

*sanofi-aventis Pakistan Limited*

**CONDENSED INTERIM  
FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED**

**September 30, 2021**

**(UN-AUDITED)**



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# Company Information

## Board of Directors

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

Chairman  
Chief Executive Officer  
Chief Financial Officer

## Company Secretary

Muhammad AbuBakar Siddiq

## URL

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

## Auditors

EY Ford Rhodes,  
Chartered Accountants

## Legal Advisors

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

## Bankers

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

## Registrars & Share Transfer Office

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

## Registered Office

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

## Postal Address

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

## Contact

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

## Directors' Report to the Shareholders

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

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

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

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

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

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

By order of the Board



Syed Babar Ali  
Chairman



Asim Jamal  
Chief Executive Officer

Karachi: October 27, 2021

## ڈائریکٹرز کی رپورٹ

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

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

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

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

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

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

*Ahmed Nadeem*

بحکم بورڈ

*Syed Barakat*

عاصم جمال

سید بابر علی

چیف ایگزیکٹو آفیسر

چیرمین

کراچی: ۲۷ اکتوبر، ۲۰۲۱ء

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

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

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

Syed Babar Ali  
Chairman

Asim Jamal  
Chief Executive Officer

Yasser Pirmuhammad  
Chief Financial Officer


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

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

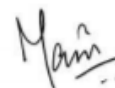
The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Syed Babar Ali  
Chairman



Asim Jamal  
Chief Executive Officer



Yasser Pirmuhammad  
Chief Financial Officer

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

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


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



Syed Babar Ali  
Chairman



Asim Jamal  
Chief Executive Officer



Yasser Pirmuhammad  
Chief Financial Officer

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

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

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

Syed Babar Ali  
Chairman

Asim Jamal  
Chief Executive Officer

Yasser Pir Muhammad  
Chief Financial Officer

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

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

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

Syed Babar Ali  
Chairman

Asim Jamal  
Chief Executive Officer

Yasser Pirmuhammad  
Chief Financial Officer

# sanofi-aventis Pakistan limited

## Notes to the Condensed Interim Financial Statements

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

#### 1. THE COMPANY AND ITS OPERATIONS

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

#### 2. STATEMENT OF COMPLIANCE

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

#### 3. ACCOUNTING POLICIES

##### SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

4.1.1 Details of additions and disposals are as follows:

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

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

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

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

**5. RIGHT-OF-USE ASSETS**

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

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

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

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		September 30, 2021	December 31, 2020
		-----Rupees in '000----- (Un-audited)	(Audited)
<b>6. STOCK-IN-TRADE</b>			
<b>Raw and packing material</b>			
In hand		1,535,088	1,364,825
In transit		<u>147,956</u>	<u>79,069</u>
		1,683,044	1,443,894
Provision against raw and packing material	6.1	<u>(274,714)</u>	<u>(221,054)</u>
		1,408,330	1,222,840
Work-in-process		120,048	96,071
<b>Finished goods</b>			
In hand		1,838,502	1,853,682
In transit		<u>1,096,014</u>	<u>209,692</u>
Provision against finished goods	6.2	<u>(239,411)</u>	<u>(171,922)</u>
		2,695,105	1,891,452
		<u>4,223,483</u>	<u>3,210,363</u>
		September 30, 2021	December 31, 2020
		-----Rupees in '000----- (Un-audited)	(Audited)
<b>6.1 Movement of provision against raw and packing material</b>			
Opening balance		221,054	151,162
Charge for the period / year		135,192	86,216
Write-off during the period/ year		<u>(81,532)</u>	<u>(16,324)</u>
Closing balance		<u>274,714</u>	<u>221,054</u>
		September 30, 2021	December 31, 2020
		-----Rupees in '000----- (Un-audited)	(Audited)
<b>6.2 Movement of provision against finished goods</b>			
Opening balance		171,922	179,616
Charge for the period / year		90,172	49,451
Write off during the period / year		<u>(22,683)</u>	<u>(57,145)</u>
Closing balance		<u>239,411</u>	<u>171,922</u>
<b>6.3</b>	Inventory includes write down of raw and packing material costing Rs. 789 million, to their net realizable value of Rs. 649 million and write down of Finished goods costing Rs. 1,793 million (December 31, 2020: Rs 349.7 million), to their net realizable value of Rs. 1,695 million (December 31, 2020: Rs 273.6 million) .		

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

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

**9. CONTINGENCIES AND COMMITMENTS**

**9.1 Contingencies**

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

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

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

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

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	September 30, 2021	December 31, 2020
	-----Rupees in '000-----	
	(Un-audited)	(Audited)
<b>9.2 Commitments</b>		
Commitments for capital expenditure	<u>172,092</u>	<u>99,512</u>
Outstanding letters of credit	<u>276,425</u>	<u>214,422</u>
Outstanding bank guarantees	<u>539,537</u>	<u>417,220</u>
Outstanding bank contracts	<u>2,432,444</u>	<u>808,339</u>
	September 30, 2021	September 30, 2020
	-----Rupees in '000-----	
	(Un-audited)	(Un-audited)
<b>10. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<u>124,463</u>	37,339
Short-term borrowings	<u>(93,008)</u>	<u>(596,697)</u>
	<u>31,455</u>	<u>(559,358)</u>
<b>11. TRANSACTIONS WITH RELATED PARTIES</b>		

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

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

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

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

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**12. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND OTHERS**

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

**13. ENTITY WIDE INFORMATION**

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

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

**14. DATE OF AUTHORISATION FOR ISSUE**

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

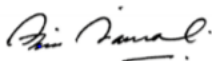
**15. GENERAL**

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

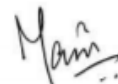
**15.2** Corresponding figures have been rearranged and reclassified, whenever necessary, for the purpose of better presentation and comparison. However, there has been no material reclassification to report.



Syed Babar Ali  
Chairman



Asim Jamal  
Chief Executive Officer



Yasser Pirmuhammad  
Chief Financial Officer