



SANOFI



Annual Report 2018





SANOFI



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## Life is a health journey

Life is often described as a journey. And health touches everyone along the way. As in life itself, people face ups and downs in their health, and challenges, big or small. These challenges can be lifelong for some people, and momentary for others.

Sanofi already makes a positive difference empowering life around the world: from protecting people with our vaccines, to easing pain and suffering with our treatments. Whether it's supporting the few who live with a rare disease or the millions of people living with chronic conditions, we at Sanofi are helping people live better and longer lives.

Sanofi's mission is to support people as a health journey partner. Wherever people live and whenever we can make a difference, we seek to protect, enable and support those who face health challenges so they can live life to its full potential.

This mission is expressed in Sanofi's signature:

*Empowering Life*







## Living with Diabetes

Nazneen Zaheer discovered in her mid-fifties she had Type II diabetes. The news jolted her and her family out of complacency which often sets in when one does not have a family history of diabetes.

In August 2018, Nazneen started experiencing dizziness and the frequent need to urinate during the nights. Nazneen suspected something unusual happening to her; never before had she experienced long bouts of dizziness, frequent urination and blurred vision. Nazneen discussed the condition with her family that lost no time in consulting a doctor who ran some tests, including HbA1c. Nazneen's HbA1c turned out to be over 9 and her blood glucose (sugar) level was above 500. The reports unequivocally declared her diabetic.



Nazneen's husband and daughters were distressed by the diagnosis. She was admitted to hospital where she was kept under observation and treatment for 4 days.

Nazneen's brother who is a doctor became a pillar of support for her, guiding her through this journey from the outset. He advised her to trust her physician - a renowned Endocrinologist practicing at a premier hospital in Karachi, and follow his prescription and advice without fail. After Nazneen was discharged from hospital, her family formed a strong support system for her, taking measures to maintain a daily record of her dosage, sugar levels and her meals.

Upon discharge from hospital, Nazneen was prescribed insulin glargine. Initially, coming to terms with her condition was not easy for her. As is common with newly diagnosed patients, Nazneen did grapple with depression initially. In order to overcome depression, she occupied herself with painting and gardening. Her sprawling lush green garden kept her happily busy. Resolving to stay strong and comply with therapy, she believed that her condition will improve if she followed her doctor's instructions. Nazneen was acutely aware of the complications stemming from uncontrolled diabetes and as she had already experienced blurred vision, she vowed not to let complications set in due to her own negligence. She believes each organ in the body is a gift of God and it is in the hands of an individual to take care of his/her health.

Nazneen made some lifestyle modifications in addition to sticking to regular treatment regimen. She made it a routine to walk 30 minutes daily; reduced intake of meat and rice, increased vegetables and fruits in her diet. Not being fond of desserts, giving up sugary delights was not so difficult.

Nazneen recalls that some time before her diagnosis, she had started consuming fizzy drinks routinely at night, thinking it improves digestion. In hindsight, she feels it may have been the result of inordinate intake of sodas that spiked up her sugar levels eventually.

After a gap of a few months, Nazneen's blood glucose levels were checked again. Her reports surprised not only her family members but even her doctor. From the initial 9.8, her HbA1c had reduced to a remarkable 5. Her blood glucose levels also dwindled to around 120 and her weight was down from 90 kg to 79 kg within a matter of 8 months.

Nazneen has become a source of inspiration for her friends, some of whom are diabetic but are sub-optimally controlled. They often ask Nazneen about the magic wand that turned things around for her. The journey which could have been rough and rocky became easy due to her will-power and determination to get things back in control.

Nazneen is one of the few people who take charge of their health and fight diabetes to reclaim life. She is leading a good quality of life with her family and enjoys cooking, gardening and socializing. "Do not be overwhelmed by the disease because if you let diabetes get the better of you, it will overpower you and drain you of energy & willpower. My advice to people with diabetes is to not be fearful of insulin. It worked magic for me when complemented with lifestyle adjustments such as healthy diet and daily ritual of 30 minute walk," says Nazneen.



“ Life is a health journey, with big and small moments. Fighting pain, and diseases, whether lifelong or temporary. That’s the fight against which we, the thousands of women and men of Sanofi, gather all our forces. ”

**Olivier Brandicourt** - Chief Executive Officer, Sanofi

# A global healthcare leader

More than  
**100,000**  
employees representing  
**145**  
nationalities

**75**  
manufacturing  
sites in  
**33**  
countries

Present in  
**100**  
countries

Providing  
healthcare solutions  
in more than  
**170**  
countries around  
the world

# 2018 Global Results

**Company Sales &  
Earnings Per Share  
(EPS)**

**Sales**  
**€34.46**  
**billion**

**EPS\***  
**€5.47**



\*Represents Business EPS

## Sales by Global Business Unit



General Medicines & Emerging Markets

€12,948M



Sanofi Genzyme (Specialty Care)

€7,226M



Sanofi Pasteur (Vaccines)

€5,118M



Consumer Healthcare

€4,660M



Diabetes & Cardiovascular

€4,511M

## Sales by Geography



U.S



Europe



Asia



Latin America



Africa & Middle East



Eurasia\*



ROW\*\*

\*Eurasia: Russia, Ukraine, Georgia, Belarus, Armenia and Turkey

\*\*Rest of the World: Japan, South Korea, Canada, Australia, New Zealand and Puerto Rico

For full financial data please refer to Sanofi's 2018 Annual Report available at <https://www.sanofi.com/en/investors/>

# Our Purpose

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



## Our Core Values

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

### **Teamwork**

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

### **Courage**

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





## **Respect**

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

## **Integrity**

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

# About Sanofi Pakistan

The company that is now known as Sanofi Pakistan has been present in Pakistan for over 50 years, saving the lives of millions and improving the quality of life of many more through effective, top quality products.

The company was incorporated on December 8, 1967 as Hoechst Pakistan Limited. Manufacturing of pharmaceuticals and specialty chemicals started in 1972. In 1977 the company went public and was listed on the Pakistan Stock Exchange. Agrochemical formulation started in 1985.

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

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

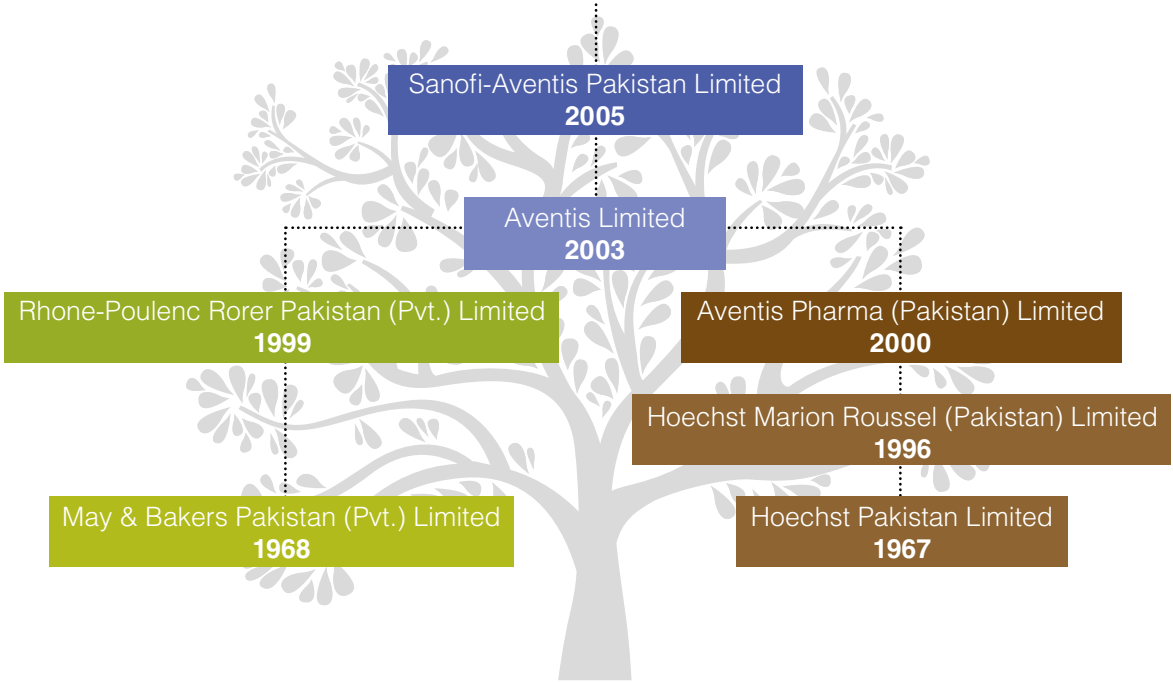
In line with the amalgamation globally, Aventis Pharma (Pakistan) Limited was merged locally with Rhone Poulenc Rorer Pakistan (Private) Limited and the company changed its name to Aventis Limited from April 2003.

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

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

## Our mission

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.



# Key Figures 2018

**1094**

employees\*

**52%**

of total affiliate headcount is in sales

**78%**

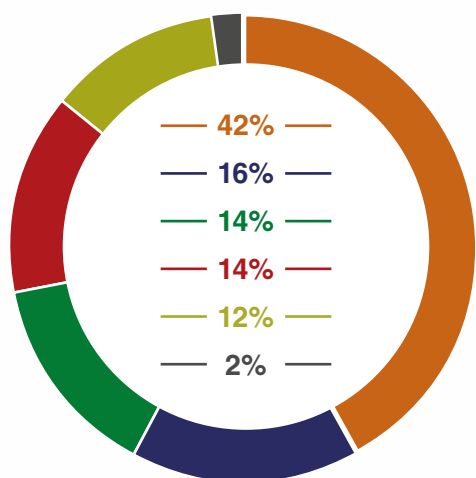
of Commercial Operations headcount is in Sales

*\*As of December 2018, including Commercial Operations, Industrial Affairs, Vaccines and Afghanistan*

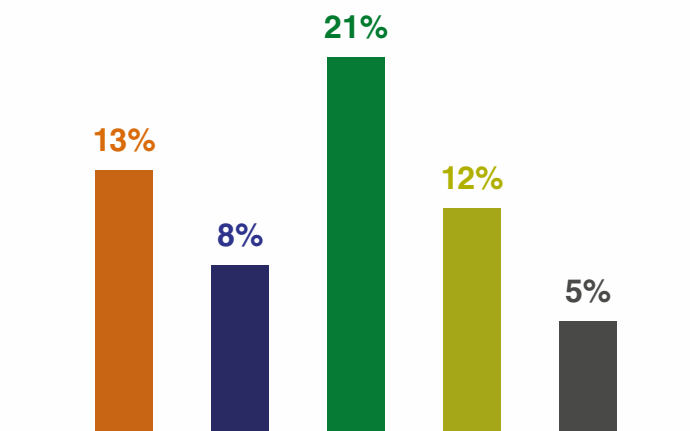
**78 million** prescriptions per year touching around **220,000** patients' lives every day

*Note: Estimated figures based on IMS MIP MAT Dec 2018*

## Sales by business



**Contribution**



**Growth**

● Core Business (Established Products)

● Diabetes

● Consumer Healthcare

● Cardiology & Speciality

● Oncology

● Others

**CoPlavix**

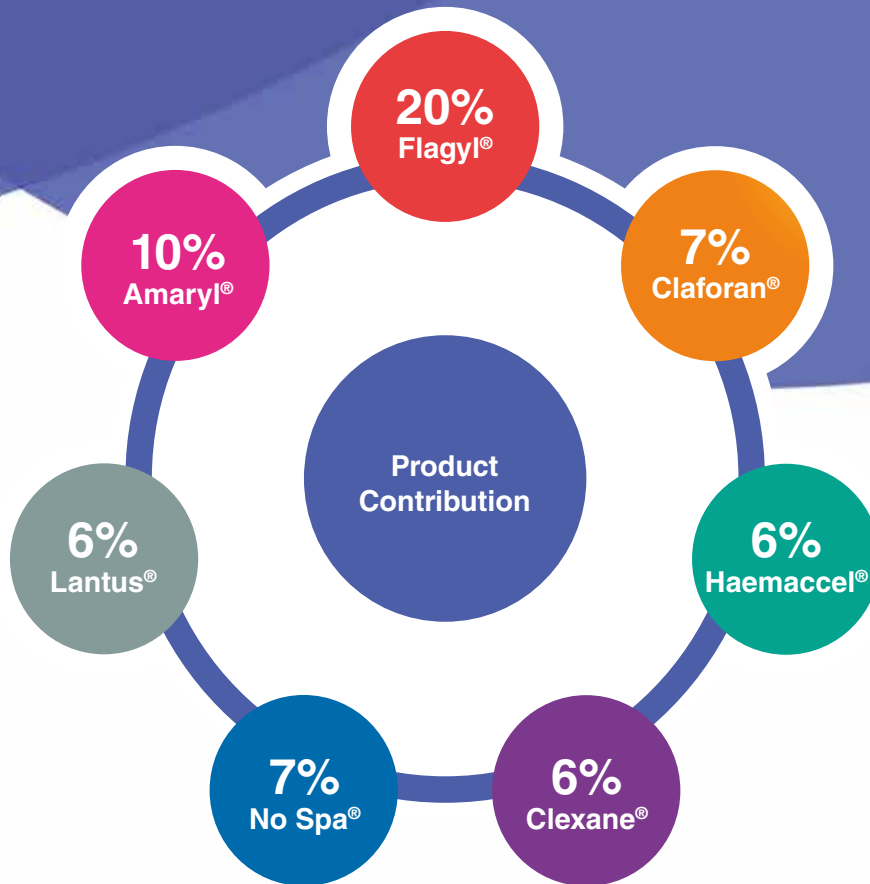
Pakistan is **#1** among **16** countries

**Claforan**

Pakistan is **#1** among **35** countries

**Flagyl**

Pakistan is **#2** among **66** countries



Top 10 products contribute **69%** of top line

2018 Net Sales PKR **12.96** billion

Profit before tax **926** million

Earnings per share **63.54** PKR

# Company Information

## Board of Directors

Syed Babar Ali - Chairman  
Asim Jamal - Chief Executive Officer  
Arshad Ali Gohar  
Syed Hyder Ali  
Imtiaz Ahmed Husain Laliwala  
David Khougazian  
Ana Arcos  
Thomas Rouckout  
Yasser Pirmuhammad - Chief Financial Officer

## Auditors

EY Ford Rhodes  
Chartered Accountants

## Company Secretary

Muhammad Yousuf

## Legal Advisors

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

## Bankers

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

## Registrar & Share Transfer

FAMCO Associates (Pvt.) Limited  
8-F, Near Hotel Faran, Nursery  
Block 6, P.E.C.H.S, Shahra-e-Faisal  
Karachi  
Tel: +92 21 34380101-5  
Fax: +92 21 34380106  
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)

### **URL**

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

# Directors' Profile

## **Syed Babar Ali**

Chairman, Non-Executive Director

### **Date of Joining Board**

Prior to the listing of the Company in 1977

### **Other Engagements**

#### **Chairman**

- Ali Institute of Education
- Babar Ali Foundation
- Coca Cola Beverages Pakistan Limited
- IGI Holdings Limited (formerly IGI Insurance Limited)
- Industrial Technical & Educational Institute

- National Management Foundation
- Syed Maratib Ali Religious & Charitable Trust Society
- Tetra Pak Pakistan Limited
- Tri-Pack Films Limited

#### **Director**

- Nestle Pakistan Limited

#### **Board Member**

- Gurmani Foundation

#### **Pro-Chancellor**

- Lahore University of Management Sciences (LUMS)

## **Asim Jamal**

Chief Executive Officer, Executive Director

### **Date of Joining Board**

June 1, 2015

### **Other Engagements**

#### **Member**

- Board of Governors of National Management Foundation (Governing body of LUMS)

#### **Director**

- Pakistan France Business Alliance (PFBA)
- Technobiz (Private) Limited

## **Yasser Pirmuhammad**

Chief Financial Officer, Executive Director

### **Date of Joining Board**

January 1, 2016

### **Other Engagements**

#### **Member**

- 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 Ltd. Workers' Profit Participation Fund

## **Arshad Ali Gohar**

Non-Executive Director

### **Date of Joining Board**

February 11, 2011

### **Other Engagements**

#### **Director**

- Ali Gohar & Company (Private) Limited
- AGT Holdings (Private) Limited
- AGC (Private) Limited



## **Syed Hyder Ali**

Non-Executive Director

### **Date of Joining Board**

February 22, 1987

### **Other Engagements**

#### **Director**

- Babar Ali Foundation
- Bulleh Shah Packaging (Private) Limited
- Flexible Packages Convertors (Pty) Limited
- IGI General Insurance Limited
- IGI Holdings Limited (formerly IGI Insurance Limited)
- IGI Investments (Private) Limited
- IGI Life Insurance Company Limited
- National Management Foundation
- Nestle Pakistan Limited
- Packages Construction (Private) Limited

- Packages Lanka (Private) Limited
- Packages Limited
- Pakistan Centre for Philanthropy
- Syed Maratib Ali Religious & Charitable Trust Society
- Tetra Pak Pakistan Limited
- Tri-Pack Films Limited

#### **Member**

- Ali Institute of Education
- International Chamber of Commerce, Pakistan
- Lahore University of Management Sciences
- World Wide Fund for Nature - Member Advisory Council

#### **Trustee**

- Packages Foundation

## **Imtiaz Ahmed Husain Laliwala**

Independent Director

### **Date of Joining Board**

April 25, 2017

### **Other Engagements**

#### **Member**

- Board of Governors of The Kidney Centre Post Graduate Training Institute

## **Ana Arcos**

Non-Executive Director

### **Date of Joining Board**

April 25, 2017

### **Other Engagements**

#### **Director**

- Limited Liability Company Sanofi Generics
- AO Sanofi Russia

## **Thomas Rouckout**

Non-Executive Director

### **Date of Joining Board**

April 25, 2017

### **Other Engagements**

#### **Director**

- Sanofi Bangladesh Limited
- Sanofi India Limited

## **David Khougazian**

Non-Executive Director

### **Date of Joining Board**

April 25, 2017

### **Other Engagements**

#### **Director**

- Globalpharma Co. LLC
- AO Sanofi Russia
- Limited Liability Company Sanofi Generics
- sanofi aventis Liban s.a.l

# Manufacturing



## 2018 Production Volumes

**1.8  
billion**  
tablets

**25  
million**  
ampoules

**34.5  
million**  
oral liquids

- **OSHA 18001** (HSE management) and **ISO 14001** (Environmental Management) recertification
- Maintained **0 LTI (Lost Time Injury) in 2018**  
*A lost time injury (LTI) is an injury sustained by an employee that will ultimately lead to the loss of productive work time.*
- Completed **7 Million safe man-hours**  
*A safe man-hour is a unit of production completed without a lost-time injury or accident.*



# Stakeholder Engagement

The manner and mode of our engagement with our external stakeholders is of paramount importance to the business. Stakeholders include healthcare professionals, regulatory authorities, shareholders, business partners, patients, caregivers and the media. However, it is critical to ensure that all engagement is through strictly ethical means and in full compliance with all Sanofi policies as well as international standards such as the IFPMA (International Federation of Pharmaceutical Manufacturers & Associations) Code of Practice which establishes globally accepted ethical principles for the pharmaceutical industry.

## Engaging the Medical Community

### LSD Preceptorship Program

Over 35 pediatricians were exposed to this rigorous training program organized in collaboration with Children's Hospital, Lahore. The course of training enables physicians to correctly identify and diagnose Lysosomal Storage Disorders (LSDs) and develop knowledge essential for the treatment of these conditions.



### 3D Heart Express / ACS (Acute Coronary Syndrome) Academy

This was a simulation workshop organized in 7 institutes across Pakistan in collaboration with Aga Khan University engaging over 300 leading Interventional Cardiologists. The objective was to promote “Hands-on intervention experience” in management of Acute Coronary Syndrome (ACS).





### **‘Evolve’ Foreign Speaker Program on Chronic Kidney Disease (CKD)**

The lead foreign speaker for this program was Dr. Peter Hill, Head of Nephrology at the Hammersmith Hospital which is part of Imperial College Healthcare NHS Trust. The symposia focused on the benefits of using phosphate binders compared to conventional calcium binders and was hosted in 3 cities across Pakistan, engaging over 400 HCPs.



### **‘Prospect’ Cardio Renal Forums**

A series of 9 programs across the country, ‘Prospect’ engaged a mix of 300 Cardiologists, Diabetologists, Nephrologists and Physicians. The workshop format engaged participants in discussion on management of actual cases of hypertension in co-morbid patients and various treatment options.

## Basal Academy

Attended by 150 healthcare professionals across the country, Basal Academy is a workshop intended to educate HCPs on the benefits of insulin in diabetes management. The program also covered other aspects of diabetes management such as classification of diabetes and the importance of counselling patients.

## Steer (**ST**rengthening **E**ducation and **E**mpower**RI**ng Diabetes Management)

Accredited by AACME (American Academy of Continuing Medical Education), the 'Steer' program took place in CIME (Center of Innovation in Medical Education) of the Aga Khan University Hospital. The objective was to train HCPs on key aspects of diabetes management including myths, diet, complications and the role of oral anti-diabetic agents.

## Sanofi International Diabetes Conference

Sanofi International Diabetes Conference was held in collaboration with the Diabetic Association of Pakistan (DAP) for the 5th consecutive year. Three speakers of international renown including the President of IDF (International Diabetes Federation), Professor Nam Han Cho, highlighted latest scientific research and best practices to the audience of almost 500 healthcare professionals in 3 cities.



## **EASD (European Association for the Study of Diabetes) Training**

This was a 3 day program for 45 Physicians, conducted in collaboration with EASD (European Association for the Study of Diabetes). The training, focused on diabetes management, was conducted by faculty of EASD that traveled to Pakistan.

## **Master Certification in Gynecological Laparoscopy**

Sanofi participated in the Master Course in Gynecological Laparoscopy, held in Lahore in collaboration with Hameed Latif Hospital Lahore, Kiel School of Gynecological Endoscopy, International Society for Gynecological Endoscopy & The Society of Laparoscopic Surgeons.

Trainers of international renown, using real-time training equipment, demonstrated essentials of laparoscopic procedures. The program comprised lectures, hands-on laparoscopic skills workshops and live surgeries.

## **Tarivid® UTI Campaign**

Over 1,100 UTI (Urinary Tract Infection) camps were held across the country engaging over 8,000 patients. The UTI camps provided HCPs with a suggestive dipstick test result within minutes. This enabled doctors to initiate treatment without delay thereby addressing the risk of UTI complications.

## **Educating Paramedics**

A need was identified to reinforce the training of Paramedics in the administration of intravenous medications. A program was initiated engaging over 3,000 Paramedics in over 140 Infusion Awareness Programs across the country.

This campaign provided a platform to paramedics to learn techniques to administer Haemacel® more effectively and efficiently.

## **Engaging Regulatory Authorities**

### **Patient Safety Workshop**

A workshop was conducted for the Drug Regulatory Authority of Pakistan (DRAP) on “Pharmacovigilance: Monitoring Product Safety to Protect Patients”. Multi-Country Safety Head from Sanofi Global Pharmacovigilance, Anton Klishin, conducted the workshop. The objective of the workshop was to share global practices on patient safety with an overview on Good Vigilance Practice (GVPs), Safety Reporting in Clinical Research, Periodic Benefit Risk Report and Signal Management.

## **Engaging Business Partners**

### **Business Partners Conference**

The conference, attended by over 90 business partners, was organized with the objective to strengthen joint business planning and to bolster business rapport with partners and distributors by reinforcing the significance of the role external business partners play in ensuring continuity of business.

## Engaging the International Business Community

The French Business Council of Dubai & Northern Emirates, a representative body of French Companies operating in UAE, visited Sanofi during a 'Discovery Mission' to Pakistan. The delegation was chaired by H.E. Dr. Marc Baréty (Ambassador of France to Pakistan) and attended by Didier Talpain, (Consul General of France in Karachi), Maud Martinot- Lagarde (Head of Trade Missions, French Business Council), Philippe Fouet (Head of Economic Department, French Embassy in Pakistan) and CEOs of visiting companies.

The delegation represented a diverse mix of sectors ranging from energy and cosmetics to agro food and investment banking. The objective of the visit was to explore investment opportunities in Pakistan.

“*Sanofi's journey in Pakistan is a success story for other potential investors to replicate.*”  
**H.E. Dr. Marc Baréty**



## Engaging Patients and Caregivers

### Internet & Social Media

In the second half of 2018, an entirely re-designed, more user-friendly website was launched ([www.sanofi.com.pk](http://www.sanofi.com.pk)) as part of a global "One Sanofi" project that sought to create an ecosystem that focuses on lifestyle with a more engaging, visual approach rather than the traditional textual style.



Information in the Investors section was updated regularly and published in English and Urdu in order to be compliant with Securities and Exchange Commission of Pakistan (SECP) requirements.

The Company continued to expand its reach on social media by adding an additional platform, LinkedIn, to its existing social media mix: Facebook, Twitter and Instagram. LinkedIn was used for employer or professional branding while other platforms were used to spread disease awareness aligned with our areas of expertise. The prime engagement was on Facebook, the most popular social media platform in Pakistan. The number of 'Followers' of SanofiPK increased from 16,000 in January 2017 to 70,000 in December 2017; by December 2018 the number increased to 106,498.

## Engaging the Media

Media is an important stakeholder to manage public opinion, perception, image and reputation. Mainstream media (television, newspapers) was leveraged strategically throughout the year to project key messaging of the company.

Share of Voice (SOV) monitoring and analysis for the (local) print media was initiated in January 2018 through an external party. The objective was to measure and benchmark the visibility of Sanofi in the print media versus other companies of the pharma industry.

SOV was measured on both quantitative as well as qualitative parameters. The illustration shows the quantum and tonality of Sanofi coverage in local newspapers, consolidated for the period January to December 2018.

### Share of Voice (Jan-Dec 2018)

Companies	Positive	Negative	Neutral	Total
Sanofi	111	6	9	126

## Future Direction

### Multi-Channel Engagement (MCE)

Today all of us, including HCPs live in a digital world and we need to meet them there and engage with them in new digital ways. Therefore, we have been moving towards digitalization of our promotional material with a phased approach. In addition to connecting digitally, MCE will ensure that digital and non-digital channels are integrated, messages and content are relevant, and we target with precision. MCE keeps the customer's needs and preferences in the center of the interaction.

# Employee Engagement

As one Sanofi, we are united around our ambition to bring holistic care that empowers lives. How we work together can amplify our impact on health outcomes: we cooperate with passion and we believe that people with fresh ideas and diverse backgrounds make this collaboration possible. It's all about Empowering People – who can then empower other people and patients' lives.

At Sanofi Pakistan, we pride ourselves on a high standard of employee engagement which has a direct impact on not only organization culture but on productivity, efficiency and performance.

## Sanofi People Survey

This is a global survey conducted annually throughout countries where Sanofi has a direct presence. The survey enables Sanofi to better engage its workforce and drive organizational improvements. It does so by creating an opportunity for employees to provide feedback to leadership about the employee experience at Sanofi and how our culture supports our strategic priorities based on our four values.

The results of the 2018 survey demonstrated and confirmed the high level of engagement of the employees of Sanofi Pakistan.

Engagement was measured against other Sanofi affiliates, overall Sanofi, global high performing norms and global pharma norms.

The employee engagement measures of Sanofi Pakistan were significantly higher in all measurement parameters.



## Gender Balance

At Sanofi, we value diversity of gender, religion, culture, disciplinary backgrounds, opinions and perspectives. We believe that diversity enriches our output, lends excellence and a deeper meaning to our achievements. Our people are encouraged to think differently, challenge the status quo and express themselves openly.

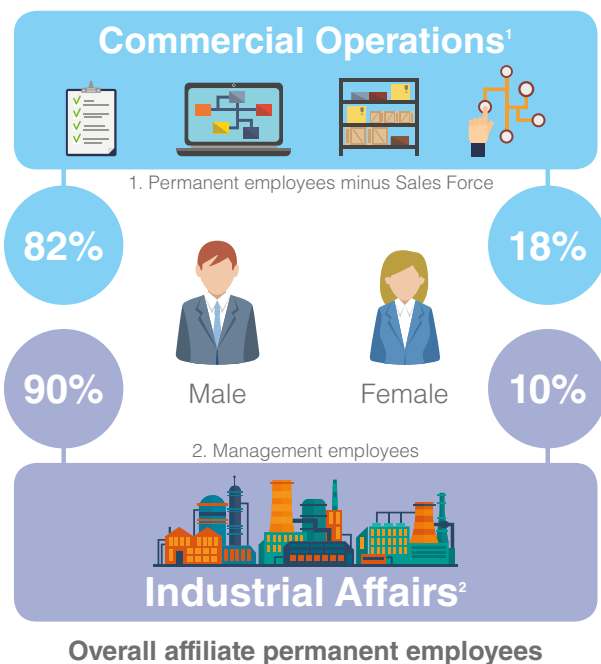
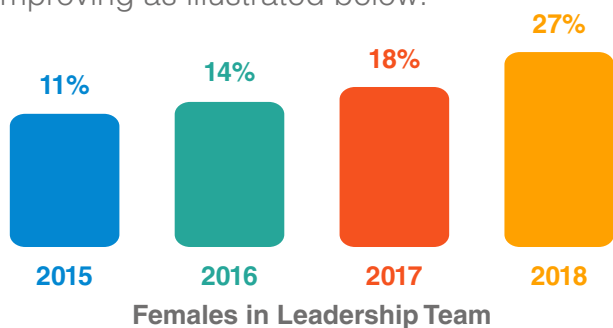
Gender balance is a priority at Sanofi around the world and at Sanofi Pakistan. During 2018, a special female policy was implemented offering multiple benefits to female employees. The measures specifically addressed issues in the local, cultural context and sought to facilitate an easier balance for women to manage their career along with their personal responsibilities.

There has been a conscious effort in recruitment practices to improve gender



balance without compromising on quality of candidates. Simultaneously there has been an effort to prepare and develop female employees into people managers and leaders.

As a result, the ratio of females in the leadership team has been steadily improving as illustrated below:



## Refreshing our Values

Our Values are the cornerstone of our culture; defining the framework within which our collective efforts should be channelized towards our goal. Internalizing and living our Values of Teamwork, Courage, Respect, and Integrity through everything we do makes us the company that we are.

A Company-wide initiative of “**Refreshing Our Values**” was held with the active involvement of employees across departments and cities.

# Corporate Social Responsibility



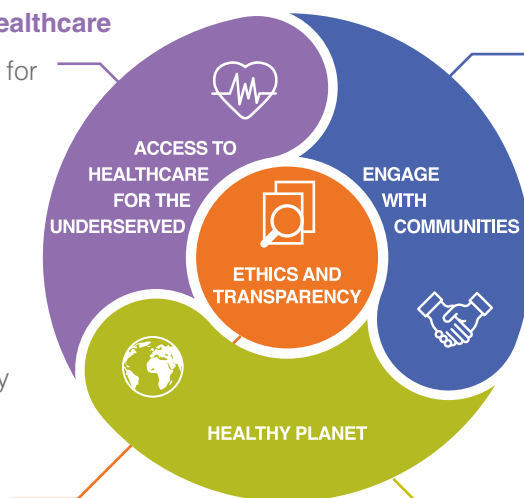
CSR is about Sanofi's responsibility vis a vis society: fulfilling the promise of **“Empowering life”**. Because life is a health journey, we believe in close relationships with our stakeholders and we believe we are responsible for contributing to the sustainable development of our communities.

## Contributing to Access to Healthcare

- Foster access to healthcare for underserved patients

## Upholding Ethics and Transparency

- Manage our activities with ethics and business integrity
- Protect patient safety
- Ensure medical ethics and bioethics
- Promote and respect human rights

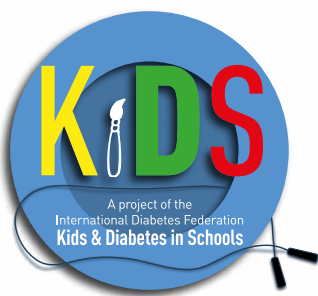


## Developing our Communities and Employee Engagement

- Sustain ecosystems around Sanofi's sites
- Develop and engage employees

## Addressing Environmental Challenges

- Reduce CO2 emissions
- Reduce waste
- Streamline water use and drug residues
- Increase awareness of climate change and its consequences on health



KiDS is an educational program co-created by Sanofi with the International Diabetes Federation (IDF), in collaboration with the International Society for Pediatric and Adolescent Diabetes (ISPAD), to fight diabetes. The program was piloted in India and Brazil, followed by its roll out in other countries, including Pakistan and UAE. Pakistan became the third country in the world in 2016 to implement this program.

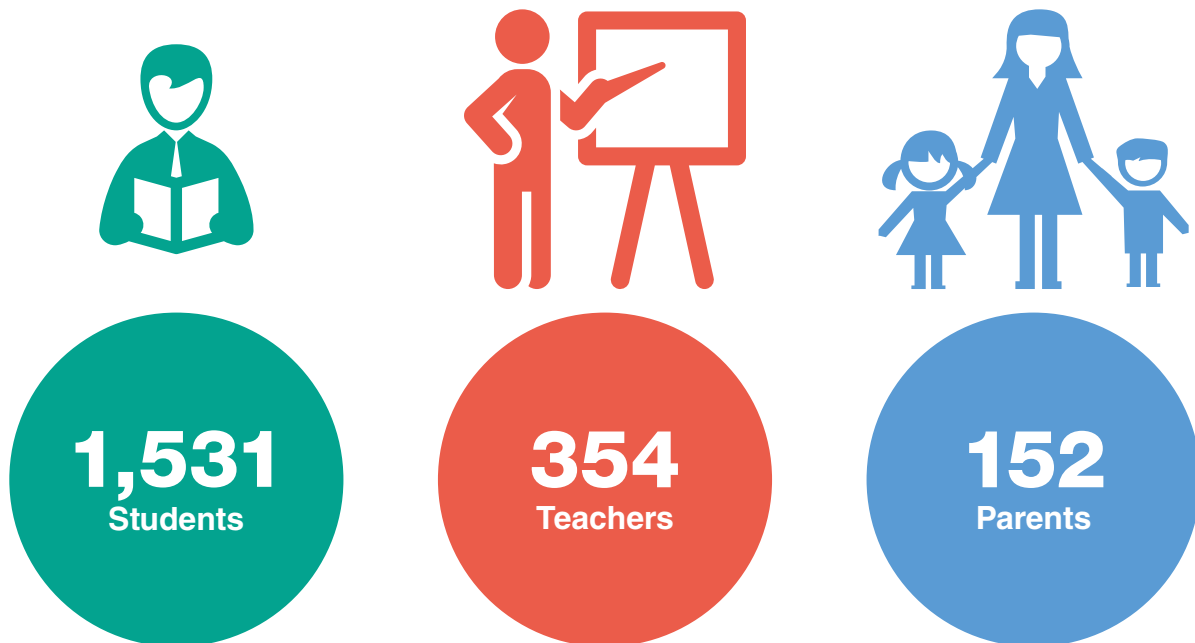
The KiDS program is targeted primarily at teachers, school nurses and school staff, school students (6-14 years old) and parents, while also involving policy makers and governmental officials. The program aims to foster a safe and supportive school environment for children with type 1 diabetes to manage their condition and avoid discrimination. The program raises awareness of diabetes and the benefits of healthy diet and physical activities among school-age children.

The KiDS program involves a 'Diabetes in Schools' toolkit which was culturally and contextually adapted, pre-tested and

tailored for use by the targeted audience. It is divided in four sections dedicated to each audience, i.e. teachers, school nurses and school staff, school students (6-14 years old) and parents (including parents of a child with diabetes). It is available in 9 languages on the IDF website, including Urdu.

In 2018, Sanofi Pakistan expanded the scope of KiDS program by engaging 19 schools in Islamabad and Karachi. Students of Khatoon-e-Pakistan Girls school and SMB Fatima School, managed by Zindagi Trust, also benefited from this program.

## Statistics for 2018



## Blood Drive

Sanofi Pakistan held its annual blood donation drive in collaboration with the Indus Hospital Blood Center for the 5th consecutive year. 34 employees donated blood at the 2018 camp.









## Our Products

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

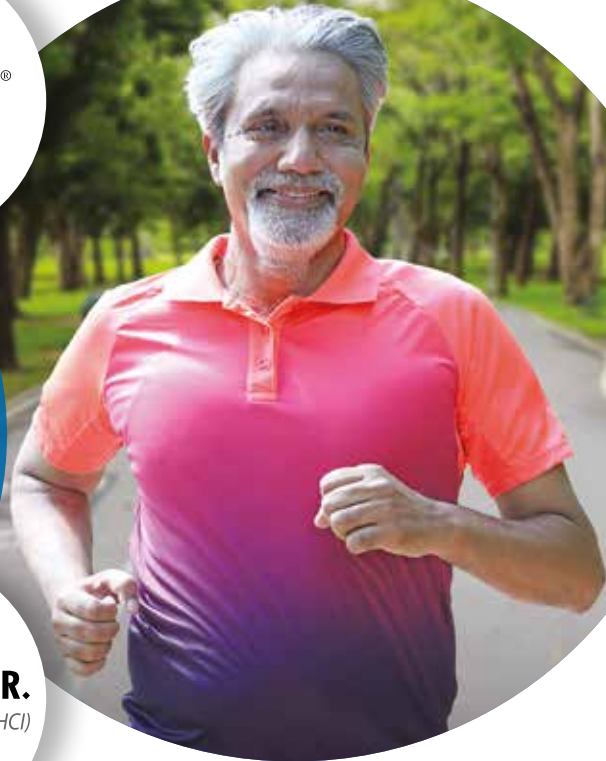
We have an extensive portfolio of prescription medicines: Sanofi original research products (Oral, injectable), generics, vaccines and consumer health care.

## Diabetes (Oral Anti-Diabetics)

**Amaryl®**  
Glimepiride

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.

**Amaryl® M S.R.**  
(Glimepiride & Metformin HCl)



**Daonil®**  
Glibenclamide

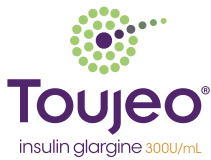
Daonil® (Glibenclamide) is an oral blood glucose-lowering drug belonging to the sulfonylurea class. Daonil® is used in the treatment of type 2 diabetes and is used in conjunction with proper diet and exercise to decrease blood sugar levels.



**Neodipar®**  
(Metformin HCl)

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

## Diabetes (Insulins)



New

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.



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).



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.



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

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



## Oncology



**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.

**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).

**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.

**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.

## 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.

**Renvela®**  
sevelamer carbonate

## Organ Transplantation



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



## Urology



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



## Pain Management

### **NO-SPA<sup>®</sup>** (Drotaverine HCl)

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



## Antiemetic

### **MuscoRil<sup>®</sup>** (thiocolchicoside)

Muscoril<sup>®</sup> (Thiochochicoside) is a muscle relaxant drug with anti-inflammatory and analgesic properties. It is used as an adjuvant therapy for treating muscular spasms, rheumatologic, orthopedic, and traumatologic disorders.

### **Stemetil<sup>®</sup>** (Prochlorperazine)

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

## Allergy Management

**Telfast®**  
(Fexofenadine HCl)

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

Telfast®(Fexofenadine) is an effective and potent antihistaminic agent, 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 hay fever and chronic idiopathic urticaria. The Telfast-D® (Fexofenadine + Pseudoephedrine) formulation combines this antihistaminic with a prolonged-release decongestion agent.



**Avil®**  
(Pheniramine maleate)

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

**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.



### 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.





## Sleep Disorders

**Stilnox®**  
Zolpidem 10mg scored tablets

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



## Emergency Care

**Haemaccel®**  
Polygeline 3.5%

Haemaccel® (Polygeline) is an emergency care / life-saving product. It is a plasma substitute for volume replacement used to correct or avert circulatory insufficiency due to plasma / blood volume deficiency, resulting from bleeding or from a shift in plasma volume between the circulatory compartments. It is a ready-for-use solution for intravenous infusion and can also be used as a carrier solution for various medicines. Haemaccel® is recommended by the World Health Organization (WHO) on its list of 'Essential Medicines 2017'.



**Plavix**  
(clopidogrel hydrogen sulphate)  
75mg, 300mg tablets

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



**CoPlavix**  
Clopidogrel 75mg/Acetylsalicylic acid 75mg

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

**APROVEL**  
(irbesartan) 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.

**COAPROVEL**<sup>®</sup>  
(irbesartan/hydrochlorothiazide)  
Tablets  
150/12.5mg 300/12.5mg 300/25mg

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

**Cordarone**<sup>®</sup>   
Tab 100 & 200 mg  
Injectable IV  
150 mg per 3ml  
(Amiodarone Hydrochloride)

Cordarone<sup>®</sup> (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<sup>®</sup> works by helping the heart to regain a normal rhythm.

**CLEXANE**<sup>®</sup>  
enoxaparin sodium

Clexane<sup>®</sup> (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<sup>®</sup> is an anti-coagulant used to inhibit the formation of clots in veins and arteries, thereby preventing possible acute or chronic complications associated with deep vein or arterial thrombosis.

**TRITACE**<sup>®</sup>   
Ramipril  
2.5, 5, 10 mg

Tritace<sup>®</sup> 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.

**Co-Tritace®**  
(Ramipril / Hydrochlorothiazide)  
2.5/12.5 mg, 5/25 mg

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



**Winstor®**  
Atorvastatin

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

**Lasix®**  
Frusemide

**Lasoride®**  
Frusemide B,P, 40mg and Amiloride Hydrochloride B,P, 5mg

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

## Antibiotics

**Claforan<sup>®</sup>**  
(Cefotaxime sodium)

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



**Aventriax<sup>®</sup>**  
(Ceftriaxone Sodium)

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



## Antibiotics

### **ORELOX<sup>®</sup> Tablet** (Cefpodoxime Proxetil Tablet U.S.P.)

Orelox<sup>®</sup> (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.

### **Tarivid<sup>®</sup>** (Ofloxacin)

Tarivid<sup>®</sup> (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<sup>®</sup>** (Levofloxacin)

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

### **TARGOCID<sup>®</sup> IM/IV** Teicoplanin

Targocid<sup>®</sup> (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.

## Antibiotics

**Flagyl®**



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

## Anti-Diarrheals

**Secnidal® Forte**  
(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.

**Enterogermina®**  
Bacillus clausii spores

Enterogermina® (Bacillus clausii) is an oral suspension probiotic offered in single dose. It restores the balance of bacteria in the gut in case of an intestinal disorder. Enterogermina® can be used for management of diarrhea in children and adults.

## Epilepsy

**Frisium®**  
Clobazam.

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.



## Consumer Healthcare



**Selsun  
blue**

Selsun Blue® contains Selenium sulfide and is used to treat 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.

**COLLA FLEX**  
Resilient Collagen Peptides Supplement

CollaFlex® improves joint flexibility, and helps keep joints healthy.

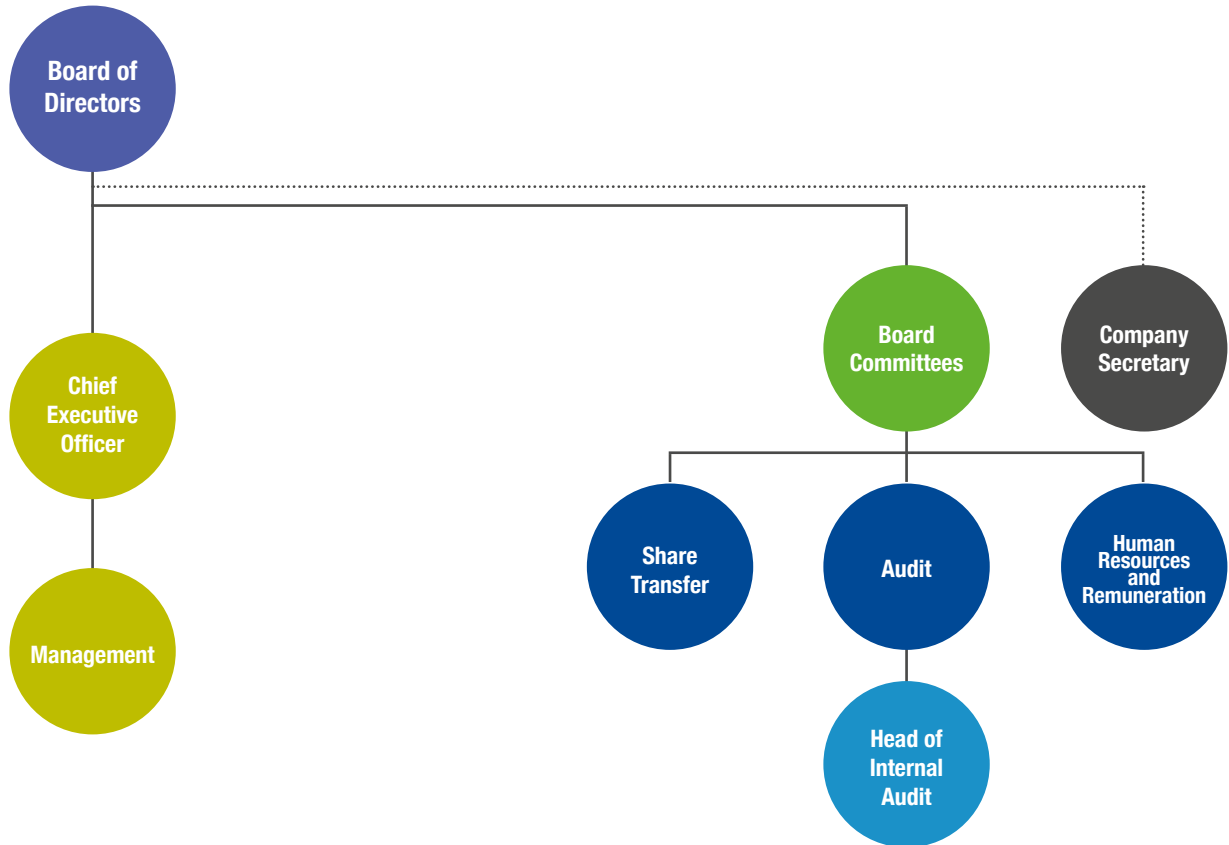
**Note:** Do not take any medication without consulting a doctor. Should you experience any side effect(s) after taking any Sanofi product(s), consult your doctor immediately and contact Sanofi at +9221 35060221 - 35 or [Pakistan.Pharmacovigilance@sanofi.com](mailto:Pakistan.Pharmacovigilance@sanofi.com)



# 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 and Directors' Independence

The Board comprises of 9 Directors out of which 6 are Non-Executive, 1 is 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, 2017:

## **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 Non-Executive while 1 is Independent Director. The Chairman of the Board Audit Committee is a Non-Executive Director. The Head of Internal Audit is the Secretary of this Committee.

## **Human Resources and Remuneration Committee**

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

The Committee comprises of two Non-Executive and one Executive Director. The Chairman of the Committee is a Non-Executive Director. The Director Human Resources is the Secretary of this 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.

## To the members of sanofi-aventis Pakistan Limited

### Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of sanofi-aventis Pakistan Limited for the year ended 31 December 2018 in accordance with the requirements of regulation 40 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2018.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

#### **Ref. Description**

- i. 14 For the year 2018, the meeting of the Human Resources and Remuneration Committee was conducted in January 2019.



Chartered Accountants

Place: Karachi

Date: 14 March 2019

# Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

**For the year ended December 31, 2018**

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (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 applied the principles contained in the Regulations in the following manner:

1. The total number of Directors are 9 as per the following composition:

Gender	Independent Director	Executive Directors	Non-Executive Directors
Male	1	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	David Khougazian - Non-Executive
Syed Hyder Ali - Non-Executive	Ana Arcos - Non-Executive
Asim Jamal - Chief Executive Officer	Thomas Rouckout - Non-Executive
Imtiaz Ahmed Husain Laliwala - Independent Director	Yasser Pirmuhammad - Chief Financial Officer
Arshad Ali Gohar - Non-Executive	

3. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
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 besides being placed on the website.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/Shareholders as empowered by the relevant provisions of the Companies Act, 2017 and Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence by a Director elected by the Board for this purpose. The Board has complied with the requirements of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board of Directors have a formal policy and transparent procedure for remuneration of Directors in accordance with the Companies Act, 2017 and Regulations.

9. The Directors are well aware of their duties and responsibilities under the Regulations. The Independent Director, one Non-Executive Director and two Executive Directors have been certified under the Directors' training program as required by the SECP. Two of the Non-Executive Directors of the Company meet the criteria of exemption from attending the Directors' training program as per the Regulations, and accordingly are in the process of obtaining the exemption from the Commission.
10. The Board approves the appointment, remuneration and terms & conditions of employment of the Chief Financial Officer (CFO), Company Secretary and the Head of Internal Audit and complies with the relevant requirements of Regulations.
11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. The Board has formed an Audit Committee. It comprises of three members, out of which one is Independent and the remaining are Non-Executive Directors including the Chairman of the Committee.

Syed Hyder Ali	Chairman	Non-Executive Director
Ana Arcos	Member	Non-Executive Director
Imtiaz Ahmed Husain Laliwala	Member	Independent Director

13. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Regulations.
14. The Board has formed a Human Resources and Remuneration Committee. It comprises of three members, out of which two are Non-Executive Directors including the Chairman of the Committee. The Human Resources and Remuneration Committee meets once in a financial year. For the year 2018, the meeting was conducted in January 2019.

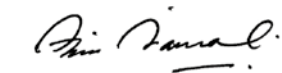
Arshad Ali Gohar	Chairman	Non-Executive Director
Syed Hyder Ali	Member	Non-Executive Director
Asim Jamal	Member	Executive Director - CEO

15. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
16. The Board has setup an effective Internal Audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company. The Head of Internal Audit resigned in Q4 2018 and the Company is currently in the process of hiring a suitable candidate.
17. 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 (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.

18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
19. We confirm that all other requirements of the Regulations have been complied with.



Syed Babar Ali  
Chairman



Asim Jamal  
Chief Executive Officer

Karachi: February 28, 2019

# Chairman's Review Report

It is my privilege to write to you once more. At Sanofi we live by our core values of integrity, respect, team work and courage and aim at empowering life.

2018 has been a challenging year for sanofi-aventis Pakistan Limited and pharma industry as a whole due to various factors. Major among them include political and economic environment during the year resulting in slowdown and adverse balance of payment for the country causing significant devaluation of Pak Rupee which increased cost of production. Most raw materials and some finished goods are imported that had a significant impact on the profitability of the Company.

## Review of Financial Performance

Our performance has been encouraging in the last couple of years showing substantial growth creating value for the shareholders in terms of profitability and dividend distribution.

Below are the financial highlights:

- Pharmaceutical and consumer healthcare business grew by 7.7% and 21.1% respectively as compared to last year.
- Overall sales of the Company grew to Rs.12.9 billion at the rate of 4.1%.
- Growth in pharmaceutical and consumer healthcare business was partially offset by decline in vaccine business.
- Gross profit margins in the current year dropped to 30.5% as compared to 35.6% last year mainly due to devaluation of Pak Rupee.

## Board's Function and Decision Making

The function of the Board as stewards on behalf of shareholders is governance of the Company. The Board performs its duties by giving guidelines to the management, setting performance targets and monitoring their achievements.

## Board's Annual Performance Evaluation

As required by the Listed Companies (Code of Corporate Governance) Regulations, 2017, an annual performance evaluation needs to be conducted to assess the Board's overall performance and effectiveness. The Board has recently completed its annual self-evaluation for the year ended December 31, 2018.

## 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.



**Syed Babar Ali**  
Chairman

Karachi: February 28, 2019



## بورڈ کی سالانہ کارکردگی کا جائزہ

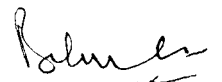
لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 کے تحت سالانہ بورڈ کی مجموعی کارکردگی مؤثر ہونے کا جائزہ لینا ضروری ہوتا ہے۔ بورڈ نے حال ہی میں 31 دسمبر، 2018 کو ختم شدہ سال کے لیے اپنی سالانہ کارکردگی کے جائزہ کو حتمی شکل دی ہے۔

## 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 مناسب 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 بندیوں کے مطابق ایک سوالنامہ تقسیم کیا گیا تاکہ ہر ڈائریکٹر انفرادی طور پر جائزہ لے سکے:
- بورڈ کا مؤثر ہونا
- نان ایگزیکٹو ڈائریکٹرز کا کردار
- بورڈ کمیٹیوں کا مؤثر ہونا
- چیئرمین کا کردار

مندرجہ بالا ضوابط کی بنیاد پر اس سال کے لیے بورڈ کی مجموعی کارکردگی کو اطمینان بخش قرار دیا گیا ہے۔

  
سید باہر علی  
چیئرمین

کراچی: 28 فروری، 2019

## چیرمین کی جائزہ رپورٹ

مجھے ایک مرتبہ پھر آپ سے مخاطب ہونے کا اعزاز حاصل ہوا ہے۔ سنوٹی میں ہم اپنے بنیادی اقدار، ایمانداری، احترام، مشترکہ کاوش اور ہمت کے اصولوں پر کاربند رہتے ہوئے زندگی کو با اختیار بنانے کے مقصد پر کام کر رہے ہیں۔

سال 2018 مختلف وجوہات کی بنا پر سنوٹی اینٹس پاکستان لمیٹڈ اور پوری فارمانڈسٹری کے لیے انتہائی مشکل رہا۔ ان وجوہات میں سیاسی اور معاشی ماحول کا بڑا عمل دخل رہا جس کے نتیجے میں سال کے دوران کاروباری ترقی سست روی کا شکار رہی اور ملکی ادائیگیوں کا توازن خراب ہونے کے باعث پاکستانی روپے کی قدر میں کمی ہوئی جس کی وجہ سے پیداواری لاگت میں اضافہ ہوا۔ زیادہ تر خام مال اور کچھ تیار شدہ اشیاء درآمد ہوتی ہیں جس کی وجہ سے کمپنی کے منافع جات پر منفی اثرات مرتب ہوئے۔

### مالیاتی کارکردگی کا جائزہ

گزشتہ چند سالوں میں ہماری کارکردگی حوصلہ افزا رہی جس کی بدولت مثالی ترقی ہوئی اور شیئر ہولڈرز کے منافع جات اور منافع منقسمہ میں خاطر خواہ اضافہ دیکھا گیا ہے۔

مالیاتی اعداد و شمار درج ذیل ہیں:

- فارماسیوٹیکل اور کنزیومر ہیلتھ کیئر بزنس میں گزشتہ سال کے مقابلے میں بالترتیب 7.7% اور 21.1% اضافہ ہوا۔
- کمپنی کی مجموعی سیلز میں 4.1% کے حساب سے اضافہ ہوا جو 12.9 ارب روپے تک جا پہنچی۔
- فارماسیوٹیکل اور کنزیومر ہیلتھ کیئر بزنس میں اضافے کو دیکھیں بزنس میں کمی نے جزوی طور پر متاثر کیا۔
- پاکستانی روپے کی قدر گرنے کی وجہ سے گزشتہ سال 35.6% کے مقابلے میں رواں سال مجموعی منافع جات کی شرح 30.5% تک نیچے آگئی ہے۔

### بورڈ کی ذمہ داری اور فیصلہ سازی

بورڈ کی ذمہ داری میں شیئر ہولڈرز کی جانب سے کمپنی کے انتظامی امور کی نگرانی شامل ہے۔ بورڈ کے فرائض میں انتظامیہ کی رہنمائی کرنا، کارکردگی کے لیے اہداف مقرر کرنا اور ان کی تکمیل کی نگرانی بھی شامل ہے۔

# Directors' Report

The Board of Directors is pleased to present to you the Annual Report of sanofi-aventis Pakistan Limited (the "Company") along with the Company's audited financial statements for the year ended December 31, 2018.

Your Company is one of the well-established healthcare companies of Pakistan, focused on patient needs and engaged in the manufacture and sale of pharmaceutical and consumer healthcare products. It is also engaged in the sale of vaccines.

## 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. During the year, shares were transferred to Sanofi Foreign Participations B.V. from SECIPE, France as part of Sanofi's global legal restructuring. The Ultimate Parent of the Company remains the same i.e. Sanofi S.A., France.

## Company's Performance

The year 2018 was expected to be a challenging year especially for the pharma industry, mainly on account of price regulation and devaluation of Pak Rupee vis-à-vis US Dollar and Euro. Considering these challenges, the directors are pleased with the results and performance of your Company.

The net sales for the year ended December 31, 2018 showed an overall growth of 4.1% over last year, which includes sales from pharmaceutical, consumer healthcare and vaccines business. Net sales of the Company's pharmaceutical business, which contributes 83.6% of the total sales, increased by 7.7% over the last year from Rs.10,055 million to Rs.10,831 million. Major products contributing to this growth included Flagyl® and Lantus® which grew by 24% and 11% respectively. During the year Claforan® crossed Rs.1 billion mark in gross sales, taking the number of Sanofi billionaire products to three. The other two billionaire products of the Company are Flagyl® and Amaryl®. This growth was partially offset by a decline in our vaccines business mainly due to decline in public (government tender) business, which decreased from Rs.633 million in 2017 to only Rs.17 million in 2018. The retail sales of vaccines showed a substantial growth of 15% vs. last year.

Gross margin percentage for the year declined from 35.6% to 30.5% mainly due to the significant devaluation of Pakistani Rupee against Euro compared to last year, resulting in higher cost of imports.

Distribution and marketing expenses declined to 16.4% of net sales from 17.2% last year. The improvement was mainly due to decline in staff cost, resulting from restructuring of sales force in line with the overall corporate strategy. Administrative expenses as percentage of net sales marginally increased to 3.6% from 3.4% last year.

Net exchange loss on foreign currency payments and liabilities amounted to Rs.367 million (2017: Rs.207 million) resulting in an increase in other expenses to 3.6% as percentage of net sales from 2.8% last year.

Amounts in millions	2018	2017
Net Sales – Pharmaceutical Business	10,831	10,055
Net Sales – Consumer Healthcare	1,799	1,486
Net Sales – Vaccines Business	331	905
Total Net Sales	12,961	12,446
Gross Profit	3,947	4,436
Operating Profit	941	1,581
Profit after Tax	613	1,006
Gross Profit %	30.5%	35.6%
Operating Profit %	7.3%	12.7%
Profit after tax %	4.7%	8.1%
EPS (Rupees)	63.54	104.32

## Pricing

Apart from devaluation, pricing has been one of the main issue of the pharmaceutical industry in Pakistan over the last many years. The industry in general and our Company in particular had taken some actions in the last couple of years to address this issue with the Drug Regulatory Authority of Pakistan (DRAP). In February 2018, the Honorable Chief Justice of Pakistan took a suo moto notice of drug related issues including pricing matters and directed DRAP and the industry to resolve the issues within a stipulated time. Following this landmark judgement, DRAP issued the Pricing Policy 2018, which has now been implemented. Barring a few issues, which are still being resolved, most of the issues faced by the industry and many pending litigations have since been resolved and closed respectively.

# Directors' Report

## Dividend and Transfers

The Directors of the Company recommend a final cash dividend of Rs.30 per share (300%), for approval by the shareholders in Annual General Meeting to be held on April 23, 2019. Further, the Directors recommend a transfer of Rs.200 million to general reserve.

## Risk Management

A number of systems for identifying, assessing and managing risks coexist in your Company that complement each other. The functional heads assist the Country Leadership in fulfilling its risk management responsibilities. A structured methodology is followed to identify and assess risks that could have a significant impact on the Company's strategic objectives;

- Long term/medium term strategic risks, monitored at Country Leadership level and reported to Board of Directors.
- Short term risks, more focused on day-to-day operations, and monitored by functional leads and internal controls department.

Some of the key areas which can impact your Company's operations are;

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

The Directors would like to again emphasize on the risk related to currency devaluation. The Company is significantly dependent on imports for both raw materials as well as finished goods. The ongoing pressure on PKR carries a huge risk and any further devaluation would have an adverse impact on the profitability of the Company.

## Internal Controls

The Directors are confident that the system of internal control is sound in design and was effectively implemented and monitored throughout the year. The Company has a dedicated Internal Controls function which is responsible for evaluating and implementing internal controls and strengthening the overall internal controls environment.

## Internal Audit

The Company has also setup an effective Internal Audit function, which provides independent assurance to the Board on the existence and effectiveness of internal controls. The Head of Internal Audit also acts as the Risk Management coordinator for the Company.

## Related Party Transactions

All related party transactions, during the year 2018, were placed before the Audit Committee and the Board for their review and approval. These transactions were duly reviewed by the Audit Committee and approved by the Board in their respective meetings. All these transactions were in line with the transfer pricing methods and the policy with related parties approved by the Board previously. The Company also maintains a full record of all such transactions, along with the terms and conditions. For further details, please refer note 29 to the financial statements.

## Corporate Social Responsibility (CSR)

The Company operates in a socially responsible manner and is committed to the highest standards of ethical corporate behavior. CSR is embedded into the Company's core business strategy, focused on ethics and transparency at the center of all activities. CSR activities conducted during 2018 are included in the CSR section of the Annual Report.

## Health, Safety & Environment

The Company is committed to maintaining standards of Health, Safety and Environment (HSE). The Company has a dedicated HSE department to oversee the implementation of HSE objectives and reports to the Executive Management. The department not only ensures compliance with the best HSE practices but also carries out regular training of the staff. The level of management's commitment to HSE standards can be judged from the fact that no major accident was reported during the year.

## Counterfeit products harm our business

Counterfeit medicines are a growing criminal trend worldwide. It not only endangers patients' life/health but also effects patients' confidence in genuine products thus harming the business at large.

Your Company believes that patients' Safety and Health is of paramount importance. Hence it continues to work tirelessly toward putting an end to the menace

within Pakistan and across our borders by waging war on counterfeit medicines through a dedicated anti-counterfeit function.

## Ethics and Compliance

Compliance is an integral part of the Sanofi way of doing business, which emanates from our Code of Ethics. The Code, which is approved by the Board, is communicated to employees and is available in both English and Urdu languages.

Training on compliance and ethics 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. The Company has also implemented an effective whistle blowing program, which is easily accessible to all categories of employees.

## Composition of the Board of Directors

There was no change in the composition of the Board subsequent to the election of Directors in the Annual General Meeting held on April 25, 2017. The Board consists of 1 Independent, 6 Non-Executive (including a female Director) and 2 Executive Directors.

**Syed Babar Ali** - Chairman, Non-Executive Director

**Syed Hyder Ali** - Non-Executive Director

**Asim Jamal** - Chief Executive Officer

**Imtiaz Ahmed Husain Laliwala** - Independent Director

**Arshad Ali Gohar** - Non-Executive Director

**David Khougazian** - Non-Executive Director

**Ana Arcos** - Non-Executive Director

**Thomas Rouckout** - Non-Executive Director

**Yasser Pirmuhammad** - Chief Financial Officer

During the last year four meetings of the Board of Directors were held. Attendance by each Director was as follows:

Name of Director	No. of meetings attended
Syed Babar Ali	4
Asim Jamal	4
Syed Hyder Ali	3
Arshad Ali Gohar	4
Imtiaz Ahmed Husain Laliwala	4
Yasser Pirmuhammad	4
David Khougazian	-
Ana Arcos	-
Thomas Rouckout	-

Leave of absence was granted to Directors who could not attend the Board meetings and they were represented by their respective alternates.

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

During the year, the Chairman of the Company Syed Babar Ali transferred 63,777 of his shares in the Company to Babar Ali Foundation without any

consideration. The requirements of local laws for disclosure of this transaction were duly complied.

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

## Directors' Remuneration

The Company pays a fee to Non-Executive Directors for attending meetings of the Company (including 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 and the Chairman are detailed in note 30 of the financial statements.

# Directors' Report

## Audit Committee

The Board Audit Committee comprises of the following members:

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

Muhammad Yousuf	Secretary (Interim arrangement)
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## Human Resource and Remuneration Committee

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

Arshad Ali Gohar	Chairman (Non-Executive Director)
Syed Hyder Ali	Member (Non-Executive Director)
Asim Jamal	Member (Executive Director - CEO)

Shakeel Mapara	Secretary
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## 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, 2018 as required under section 227 of the Companies Act, 2017 is presented on page 128 to the financial statements.

## Auditors

The present external auditors, M/s EY Ford Rhodes, Chartered Accountants, have completed the annual audit for the year ended December 31, 2018 and have issued an unqualified report. The auditors shall retire at the conclusion of Annual General Meeting on April 23, 2019 and being eligible, have offered themselves for reappointment for the year 2019. As suggested by the Audit Committee, the Board recommends their reappointment for the year ending December 31, 2019.

## Corporate and Financial Reporting Framework

- The financial statements, prepared by the management of the Company, present fairly, 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.
- Accounting policies have been consistently applied in the accounts in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgement.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure therefrom has been adequately disclosed.
- 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, 2017.
- Significant deviations from last year in operating results have been explained in detail together with the reasons thereof in the earlier pages to this report.

- Key operating and financial data for the last six years is shown on pages from 133 to 135.
- The value of investments of provident, gratuity and pension funds based on their accounts (audit in progress) as at December 31, 2018 were as follows:

	Rs. in '000
Provident Fund	482,758
Gratuity Fund	495,132
Pension Fund	706,365

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

### Future Outlook

In 2017, Sanofi announced its mission of “Empowering Life”. These two words capture the essence of who we are. We are united around our ambition to bring holistic care that empowers lives. This passion and commitment will continue in 2019 and many years beyond.

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

#### Focus on Diabetes

According to the IDF Diabetes Atlas (8th edition – 2017) there are currently more than 7.5 million people with diabetes in Pakistan. Local studies suggest the figure is much higher.

Diabetes has long been a priority area for the Company and we have high ambitions for the future, particularly in insulins (glargine). We are in the unique position of having a comprehensive portfolio with both oral anti-diabetes products as well as insulins. In 2019,

we will continue to build upon our strong heritage of research and development in diabetes by introducing new research molecules to the Pakistan market and expanding our market share.

#### New launches to support growth

Product launches are the lifeblood of an organization as they provide new and enhanced value to the customer. It is this new and increasing value that gives impetus to Company growth. We have more products poised for launch in 2019 than we have had for several years. In line with our ambition in diabetes, we will launch a new insulin glargine (Toujeo®) in Q1 2019. Toujeo® has been hailed by many countries of the developed world as a breakthrough in terms of empowering people with diabetes to manage their condition.

We have several other products in the final stages of the registration process and expect to be able to launch during the year. These are in the therapeutic areas of diabetes, oncology, multiple sclerosis and lysosomal storage disorders (LSDs).

#### Build on our Established Products


The Company will continue to build on its existing strong portfolio of established products, which continues to grow and provides support to the new products and initiatives. Most of the Company's established brands are household names and continue to give doctors the confidence that comes with the Sanofi quality promise.


#### General

The Board looks forward to the forthcoming Annual General Meeting of shareholders to discuss Company's performance during the year 2018, and is thankful for the trust and confidence reposed in the Board by the shareholders.

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

By order of the Board

  
Syed Babar Ali  
Chairman

  
Asim Jamal  
Chief Executive Officer

Karachi: February 28, 2019


## مستحکم پروڈکٹس پر توجہ

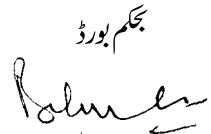
کمپنی اپنی موجودہ مستحکم پروڈکٹس کے مضبوط پورٹ فولیو پر بھی توجہ کو جاری رکھے گی، تاکہ انھیں بھی فروغ ملتا رہے اور اس کے ساتھ نئی پروڈکٹس اور اقدامات کو بھی تعاون فراہم کیا جائے۔ کمپنی کے زیادہ تر مستحکم برانڈز کے نام اب گھروں میں مشہور ہیں اور ڈاکٹرز کے مستقل بھروسے کا سبب ہیں جو کہ سنوئی کے معیار کے وعدے کو پورا کرنے کا ثبوت ہے۔

## عمومی

بورڈ اپنے آنے والے سالانہ اجلاس عام برائے حصص یافتگان میں سال 2018 کے دوران کمپنی کی کارکردگی پر غور کرے گا، اور حصص یافتگان کی جانب سے بورڈ پر اعتماد اور بھروسے کے لیے شکر گزار ہے۔

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

  
عاصم جمال  
چیف ایگزیکٹو آفیسر

  
سید باقر علی  
چیئر مین

کراچی: 28 فروری، 2019



## ڈائریکٹرز رپورٹ

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

### ذیابیطس پر توجہ

آئی ڈی ایف ذیابیطس اٹلس (8 واں ایڈیشن۔ 2017) کے مطابق پاکستان میں اس وقت 7.5 ملین سے زائد افراد ذیابیطس میں مبتلا ہیں۔ مقامی تحقیقات کے مطابق یہ تعداد اس سے کہیں زیادہ ہے۔

کمپنی ذیابیطس کے شعبے کو ترجیح دیتی رہی ہے اور مستقبل میں خاص طور پر انسولین (glargine) کے حوالے سے ہمارے عزائم بلند ہیں۔ ہمارے پاس اورل اینٹی ذیابیطس پروڈکٹس اور انسولین، دونوں کے اعتبار سے شاندار پورٹ فولیو ہے۔ 2019 میں، ہم ذیابیطس میں اپنی تحقیق کے شعبے کو مزید مستحکم بنائیں گے اور پاکستانی مارکیٹ میں اپنے حصے کو بڑھاتے ہوئے نئی ریسرچ پر مبنی مالکیولز متعارف کرائیں گے۔

### ترقی میں معاون نئی پروڈکٹس

نئی پروڈکٹس کا آغاز کسی بھی ادارے کے لیے انتہائی اہمیت کا حامل ہوتا ہے کیونکہ اس طرح صارفین کے لیے زیادہ آسانیاں پیدا ہو جاتی ہیں۔ نئی پروڈکٹس کی وجہ سے ادارے کی قدر بڑھتی ہے اور ترقی میں تیزی آتی ہے۔ گزشتہ کئی برسوں کے مقابلے میں 2019 میں ہم زیادہ نئی پروڈکٹس کو متعارف کرانے کا عزم رکھتے ہیں۔ ذیابیطس پر مزید توجہ دینے کے پیش نظر ہم 2019 کی پہلی سہ ماہی میں نئی انسولین (Toujeo®) glargine متعارف کرائیں گے۔ Toujeo® کا شمار دنیا کے متعدد ترقی یافتہ ممالک میں ذیابیطس میں مبتلا افراد کے بہتر علاج اور دیکھ بھال کے لیے بہترین پروڈکٹ میں ہوتا ہے۔

ہماری کئی مختلف پروڈکٹس رجسٹریشن کے حتمی مراحل میں ہیں اور امید ہے کہ رواں سال انہیں متعارف کرایا جائے گا۔ ان پروڈکٹس کا تعلق ذیابیطس، اونکولوجی، ملٹی پل سلیروسس اور لائوسومل اسٹوریج ڈس آرڈرز (LSDs) سے ہے۔

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 جاتا ہے اور کسی بھی روگردانی کو معقول انداز میں واضح کیا گیا ہے۔
- اندرونی ضابطے کا نظام تشکیل کے اعتبار سے مستحکم ہے اور اس پر عملدرآمد اور اس کی نگرانی کا کام بھی مؤثر 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 2017 میں شامل کارپوریٹ نظم و نسق کے ضابطوں سے کوئی قابل ذکر روگردانی نہیں کی گئی۔
- اس رپورٹ کے ابتدائی صفحات میں گزشتہ سال کے مقابلے میں کاروباری نتائج میں فرق کی تفصیل کے ساتھ وضاحت کی گئی ہے اور اس کے اسباب پر بھی روشنی ڈالی گئی ہے۔
- اہم آپریٹنگ اور فنانشل ڈیٹا برائے گزشتہ چھ سال صفحہ نمبر 133 سے 135 تک میں دیا گیا ہے۔
- پروویڈنٹ، گریجویٹ اور پنشن فنڈز کی سرمایہ کاری کی مالیت جو کہ اکاؤنٹس کی بنیاد پر ہے (آڈٹ جاری ہے) 31 دسمبر، 2018 پر درج ذیل ہے:

روپے '000 میں

482,758	پروویڈنٹ فنڈ
495,132	گریجویٹ فنڈ
706,365	پنشن فنڈ

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

## مستقبل پر نظر

2017 میں، سنو نی نے اپنے مشن ”زندگی کو مقدم بنانے“ کا اعلان کیا تھا۔ ان دونوں الفاظ میں وہ سب کچھ آجاتا ہے کہ ہم کون ہیں۔ ہم اپنے اس مقصد کے گرد متحد ہیں کہ لوگوں کی مثالی دیکھ بھال کریں تاکہ زندگیاں مقدم ہو جائیں۔ یہ جذبہ اور عزم 2019 اور آنے والے سالوں میں بھی جاری رہے گا۔

## ڈائریکٹرز رپورٹ

- ثقیل ماپارا --- سیکریٹری

### 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)

### شیئر ہولڈنگ کا طریقہ

کمپنیز ایکٹ 2017 کے سیکشن 227 کے تحت 31 دسمبر، 2018 کو شیئر ہولڈرز کی درجہ بندی کے ساتھ شیئر ہولڈنگ کے طریقہ کے لیے اسٹیٹمنٹ مالیاتی بیانات کا صفحہ 128 ملاحظہ کیجیے۔

### آڈیٹرز

موجودہ بیرونی آڈیٹرز، میسرز ای وائی فورڈر ہوڈس، چارٹرڈ اکاؤنٹنٹس نے 31 دسمبر، 2018 کو ختم ہونے والے سال کا سالانہ آڈٹ مکمل کر لیا ہے اور آڈٹ رپورٹ بھی جاری کر دی ہے۔ سالانہ جنرل اجلاس کے مطابق آڈیٹرز 23 اپریل 2019 کو سبکدوش ہو جائیں گے اور اہل ہونے کی وجہ سے انھوں نے خود کو دوبارہ برائے سال 2019 تقرری کے لیے پیش کیا ہے۔ آڈٹ کمیٹی کی جانب سے تجویز کے مطابق، بورڈ نے ان کے 31 دسمبر 2019 تک ختم ہونے والے سال کے لیے تقرری کی سفارش کر دی 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 معاملات، پیداواری عمل کے نتائج، زر گردش نقدی اور ایکویٹی میں تبدیلیاں شامل ہیں۔
- کمپنی کے کھاتوں کا حساب کتاب اچھی طرح سے رکھا گیا ہے۔
- مالیاتی بیانات کی تیاری کے دوران حساب کتاب میں اکاؤنٹنگ پالیسیز پر تسلسل کے ساتھ عملدرآمد کیا جاتا ہے اور اکاؤنٹنگ کے تخمینے مناسب

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

## ڈائریکٹرز کا مشاہرہ

کمپنی نان ایگزیکٹو ڈائریکٹرز کو 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 اور چیئرمین کو ادا کیے جانے والے مشاہرے کی تفصیلات مالیاتی بیانات کے نوٹ 30 میں موجود ہیں۔

## آڈٹ کمیٹی

بورڈ کی آڈٹ کمیٹی درج ذیل ممبرز پر مشتمل ہے:

-	سید حیدر علی	---	چیئرمین (نان)۔ ایگزیکٹو ڈائریکٹر
-	آنا آرکوس	---	رکن (نان)۔ ایگزیکٹو ڈائریکٹر
-	انتیاز احمد حسین لالی والا	---	رکن (آزاد ڈائریکٹر)
-	محمد یوسف	---	سیکریٹری (عبوری انتظام)

## ہیومن ریسورس اور مشاہرہ کے لیے کمیٹی

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

-	ارشاد علی گوہر	---	چیئرمین (نان)۔ ایگزیکٹو ڈائریکٹر
-	سید حیدر علی	---	رکن (نان)۔ ایگزیکٹو ڈائریکٹر
-	عاصم جمال	---	رکن (ایگزیکٹو ڈائریکٹر۔ سی ای او)

## ڈائریکٹرز رپورٹ

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  
 ڈیوڈ خوگازیان - نان ایگزیکٹو ڈائریکٹر  
 آنا آرکوس - نان ایگزیکٹو ڈائریکٹر  
 تھامس روکوٹ - نان ایگزیکٹو ڈائریکٹر  
 یاسر پیر محمد - چیف فنانشل آفیسر

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

ڈائریکٹر کا نام	اجلاس میں حاضر ہونے کی تعداد
سید بابر علی	4
عاصم جمال	4
سید حیدر علی	3
ارشد علی گوہر	4
امتیاز احمد حسین لالی والا	4
یاسر پیر محمد	4
ڈیوڈ خوگازیان	-
آنا آرکوس	-
تھامس روکوٹ	-

غیر حاضری کی صورت میں ڈائریکٹرز کی چھٹی کی درخواست منظور کی گئی جو بورڈ اجلاسوں میں شرکت نہیں کر سکے اور ان کے متبادل نمائندے شرکت کے لیے موجود تھے۔

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

سال کے دوران، کمپنی کے چیئر مین سید بابر علی نے کسی معاوضے کے بغیر کمپنی میں اپنے 63,777 شیئرز بابر علی فاؤنڈیشن میں منتقل کیے۔ اس ٹرانزیکشن کو ظاہر کرنے کے لیے مقامی قانون کے مطابق طریقہ کار پر عمل کیا گیا۔

ہے جو کہ HSE کے مقاصد پر عملدرآمد کی نگرانی اور اعلیٰ انتظامیہ کو رپورٹ کرنے کا ذمہ دار ہے۔ یہ شعبہ نہ صرف صحت، حفاظت اور ماحولیات پر عملدرآمد کی بہترین روایات کی یقین دہانی کراتا ہے بلکہ عملے کی مستقل بنیادوں پر تربیت کا بھی انتظام کرتا ہے۔ HSE پر مینجمنٹ کی توجہ کا اس سے اندازہ لگایا جاسکتا ہے کہ رواں سال کے دوران کوئی بڑا حادثہ پیش نہیں آیا۔

## جعلی دواؤں کے ہمارے کاروبار کو نقصان پہنچاتی ہیں

جعلی دواؤں کا مجرمانہ رواج دنیا بھر میں بڑھتا جا رہا ہے۔ اس سے نہ صرف مریضوں کی زندگی اور صحت کو خطرہ لاحق ہوتا ہے بلکہ اس طرح اصل دواؤں پر سے مریضوں کا اعتماد اٹھ جاتا ہے جس سے کاروبار کو بڑے پیمانے پر نقصان ہوتا ہے۔

کمپنی اس بات پر یقین رکھتی ہے کہ مریضوں کی حفاظت اور صحت انتہائی اہمیت کی حامل ہیں۔ اس مقصد کے لیے ہم انتھک جدوجہد کے ساتھ پاکستان میں اور بیرون ملک جعلی دواؤں کے خلاف برسرِ پیکار ہیں۔

## ضابطہ اخلاق اور عملدرآمد

قوانین پر عملدرآمد کا کمپنی کے کاروبار میں انتہائی اہم حصہ ہے جو کہ ہمارے ضابطہ اخلاق سے اخذ کیا جاتا ہے۔ ضابطہ اخلاق، بورڈ کی جانب سے منظور شدہ ہے، جو کہ ملازمین کی آسانی کے لیے انگریزی اور اردو زبانوں میں دستیاب ہے۔

ضابطہ اخلاق کے قوانین اور ان پر عملدرآمد کے لیے تربیت تمام ملازمین کے لیے لازمی ہے، اس کے علاوہ خاص ملازمین کے لیے مزید اضافی تربیت کا انتظام بھی ہے۔ اس بات کو یقینی بنانے کے لیے ضابطہ اخلاق کی تربیت اور دیگر پالیسیز پر عملدرآمد کے لیے روبرو تربیت اور ایک ای لرننگ پلیٹ فارم بھی دستیاب ہے جو تمام جغرافیائی حدود کے معیارات کا احاطہ کرتا ہے۔ کمپنی نے شکایات اور تجاویز درج کرانے کے لیے بھی موثر پروگرام متعارف کرایا ہے، جس تک تمام شعبہ جات کے ملازمین آسانی سے رسائی حاصل کر سکتے ہیں۔

## بورڈ آف ڈائریکٹرز کی تشکیل

25 اپریل، 2017 کو ہونے والے سالانہ اجلاس عام میں ڈائریکٹرز کے انتخابات کے بعد بورڈ کی تشکیل میں کوئی تبدیلی نہیں ہوئی ہے۔ بورڈ میں ایک آزاد، 6 نان ایگزیکٹو (بشمول ایک خاتون) اور 2 ایگزیکٹو ڈائریکٹرز شامل ہیں۔

## ڈائریکٹرز رپورٹ

روپے پر بڑھتا ہوا دباؤ بڑے خطرے کا باعث ہے اور روپے کی قدر میں مزید کمی کمپنی کے منافع جات کو کافی متاثر کر سکتی ہے۔

### اندرونی ضابطے

ڈائریکٹرز پر اعتماد ہیں کہ انٹرنل کنٹرول کا نظام تشکیل کے اعتبار سے مستحکم ہے اور اس پر پورا سال موثر عملدرآمد اور نگرانی کی گئی۔ کمپنی کے پاس کل وقتی اندرونی ضابطے کا نظام ہے جو کہ اندرونی ضابطوں کی جانچ پڑتال اور عملدرآمد کے علاوہ مجموعی طور پر انٹرنل کنٹرولز کے ماحول کو مستحکم بنانے کا ذمہ دار ہے۔

### انٹرنل آڈٹ

کمپنی کے پاس انٹرنل آڈٹ کا بھی موثر انتظام ہے، جو بورڈ کو موجودہ انٹرنل کنٹرولز کی موثر کارکردگی کی یقین دہانی کراتا ہے۔ انٹرنل آڈٹ کے سربراہ کمپنی کے لیے رسک مینجمنٹ کو آرڈی نیٹ کے طور پر بھی کام کرتے ہیں۔

### متعلقہ فریق کی ٹرانزیکشنز

سال 2018، 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 ان کے متعلقہ اجلاسوں میں 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۔ مزید تفصیلات کے لیے براہ مہربانی مالیاتی بیانات کا نوٹ 29 ملاحظہ فرمائیں۔

### کارپوریٹ سماجی ذمہ داری (CSR)

کمپنی سماجی ذمہ داری کے حوالے سے اپنی سرگرمیاں بخوبی انجام دیتی ہے اور کارپوریٹ روایات کے اعلیٰ معیار کو برقرار رکھنے کے لیے پرعزم ہے۔ کمپنی کی اہم کاروباری حکمت عملی میں سی ایس آر شامل ہے، جس میں ہماری تمام سرگرمیوں کا مرکز ضابطہ اخلاق اور شفافیت ہے۔ 2018 کے دوران منعقد کی جانے والی سی ایس آر سرگرمیاں سالانہ رپورٹ کے CSR 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 کے پاس HSE کا ایک فعال شعبہ

فیصلے کے بعد، DRAP نے پرائسنگ پالیسی 2018 جاری کردی، جس پر اب عملدرآمد کیا جا رہا ہے۔ اب بھی چند حل طلب مسائل ہیں، اس کے علاوہ انڈسٹری کے زیادہ تر مسائل کو حل کر لیا گیا ہے اور زیر التوا مقدمات کو نمٹا دیا گیا ہے۔

## منافع منقسمہ اور منتقلی

کمپنی کے ڈائریکٹرز نے 30 روپے فی شیئر (300%) کے حساب سے حتمی منافع منقسمہ کی سفارش کی ہے، جس کی منظوری 23 اپریل، 2019 کو منعقد ہونے والے سالانہ اجلاس عام میں شیئر ہولڈرز دیں گے۔ مزید برآں، ڈائریکٹرز نے عمومی ذخیرے میں 200 ملین روپے منتقل کرنے کی سفارش کی ہے۔

## رسک مینجمنٹ

خطرات کی نشاندہی، جانچ پڑتال اور ان سے نمٹنے کے لیے آپ کی کمپنی میں متعدد نظام رائج ہیں جو ایک دوسرے کی معاونت کرتے ہیں۔ فنکشنل ہیڈز رسک مینجمنٹ کی ذمہ داریاں پوری کرنے کے لیے کنٹری لیڈرشپ کی معاونت کرتے ہیں۔ ایسے خطرات کی نشاندہی اور جانچ پڑتال کے لیے ایک طریقہ کار تشکیل دیا گیا ہے جن کا کمپنی کی حکمت عملی پر مبنی مقاصد پر اہم اثر پڑ سکتا ہے۔

- طویل مدتی اوسط مدتی حکمت عملی کے خطرات کی نگرانی کنٹری لیڈرشپ کی سطح پر کی جاتی ہے اور اس بارے میں بورڈ آف ڈائریکٹرز کو رپورٹ دی جاتی ہے۔
- قلیل مدتی خطرات پر روزمرہ آپریشنز کے دوران زیادہ توجہ دی جاتی ہے، اور فنکشنل لیڈز اور انٹرنل کنٹرولز ڈپارٹمنٹ اس کی نگرانی کرتے ہیں۔

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 ادائیگی کے دعوے
- خام مال کی فراہمی میں رکاوٹ

ڈائریکٹرز کرنسی کی قدر میں کمی سے منسلک خطرے پر پھر سے توجہ دلانا چاہتے ہیں۔ کمپنی کا زیادہ انحصار خام مال اور تیار اشیاء کی درآمد پر ہے۔ پاکستانی



## ڈائریکٹرز رپورٹ

رواں سال کے لیے مجموعی منافع کی شرح 35.6% سے کم ہو کر 30.5% تک آگئی ہے۔ اس کمی کی بنیادی وجوہات میں گزشتہ سال کے لحاظ سے یورو کے مقابلے میں پاکستانی روپے کی قدر بہت زیادہ گرنا ہے جس کے نتیجے میں درآمدی اخراجات بڑھ گئے ہیں۔

ڈسٹری بیوٹن اور مارکیٹنگ کے اخراجات گزشتہ سال نیٹ سیلز کے 17.2% کے مقابلے میں کم ہو کر 16.4% ہو گئے۔ اس بہتری کی وجوہات میں ملازمین کے اخراجات میں کمی شامل ہے جو کہ مجموعی طور پر کارپوریٹ اسٹریٹیجی کے اعتبار سے سیلز فورس کی تشکیل نو کا نتیجہ ہے۔ سیلز کی شرح فیصد کے اعتبار سے انتظامی اخراجات گزشتہ سال 3.4% سے معمولی بڑھ کر 3.6% تک پہنچ گئے ہیں۔

غیر ملکی کرنسی میں ادائیگیوں اور واجبات پر ہونے والا زر مبادلہ کا خسارہ 367 ملین روپے (2017 میں 207 ملین روپے) رہا، جسکی وجہ سے دیگر اخراجات گزشتہ سال کے مقابلے میں نیٹ سیلز کے 2.8 فیصد سے بڑھ کر 3.6 فیصد ہو گئے۔

رقم ملین میں	2018	2017	رقم ملین میں	2018	2017
نیٹ سیلز۔ فارماسیوٹیکل برنس	10,831	10,055	آپریٹنگ منافع	941	1,581
نیٹ سیلز۔ کنزیومر ہیلتھ کیئر	1,799	1,486	منافع بعد از ٹیکس	613	1,006
نیٹ سیلز۔ ویکسین برنس	331	905	مجموعی منافع %	30.5%	35.6%
مجموعی نیٹ سیلز	12,961	12,446	آپریٹنگ منافع %	7.3%	12.7%
مجموعی منافع	3,947	4,436	منافع بعد از ٹیکس %	4.7%	8.1%
			ای پی ایس (روپے)	63.54	104.32

### قیمتوں کا تعین

روپے کی قدر میں کمی کے علاوہ بھی گزشتہ کئی برسوں سے پاکستان میں فارماسیوٹیکل انڈسٹری کو قیمتوں کے اہم مسئلے کا سامنا ہے۔ گزشتہ چند برسوں سے انڈسٹری کی جانب سے عمومی طور پر جبکہ کمپنی کی جانب سے خصوصی طور پر ڈرگ ریگولیٹری اتھارٹی آف پاکستان (DRAP) کی توجہ اس مسئلے کی طرف مبذول کرانے کے لیے اقدامات اٹھائے گئے ہیں۔ فروری 2018 میں، عزت مآب چیف جسٹس آف پاکستان نے قیمتوں کے معاملات سمیت ادویات سے متعلق دیگر مسائل پر از خود نوٹس لیا اور DRAP اور انڈسٹری کو مقررہ وقت کے اندر مسائل حل کرنے کی ہدایات جاری کیں۔ اس تاریخی

# ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز 31 دسمبر، 2018 کو ختم شدہ سال کے لیے سنوفی۔ اینٹس پاکستان لمیٹڈ ("کمپنی") کی سالانہ رپورٹ اور کمپنی کے آڈٹ شدہ مالیاتی بیانات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

آپ کی کمپنی پاکستان کی مستحکم ہیلتھ کیئر کمپنیوں میں سے ایک ہے، جو مریضوں کی ضروریات کے پیش نظر فارماسیوٹیکل اور کنزیومر ہیلتھ کیئر پروڈکٹس کی تیاری اور فروخت میں مصروف عمل ہے۔ اس کے علاوہ ہم ویکسین بھی فروخت کرتے ہیں۔

## ہولڈنگ کمپنی

کمپنی، سنوفی فارن پارٹی سی پیشز 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۔ سال کے دوران، سنوفی کی عالمی قانونی تشکیل نو کے سلسلے میں ایس ای سی آئی پی ای (SECIPE) کی جانب سے سنوفی فارن پارٹی سی پیشز بی۔وی۔ کو شیئر منتقل کیے گئے۔ کمپنی کا سربراہ ادارہ سنوفی S.A.، فرانس ہی ہے۔

## کمپنی کی کارکردگی

سال 2018 میں فارما انڈسٹری کے لیے خاصی مشکلات کی توقع تھی، اس کی اہم وجہ ڈالر اور یورو کے مقابلے میں پاکستانی روپے کی قدر میں کمی اور قیمتوں کی ریگولیشنز ہے۔ ان مشکلات کے پیش نظر، ڈائریکٹرز کمپنی کی کارکردگی اور نتائج سے مطمئن ہیں۔

31 دسمبر، 2018 کو ختم شدہ سال کے لیے نیٹ سیلز میں گزشتہ سال کے مقابلے میں مجموعی طور پر 4.1% اضافہ ہوا ہے، جس میں فارماسیوٹیکل، ویکسین اور کنزیومر ہیلتھ کیئر (CHC) کی پروڈکٹس کی سیلز شامل ہے۔ کمپنی کی مجموعی سیلز میں فارماسیوٹیکل سیلز کا حصہ 83.6% رہا، جو کہ گزشتہ سال کے مقابلے میں 7.7% اضافے کے ساتھ 10,055 ملین روپے سے بڑھ کر 10,831 ملین روپے تک جا پہنچی۔ سیلز بڑھانے میں بنیادی کردار ادا کرنے والی پروڈکٹس میں فلیجیل® اور لیٹنس® شامل ہیں جن کی سیلز میں بالترتیب 24% اور 11% اضافہ ہوا۔ رواں سال کے دوران کلیفوران® کی مجموعی سیلز نے 1 بلین روپے کا سنگ میل عبور کر لیا، اس طرح سنوفی کی بلیٹیز پروڈکٹس کی تعداد تین ہو گئی۔ کمپنی کی دیگر دو بلیٹیز پروڈکٹس فلیجیل® اور ایرل® ہیں۔ اس اضافے کو ویکسین بزنس کی کمی نے جزوی طور پر متاثر کیا جس کی بنیادی وجہ سرکاری بزنس (سرکاری ٹینڈر) میں کمی ہے جو کہ 2017 کے 633 ملین روپے سے کم ہو کر 2018 میں صرف 17 ملین روپے رہا۔ گزشتہ سال کے مقابلے میں ویکسین کی ریٹیل سیلز میں 15% کا شاندار اضافہ ریکارڈ کیا گیا۔



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# INDEPENDENT AUDITORS' REPORT

To the members of sanofi-aventis Pakistan Limited  
Report on the Audit of 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 2018**, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and 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, the statement of 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 2018 and of the profit, the comprehensive income, the 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.



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Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
<p><b>1. Tax contingencies</b></p>	
<p>As disclosed in note 18 to the financial statements, various tax matters are pending adjudication at various levels with the taxation authorities and other legal forums.</p> <p>The tax contingencies requires the management to make judgements and estimates in relation to the interpretation of tax laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take to resolve, the management judgements and estimates in relation to such contingencies may be complex and can impact the financial statements.</p> <p>For reasons defined above, we have considered tax contingencies as a key audit matter.</p>	<p>Our key audit procedures in this area included, amongst others, a review of the correspondence of the Company with the relevant tax authorities and tax advisors including judgments or orders passed by the competent authorities.</p> <p>We also obtained and reviewed confirmations from the Company's external tax advisor for their views on the status of such contingencies. Further, we have also received the tax position summary as at 31 December 2018 prepared by the management and vetted by the tax consultants to assess its reasonableness.</p> <p>We have also involved internal tax experts to assess and review the management's conclusions on the above matters and evaluated whether adequate disclosures have been made in notes to the financial statements.</p>
<p><b>2. Preparation of financial statements under Companies Act, 2017</b></p>	
<p>As referred to in note 2.1 to the financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 31 December 2018.</p> <p>The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.</p> <p>In the case of the Company, a summary of key additional disclosures and changes to the existing disclosures have been stated in note 2.1 to the financial statements.</p> <p>The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act.</p>	<p>We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statements.</p>

Key audit matter	How our audit addressed the key audit matter
<p><b>3. Stock-in-trade - Net Realisable Value (NRV) of finished goods and provision for obsolescence of raw materials</b></p> <p>As at the year end, the Company held stock-in-trade amounting to Rs. 2,880 million, after considering allowance for inventories amounting to Rs. 315 million, as disclosed in note 8 to the financial statements. The raw materials obsolescence is calculated by taking into account the NRV of finished goods impacted by estimated selling price, forecasted usage, forecasted sale volumes and product expiry dates.</p> <p>We have considered this area to be a key audit matter due to its materiality and significance in terms of judgements involved in estimating the valuation of underlying inventories.</p>	<p>Our audit procedures included, amongst others, review of the management procedures for evaluating the NRV of finished goods and provision for obsolescence of raw materials, observing physical inventory counts at major locations to ascertain the condition and existence of inventories, confirming inventories held by others and performing testing on a sample of items to assess the NRV of finished goods and evaluating the adequacy of provision for slow moving and obsolete raw materials as at the year end.</p> <p>Further, our audit procedures included, amongst others, reviewing inventory turnover ratios; understanding and evaluating the appropriateness of the basis of identification of the slow moving / obsolete inventories; evaluating the accuracy of allowance of inventories by comparing the actual loss to historical allowance recognised, on a sample basis; testing the accuracy of the aging analysis of inventories, on a sample basis; testing cost of goods with underlying invoices and expenses incurred in accordance with inventory valuation method and reviewing the minutes of the relevant meetings at the management and Board level to identify any indicators of obsolescence.</p> <p>We further tested the NRV of finished goods held on a sample basis by performing a review of sales close to and subsequent to the year-end and compared with the cost.</p> <p>We also reviewed the inventories' expiry date report to identify slow moving or obsolete inventories and tested its accuracy on sample basis to check the provision for slow moving and obsolete inventories was reasonable.</p>

### Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have



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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 judgement 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 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: 14 March 2019





# Financial Statements

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# Statement of Financial Position

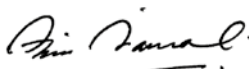
As at December 31, 2018

		<b>December 31, 2018</b>	December 31, 2017
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment	3	<b>1,661,132</b>	1,701,285
Intangible assets	4	<b>2,706</b>	1,041
		<b>1,663,838</b>	1,702,326
Long-term loans	5	<b>5,572</b>	6,479
Long-term deposits		<b>13,643</b>	13,643
Deferred taxation	6	<b>39,388</b>	5,106
		<b>1,722,441</b>	1,727,554
<b>CURRENT ASSETS</b>			
Stores and spares	7	<b>52,020</b>	51,173
Stock-in-trade	8	<b>2,879,645</b>	2,406,335
Trade debts	9	<b>582,001</b>	683,932
Loans and advances	10	<b>133,735</b>	59,939
Trade deposits and short-term prepayments	11	<b>399,052</b>	198,227
Other receivables	12	<b>31,095</b>	23,175
Taxation - net		<b>1,751,093</b>	1,458,883
Cash and bank balances	13	<b>254,648</b>	15,844
		<b>6,083,289</b>	4,897,508
<b>TOTAL ASSETS</b>		<b>7,805,730</b>	6,625,062
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	14	<b>96,448</b>	96,448
Reserves	15	<b>4,201,217</b>	4,052,170
		<b>4,297,665</b>	4,148,618
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	<b>3,499,761</b>	2,198,390
Accrued mark-up		<b>339</b>	1,435
Unclaimed dividend		<b>7,965</b>	5,323
Short-term borrowings	17	<b>-</b>	271,296
		<b>3,508,065</b>	2,476,444
<b>CONTINGENCIES AND COMMITMENTS</b>			
	18		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,805,730</b>	6,625,062

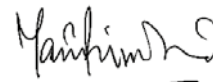
The annexed notes 1 to 37 form an integral part of these financial statements.



Syed Babar Ali  
Chairman



Asim Jamal  
Chief Executive Officer



Yasser Pirmuhammad  
Chief Financial Officer

# Statement of Profit or Loss

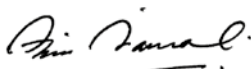
For the year ended December 31, 2018

	<b>December 31, 2018</b>	December 31, 2017
Note	----- Rupees in '000 -----	
<b>NET SALES</b>	<b>12,960,839</b>	12,446,052
Cost of sales	<b>(9,014,226)</b>	(8,010,281)
<b>GROSS PROFIT</b>	<b>3,946,613</b>	4,435,771
Distribution and marketing costs	<b>(2,121,042)</b>	(2,136,935)
Administrative expenses	<b>(467,589)</b>	(429,266)
Other expenses	<b>(463,400)</b>	(352,986)
Other income	<b>46,056</b>	64,981
	<b>(3,005,975)</b>	(2,854,206)
<b>OPERATING PROFIT</b>	<b>940,638</b>	1,581,565
Finance costs	<b>(14,793)</b>	(35,409)
<b>PROFIT BEFORE TAXATION</b>	<b>925,845</b>	1,546,156
Taxation	<b>(313,053)</b>	(540,035)
<b>PROFIT AFTER TAXATION</b>	<b>612,792</b>	1,006,121
<b>EARNINGS PER SHARE - basic and diluted (Rupees)</b>	<b>63.54</b>	104.32

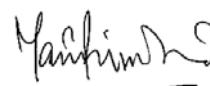
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Chairman



Asim Jamal  
Chief Executive Officer



Yasser Pirmuhammad  
Chief Financial Officer

# Statement of Comprehensive Income

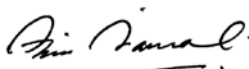
For the year ended December 31, 2018

	December 31, 2018	December 31, 2017
	----- Rupees in '000 -----	
Profit after taxation	612,792	1,006,121
<b>Other comprehensive loss</b> Items not be reclassified to statement of profit or loss in subsequent periods:		
Actuarial loss on defined benefits plans	(80,032)	(13,309)
Deferred tax on actuarial loss on defined benefit plans	22,378	3,783
	(57,654)	(9,526)
Total comprehensive income for the year	<u>555,138</u>	<u>996,595</u>

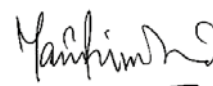
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Chairman



Asim Jamal  
Chief Executive Officer



Yasser Pirmuhammad  
Chief Financial Officer

# Statement of Cash Flows

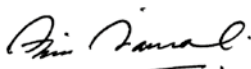
For the year ended December 31, 2018

		<b>December 31, 2018</b>	December 31, 2017
	Note	----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	26	<b>1,962,488</b>	2,293,943
Finance costs paid		<b>(15,889)</b>	(40,012)
Income tax paid		<b>(617,167)</b>	(844,214)
Retirement benefits paid		<b>(82,262)</b>	(79,933)
Long-term loans - net		<b>907</b>	(293)
Net cash generated from operating activities	27	<b>1,248,077</b>	1,329,491
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		<b>(338,199)</b>	(188,638)
Sale proceeds from disposal of operating fixed assets		<b>31,578</b>	16,771
Interest received		<b>16</b>	24
Net cash used in investing activities		<b>(306,605)</b>	(171,843)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short-term borrowings repaid		-	(500,000)
Long-term financing repaid		-	(500,000)
Dividends paid		<b>(431,372)</b>	(288,099)
Net cash used in financing activities		<b>(431,372)</b>	(1,288,099)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>510,100</b>	(130,451)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>(255,452)</b>	(125,001)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	28	<b>254,648</b>	(255,452)

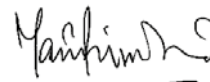
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Yasser Pirmuhammad  
Chief Financial Officer

# Statement of Changes in Equity

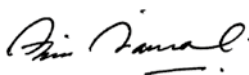
For the year ended December 31, 2018

	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	Unappro- priated profit	
----- Rupees in '000 -----							
Balance as at January 1, 2017	96,448	5,935	18,000	209,083	2,035,538	1,047,336	3,412,340
Transfer to general reserve	-	-	-	-	700,000	(700,000)	-
Final dividend @ Rs. 30.00 per ordinary share of Rs. 10 each for the year ended December 31, 2016	-	-	-	-	-	(289,343)	(289,343)
Employee benefit cost under IFRS 2 - "Share-based Payment"	-	-	-	29,026	-	-	29,026
Profit after taxation	-	-	-	-	-	1,006,121	1,006,121
Other comprehensive loss	-	-	-	-	-	(9,526)	(9,526)
Total comprehensive income for the year	-	-	-	-	-	996,595	996,595
Balance as at December 31, 2017	96,448	5,935	18,000	238,109	2,735,538	1,054,588	4,148,618
Transfer to general reserve	-	-	-	-	600,000	(600,000)	-
Final dividend @ Rs. 45.00 per ordinary share of Rs. 10 each for the year ended December 31, 2017	-	-	-	-	-	(434,014)	(434,014)
Employee benefit cost under IFRS 2 - "Share-based Payment"	-	-	-	27,923	-	-	27,923
Profit after taxation	-	-	-	-	-	612,792	612,792
Other comprehensive loss	-	-	-	-	-	(57,654)	(57,654)
Total comprehensive income for the year	-	-	-	-	-	555,138	555,138
<b>Balance as at December 31, 2018</b>	<b>96,448</b>	<b>5,935</b>	<b>18,000</b>	<b>266,032</b>	<b>3,335,538</b>	<b>575,712</b>	<b>4,297,665</b>

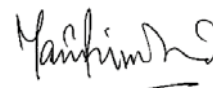
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Syed Babar Ali  
Chairman



Asim Jamal  
Chief Executive Officer



Yasser Pirmuhammad  
Chief Financial Officer

# Notes to the Financial Statements

For the year ended December 31, 2018

## 1. THE COMPANY AND ITS OPERATIONS

1.1 The Company was incorporated in Pakistan in 1967 as a Public Limited Company. The shares of the Company are listed on Pakistan Stock Exchange Limited. The Company is a subsidiary of Sanofi Foreign Participations B.V., registered in Netherlands (the Parent Company). During the year, the shares were transferred from SECIPE, France to Sanofi Foreign Participations B.V. as part of Sanofi's global legal restructuring. The Ultimate Parent of the Company still remains Sanofi S.A., France. The Company is engaged in the manufacturing and selling of pharmaceutical, consumer healthcare products and vaccines. The registered office of the Company is located at Plot 23, Sector 22, Korangi Industrial Area, Karachi.

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

Karachi	Purpose
Plot 23, sector 22, Korangi Industrial Area, Karachi	Head Office and Manufacturing Plants

### 1.3 Summary of significant transactions and events

Following is the summary of significant transactions and events that have affected the Company's financial position and performance during the year:

- a) Adoption of Companies Act, 2017 - note 2.1
- b) Devaluation of Pak Rupee by 21% vs. EURO during the year, resulting in significant net exchange loss to the Company on account of import of raw materials and finished goods.
- c) Business model for Afghanistan exports was streamlined and changed from credit terms to advance payments resulting in decrease in receivables.
- d) Due to Sanofi's global legal restructuring, shares of sanofi-aventis Pakistan Limited held by SECIPE, France were transferred in the name of Sanofi Foreign Participations B.V. The Ultimate Parent still remains the same. There is no financial impact in the Company's financial statements.
- e) Major tender supplied to Director General Health Punjab of one of Company's flagship product, Flagyl IV of approx. 3 million vials.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as are notified under the Companies Act, 2017 (the Act) and provisions of and directives issued under the Act. In case requirements differ, the provisions of and directives of the Act, shall prevail.

The Act has also brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, include changes in nomenclature of the primary statements. Further, the disclosure requirements contained in the Fourth Schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRSs disclosure requirements and incorporation of additional amended disclosures including, but not limited to, particulars of immovable assets of the Company - note 3.1.2, management assessment of

# Notes to the Financial Statements

For the year ended December 31, 2018

sufficiency of tax provision in the financial statements - note 24.2, change in threshold for identification of executives - note 30 and additional disclosure requirements for related parties - note 29.

## 2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies herein below.

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

### 2.3.1 Adoption of standards and amendments effective during the year

The Company has adopted the following accounting standards, the amendments and interpretations of IFRSs which became effective for the current year:

IFRS 2	Share-based Payments – Classification and Measurement of Share-based Payments Transactions
IAS 40	Investment Property: Transfers of Investment Property (Amendments)
IFRIC 22	Foreign Currency Transactions and Advance Consideration

Improvements to accounting standards issued by IASB in December 2016

IAS 28	Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment by investment choice
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The adoption of the above amendments, interpretations and improvements does not have any material effect on these financial statements.

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

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

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	01 January 2020
IFRS 9	Financial Instruments	01 July 2019
IFRS 9	Prepayment Features with Negative Compensation (Amendments)	01 July 2019
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 July 2019
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 15	Revenue from Contracts with Customers	01 July 2018
IFRS 16	Leases	01 January 2019
IAS 1/IAS 8	Definition of Material (Amendments)	01 January 2020
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	01 January 2019



# Notes to the Financial Statements

For the year ended December 31, 2018

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application except for IFRS 15 - 'Revenue from Contracts with Customers', IFRS 9 - 'Financial Instruments' and IFRS 16 - 'Leases'. The Company is currently evaluating the impact of these standards.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after January 01, 2019. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 17 – Insurance Contracts	01 January 2021

The Company expects that above new 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 / amortization and impairment in value, if any.

Leasehold land is amortised over the period of the lease. Depreciation on all other assets is charged to statement of profit or loss applying the straight-line method whereby the cost of an asset less residual value, if not insignificant, is written off over its estimated useful life. The rates used are stated in note 3.1 to these financial statements.

In respect of additions, depreciation is charged from the month in which asset is available for use and on disposal up to the month the asset is in use. Additional depreciation at the rate of fifty percent of the normal rate is charged on such machinery which is operated on double shift during the year.

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end. The effect of any adjustment to residual values, useful lives and methods is recognised prospectively as a change of accounting estimate.

# Notes to the Financial Statements

For the year ended December 31, 2018

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The Company accounts for impairment by reducing its carrying value to the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of profit or loss in the year the asset is derecognised.

Subsequent costs are not recognised as assets unless it is probable that future economic benefits associated with these costs will flow to the Company and the cost can be measured reliably.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred.

## (ii) Capital work-in-progress

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

## 2.5 Intangible assets

Computer software licenses acquired by the Company are stated at cost less accumulated amortisation and impairment in value, if any. Cost represents the cost incurred to acquire the software licenses and bring them to use. The cost of computer software is amortised over the estimated useful life as disclosed in note 4 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 4 to the financial statements.

Cost associated with maintaining computer software are charged to statement of profit or loss.

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.

## 2.6 Long-term loans and deposits

These are stated at cost less an allowance for uncollectible amounts, if any.

## 2.7 Stores and spares

These are valued at cost less provision for slow moving and obsolete stores and spares. Cost is determined on weighted average basis, except for the stores and spares in transit, which are stated at invoice price plus other charges incurred thereon up to the statement of financial position date. Value of items are reviewed at each statement of financial position date to record provision for any slow moving items, where necessary.

## 2.8 Stock-in-trade

These are valued at lower of cost and net realisable value. Goods in transit are valued at cost, comprising invoice price plus other charges incurred thereon up to the statement of financial position 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.

# Notes to the Financial Statements

For the year ended December 31, 2018

Net realisable value signifies the estimated selling price in the ordinary course of business less estimated costs necessary to be incurred to make the sale. Provision is recorded for slow moving and expired stock where necessary.

## 2.9 Trade debts and other receivables

These are recognised and carried at original invoice amount, being the fair value, less an allowance for any uncollectible amounts, if any. An estimate for doubtful debts is made when collection is no longer probable. Bad debts are written-off when identified.

## 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 gratuity and pension obligations are calculated annually by independent actuaries using the Projected Unit Credit Method. The most recent valuations in this regard were carried out as at December 31, 2018.

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

### 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 liability in respect of employees' compensated absences in the year in which these are earned. Provisions to cover the obligations are made using the current salary levels of employees.

## 2.11 Taxation

### Current

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

### Deferred

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

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

# Notes to the Financial Statements

For the year ended December 31, 2018

The carrying amount of all deferred tax assets is reviewed at each statement of financial position 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 statement of financial position 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 or directly credited to equity in the statement of comprehensive income.

## 2.12 Cash and cash equivalents

These are carried at cost.

## 2.13 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-financial assets

The carrying amount of non-financial assets other than inventories are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the statement of profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects the current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

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, net of depreciation or amortisation, if no impairment had been recognised.

## 2.14 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

## 2.15 Provisions

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

# Notes to the Financial Statements

For the year ended December 31, 2018

## 2.16 Foreign currency translation

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

## 2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional / contractual right to defer settlement of the liability for at least twelve months after the statement of financial position date.

## 2.18 Revenue recognition

Sales and toll manufacturing income are recorded when the risks and rewards are transferred to the customer.

License fee / other income is recognised on accrual basis.

## 2.19 Borrowing costs

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

## 2.20 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to statement of profit or loss.

## 2.21 Off-setting of financial instruments

Financial assets and liabilities are offset and the net amount 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 realize the assets and settle liabilities simultaneously. Incomes and expenses arising from such assets and liabilities are also offset accordingly.

# Notes to the Financial Statements

For the year ended December 31, 2018

## 2.22 Share-based compensation

The economic cost of awarding shares of group companies to employees is reflected by recording a charge 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.

## 2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

## 2.24 Operating segments

For management purposes, the activities of the Company are organized into one operating segment i.e., manufacturing and selling of pharmaceutical, consumer healthcare products and vaccines. The Company operates in the said reportable operating segment based on the nature of the products, risks and returns, organizational 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.

## 2.25 Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these judgements and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the accounting policies, management has made the following judgements and estimates which are significant to the financial statements:

(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) 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.

(iii) Trade debts

The Company uses judgements, based on the history of the transactions, for making provisions against doubtful trade debts.

# Notes to the Financial Statements

For the year ended December 31, 2018

(iv) Retirement benefits

The Company has retirement benefit obligations, which are determined through actuarial valuations using various assumptions as disclosed in note 16.2. Management believes that the changes in assumptions will not have significant effect on the financial statements.

(v) Share-based compensation plans

The Company has share-based transactions involving group companies shares accounted for using various assumptions as disclosed in note 15.1. Management believes that the changes in assumptions will not have significant effect on the financial statements.

(vi) Taxation

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

(vii) Contingencies

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

Estimates and judgements 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.

		<b>December 31, 2018</b>	December 31, 2017
	Note	----- Rupees in '000 -----	-----
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	3.1	<b>1,563,910</b>	1,584,463
Capital work-in-progress	3.2	<b>97,222</b>	116,822
		<b><u>1,661,132</u></b>	<u>1,701,285</u>

# Notes to the Financial Statements

For the year ended December 31, 2018

## 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, 2018							
Opening net carrying value	<b>291</b>	<b>547,500</b>	<b>658,401</b>	<b>20,175</b>	<b>129,743</b>	<b>228,353</b>	<b>1,584,463</b>
Additions / transfers from capital work-in-progress	-	<b>12,661</b>	<b>181,400</b>	<b>4,483</b>	<b>90,638</b>	<b>65,958</b>	<b>355,140</b>
Disposals	-	-	-	-	(165)	(32,521)	(32,686)
Write-off	-	-	-	-	-	(2,160)	(2,160)
Amortization / depreciation charge	<b>(6)</b>	<b>(46,786)</b>	<b>(206,418)</b>	<b>(4,371)</b>	<b>(47,683)</b>	<b>(35,583)</b>	<b>(340,847)</b>
Closing net carrying value	<b>285</b>	<b>513,375</b>	<b>633,383</b>	<b>20,287</b>	<b>172,533</b>	<b>224,047</b>	<b>1,563,910</b>
Gross carrying value basis							
As at December 31, 2018							
Cost	<b>480</b>	<b>1,022,991</b>	<b>2,547,322</b>	<b>67,436</b>	<b>412,194</b>	<b>334,933</b>	<b>4,385,356</b>
Accumulated depreciation	<b>(195)</b>	<b>(509,616)</b>	<b>(1,913,939)</b>	<b>(47,149)</b>	<b>(239,661)</b>	<b>(110,886)</b>	<b>(2,821,446)</b>
Net carrying value	<b>285</b>	<b>513,375</b>	<b>633,383</b>	<b>20,287</b>	<b>172,533</b>	<b>224,047</b>	<b>1,563,910</b>
Year ended December 31, 2017							
Opening net carrying value	297	566,844	746,982	23,763	135,970	229,475	1,703,331
Additions / transfers from capital work-in-progress	-	26,756	117,323	508	37,882	51,488	233,957
Disposals	-	-	(1,589)	-	(166)	(16,211)	(17,966)
Amortization / depreciation charge	(6)	(46,100)	(204,315)	(4,096)	(43,943)	(36,399)	(334,859)
Closing net carrying value	<b>291</b>	<b>547,500</b>	<b>658,401</b>	<b>20,175</b>	<b>129,743</b>	<b>228,353</b>	<b>1,584,463</b>
Gross carrying value basis							
As at December 31, 2017							
Cost	480	1,010,330	2,370,751	62,953	331,858	344,383	4,120,755
Accumulated depreciation	(189)	(462,830)	(1,712,350)	(42,778)	(202,115)	(116,030)	(2,536,292)
Net carrying value	<b>291</b>	<b>547,500</b>	<b>658,401</b>	<b>20,175</b>	<b>129,743</b>	<b>228,353</b>	<b>1,584,463</b>
Depreciation rate % per annum	<b>1.23</b>	<b>5</b>	<b>10 to 15</b>	<b>10</b>	<b>10 to 33</b>	<b>20</b>	



# Notes to the Financial Statements

For the year ended December 31, 2018

**3.1.1** The Company granted two exclusive licenses to Bayer Pakistan (Private) Limited, Karachi, for the use of the land for a period of 20 years, commencing April 12, 1997 and October 1, 1997, respectively. The fee for each license for the first three years was Rs. 2.60 million and Rs. 0.82 million, respectively. Thereafter, the fee is being enhanced every year on the anniversary of the agreements on the basis of the rate of inflation in Pakistan calculated on a twelve months moving average published in the official Consumer Price Index prior to the relevant anniversary of the agreement. The licences have expired last year and the management is in negotiations with Bayer Pakistan (Private) Limited to buy the buildings built on leased land.

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

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

	December 31, 2018	December 31, 2017
Note	----- Rupees in '000 -----	

**3.1.3** The depreciation / amortisation charge including intangible assets for the year has been allocated as follows:

Cost of sales	20	<b>274,448</b>	270,362
Distribution and marketing costs	20	<b>39,451</b>	39,056
Administrative expenses	20	<b>27,942</b>	26,256
		<b>341,841</b>	<u>335,674</u>

# Notes to the Financial Statements

For the year ended December 31, 2018

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

Description	Cost	Accumulated depreciation	Net carrying value	Sale proceeds	Gain/(loss)	Mode of disposal	Particulars of buyers
Plant and Machinery	4,829	4,829	-	215	215	Negotiation	Oriental Trading
Factory and Office Equipment	10,302	10,137	165	875	710	Negotiation / Company Policy	Various
Motor vehicles	2,444	1,465	979	979	-	Company Policy	Shakeel Mapara (Employee)
	2,447	1,468	979	979	-	---do---	Zubair Rizvi (Employee)
	2,303	1,082	1,221	499	(722)	---do---	Waqar Jeoffrey (Ex-Employee)
	2,303	1,082	1,221	652	(569)	---do---	Ehtesham Ul Haq (Ex-Employee)
	1,990	1,194	796	1,010	214	Bidding	Edwin Innocent (Employee)
	1,828	548	1,280	944	(336)	Company Policy	Sajid Warsi (Ex-Employee)
	1,794	520	1,274	1,017	(257)	---do---	Kamran Irshad (Ex-Employee)
	1,673	1,004	669	669	-	---do---	Ghufran Akhtar (Employee)
	1,648	989	659	659	-	---do---	Sohail Akhtar (Employee)
	1,648	989	659	659	-	---do---	Talha Shahid (Ex-Employee)
	1,538	923	615	615	-	---do---	Haseeb Khan (Employee)
	1,478	887	591	74	(517)	---do---	Ahmed Shah (Ex-Employee)
	1,359	1,133	226	825	599	Bidding	Irfan Ali (Employee)
	1,250	75	1,175	1,146	(29)	Company Policy	Najeeb Anwer Khan (Ex-Employee)
	1,039	571	468	700	232	Bidding	Muhammad Bashir (Employee)
	1,039	468	571	268	(303)	Company Policy	Tehseen Yusuf (Ex-Employee)
	1,039	447	592	381	(211)	---do---	Hafsa Shah (Ex-Employee)
	1,034	476	558	669	111	---do---	Asif Ali (Employee)
	1,034	476	558	414	(144)	---do---	Shahid Khan (Employee)
	1,034	403	631	379	(252)	---do---	Attiq Ur Rehman (Ex-Employee)
	1,019	611	408	408	-	---do---	Aamir Mushtaq (Employee)
	1,019	611	408	408	-	---do---	Qaiser Rasheed (Employee)
	1,019	611	408	635	227	Bidding	Muhammad Khalid Sharif (Employee)
	1,019	611	408	408	-	Company Policy	Muzammil Malik (Employee)
	1,019	552	467	408	(59)	---do---	Rustom Irani (Employee)
	1,019	561	458	416	(42)	---do---	Mazhar Ali (Employee)
	1,019	611	408	485	77	Bidding	Fahim Ali (Employee)
	1,014	589	425	406	(19)	Company Policy	Khurram Shahzad (Ex-Employee)
	1,010	606	404	404	-	---do---	Noman Owais (Employee)
	1,010	606	404	404	-	---do---	Aslam Farhan (Employee)
	1,010	606	404	404	-	---do---	Azhar Ali Khan (Employee)
	1,010	606	404	404	-	---do---	Waqar Ahmed (Employee)
	1,010	606	404	404	-	---do---	Shahid Vohra (Employee)
	1,010	606	404	404	-	---do---	Imran Maqbool (Employee)
	1,010	606	404	404	-	---do---	M. Saddique (Employee)
	1,010	606	404	404	-	---do---	Rizwan Hussain (Employee)
	1,010	606	404	404	-	---do---	Faheem Ahmed Qureshi (Employee)
	1,010	606	404	620	216	Bidding	Abdul Rashid (Employee)
	1,010	606	404	404	-	Company Policy	Nadeem Khan (Employee)
	1,010	606	404	404	-	---do---	Hayat Muhammad (Employee)
	1,010	606	404	404	-	---do---	Zafar Mahmood (Employee)
	1,010	606	404	404	-	---do---	Muhammad Saleem (Employee)
	1,010	606	404	404	-	---do---	Imdad Ali Rajput (Employee)
	1,010	606	404	404	-	---do---	Faheem Ali (Employee)
	1,010	606	404	404	-	---do---	Gulshair Ahmed (Employee)
	1,005	603	402	402	-	---do---	Muhammad Nazim (Employee)
	1,005	603	402	402	-	---do---	Asif Hussain (Employee)
	1,005	603	402	402	-	---do---	Imtaiz A Khan (Employee)
	1,005	546	459	117	(342)	---do---	Fida Hussain Shah (Ex-Employee)
	1,005	603	402	402	-	---do---	Waseem Tufail Chughtai (Employee)
	1,004	351	653	485	(168)	---do---	Nadeem Siddiqui (Ex-Employee)
	990	594	396	396	-	---do---	M. Tayyeb Hadi (Employee)
	990	594	396	450	54	Bidding	Shahid Vohra (Employee)
	990	594	396	396	-	Company Policy	Habib Ur Rehman (Employee)
	990	594	396	396	-	---do---	Yaser Arafat Alam (Employee)
	990	594	396	396	-	---do---	Mohsin Raza (Employee)
	990	594	396	396	-	---do---	Mumtaz Qureshi (Employee)
	990	594	396	396	-	---do---	Salina Mukhtar (Employee)
	985	591	394	394	-	---do---	Muhammad Murtaza (Employee)
	657	394	263	263	-	---do---	Asad Rashid (Employee)
	612	367	245	365	120	Bidding	Shaukat Mehmood (Employee)
	529	382	147	234	87	---do---	Ehsan Ullah Khan (Employee)
	72,981	40,460	32,521	30,488	(2,033)		
2018	<b>88,112</b>	<b>55,426</b>	<b>32,686</b>	<b>31,578</b>	<b>(1,108)</b>		
2017	51,131	33,165	17,966	16,771	(1,195)		

# Notes to the Financial Statements

For the year ended December 31, 2018

	Note	December 31, 2018	December 31, 2017
		----- Rupees in '000 -----	-----
<b>3.2 Capital work-in-progress</b>			
Building on leasehold land		12,826	13,314
Plant and machinery		51,320	83,988
Others		33,076	19,520
		<b>97,222</b>	<b>116,822</b>
<b>3.3 Movement in capital work-in-progress is as follows:</b>			
Opening balance		116,822	163,124
Additions during the year		81,436	77,595
Transferred to operating fixed assets		(101,036)	(123,897)
Closing balance		<b>97,222</b>	<b>116,822</b>
<b>4. INTANGIBLE ASSETS - computer software and product license</b>			
Net carrying value basis			
Opening net carrying value		1,041	873
Additions		2,659	983
Amortization charge		(994)	(815)
Closing net carrying value		<b>2,706</b>	<b>1,041</b>
Gross carrying value basis			
Cost		78,174	75,515
Accumulated amortization		(75,468)	(74,474)
Net carrying value		<b>2,706</b>	<b>1,041</b>
Amortization rate per annum		<b>33% &amp; 80%</b>	<b>33% &amp; 80%</b>
<b>5. LONG-TERM LOANS - considered good, unsecured</b>			
Employees	5.1	9,594	11,056
Less: Current maturity	10	(4,022)	(4,577)
		<b>5,572</b>	<b>6,479</b>
<b>5.1 Reconciliation of carrying amount of long-term loans to employees:</b>			
Opening balance		11,056	10,632
Disbursements		3,711	5,502
Repayments		(5,173)	(5,078)
Closing balance		<b>9,594</b>	<b>11,056</b>

Represent loans for the purchase of motor cars, motor cycles and personal expenses, in accordance with the Company's policy. Loans for the purchase of motor cars and motor cycles are interest free whereas personal loans, representing capital goods fund, carry interest at the rate of 9% (2017: 9%) per annum, respectively. These are repayable within five years in equal monthly installments, except for capital goods fund which are repayable over a period of three years. These are not discounted to present value since the impact is not considered to be material in the overall context of the financial statements.



# Notes to the Financial Statements

For the year ended December 31, 2018

		<b>December 31, 2018</b>	December 31, 2017
	Note	----- Rupees in '000 -----	-----
<b>8.4</b>	Details of stock-in-trade held with major third parties is as follows:		
		<b>33,597</b>	4,999
	Stancos (Pvt.) Limited	-	2,328
	Zestech Sciences	<b>33,597</b>	7,327
<b>9.</b>	<b>TRADE DEBTS - unsecured</b>		
	Considered good	<b>582,001</b>	683,932
	Considered doubtful	<b>931</b>	931
		<b>582,932</b>	684,863
	Provision against doubtful debts	<b>(931)</b>	(931)
		<b>582,001</b>	683,932
<b>10.</b>	<b>LOANS AND ADVANCES - unsecured, considered good</b>		
	Loans		
	Current maturity of long-term loans	<b>4,022</b>	4,577
	Advances		
	Executives	<b>13,136</b>	11,011
	Employees	<b>5,442</b>	6,570
	Contractors and suppliers	<b>111,135</b>	37,781
		<b>129,713</b>	55,362
		<b>133,735</b>	59,939
<b>10.1</b>	The maximum aggregate amount of advances due from executives at the end of any month during the year was Rs.13.14 million (2017: Rs.12.83 million).		
<b>10.2</b>	Loans to executives have not been discounted to their present value as the financial impact, thereof, is not considered material.		
		<b>December 31, 2018</b>	December 31, 2017
	Note	----- Rupees in '000 -----	-----
<b>11.</b>	<b>TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>		
	<b>Tender deposits</b>		
	Considered good	<b>331,747</b>	158,629
	Considered doubtful	<b>19,496</b>	20,911
		<b>351,243</b>	179,540
	Provision against doubtful deposits	<b>(19,496)</b>	(20,911)
		<b>331,747</b>	158,629
	Margin against letters of credit	<b>56,437</b>	27,376
	Short-term prepayments	<b>10,868</b>	12,222
		<b>399,052</b>	198,227
<b>11.1</b>	Movement of provision against doubtful deposits		
	Opening balance	<b>20,911</b>	22,235
	(Reversal) / provision for the year	<b>(1,415)</b>	(1,324)
	Closing balance	<b>19,496</b>	20,911

# Notes to the Financial Statements

For the year ended December 31, 2018

	Note	December 31, 2018	December 31, 2017
		----- Rupees in '000 -----	
<b>12. OTHER RECEIVABLES</b>			
<b>Considered good</b>			
Due from - related parties	12.1-12.3	<b>8,414</b>	5,607
- others	12.4	<b>22,681</b>	17,568
		<b>31,095</b>	23,175
<b>Considered doubtful</b>			
Sales tax refundable		<b>5,918</b>	5,918
Provision against doubtful receivables		<b>(5,918)</b>	(5,918)
		<b>-</b>	-
		<b>31,095</b>	23,175
<b>12.1 Due from related parties</b>			
Sanofi-Aventis Groupe, France		<b>4,192</b>	2,126
Sanofi-Aventis Gulf, UAE		<b>4,222</b>	3,481
		<b>8,414</b>	5,607

**12.2** 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, 2018	December 31, 2017
		----- Rupees in '000 -----
		Maximum aggregate amount outstanding
Sanofi-Aventis Groupe, France	<b>4,192</b>	2,126
Sanofi-Aventis Gulf, UAE	<b>4,222</b>	3,481

**12.3** The aging analysis of unimpaired receivables is as follows:

Total	Neither past due nor impaired	Past due but not impaired		
		1-90 Days	91-180 Days	> 181 Days
----- Rupees in '000 -----				
<b>Related parties - 2018</b>	<b>8,414</b>	<b>-</b>	<b>1,555</b>	<b>6,859</b>
Related parties - 2017	5,607	-	-	5,607

**12.4** Include Rs.15 million receivable against the sale of Wah Site, made in 2012, from M/s. COMSATS Institute of Information Technology, which is pending upon the final transfer of title of the property in the name of the buyer. The management, based on legal advice, is confident about the recovery of the said amount, hence, no provision has been made in this regard (refer note 18.1.5 to these financial statements).

# Notes to the Financial Statements

For the year ended December 31, 2018

	<b>December 31, 2018</b>	December 31, 2017
	----- Rupees in '000 -----	
<b>13. CASH AND BANK BALANCES</b>		
Cash in hand	<b>92</b>	214
Cash at banks		
In current accounts - local currency	<b>247,289</b>	10,579
- foreign currency	<b>7,267</b>	5,051
	<b>254,556</b>	15,630
	<b>254,648</b>	15,844

## 14. SHARE CAPITAL

No. of shares			<b>December 31, 2018</b>	December 31, 2017
			----- Rupees in '000 -----	
<b>Authorized share capital</b>				
<b>10,000,000</b>	10,000,000	Ordinary shares of Rs. 10/- each	<b>100,000</b>	100,000
<b>Issued, subscribed and paid up capital</b>				
		Ordinary shares of Rs. 10/- each		
<b>2,757,783</b>	2,757,783	Issued for cash	<b>27,578</b>	27,578
<b>3,359,477</b>	3,359,477	Issued as fully paid bonus shares	<b>33,595</b>	33,595
<b>687,500</b>	687,500	Issued against plant and equipment	<b>6,875</b>	6,875
<b>140,000</b>	140,000	Issued against loan	<b>1,400</b>	1,400
<b>2,700,000</b>	2,700,000	Issued in pursuant to merger with Rhone Poulenc Rorer Pakistan (Private) Limited	<b>27,000</b>	27,000
<b>9,644,760</b>	9,644,760		<b>96,448</b>	96,448

The Parent Company held 5,099,469 (2017: 5,099,469) ordinary shares of Rs.10/- each, aggregating to Rs. 50,994,690, constituting 52.87% of issued share capital of the Company, as at the statement of financial position date.

14.1 The voting rights are in proportion to shareholding of the shareholders.

	<b>December 31, 2018</b>	December 31, 2017
	----- Rupees in '000 -----	
<b>15. RESERVES</b>		
<b>Capital reserves</b>		
Long-term liabilities forgone	<b>5,935</b>	5,935
Difference of share capital under scheme of arrangement for amalgamation	<b>18,000</b>	18,000
Others	<b>266,032</b>	238,109
	<b>289,967</b>	262,044
<b>Revenue reserves</b>		
General reserve	<b>3,335,538</b>	2,735,538
Un-appropriated profit	<b>575,712</b>	1,054,588
	<b>3,911,250</b>	3,790,126
	<b>4,201,217</b>	4,052,170

# Notes to the Financial Statements

For the year ended December 31, 2018

## 15.1 Share-based compensation plans

As at December 31, 2018, the Company has following equity settled share-based compensation plans:

### Stock Option Plans:

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

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

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

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

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

Date of grant	Vesting period (years)	Options granted (number)	Start date of exercise period	Expiration Date	Exercise price (€)	Options outstanding at December 31, 2018 (number)
02/03/2009	4	7,595	04/03/2013	01/03/2019	45.09	560
01/03/2010	4	8,035	03/03/2014	01/03/2020	54.12	2,095
		<u>15,630</u>				<u>2,655</u>

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

### Summary of stock option plans:

	Number of options	Weighted average exercise price per share (€)
Options outstanding at January 1, 2017	5,710	55.38
Of which exercisable	5,710	55.38
Options granted	-	-
Options exercised	(875)	(54.12)
Options cancelled	(1,800)	(62.33)
Options outstanding at December 31, 2017	3,035	51.62
Of which exercisable	3,035	51.62
Options granted	-	-
Options exercised	-	-
Options cancelled	(380)	(47.47)
Options outstanding at December 31, 2018	2,655	52.22
Of which exercisable	2,655	52.22

The expense recognised for the stock option plans with the corresponding effect on the equity amounted to Nil (2017: Nil).



# Notes to the Financial Statements

For the year ended December 31, 2018

## Restricted share plan:

The Board of Directors of Sanofi S.A., France, in a meeting held on May 02, 2018, decided to award a restricted share plan comprising 3,438 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 May 02, 2018 amounted to € 65.86.

The number of restricted shares outstanding as of December 31, 2018 were 12,213 (2017: 12,955).

The expense recognised for restricted share plan with the corresponding effect on the equity amounted to Rs. 27.923 (2017: Rs. 29.026) 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, 2018 (number)
24/06/2015	4	2,750	25/06/2019	79.52	2,500
04/05/2016	4	3,250	05/05/2020	61.06	2,950
10/05/2017	4	3,505	10/05/2021	81.50	3,325
02/05/2018	3	3,438	02/05/2021	65.86	3,438
		<u>12,943</u>			<u>12,213</u>

	<b>December 31, 2018</b>	December 31, 2017
Note	----- Rupees in '000 -----	-----

## 16. TRADE AND OTHER PAYABLES

### Trade creditors

Related parties	<b>1,638,149</b>	552,834
Other trade creditors	<b>191,887</b>	161,724
	<b>1,830,036</b>	714,558

### Other payables

Accrued liabilities		793,857
Provision for Infrastructure Development Cess	16.1	222,009
Employees' Pension Fund	16.2	88,812
Employees' Gratuity Fund	16.2	15,453
Amount payable under voluntary separation scheme		70,725
Advances from customers		34,341
Workers' Profits Participation Fund	16.3	80,909
Workers' Welfare Fund		67,270
Central Research Fund		17,050
Compensated absences		69,111
Security deposits	16.4	775
Contractors' retention money		1,850
Withholding income tax payable		8,335
Sales tax payable		13,335
		<b>1,483,832</b>
		<b>2,198,390</b>

# Notes to the Financial Statements

For the year ended December 31, 2018

**December 31, 2018**      December 31, 2017  
----- Rupees in '000 -----

## 16.1 Provision for Infrastructure Development Cess

Opening balance	<b>222,009</b>	197,106
Provision for the year	<b>84,660</b>	24,903
Closing balance	<b>306,669</b>	222,009

## 16.2 The status of the funds and principal assumptions used in the actuarial valuation as of December 31, 2018 were as follows:

	Pension Fund		Gratuity Fund	
	2018	2017	2018	2017
	----- Rupees in '000 -----		----- Rupees in '000 -----	
<b>Statement of financial position reconciliation as at December 31</b>				
Fair value of plan assets	<b>706,365</b>	636,168	<b>495,132</b>	463,901
Present value of defined benefit obligation	<b>(867,910)</b>	(724,980)	<b>(528,118)</b>	(479,354)
Net liability in statement of financial position	<b>(161,545)</b>	(88,812)	<b>(32,986)</b>	(15,453)
<b>Movement in net liability</b>				
Payable as at January 1	<b>(88,812)</b>	(61,948)	<b>(15,453)</b>	(27,907)
Charge for the year	<b>(49,387)</b>	(40,736)	<b>(43,109)</b>	(40,298)
Employer contribution	<b>42,203</b>	41,777	<b>40,059</b>	38,156
Actuarial (loss) / gain recognised in equity	<b>(65,549)</b>	(27,905)	<b>(14,483)</b>	14,596
Payable as at December 31	<b>(161,545)</b>	(88,812)	<b>(32,986)</b>	(15,453)
<b>Expense recognised</b>				
Current service cost	<b>33,988</b>	29,960	<b>43,532</b>	39,504
Past service cost	<b>9,136</b>	7,081	-	-
Interest cost	<b>65,463</b>	56,041	<b>41,733</b>	38,399
Expected return on plan assets	<b>(59,200)</b>	(52,346)	<b>(42,156)</b>	(37,605)
	<b>49,387</b>	40,736	<b>43,109</b>	40,298
Actual return on plan assets	<b>62,538</b>	49,050	<b>47,554</b>	41,108
<b>Movement in the defined benefit obligation</b>				
<b>Obligation as at January 1</b>	<b>724,980</b>	638,063	<b>479,354</b>	440,771
Current service cost	<b>33,988</b>	29,960	<b>43,532</b>	39,504
Past service cost	<b>9,136</b>	7,081	-	-
Interest cost	<b>65,463</b>	56,041	<b>41,733</b>	38,399
Benefits paid	<b>(34,545)</b>	(30,774)	<b>(56,382)</b>	(28,227)
Actuarial loss / (gain)	<b>68,888</b>	24,609	<b>19,881</b>	(11,093)
Obligation as at December 31	<b>867,910</b>	724,980	<b>528,118</b>	479,354
<b>Movement in fair value of plan assets</b>				
Fair value as at January 1	<b>636,168</b>	576,115	<b>463,901</b>	412,864
Expected return on plan assets	<b>59,200</b>	52,346	<b>42,156</b>	37,605
Employer contributions	<b>42,203</b>	41,777	<b>40,059</b>	38,156
Benefits paid	<b>(34,545)</b>	(30,774)	<b>(56,382)</b>	(28,227)
Actuarial (loss) / gain	<b>3,339</b>	(3,296)	<b>5,398</b>	3,503
Fair value as at December 31	<b>706,365</b>	636,168	<b>495,132</b>	463,901

# Notes to the Financial Statements

For the year ended December 31, 2018

	Pension Fund		Gratuity Fund		
	2018	2017	2018	2017	
	----- % -----		----- % -----		
<b>Key actuarial assumptions used are as follows:</b>					
Discount factor used	<b>10.75%</b>	9.25%	<b>10.75%</b>	9.25%	
Expected rate of return per annum on plan assets	<b>10.75%</b>	9.25%	<b>10.75%</b>	9.25%	
Expected rate of increase in future salaries per annum	<b>10.75%</b>	9.25%	<b>10.75%</b>	9.25%	
Indexation of pension	<b>6.25%</b>	4.75%	-	-	
Retirement age (years)	<b>60 years</b>	60 years	<b>60 years</b>	60 years	
	<b>2018</b>		<b>2017</b>		
	Rs. in '000	%	Rs. in '000	%	
<b>Plan assets comprise of:</b>					
<b>Funded pension plan</b>					
Debt	<b>367,254</b>	<b>51.99</b>	387,520	60.92	
Equity	<b>93,594</b>	<b>13.25</b>	72,282	11.36	
Others (includes cash and bank balances)	<b>245,517</b>	<b>34.76</b>	176,366	27.72	
	<b>706,365</b>	<b>100.00</b>	636,168	100.00	
<b>Funded gratuity plan</b>					
Debt	<b>278,908</b>	<b>56.33</b>	307,495	66.28	
Equity	<b>66,657</b>	<b>13.46</b>	48,750	10.51	
Others (includes cash and bank balances)	<b>149,567</b>	<b>30.21</b>	107,656	23.21	
	<b>495,132</b>	<b>100.00</b>	463,901	100.00	
<b>Comparison for five years:</b>					
	<b>2018</b>	2017	2016	2015	2014
	----- Rupees in '000 -----				
<b>Funded pension plan</b>					
Fair value of plan assets	<b>706,365</b>	636,168	576,115	522,249	437,805
Present value of defined benefit obligation	<b>(867,910)</b>	(724,980)	(638,063)	(549,838)	(464,032)
Deficit	<b>(161,545)</b>	(88,812)	(61,948)	(27,589)	(26,227)
<b>Experience adjustment</b>					
Actuarial gain / (loss) on obligation	<b>(68,888)</b>	(24,609)	(26,765)	4,822	(8,793)
Actuarial gain / (loss) on plan assets	<b>3,339</b>	(3,296)	(4,541)	12,988	16,112
<b>Funded gratuity plan</b>					
Fair value of plan assets	<b>495,132</b>	463,901	412,864	387,756	329,177
Present value of defined benefit obligation	<b>(528,118)</b>	(479,354)	(440,771)	(425,634)	(349,457)
Deficit	<b>(32,986)</b>	(15,453)	(27,907)	(37,878)	(20,280)
<b>Experience adjustment</b>					
Actuarial gain / (loss) on obligation	<b>(19,881)</b>	11,093	10,197	(25,859)	(27,961)
Actuarial gain on plan assets	<b>5,398</b>	3,503	100	9,732	2,542

**16.2.1** 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.

**16.2.2** Based on the actuarial advice, the amount of expected contribution to gratuity and pension funds during the year 2019 will be Rs.46.772 million and Rs.60.526 million respectively.

# Notes to the Financial Statements

For the year ended December 31, 2018

		<b>December 31, 2018</b>	December 31, 2017
	Note	----- Rupees in '000 -----	
<b>16.3 Workers' Profit Participation Fund</b>			
Opening balance		<b>80,909</b>	70,662
Allocation for the year	21	<b>50,059</b>	85,247
		<b>130,968</b>	155,909
Amount paid to the Fund		<b>(90,000)</b>	(75,000)
Closing balance		<b>40,968</b>	80,909

**16.4** This represents security deposit received from various vendors / contractors.

		<b>December 31, 2018</b>	December 31, 2017
	Note	----- Rupees in '000 -----	
<b>17. SHORT-TERM BORROWINGS</b>			
Running finance utilized under mark-up arrangements	17.1	<b>-</b>	271,296

**17.1** Represents running finance facilities from various commercial banks under mark-up arrangements aggregating to Rs.4,250 (2017: 4,550) million. These facilities are secured against first pari passu charge on stock-in-trade and book debts of the Company and carry mark-up rates ranging between KIBOR + 0.35% to KIBOR + 0.40% (2017: KIBOR + 0.35% to KIBOR + 0.40%) per annum. These facilities will expire latest by December 31, 2019.

## 18. CONTINGENCIES AND COMMITMENTS

### 18.1 Contingencies

**18.1.1** The Deputy Commissioner Inland Revenue (DCIR), issued an order on December 28, 2017, for the year ended December 31, 2013 increasing the tax liability by Rs.275.69 million alleging that the purchases of certain Active Pharmaceutical Ingredients (APIs) from related parties were not executed at arms' length basis. The Company was required to pay an amount of Rs.110.61 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 which is pending adjudication.

**18.1.2** The DCIR passed an order on April 30, 2015, for the year ended December 31, 2012, increasing the tax liability by Rs.131.113 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) against the order dated April 30, 2015. The CIR(A) vide its order dated July 19, 2018 has decided the issue of gain of sales of Wah Site in favor of the Company whereas the issues of disallowances expenses were remanded back to the DCIR for fresh proceedings. The Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the directions of CIR(A) for remand back proceeding which is pending.

# Notes to the Financial Statements

For the year ended December 31, 2018

- 18.1.3** The DCIR, Enforcement & Collection passed order dated January 19, 2016 for the year ended December 2013 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. The Company had filed an appeal before CIR(A) who vide its order dated March 05, 2018 has remanded the matter before the DCIR for fresh proceedings. The Company has filed an appeal before the ATIR against the directions of CIR(A) for remand back proceeding which is pending.
- 18.1.4** During the year ended December 31, 2016, after conducting monitoring proceedings under section 161 of the Income Tax Ordinance, 2001 (Ordinance), Additional Commissioner Inland Revenue (ACIR) raised a demand of Rs.44.633 million. The Company paid the said amount under protest and filed an appeal before the CIR(A). During the year, the CIR(A) remanded back to ACIR for fresh proceedings. However, the Company has filed an appeal before the ATIR against the directions of CIR(A) for remand back proceeding which is pending.

The aggregate tax effect of the above demand orders in field amount to Rs.275.69 million. However, the management, based on tax advise is confident for a favourable outcome, hence, no provision is made in these financial statements in respect of these orders.

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

In the matter of the civil suit where WCB levied composition tax, TIP tax, building drawing fee and miscellaneous charges, judgement was passed in favor of the Company. However, WCB has filed an appeal before Rawalpindi Bench of the Lahore High Court against the said order.

The judgement regarding the revision of rental value of the property resulting in increased house tax was announced in favor of the Company by DMLC. However, fresh demand notified by WCB on February 13, 2019 was not in line with DMLC directions. The Company lawyer has submitted application noting the same to the DMLC and if no corrective action is taken, then the Company will file for injunction and suit.

- 18.1.6** The Company is defending various suits, other than those disclosed above, filed against it in various courts in Pakistan. The Company's management is confident, based on the advice of its legal advisors, that these suits will be decided in Company's favor.

# Notes to the Financial Statements

For the year ended December 31, 2018

		<b>December 31, 2018</b>	December 31, 2017
	Note	----- Rupees in '000 -----	
<b>18.2 Commitments</b>			
Commitments for capital expenditure		<b>90,300</b>	92,609
Post-dated cheques issued to Collector of Customs		<b>20,613</b>	21,440
Outstanding letters of credit		<b>241,063</b>	111,829
Outstanding bank guarantees		<b>392,443</b>	370,524
Outstanding bank contracts	18.2.1	<b>2,289,595</b>	73,745

**18.2.1** The Central Bank through circular No. 7 of 2018, dated July 20, 2018, restricted companies from importing finished products on open account, resulting in the increase in bank contracts.

		<b>December 31, 2018</b>	December 31, 2017
		----- Rupees in '000 -----	
<b>19. NET SALES</b>			
<b>Gross Sales</b>			
Local		<b>13,849,384</b>	13,490,737
Export		<b>208,328</b>	184,164
		<b>14,057,712</b>	13,674,901
Toll manufacturing		<b>82,078</b>	44,945
		<b>14,139,790</b>	13,719,846
<b>Less:</b>			
Discounts		<b>(1,084,702)</b>	(1,101,434)
Returns		<b>(44,386)</b>	(128,296)
Sales tax		<b>(49,863)</b>	(44,064)
		<b>(1,178,951)</b>	(1,273,794)
		<b>12,960,839</b>	12,446,052

# Notes to the Financial Statements

For the year ended December 31, 2018

## 20. OPERATING COSTS

	Cost of sales		Distribution and marketing costs		Administrative expenses		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	Rupees in '000							
Raw and packing material consumed	4,920,667	3,903,407	-	-	-	-	4,920,667	3,903,407
Raw and packing material written off	2,169	4,080	-	-	-	-	2,169	4,080
Provision against raw and packing material (note 8.1)	15,869	21,654	-	-	-	-	15,869	21,654
Stores and spares consumed	18,791	39,977	-	-	-	-	18,791	39,977
Stationery and supplies consumed	5,665	3,483	7,344	3,138	7,451	3,495	20,460	10,116
Staff costs (note 20.1)	559,242	576,619	787,683	948,008	314,874	270,842	1,661,799	1,795,469
Fuel and power	267,371	259,830	4,857	4,172	15,239	11,703	287,467	275,705
Rent, rates and taxes	17,856	35,342	19,272	17,634	687	21,093	37,815	74,069
Insurance	4,818	4,141	11,530	9,773	2,628	2,041	18,976	15,955
Repairs and maintenance	102,657	62,800	8,756	11,082	20,738	18,012	132,151	91,894
Depreciation / amortization	274,448	270,362	39,451	39,056	27,942	26,256	341,841	335,674
Traveling and conveyance	56,984	48,610	396,793	282,579	35,516	40,196	489,293	371,385
Handling, freight and transportation	-	-	201,224	195,004	-	-	201,224	195,004
Communication	53,067	77,444	26,086	22,302	8,433	13,167	87,586	112,913
Security and maintenance	31,343	24,139	6,111	5,717	13,689	9,955	51,143	39,811
Publication and subscription	527	829	7,721	331	8,786	813	17,034	1,973
Electronic and print media	-	-	116,957	129,922	-	-	116,957	129,922
Conferences and exhibitions	-	-	209,829	191,914	-	-	209,829	191,914
Market research	-	-	22,677	24,801	-	-	22,677	24,801
Clinical trials	-	-	4,412	7,701	-	-	4,412	7,701
Patient care	-	-	53,628	50,153	-	-	53,628	50,153
Samples	-	-	7,530	5,788	-	-	7,530	5,788
Sales promotion	-	-	59,640	52,105	-	-	59,640	52,105
Sales commission	-	-	105,791	120,367	-	-	105,791	120,367
Software license / maintenance fee	255	4,623	13,643	1,902	4,469	4,471	18,367	10,996
Other expenses	9,604	5,651	10,107	13,486	7,137	7,222	26,848	26,359
	6,341,333	5,342,991	2,121,042	2,136,935	467,589	429,266	8,929,964	7,909,192
Recovery of service charges from outside parties	(17,031)	(9,305)	-	-	-	-	(17,031)	(9,305)
	6,324,302	5,333,686	2,121,042	2,136,935	467,589	429,266	8,912,933	7,899,887
Opening work-in-process	37,598	64,145						
Closing work-in-process	(94,040)	(37,598)						
Cost of goods manufactured	6,267,860	5,360,233						
Opening stock of finished goods	1,503,811	1,362,251						
Finished goods purchased	2,732,455	2,671,227						
Cost of samples included under distribution and marketing expenses	(7,530)	(5,788)						
Finished goods written off	11,852	78,787						
Provision against finished goods (note 8.3)	60,355	47,382						
Closing stock of finished goods	(1,554,577)	(1,503,811)						
	9,014,226	8,010,281						

### 20.1 Staff Costs

Salaries, wages and other benefits	521,385	541,303	673,903	773,847	259,141	223,087	1,454,429	1,538,237
Training expenses	2,873	230	24,953	20,948	3,280	2,653	31,106	23,831
Defined benefit plan	17,402	16,718	49,045	44,600	26,049	19,716	92,496	81,034
Defined contribution plan	13,361	13,179	31,497	29,884	10,987	9,553	55,845	52,616
Voluntary separation scheme	-	-	-	70,725	-	-	-	70,725
Share-based payments	4,221	5,189	8,285	8,004	15,417	15,833	27,923	29,026
	559,242	576,619	787,683	948,008	314,874	270,842	1,661,799	1,795,469

# Notes to the Financial Statements

For the year ended December 31, 2018

		<b>December 31, 2018</b>	December 31, 2017
		----- Rupees in '000 -----	
<b>21. OTHER EXPENSES</b>	Note		
Auditors' remuneration	21.1	<b>3,065</b>	3,128
Workers' Profits Participation Fund	16.3	<b>50,059</b>	85,247
Workers' Welfare Fund		<b>16,351</b>	27,460
Central Research Fund		<b>9,607</b>	17,049
Legal and consultancy charges		<b>11,747</b>	8,281
Donations	21.2	<b>2,624</b>	3,511
Exchange loss - net		<b>366,524</b>	206,537
Loss on sale of operating fixed assets		<b>1,108</b>	1,195
Others		<b>155</b>	578
Operating fixed asset written-off		<b>2,160</b>	-
		<b>463,400</b>	352,986
<b>21.1 Auditors' remuneration</b>			
Audit fee		<b>1,544</b>	1,394
Review of half yearly financial statements		<b>432</b>	432
Report on Code of Corporate Governance and special certification		<b>907</b>	1,075
Out-of-pocket expenses		<b>182</b>	227
		<b>3,065</b>	3,128
<b>21.2</b>			
During the year, a donation was made to Lahore University of Management Sciences (LUMS) where Chairman and the CEO of the Company are members of Board of Governors. The donation was made to sponsor the educational expenses of the students.			
<b>22. OTHER INCOME</b>		<b>December 31, 2018</b>	December 31, 2017
		----- Rupees in '000 -----	
<b>Income from financial assets</b>			
Interest on loans to employees		<b>16</b>	24
Liabilities no longer payable written back		<b>-</b>	2,866
		<b>16</b>	2,890
<b>Income from non-financial assets</b>			
License fee		<b>31,083</b>	30,951
Insurance claim recovery		<b>5,452</b>	20,157
Scrap sales		<b>9,505</b>	8,983
Miscellaneous		<b>-</b>	2,000
		<b>46,040</b>	62,091
		<b>46,056</b>	64,981
<b>23. FINANCE COSTS</b>			
<b>Mark-up on:</b>			
long-term financing		<b>-</b>	11,160
short-term borrowings		<b>3,333</b>	12,001
		<b>3,333</b>	23,161
Bank charges		<b>11,460</b>	12,248
		<b>14,793</b>	35,409



# Notes to the Financial Statements

For the year ended December 31, 2018

	<b>December 31, 2018</b>	December 31, 2017
	----- Rupees in '000 -----	
<b>24. TAXATION</b>		
Current	<b>386,943</b>	555,997
Prior	<b>(61,986)</b>	42,037
	<b>324,957</b>	598,034
Deferred	<b>(11,904)</b>	(57,999)
	<b>313,053</b>	540,035
<b>24.1 Relationship between accounting profit and tax expense:</b>		
Accounting profit before taxation	<b>925,845</b>	1,546,156
Tax at the applicable tax rate of 29% (2017: 30%)	<b>268,495</b>	463,847
Tax effects of:		
- Income subject to Final Tax Regime	<b>73,096</b>	(14,482)
- Tax credits	<b>(19,745)</b>	(12,740)
- Super Tax	<b>26,238</b>	51,703
- Expenses not allowable for tax purposes	<b>26,955</b>	9,670
- Prior year	<b>(61,986)</b>	42,037
	<b>313,053</b>	540,035

## 24.2 Management assessment of sufficiency of tax provision

Provision against tax in the financial statements for the tax years 2018, 2017 and 2016 amounts to Rs.494.011 million, Rs.434.895 million and Rs.162.241 million as against the assessed tax of Rs.494.011 million, Rs.462.963 million and Rs.162.241 million respectively. The Company computes tax provisions based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available. Accordingly, the management of the Company has assessed the sufficiency of the tax provisions and believes that the tax provisions are sufficient to reflect the actual tax liability of the Company.

	<b>December 31, 2018</b>	December 31, 2017
	----- Rupees in '000 -----	
<b>25. EARNINGS PER SHARE - basic and diluted</b>		
Profit after taxation	<b>612,792</b>	1,006,121
		Number of shares
Weighted average number of ordinary shares	<b>9,644,760</b>	9,644,760
	----- Rupees -----	
Earnings per share - basic and diluted	<b>63.54</b>	104.32

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

# Notes to the Financial Statements

For the year ended December 31, 2018

	Note	December 31, 2018	December 31, 2017
		----- Rupees in '000 -----	
<b>26. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		<b>925,845</b>	1,546,156
<b>Adjustment for non-cash charges and other items:</b>			
Depreciation / amortization		<b>341,841</b>	335,674
Loss on sale of operating fixed assets		<b>1,108</b>	1,195
Operating fixed asset written-off		<b>2,160</b>	-
Expenses arising from equity settled share-based payment plans		<b>27,923</b>	29,026
Retirement benefits		<b>92,496</b>	81,034
Interest income		<b>(16)</b>	(24)
Finance costs		<b>14,793</b>	35,409
Working capital changes	26.1	<b>556,338</b>	265,473
		<b>1,962,488</b>	2,293,943
<b>26.1 Working capital changes</b>			
<b>Decrease / (increase) in current assets:</b>			
Stores and spares		<b>(847)</b>	(2,365)
Stock-in-trade		<b>(473,310)</b>	237,765
Trade debts		<b>101,931</b>	23,427
Loans and advances		<b>(73,796)</b>	13,578
Trade deposits and short-term prepayments		<b>(200,825)</b>	(32,964)
Other receivables		<b>(7,920)</b>	6,230
		<b>(654,767)</b>	245,671
<b>Increase in current liabilities:</b>			
Trade and other payables (excluding unclaimed dividend and liabilities for employees' pension & gratuity fund)		<b>1,211,105</b>	19,802
		<b>556,338</b>	265,473
<b>27. CASH FLOWS FROM OPERATING ACTIVITIES (DIRECT METHOD)</b>			
Cash receipts from customers		<b>13,062,770</b>	12,469,479
Cash paid to suppliers / service providers and employees		<b>(11,100,282)</b>	(10,175,536)
Finance costs paid		<b>(15,889)</b>	(40,012)
Income tax paid		<b>(617,167)</b>	(844,214)
Retirement benefits paid		<b>(82,262)</b>	(79,933)
Long-term loans - net		<b>907</b>	(293)
Net cash generated from operating activities		<b>1,248,077</b>	1,329,491
<b>28. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		<b>254,648</b>	15,844
Running finances utilized under mark-up arrangement		<b>-</b>	(271,296)
		<b>254,648</b>	(255,452)

# Notes to the Financial Statements

For the year ended December 31, 2018

## 29. TRANSACTIONS WITH RELATED PARTIES

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

	December 31, 2018				December 31, 2017			
	Group companies	Associated undertakings	Employees' Retirement funds	Total	Group Companies	Associated undertakings	Employees' Retirement funds	Total
Rupees in '000								
Sales	15,160	-	-	15,160	23,628	-	-	23,628
Purchase of goods	5,037,444	15,777	-	5,053,221	3,891,708	-	-	3,891,708
Purchase of services	147,317	11,853	-	159,170	90,156	8,799	-	98,955
Insurance claim received	-	5,452	-	5,452	-	20,157	-	20,157
Contribution paid								
- Provident fund	-	-	55,669	55,669	-	-	52,485	52,485
- Gratuity fund	-	-	40,059	40,059	-	-	38,156	38,156
- Pension fund	-	-	42,203	42,203	-	-	41,777	41,777

### 29.1 Details of related parties with which Company had transactions during the year:

Name of the Company	Basis of Relationship
Sanofi-Aventis Groupe	Group Company
Sanofi-Aventis Singapore Pte Limited	Group Company
Sanofi Pasteur (France) SA	Group Company
Sanofi India Limited	Group Company
Sanofi Pasteur Inc.	Group Company
Sanofi Winthrop Industries	Group Company
Sanofi-Aventis Deutschland GmbH	Group Company
Sanofi Chimie	Group Company
IGI General Insurance Limited	Common Directorship
Packages Limited	Common Directorship
Ali Gohar & Company (Private) Limited	Common Directorship / Shareholding (0.53%)
Lahore University of Management Sciences	Common Directorship

### 29.2 Details of the Parent Company and Ultimate Parent Company:

Name of the Company	Country of Incorporation	Registered Address	Basis of Association	Aggregate percentage of shareholding	Operational Status	Latest Audit Report
Sanofi Foreign Participations B.V.	Netherlands	Prins Bernhardplein 200, 1097JB Amsterdam	Parent Company	52.87	Active	Unmodified audit opinion
Sanofi S.A. France	France	54 rue La Boétie, 75008 Paris, France	Ultimate Parent	52.87	Active	Unmodified audit opinion

# Notes to the Financial Statements

For the year ended December 31, 2018

## 30. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

	Chief Executive		Director		Other Executives		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	----- Rupees in '000 -----							
Managerial remuneration	17,394	15,849	7,355	5,719	234,985	316,549	259,734	338,117
Profit sharing bonus	8,088	7,524	2,158	1,767	49,426	65,351	59,672	74,642
Retirement benefits	3,188	2,905	1,293	1,048	39,894	54,137	44,375	58,090
Perquisites and benefits:								
Rent and utilities	9,567	8,717	3,880	3,146	120,969	163,651	134,416	175,514
Medical expenses	382	74	136	112	8,208	14,084	8,726	14,270
Club subscription	79	49	2,027	-	8,348	298	10,454	347
	<b>38,698</b>	35,118	<b>16,849</b>	11,792	<b>461,830</b>	614,070	<b>517,377</b>	660,980
Number of persons	<b>1</b>	1	<b>1</b>	1	<b>83</b>	204	<b>85</b>	206

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

Aggregate amount charged in the financial statements in respect of fee to 3 Non-Executive Directors and 1 Independent Director amount to Rs.6.921 (2017: Rs.3.971) million.

Further, the impact of benefits available to the Chief Executive, Directors and certain Executives recognised by the Company on account of share-based payment plans aggregated to Rs.9.388 (2017: Rs.8.581) million, Rs.1.182 (2017: 0.877) million and Rs.17.353 (2017: Rs.19.569) million, respectively.

As per revised 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.

## 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e. market risk, credit risk and liquidity risk. 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 programme 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 Company's overall risk management procedures to minimise the potential adverse effects of financial market on the Company's performance are as follows:

### 31.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity price risks. 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.

#### 31.1.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign exchange risk due to transactions denominated in foreign currencies primarily relating to its operating activities.

# Notes to the Financial Statements

For the year ended December 31, 2018

## 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,	
	<b>2018</b>	2017	<b>2018</b>	2017	<b>2018</b>	2017
	GBP in '000		Euro in '000		USD in '000	
Other receivables	-	-	42	33	12	12
Trade and other payables	(5)	(2)	(10,257)	(4,421)	(433)	(95)
	(5)	(2)	(10,215)	(4,388)	(421)	(83)

## 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, 2018 represented in foreign currencies, with all other variables held constant, of the Company's profit before tax.

		<b>December 31, 2018</b>	December 31, 2017
Change in exchange rate	±	<b>1%</b>	1%
Effect on profit before tax (Rs.000's)	±	<b>16,973</b>	5,905
Effect on equity (Rs.000's)	±	<b>11,234</b>	3,842

### 31.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or 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.

### Interest rate profile of financial instruments

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was as follows:

	<b>December 31, 2018</b>	December 31, 2017	<b>December 31, 2018</b>	December 31, 2017
	Effective rates (%)		----- Rupees '000 -----	
<b>Financial assets</b>				
Loans to employees	<b>9.00</b>	9.00	<b>235</b>	320
<b>Financial liabilities</b>				
Short-term borrowings	-	KIBOR+0.35 to KIBOR+0.40	-	271,296
			-	271,296

# Notes to the Financial Statements

For the year ended December 31, 2018

## 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.

		<b>December 31, 2018</b>	December 31, 2017
Change in interest rate	±	<b>1%</b>	1%
Effect on profit before tax (Rs. 000's)	±	-	2,713
Effect on equity (Rs. 000's)	±	-	1,765

### 31.1.3 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.

### 31.2 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 makes provision against those balances considered doubtful of recovery. The credit risk on liquid funds such as balances with banks is limited because the counter parties are banks with reasonably high credit ratings.

#### Exposure to credit risk

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

	<b>December 31, 2018</b>	December 31, 2017
	----- Rupees in '000 -----	
Trade debts	<b>582,001</b>	683,932
Loans	<b>9,594</b>	11,056
Trade deposits	<b>388,184</b>	186,005
Other receivables	<b>31,095</b>	23,175
Cash at banks	<b>254,556</b>	15,630
	<b>1,265,430</b>	919,798

#### 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 below:

# Notes to the Financial Statements

For the year ended December 31, 2018

## 31.2.1 Trade debts

The carrying values of trade receivables that are neither past due nor impaired are analysed as follows:

Amounts not yet due

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

1	-	30 days
31	-	60 days
61	-	90 days
91	-	120 days
121	-	150 days
151	-	180 days
181	-	365 days
Over		365 days

**December 31, 2018**      December 31, 2017  
----- Rupees in '000 -----

<b>395,843</b>	532,937
<b>50,512</b>	31,598
<b>23,342</b>	25,074
<b>5,056</b>	2,320
<b>35,310</b>	1,875
<b>42,601</b>	4,806
<b>4,106</b>	3,387
<b>21,089</b>	73,302
<b>4,142</b>	8,633
<b>186,158</b>	150,995
<b>582,001</b>	683,932

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

Government institutions and hospitals  
Private institutions and hospitals  
Credit Distributors  
Export customer

Provision for doubtful debts

**December 31, 2018**      December 31, 2017  
----- Rupees in '000 -----

<b>343,114</b>	370,492
<b>49,018</b>	59,953
<b>190,800</b>	189,473
<b>-</b>	64,945
<b>582,932</b>	684,863
<b>(931)</b>	(931)
<b>582,001</b>	683,932

## 31.2.2 Cash at banks

The carrying values of bank balances are analysed as follows:

A1+  
A-1  
A-1+  
P-1  
P-2

<b>93,438</b>	9,708
<b>144</b>	-
<b>72,739</b>	-
<b>583</b>	871
<b>87,652</b>	5,051
<b>254,556</b>	15,630

## 31.3 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.

# Notes to the Financial Statements

For the year ended December 31, 2018

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

	Carrying amount ----- Rupees in '000 -----	Less than 12 months
<b>December 31, 2018</b>		
Trade and other payables	<b>3,348,932</b>	<b>3,348,932</b>
Accrued mark-up	<b>339</b>	<b>339</b>
	<b>3,349,271</b>	<b>3,349,271</b>
<b>December 31, 2017</b>		
Trade and other payables	2,016,814	2,016,814
Accrued mark-up	1,435	1,435
Short-term borrowings	271,296	271,296
	<u>2,289,545</u>	<u>2,289,545</u>

## 31.4 Fair values of financial assets and liabilities

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

As of the statement of financial position date, the carrying value of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

## 31.5 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 monitors 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.

The gearing ratio as at December 31, 2018 and 2017 were as follows:

	Note	<b>December 31, 2018</b> ----- Rupees in '000 -----	December 31, 2017
Short-term borrowings	17	-	271,296
Less: Cash and bank balances	13	<b>(254,648)</b>	(15,844)
Net debt		<b>(254,648)</b>	255,452
Total equity	14 & 15	<b>4,297,665</b>	4,148,618
		<b>4,043,017</b>	4,404,070
Gearing ratio		<b>0%</b>	6%



# Notes to the Financial Statements

For the year ended December 31, 2018

## 32. ENTITY WIDE INFORMATION

- 32.1 The Company constitutes a single reportable segment, the principal classes of products provided are pharmaceutical, consumer healthcare and vaccine products.

<b>December 31, 2018</b>	December 31, 2017
----- Rupees in '000 -----	

### 32.2 Information about classes of products

Pharmaceutical	<b>10,830,803</b>	10,055,549
Consumer Healthcare	<b>1,798,615</b>	1,485,986
Vaccine	<b>331,421</b>	904,517
	<b>12,960,839</b>	<u>12,446,052</u>

### 32.3 Information about geographical areas

Sales to external customers, net of returns and discounts

Pakistan	<b>12,812,328</b>	12,291,851
Afghanistan	<b>133,351</b>	130,573
Others	<b>15,160</b>	23,628
	<b>12,960,839</b>	<u>12,446,052</u>

### 32.4 Information about major customers

There were three major customers of the Company who contributed 10.80%, 10.42% and 10.31% of the Company's total net sales. This revenue was generated in pharmaceutical, consumer healthcare and vaccine products.

## 33. 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.

# Notes to the Financial Statements

For the year ended December 31, 2018

**December 31,  
2018**  
**(Un-Audited)**  
----- Rupees in '000 -----

December 31,  
2017  
(Un-Audited)

## 34. PROVIDENT FUND

Size of the trust	<b>532,097</b>	558,524
Cost of investments	<b>453,070</b>	489,735
Fair value of investments	<b>482,758</b>	521,259
Percentage of investments made	<b>90.73%</b>	93.33%

	<b>2018</b> <b>(Un-Audited)</b>		2017 (Un-Audited)	
	Investment as a % of Investments (Rs. '000)	size of the fund	Investments (Rs. '000)	Investment as a % of size of the fund
34.1 Break-up of investments:				
Government securities	<b>410,643</b>	<b>77.18%</b>	443,320	79.38%
Listed securities and mutual fund units	<b>72,115</b>	<b>13.55%</b>	77,939	13.95%
	<b>482,758</b>	<b>90.73%</b>	521,259	93.33%

34.2 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.

## 35. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 28, 2019 by the Board of Directors of the Company.

## 36. DIVIDEND AND APPROPRIATIONS

Subsequent to year ended December 31, 2018, the Board of Directors in its meeting held on February 28, 2019 proposed final cash dividend of Rs. 30/- per share amounting to Rs.289.343 million for approval of the members at the Annual General Meeting. The Board has further approved the transfer of Rs.200 million from unappropriated profit to general reserve.

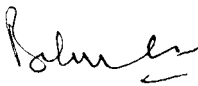
The Finance Act, 2018 levied tax on every public company at the rate of 5% of accounting income before tax. However, this tax shall not be applied in case of a public company which distributes profit equal to 20% of its after tax profits within six months from the end of the year. Based on the fact, the Board of Directors of the Company has proposed cash dividend amounting to Rs.289.343 million for the year ended December 31, 2018 which exceeds the above prescribed minimum dividend requirement. Therefore the Company believes that it would not eventually be liable to pay tax on its undistributed profits as of December 31, 2018. The financial statements for the year ended December 31, 2018 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, 2019.

# Notes to the Financial Statements

For the year ended December 31, 2018

## 37. GENERAL

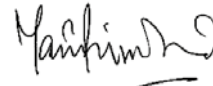
- 37.1** Total number of employees as at December 31, 2018 was 1,094 (2017: 1,189) and average number of employees during the year was 1,157 (2017: 1,230). Number of factory employees as at December 31, 2018 was 358 (2017: 406) and average number of factory employees during the year was 415 (2017: 450).
- 37.2** Figures presented in these financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.
- 37.3** Corresponding figures have also been rearranged and reclassified, wherever necessary, for better presentation. However, there has been no material reclassification.



Syed Babar Ali  
Chairman



Asim Jamal  
Chief Executive Officer



Yasser Pirmuhammad  
Chief Financial Officer

# Pattern of Shareholding

As at December 31, 2018

No. of Shareholders	No. of Shareholdings		Total Shares
	From	To	
673	1	100	25,329
366	101	500	105,580
76	501	1,000	56,882
72	1,001	5,000	126,686
9	5,001	10,000	62,631
4	15,001	20,000	73,223
2	20,001	25,000	43,668
2	50,001	55,000	105,442
1	60,001	65,000	63,777
1	85,001	90,000	89,700
1	200,001	205,000	204,099
1	225,001	230,000	228,461
1	255,001	260,000	255,700
1	445,001	450,000	446,435
1	815,001	820,000	815,939
1	1,840,001	1,845,000	1,841,739
1	5,095,001	5,100,000	5,099,469
<b>1,213</b>			<b>9,644,760</b>

S. No.	Shareholders Category	No. of Shareholders	No. of Shares	Percentage
1.	Directors, Chief Executive Officer, and their spouse and minor children	6	1,328,126	13.77
2.	Associated Companies, Undertakings and Related Parties	5	7,146,127	74.09
3.	Banks, Development Financial Institutions, Non Banking Financial Institutions	2	169	0.00
4.	Insurance Companies	2	223,299	2.32
5.	Modarabas and Mutual Funds	3	231,141	2.40
6.	General Public	1,169	415,840	4.31
7.	Others	26	300,058	3.11
	Total	<b>1,213</b>	<b>9,644,760</b>	<b>100.00</b>

# Pattern of Shareholding

As at December 31, 2018

## Directors, Chief Executive Officer, their spouse and minor children

Name	Holding
Syed Babar Ali	446,435
Mrs. Perwin Babar Ali	22,690
Syeda Henna Babar Ali	18,714
Syed Hyder Ali	16,914
Mrs. Naiyar Zamani Gohar	7,434
Arshad Ali Gohar	815,939
Total	<u>1,328,126</u>

## Associated Companies, Undertakings and Related Parties

Name	Holding
Ali Gohar & Company (Private) Limited	51,442
Sanofi Foreign Participations B.V.	5,099,469
AGT Holdings (Private) Limited	89,700
Babar Ali Foundation	63,777
IGI Investments (Private) Limited	1,841,739
Total	<u>7,146,127</u>

## Banks, Development Financial Institutions, Non Banking Financial Institutions

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

## Insurance Companies

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

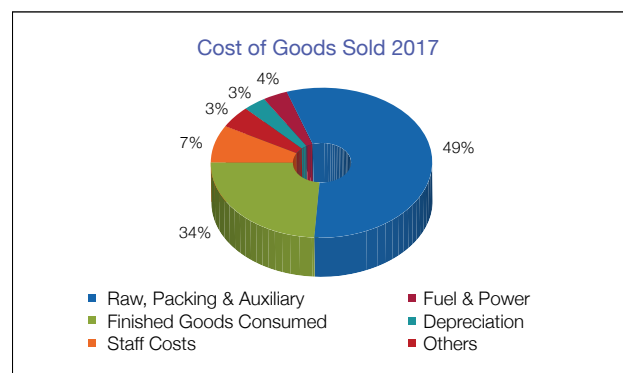
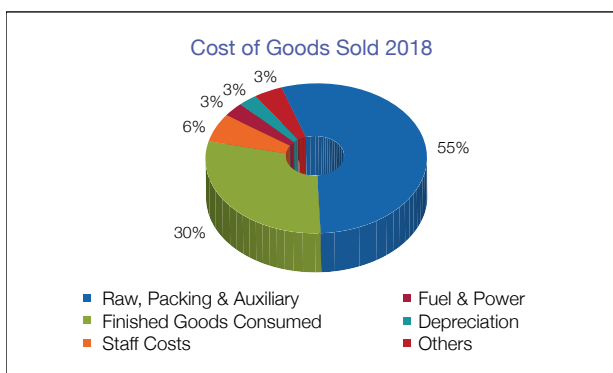
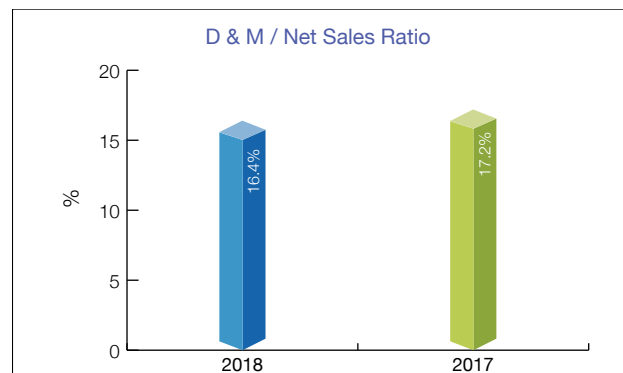
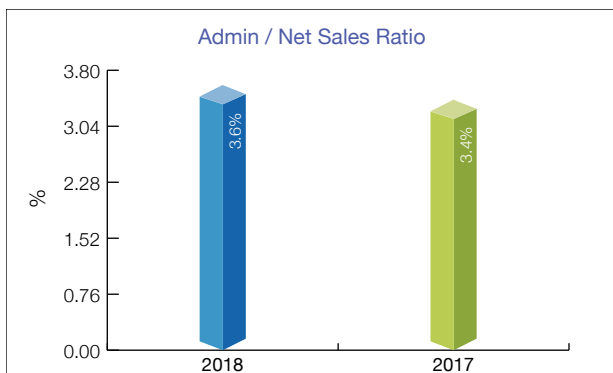
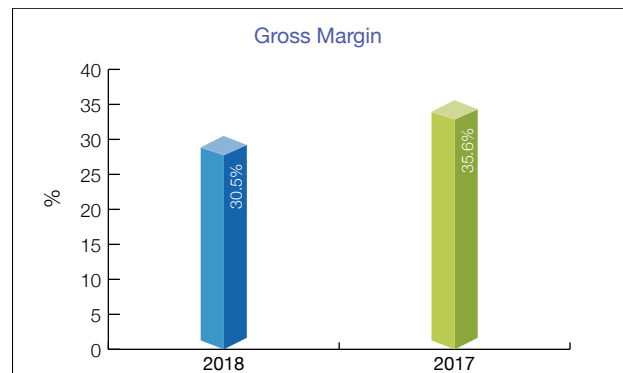
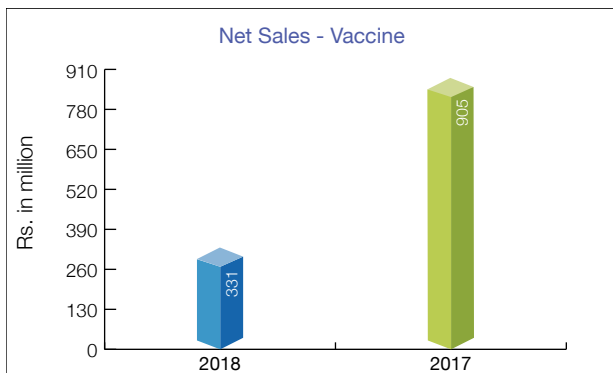
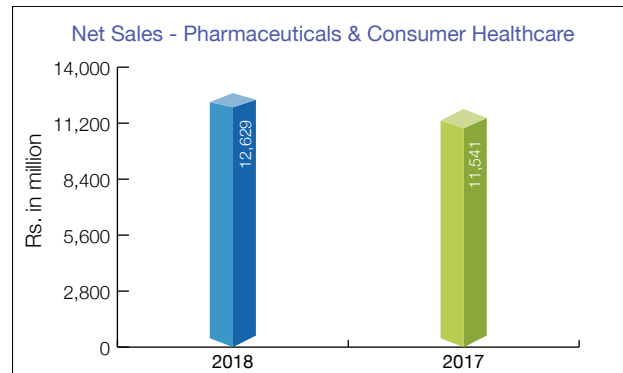
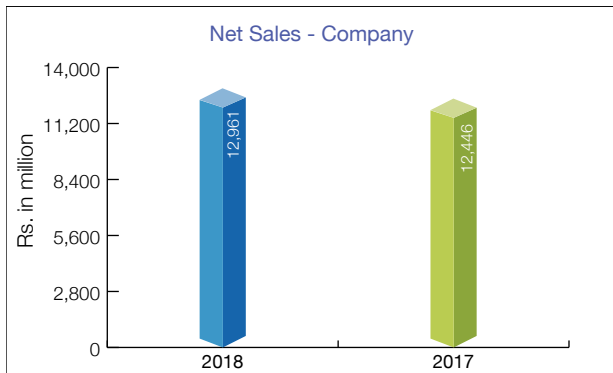
## Modarabas and Mutual Funds

Name	Holding
CDC - Trustee JS Pension Savings Fund	1,420
CDC - Trustee JS Islamic Pension Savings Fund	1,260
CDC - Trustee National Investment (Unit) Trust	228,461
Total	<u>231,141</u>

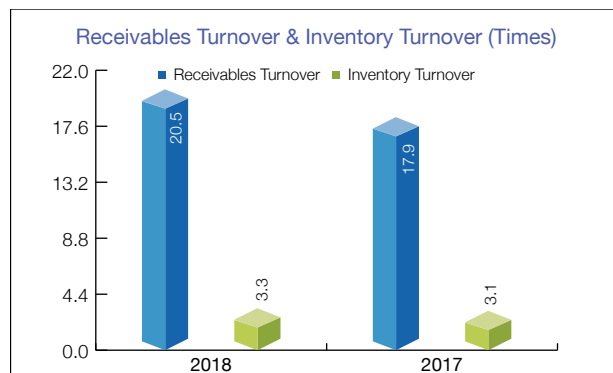
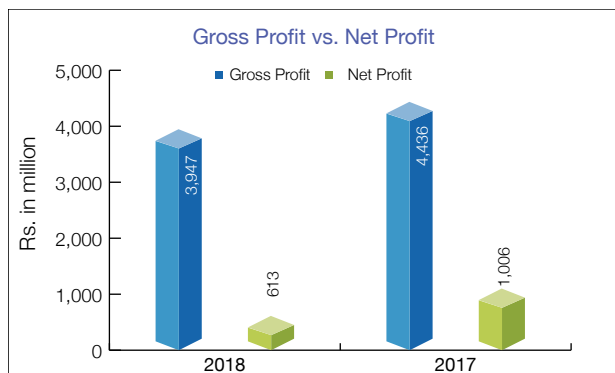
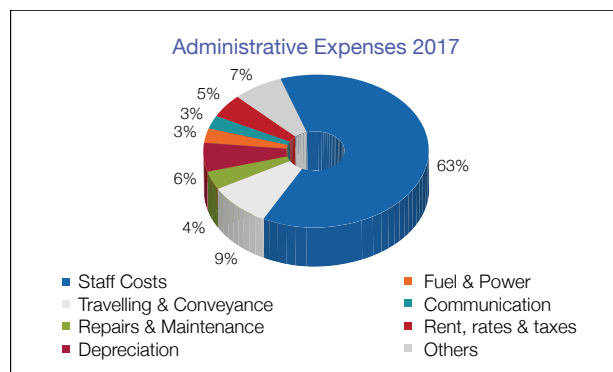
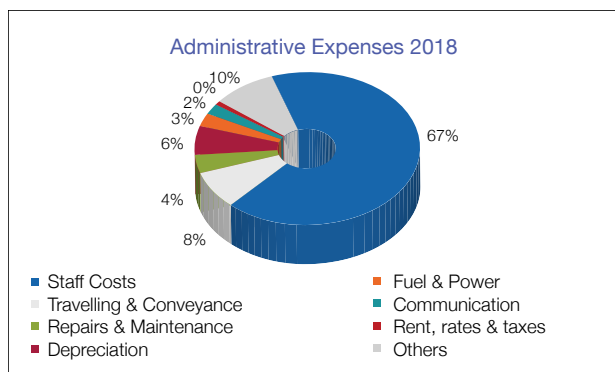
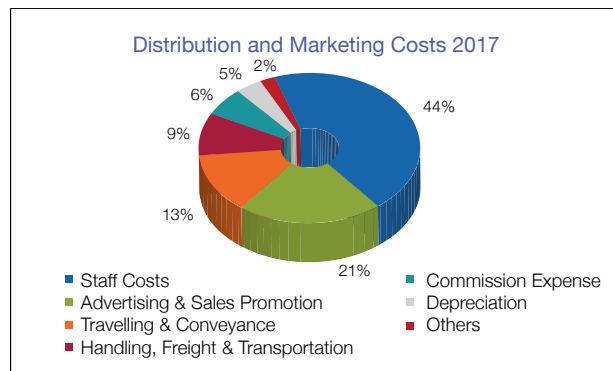
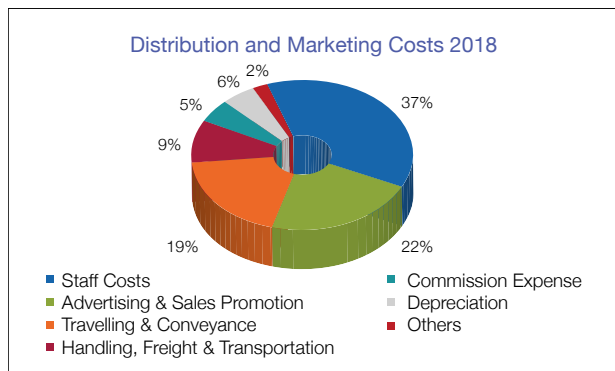
## Shareholders holding five percent or more voting rights in the Company

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

# Analytical Review

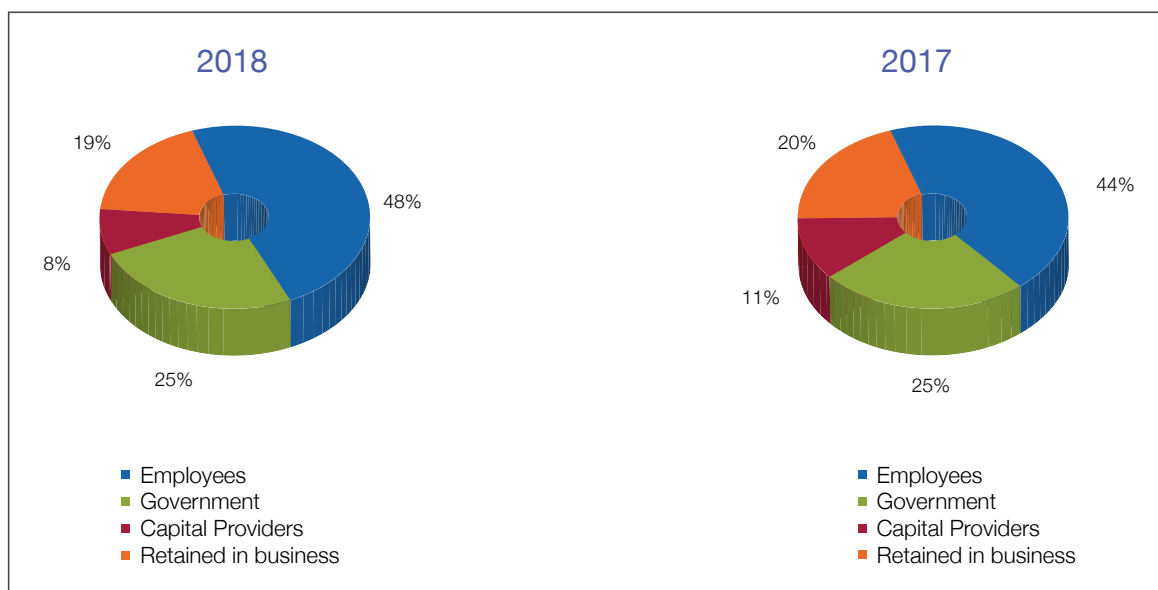


# Analytical Review



# Statement of Value Added

	2018		2017	
	Rs. in '000	%	Rs. in '000	%
Net sales	12,960,839	100	12,446,052	100
Materials and services	(9,388,278)	(72)	(8,130,200)	(65)
	<b>3,572,561</b>	<b>28</b>	<b>4,315,852</b>	<b>35</b>
<b>DISTRIBUTED AS FOLLOWS:</b>				
<b>Employees</b>				
Staff cost	1,661,799	47	1,795,469	42
Workers' Profit Participation Fund	50,059	1	85,247	2
	<b>1,711,858</b>	<b>48</b>	<b>1,880,716</b>	<b>44</b>
<b>Government</b>				
Income tax	313,053	9	540,035	13
Custom duty, sales tax & others	563,726	16	485,636	11
Central Research Fund	9,607	-	17,049	-
Workers' Welfare Fund	16,351	-	27,460	1
	<b>902,737</b>	<b>25</b>	<b>1,070,180</b>	<b>25</b>
<b>Capital Providers</b>				
Dividend to shareholders	289,343	8	434,014	10
Mark-up on borrowed funds	3,333	-	23,161	1
	<b>292,676</b>	<b>8</b>	<b>457,175</b>	<b>11</b>
<b>Retained in business</b>				
Depreciation / amortisation	341,841	10	335,674	8
Net Earnings	323,449	9	572,107	12
	<b>665,290</b>	<b>19</b>	<b>907,781</b>	<b>20</b>
	<b>3,572,561</b>	<b>100</b>	<b>4,315,852</b>	<b>100</b>



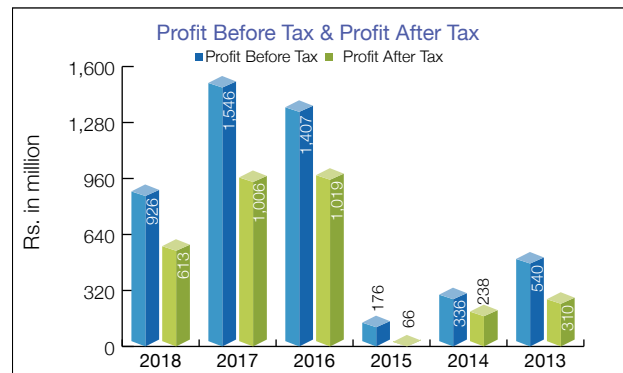
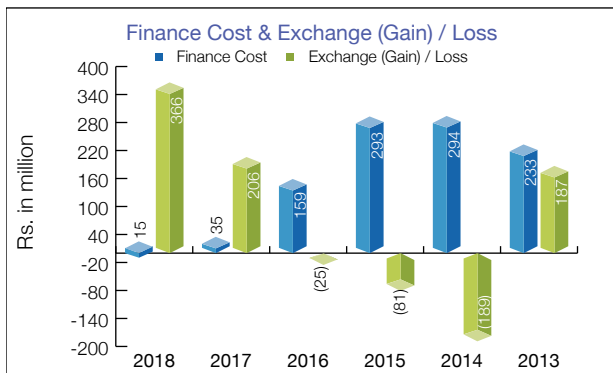
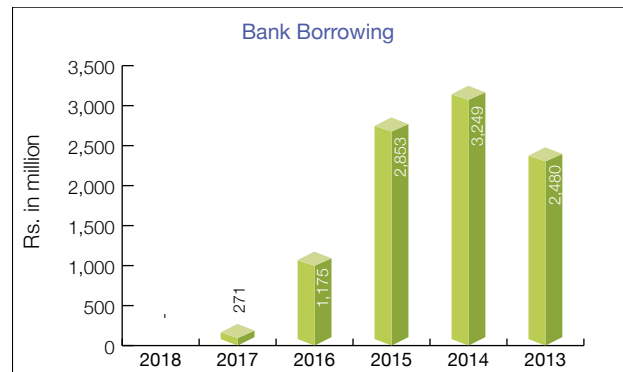
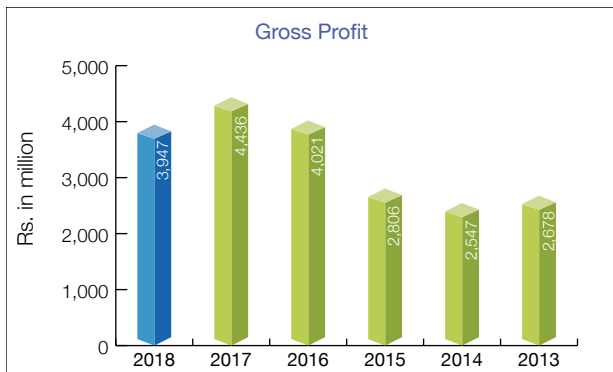
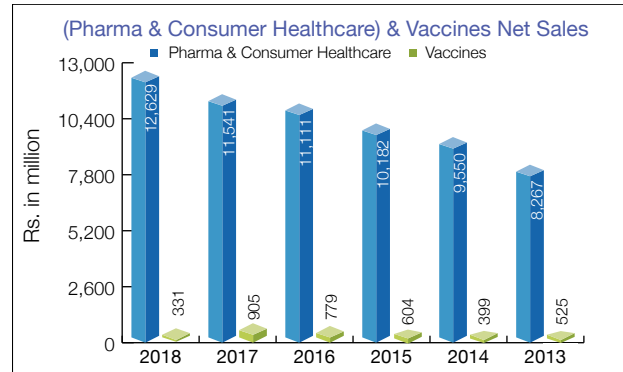
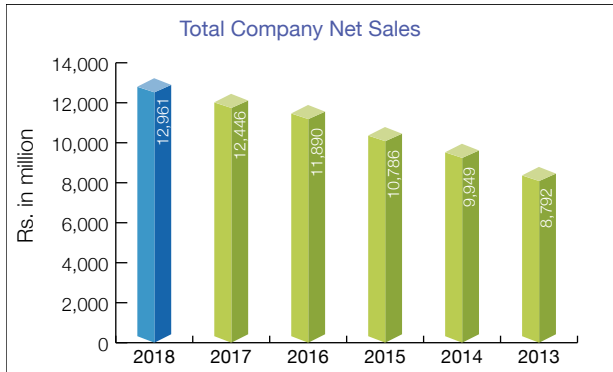


# Operating & Financial Highlights

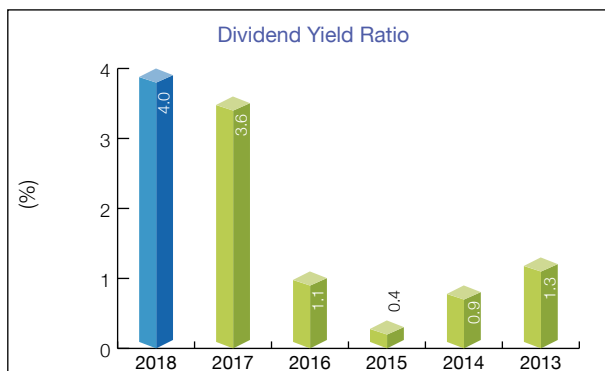
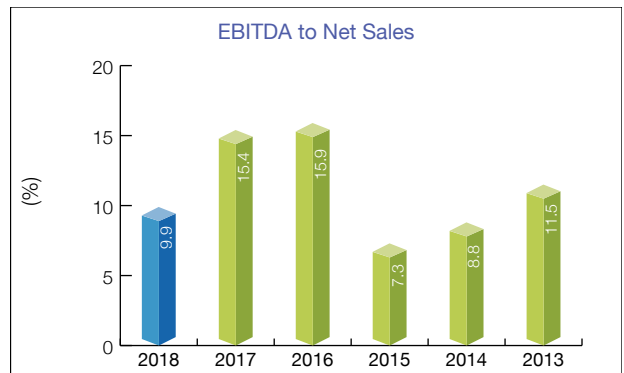
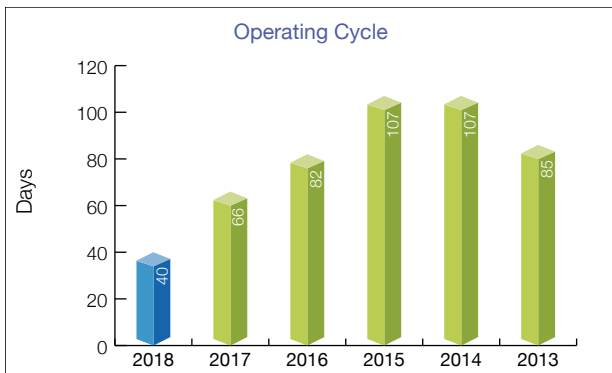
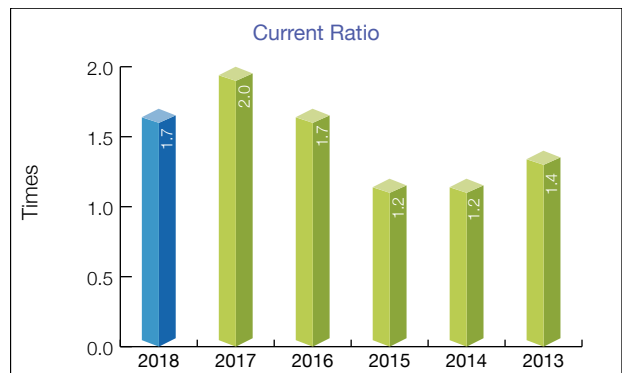
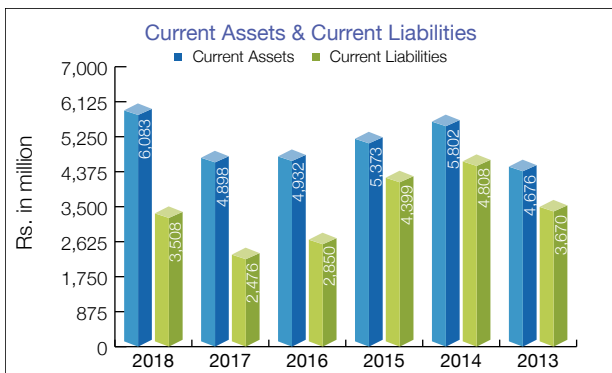
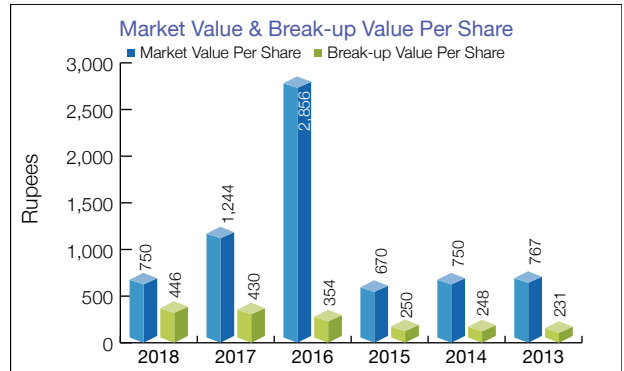
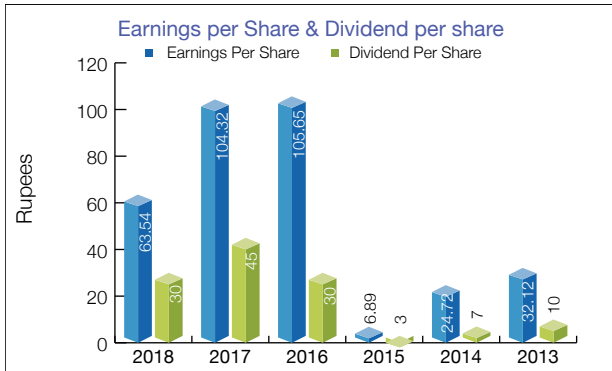
		2018	2017	2016	2015	2014	2013
<b>Liquidity Ratios</b>							
Current Ratio	Times	1.7	2.0	1.7	1.2	1.2	1.4
Quick Ratio	Times	0.9	1.0	0.8	0.6	0.44	0.7
Cash to Current Liabilities	Times	0.07	(0.10)	(0.04)	(0.01)	(0.44)	(0.52)
Cash Flow from Operations to Sales	%	15.1	18.4	23.1	14.8	2.6	1.7
Net Working Capital	Rs. M	2,575	2,421	2,082	973	994	1,006
Net Assets	Rs. M	4,298	4,149	3,412	2,410	2,392	2,227
Operating Cycle	Days	40	66	82	107	107	85
Current assets to Total assets	%	77.9	73.9	72.3	72.5	74.1	71.6
Inventory / Current Assets	%	48.2	50.2	54.6	54.1	65.6	53.5
Inventory to Total Assets	%	37.6	37.1	39.5	39.2	48.6	38.3
<b>Activity Ratios</b>							
Inventory Turnover	Times	3.3	3.1	2.8	2.4	2.3	2.7
Average No. of Days inventory in stock	Days	109	117	130	154	156	135
Accounts Receivable Turnover	Times	20.5	17.9	13.9	12.4	12.1	9.5
Average Collection Period	Days	18	20	26	29	30	38
Creditors Turnover	Times	4.2	5.1	4.9	4.8	4.6	4.2
Average Payment Period	Days	87	72	74	76	79	88
Fixed Assets Turnover	Times	7.8	7.3	6.4	5.4	4.9	4.8
Operating Assets Turnover	Times	8.3	7.9	7.0	5.9	5.5	5.9
Total Assets Turnover	Times	1.7	1.9	1.7	1.5	1.3	1.3
<b>Leverage</b>							
Interest Coverage Ratio	Times	63.6	44.7	9.8	1.6	2.1	3.3
Fixed Assets to Equity	Times	0.4	0.4	0.5	0.8	0.8	0.8
<b>Profitability Ratios</b>							
Sales Growth	%	4.1	4.7	10.2	8.4	13.2	1.9
COGS to Net Sales	%	69.5	64.4	66.2	74.0	74.4	69.5
EBITDA* to Net Sales	%	9.9	15.4	15.9	7.3	8.8	11.5
Profit Before Tax to Net Sales	%	7.1	12.4	11.8	1.6	3.4	6.1
Net Profit Margin	%	4.7	8.1	8.6	0.6	2.4	3.5
Gross Profit Margin	%	30.5	35.6	33.8	26.0	25.6	30.5
Operating Profit Margin	%	7.3	12.7	13.2	4.3	6.3	8.8
Return on Assets	%	7.9	15.2	14.9	0.9	3.0	4.7
Return on Equity	%	14.3	24.3	29.9	2.8	10.0	13.9
Return on Capital Employed	%	22.3	39.0	44.9	15.5	21.1	30.5
Admin. Dist. & Mktg. Exp. to Net Sales	%	20.0	20.6	20.1	22.9	21.0	19.3
Admin. Dist. & Mktg. Exp. Variance	%	0.9	7.2	(2.9)	17.8	23.4	(5.2)
Financial Charges to Net Income	%	2.4	3.5	15.6	440.3	123.2	75.3
<b>Market Value</b>							
Market Value per share	Rs.	750	1,244	2,856	670	750	767
Market / Book Ratio	Times	1.7	2.9	8.1	2.7	3.0	3.3
Earnings per share (before tax)	Rs.	96.0	160.3	145.9	18.3	34.8	56.0
Earnings per share (after tax)	Rs.	63.5	104.3	105.6	6.9	24.7	32.1
Price Earning Ratio	Times	11.8	11.9	27.0	97.2	30.3	23.9
Dividend per share	Rs.	30.00	45.00	30.00	3.00	7.00	10.00
Dividend Yield	%	4.0	3.6	1.1	0.4	0.9	1.3
Dividend cover	Times	1.9	2.3	3.5	2.3	3.4	3.2
Payout Ratio (after tax)	%	47.2	43.1	28.4	43.5	28.3	31.1
Market Capitalisation	Rs. M	7,234	11,993	27,545	6,462	7,234	7,398
Break-up value per share	Rs.	445.6	430.1	353.8	249.9	248.0	230.9

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

# Operating & Financial Highlights



# Operating & Financial Highlights



# Horizontal Analysis

	2018	18 Vs. 17	2017	17 Vs. 16	2016	16 Vs. 15	2015	15 Vs. 14	2014	14 Vs. 13	2013	13 Vs. 12
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Operating Results (Rupees in million)</b>												
Net sales	12,961	4.1	12,446	4.7	11,890	10.2	10,786	8.4	9,949	13.2	8,792	1.9
Cost of sales	(9,014)	12.5	(8,010)	1.8	(7,869)	(1.4)	(7,980)	7.8	(7,402)	21.1	(6,114)	1.9
Gross profit	3,947	(11.0)	4,436	10.3	4,021	43.3	2,806	10.2	2,547	(4.9)	2,678	1.9
Distribution, selling and administrative expenses	(2,589)	0.9	(2,566)	7.2	(2,394)	(2.8)	(2,464)	17.7	(2,093)	23.5	(1,695)	(5.2)
Other expenses	(463)	31.2	(353)	157.7	(137)	291.4	(35)	(23.9)	(46)	(81.6)	(250)	9.2
Other income	46	(29.2)	65	(14.5)	76	(53.1)	162	(27.0)	222	455.0	40	(84.4)
Operating profit	941	(40.5)	1,582	1.0	1,566	233.9	469	(25.6)	630	(18.5)	773	(11.0)
Finance costs	(15)	(57.1)	(35)	(77.7)	(159)	(45.7)	(293)	(0.3)	(294)	26.2	(233)	46.5
Profit before taxation	926	(40.1)	1,546	9.9	1,407	699.4	176	(47.6)	336	(37.8)	540	(23.9)
Taxation	(313)	(42.0)	(540)	39.2	(388)	252.7	(110)	13.4	(97)	(57.8)	(230)	3.1
Profit after taxation	613	(39.1)	1,006	(1.3)	1,019	1,443.9	66	(72.4)	239	(22.9)	310	(36.3)
<b>Statement of Financial Position (Rupees in million)</b>												
Fixed assets	1,664	(2.2)	1,702	(8.8)	1,867	(7.3)	2,015	(0.2)	2,019	9.4	1,845	13.3
Other non-current assets	59	136	25	26.1	20	5.3	19	58.3	12	-	12	(7.7)
Current assets	6,083	24.2	4,898	(0.7)	4,932	(8.2)	5,373	(7.3)	5,798	24.0	4,676	22.6
Total assets	7,806	17.8	6,625	(2.8)	6,819	(7.9)	7,407	(5.4)	7,829	19.8	6,533	19.8
Ordinary share capital	96	-	96	0.5	96	-	96	-	96	-	96	-
Reserves	4,201	3.7	4,052	22.2	3,316	43.3	2,314	0.8	2,296	7.8	2,130	11.0
Non-current liabilities	-	-	-	(100.0)	557	(6.9)	598	(5.4)	632	(0.8)	637	308.3
Current liabilities	3,508	41.7	2,476	(13.1)	2,850	(35.2)	4,399	(8.4)	4,805	30.9	3,670	11.8
Total equity and liabilities	7,806	17.8	6,625	(2.8)	6,819	(7.9)	7,407	(5.4)	7,829	19.8	6,533	19.8
<b>Cash Flows (Rupees in thousand)</b>												
Cash generated from operations	1,962,488	(14.4)	2,293,943	(16.5)	2,747,015	72.3	1,594,235	521.2	256,633	72.9	148,443	(59.7)
Cash flows used in operating activities	(714,411)	(25.9)	(964,452)	15.2	(837,329)	4.4	(802,179)	53.0	(524,181)	4.8	(500,170)	(1.9)
Cash flows used in investing activities	(306,605)	78.4	(171,843)	(3.7)	(178,452)	(42.9)	(312,671)	(25.0)	(416,965)	(6.6)	(446,255)	418.1
Cash flows (used in) / generated from financing activities	(431,372)	(66.5)	(1,288,099)	(29.6)	(1,828,844)	(212.0)	1,632,811	1,472.1	103,863	(84.1)	652,540	(338.5)
Net (decrease) / increase in cash and cash equivalents	510,100	491.0	(130,451)	(33.6)	(97,610)	104.6	2,112,196	463.8	(580,650)	299.2	(145,442)	(71.0)
<b>Number of Employees</b>												
Number of permanent employees at year end	941		964		988		1000		1014		943	

# Vertical Analysis

	2018		2017		2016		2015		2014		2013	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Operating Results (Rupees in million)</b>												
Net sales	12,961	100.0	12,446	100.0	11,890	100.0	10,786	100.0	9,949	100.0	8,792	100.0
Cost of sales	(9,014)	(69.5)	(8,010)	(64.4)	(7,869)	(66.2)	(7,980)	(74.0)	(7,402)	(74.4)	(6,114)	(69.5)
Gross profit	3,947	30.5	4,436	35.6	4,021	33.8	2,806	26.0	2,547	25.6	2,678	30.5
Distribution, selling and administrative expenses	(2,589)	(20.0)	(2,566)	(20.6)	(2,394)	(20.1)	(2,464)	(22.8)	(2,093)	(21.0)	(1,695)	(19.3)
Other expenses	(463)	(3.6)	(353)	(2.8)	(137)	(1.2)	(35)	(0.3)	(46)	(0.5)	(250)	(2.8)
Other income	46	0.4	65	0.5	76	0.6	162	1.5	222	2.2	40	0.5
Operating profit	941	7.3	1,582	12.7	1,566	13.1	469	4.4	630	6.3	773	8.9
Finance costs	(15)	(0.1)	(35)	(0.3)	(159)	(1.3)	(293)	(2.7)	(294)	(3.0)	(233)	(2.7)
Profit before taxation	926	7.2	1,546	12.4	1,407	11.8	176	1.7	336	3.3	540	6.2
Taxation	(313)	(2.4)	(540)	(4.3)	(388)	(3.3)	(110)	(1.0)	(97)	(1.0)	(230)	(2.6)
Profit after taxation	613	4.7	1,006	8.1	1,019	8.5	66	0.7	239	2.3	310	3.6
<b>Statement of Financial Position (Rupees in million)</b>												
Fixed assets	1,664	21.3	1,702	25.7	1,867	27.4	2,015	27.2	2,019	25.7	1,845	28.2
Other non-current assets	59	0.8	25	0.4	20	0.3	19	0.3	12	0.2	12	0.2
Current assets	6,083	77.9	4,898	73.9	4,932	72.3	5,373	72.5	5,798	74.1	4,676	71.6
Total assets	7,806	100.0	6,625	100.0	6,819	100.0	7,407	100.0	7,829	100.0	6,533	100.0
Ordinary share capital	96	1.2	96	1.5	96	1.4	96	1.3	96	1.2	96	1.5
Reserves	4,201	53.8	4,052	61.1	3,316	48.6	2,314	31.2	2,296	29.3	2,130	32.6
Non-current liabilities	-	-	-	-	557	8.2	598	8.1	632	8.1	637	9.8
Current liabilities	3,508	45.0	2,476	37.4	2,850	41.8	4,399	59.4	4,805	61.4	3,670	56.1
Total equity and liabilities	7,806	100.0	6,625	100.0	6,819	100.0	7,407	100.0	7,829	100.0	6,533	100.0
<b>Cash Flows (Rupees in thousand)</b>												
Cash generated from operations	1,962,488	384.7	2,293,943	(1,758.5)	2,747,015	(2,814.3)	1,594,235	75.5	256,633	(44.2)	148,443	(102.0)
Cash flows used in operating activities	(714,411)	(140.1)	(964,452)	739.4	(837,329)	857.8	(802,179)	(38.0)	(524,181)	90.3	(500,170)	343.9
Cash flows used in investing activities	(306,605)	(60.1)	(171,843)	131.7	(178,452)	182.9	(312,671)	(14.8)	(416,965)	71.8	(446,255)	306.8
Cash flows (used in) / generated from financing activities	(431,372)	(84.5)	(1,288,099)	987.4	(1,828,844)	1,873.6	1,632,811	77.3	103,863	(17.9)	652,540	(448.7)
Net (decrease) / increase in cash and cash equivalents	510,100	100.0	(130,451)	100.0	(97,610)	100.0	2,112,196	100.0	(580,650)	100.0	(145,442)	100.0
<b>Number of Employees</b>												
Number of permanent employees at year end	941		964		988		1000		1,014		943	

# Notice of Annual General Meeting

Notice is hereby given that the 51<sup>st</sup> Annual General Meeting of sanofi-aventis Pakistan Limited will be held on Tuesday, April 23, 2019 at 09:30 am at Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi to transact the following business:

## ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting held on April 26, 2018.
2. To receive, consider and adopt the audited financial statements for the year ended December 31, 2018 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, 2018 which will be payable to the Members whose names appear in the register of the Members on April 16, 2019 close of business.
4. To appoint External Auditors for the year ending December 31, 2019 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, 2019.
5. To transact any other business with the permission of the Chair.

By order of the Board



Muhammad Yousuf  
Company Secretary

Karachi, April 1, 2019

## Notes:

1. The Share Transfer Books of the Company shall remain closed from April 17, 2019 to April 23, 2019 (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, 2019 will be considered in time, to entitle the transferees to the final cash dividend and to attend the Annual General Meeting.
2. For Attending the meeting and appointing proxies
  - i) 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.
  - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.
  - v) In case of corporate entity, the Board of Directors' resolution/Power of Attorney with specimen signature shall be submitted along with proxy form to the Company.
  - vi) Shareholders whose shares are deposited with Central Depository Company (CDC) are requested to bring their original CNIC and CDC account number for verification.
  - vii) In case of a corporate entity, the Board of Directors' resolution/Power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
  - viii) Shareholders holding shares in physical form are requested to notify the change of their addresses, if any, and provide 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.
  - ix) CDC account holders will further have to follow the guidelines as laid down in Circular No.1, dated January 26, 2000 issued by the Securities and Exchange Commission (SECP) of Pakistan for attending the meeting and appointment of proxies.
3. Annual audited financial statements of the Company for the financial year ended December 31, 2018 have been uploaded on the Company's website i.e. [www.sanofi.com.pk](http://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 (if any) 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 the 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, Nursery, 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.

# Notice of Annual General Meeting

## 7. Withholding tax on dividend

Deduction of income tax from dividend under section 150 the Income Tax Ordinance, 2001:

- i) Pursuant to Finance Act, 2017, withholding of tax on dividend based on 'Filer' and 'Non-Filer' status of Shareholders shall be at 15% and 20% respectively. 'Filer' means a person whose name appears on the Active Tax-Payers List (ATL) available at e-portal of Federal Board of Revenue (FBR) (<http://www.fbr.gov.pk/>) or a holder of "Tax Payers Card" and 'Non-Filer' means a person who is not a filer.

To enable the Company to make tax deduction on the amount of cash dividend at 15% instead of 20% all the Shareholders whose names are not entered into the ATL provided on the website of FBR despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted at 20% instead of 15%.

- 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 accounts 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 or 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.) Ltd. 8-F, Near Hotel Faran, Nursery, Block 6, P.E.C.H.S, Shakra-e-Faisal, Karachi and email address [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk).

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

\_\_\_\_\_  
Signature of member

9. 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](mailto:company.secretary@sanofi.com) and/or FAMCO Associates (Pvt.) Ltd. at phone: +92 21-34380101 email address: [info.shares@famco.com.pk](mailto: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 holder of \_\_\_\_\_ 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 51<sup>st</sup> Annual General  
Meeting of the Company to be held on Tuesday, April 23, 2019 and at any adjournment  
thereof.

As witness my / our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

### Witness No.1

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
C.N.I.C. No. \_\_\_\_\_

Rs. 10/-  
Revenue  
Stamp

\_\_\_\_\_  
Signature of Member(s)

### Witness No.2

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
C.N.I.C. No. \_\_\_\_\_

\_\_\_\_\_  
(Name in Block Letters)

Shareholder's Folio No. \_\_\_\_\_  
Participant ID No. \_\_\_\_\_  
Account No. in CDS \_\_\_\_\_  
C.N.I.C No: \_\_\_\_\_

### 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 (excluding holidays) before the time of holding the meeting. The proxy shall produce his original CNIC or original passport at the time of 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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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/مسمّاء-----  
----- (مکمل پتہ) سنوٹی۔ ایونٹس پاکستان لمیٹڈ 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 ۵۱ویں سالانہ اجلاس عام، منعقدہ منگل، ۲۳ اپریل، ۲۰۱۹ میں شریک ہو کر میری/ ہماری جانب سے ووٹ دے سکے اور دیگر کسی التوا میں بھی شامل ہو سکے۔

میرے / ہمارے سامنے----- بروز----- ۲۰۱۹ کو دستخط کئے گئے۔

۱۰ روپے  
کا ریونیو  
اشامپ

رکن (ارکان) کے دستخط

(نام جلی حروف میں)

شئیر ہولڈر کا فولیو نمبر-----  
شریک ہونے والے کا آئی ڈی نمبر-----  
سی ڈی ایس 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 ایس 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 ۴۸ گھنٹے پہلے (چھٹی کے علاوہ) کمپنی کے رجسٹرڈ آفس پر موصول ہو جانا چاہیے۔ پراکسی کو اجلاس کے وقت اپنا اصل شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
- 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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The Company Secretary

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

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# SANOFI

**sanofi-aventis Pakistan limited**

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