

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

Dear Shareholders,

The Board of Directors of Daneen Pharma (Pvt.) Ltd. are pleased to present the annual report and the Company's audited financial statements for the period ended Dec 31<sup>st</sup>, 2021.

The directors' report is prepared under section 227 of the Companies Act 2017. This report is to be submitted to the members at the 5<sup>th</sup> Annual General Meeting of the Company to be held on July 14<sup>th</sup>, 2022.

**PRINCIPAL ACTIVITY:**

The principal activity of the company is to manufacture and sell pharmaceutical products.

**DIRECTORS:**

- Chaudhry Muhammad Israr Sharif
- Chaudhry Muhammad Shahbaz Babar

**OPERATING RESULTS:**

Loss for the year before taxation	Rs. 161,551,595
Taxation	Rs. 8,568,573
Loss after taxation	Rs. 170,120,168

**PERFORMANCE OVERVIEW:**

1. The company achieved net sales of Rs. 615.224 million, growing by 210 % for the year ended Dec 31, 2021
2. Company incurred Cost of Sales of Rs. 357.894 million during the current year which has increased by 94 %. (2020: Rs. 184.75 million).
3. Selling & Distribution expenses incurred during the year was Rs. 371.4829 million showing an increase of 39 times. (2020: Rs. 9.3 million)
4. Administrative expenses incurred Rs. 47 million showing an increase by 19 %. (2020: Rs. 75 million).
5. Company has incurred Other operating loss of Rs. 0.36million showing increase 146% in 2021. (2020: Rs. 0.214 million)
6. The company has incurred Loss after tax of Rs. 170.12 million showing a sharp incline by 3.37 times in 2021. (2020: Rs. 38.895 million)
7. The Company's current ratio is 0.32 in 2021 (2020: 0.34)

**DANEEN PHARMA PRIVATE LIMITED**

**SUBSEQUENT EVENT:**

There is no material change and commitment affecting the financial position of the company which has occurred between the end of the financial year of the Company to which the balance sheet relates and the date of the report.

**RISKS AND UNCERTAINTIES:**

There are no major risks and uncertainties that the company facing other than normal business risks.

**BASIC EARNINGS PER SHARE:**

The basic earnings per share for the year ended Dec 31<sup>st</sup>, 2021 is Rs. -3,402 (2020: Rs. -778)

**CORPORATE & SOCIAL RESPONSIBILITY:**

Corporate responsibility is an integral and embedded part of the way Daneen does business, and Daneen is committed to connecting business decisions to ethical, social and environmental concerns.

We are deeply involved with our communities and are significant corporate donors to numerous NGOs. We consider it our responsibility to nurture the environment we operate in, to extend support to our community.

Daneen is also an active supporter of charitable activities which include supporting medical camps, welfare organizations and donating to sponsoring various medical institutions and hospitals.

**DIVERSITY:**

Daneen believes that a diverse workforce is essential to the company's leadership in the Pharmaceutical industry in Pakistan. We encourage and practice an inclusive corporate culture where every employee has the opportunity to learn, grow and contribute meaningfully to the organization's overall strategy. This gives us the opportunity to thrive on diverse ideas and perspectives, enabling us to:

- Attract and retain best people.
- Enhancing customer intimacy by meeting their needs in highly customized manner.
- Work effectively with other public and private sector organizations.

Daneen is proud to promote an open culture, encouraging people to be themselves and giving their ideas a chance to flourish. Daneen is an equal opportunity employer.

**ENVIRONMENT, HEALTH AND SAFETY:**

Environment, health and safety (EHS) is a key element of corporate responsibility for Daneen and has a high priority. Daneen is committed to working towards designing a workplace that minimizes works related risks to occupational health and safety. Daneen already has certification of ISO 9001, ISO 14001 and ISO 45000.

**DANEEN PHARMA PRIVATE LIMITED**

**STATEMENT OF ETHICS AND BUSINESS PRACTICES:**

Performance with integrity is central to operating at Daneen. The Board of directors of the company has adopted a statement of ethics and business practices. All employees are informed and aware of this and are required to observe these rules of conduct in relation to business and regulations.

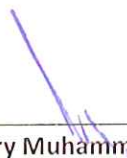
**AUDITORS:**

The present auditors, M/s. EY Ford Rhodes, Chartered Accountants, retire and being eligible, offer themselves for reappointment. The Board of Directors endorses recommendation for their re-appointment as auditors of the company for the next financial year at a fee to be mutually agreed.

**CORPORATE AND FINANCIAL REPORTING FRAMEWORK:**

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. The financial statements are prepared in accordance with the 5<sup>th</sup> Schedule of Companies Act 2017 and International Financial Reporting Standards as applicable in Pakistan.
5. The Company maintains a sound internal control system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed.
6. There are no doubts upon the Company's ability to continue as a going concern.

By order of the Board

  
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Chaudhry Muhammad Israr Sharif  
Director

  
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Chaudhry Muhammad Shahbaz Babar  
Director

Karachi  
Dated June 23<sup>rd</sup>, 2022