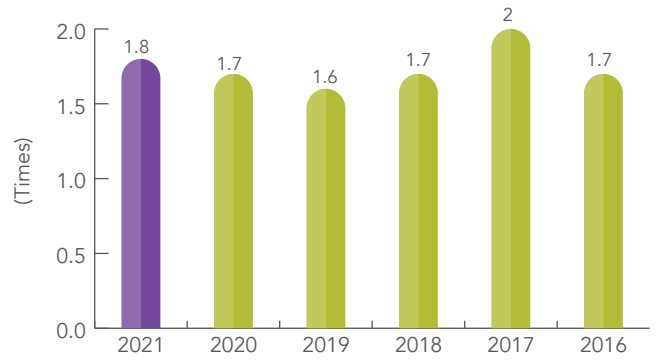


Operating & Financial Highlights

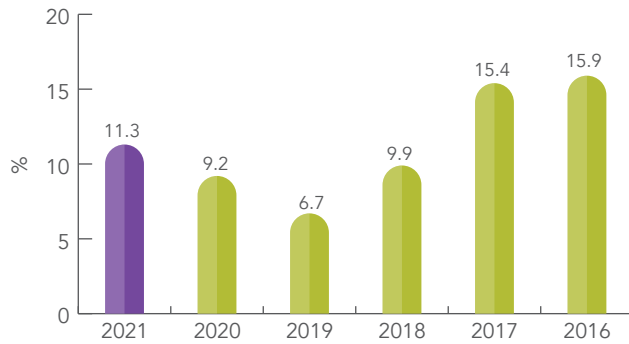
Current Assets & Current Liabilities



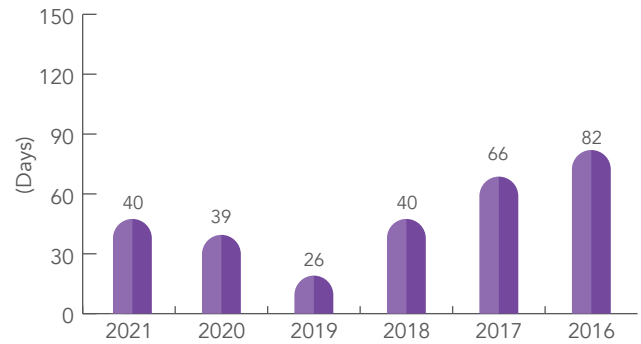
Current Ratio



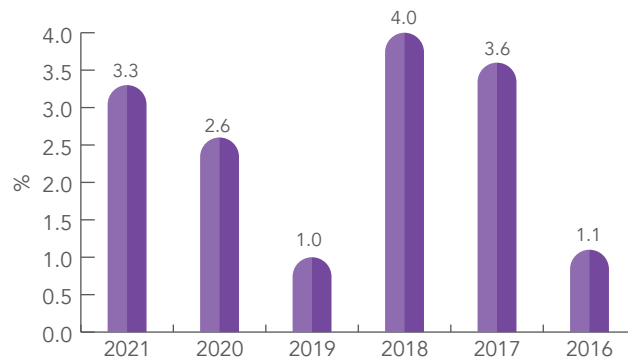
EBITDA to Net Sales



Operating Cycle



Dividend Yield Ratio



Horizontal Analysis

	2021	21 Vs. 20	2020	20 Vs. 19	2019	19 Vs. 18	2018	18 Vs. 17	2017	17 Vs. 16	2016	16 Vs. 15
	Amount	%	Amount	%	Amount	%	Amount.	%	Amount	%	Amount	%
Operating Results (Rupees in million)												
Net sales	15,881	12.6	14,108	(2.7)	14,501	11.9	12,961	4.1	12,446	4.7	11,890	10.2
Cost of sales	(11,758)	14.1	(10,303)	(4.4)	(10,776)	19.5	(9,014)	12.5	(8,010)	1.8	(7,869)	(1.4)
Gross profit	4,123	8.4	3,805	2.1	3,725	(5.6)	3,947	(11.0)	4,436	10.3	4,021	43.3
Distribution, selling and administrative expenses	(2,461)	(3.5)	(2,551)	(10.4)	(2,848)	10.0	(2,589)	0.9	(2,566)	7.2	(2,394)	(2.8)
Other expenses	(367)	0.5	(365)	4.2	(350)	(24.4)	(463)	31.2	(353)	157.7	(137)	291.4
Other income	170	242.7	50	(45.6)	92	100.7	46	(29.2)	65	(14.5)	76	(53.1)
Operating profit	1,465	56.1	938	51.5	619	(34.2)	941	(40.5)	1,582	1.0	1,566	233.9
Finance costs	(28)	(51.2)	(58)	(19.4)	(72)	389.2	(15)	(57.1)	(35)	(77.7)	(159)	(45.7)
Profit before taxation	1,436	63.3	880	61.2	546	(41.0)	926	(40.1)	1,546	9.9	1,407	699.4
Taxation	(530)	37.2	(387)	(1.3)	(392)	25.1	(313)	(42.0)	(540)	39.2	(388)	252.7
Profit After Taxation	906	83.07	493	218.1	155	(74.7)	613	(39.1)	1,006	(1.3)	1,019	1,443.9

Statement of Financial Position (Rupees in million)

Fixed assets	1,694	(4.2)	1,767	6.5	1,659	(0.3)	1,664	(2.2)	1,702	(8.8)	1,867	(7.3)
Other non-current assets	255	82.5	140	10.2	127	116.0	59	132.6	25	26.1	20	5.3
Current assets	7,326	8.6	6,746	14.1	5,911	(2.8)	6,083	24.2	4,898	(0.7)	4,932	(8.2)
Total assets	9,274	7.2	8,653	12.4	7,696	(1.4)	7,806	17.8	6,625	(2.8)	6,819	(7.9)
Ordinary share capital	96	-	96	-	96	-	96	-	96	0.5	96	-
Reserves	5,122	14.7	4,466	11.8	3,993	(5.0)	4,201	3.7	4,052	22.2	3,316	43.3
Non-current liabilities	53	(74.4)	207	10,250	2	100	-	-	-	(100.0)	557	(6.9)
Current liabilities	4,003	3.1	3,884	7.7	3,605	2.8	3,508	41.7	2,476	(13.1)	2,850	(35.2)
Total equity and liabilities	9,274	7.2	8,653	12.4	7,696	(1.4)	7,806	17.8	6,625	(2.8)	6,819	(7.9)

Cash Flows (Rupees in thousand)

Cash generated from operations	2,121,929	132.7	911,792	81.0	503,710	(74.3)	1,962,488	(14.4)	2,293,943	(16.5)	2,747,015	72.3
Cash flows used in operating activities	(588,427)	13.7	(517,382)	(3.3)	(534,768)	(25.1)	(714,411)	(25.9)	(964,452)	15.2	(837,329)	4.4
Cash flows used in investing activities	(260,470)	(28.0)	(361,998)	3.1	(350,951)	14.5	(306,605)	78.4	(171,843)	(3.7)	(178,452)	(42.9)
Cash flows (used in) / generated from financing activities	(314,625)	(256.6)	200,920	(169.4)	(289,413)	(32.9)	(431,372)	(66.5)	(1,288,099)	(29.6)	(1,828,844)	(212.0)
Net (decrease) / increase in cash and cash equivalents	958,407	(310.7)	233,332	134.8	(671,422)	231.6	510,100	491.0	(130,451)	(33.6)	(97,610)	104.6

Number of Employees

Number of permanent employees at year end	869		793		908		941		964		988	
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Vertical Analysis

	2021		2020		2019		2018		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Operating Results (Rupees in million)												
Net sales	15,881	100.0	14,108	100.0	14,501	100.0	12,961	100.0	12,446	100.0	11,890	100.0
Cost of sales	(11,758)	(74.0)	(10,303)	(73.0)	(10,776)	(74.3)	(9,014)	(69.5)	(8,010)	(64.4)	(7,869)	(66.2)
Gross profit	4,123	26.0	3,805	27.0	3,725	25.7	3,947	30.5	4,436	35.6	4,021	33.8
Distribution, selling and administrative expenses	(2,461)	(15.5)	(2,551)	(18.1)	(2,848)	(19.6)	(2,589)	(20.0)	(2,566)	(20.6)	(2,394)	(20.1)
Other expenses	(367)	(2.3)	(365)	(2.6)	(350)	(2.4)	(463)	(3.6)	(353)	(2.8)	(137)	(1.2)
Other income	170	1.1	50	0.4	92	0.6	46	0.4	65	0.5	76	0.6
Operating profit	1,465	9.3	938	6.6	619	4.3	941	7.3	1,582	12.7	1,566	13.1
Finance costs	(28)	(0.2)	(58)	(0.4)	(72)	(0.5)	(15)	(0.1)	(35)	(0.3)	(159)	(1.3)
Profit before taxation	1,436	9.100	880	6.2	546	3.800	926	7.2	1,546	12.4	1,407	11.8
Taxation	(530)	(3.300)	(387)	(2.7)	(392)	(2.700)	(313)	(2.4)	(540)	(4.3)	(388)	(3.3)
Profit After Taxation	906	5.7	493	3.5	155	1.1	613	4.8	1,006	8.1	1,019	8.5

Statement of Financial Position (Rupees in million)

Fixed assets	1,694	18.3	1,767	20.4	1,659	21.6	1,664	21.3	1,702	25.7	1,867	27.4
Other non-current assets	255	2.7	140	1.6	127	1.6	59	0.8	25	0.4	20	0.3
Current assets	7,326	79.0	6,746	78.0	5,911	76.8	6,083	77.9	4,898	73.9	4,932	72.3
Total assets	9,274	100.0	8,653	100.0	7,696	100.0	7,806	100.0	6,625	100.0	6,819	100.0
Ordinary share capital	96	1.0	96	1.1	96	1.3	96	1.2	96	1.5	96	1.4
Reserves	5,122	55.2	4,466	51.6	3,993	51.9	4,201	53.8	4,052	61.1	3,316	48.6
Non-current liabilities	53	0.6	207	2.4	1	-	-	-	-	-	557	8.2
Current liabilities	4,003	43.2	3,884	44.9	3,605	46.8	3,508	45.0	2,476	37.4	2,850	41.8
Total equity and liabilities	9,274	100.0	8,653	100.0	7,696	100.0	7,806	100.0	6,625	100.0	6,819	100.0

Cash Flows (Rupees in thousand)

Cash generated from operations	2,121,929	221.4	911,792	390.8	503,710	(75.0)	1,962,488	384.7	2,293,943	(1,758.5)	2,747,015	(2,814.3)
Cash flows used in operating activities	(588,427)	(61.4)	(517,382)	(221.7)	(534,768)	79.6	(714,411)	(140.0)	(964,452)	739.3	(837,329)	857.8
Cash flows used in investing activities	(260,470)	(27.2)	(361,998)	(155.1)	(350,951)	52.3	(306,605)	(60.1)	(171,843)	131.8	(178,452)	182.8
Cash flows (used in) / generated from financing activities	(314,625)	(32.8)	200,920	86.1	(289,413)	43.1	(431,372)	(84.6)	(1,288,099)	987.4	(1,828,844)	1,873.6
Net (decrease) / increase in cash and cash equivalents	958,407	100.0	233,332	100.0	(671,422)	100.0	510,100	100.0	(130,451)	100.0	(97,610)	100.0

Number of Employees

Number of permanent employees at year end	869	793	908	941	964	988
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Notice of Annual General Meeting

Notice is hereby given that the 54th Annual General Meeting of sanofi-aventis Pakistan Limited will be held on Monday, April 25, 2022 at 09:30 a.m., electronically through video link arrangement to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 53rd Annual General Meeting held on April 23, 2021.
2. To receive, consider and adopt the audited financial statements for the year ended December 31, 2021 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. 30.00 (300%) per share for the year ended December 31, 2021 which will be payable to the Members whose names appear in the register of the Members on April 16, 2022 close of business.
4. To appoint External Auditors for the year ending December 31, 2022 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, 2022.
5. To transact any other business with the permission of the Chair.

By order of the Board



Muhammad Abu Bakar Siddiq
Company Secretary

Karachi, April 4, 2022

Notes:

1. The Share Transfer Books of the Company shall remain closed from April 17, 2022 to April 25, 2022 (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 16, 2022 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 16, 2022 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, and the surge of COVID-19 cases, travel restrictions in place for foreign directors and considering the safety and wellbeing of all esteemed shareholders, Directors and management due to COVID-19, the 54th AGM is being held electronically through video link arrangement. The Company continues to monitor the impact of COVID-19 and any relevant updates regarding the AGM will be announced on the Company's website.

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, 2022. 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, 2022.

- 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, 2021 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, Shahra-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.

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.

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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 54th Annual General Meeting of
the Company to be held on Monday, April 25th, 2022 and at any adjournment thereof.

As witness my / our hand this _____ day of _____ 2022.

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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پراکسی فارم

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

(مکمل پتہ) کو میرے / ہمارے پراکسی کے طور پر مقرر کرتا ہوں/کرتی ہوں/ کرتے ہیں تاکہ وہ میرے/ ہماری جانب سے کمپنی کے
53 ویں سالانہ اجلاس عام، منعقدہ پیر، 25 اپریل، 2022 میں شریک ہو کر میری/ ہماری جانب سے ووٹ دے سکے اور دیگر کسی
التوا میں بھی شامل ہو سکے۔
میرے/ ہمارے سامنے----- بروز----- 2022 کو دستخط کئے گئے۔

۱۰ روپے
کا ریونیو
اسٹامپ

رکن (ارکان) کے دستخط

(نام جلی حروف میں)

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

گواہ نمبر ۱

دستخط
نام
پتہ
سی این آئی سی نمبر

گواہ نمبر ۲

دستخط
نام
پتہ
سی این آئی سی نمبر

ضروری

- ۱۔ سی ڈی سی اکاؤنٹ ہولڈرز سے درخواست ہے کہ ایس ای سی پی کے سرکلر نمبر 1 آف ۲۰۰۰ کے رہنما اصولوں کی سختی سے پیروی کریں۔
- ۲۔ اجلاس عام میں شرکت کرنے والے رکن کو اختیار ہے کہ وہ اپنی جگہ اجلاس میں شرکت اور ووٹ دینے کے لئے پراکسی مقرر کر سکتا/کر سکتی ہے، کمپنی کے رکن کے علاوہ کوئی بھی شخص پراکسی کی حیثیت سے مقرر نہیں ہو سکتا، تاہم کارپوریشن کسی ایسے شخص کو مقرر کر سکتی ہے جو رکن نہیں ہے۔
- ۳۔ پراکسی مقرر کرنے کی دستاویز کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی (اگر کوئی ہو) جس کے تحت اس پر دستخط کئے گئے ہیں یا پھر نوٹری پبلک سے تصدیق شدہ کاپی، رجسٹرڈ آفس میں جمع کرانی ہوگی۔
- ۴۔ پراکسی کو مقرر کرنے کی دستاویز پر رکن یا اٹارنی کے تحریری دستخط ہونے چاہئیں۔
- ۵۔ مکمل اور دستخط شدہ پراکسی فارم اجلاس شروع ہونے سے ۳۸ گھنٹے پہلے کمپنی کے رجسٹرڈ آفس پر موصول ہو جانا چاہیے۔
- ۶۔ اگر کوئی رکن ایک سے زیادہ پراکسی یا پراکسی کے ایک سے زیادہ دستاویزات کمپنی کے پاس جمع کرتا ہے تو یہ تمام invalid تصور کیے جائیں گے۔

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Karachi - 74900 Pakistan

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