





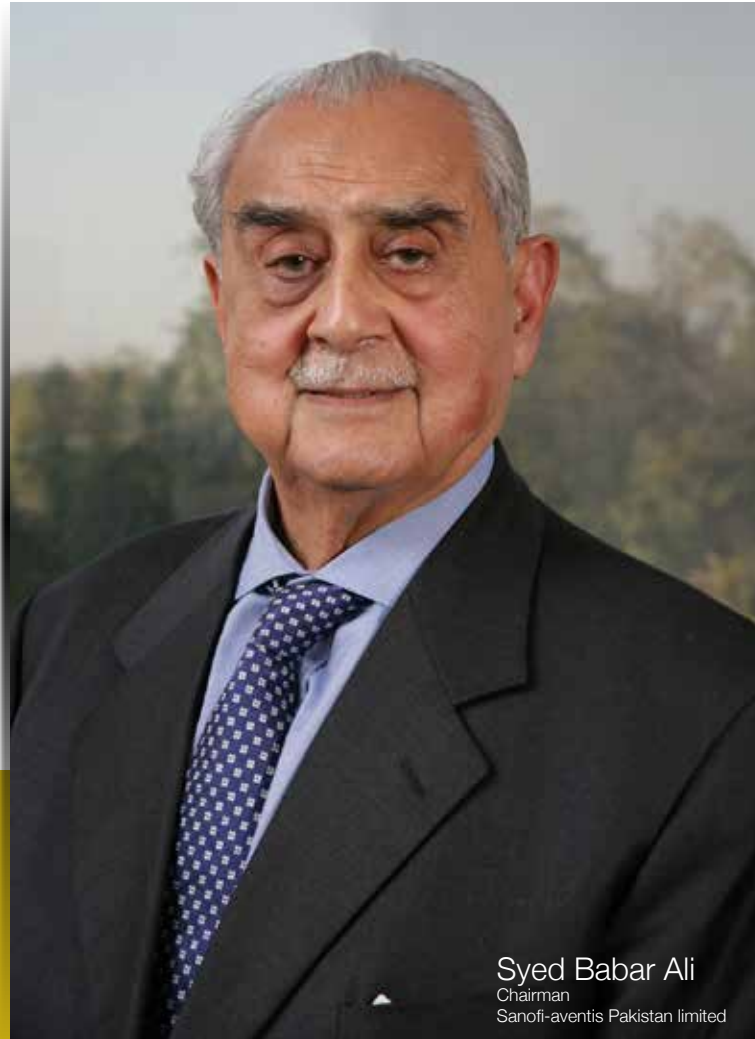
## Sanofi completes half century in Pakistan

1967 - 2017



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

As we embark on the next 50 year mission, we stand firm to protect, enable and support people on their health journey through life, empowering them to live life to its full potential.



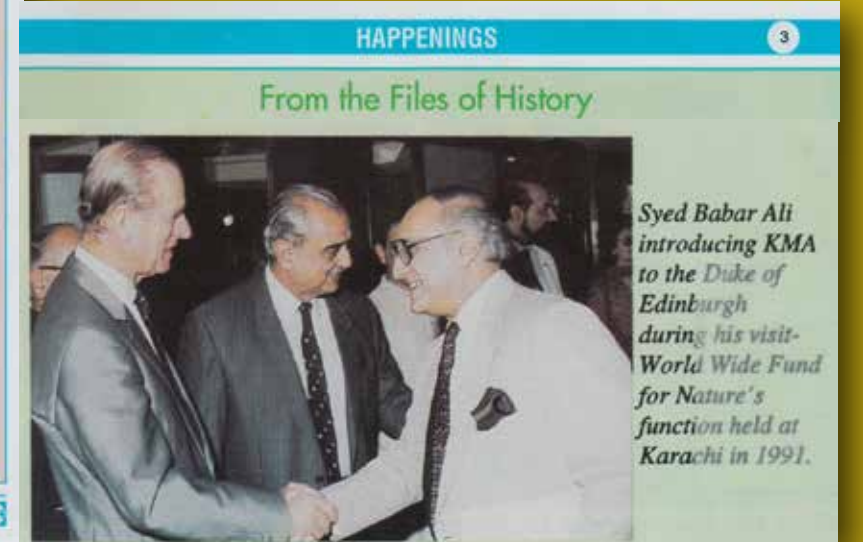
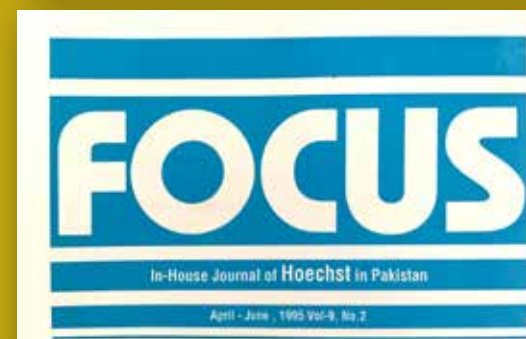
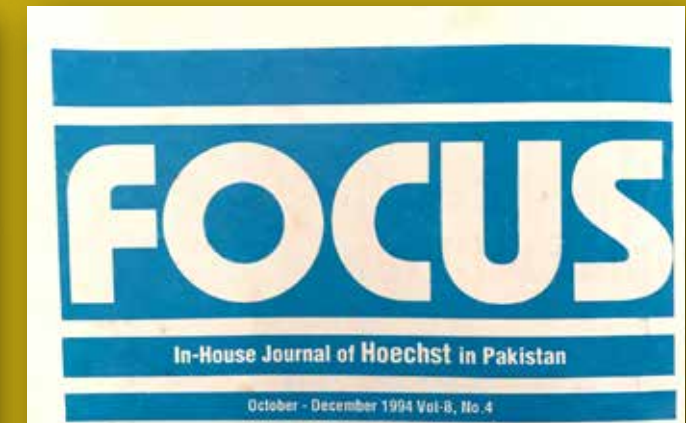
Syed Babar Ali  
Chairman  
Sanofi-aventis Pakistan limited



SANOFI

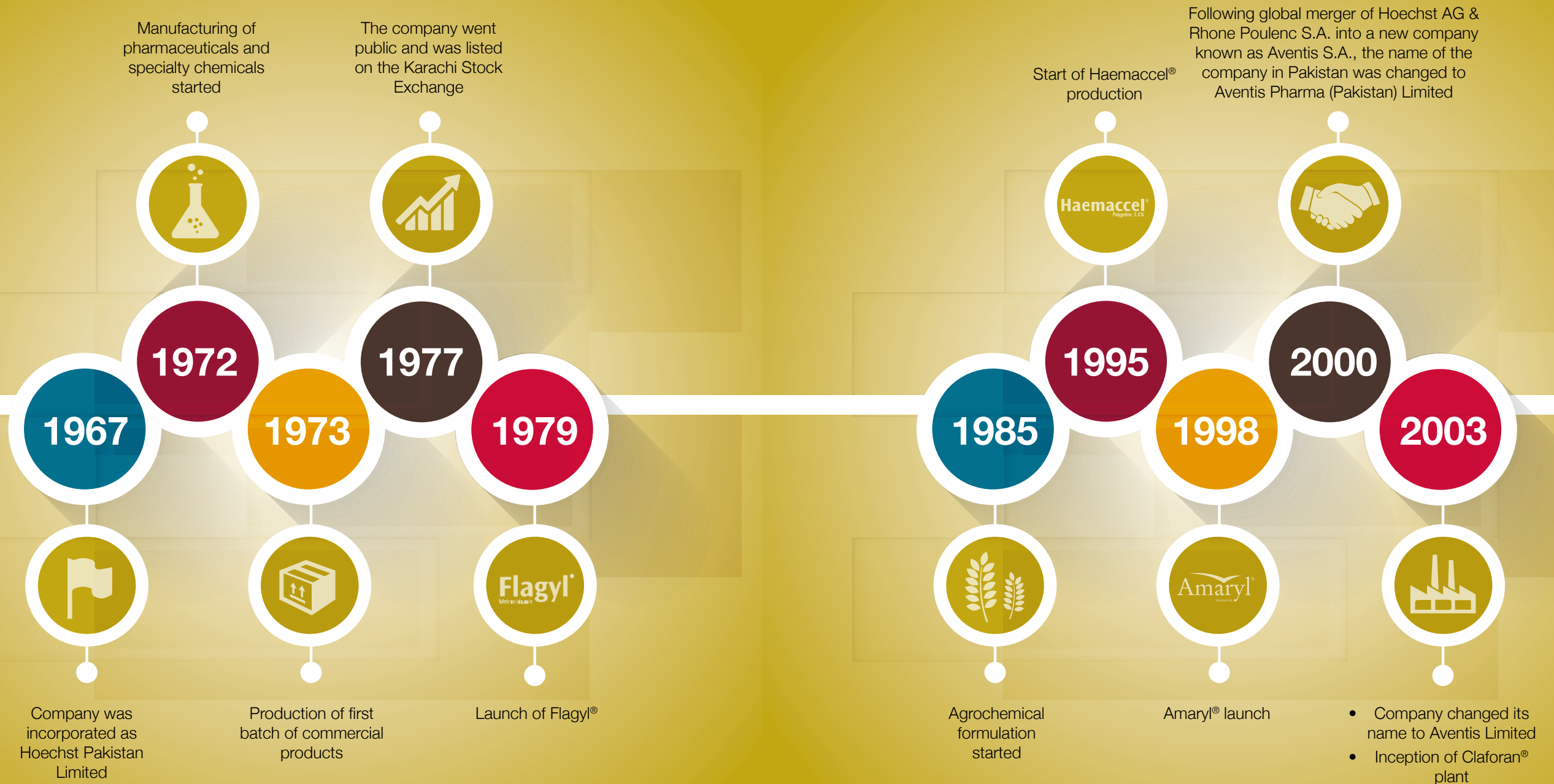


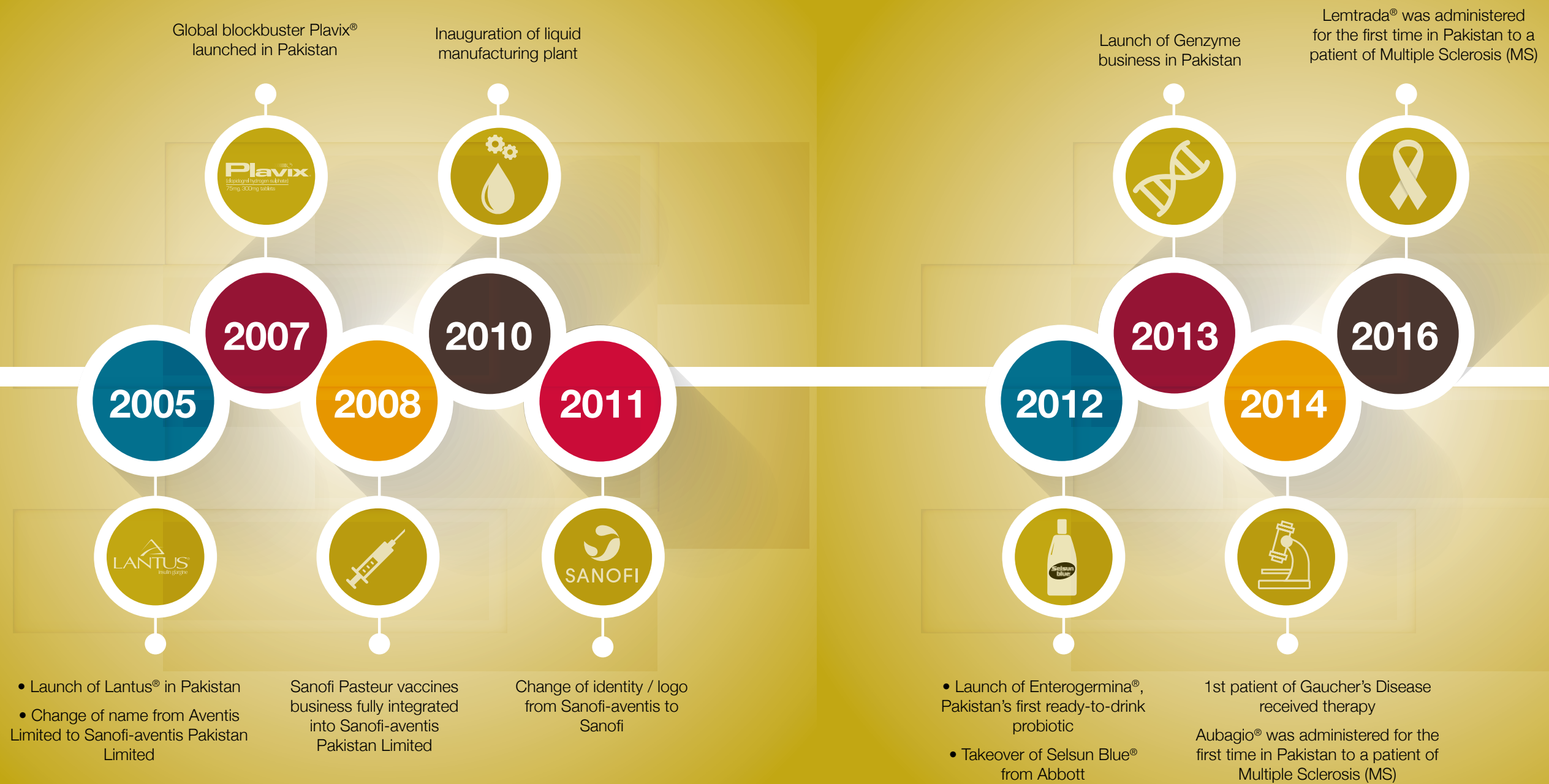
# from the Pages of History



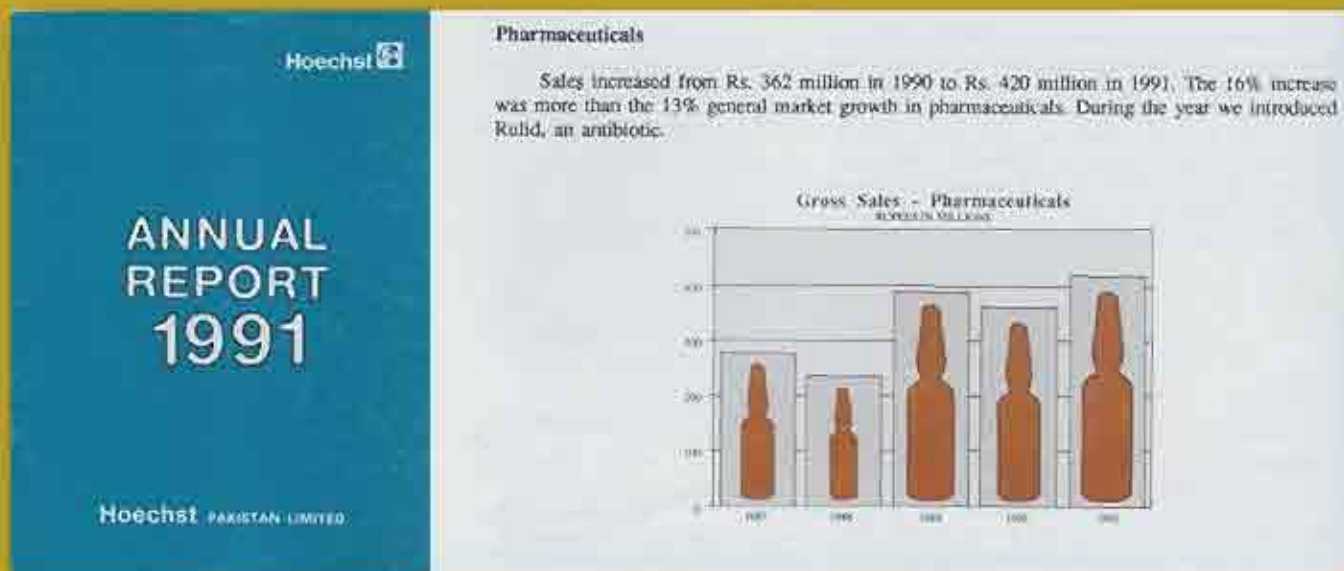
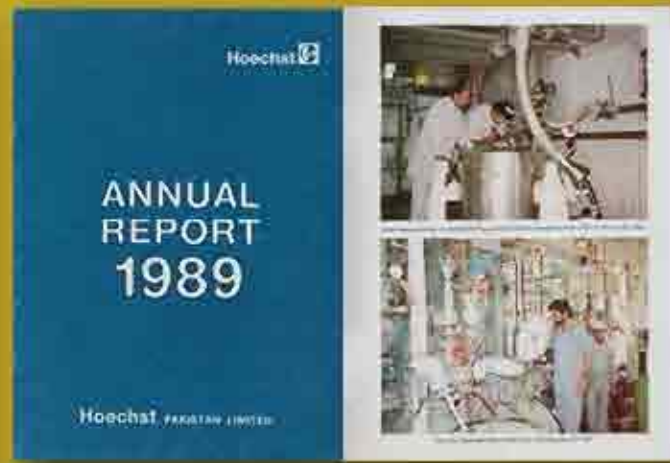
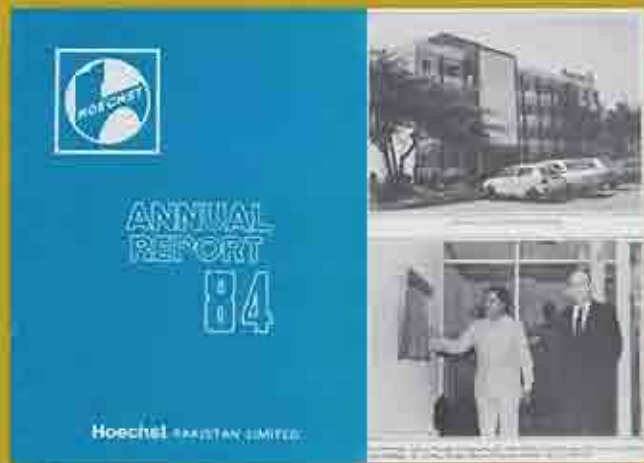
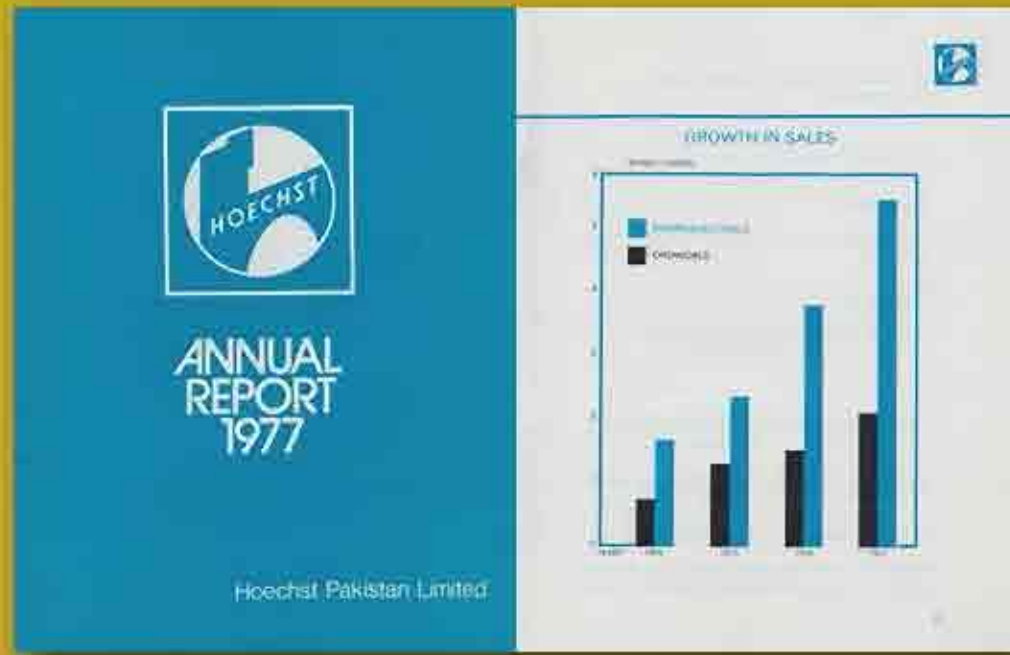


# Historical Milestones











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# A Global Life Sciences Company

Sanofi is a global life sciences company committed to improving access to healthcare and supporting the people we serve throughout the continuum of care. From prevention to treatment, Sanofi transforms scientific innovation into healthcare solutions, in human vaccines, rare diseases, multiple sclerosis, oncology, immunology, infectious diseases, diabetes and cardiovascular solutions and consumer healthcare. More than 110,000 people at Sanofi are dedicated to make a difference on patients' daily life, wherever they live and enable them to enjoy a healthier life.

Medicine has made great progress in the last century. The average life expectancy of people worldwide has doubled in that time, thanks in large measure to the development of innovative treatments for serious diseases.

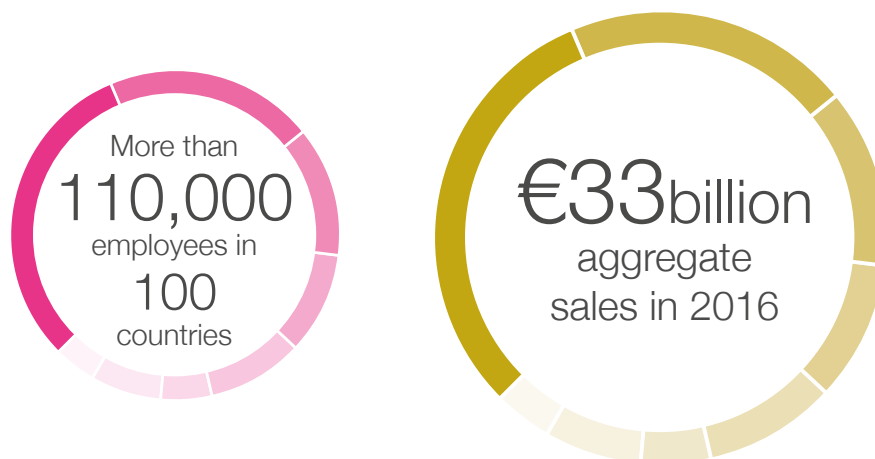
At Sanofi, we have a clear and resolute line of action: to contribute to the continuous advancement of health. As a company, and as individuals, Sanofi and its talented employees have always striven to advance the cause of health by developing treatments that prevent and treat diseases, while enhancing access to healthcare for the people around the world.

The expertise we have developed along the way has had a profound effect, particularly in the developing world. We have developed the first vaccine for the dengue virus, which infects 390 million people each year, and whose range is expanding due to climate change. Vaccination campaigns have already begun in the Philippines. Thanks to systematic vaccination campaigns, we are close to eradicating polio; while over the last decade, sleeping sickness treatments have saved more than 180,000 lives. In addition, we provide innovative treatments for global killers like diabetes and cardiovascular diseases.

Yet, there is much to be accomplished. A third of the world's population still has no access to healthcare. And providing health products and services is just one part of the solution to tackle health inequalities that threaten human development. As a responsible leader, we must adapt the way we operate to meet our commitment to health.

We also must continue to uncover innovations to be shared widely among those in need. To do so, we know that the solution will emerge by listening to our stakeholders, and with a collaborative approach. For that, we partner with the Bill & Melinda Gates Foundation, the GAVI Alliance and the World Health Organization, amongst others.

Finally, our commitment to health goes beyond medicine, in part through our corporate responsibility approach and our dedication to make a real difference in the lives of people every day.





## Our mission: Shaping tomorrow's health

As researchers, we have it in us to be extraordinary bold and hopeful because in research what will happen ten or fifteen years from now is going to be determined by what we do today. We have the power to bring an idea from a scientist's mind directly to patients.

## From Science to Solutions

Scientific and medical advances are extraordinary, and we in R&D, are committed to transforming this new knowledge into healthcare solutions for patients. Over the past decades, we have achieved tremendous efforts in biomedical research and have progressed in controlling infectious diseases for instance. However, as people live longer, they now suffer from more complex and chronic diseases, such as diabetes, cancer or cardiovascular diseases. These diseases remain difficult to treat effectively, hence the necessity to find ways to accelerate the development of new, more effective and better tolerated health solutions for patients. At the heart of our job is high-quality and rigorous science combined with a passion to understand patients' needs and develop the solutions that will improve their lives.

## Understanding the needs of patients better

At Sanofi, we are convinced that to be truly innovative and to bring better treatment options to patients, we must understand their needs and how their disease affects their day to day lives. Who is better placed to define gaps in treatments than those living with a particular disease or those who advocate for them? Through their insights, we develop medicines that better fit their needs.

Our aim is to connect fundamental research (based on biological and animal models) and clinical research (focused on human beings) to facilitate the transfer of recent scientific discoveries to the clinical care of patients. This way, we will accelerate the provision of better, more effective and targeted treatments. The success of this approach requires increased collaboration between our researchers, physicians and clinical research centers.



# Our Purpose



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



# Sanofi Pakistan

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, then Karachi 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.

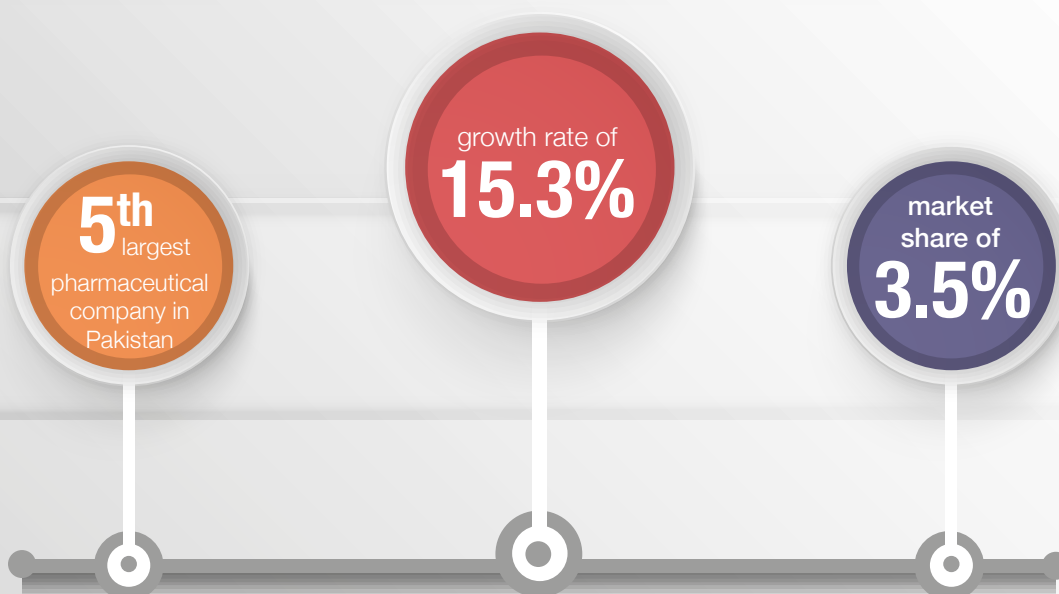
In December 1999, Hoechst AG & Rhone Poulenc S.A. globally merged their life sciences business into a new company known as Aventis S.A. The name of the company in Pakistan was changed to Aventis Pharma (Pakistan) Limited in November 2000.

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 remain the same i.e sanofi-aventis Pakistan limited.

Today, Sanofi is the 5<sup>th</sup> largest pharmaceutical company in Pakistan with a market share of 3.5% and growth rate of 15.3%.



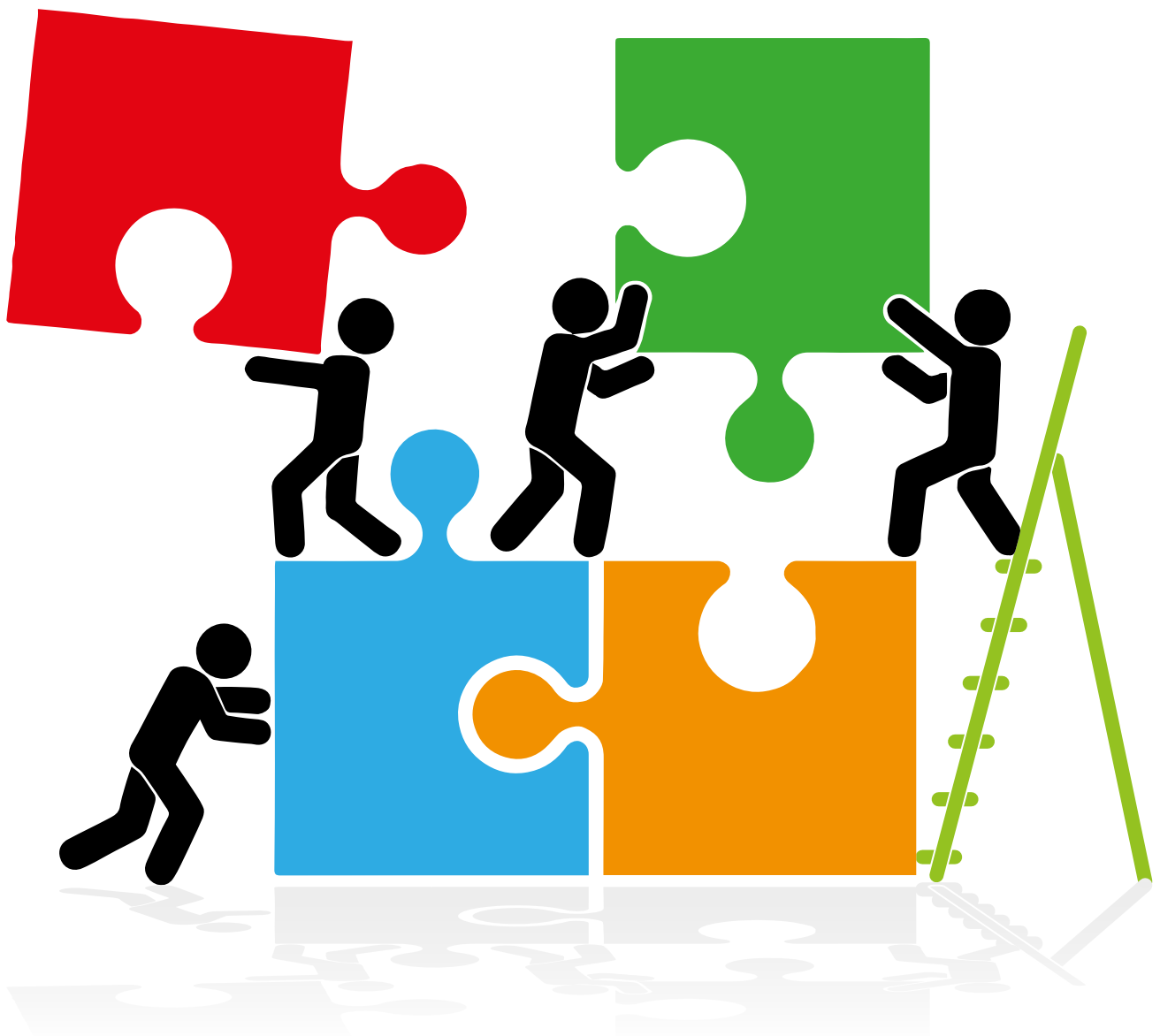
Source: IMS MAT Dec 2016



# 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.



# Company Information

## Board of Directors

|                    |                         |
|--------------------|-------------------------|
| Syed Babar Ali     | Chairman                |
| Dr. Asim Jamal     | Chief Executive         |
| Arshad Ali Gohar   |                         |
| Syed Hyder Ali     |                         |
| Javed Iqbal        |                         |
| Patrick Aghanian   |                         |
| Patrick Chocat     |                         |
| Franck Vidor       |                         |
| Yasser Pirmuhammad | Chief Financial Officer |

## Company Secretary

Saad Usman

## Auditors

EY Ford Rhodes  
Chartered Accountants

## Legal Advisors

Hashmi & Hashmi  
Ghani Law Associates  
Saadat Yar Khan & Co.

## 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  
contact.pk@sanofi.com

## URL

www.sanofi.com.pk  
www.sanofidiabetes.com.pk

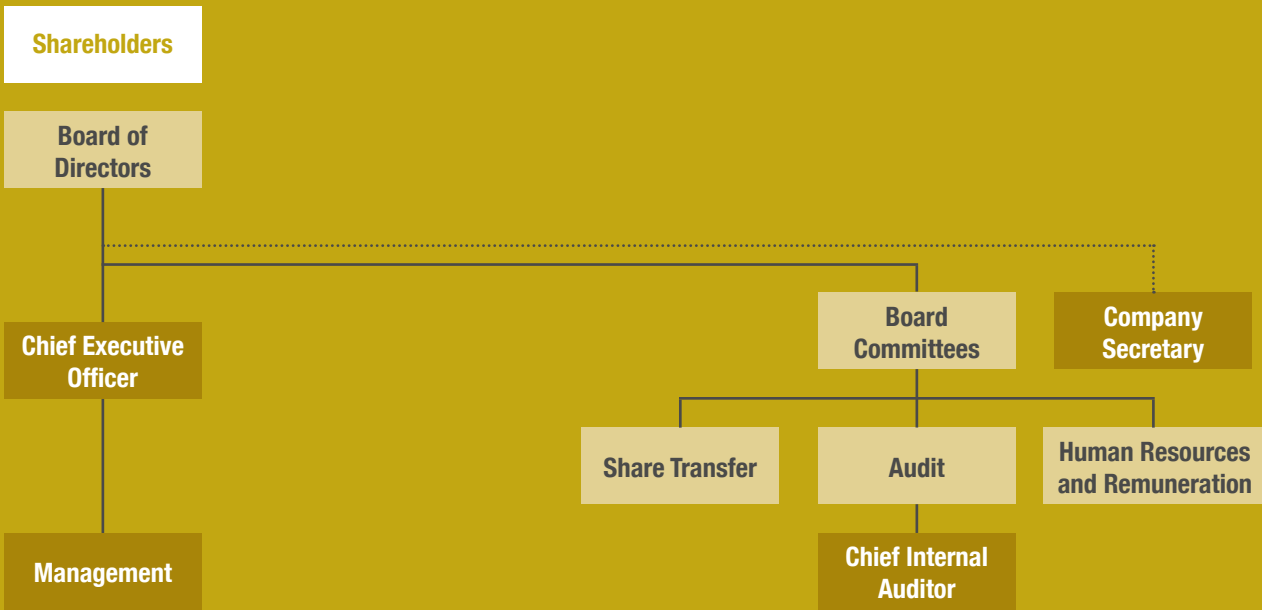
## Registrars & Share Transfer Office

FAMCO Associates (Pvt.) Ltd.  
8-F, Next to Hotel Faran, Nursery,  
Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi  
Tel: (9221) 34380101-5 Fax: (9221) 34380106  
URL: www.famco.com.pk

## Bankers

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

# Corporate Structure





# Corporate 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.

## 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 of Directors

|                    |          |                        |
|--------------------|----------|------------------------|
| Syed Babar Ali     | Chairman | Non-Executive Director |
| Dr. Asim Jamal     | CEO & MD | Executive Director     |
| Yasser Pirmuhammad | CFO      | Executive Director     |
| Javed Iqbal        |          | Independent Director   |
| Arshad Ali Gohar   |          | Non-Executive Director |
| Syed Hyder Ali     |          | Non-Executive Director |
| Patrick Aghanian   |          | Non-Executive Director |
| Franck Vidor       |          | Non-Executive Director |
| Patrick Chocat     |          | Non-Executive Director |

### Board Committees

The Board has formed following Committees in line with the best practices and requirements of the Code of Corporate Governance:

#### 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 Audit Committee is structured as follows:

|                |          |                        |
|----------------|----------|------------------------|
| Syed Hyder Ali | Chairman | Non-Executive Director |
| Franck Vidor   |          | Non-Executive Director |
| Javed Iqbal    |          | Independent Director   |

The Chief Internal Auditor, Muhammad Atif Khan is the Secretary of the Board Audit Committee.

#### Human Resource 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, Chief Internal Auditor 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 Committee is structured as follows:

|                  |          |                        |
|------------------|----------|------------------------|
| Arshad Ali Gohar | Chairman | Non-Executive Director |
| Syed Hyder Ali   |          | Non-Executive Director |
| Dr. Asim Jamal   | CEO & MD | Executive Director     |

The Director Human Resource, Shakeel Mapara is the Secretary of the Human Resource and Remuneration Committee.

### **Board Share Transfer Committee**

The Board Share Transfer Committee has been authorized by the Board to approve transfer of shares. All share transfer resolutions are ratified by the Board in subsequent meetings. The Committee is structured as follows:

|                    |          |                    |
|--------------------|----------|--------------------|
| Dr. Asim Jamal     | CEO & MD | Executive Director |
| Yasser Pirmuhammad | CFO      | Executive Director |

### **Board Performance Evaluation**

The Code of Corporate Governance 2012 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

The Board has not conducted an evaluation during 2016. However, steps will be taken to ensure such evaluation is done annually as required in the Code.

### **Performance Evaluation of the Chief Executive**

The performance of the Chief Executive (CEO) is based on the criteria defined by the sanofi group, 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.

# Directors' Profile

| Name of Director  | Date of Joining Board                       | Other Engagements   |
|---|---|---|
| Syed Babar Ali<br>Chairman<br>(Non-Executive Director)    | Prior to the listing of the company in 1977 | <p><b>Chairman:</b></p> <ul style="list-style-type: none"> <li>• Ali Institute of Education</li> <li>• Babar Ali Foundation</li> <li>• Coca Cola Beverages Pakistan Limited</li> <li>• Gurmani Foundation</li> <li>• IGI Insurance Limited</li> <li>• IGI Investment Bank Limited</li> <li>• Industrial Technical &amp; Educational Institute</li> <li>• National Management Foundation</li> <li>• Syed Maratib Ali Religious &amp; Charitable Trust Society</li> <li>• Tetra Pak Pakistan Limited</li> <li>• Tri-Pack Films Limited</li> </ul> <p><b>Director:</b></p> <ul style="list-style-type: none"> <li>• Nestle Pakistan Limited</li> </ul> <p><b>Pro-Chancellor:</b></p> <ul style="list-style-type: none"> <li>• Lahore University of Management Sciences (LUMS)</li> </ul> |
| Dr. Asim Jamal<br>Chief Executive<br>(Executive Director) | June 1, 2015                                | <p><b>Member:</b></p> <p>Board of Governors of National Management Foundation (Governing body of LUMS)</p> <p>Pakistan Pharmaceuticals Manufacturers' Association – represents sanofi-aventis Pakistan limited</p> <p>Pakistan France Business Alliance – represents sanofi-aventis Pakistan limited</p> <p>Chairman: Pharma Bureau – represents sanofi-aventis Pakistan limited</p> <p>Executive Committee Member, OICCI – represents sanofi-aventis Pakistan limited</p>  |
| Arshad Ali Gohar<br>(Non-Executive Director)              | February 11, 2011                           | <p><b>Director:</b></p> <ul style="list-style-type: none"> <li>• Ali Gohar &amp; Company (Private) Limited</li> <li>• AGT Holdings (Private) Limited</li> <li>• AGC (Private) Limited</li> </ul>  |
| Syed Hyder Ali<br>(Non-Executive Director)                | February 22, 1987                           | <p><b>Director:</b></p> <ul style="list-style-type: none"> <li>• Babar Ali Foundation</li> <li>• Bulleh Shah Packaging (Private) Limited</li> <li>• Flexible Packages Convertors (Pty) Limited</li> <li>• IGI Insurance Limited</li> <li>• IGI Life Insurance Limited</li> <li>• International Steels Limited</li> <li>• KSB Pumps Company Limited</li> <li>• National Management Foundation</li> <li>• Nestle Pakistan Limited</li> <li>• Packages Construction (Private) Limited</li> <li>• Packages Lanka (Pvt) Limited</li> <li>• Packages Limited</li> <li>• Pakistan Centre for Philanthropy</li> <li>• Syed Maratib Ali Religious &amp; Charitable Trust Society</li> <li>• Tetra Pak Pakistan Limited</li> <li>• Tri-Pack Films Limited</li> </ul>                            |



| Name of Director                             | Date of Joining Board | Other Engagements   |
|--|-----------------------|---|
|  |                       | <b>Member:</b> <ul style="list-style-type: none"> <li>• Ali Institute of Education</li> <li>• International Chamber of Commerce, Pakistan</li> <li>• Lahore University of Management Sciences</li> <li>• World Wide Fund for Nature</li> </ul>  |
|  |                       | <b>Trustee:</b> <ul style="list-style-type: none"> <li>• Packages Foundation</li> </ul>   |
| Javed Iqbal<br>(Independent Director)        | April 25, 2014        | <b>Director:</b> <ul style="list-style-type: none"> <li>• Professional Education Foundation Trust</li> <li>• Samba Bank Pakistan Ltd</li> </ul>   |
| Franck Vidor<br>(Non-Executive Director)     | October 30, 2015      | None  |
| Patrick Chocat<br>(Non-Executive Director)   | October 30, 2015      | None  |
| Patrick Aghanian<br>(Non-Executive Director) | March 12, 2015        | None  |
| Yasser Pirmuhammad<br>(Executive Director)   | January 1, 2016       | <b>Trustee:</b> <ul style="list-style-type: none"> <li>• sanofi-aventis Pakistan limited Provident Fund</li> <li>• sanofi-aventis Pakistan limited Gratuity Fund</li> <li>• sanofi-aventis Pakistan limited Pension Fund</li> <li>• sanofi-aventis Pakistan limited Workers' Profit Participation Fund</li> </ul> |



# Our Products

## Oral Anti-Diabetics

**Amaryl**<sup>®</sup>  
Glimepiride

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

Amaryl<sup>®</sup> (glimepiride) and Amaryl M<sup>®</sup> (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 exercise measures.

Daonil<sup>®</sup> (glibenclamide) and Daonil M<sup>®</sup> (glibenclamide + metformin) are oral hypoglycemic agents belonging to the sulfonylurea class. Daonil<sup>®</sup> is used in the treatment of type 2 diabetes and is used in conjunction with proper diet and exercise to decrease blood sugar levels.

**Daonil**<sup>®</sup>  
Glibenclamide

**Daonil M**  
(Glibenclamide + Metformin HCl)



**Neodipar**<sup>®</sup>  
(Metformin HCl)

Neodipar<sup>®</sup> (metformin) is an oral diabetes medicine that helps control blood sugar levels. It is used for the management of type 2 diabetes. At times this is used in combination with insulin or other medications for more efficient blood glucose control.

## Insulins

Lantus<sup>®</sup> (insulin glargine) works by lowering levels of glucose (blood sugar) in the blood. Insulin glargine is a long-acting form of insulin that is slightly different from other forms of insulin that are not man-made.

SoloSTAR<sup>®</sup> is an insulin delivery device / disposable pen that is pre-filled with Lantus<sup>®</sup> (insulin glargine) and 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**<sup>®</sup> SoloSTAR<sup>®</sup>  
insulin glargine

**APIDRA**<sup>®</sup> SoloSTAR<sup>®</sup>  
insulin glulisine

Apidra<sup>®</sup> 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<sup>®</sup> is available in a pre-filled SoloStar pen. Each pen contains 3 ml solution, equivalent to 300 Units.



## Cancer

Jevtana® (cabazitaxel) is a prescription anti-cancer medicine used with the steroid medicine prednisone. Jevtana® is used to treat people with prostate cancer that has worsened even after treatment with other anti-cancer medicines, including docetaxel (Taxotere®).

**JEVTANA®**  
(cabazitaxel)  
Injection

**TAXOTERE®**  
(docetaxel)

Taxotere® (docetaxel) is a drug in the taxoid class, which inhibits cancer cell division by essentially “freezing” the cell’s internal skeleton, comprised of microtubules which assemble and disassemble during a cell cycle. Taxotere® promotes assembly and blocks disassembly, thereby preventing cancer cells from dividing and resulting in their death.

Eloxatin® (oxaliplatin) is a platinum salt that has brought major progress in the treatment of metastatic colorectal cancer by making surgery possible for a significant proportion of patients with isolated hepatic metastases by rapidly and significantly reducing metastasis size. Eloxatin® holds out the hope of an extended lifespan and possible recovery for these patients.

**Eloxatin®**  
OXALIPLATIN 5 mg/ml



**Fludara®**  
fludarabine phosphate

Fludara® (fludarabine) is a chemotherapy drug used in the treatment of hematological malignancies (cancers of blood cells such as leukemias and lymphomas). It causes the death of cancer cells by interfering with their growth and reproduction. Fludara® is used to treat a type of cancer known as chronic lymphocytic leukemia (CLL) in people for whom other treatments have not worked. The injectable form of this medication may also be used to treat low-grade non-Hodgkin’s Lymphoma (Lg-NHL) in people for whom other treatments have not worked.

## Urology



When a patient receives an organ transplant, the body's white blood cells may react to try to reject the transplanted organ. Thymoglobulin® (anti-thymocyte globulin) is an immunosuppressant that acts to reduce the body's natural immunity in patients who receive kidney transplants, thereby reducing the risk of rejection.

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

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

# NO-SPA®

# Gardan®

(Mefenamic Acid)

Gardan® (mefenamic acid) is used to relieve mild to moderate pain including soft tissue injuries, other painful musculoskeletal conditions, headache, dental pain, post-operative pain & dysmenorrhea.

Muscoril® (thiochochicoside) is a muscle relaxant drug with anti-inflammatory and analgesic properties. It is used for treating muscular spasms, and rheumatologic, orthopedic, and traumatologic disorders.

# MuscoRil®

(thiocolchicoside)

# Profenid®

(Ketoprofen)

An anti-inflammatory analgesic and antipyretic, Profenid® (ketoprofen) is used in the treatment of rheumatoid arthritis, osteoarthritis and to alleviate moderate pain.

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

# Stemetil®

(Prochlorperazine)



## Allergy Management

**Telfast®** **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® formulation combines this antihistaminic with a prolonged-release decongestion agent.

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

**Avil®**  
(Pheniramine maleate)

**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) 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.

**PHENERGAN®**  
PROMETHAZINE HCl

**Avomine®**

Avomine® (promethazine theoclate) is an antihistamine. It works by preventing the action of histamine. Avomine® is an active, anti-emetic for use in the prevention and treatment of nausea and motion sickness.





## Cough & Cold

Rhinathiol® (carbocisteine) is a mucolytic agent for the adjunctive therapy of respiratory tract disorders characterized by excessive, viscous mucus, including otitis media with effusion (glue ear) and chronic obstructive airway disease.

**Rhinathiol**<sup>®</sup>  
(*Carbocisteine*)

**Tixylix**<sup>®</sup>  
Linctus

Tixylix® is a cough syrup for children containing 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) 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.

**Stilnox**<sup>®</sup>  
Zolpidem 10mg scored tablets

## Emergency Care

**Haemaccel**<sup>®</sup>  
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'.

## Cardiology



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) forming in hardened blood vessels (arteries), a process known as atherothrombosis, which can lead to atherothrombotic events (such as stroke, heart attack, or death).

CoPlavix® (clopidogrel acetylsalicylic acid) is a fixed-dose combination of clopidogrel and acetylsalicylic acid. CoPlavix® is used to prevent blood clots forming in hardened blood vessels (a process known as atherothrombosis) which can lead to events such as stroke, heart attack or death. CoPlavix® was introduced to the Pakistan market in 2014.



Aprovel® (irbesartan) is indicated for the treatment of hypertension and diabetic nephropathy in patients with type 2 diabetes. It acts by blocking the effect of angiotensin, the hormone responsible for the contraction of blood vessels, thereby permitting the normalization of arterial blood pressure.

CoAprovel® (irbesartan and hydrochlorothiazide) is indicated for treatment of hypertension (essential hypertension). It may be used either alone or in combination with other antihypertensive agents. CoAprovel® may also be used as initial therapy in patients who are likely to need multiple drugs to achieve their blood pressure goals.



Cordarone® (amiodarone hydrochloride) is an antiarrhythmic. It is used to treat certain types of life-threatening recurrent irregular heartbeat in patients who cannot tolerate or do not respond well to other medicines. Cordarone® works by helping the heart to regain a normal rhythm.

Clexane® (enoxaparin sodium) is the most widely studied and used low molecular weight heparin (LMWH) in the world & is approved for more clinical indications than any other LMWH. Clexane® is an anti-coagulant used to inhibit the formation of clots in veins and arteries, thereby preventing possible acute or chronic complications associated with deep vein or arterial thrombosis.





Tritace® contains the active ingredient ramipril, which is an ACE inhibitor. It is used to lower blood pressure and control hypertension (high blood pressure). It may also be used as treatment following a heart attack (myocardial infarction) complicated with heart failure or to reduce the risk of heart attack or stroke.

CoTritace® is a combination product with two active ingredients: ramipril and hydrochlorothiazide. Ramipril relaxes blood vessels and makes the heart pump more efficiently. Hydrochlorothiazide belongs to the class of medications known as diuretics and helps control blood pressure by eliminating excess salt and water from the body.

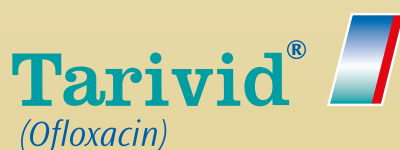


Winstor® (atorvastatin) is a member of the drug class known as statins, used for lowering blood cholesterol. It also stabilizes plaque and prevents strokes through anti-inflammatory and other mechanisms. This drug is indicated to prevent heart attacks, strokes, to lower cholesterol and other harmful types of cholesterol in the body and to slow the progress of heart disease.

Lasix® / Lasoride® (furosemide) is a diuretic that prevents the body from absorbing too much salt and allows the salt to be passed out in the urine. It is used to treat fluid retention (edema) in people with congestive heart failure, liver disease, or certain kidney disorders.



## Antibiotics



Tarivid® (ofloxacin) is a fluoroquinolone antibiotic with a broad anti-bacterial spectrum. Tarivid® is prescribed for acute, chronic or recurrent lower respiratory tract infections, skin and soft tissue infections, bone and joint infections, urinary tract infections and infections of the genital organs.

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



(Cefotaxime sodium)

## **Aventriax**® (Ceftriaxone Sodium)

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

This antibiotic targets a wide range of bacterial infections and is commonly used to treat respiratory tract conditions such as acute bronchitis, tonsillitis and pneumonia. Rulid® (roxithromycin) also combats bacterial infections in the body's genitals, gastrointestinal tract and soft tissues.



## **ORELOX**® Tablet (Cefpodoxime Proxetil Tablet U.S.P.)

The active ingredient of Orelox® is cefpodoxime, an antibiotic used to treat 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.

Tavanic® (levofloxacin) is used to treat bacterial infections. Levofloxacin works by killing the bacteria that are causing an infection. As levofloxacin is effective against a large number of bacteria, it is used to treat a range of infections, including infections of the chest, urinary tract and skin.



## **TARGOCID**® Teicoplanin

ONCE-A-DAY  
IM  
IV

Targocid® (teicoplanin) injection is an antibiotic. It is used to kill bacteria responsible for infections which can occur in your blood (sepsis), bones or joints. This antibiotic is generally used when the bacteria causing the infection are not satisfactorily eliminated by other antibiotics or when patients may be allergic to other antibiotics.

## Gastric Diseases

# Xerosec® (Omeprazole)

Proton pump inhibitors (PPI) block the production of acid by the stomach. Xerosec® (omeprazole) is used in the treatment of dyspepsia, peptic ulcer disease (PUD), gastroesophageal reflux disease (GORD/GERD) and Zollinger-Ellison syndrome, all caused by stomach acid. Omeprazole blocks the enzyme in the wall of the stomach that produces acid.

Meldere® (esomeprazole) also belongs to the PPI class and is used to treat the symptoms of gastroesophageal reflux disease (GERD), a condition in which backward flow of acid from the stomach causes heartburn and possible injury of the esophagus. It belongs to a class of medications called proton pump inhibitors and works by decreasing the amount of acid made in the stomach.

It may also be used to decrease the chance of development of ulcers in patients taking non-steroidal anti-inflammatory drugs (NSAIDs). It is also used with other medications to treat and prevent the return of stomach ulcers caused by a certain type of bacteria (*H. pylori*).



## Anti-malaria

# Nivaquine-P® (Chloroquine Phosphate B.P.) Tablet / Syrup

Nivaquine® (chloroquine phosphate) is an antimalarial medicine. It works by attacking the parasites once they have entered the red blood cells, killing the parasites and preventing further multiplication.



## Diarrhea

Introduced in 1979 and today a household name, Flagyl® (metronidazole) is effective for the treatment of parasitic infections caused by trichomonas vaginalis or entamoeba histolytica known to cause diarrheal disease.

# Flagyl®



Flagyl Plus® combines metronidazole (Flagyl®) and diloxanide furoate. This combination provides broad spectrum amoebicidal activity through the coverage of both trophozoites & cysts forms, providing not only cure in symptomatic Amoebiasis but also actively preventing the spread of the disease.

Secnidazole 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.

# SECNIDAL

SECNIDAZOLE

# Enterogermina®

Enterogermina® (bacillus clausii) is an oral suspension probiotic offered in single doses. It restores the intestinal bacteria balance in case of an intestinal disorder. Enterogermina® can be used for prevention and management of diarrhea.



## Epilepsy

Epilim® (sodium valproate) belongs to a group of medicines called anticonvulsants and is used for the treatment of epilepsy in children and adults.



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 can also be effective when used alone.

## Consumer Healthcare

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.



Seacod® is a health supplement. Packed with essential Omega-3 fatty acids, Seacod® is a natural source of Vitamin A and Vitamin D, which builds immunity and offers protection from diseases. Seacod® helps build immunity, prevent cough and cold, and maintains all-round health naturally.





Seacod Active® tablets contain 190mg of Omega-3 fatty acids. The power of Omega-3 helps keep the heart healthy and active. It reduces malfunctioning of the heart while also reducing body stiffness and ensuring wellness of the heart. Presence of Plus DHA in Seacod Active® helps maintain healthy brain function.

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



E-Cod Plus® comes with the added advantage of T3 (tocotrienol), which keeps the heart healthy by maintaining good cholesterol levels. It also contains Vitamin E which helps prevent leg cramps. The additional benefits of Cod liver oil in E-Cod Plus keeps muscles healthy.





## SANOFI PASTEUR

### Dengvaxia®

Dengvaxia® is the first vaccine licensed for the prevention of dengue in the world.

Sanofi Pasteur developed the first vaccine to be approved against dengue in 2015. This vaccine was the culmination of over two decades of scientific innovation and collaboration, as well as 25 clinical studies in 15 countries around the world.

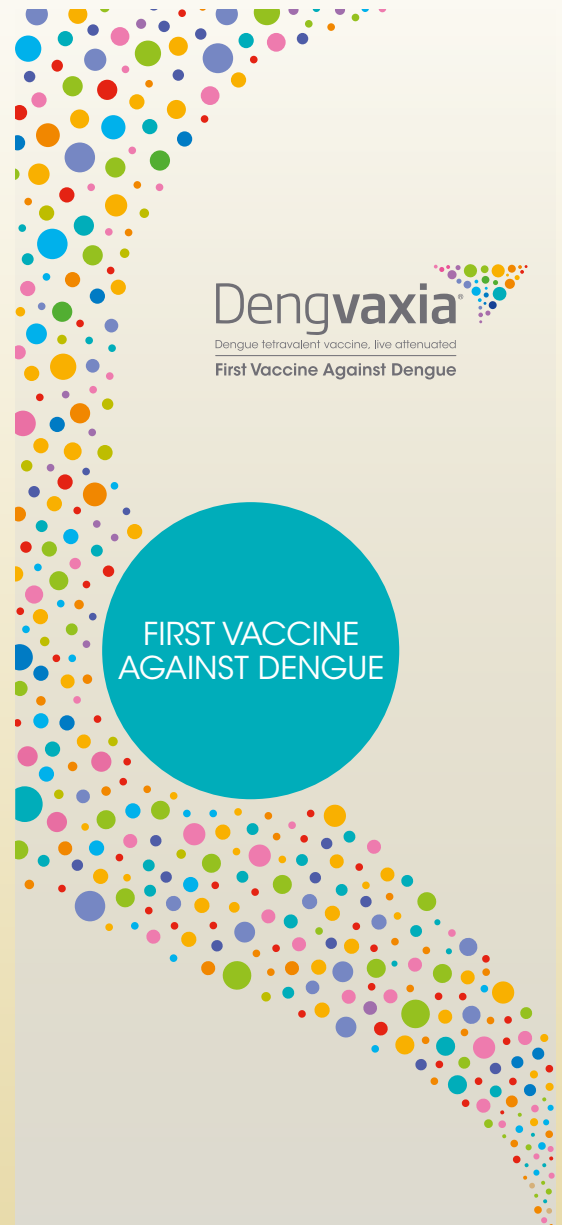
Dengue is a mosquito-borne illness known for its high fevers, intense joint and muscle pain and crushing headaches, lending it its nickname – breakbone fever. Severe cases can lead to hemorrhagic fever, a potentially fatal condition requiring hospitalization.

Half the world's population, 3.9 billion, lives in countries at risk, with 96 million people affected each year, according to the WHO. With broad vaccination programs, Sanofi Pasteur has estimated dengue-endemic countries can aim to reduce the burden of dengue by 50% in five years.

The registration process to make Dengvaxia® available in Pakistan has been initiated.

To date, dengue vaccine has been registered in fourteen countries: Bolivia, Brazil, Cambodia, Costa Rica, El Salvador, Guatemala, Indonesia, Mexico, Paraguay, Peru, The Philippines, Singapore, Thailand and Venezuela.

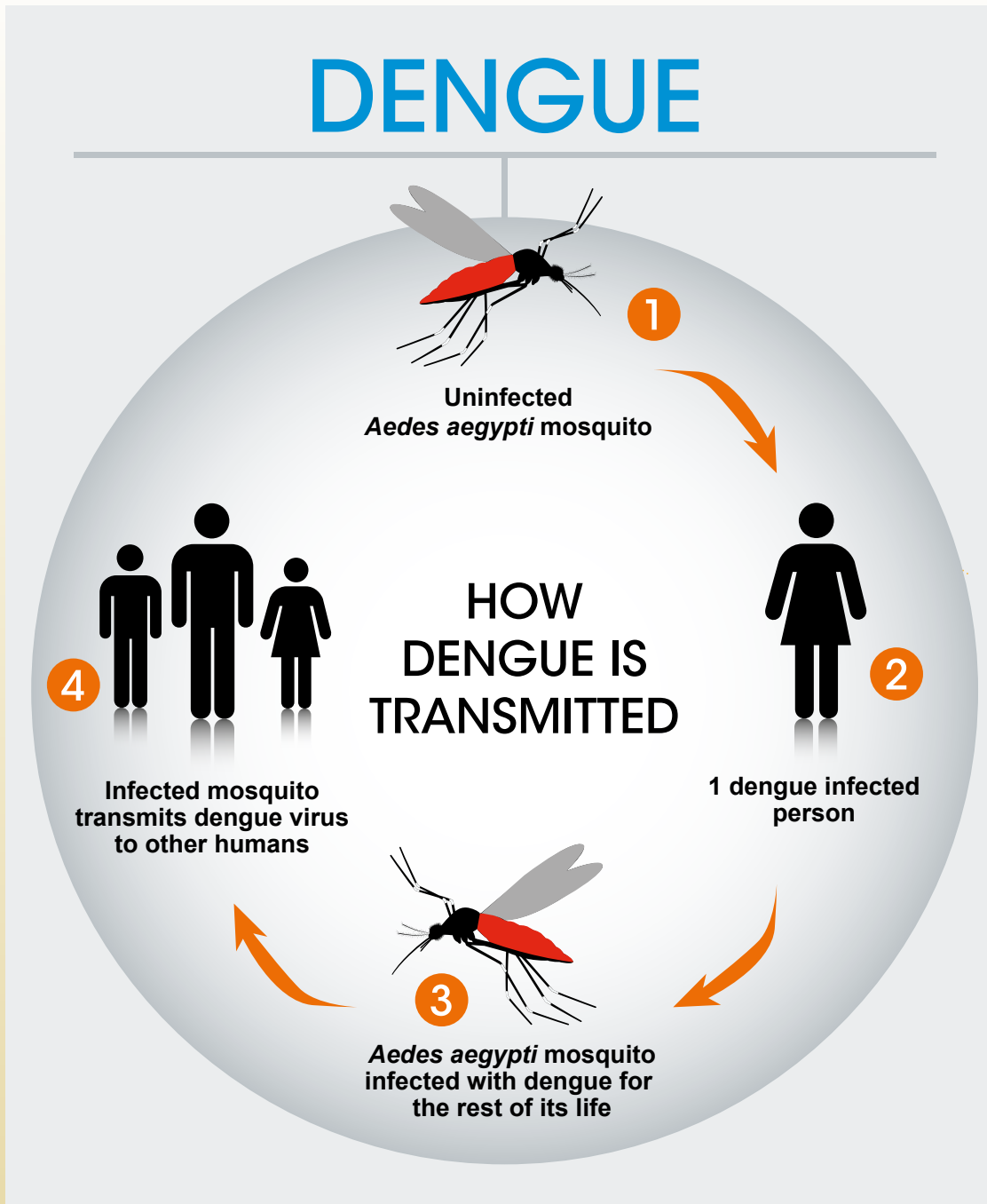
*“When Sanofi set out to develop a dengue vaccine 20 years ago together with local and global public health and scientific communities, it was with the intention of developing an innovative vaccine to tackle this global public health need,”* said Olivier Brandicourt, MD, Chief Executive Officer, Sanofi.



**Dengvaxia®**  
Dengue tetravalent vaccine, live attenuated  
First Vaccine Against Dengue

**FIRST VACCINE  
AGAINST DENGUE**

# DENGUE



## Vaccines

### Menactra®

Menactra® is Meningococcal (Groups A, C, Y, W-135) Polysaccharide Diphtheria Toxoid Conjugate Vaccine. Menactra is indicated for active immunization to prevent meningococcal diseases caused by Neisseria Meningitidis serogroups A, C, Y and W-135. Menactra® is approved for use in individuals 9 months through 55 years of age.

### **Verorab**

Verorab is Inactivated Rabies vaccine for Human use, prepared on Cell Cultures. It is indicated for the prevention of rabies in children and adults. It can be used before or after exposure as a primary vaccination or as a booster dose. Rabies is a serious infection caused by a virus. The virus affects the brain. Verorab works by causing the body to protect itself against rabies.

### **Pentaxim**

Pentaxim is a pentavalent (5 in 1) combination vaccine indicated for active immunization of infants from six weeks of age against Diphtheria, Tetanus, Pertussis, Poliomyelitis and invasive infections caused by Haemophilus influenzae type b (such as meningitis, septicaemia, cellulitis, arthritis, epiglottitis, pneumopathy and osteomyelitis). The vaccine contains acellular pertussis and inactivated polio vaccine, both of which have been found to be effective and have a better side effect profile. It is also indicated for booster in children who have previously received a primary vaccination with this vaccine or a diphtheria-tetanus-(whole cell or acellular) pertussis-poliomyelitis vaccine, whether mixed or not with the freeze-dried conjugate Haemophilus influenzae type b vaccine.

### **Typhim Vi**

Typhim Vi (Typhoid Vi Polysaccharide Vaccine), for intramuscular use, is a sterile solution containing the cell surface Vi polysaccharide extracted from Salmonella Typhi, S typhi Ty2 strain. Typhim Vi works by preventing onset of typhoid fever in adults and children over 2 years of age, A single injection of Typhim provides protection for at least 3 years.

### **Avaxim**

Avaxim is an inactivated Hepatitis A vaccine used for active immunization against infection caused by the hepatitis A virus. Hepatitis A is an infection caused by a virus which is usually transmitted in unclean food or drink. It may also be transmitted by sharing needles and some sexual practices. Avaxim is available in 2 SKUs, Avaxim 80 U which is indicated for active immunization against infection caused by the hepatitis A virus in children aged from 12 months to 15 years inclusive & Avaxim 160 Adult vaccine which is indicated for active immunization against infection caused by the hepatitis A virus in adolescents from 16 years of age and above.

### **Imovax Polio**

Imovax Polio [Inactivated Poliomyelitis Vaccine (Vero Cell Origin)] is indicated for active immunization against poliomyelitis caused by poliovirus types 1, 2 and 3 in infants, children and adults both for primary immunization and for boosters. Imovax Polio is also indicated for subjects for whom oral vaccination is contraindicated. It is recommended that all infants, unimmunized children and adolescents not previously immunized be vaccinated routinely against paralytic poliomyelitis.

### **Stamaril**

Stamaril is a vaccine that provides protection against a serious infectious disease called yellow fever. Yellow fever occurs in certain areas of the world and is spread to man through the bites of infected mosquitoes.

Stamaril is given to people who:

- Are travelling to, passing through or living in an area where yellow fever occurs
- Are travelling to any country that requires an International Certificate of Vaccination for entry
- May handle infectious materials such as laboratory workers

Stamaril is given as a single dose to adults and children from 6 months of age.

### **Vaxigrip**

Vaxigrip is a purified, inactivated, split virion vaccine for the prevention of influenza caused by Influenza Virus types A and B in adults and children aged 6 months and over. New types of influenza virus can appear each year hence vaccination is recommended every year.

# Medical

At Sanofi, the Medical team has a vision to be patient centric and to set stringent standards for clinical, scientific & operational excellence and compliance. A team of diverse individuals have collectively shaped the team to realize this vision.

The 2016 clinical research plan was focused on the therapeutic fields of Diabetes, Oncology, and Consumer Healthcare. There were 12 local and regional clinical studies involving around 450 investigators, enrolling a pool of over 6,000 patients over 2015-2016. These studies are principally designed to understand disease distribution and its epidemiology.



In Pakistan, according to the International Diabetes Federation (IDF) Atlas, 1 in 15 adults has diabetes. Furthermore, statistics indicate that 41.7% of adults with diabetes are undiagnosed. Efforts to improve capacity for diagnosis and treatment of diabetes should occur in the context of integrated non communicable disease management to yield better outcomes. Therefore, real world data on current diabetes management practices is needed for informed decision making at the national level.

The International Diabetes Management Practices Study (IDMPS) is the largest observational study of adult people with diabetes and their healthcare providers (HCPs) in the developing world which was initiated by Sanofi. The study is ongoing and is being conducted in a series of waves, beginning with Wave 1 in 2005. In each Wave, participating HCPs collect real world data on diabetes management for each patient enrolled in a standardized format, allowing findings from multiple regions to be compared and contrasted in a uniform manner. Pakistan has been a part of the IDMPS program since 2011-12 (Wave 5) engaging approximately 60 HCPs to date and gathering data on >800 patients with diabetes. IDMPS is revealing the real-life challenges of managing diabetes. Currently, 24 countries including Pakistan are engaged in the conduct of Wave 7. Further information about the IDMPS study program can be found at the following website: <http://www.idmps.org/en/>

Many individuals with diabetes wish to fast during the month of Ramadan. Therefore, it is very important to tailor the needs of diabetic patients by changing diabetes care and imparting patient education specific to Ramadan. In 2016, Pakistan participated in the Ramadan Study which is currently concluding data management of approximately 2000 patients from 12 countries in the Middle East Region with a predominantly Muslim population. The purpose of this study is to get an updated understanding for the pattern of care of Diabetes during Ramadan and its impact on patient's lifestyle, treatment, glycemic control and complications.

Prostate cancer (PCa) is the second most common malignancy worldwide among men. A local cancer registry published in 2014 estimated that PCa accounts for 8.3% cancers in men in Pakistan. There is very little information available on how metastatic prostate cancer patients are managed locally. The study aims to determine the proportion of high volume/extensive disease amongst metastatic hormone sensitive PCa patients presenting to urologists. It will also describe the profile of metastatic PCa patients and assess their adherence to the treatment plan. The findings of the study are expected to encourage multidisciplinary team approach between urologists and oncologists in the management of PCa patients leading to better patient outcomes.

Diarrheal disease is a major burden on the health of Pakistani children. Children under 5 are the main victims of mortality due to severe dehydration associated with gastroenteritis. Continuing its program of studies in the pediatric population, a local study called MIRACLE was initiated in 2015. The study is focusing on the management of acute gastroenteritis in children between the ages of 1 month to 5 years. This will help identify gaps (if any) between clinical practice versus national & international guidelines. This study is the second step after the MANDATE study in gathering information on, and understanding acute gastroenteritis in children under five.

In 2015-2016, results of studies conducted over the previous years were shared in International Congresses specific to various therapeutic areas. The following 4 nation-wide, local studies were presented:

|  | Study   | Congress                                   | Venue & Date              |
|--|---|--|---------------------------|
|  | To assess severity of acute gastroenteritis in outpatient clinics | International Congress of Pediatrics       | Vancouver, August, 2016   |
|  | To determine prevalence of hypertension & cardiac risk in adults  | World Cardiology Congress                  | Mexico City, June, 2016   |
|  | Decision making in Community Acquired Pneumonia                   | Gulf Thoracic Conference                   | Dubai, January, 2016      |
|  | To determine prevalence of undiagnosed diabetes in Pakistan       | International Diabetes Federation Congress | Vancouver, December, 2015 |

The Medical Information Service (MIS) at Sanofi is a robust process which addresses the information needs of physicians all over Pakistan. Queries pertaining to disease and products are forwarded to MIS which typically provides a response within 48 hours.

The Medical Department is committed to strengthen partnership with the medical community under the scientific umbrella, while remaining compliant with Sanofi's Code of Ethics.



# Quality Matters

At Sanofi, we are committed to our responsibility towards patient safety, which is why we take issues related to the quality of our products very seriously. Local manufacturing and Quality function complies with Sanofi's global standards. Despite strict checks and balances, we recognize that issues may still arise, technical issues or those related to packaging or physical appearance. Some examples of this could be:



Discoloration



Broken or missing tablet



Melted capsule



Particles in the solution



Mislabeled (misprinted text, batch No. &/or missing expiry date)



Cracked vial/ bottle or ampoule

If you come across any such issue or any other concern with a Sanofi product, please communicate immediately on the quality page on [www.sanofi.com.pk](http://www.sanofi.com.pk) or simply email at [quality.pk@sanofi.com](mailto:quality.pk@sanofi.com) with the following details:

- Your name and contact details
- Sanofi product name and dosage
- Batch number of the product
- Quality issue or complaint
- Name and location of chemist from where you purchased the product
- Availability of product on which you have concern

## The manufacturing facility that provides health solutions to patients

The manufacturing site of Sanofi Pakistan is one of the most complex sites within the Africa, Middle East and South Asia Region of Sanofi.

The site is currently producing over 1.5 billion tablets, 50 million ampoules and vials, and 34 million oral liquids.

In 2016, following were the key achievements at site:

- Four million safe man-hours achieved.
- Waste Water Treatment Plant was upgraded to cater for increasing effluent treatment needs in line with applicable laws.

## Quality – at the heart of our activities

Quality and Compliance play a key role in any pharmaceutical manufacturing organization for producing quality products. This is not only instrumental in building trust in physicians, patients, and customers for the good quality of products but also to generate a high level of trust and confidence in the robust processes for manufacturing quality products.

The Karachi site quality systems are well-equipped with the latest chromatographic techniques, spectrophotometry and conventional analytical techniques for routine and real time testing of API, raw, packaging materials and finished products. Near Infra-Red (NIR) spectroscopy technology is being used for 100% identification of materials, which has simplified the process of raw material testing by reducing lead time of end-to-end process of producing finished products.

In 2016, the Industrial Quality & Compliance (IQC) organization:

- Received GMP certificate from DRAP (Drug Regulatory Authority of Pakistan).
- Retained certification of Malaysian FDA as per PIC/S standards.



# Human Resources, Training & Development

Training and people development remained key focus areas throughout 2016 while exceeding various benchmarks set in 2015. Specialized indoor training and workshops were developed and executed across the Sales Force, Head Office and Industrial Affairs.

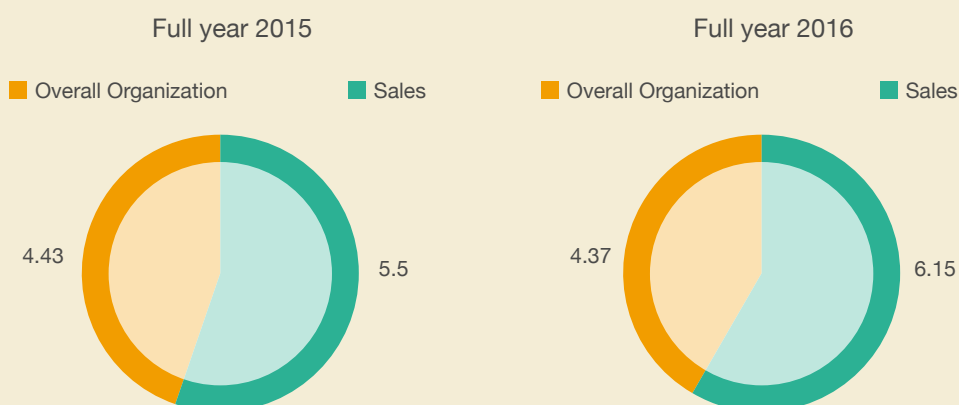
Our thrust has been around building a competent and a professional learning environment. The main objectives being:

- Enhance technical skills for higher efficiency and quality production.
- Have an educational process to build concepts and gain more knowledge to enhance the performance of employees.
- Manage change and develop leadership skills at all levels.
- Inculcate a value oriented culture for stronger employee engagement and employee satisfaction.
- Focus not on just what we want to achieve but also on the how part by enabling competencies.
- Develop future potentials to take on senior roles through succession planning.

## Key Programs

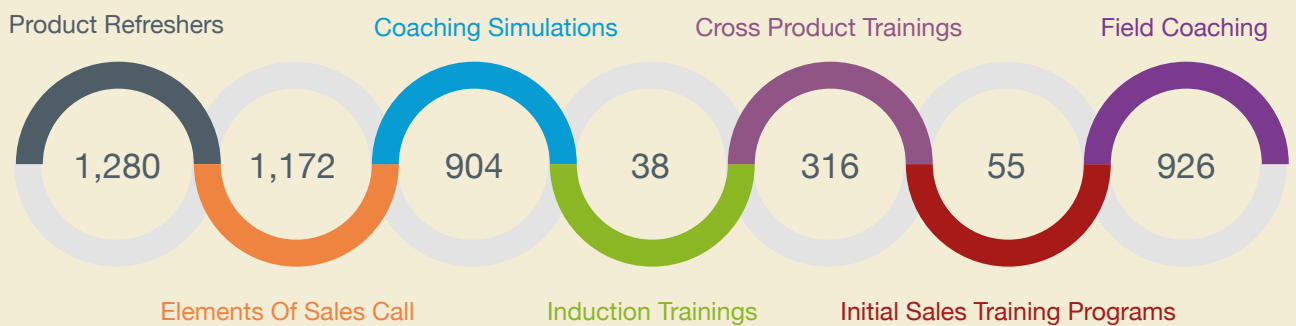
- 'In Pursuit of Sales Excellence'
  - o Initial sales training program for newly hired sales representatives to equip them before they interface with our customers.
- 'ABC Aiming Best In Class'
  - o To sharpen basic sales skills for the entire Sales Force.
- 'Walk the Talk'
  - o For all supervisors with a focus on three Sanofi competencies: *Developing People, Act for Change and Corporate Transversally.*
- 'Conquering Yourself'
  - o A self-awareness program to develop interpersonal skills.
- 'Let's Connect'
  - o To build sales leadership for middle management.

## Training days per employee





Employees trained on technical skills



# ACCA Approved Employer

The “ACCA Approved Employer” status is considered a global benchmark for excellence in training and support and is granted by ACCA to employers who provide learning opportunities for ACCA members to support their Continuing Professional Development (CPD).

Sanofi was awarded the “ACCA Approved Employer” status in September 2016 after evaluation against set criteria.

Meeting this standard will enhance our brand equity for potential employees and help us attract, develop and retain talent.



Media is an important stakeholder to manage public opinion, perception, image and reputation. During 2016, several initiatives were undertaken to raise visibility of Sanofi and to build a positive image of the company. This objective was achieved through engaging with stakeholders, leveraging print, electronic, digital (internet) and social media.

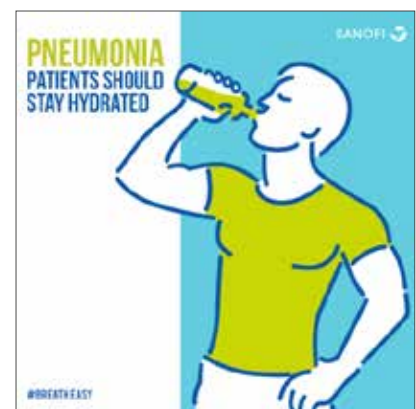
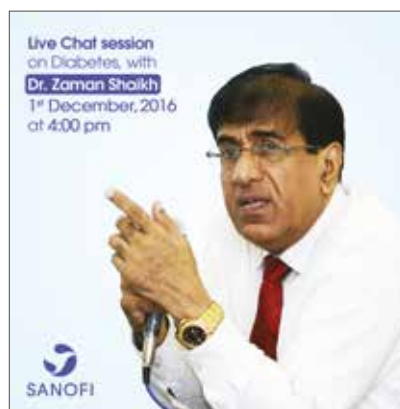
## Website

Several updates and upgrades were made to the company website ([www.sanofi.com.pk](http://www.sanofi.com.pk)). The 'Product' section was revamped with the objective to communicate information more effectively with a non-medical audience.

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

## Social media

Sanofi Pakistan went live across Facebook, Twitter and Instagram in October 2016.



The objective of launching a social media presence was to raise visibility of Sanofi and create an engagement platform with the general public. Social media is being utilized in a structured, strategic manner to promote healthier lifestyles and spread disease awareness aligned with our specific areas of expertise.



## Sanofi and CEJ jointly hold Health Reporting Workshop

Sanofi partnered with the prestigious 'Centre for Excellence in Journalism' (CEJ) for a workshop on health reporting. The Centre for Excellence in Journalism (CEJ) a collaboration between the International Center for Journalists (ICFJ), the Institute of Business Administration (IBA), and the Medill School of Journalism at Northwestern University. Held in December 2016 at CEJ, the workshop engaged local top-tier print and electronic media (English & Urdu) and hosted veteran journalists as guest speakers.

## Pakistan becomes 3<sup>rd</sup> country after India & Brazil to launch KiDS

Sanofi Pakistan implemented the KiDS initiative in November 2016 at Lahore Grammar School. KiDS is an international collaborative project of the International Diabetes Federation (IDF) and multiple partners, including Sanofi. Pakistan became the third country in the world, after India and Brazil, to launch KiDS.

## Regional guidelines for diabetes management in Ramadan disseminated in Pakistan

Sanofi collaborated with the Baqai Institute of Diabetes & Endocrinology (BIDE) to share much-needed guidance on the management of diabetes during the holy month of Ramadan. A press conference was held at the Karachi Press Club for the dissemination of guidelines to general public through mainstream print and electronic media.

The guidance is based on the 'New Guidelines on Diabetes Management during Ramadan' launched earlier in Dubai by the Diabetes & Ramadan International Alliance (DAR). These guidelines were the result of the combined expertise and efforts of international experts from multiple countries and supported by an unrestricted educational grant from Sanofi.



### WHO recommends Dengvaxia®

The Strategic Advisory Group of Experts (SAGE) on Immunization issued its recommendations to the World Health Organization (WHO) on the use of Sanofi Pasteur's Dengvaxia® dengue vaccine in endemic countries. SAGE advised that countries with high dengue transmission consider introduction of the dengue vaccine as part of an integrated disease prevention strategy, including vector control to effectively lower their dengue disease burden.

### World Meningitis Day

World Meningitis Day is marked globally on April 24. Sanofi raised awareness about the rise of meningitis cases in Pakistan and the importance of vaccine for protection to mark the day.

### 3<sup>rd</sup> International Diabetes Conference

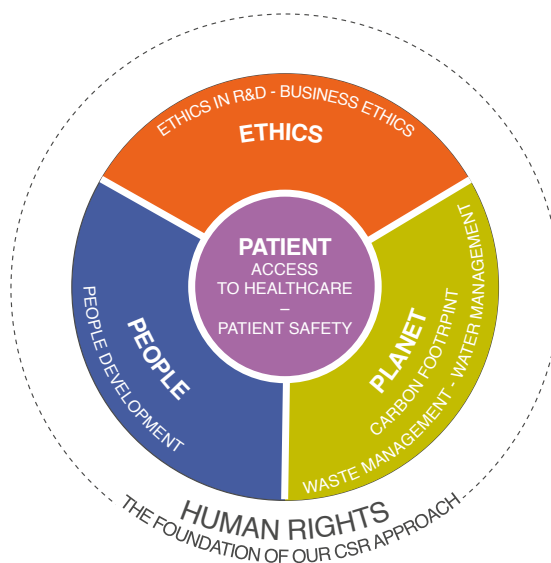
Sanofi and Diabetic Association of Pakistan (DAP) collaborated to hold the 3<sup>rd</sup> International Diabetes Conference in Lahore, Karachi and Islamabad. International speakers from globally recognized centers of academic excellence shared their experience and expertise in diabetes management with local healthcare professionals.

### Rare Disease Day

Sanofi Genzyme commemorated World Rare Disease Day on February 29 by creating nationwide awareness of Rare diseases through newspaper supplements.



# Corporate Social Responsibility



**Embedded into Sanofi's business strategy, CSR drives innovation and contributes to the company's success. We place the patient at the heart of our CSR strategy. In addition, our commitment to human rights provides the foundation for all our initiatives.**

**Our CSR strategy is organized in four pillars: Patient, Ethics, People and Planet. It includes six priority topics which have been defined in collaboration with over 100 stakeholders worldwide. These CSR priorities support, guide and inspire us as we seek to improve access to healthcare and deliver innovative solutions adapted to patients' needs across the globe.**

## KiDS (Kids & Diabetes in Schools)



KiDS is an international collaborative project of the International Diabetes Federation (IDF) and multiple partners, including Sanofi. The KiDS project aims to foster a safe and supportive school environment for children with diabetes to manage their condition and prevent discrimination while raising awareness about diabetes and the benefits of healthy eating habits and physical activity among school children.

Following Brazil and India, Pakistan became the 3<sup>rd</sup> country to launch this project.

Sanofi Pakistan launched KiDS in collaboration with Diabetic Association of Pakistan (DAP). The inaugural program of KiDS was conducted at Lahore Grammar School (LGS) in November 2016.

IDF guidelines on the deployment of KiDS program and complementary information toolkit were adhered to in the implementation of KiDS. Two separate information sessions/workshops were organized for students and teachers/administrative staff. 110 students of grade V and 35 staff members were engaged in





the program, comprising awareness workshop(s) for teachers and students, dissemination of specially designed information pack on diabetes, an art contest for students and blood glucose testing for teachers.

Lahore’s leading Diabetes Specialist, Dr. Fauzia Moyeen conducted the sessions, presenting information on healthy eating habits and the importance of exercise to children in an engaging, interactive classroom manner. With teachers her focus was on the identification of early signs and symptoms of diabetes, primary differences between Type 1 and Type 2, hypo and hyper glycaemia and its management.



Sanofi Genzyme has pioneered the development of transformative therapies for patients affected by rare diseases for over 3 decades. We put patients before products and are dedicated to bringing hope to patients that had none before.

Sanofi actively reaches out to patient communities and listens to their perspectives, their stories of struggle with rare conditions so that the company can understand their needs, concerns and strive to meet those needs in collaboration with partners.

Sanofi Pakistan has initiated numerous humanitarian programs, awareness campaigns and collaborations to ensure that vital treatment reaches patients who need it.

In 2016, Sanofi Genzyme continued with its mission to rally support for rare disease patients by engaging various stakeholders from government organizations to patient associations, philanthropists to journalists. The awareness campaign launched in 2016 around Rare Diseases resulted in 5 new patients receiving pledge for funding from philanthropists.



Since 2013, Sanofi Pakistan has been providing support to the residents of Shah Faisal Colony by fulfilling their medical needs for diabetes management. In 2013, Sanofi developed a program in partnership with Raana Liaquat Craftsmen’s Colony (RLCC) for the establishment of the Sanofi Kawish Community Service initiative.

As a result of this partnership, a diabetes management clinic was set up in Shah Faisal Colony. The Kawish Community Service Project focuses on the following elements: outreach program (through RLCC health visitors), blood glucose testing activities to ensure quick diagnosis, access to a “Kawish” certified doctor at subsidized charges and access to quality therapies for diabetes management at a preferential price aligned to the economic conditions of the community.

Every year, patient attendance at the clinic increases. In 2016, 600 new patients were enrolled at the clinic.



## Donation for the Nation

In collaboration with the Indus Hospital Blood Centre, Sanofi Pakistan arranged a blood drive on its premises on August 11. This was the third consecutive blood drive by Indus Hospital at Sanofi Pakistan.

The blood camp was held a few days ahead of the 69<sup>th</sup> Independence Day of Pakistan, thus building a patriotic atmosphere in the company, generating added enthusiasm and encouraging employees towards voluntary blood donation for their countrymen.

62 employees of Sanofi Pakistan donated blood at the camp.

### *Certificate of Appreciation*



The Indus Hospital Blood Center sincerely expresses its appreciation to **Sanofi Aventis Pakistan Limited** in recognition and respect for being a “Corporate Partner” by hosting regular blood drives, supporting our mission;

**“Motivating the nation towards 100%  
voluntary blood donation”**

A handwritten signature in black ink, appearing to read 'Saba'.

Dr. Saba Jamal  
Director  
The Indus Hospital Blood Center

A handwritten signature in black ink, appearing to read 'Abdul Bari Khan'.

Dr. Abdul Bari Khan  
CEO  
The Indus Hospital

Be Some  ne's lifeline

Participant in External Q.A. Programmes



RIQAS

ISBT 128 Compliant



# Recognition of Pakistan's Polio Heroes



World Polio Day (October 24) 2016 was considered particularly momentous. With less than 30 cases reported till October 2016, it is hoped that 2016 would go down in history as the last year in which any polio cases were recorded. Pakistan, Afghanistan and Nigeria are the last three endemic countries where the transmission of the poliovirus could be interrupted by the end of the year. The countdown starts at the beginning of 2017: if no cases are detected for three years, the disease will be declared eradicated in 2020.

Pakistan is striving hard for polio eradication. The challenges faced by polio vaccinators in Pakistan are unique given the hostile atmosphere in certain regions of the country. Despite danger to their lives, resilient polio workers in Pakistan continue undaunted with their mission.

In October 2016, Sanofi Pasteur welcomed to France two Polio Vaccinators from Pakistan: Azra and Latif. They were awarded the Louis Pasteur medal in recognition of their commitment and dedication to the battle against polio. The ceremony was held at the Institut Pasteur in Paris and was attended by representatives of the World Health Organization (WHO), the French Ministry of Health, representatives of Institut Pasteur, Harvard University and Rotary International.

Polio Vaccinators from Pakistan were also invited to share their experiences at public lectures held in Lyon, Marcy l'Etoile, Val-de-Reuil and Paris.



## Awards conferred on polio workers in Paris

**KARACHI:** Two polio workers from Pakistan received awards in Paris for their commitment towards eradication of the crippling disease.

The awards were given in connection with the World Polio Day marked in the French capital on Oct 24.

Syed Latif, who hails from northern Pakistan, and Azra Altaf from Punjab spent decades going door-to-door to ensure children were routinely vaccinated.

In 2012, while working in Karachi, Mr Latif was shot in the leg for his association with the polio eradication drive. After spending months in the hospital, he took up another job to spread awareness and reduce the long-held fears about polio vaccination.

The World Polio Day event was organised by Sanofi Pasteur, the vaccine manufacturers. After receiving the award, Mr Latif said he was happy his efforts of over 24 years were recognised.

Pakistan's Ambassador to France Moinul Haque presented the award to Mr Latif.

The envoy said the event was important as it marked how the country had overcome multiple challenges. "We are very proud of our polio workers," he said, adding that they were the real heroes and warriors "in this battle that we are slowly but surely winning".

Polio remains an endemic in Pakistan, Afghanistan and Nigeria. Pakistan has seen progress with 15 cases reported in 2016 so far compared to more than 300 in 2014.—APP



# Ethics & Business Integrity

A company's image and reputation is the result of decades of commitment and dedication invested in the organization by all its employees. At Sanofi, we are conscious of conducting our business in a responsible manner, being transparent, accountable and acting in accordance with laws, codes, policies and procedures.

Following rules would be compliant but may not necessarily make an action or behavior ethical. Ethics go beyond rules or laws and are based on moral judgment, values and personal integrity. It is this aspiration to go beyond Compliance that has driven Sanofi to evolve the Compliance function into 'Ethics & Business Integrity' (E&BI).

E&BI acts as a partner to the business with a mission to support the achievements of business objectives within the frame of company values and standards. The function also defines how we interact with our customers, employees and business partners.

Training on ethics and business integrity principles is mandatory for all employees, with additional specialized trainings for certain categories of employees. There is an emphasis not only on implementation but on driving true understanding of the policies and principles. This extends to business partners as well so that their conduct is also aligned with the Sanofi way of doing business.

To ensure that E&BI principles are fully understood at all levels in the organization, training programs have been implemented, which include Face-to-Face as well as eTrainings. In addition to the Code of Ethics, Sanofi has implemented various policies to provide additional guidelines on specific areas.



EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

Tel: +9221 3565 0007-11  
Fax: +9221 3568 1965  
ey.khi@pk.ey.com  
ey.com/pk

## Review Report to the Members on Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of sanofi-aventis Pakistan Limited (the Company) for the year ended 31 December 2016 to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.24 (b) of the Code, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine 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 best practices contained in the Code, as applicable to the Company for the year ended 31 December 2016.

Further, we draw attention to Clause 25 of the Statement which explains the status of annual evaluation of the Board of Directors and Audit Committee meeting. Our conclusion is not qualified in respect of these matters.

*EY Ford Rhodes*

Chartered Accountants

Place: Karachi

Date: 07 March 2017

# Statement of Compliance

With the Code of Corporate Governance for the year ended December 31, 2016

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No. 5.19.24 of listing regulations of Pakistan Stock Exchange Limited 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 Code in the following manner:-

1. 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:

| Category      | Name   |
|---------------|--|
| Independent   | Javed Iqbal  |
| Executive     | Dr. Asim Jamal (Chief Executive & Managing Director) |
| Executive     | Yasser Pir Muhammad (Chief Financial Officer)        |
| Non-executive | Syed Babar Ali (Chairman)                            |
| Non-executive | Syed Hyder Ali                                       |
| Non-executive | Arshad Ali Gohar                                     |
| Non-executive | Patrick Aghanian                                     |
| Non-executive | Franck Vidor   |
| Non-executive | Patrick Chocat                                       |

The Independent director meets the criteria of independence under clause 5.19.1 of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Syed Babar Ali is a director of the Company, who also holds similar position in IGI Investment Bank Limited which is the holding company of IGI Finex Securities Limited, a company engaged in the business of stock brokerage. However, Syed Babar Ali undertakes that neither he nor his spouse is personally engaged in the business of stock brokerage.
5. No casual vacancies occurred in the Board during the year.
6. 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.
7. 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.
8. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board / shareholders.
9. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated within due time before the meetings. The minutes of the meetings were appropriately recorded and circulated.
10. The Directors are well aware of their duties and responsibilities under the Code. The independent director and two of the non-executive directors of the Company meet the criteria of exemption under clause 5.19.7 of the Code, and accordingly are exempted from attending the director's training program. One non-executive director and two executive directors have been certified under the directors' training program as required by the SECP.



11. 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. During the year, Head of Internal Audit was appointed whose terms of employment and remuneration were approved by the Board.
12. The Directors' Report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with the corporate and financial reporting requirements of the Code.
16. 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.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
18. 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.
19. The Board has set up 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.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the ICAP, 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.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to the directors, employees and stock exchanges.
23. Material / price sensitive information has been disseminated among all market participants at once through the stock exchanges.
24. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
25. We confirm that all other material principles enshrined in the Code have been complied with except for the following areas;
  - annual evaluation of the Board was not carried out during the year.
  - the meeting of head of internal audit and other members of the internal audit function with the Audit Committee in the absence of CFO and the external auditors was not conducted during the year.

Syed Babar Ali  
Chairman

Dated: March 7, 2017

Dr. Asim Jamal  
Chief Executive &  
Managing Director

# Directors' Report

We would like to present the Annual Report and the Company's audited financial statements for the year ended December 31, 2016. These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. The directors' report is prepared under section 236 of the Companies Ordinance, 1984 and clause xvi of the Code of Corporate Governance, 2012.

## Overview

The net sales for the year ended December 31, 2016 registered an overall growth of 10.24% over last year, which includes sales attributable to pharmaceutical, vaccine and consumer healthcare (CHC) products. The results for the pharmaceutical sales during the year were driven mainly by sales of major brands such as Flayyl<sup>®</sup>, Amaryl<sup>®</sup>, Claforan<sup>®</sup>, Clexane<sup>®</sup>, No-Spa<sup>®</sup>, Lantus<sup>®</sup>, and Haemacel<sup>®</sup>.

The vaccines sales of the Company during the year amounted to Rs.779 million, an increase of 29% over last year. The public vaccines business observed a strong growth of 150% because of higher sales of bivalent Oral Polio Vaccine (bOPV) during 2016.

Gross margin for the year ended December 31, 2016 increased from Rs.2,806 million to Rs.4,021 million in absolute terms and from 26.0% to 33.8% as a percentage of Net Sales. The improvement is attributable to increase in prices in certain pharmaceutical products, operational efficiency and better product mix.

Distribution and marketing expenses decreased by 3.55% from last year in absolute terms and 2.5% as a percentage of net sales. The decrease is attributable to lower personnel costs including certain restructuring costs on account of planned staff redundancies, which were incurred as one-time expense last year, as well as better expense controls resulting in lower travel costs, conveyance expenses and rent & taxes.

Other expenses incurred during the year ended December 31, 2016 increased from Rs.34.84 million to Rs.136.88 million. These expenses include allocation on account of Workers' Profit Participation Fund (WPPF), Workers' Welfare Fund (WWF) and Central Research Fund (CRF) which have increased from Rs.16.90 million to Rs.117.63 million in absolute terms and from 0.16% to 0.99% as a percentage of Net Sales.

Other income for the year ended December 31, 2016 decreased from Rs.162.28 million to Rs.76.34 million due to lower exchange gain and decrease in income on account of insurance claims.

The Company has improved its controls on cash outflows in respect of capital expenditure as well as working capital needs, which when coupled with lower interest rates led to a decrease in borrowing levels as well as finance costs over last year by Rs.1,677.4 million and Rs.133.3 million respectively.

During the year, profit after tax increased from Rs.66.48 million to Rs.1,019 million due to factors described above.

## Industry leadership

According to the IMS market report (MAT Dec 2016), the Company ranked 5<sup>th</sup> (2015: 7<sup>th</sup>) in the pharmaceutical industry of Pakistan, with a market share and growth rate of 3.5% and 15.3% respectively.

## Capital expenditure

The Company continued to invest in plant and machinery to improve its product quality, reduce cost of manufacturing and increase production efficiency. During the year under report, an amount of Rs.190.2 million was incurred on capital expenditure in various areas including our manufacturing facilities for balancing, modernization and upgrading infrastructure.



## Profit, finance & taxation

The Company's total turnover increased by 10.24% over the last year due to strategies adopted to ensure the overall sustainability as well as appropriate return for the shareholders.

The profit, taxation and proposed appropriations are stated below:

|   | (Rs. in '000') |
|---|----------------|
| Profit for the year before taxation   | 1,407,388      |
| <b>Taxation:</b>  |                |
| Current - for the year  | (392,857)      |
| Prior   | (29,879)       |
| Deferred  | 34,270         |
| Total   | (388,466)      |
| Profit after taxation   | 1,018,922      |
| Unappropriated profit brought forward   | 42,353         |
| Actuarial gain recognized directly in equity – net of deferred taxation       | (13,939)       |
| Profit available for appropriations   | 1,047,336      |
| <b>Appropriations:</b>  |                |
| Proposed final dividend @ 300% out of profits for the year ended Dec 31, 2016 | (289,343)      |
| Transfer to reserve   | (700,000)      |
|   | (989,343)      |
| Unappropriated profit carried forward   | 57,993         |

Considering the profitability for the year the directors of the Company recommend a final dividend of Rs.30 per share (300%), for approval by the shareholders.

## Cash flows

Total bank borrowings as at December 31, 2016 stood at Rs.1,175.4 (2015: Rs.2,852.9) million and comprised of medium term financing of Rs.500 (2015: Rs.1,000) million and short term borrowings including bank overdrafts of Rs.675.4 (2015: Rs.1,852.9) million. The overall decrease in bank borrowings by Rs.1,677.4 million is mainly due to improvement in cash flows from operations (mainly supported by decrease in working capital) as well as lower financial charges. The working capital reduction was made possible by strict measures taken in respect of inventory management as well as timely recovery from the customers. Decrease in cash outflow on capital expenditure as well as favorable exchange rates also helped in reducing the overall net debt of the Company.

## Business risks and challenges

Important factors that could cause actual financial, business or operating results to differ materially from expectations are disclosed in the respective notes to the financial statements, including without limitation the following risk factors. In addition to the risks listed below, the Company may be subject to other material risks that, as of the date of this report, are not currently known to us or that are deemed immaterial at this time.

## We face uncertainties over the pricing of pharmaceutical products

The commercial success of our products depends partly on the pricing mechanism of our product portfolio, in order to compensate for the local inflation and depreciation of Pak Rupee.



The Drug Regulatory Authority of Pakistan (DRAP) had announced a pricing policy on March 5, 2015 (namely the Drug Pricing Policy 2015 – DPP2015) wherein it recommended amongst other points, that the MRP of all drugs be frozen at the approved level of MRP as on 31st October 2013 and which would remain at this maintained price till 30th June 2016. In addition, the DPP2015 further proposed the reduction of originator drugs/brands prices to the extent of 10% every subsequent year. The pharmaceutical industry has strongly objected to salient provisions / clauses of this policy and has filed a Constitutional Petition in the Honorable High Court of Sindh.

In addition to the above, DRAP had committed to the pharmaceutical industry that it would take decisions on applications pending with it with respect to price increase on specific, select products (“Hardship cases”) by December 5, 2015 as per the provisions of the DPP2015. Following their failure to do so, and subsequent to informing DRAP, the Company approached the High Court of Sindh and obtained an Order for increasing the prices of its pending Hardship cases only. The Company was compelled to exercise its constitutional right to seek legal redress in order to ensure continuity of supply of quality medicines to patients. However, in December 2016, the Order passed gave recognition to retrospective application of the pricing policy and as this was unacceptable to the Company, an appeal has been filed. Hearings with regards to the appeal are ongoing.

The Company is also closely monitoring the legal and business implications of the case and will take all necessary measures to ensure that the appropriate representations are made to the concerned authorities in support of a pricing policy acceptable to the industry.

#### **A slowdown of economic growth could have negative consequences for our business**

The future growth of the pharmaceutical market depends on the growth of national economy, any decline in which could negatively affect the pharmaceutical market and, as a result, adversely affect our business.

#### **We rely on third parties for the manufacture and supply of a substantial portion of our raw materials and active ingredients**

Third parties supply us with a substantial portion of our raw materials and active ingredients which exposes us to the risk of a supply shortage or interruption in the event that these suppliers are unable to manufacture products meeting group quality standards, experience financial difficulties. Even though we aim to have backup sources of supply whenever possible, however, we cannot be certain that they will be sufficient if our principal sources become unavailable. Any of these factors could adversely affect our business.

#### **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 product thus harming the business at large.

The Company believes that that patients’ Safety & Health is of paramount importance. Hence it continues to work tirelessly towards putting an end to the menace within Pakistan and across our borders by waging war on counterfeit medicines through a dedicated anti-counterfeit function.

#### **Changes in mark-up rates could affect our profits before tax**

Since the Company’s cash flow management is dependent on the committed financing facilities, accordingly, changes in mark-up rates could also significantly impact Company’s operating results. The Company’s management is taking initiatives as described in detail below (see “Future Outlook – Cash Flow Management”) to ensure effective management of this risk.

#### **We are subject to the risk of non-payment by our customers**

We run the risk of non-payment by our customers, which consist principally of distributors, hospitals and government institutions. In order to minimize the credit risk exposure, we sell our products either on cash basis



or on credit to those customers with good credit standing. We also seek to manage our credit risk exposure as described in note 33.2 to the financial statements.

**We rely on our patents and proprietary rights to provide exclusive rights to market some of our products, and if such patents and other rights were limited or circumvented, our financial results could be materially and adversely affected**

Through patent and other proprietary rights we hold exclusivity rights for a number of our products. Patent rights are limited in time and do not always provide effective protection for our products: competitors may successfully avoid patents through design innovation, we may not hold sufficient evidence of infringement to bring suit, manufacturers of generic products are also increasingly seeking to challenge patents before they expire, and our infringement claim may not result in a decision that our rights are valid, enforceable or infringed.

**Product liability claims could adversely affect our business, results of operations and financial condition**

Product liability is a significant business risk for any pharmaceutical Company. Substantial damage awards and/or settlements have been handed down in some countries against pharmaceutical companies based on claims for injuries allegedly caused by the use of their products. Often the side effect profile of pharmaceutical drugs cannot be fully established based on preapproval clinical studies involving only several hundred to several thousand patients. Routine review and analysis of the continually growing body of post-marketing safety surveillance and clinical trials provide additional information and may cause product labeling to evolve, including restrictions of therapeutic indications, new contra-indications, warnings or precautions, and occasionally even the suspension or withdrawal of a product marketing authorization.

Product liability claims, regardless of their merits or the ultimate success of our defense, are costly, divert management attention, may harm our reputation and can impact the demand for our products.

**Claims and investigations relating to compliance, competition law, marketing practices, pricing, as well as other legal matters, could adversely affect our business, results of operations and financial condition**

The marketing of our products is heavily regulated. Our business covers an extremely wide range of activities and involves numerous partners. Any failure to comply directly or indirectly (including as a result of a business partners' breach) with law could lead to substantial liabilities. The Company is taking all necessary measures to ensure that the Company, as well as its business partners, conduct their affairs in a compliant manner, including but not limited to insisting the counter parties to adhere to the Company's code of ethics.

**We may lose market share to competing remedies or generic brands**

We are faced with intense competition from generic products and biosimilars. Doctors or patients may choose these products over ours if they perceive them to be safer, more reliable, more effective, easier to administer or less expensive, which could cause our revenues to decline and affect our results of operations.

**Our pension and gratuity liabilities are affected by factors such as the performance of plan assets, interest rates, actuarial data and experience and changes in laws and regulations**

Our future funding obligations for our defined-benefit pension and gratuity plan depend on changes in the future performance of assets held in trust for these plans, the interest rates used to determine funding levels (or Company liabilities), actuarial data and experience, inflation trends, the level of benefits provided for by the plans, as well as changes in laws and regulations. Adverse changes in those factors could increase our unfunded obligations under such plans, which would require more funds to be contributed and hence negatively affect our cash flows and results.

### **Exchange rate fluctuations could affect our operating profits**

Since significant parts of the Company's operations are based on imported raw material, active ingredients and finished goods, exchange rate fluctuations can significantly impact the Company's operations as well as cash flow management. We are particularly sensitive to movements in exchange rates for the Euro and the U.S. dollar. The management policy to manage the currency risk has been described in note 32.1.1 to the financial statements.

### **Related party transactions**

All related party transactions, during the year 2016, 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 30 to the financial statements.

### **Contribution to the national exchequer**

During the year the Company paid around Rs.1,073 (2015: Rs.810) million to the Government and its various agencies on account of various Government levies including Custom Duty, Income Tax, Sales Tax and Workers Welfare Fund.

### **Contribution to the country's economy**

At Sanofi Pakistan, our aim has always been to make noteworthy contributions to the economy we operate in. One of the primary areas of focus has been the creation of employment opportunities. Supporting a large industrial and sales workforce, we have also been a prominent employment provider through third party contractors.

Our contribution to the corporate social responsibility program has been a cornerstone in the quest towards the improvement of the society at large and specifically to the improvement of healthcare standards. We also prefer buying goods / material from local vendors over imports provided these meet the requisite quality standards in order to support local industry and economy.

### **Corporate social responsibility**

The Company operates in a socially responsible manner and is committed to the highest standards of corporate behavior. CSR is embedded into sanofi-aventis' core business strategy, focused on the patient at the center of our activity.

The details of our participation in various community support initiatives are mentioned in detail on pages from 46 to 48 of the Annual Report.

### **Information technology**

In line with our continuous endeavors to regularly upgrade information systems we continued with our policy to increasingly invest in information technology (IT) and to upgrade related infrastructure along with incorporating automation to our manual processes. Thereby continuously improving and enhancing both qualitative and quantitative aspects of management reporting including decision making processes. ITS spending during the year amounted to Rs.58 (2015: Rs.48) million.



Following are some of the highlights relating to Information Technology activities during the year:

#### **Infrastructure & service delivery**

- **Warehouse management system expansion:**

All the newly built warehouses at the facility were equipped with IT Services. This included expansion of the Warehouse Management System using a wireless network & barcode scanners.

- **Infrastructure upgrade & improvements:**

Some of the key infrastructure components were upgraded to provide fast and reliable connectivity. This includes wired as well as wireless components for both WAN & LAN networks.

#### **Product quality**

At Sanofi Pakistan, we work tirelessly to improve the health and quality of life for the people. The Company is committed to and recognizes its responsibility towards patients and the community. The Company's products carry a promise of QUALITY and we take issues related to the quality of our products very seriously. In order to handle concerns on product quality, a "Quality Concerns" page is available on the Company's corporate website. Users can use the form on the website or simply email their concerns to the attention of our Country Quality Head at [quality.pk@sanofi.com](mailto:quality.pk@sanofi.com)

#### **Website**

All stakeholders and the general public can visit the sanofi-aventis Pakistan limited website, ([www.sanofi.com.pk](http://www.sanofi.com.pk)), which has a dedicated section for investors containing information related to governance, investor relations, annual and quarterly financial statements in English as well as Urdu, as required by the Securities & Exchange Commission of Pakistan (SECP).

In addition, information pertaining to Company products, product quality, social responsibility initiatives and general health related issues is also given on the website. The Company also maintains a dedicated website on diabetes ([www.sanofidiabetes.com.pk](http://www.sanofidiabetes.com.pk)) which contains information for public awareness related to diabetes.

#### **Health, safety & environment**

The Company is committed to maintain the standards of health, safety and environment (HSE) at the highest level. The Company has a dedicated HSE department to oversee the implementation of HSE objectives and reports to the Executive Management. The level of Management's commitment to HSE standards can be judged from the fact that no major accident was reported during the year.

#### **Environment**

The Company has a dedicated Waste Water Treatment Plant (WWTP) to treat effluent. An upgrade project was started in 2014 for improving the efficiency and enhancing the capacity of the existing WWTP which was completed in 2016.

## **Directors**

During the year, Yasser Pirmuhammad joined the Board of Directors of the Company as an Executive Director.

## **Compliance with the Code of Corporate Governance**

The Pakistan Stock Exchange has included in the Listing Rules, the Code of Corporate Governance ('the Code') issued by the Securities & Exchange Commission of Pakistan. The Company has adopted the Code and is implementing the same in letter and spirit.

## **Code of ethics**

Code of Ethics is an integral part of any organization, also of any compliance program and is our culture. We commit to maintain the highest ethical standards without compromise.

Our code is a pledge of our integrity. It sets the highest standards of individual behavior creating mutual trust. This code sets forth the responsibilities of Sanofi to its employees, our stake holders such as patients and consumers, Healthcare Professionals, Suppliers and Contractors, and to our industry. Through our adherence to UN Global compact, we support and apply the core principles relating to human rights, labor, environment and anti-corruption.

## **Trainings on ethics and business integrity principles**

Training and awareness on Ethics and Business Integrity (E & BI) principles is also essential part of our compliance program and is mandatory for all employees, with additional specialized trainings for certain categories of employees and also our third party vendors. We have various methods to reach all levels across our organization such as e-learning platform, face to face trainings, workshops and other communication methods etc.

## **Conflict of interest**

The Company has detailed guidelines that address issues related to conflict of interest within the organization. These guidelines are followed to ensure that any potential or actual conflict of interest is identified and addressed accordingly.

## **Complaint management**

We have adequate whistle blowing channels, which are communicated to all concerned stakeholders. Employees are free to communicate any wrongdoing that they feel must be reported by contacting E & BI department. Internal as well as external stakeholders can communicate their concerns on Compliance at [compliance.pk@sanofi.com](mailto:compliance.pk@sanofi.com)

## **Anti-corruption measures**

We are fully committed to fight all forms of corruption and have a strong policy for anti-corruption measures. This year we have a specialized mandatory interactive training session focused on anti-corruption for all stake holders including our third party vendors and distributors etc.

## **Risk management**

The management carries out formal risk assessment exercise to ensure business continuity and actions arising out of such exercise are implemented accordingly.



## Audit Committee

The Board Audit Committee comprises of following members:

|                        |  |
|------------------------|--|
| • Syed Hyder Ali       | ---- Chairman (Non-Executive Director) |
| • Mr. Franck Vidor     | ---- Member (Non-Executive Director)   |
| • Mr. Javed Iqbal      | ---- Member (Independent Director)     |
| Mr. Muhammad Atif Khan | ---- Secretary                         |

## Human Resource & Remuneration Committee

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

|                        |  |
|------------------------|--|
| • Mr. Arshad Ali Gohar | ---- Chairman (Non-Executive Director) |
| • Syed Hyder Ali       | ---- Member (Non-Executive Director)   |
| • Dr. Asim Jamal       | ---- Member (Executive Director - CEO) |
| Mr. Shakeel Mapara     | ---- Secretary                         |

## Pattern of shareholding

A statement of the pattern of shareholding is given on page 113 to the financial statements.

## Earnings per share

The earnings per share after tax was Rs.105.65 (2015: Rs.6.89).

## Holding company

The Company is a subsidiary of SECIPE, France, holding 5,099,469 (2015: 5,099,469) ordinary shares of Rs.10 each constituting 52.88% of the issued share capital of the Company. The ultimate parent of the Company is Sanofi S.A., France.

## Auditors

The present external auditors, M/s EY Ford Rhodes, Chartered Accountants have completed the annual audit for the year ended December 31, 2016 and have issued an unqualified report. The auditors shall retire at the conclusion of Annual General Meeting on April 25, 2017 and being eligible, have offered themselves for reappointment for the year 2017. As suggested by the Audit Committee, the Board recommends their reappointment for the year ending December 31, 2017.

## 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 judgment.
- 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 Listing Regulations.
- 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 118 to 120.
- The value of investments of provident, gratuity and pension funds based on their accounts (audit in progress) as at December 31, 2016 was as follows:

|                | Rs. in 000 |
|----------------|------------|
| Provident Fund | 540,241    |
| Gratuity Fund  | 412,864    |
| Pension Fund   | 576,115    |

- The outstanding duties, statutory charges and taxes, if any, have been duly disclosed in the financial statements.
- During the last year five 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 – Chairman                | 5                        |
| Dr. Asim Jamal – Chief Executive Officer | 5                        |
| Syed Hyder Ali                           | 5                        |
| Mr. Arshad Ali Gohar                     | 5                        |
| Mr. Javed Iqbal                          | 4                        |
| Mr. Yasser Pirmuhammad – CFO             | 5                        |
| Mr. Patrick Aghanian                     | 2                        |
| Mr. Franck Vidor                         | None                     |
| Mr. Patrick Chocat                       | None                     |

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

No trade was carried out in the shares of the Company by the directors, CEO, CFO, Company Secretary, executives and their spouses & minor children during the year.



## Future outlook

### Operations – pharmaceutical business sales & profitability

Pakistan is a significant emerging market with a dynamic economy (~5% growth per year) and a population projected to reach over 200 million by 2018. The pharmaceutical market in Pakistan is mainly out of pocket, growing at a fast pace (CAGR 13.9% over past 5 years - MNCs is 9.4%). In parallel, pressured by local competition, the share of multinationals (MNC) has decreased in value from 59.0% in 2002 to 35.3% in 2016.

The pharmaceutical industry in Pakistan is faced with challenging environment. The industry is highly regulated and characterized by strict price controls. Local pricing regulations do not allow price increases even in case of significant inflation and currency devaluations. Overall, price increase and new registrations remain a challenge in Pakistan.

### Cash flow management

The Company devotes utmost importance to cash flow management and regularly monitors its day to day working capital requirements which are financed through cash flows from operating activities as well as externally committed funding facilities. The Company's gearing ratio as of December 31, 2016 at 25% (December 31, 2015: 54%) improved over last year mainly due to decrease in external financing (as indicated above along with reasons for decline).

### General

The Board looks forward to the forthcoming Annual General Meeting of the shareholders to discuss Company's performance during the year 2016, 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 the stakeholders, employees, customers, suppliers, shareholders, bankers and all others for their continued support and loyalty.

By order of the Board

Syed Babar Ali  
Chairman

Dr. Asim Jamal  
Chief Executive Officer &  
Managing Director

Karachi: March 7, 2017



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

## مستقبل کے منصوبے

آپریٹرز۔ فارماسیوٹیکل بزنس سیلز اور منافع جات پاکستان کی معیشت (5% فی سال اضافے کے ساتھ) استحکام پذیر ہے اور موجودہ مارکیٹ میں اہم کردار ادا کر رہی ہے اور 2018 تک یہاں کی آبادی 200 ملین سے زیادہ ہونے کا امکان ہے۔ پاکستان میں فارماسیوٹیکل کی مارکیٹ بہترین ہے اور اس میں ترقی کی شرح (گزشتہ 5 سالوں میں 13.9% CAGR - 9.4% MNCs) اس کے ساتھ ساتھ مقامی مقابلے کے دباؤ کی وجہ سے ملٹی نیشنل کمپنیوں (MNC) کا مارکیٹ شیئر 2002 میں 59.0% سے کم ہو کر 2016 میں 35.3% پر آ گیا ہے۔

پاکستان میں فارماسیوٹیکل انڈسٹری کو چیلنجز کا سامنا ہے۔ انڈسٹری کو قیمتوں کی سخت پالیسی جیسے قوانین کے تحت پابند کر دیا گیا ہے۔ مقامی سطح پر کم قیمتوں کی وجہ سے قیمتوں میں اضافے کا امکان نہیں ہے حالانکہ مہنگائی میں اضافے اور کرنسی کی قدر میں کمی کے باوجود بھی ایسا کرنا ممکن نہیں ہے۔ مجموعی طور پر، پاکستان میں قیمتیں بڑھانا اور نئی رجسٹریشن ایک چیلنج سے کم نہیں ہے۔

## زیر گردش نقدی کا انتظام

کمپنی زیر گردش نقدی کے انتظام پر توجہ کو زیادہ اہمیت دیتی ہے اور قانونی معاملات پر نظر داری کے ساتھ روزمرہ کے مالی معاملات کے تقاضے جو کہ زیر گردش نقدی کے ذریعے ہی پورے کیے جاسکتے ہیں، اس کے علاوہ فنڈنگ کی سہولیات کے لیے بیرونی ذرائع پر بھی دھیان دیا جاتا ہے۔ کمپنی نے گزشتہ سال کے مقابلے میں خاص طور پر زیر گردش نقدی کی وجہ سے 31 دسمبر، 2016 تک 25% ترقی کی ہے (31 دسمبر، 2015: 54%)، اس میں بیرونی کیپٹل اخراجات کے ساتھ ساتھ ورکنگ کیپٹل کی ضروریات میں کمی آئی ہے۔

## عمومی

بورڈ اپنے آنے والے سالانہ اجلاس عام برائے حصص یافتگان میں سال 2016 کے دوران کمپنی کی کارکردگی پر غور کرے گا، اور حصص یافتگان کی جانب سے بورڈ پر اعتماد اور بھروسے پر شکریہ ادا کیا جائے گا۔

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

بحکم بورڈ

ڈاکٹر عاصم جمال  
چیف ایگزیکٹو آفیسر اینڈ  
مینجنگ ڈائریکٹر

سید بابر علی  
چیئر مین

کراچی: مارچ 7، 2017

## 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 باقاعدگی سے مرتب کیا جاتا 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 اور محتاط فیصلوں پر مبنی ہوتے ہیں۔
- مالیاتی بیانات کی تیاری کے دوران پاکستان میں لاگو انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز پر عملدرآمد کو یقینی بنایا گیا ہے اور کسی بھی پہلو تہی کو معقول انداز میں واضح کیا گیا ہے۔
- داخلی انضباطی کا نظام ڈیزائن 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 رو بہ عمل رہنے کی اہلیت رکھتی ہے۔
- لسٹنگ ریگولیشنز میں شامل کارپوریٹ نظم و نسق کے ضابطوں سے کوئی قابل ذکر پہلو تہی نہیں کی گئی۔
- اس رپورٹ کے ابتدائی صفحات میں گزشتہ سال کے مقابلے میں پیداواری نتائج میں فرق کی تفصیل کے ساتھ وضاحت کی گئی ہے اور اس کے اسباب پر بھی روشنی ڈالی گئی ہے۔
- اہم آپریٹنگ اور مالی اعداد و شمار برائے گزشتہ چھ سال صفحہ نمبر 118 سے 120 میں درج ہیں۔
- پروویڈنٹ، گریجویٹ اور پنشن فنڈز کی سرمایہ کاری کی مالیت جو کہ اکاؤنٹس کی بنیاد پر ہے (آڈٹ جاری ہے) 31 دسمبر، 2016 پر درج ذیل ہے:

روپے 000 میں

540,241

412,864

576,115

پروویڈنٹ فنڈ

گریجویٹ فنڈ

پنشن فنڈ

- واجب الادا ڈیویڈنڈ، قانونی چارجز اور ٹیکسز، اگر کوئی ہیں، تو مالی گوشواروں میں ظاہر کیے گئے ہیں۔
- گزشتہ سال بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی شرکت کی تفصیلات درج ذیل ہیں:

| ڈائریکٹر کا نام                           | اجلاس کی تعداد |
|---|----------------|
| محترم سید باہر علی۔ چیئرمین               | 5              |
| محترم ڈاکٹر عاصم جمال۔ چیف ایگزیکٹو آفیسر | 5              |
| محترم سید حیدر علی                        | 5              |
| محترم ارشد علی گوہر                       | 5              |
| محترم جاوید اقبال                         | 4              |
| محترم یاسر پیر محمد۔ سی ایف او            | 5              |
| محترم بیٹیک آفانین                        | 2              |
| محترم فرینک وڈور                          | کوئی نہیں      |
| محترم بیٹیک چوکاٹ                         | کوئی نہیں      |

غیر حاضری کی صورت میں ڈائریکٹر ز کی چھٹی کی درخواست منظور کی گئی جو بورڈ اجلاسوں میں شرکت نہیں کر سکے اور انہوں نے اپنے متبادل نمائندے شرکت کے لیے بھیج دیئے تھے۔

## آڈٹ کمیٹی

بورڈ کی آڈٹ کمیٹی میں درج ذیل ارکان شامل ہیں:

|                                       |                       |
|---------------------------------------|-----------------------|
| --- چیئر مین (نان۔ ایگزیکٹو ڈائریکٹر) | • محترم سید حیدر علی  |
| --- رکن (نان۔ ایگزیکٹو ڈائریکٹر)      | • محترم فرینک وڈور    |
| --- رکن (آزاد ڈائریکٹر)               | • محترم جاوید اقبال   |
| --- سیکریٹری                          | • محترم محمد عاطف خان |

## ہیومن ریسورس اور مشاہرہ کے لیے کمیٹی:

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

|                                       |                         |
|---------------------------------------|-------------------------|
| --- چیئر مین (نان۔ ایگزیکٹو ڈائریکٹر) | • محترم ارشد علی گوہر   |
| --- رکن (نان۔ ایگزیکٹو ڈائریکٹر)      | • محترم سید حیدر علی    |
| --- رکن (ایگزیکٹو ڈائریکٹر۔ سی ای او) | • محترم ڈاکٹر عاصم جمال |
| --- سیکریٹری                          | • محترم شکیل ماپارا     |

## شیئر ہولڈنگ کا طریقہ

شیئر ہولڈنگ کے طریقہ کے لیے اسٹیٹمنٹ مالیاتی بیانات کے صفحہ 113 پر ملاحظہ کیجیے۔

## فی شیئر آمدنی

ٹیکس ادائیگی کے بعد فی شیئر آمدنی 105.65 (2015:6.89) روپے رہی۔

## ہولڈنگ کمپنی

کمپنی ایس ای سی آئی پی ای (SECIPE)، فرانس کا ذیلی ادارہ ہے جس کے پاس کمپنی کے عمومی سرمائے (10 روپے فی شیئر) کے 52.88% حصص موجود ہیں، جو کہ 5,099,469 (2014: 5,099,469) شیئرز بنتے ہیں۔ گروپ کا مطلق سربراہ سنو فی S.A، فرانس ہے۔

## آڈیٹرز

موجودہ بیرونی آڈیٹرز، میسرز ارنسٹ اینڈ یوگ فورڈر ہوڈس، چارٹرڈ اکاؤنٹنٹس نے 31 دسمبر، 2016 کو ختم ہونے والے سال کی سالانہ آڈٹ مکمل کر لی ہے اور آڈٹ رپورٹ بھی جاری کر دی ہے۔ سالانہ جنرل اجلاس کے مطابق آڈیٹرز 25، اپریل 2017 کو سبکدوش ہو جائیں گے اور اہل ہونے کی وجہ انھوں نے تقرر کے لئے خود کو برائے سال 2017 پیش کیا ہے۔ آڈٹ کمیٹی کی جانب سے تجویز کے مطابق، بورڈ نے ان کے 31 دسمبر 2017 تک ختم ہونے والے سال کے لیے تقرر کی سفارش کر دی ہے۔

## ڈائریکٹرز

رواں سال کے دوران، یاسر پیر محمد نے کمپنی کے بورڈ آف ڈائریکٹرز میں بطور ایگزیکٹو ڈائریکٹر شمولیت اختیار کی ہے۔

## کارپوریٹ ضابطہ اخلاق پر عملدرآمد

پاکستان اسٹاک ایکسچینج (سابقہ کراچی، لاہور اور اسلام آباد اسٹاک ایکسچینجز) نے اپنے لسٹنگ کے قوانین میں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ کارپوریٹ ضابطہ اخلاق ("دی کوڈ") کو شامل کر لیا ہے۔ کمپنی کوڈ پر لفظاً اور معاً عملدرآمد کر رہی ہے۔

## ضابطہ اخلاق

کمپنی کے کاروبار میں ضابطہ اخلاق پر عملدرآمد کا حصہ انتہائی اہم ہوتا ہے، جو کہ ہماری روایات کی بہتر عکاسی کرتا ہے۔ ہم اپنے ضابطہ اخلاق کی اعلیٰ معیاری روایات کو برقرار رکھنے کے لیے کوئی سمجھوتہ نہیں کرتے۔

ہمارا ضابطہ اخلاق ہماری منفرد پہچان کی ضمانت ہے۔ یہ اعلیٰ معیاری انفرادی روایات کے ساتھ قابل بھروسہ باہمی تعلقات کو فروغ دیتا ہے۔ یہ ضابطہ اخلاق سنوئی کے ملازمین، ہمارے اسٹیک ہولڈرز جیسا کہ مرلیضوں اور صارفین، پیشہ ور معالجین، سپلائرز اور ٹھیکہ داروں، اور ہماری صنعتی ذمے داریوں کا احاطہ کرتا ہے۔ اقوام متحدہ کے گلوبل معیارات پر عملدرآمد کے ذریعے، ہم انسانی حقوق، محنت کشوں، ماحول اور اینٹی کرپشن سے متعلق اہم قوانین پر عمل اور ان کی حمایت کرتے ہیں۔

## ضابطہ اخلاق اور کاروباری سالمیت کے قوانین پر تربیت:

ضابطہ اخلاق اور کاروباری سالمیت (E & BI) کے قوانین پر تربیت اور آگاہی بھی ہمارے کمپلائنس پروگرام کا ایک اہم حصہ ہے اور یہ تمام ملازمین اور ملازمین کی خاص کیئر کے لیے اضافی خصوصی تربیت، اور ہمارے تیسرے کاروباری فریق کے لیے لازمی ہے۔ ہمارے پاس ادارے کے اندر ان تمام سطحوں تک رسائی کے لیے مختلف طریقے ہیں جیسا کہ ای۔ لرننگ پلیٹ فارم، روبرو تربیت، ورکشاپس اور رابطے کے دیگر طریقے وغیرہ۔

## مفادات کا نگرانی:

کمپنی کے پاس مفصل رہنما اصول موجود ہیں جو کہ ادارے میں مفادات کے نگرانی سے متعلق ہیں۔ ان اصولوں پر عمل درآمد کر کے اس امر کو یقینی بنایا جاتا ہے کہ موجودہ یا متوقع مسائل کی نشاندہی اور ازالہ کیا جاسکے۔

## شکایات کو حل کرنا:

ہمارے پاس شکایات اور تجاویز درج کرانے کے لیے مناسب چینلز ہیں، جو کہ تمام متعلقہ اسٹیک ہولڈرز کو بتادیئے گئے ہیں۔ اگر ملازمین کو کوئی بھی چیز غلط نظر آئے اور وہ محسوس کریں کہ اس کی اطلاع دینا ضروری ہے تو وہ (E & BI) ڈپارٹمنٹ سے رابطہ کر سکتے ہیں۔ اندرونی اور بیرونی اسٹیک ہولڈرز، compliance@sanofi.com پر اپنی شکایات اور تجاویز بھیج سکتے ہیں۔

## اینٹی کرپشن کے لیے اقدامات

کمپنی ملازمین کی جانب سے کاروباری معاملات میں کرپشن سے بچنے کے لیے اینٹی براہبری اور اینٹی کرپشن پالیسی پر عملدرآمد کیا جاتا ہے۔ یہ پالیسی کمپنی کے ضابطہ اخلاق میں شامل ہے اور اس کا اطلاق تمام ملازمین پر ہوتا ہے اور سنوئی ایونٹس پاکستان کے ساتھ کاروباری معاملات میں شامل تیسرے فریق اور ڈسٹری بیوٹرز وغیرہ پر بھی یہ پالیسی لاگو ہوتی ہے۔

## انتظام خط

کمپنی کی انتظامیہ مختلف خطروں کی رسمی تشخیص کرتی ہے تاکہ کاروباری تسلسل کو یقینی بنایا جائے جبکہ اس تشخیص سے حاصل ہونے والی قابل عمل معلومات پر عملدرآمد بھی کیا جاتا ہے۔





معاشرتی تعاون کے مختلف اقدامات میں ہماری شرکت کی تفصیلات سالانہ رپورٹ کے صفحات 46 سے 48 تک میں درج ہیں۔

## انفارمیشن ٹیکنالوجی

ہماری جانب سے اپنے انفارمیشن سسٹم کو مسلسل اور مستقل بنیادوں پر بہتر بنانے کے لیے ہم نے انفارمیشن ٹیکنالوجی میں سرمایہ کو بڑھانے کی پالیسی اپنالی ہے اور اس کے ساتھ مینوئل طریقوں کی جگہ خودکار طریقوں کو رائج کرنے کے لیے متعلقہ انفارمیشن ٹیکنالوجی کو بہتر بنایا ہے۔ ہمارے یہاں انتظامی رپورٹنگ بشمول فیصلہ سازی کے طریقوں میں تعداد اور معیار دونوں کی بہتری پر مسلسل دھیان دیا جاتا ہے۔ رواں سال کے دوران آئی ٹی ایلس کے شعبے میں 58 ملین روپے (2015:48) ملین روپے) خرچ کیے جا چکے ہیں۔

سال رواں کے دوران انفارمیشن ٹیکنالوجی کی سرگرمیوں کی چند جھلکیاں ذیل میں دی گئی ہیں:

انفراسٹرکچر اور سروس کی فراہمی

۔ ویئر ہاؤس مینجمنٹ سسٹم کی توسیع:

تمام نئے تعمیر شدہ ویئر ہاؤسز میں آئی ٹی سروسز کی تمام سہولیات موجود ہیں۔ ویئر ہاؤس مینجمنٹ سسٹم کی توسیع میں وائر لیس نیٹ ورک اور بارکوڈ اسکینرز کا استعمال بھی شامل ہے۔

۔ انفراسٹرکچر کو اپ-گریڈ کرنا اور بہتری لانا:

تیز ترین اور قابل اعتماد رابطے کی فراہمی کے لیے انفراسٹرکچر کے چند اہم شعبوں کو ترقی دی گئی ہے۔ اس میں براہ راست وائر کے ساتھ اور وائر لیس شعبوں میں WAN اور LAN دونوں نیٹ ورکس کو ترقی دی گئی ہے۔

## پروڈکٹ کا معیار

سنوفی پاکستان میں، ہم لوگوں کے معیار زندگی اور ان کی صحت کی بہتری کے لیے انتھک محنت کرتے ہیں۔ کمپنی مریض اور معاشرے کی بہتری کے لیے اپنی ذمہ داری نبھانے کے لیے پرعزم ہے۔ کمپنی پروڈکٹس معیار کے وعدے کے ساتھ مارکیٹ میں فراہم کی جاتی ہیں اور ہم اپنی پروڈکٹس کے معیار سے متعلق مسائل کو انتہائی سنجیدگی کے ساتھ دیکھتے ہیں۔ پروڈکٹ کے معیار سے متعلق کمپنی کی کارپوریٹ ویب سائٹ پر "Quality Concerns" کا صفحہ موجود ہے۔ صارفین ویب سائٹ پر موجود فارم استعمال کر سکتے ہیں یا اپنی شکایات کے لیے کٹری کوالٹی ہیڈ کو [quality.pk@sanofi.com](mailto:quality.pk@sanofi.com) پر ای میل کر سکتے ہیں۔

## ویب سائٹ

تمام اسٹیک ہولڈرز اور عوام الناس سنوفی۔ ایونٹس پاکستان لیڈ کی ویب سائٹ ([www.sanofi.com.pk](http://www.sanofi.com.pk)) وزٹ کر سکتے ہیں جس میں سرمایہ کاروں کے لیے ایک الگ حصہ دستیاب ہے جو کہ سیکیورٹی اینڈ اینٹی کوریپشن کمیشن آف پاکستان (ایس ای سی پی) کی ضروریات کے مطابق انگریزی کے ساتھ اردو زبان میں گورننس، سرمایہ کاروں کے ساتھ تعلقات، سالانہ اور سہ ماہی مالیاتی اسٹیٹمنٹس کی معلومات پر مشتمل ہے۔

اس کے علاوہ، کمپنی پروڈکٹس، پروڈکٹ کے معیار، سماجی ذمہ داریوں سے متعلق اقدامات اور صحت عامہ کے مسائل پر مشتمل معلومات بھی ویب سائٹ پر موجود ہیں۔ کمپنی نے زیڈیٹس کے لیے الگ ویب سائٹ ([www.sanofidiabetes.com.pk](http://www.sanofidiabetes.com.pk)) بھی تیار کی ہے جس میں عوام الناس کی زیڈیٹس سے متعلق آگاہی کی معلومات 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 ہے جو کہ HSE کے مقاصد پر عملدرآمد کی نگرانی اور اعلیٰ انتظامیہ کو رپورٹ کرنے کا ذمہ دار ہے۔ HSE کی مینجمنٹ کمیٹی کی بہترین کارکردگی کا اس سے اندازہ لگایا جاسکتا ہے کہ رواں سال کے دوران کوئی بڑا حادثہ پیش نہیں آیا۔

## ماحولیات

کمپنی کے پاس ایک فعال ویسٹ وائر ٹریٹمنٹ پلانٹ (WWTP) ہے، جو اس کے بہاؤ کو دیکھتا ہے۔ موجودہ WWTP کی صلاحیت اور گنجائش میں توسیع کے لیے ایک اپ-گریڈ پروجیکٹ کا 2014 میں آغاز کیا گیا جو کہ 2016 میں مکمل ہو گیا ہے۔

ہم علاج کے لیے عام تدارک اور عام برانڈز کے مقابلے میں اپنا مارکیٹ شیئر گنوا بھی سکتے ہیں۔ ہم نے عام پروڈکٹس اور ان جیسی دیگر پروڈکٹس کے حوالے سے انتہائی زیادہ مقابلے کے ماحول کا سامنا کیا ہے۔ ڈاکٹر زیا مرلیض ان پروڈکٹس کا انتخاب کر سکتے ہیں، اگر وہ انہیں زیادہ محفوظ، زیادہ بااعتماد، زیادہ موثر، استعمال میں آسان یا سستی پائیں، جس کی وجہ سے ہماری آمدنی میں کمی اور پیداواری صلاحیت متاثر ہو سکتی ہے۔ ہمارے لیے واجب الادا پنشن اور گریجویٹ کے معاملات، پلان اسپنٹس، انٹریسٹ کی شرح، اصل ڈیٹا اور تجربہ اور قوانین اور ضوابط میں تبدیلی کے باعث متاثر ہوئے ہیں

ہمارے پنشن اور گریجویٹ پلان کی طے شدہ سہولیات کی فنڈنگ جن امور پر منحصر ہے ان میں ان پلانز میں مستقبل میں ٹرسٹ کے اثاثوں کی کارکردگی، شرح سود، لیکچوریٹ ڈیٹا اور مہنگائی کے اتار چڑھاؤ، پلانز کے لیے فراہم کردہ فوائد کی مقدار، اس کے علاوہ قوانین اور ضوابط میں تبدیلیاں شامل ہیں۔ ان حالات میں منفی تبدیلیوں سے ایسے پلانز کے تحت ہماری غیر فنڈ شدہ ذمے داریوں میں اضافہ ہو سکتا ہے، جس کے لیے مزید فنڈز شامل کرنے کی ضرورت ہو سکتی ہے اور اس طرح ہماری زیر گردش نقدی اور پیداواری نتائج بھی متاثر ہو سکتے ہیں۔

### زر مبادلہ کی شرح میں اتار چڑھاؤ ہمارے منافع جات کو متاثر کر سکتا ہے

چونکہ کمپنی کے اہم پیداواری حصوں کی بنیاد درآمد شدہ خام مال، اہم اجزاء اور تیار شدہ اشیاء پر ہے، زر مبادلہ کی شرح میں اتار چڑھاؤ کمپنی کی پیداوار کے ساتھ زیر گردش نقدی کے نظام کو بھی شدید متاثر کر سکتا ہے۔ ہم یورو اور امریکی ڈالر کی شرح مبادلہ میں اتار چڑھاؤ پر خصوصی توجہ دیتے ہیں۔ شرح مبادلہ میں اتار چڑھاؤ کے خطرے سے نمٹنے کے لیے پالیسی کی وضاحت مالیاتی اسٹیٹمنٹس کے نوٹ 32.1.1 میں کی گئی ہے۔

### متعلقہ فریق کی ٹرانزیکشنز

سال 2016ء 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 کو ٹرانسفر پالیسی کے طریقہ کار اور متعلقہ فریقوں کے ساتھ منسلک پالیسی کے تحت بورڈ نے پہلے ہی منظور کر لیا ہے۔ کمپنی ایسی تمام ٹرانزیکشنز کا مکمل ریکارڈ، ان کے شرائط و ضوابط کے ساتھ رکھتی ہے۔ مزید تفصیلات کے لیے برائے مہربانی مالیاتی بیانات کا نوٹ 30 ملاحظہ فرمائیں۔

### قومی خزانے میں حصہ داری

سال رواں کے دوران کمپنی نے مختلف سرکاری لیویز بشمول سٹم ڈیوٹی، انکم ٹیکس، سیلز ٹیکس اور ورکرز ویلفیئر فنڈ کی مد میں سرکاری اور دیگر مختلف ایجنسیوں کو 1,073 روپے (2015: 810 روپے) کی ادائیگی کی ہے۔

### ملکی معیشت میں حصہ داری

سنوئی پاکستان میں، ہمارا ہمیشہ عزم رہا ہے کہ ہم ملکی معیشت میں خاطر خواہ حصہ شامل کریں۔ اس کے لیے اہم معاملہ روزگار کے مواقع پیدا کرنے پر توجہ دینا ہے۔ ہم تیسرے فریق، صنعت کے ذریعے اور سیلز میں افرادی قوت کے لیے وسیع البنیاد ملازمت فراہم کرنے میں اہم کردار ادا کر رہے ہیں۔

کارپوریٹ سماجی ذمے داری کے پروگرام میں ہمارا حصہ معاشرے میں اہم کردار ادا کرتا ہے خاص طور پر معیار صحت کو فروغ دینے پر توجہ دی گئی ہے۔ ہم درآمدات کے مقابلے میں ان مقامی فروخت کنندگان سے اشیاء / سامان خریدنے کو ترجیح دیتے ہیں جو ہمارے معیار پر پورا اترتے ہیں تاکہ مقامی صنعت اور معیشت کی مدد کی جاسکے۔

### کارپوریٹ سماجی ذمے داری

کمپنی سماجی ذمے داری کے حوالے سے اپنی سرگرمیاں بخوبی انجام دیتی ہے اور کارپوریٹ روایات کے اعلیٰ معیار کو برقرار رکھنے کے لیے پرعزم ہے۔ سنوئی۔ ایونٹس کی اہم کاروباری حکمت عملی میں سی ایس آر شامل ہے، جس میں ہماری سرگرمی کا مرکز مرلیض کی بہتری ہوتی ہے۔

شرح سود ریٹس میں تبدیلی ہمارے قبل از ٹیکس منافع پر اثر انداز ہو سکتی ہے جیسا کہ کمپنی کی زیر گردش نقدی کا انتظام خاص مالی سہولیات پر منحصر ہے، اس لیے مارک۔ اپ ریٹس میں تبدیلیوں سے کمپنی کے پیداواری نتائج پر اثر پڑتا ہے۔ کمپنی کی انتظامیہ اس سلسلے میں اقدامات کر رہی ہے جیسا کہ ذیل میں تفصیلات درج ہیں (برائے مہربانی "مستقبل پر نظر۔ زیر گردش نقدی کا انتظام" کو ملاحظہ کریں) تاکہ اس خطرے سے نمٹنے کے لیے کسی حل کو یقینی بنایا جائے۔

### ہمیں کسٹمرز کی جانب سے عدم ادائیگی کے خطرات کا سامنا رہتا ہے

ہمیں کسٹمرز کی جانب سے عدم ادائیگی کا خطرہ لاحق رہتا ہے، جن میں بنیادی طور پر ڈسٹری بیوٹرز، اسپتال اور سرکاری ادارے شامل ہیں۔ ادھار کے خطرے کو کم سے کم کرنے کے لیے، ہم اپنی پروڈکٹس نقد ادائیگی پر فروخت کرتے ہیں یا پھر ان کسٹمرز کو ادھار دیتے ہیں جن کی سہولت بہتر ہوتی ہے۔ ہم اپنی ادھار کے خطرے سے نمٹنے کے لیے بھی انتظام کرتے ہیں جس کے بارے میں مالیاتی حسابات کے نوٹ 33.2 میں تفصیلات درج ہے۔

ہم اپنی دواؤں کے تحفظ اور ہماری خاص پروڈکٹس کی مارکیٹنگ کے لیے ملکیتی حقوق پر انحصار کرتے ہیں، اور اگر ہماری دواؤں کے تحفظ کے حق اور دیگر حقوق محدود ہو جائیں، تو ہمارے مالی نتائج خطرناک اور بری طرح سے متاثر ہو سکتے ہیں۔

ہمارے حق تحفظ اور دیگر ترجیحی حقوق کے ذریعے ہم نے اپنی متعدد پروڈکٹس کے مجموعی حقوق اپنے پاس رکھے ہوئے ہیں۔ اس وقت تحفظ کے حقوق محدود ہیں اور پروڈکٹس کو ہمیشہ موثر تحفظ فراہم نہیں کرتے: ہمارے حریف کامیابی کے ساتھ ڈیزائن کی جدت سے حق تحفظ سے جان چھڑا سکتے ہیں، اس لیے ہمارے پاس ان کے خلاف دعویٰ دائر کرنے کے لیے موزوں ثبوت نہیں ہو سکتے، عام پروڈکٹس کے مینوفیکچررز کے تحفظ کے حق کو ان کی میعاد ختم ہونے سے پہلے چیلنج کرنے میں اضافہ ہوتا جا رہا ہے، اور ہماری جانب سے مجلسازی کے دعویٰ کا فیصلہ نہیں ہو پاتا کہ ہمارے حقوق جائز، قابل نفاذ اور قابل گرفت ہیں۔

پروڈکٹ کی ذمہ داری کے دعوے ہمارے کاروبار پر بری طرح اثر انداز ہو سکتے ہیں، جس کے نتیجے میں ہمارے آپریشن اور مالی حالات بھی متاثر ہو سکتے ہیں۔

کسی بھی فارماسیوٹیکل کمپنی کے لیے پروڈکٹ کی ذمہ داری ایک اہم کاروباری خطرہ ہوتا ہے۔ کچھ ممالک میں فارماسیوٹیکل کمپنیوں کے خلاف ان کی پروڈکٹس کے استعمال کی وجہ سے ہونے والے نقصانات کے ازالوں کے دعووں کی بنیاد پر انہیں بہت زیادہ خسارے کا سامنا کرنا پڑتا ہے۔ تاہم فارماسیوٹیکل دواؤں کے مضر اثرات پر بنی پروفائل اس لیے مکمل طور پر تیار نہیں کی جاسکتی کہ کلینیکل اسٹڈیز میں صرف کچھ سیکڑوں سے کچھ ہزاروں تک مریض شامل ہوتے ہیں اور یہ پیسٹی منظوری کی بنیاد پر تیار کی جاتی ہے۔ مارکیٹ میں تحفظ اور کلینیکل ٹرائلز کی عمومی نظر ثانی اور تجزیہ سے اضافی معلومات فراہم ہوتی ہیں اور ممکن ہے کہ اس میں پروڈکٹ کی لیسنگ کی تبدیلی، بشمول علاج معالجے کی پابندیاں، نئی علامات، خدِ علامات، انتباہ یا احتیاطی تدابیر اور کبھی کبھار پروڈکٹ کی مارکیٹنگ کے اختیار کی معطلی یا دستبرداری تک بھی نوبت جاسکتی ہے۔

پروڈکٹ کی ذمہ داری کا دعویٰ، قطع نظر اس کے جوڑیا ہماری جانب سے کامیاب دفاع کے، انتہائی مہنگا ہوتا ہے، اس طرح انتظامی توجہ کا رخ تبدیل ہونے سے ہماری سہولت مجروح ہو سکتی ہے اور ہماری پروڈکٹس کی طلب متاثر ہو سکتی ہے۔

مسابقت کے قانون، مارکیٹ کی روایات، قیمتوں سے متعلق دعووں اور تفتیش کے علاوہ دیگر قانونی معاملات بھی ہمارے کاروبار کے ساتھ پیداواری اور مالی حالات کو بری طرح متاثر کر سکتے ہیں۔

ہماری پروڈکٹس کی مارکیٹنگ انتہائی طور پر قواعد و ضوابط کے مطابق ہوتی ہے۔ ہمارے کاروبار میں سرگرمیوں کے وسیع ترین سلسلے پر دھیان دیا جاتا ہے اور اس میں متعدد شراکت دار شامل ہوتے ہیں۔ بالواسطہ یا بلاواسطہ کسی بھی ناکامی (بشمول کسی کاروباری شراکت دار کی غلطی کے نتیجے میں) انتہائی زیادہ اہم ذمہ داری کا سبب بنتی ہے۔ کمپنی اس بات کو یقینی بنانے کے لیے تمام تر ضروری اقدامات کر رہی ہے کہ کمپنی اور اس کے کاروباری شراکت دار اپنے امور کے دوران قواعد و ضوابط کی پاسداری کریں، جس میں تمام فریقین کو کمپنی کے ضابطہ اخلاق پر عمل کرنے کے لیے بھی پابند کیا جاتا ہے۔

## ہمیں فارماسیوٹیکل پروڈکٹس کی قیمتوں کے حوالے سے غیر یقینی صورتحال کا سامنا ہے

ہماری پروڈکٹس کی تجارتی کامیابی کا انحصار ہماری پروڈکٹ پورٹ فولیو کی قیمتوں کے طریقہ کار پر ہے جس سے ملکی سطح پر مہنگائی اور پاکستانی روپے کی قدر میں کمی کی تلافی ہو سکتی ہے۔

ڈرگ ریگولیٹری اتھارٹی آف پاکستان (DRAP) نے 5 مارچ، 2015 کو (ڈرگ پرائسنگ پالیسی 2015-2015 DPP کے نام سے) قیمتوں کی پالیسی کا اعلان کیا تھا، جس میں دیگر نکات کی بھی سفارشات دی تھیں، جس میں تمام دواؤں کی MRP کو منجمد کرنا جو کہ 31 اکتوبر 2013 کو MRP کی منظور شدہ سطح پر تھی، اور جس کو 30 جون، 2016 تک اس قیمت تک برقرار رہنا تھا۔ اس کے علاوہ، DPP 2015 میں مزید یہ تجویز بھی دی کہ بنیادی دواؤں / برانڈز کی قیمتوں کو آنے والے سال میں 10% تک کم کیا جائے۔ فارماسیوٹیکل کی صنعت نے پالیسی کے ان قواعد / شقوق پر شدید اعتراض کیا اور عزت مآب سندھ ہائیکورٹ میں ایک آئینی درخواست دائر کی ہے۔

درج بالا کے علاوہ، DRAP نے فارماسیوٹیکل صنعت سے وعدہ کیا کہ DPP 2015 کے قوانین کے مطابق خاص پروڈکٹس ("ہارڈ شپ کیسز") کی قیمتوں میں اضافے کے سلسلے میں زیر التوا درخواستوں پر 5 دسمبر، 2015 تک فیصلے کر لیے جائیں گے۔ ایسا کرنے میں ناکامی پر، DRAP کو اطلاع دینے کے بعد کمپنی نے سندھ ہائیکورٹ سے رجوع کیا اور دواؤں کی قیمتیں بڑھانے سے متعلق صرف زیر التوا ہارڈ شپ کیسز پر فیصلہ حاصل کیا۔ کمپنی اپنے آئینی حق کے مطابق قیمتوں کی پالیسی کے خلاف درخواست پر فیصلے کو یقینی بنانے کے لیے پرعزم ہے تاکہ مریضوں کو اعلیٰ معیاری دواؤں کی ترسیل کا تسلسل برقرار رکھا جاسکے۔ البتہ، دسمبر 2016 میں، قیمتوں کی پالیسی سے متعلق فیصلے کے خلاف درخواست نمٹا دی گئی اور یہ کمپنی کے لیے قابل قبول نہ تھا، جس کے خلاف ایک اپیل دائر کر دی گئی ہے، اس اپیل پر پیشیوں کا سلسلہ جاری ہے۔

کمپنی اس کیس کے قانونی اور کاروباری مضمرات کا باریک بینی سے جائزہ لے رہی ہے تاکہ قیمتوں کی پالیسی کو صنعت کے لیے قابل قبول بنانے میں متعلقہ حکام کی معاونت کے لیے مناسب نمائندگی اور ضروری اقدامات اٹھانے کو یقینی بنایا جاسکے۔

## معاشی ترقی میں سست روی کے ہمارے کاروبار پر منفی اثرات پڑ سکتے ہیں

مستقبل میں فارماسیوٹیکل مارکیٹ کی ترقی کا انحصار قومی معیشت کی ترقی پر ہے، اس میں کسی قسم کی کمی سے فارماسیوٹیکل مارکیٹ پر منفی اثر ہو سکتا ہے اور، جس کے نتیجے میں، ہمارا کاروبار بری طرح متاثر ہو سکتا ہے۔

## ہم خام مال اور اہم اجزاء کی تیاری اور حصول کے لیے تیسرے فریق پر انحصار کرتے ہیں

ہمارے خام مال کا زیادہ تر حصہ اور اہم اجزاء کی ترسیل تیسرے فریق کی جانب سے ہوتی ہے، جس کے باعث ہمیں سپلائی میں کمی یا تعطل کا خطرہ لاحق ہے کہ جب سپلائرز اس کے قابل نہیں ہوتے کہ گروپ کے معیار کے مطابق مینوفیکچررز پروڈکٹس کی ترسیل کو برقرار رکھیں، کیونکہ انہیں مالی مشکلات کا سامنا ہوتا ہے۔ یہاں تک کہ ہم ترسیل میں تعطل کے امکان سے جب بھی ممکن ہوتا ہے متبادل کا انتظام کرتے ہیں، تاہم، ہمیں یقین نہیں ہوتا کہ اگر ہماری بنیادی ترسیل نہ ہو سکے تو متبادل انتظام کافی ہو گا یا نہیں۔ ان میں سے کوئی بھی معاملہ ہمارے کاروبار پر اثر انداز ہو سکتا ہے۔

## جعلی دوائیں ہمارے کاروبار کو نقصان پہنچاتی ہیں

جعلی دواؤں کا جرمانہ رواج دنیا بھر میں بڑھتا جا رہا ہے۔ اس سے نہ صرف مریضوں کی زندگی / 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 کا یقین ہے کہ مریضوں کی حفاظت اور صحت کو بہت زیادہ اہمیت دی جائے۔ اس مقصد کے لیے ہم انتھک جدوجہد کے ساتھ پاکستان میں اور بیرون ملک جعلی دواؤں کے خلاف برسرِ پیکار ہیں۔

## منافع، فنانس اور ٹیکسیشن

کمپنی میں مجموعی طور پر ترقی کے تسلسل کو برقرار رکھنے کے لیے اپنائی گئی حکمت عملی اور شیئر ہولڈرز کے لیے مناسب منافع کے باعث کمپنی کی مجموعی سیل میں گزشتہ سال کے مقابلے میں 10.24% تک اضافہ ہو گیا ہے۔

منافع، ٹیکسیشن اور مجوزہ منقسم منافع جات کی تفصیلات درج ذیل ہے:

(روپے '000 میں)

|           |  |
|-----------|--|
| 1,407,388 | دوران سال قبل از ٹیکس منافع ٹیکسیشن  |
| (392,857) | موجودہ۔ برائے سال  |
| (29,879)  | پیسیجی   |
| 34,270    | زیر التوا  |
| (388,466) | ٹوٹل   |
| 1,018,922 | منافع بعد از ٹیکس  |
| 42,353    | غیر منقسم منافع کا تخمینہ  |
| (13,939)  | ایکوٹی میں لیا جانے والا نیٹ ایکچوئیر ٹیکسیشن  |
| 1,047,336 | دستیاب منافع منقسمہ  |
|           | اختصاص:  |
| (289,343) | 31 دسمبر، 2016 کو ختم شدہ سال کے لیے منافع جات سے 300% کی شرح سے مجوزہ حتمی منافع منقسمہ |
| (700,000) | محفوظ اثاثہ جات کی طرف منتقلی  |
| (989,343) |  |
| 57,993    | بعد از تقسیم منافع کا تخمینہ   |

دوران سال منافع کے تناسب کو مد نظر رکھتے ہوئے کمپنی کے ڈائریکٹرز نے شیئر ہولڈرز کی منظوری کے لیے 30 فی شیئر (300 فیصد) کے حساب سے حتمی منافع منقسمہ کی سفارش کی ہے۔

## زیر گردش نقدی

31 دسمبر، 2016 کو بینک کے مجموعی قرضہ جات 1,175.4 (2015: 2,852.9 روپے) ملین اور 500 ملین روپے کی وسط مدتی ٹرم فنانسنگ (2015: 1,000 روپے) ملین کے علاوہ قلیل مدتی قرضہ جات بشمول بینک کے اوورڈرافٹس 675.4 (2015: 1,852.9 روپے) ملین ہیں۔ بینک کے قرضہ جات میں مجموعی طور پر 1,677.4 ملین روپے کی کمی کے اسباب میں آپریشنز میں زیر گردش نقدی کے نظام میں بہتری (خاص طور پر کام کے لیے اخراجات میں کمی سے زیادہ تعاون حاصل ہوا) کے علاوہ مالی لاگت میں کمی شامل ہیں۔ کام کرنے کے لیے اخراجات میں کمی، اندراجات کے انتظام کو بہتر بنانے کے لیے سخت اقدامات کے علاوہ کسٹرز کی جانب سے بروقت ریکوری کے باعث ممکن ہوئی ہے۔ بنیادی اخراجات کے لیے زیر گردش نقدی میں کمی کے علاوہ زرمبادلہ کی بہتر شرح تبادلہ نے کمپنی کے مجموعی خالص خسارے میں کمی کے لیے مدد کی ہے۔

## کاروباری خطرات اور درپیش مسائل

اصل مالیاتی، کاروباری یا انتظامی نتائج توقعات سے مختلف ہونے کی تفصیلات، بشمول اس کے بعد کے خطرات کو مالیاتی بیانات کے متعلقہ نوٹس میں شامل کیا گیا ہے۔ درج ذیل خطرات کے علاوہ، اس رپورٹ کی تاریخ تک ہمیں دیگر خطرات کے بارے میں علم نہیں یا پھر اس وقت انہیں غیر اہم قرار دیا جاتا ہے۔

ہم 31 دسمبر، 2016 کو ختم شدہ سال کے لیے سالانہ رپورٹ اور کمپنی کے آڈٹ شدہ مالیاتی بیانات پیش کرنا چاہتے ہیں۔ مالیاتی بیانات اکاؤنٹنگ کے پاکستان میں لاگو اور منظور شدہ معیارات اور کمپنیز آرڈیننس، 1984 کی ضروریات کے مطابق تیار کیے گئے ہیں۔ ڈائریکٹرز رپورٹ کمپنیز آرڈیننس، 1984 کے سیکشن 236 اور کوڈ آف کارپوریٹ گورننس، 2012 کی شق xvi کے تحت تیار کی گئی ہے۔

## جائزہ

31 دسمبر، 2016 کو ختم شدہ سال کے لیے نیٹ سیلز میں گزشتہ سال کے مقابلے میں مجموعی طور پر %10.24 اضافہ ہوا ہے، جس میں فارماسیوٹیکل، ویکسین اور کنزیومر ہیلتھ کیئر (CHC) پروڈکٹس کی سیلز میں اضافہ شامل ہے۔ دوران سال فارماسیوٹیکل سیلز کے بہتر نتائج میں بڑے برانڈز جیسا کہ فلیجبل، امارل، کلیفوران، کلیکسین، نوسپا، لینٹنس، اور ہیماکسل کی سیلز شامل ہیں۔

دوران سال کمپنی کی ویکسین سیلز 779 ملین روپے تک جا پہنچی، جو کہ گزشتہ سال کے مقابلے میں %29 زیادہ ہے۔ حکومتی اداروں میں ویکسین کے کاروبار میں %150 زیادہ کا نمایاں اضافہ دیکھا گیا ہے، کیونکہ سال 2016 کے دوران بائی ویلنٹ اورل پولیو ویکسین (bOPV) کی سیلز بہت زیادہ رہی ہے۔

31 دسمبر، 2016 کو ختم شدہ سال کے لیے مجموعی منافع 2,806 ملین روپے سے بڑھ کر 4,021 ملین روپے تک جا پہنچا ہے اس طرح نیٹ سیلز کی شرح میں %26.0 سے %33.8 تک اضافہ ہو گیا ہے۔ اس اضافے کی وجوہات میں فارماسیوٹیکل کی خاص پروڈکٹس کی قیمتوں میں اضافہ، مؤثر انتظامی صورتحال اور پروڈکٹس کا بہتر امتزاج شامل ہیں۔

ڈسٹری بیوٹن اور مارکیٹنگ کے اخراجات میں گزشتہ سال کے مقابلے میں %3.55 کمی واقع ہوئی اور اس طرح نیٹ سیلز کی شرح %2.5 رہی۔ اخراجات میں یہ کمی ملازمین کے کم اخراجات بشمول اسٹاف کو کم کرنے کی منصوبہ بندی کے باعث خاص اخراجات میں کمی کے سبب عمل پذیر ہوئی ہے، جو کہ گزشتہ سال ایک مرتبہ یہ اخراجات ہوئے تھے، اسی طرح بہتر کنٹرول کے نتیجے میں سفر کے اخراجات میں کمی، کنونینس کے علاوہ کرائے اور ٹیکسز کی مد میں کمی ہوئی ہے۔

31 دسمبر، 2016 کو ختم شدہ سال کے دوران دیگر اخراجات میں 34.84 ملین روپے سے 136.88 ملین روپے تک اضافہ ہوا ہے۔ ان اخراجات میں ورکرز پروفٹ پارٹی سیشن فنڈ (WPPF)، ورکرز ویلفیئر فنڈ (WWF) اور سینٹرل ریسرچ فنڈ (CRF) کے لیے رقوم مختص کرنا شامل ہیں، جو کہ 16.90 ملین روپے سے بڑھ کر 117.63 ملین روپے ہو گئے ہیں اور اس طرح نیٹ سیلز کی شرح %0.16 سے %0.99 تک رہی۔

31 دسمبر، 2016 کو ختم شدہ سال کے لیے دیگر آمدنی 162.28 ملین روپے سے کم ہو کر 76.34 ملین روپے رہی، اس کی وجوہات میں زرمبادلہ کی شرح میں کم منافع اور Insurance Claims کی مد میں کم آمدنی کا حصول شامل ہیں۔

کمپنی نے اپنے بنیادی اور مالیاتی اخراجات کے ساتھ کام کرنے کے لیے ضروری زیر گردش نقدی پر قابو پانے کے نظام کو بہتر کر لیا ہے، جس سے انٹریسٹ کی شرح میں کمی اور گزشتہ سال کے مقابلے میں مالیاتی اخراجات کی سطح میں بالترتیب 1,677.4 ملین روپے اور 133.3 ملین روپے کمی آئی ہے۔

مذکورہ بالا حقائق کی بنا پر دوران سال، بعد از ٹیکس منافع 66.48 ملین سے بڑھ کر 1,019 ملین روپے ہو گیا ہے۔

## صنعت میں سربراہی

اٹی ایم ایس (IMS) مارکیٹ رپورٹ (MAT Dec 2016) کے مطابق، کمپنی کو %3.5 مارکیٹ شیئر اور %15.3 کی شرح نمو کے ساتھ پاکستان کی فارماسیوٹیکل کی صنعت میں 5 ویں نمبر پر (2015: 7<sup>th</sup>) قرار دیا گیا ہے۔

## سرمایہ کاری پر اخراجات

کمپنی نے اپنی پروڈکٹس کے معیار کو بڑھانے، مینوفیکچرنگ کی قیمت میں کمی، اور پیداواری صلاحیت بڑھانے کے لیے پلانٹ اور مشینری پر سرمایہ کاری کے تسلسل کو برقرار رکھا ہے۔ دوران سال، مختلف شعبہ جات، بشمول ہمارے مینوفیکچرنگ پلانٹس میں بہتری، جدت اور انفراسٹرکچر کی ترقی کے لیے بنیادی اخراجات پر 190.2 ملین روپے کی لاگت آئی ہے۔





EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

Tel: +9221 3565 0007-11  
Fax: +9221 3568 1965  
ey.khi@pk.ey.com  
ey.com/pk

## Auditors' Report to the Members

We have audited the annexed balance sheet of **sanofi-aventis Pakistan Limited** as at **31 December 2016** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account, together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes stated in note 2.3 to the financial statements with which we concur;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, gives the information required by the Companies Ordinance, 1984, 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 2016 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d) in our opinion, 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.

*EY Ford Rhodes*

Chartered Accountants

**Audit Engagement Partner:** Khurram Jameel

**Date:** 07 March 2017

**Place:** Karachi

A member firm of Ernst & Young Global Limited

# Financial Statements

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# Balance Sheet

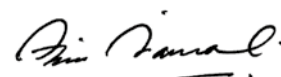
As at December 31, 2016

|   |      | <b>December 31,<br/>2016</b> | December 31,<br>2015 |
|---|------|------------------------------|----------------------|
|   | Note | ----- Rupees in '000 -----   |                      |
| <b>ASSETS</b>                             |      |                              |                      |
| <b>NON-CURRENT ASSETS</b>                 |      |                              |                      |
| Fixed assets                              |      |                              |                      |
| Property, plant and equipment             | 3    | <b>1,866,455</b>             | 2,013,546            |
| Intangible assets                         | 4    | <b>873</b>                   | 1,467                |
|   |      | <b>1,867,328</b>             | 2,015,013            |
| Long-term loans                           | 5    | <b>6,186</b>                 | 6,738                |
| Long-term deposits                        |      | <b>13,643</b>                | 12,816               |
|   |      | <b>1,887,157</b>             | 2,034,567            |
| <b>CURRENT ASSETS</b>                     |      |                              |                      |
| Stores and spares                         | 6    | <b>48,808</b>                | 54,710               |
| Stock-in-trade                            | 7    | <b>2,644,100</b>             | 2,851,317            |
| Trade debts                               | 8    | <b>707,359</b>               | 1,002,472            |
| Loans and advances                        | 9    | <b>73,517</b>                | 118,239              |
| Trade deposits and short-term prepayments | 10   | <b>165,263</b>               | 211,803              |
| Other receivables                         | 11   | <b>29,405</b>                | 43,636               |
| Taxation - payment less provision         |      | <b>1,212,703</b>             | 1,064,942            |
| Cash and bank balances                    | 12   | <b>50,440</b>                | 25,484               |
|   |      | <b>4,931,595</b>             | 5,372,603            |
| <b>TOTAL ASSETS</b>                       |      | <b>6,818,752</b>             | 7,407,170            |
| <b>EQUITY AND LIABILITIES</b>             |      |                              |                      |
| <b>SHARE CAPITAL AND RESERVES</b>         |      |                              |                      |
| Share capital                             | 13   | <b>96,448</b>                | 96,448               |
| Reserves                                  | 14   | <b>3,315,892</b>             | 2,313,578            |
|   |      | <b>3,412,340</b>             | 2,410,026            |
| <b>NON-CURRENT LIABILITIES</b>            |      |                              |                      |
| Long-term financing                       | 15   | <b>500,000</b>               | 500,000              |
| Deferred taxation                         | 16   | <b>56,676</b>                | 98,015               |
|   |      | <b>556,676</b>               | 598,015              |
| <b>CURRENT LIABILITIES</b>                |      |                              |                      |
| Trade and other payables                  | 17   | <b>2,168,257</b>             | 2,002,832            |
| Accrued mark-up                           |      | <b>6,038</b>                 | 43,422               |
| Short-term borrowings                     | 18   | <b>675,441</b>               | 1,852,875            |
| Current maturity of long-term financing   | 15   | <b>-</b>                     | 500,000              |
|   |      | <b>2,849,736</b>             | 4,399,129            |
| <b>CONTINGENCIES AND COMMITMENTS</b>      |      |                              |                      |
|   | 19   |                              |                      |
| <b>TOTAL EQUITY AND LIABILITIES</b>       |      | <b>6,818,752</b>             | 7,407,170            |

The annexed notes 1 to 38 form an integral part of these financial statements.



Syed Babar Ali  
Chairman



Dr. Asim Jamal  
Chief Executive Officer &  
Managing Director

# Profit And Loss Account

For the year ended December 31, 2016



|  | <b>December 31,<br/>2016</b> | December 31,<br>2015 |
|--|------------------------------|----------------------|
| Note   | ----- Rupees in '000 -----   |                      |
| <b>NET SALES</b>                                       |                              |                      |
|  | <b>11,890,235</b>            | 10,785,879           |
| Cost of sales  | <b>(7,869,106)</b>           | (7,979,762)          |
| <b>GROSS PROFIT</b>                                    | <b>4,021,129</b>             | 2,806,117            |
| Distribution and marketing costs                       | <b>(2,083,427)</b>           | (2,160,041)          |
| Administrative expenses                                | <b>(310,457)</b>             | (304,597)            |
| Other expenses   | <b>(136,875)</b>             | (34,837)             |
| Other income   | <b>76,345</b>                | 162,279              |
| <b>OPERATING PROFIT</b>                                | <b>(2,454,414)</b>           | (2,337,196)          |
|  | <b>1,566,715</b>             | 468,921              |
| Finance costs  | <b>(159,327)</b>             | (292,670)            |
| <b>PROFIT BEFORE TAXATION</b>                          | <b>1,407,388</b>             | 176,251              |
| Taxation   | <b>(388,466)</b>             | (109,774)            |
| <b>PROFIT AFTER TAXATION</b>                           | <b>1,018,922</b>             | 66,477               |
| <b>EARNINGS PER SHARE - basic and diluted (Rupees)</b> | <b>105.65</b>                | 6.89                 |

The annexed notes 1 to 38 form an integral part of these financial statements.

Syed Babar Ali  
Chairman

Dr. Asim Jamal  
Chief Executive Officer &  
Managing Director

# Statement of Comprehensive Income


For the year ended December 31, 2016

|  | <b>December 31,<br/>2016</b> | December 31,<br>2015 |
|--|------------------------------|----------------------|
|  | ----- Rupees in '000 -----   |                      |
| Profit after taxation  | <b>1,018,922</b>             | 66,477               |
| <b>Other comprehensive income</b><br><b>Items not be reclassified to profit and loss account in subsequent periods</b> |                              |                      |
| Actuarial (loss) / gain on defined benefits plans  | <b>(21,009)</b>              | 1,683                |
| Deferred tax on actuarial (loss) / gain on defined benefit plans   | <b>7,070</b>                 | (539)                |
|  | <b>(13,939)</b>              | 1,144                |
| Total comprehensive income for the year  | <b>1,004,983</b>             | 67,621               |

The annexed notes 1 to 38 form an integral part of these financial statements.



Syed Babar Ali  
Chairman



Dr. Asim Jamal  
Chief Executive Officer &  
Managing Director

# Cash Flow Statement

For the year ended December 31, 2016



|   | <b>December 31,<br/>2016</b> | December 31,<br>2015 |
|---|------------------------------|----------------------|
|   | Note -----                   | Rupees in '000 ----- |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |                              |                      |
| Cash generated from operations                                | 27 <b>2,747,015</b>          | 1,594,235            |
| Finance costs paid  | <b>(196,711)</b>             | (317,026)            |
| Income tax paid   | <b>(570,496)</b>             | (404,783)            |
| Retirement benefits paid                                      | <b>(69,847)</b>              | (72,583)             |
| Long-term loans - net   | <b>552</b>                   | 999                  |
| Long-term deposits - net                                      | <b>(827)</b>                 | (8,786)              |
| Net cash generated from operating activities                  | 28 <b>1,909,686</b>          | 792,056              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |                              |                      |
| Fixed capital expenditure                                     | <b>(190,191)</b>             | (347,646)            |
| Sale proceeds from disposal of operating fixed assets         | <b>11,699</b>                | 34,853               |
| Interest received   | <b>40</b>                    | 122                  |
| Net cash used in investing activities                         | <b>(178,452)</b>             | (312,671)            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |                              |                      |
| Short term borrowings (repaid) / obtained                     | <b>(1,300,000)</b>           | 1,200,000            |
| Long-term financing (repaid) / obtained                       | <b>(500,000)</b>             | 500,000              |
| Dividends paid  | <b>(28,844)</b>              | (67,189)             |
| Net cash (used in) / generated from financing activities      | <b>(1,828,844)</b>           | 1,632,811            |
| <b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b> | <b>(97,610)</b>              | 2,112,196            |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b> | <b>(27,391)</b>              | (2,139,587)          |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>       | 29 <b>(125,001)</b>          | (27,391)             |

The annexed notes 1 to 38 form an integral part of these financial statements.

Syed Babar Ali  
Chairman

Dr. Asim Jamal  
Chief Executive Officer &  
Managing Director

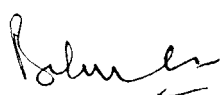


# Statement of Changes in Equity

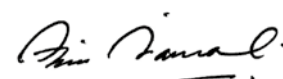
For the year ended December 31, 2016

|  | Capital Reserves   |                                     |  |                | Revenue Reserves   |                            |                  |
|--|--|-------------------------------------|--|----------------|--------------------|----------------------------|------------------|
|  | Issued,<br>subscribed<br>and<br>paid-up share<br>capital | long term<br>liabilities<br>forgone | Difference<br>of share<br>capital under<br>scheme of<br>arrangement<br>for<br>amalgamation | Other          | General<br>reserve | Unappro-<br>priated profit | Total            |
|  | -----Rupees '000-----                                    |                                     |  |                |                    |                            |                  |
| Balance as at January 1, 2015  | 96,448   | 5,935                               | 18,000   | 165,047        | 1,735,538          | 371,179                    | 2,392,147        |
| Transfer to general reserve  | -  | -                                   | -  | -              | 200,000            | (200,000)                  | -                |
| Final dividend @ Rs.7.00 per ordinary<br>share of Rs. 10 each for the year ended<br>December 31, 2014  | -  | -                                   | -  | -              | -                  | (67,513)                   | (67,513)         |
| Employee benefit cost under IFRS 2 -<br>"Share-based Payment"  | -  | -                                   | -  | 17,771         | -                  | -                          | 17,771           |
| Profit after taxation  | -  | -                                   | -  | -              | -                  | 66,477                     | 66,477           |
| Other comprehensive income   | -  | -                                   | -  | -              | -                  | 1,144                      | 1,144            |
| Total comprehensive income for the year  | -  | -                                   | -  | -              | -                  | 67,621                     | 67,621           |
| Balance as at December 31, 2015  | 96,448   | 5,935                               | 18,000   | 182,818        | 1,935,538          | 171,287                    | 2,410,026        |
| Transfer to general reserve  | -  | -                                   | -  | -              | 100,000            | (100,000)                  | -                |
| Final dividend @ Rs. 3.00 per ordinary<br>share of Rs. 10 each for the year ended<br>December 31, 2015 | -  | -                                   | -  | -              | -                  | (28,934)                   | (28,934)         |
| Employee benefit cost under IFRS 2 -<br>"Share-based Payment"  | -  | -                                   | -  | 26,265         | -                  | -                          | 26,265           |
| Profit after taxation  | -  | -                                   | -  | -              | -                  | 1,018,922                  | 1,018,922        |
| Other comprehensive income   | -  | -                                   | -  | -              | -                  | (13,939)                   | (13,939)         |
| Total comprehensive income for the year  | -  | -                                   | -  | -              | -                  | 1,004,983                  | 1,004,983        |
| <b>Balance as at December 31, 2016</b>   | <b>96,448</b>  | <b>5,935</b>                        | <b>18,000</b>  | <b>209,083</b> | <b>2,035,538</b>   | <b>1,047,336</b>           | <b>3,412,340</b> |

The annexed notes 1 to 38 form an integral part of these financial statements.



Syed Babar Ali  
Chairman



Dr. Asim Jamal  
Chief Executive Officer &  
Managing Director

# Notes to the Financial Statements

For the year ended December 31, 2016



## 1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan in 1967 under the Companies Act, VII of 1913 (now the Companies Ordinance, 1984), as a Public Limited Company. The shares of the Company are listed on Pakistan Stock Exchange. The Company is a subsidiary of SECIPE, France (the Parent Company). The ultimate parent of the Company is Sanofi S.A., France. It is engaged in the manufacturing and selling of pharmaceutical and consumer products. The registered office of the Company is located at Plot 23, Sector 22, Korangi Industrial Area, Karachi.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with 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 as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

### 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 and amended standards

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except that the Company has adopted the following accounting standards which became effective for the current year:

|                      |  |
|----------------------|--|
| IFRS 10, 12 & IAS 27 | - Consolidated Financial Statements, Disclosure of Interests in Other Entities & Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment) |
| IFRS 11              | - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)   |
| IAS 1                | - Presentation of Financial Statements - Disclosure Initiative (Amendment)   |
| IAS 16 & 38          | - Property, Plant and Equipment & intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)  |
| IAS 16 & 41          | - Property, Plant and Equipment & Agriculture - Agriculture: Bearer Plants (Amendment)   |
| IAS 27               | - Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)   |

Improvements to accounting standards issued by the IASB in September 2014

|        |  |
|--------|--|
| IFRS 5 | - Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal                              |
| IFRS 7 | - Financial Instruments: Disclosures - Servicing contracts   |
| IFRS 7 | - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements |
| IAS 19 | - Employee Benefits - Discount rate: regional market issue   |
| IAS 34 | - Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'                        |

# Notes to the Financial Statements

For the year ended December 31, 2016

The adoption of the above amendments and improvements to accounting standards did not have any material effect on the financial statements.

## 2.4 Property, plant and equipment

### (i) Operating fixed assets

These are stated at cost less accumulated depreciation and impairment.

Leasehold land is amortised over the period of the lease. Depreciation on all other assets is charged to profit and loss account 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 the 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.

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 profit and loss account 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 profit and loss account 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 amortization. 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 the financial statements.

Cost associated with maintaining computer software are charged to profit and loss account.

# Notes to the Financial Statements

For the year ended December 31, 2016



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.

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 moving average basis, except for the stores and spares in transit, which are stated at invoice price plus other charges incurred thereon up to the balance sheet date. Value of items are reviewed at each balance sheet 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 balance sheet date. Cost signifies standard costs adjusted by variances.

Cost in relation to work-in-process and finished goods represent direct cost of materials, direct wages and appropriate manufacturing overheads.

Net realisable value signifies the estimated selling price in the ordinary course of business less estimated costs necessarily to be incurred to make the sale. Provision is made 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 valuation in this regard was carried out as at December 31, 2016.

# Notes to the Financial Statements

For the year ended December 31, 2016

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, both by the Company and the employees, to the fund at the rate of 10 percent of basic salary.

## 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 balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

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.

The carrying amount of all deferred tax assets is reviewed at each balance sheet 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 balance sheet date.

Deferred tax is charged or credited in the profit and loss account 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

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents represent balances with banks net of outstanding balance of running finance facilities availed by the Company.

# Notes to the Financial Statements

For the year ended December 31, 2016



## 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 of the estimated future cash flows of that asset.

### Non-financial assets

Carrying value of non-financial assets other than inventories and deferred tax assets are assessed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the recoverable amount is estimated. An impairment loss is recognised, as an expense in the profit and loss account, for the amount by which an 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 determined through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and risks 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).

## 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 a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

## 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 balance sheet 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 balance sheet date.



# Notes to the Financial Statements

For the year ended December 31, 2016

## 2.18 Revenue recognition

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

License fee 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 profit and loss account currently.

## 2.21 Off-setting of financial instruments

Financial assets and liabilities are offset and the net amount reported in balance sheet 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.

## 2.22 Share-based compensation

The economic cost of awarding shares of group companies to employees is reflected by recording a charge in the profit and loss account, 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 Operating segments

For management purposes, the activities of the Company are organized into one operating segment i.e., manufacturing and selling of pharmaceutical and consumer products. 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.

## 2.24 Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgments 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 judgments and estimates which are significant to the financial statements:

# Notes to the Financial Statements

For the year ended December 31, 2016



(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.

(iv) **Retirement benefits**

The Company has retirement benefit obligations, which are determined through actuarial valuations using various assumptions as disclosed in note 17.2. 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 14.1. 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 judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities, which may differ on the occurrence / non-occurrence of the uncertain future event(s).

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

## 2.25 Standards not yet effective

The following standards and interpretation 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:

# Notes to the Financial Statements

For the year ended December 31, 2016

| Standard or Interpretation   | Effective date<br>(annual periods<br>beginning on or<br>after) |
|--|--|
| IFRS 2 - Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)   | January 1, 2018  |
| IFRS 10 &- "Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)" | Not yet finalized  |
| IAS 28   |  |
| IFRS 7 - Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)  | January 1, 2017  |
| IAS 12 - Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)  | January 1, 2017  |
| IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)   | January 1, 2018  |
| IAS 40 - Investment Property: Transfers of Investment Property (Amendments)  | January 1, 2018  |
| IFRIC 22 - Foreign Currency Transactions and Advance Consideration   | January 1, 2018  |

The above standards and interpretation are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and interpretation, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2017. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

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

| Standard   | IASB Effective date (annual periods beginning on or after) |
|--|--|
| IFRS 9 – Financial Instruments: Classification and Measurement | January 1, 2018  |
| IFRS 14 – Regulatory Deferral Accounts                         | January 1, 2016  |
| IFRS 15 – Revenue from Contracts with Customers                | January 1, 2018  |
| IFRS 16 – Leases   | January 1, 2019  |

|   |      | <b>December 31,<br/>2016</b> | December 31,<br>2015 |
|---|------|------------------------------|----------------------|
|   | Note | ----- Rupees in '000 -----   |                      |
| <b>3. PROPERTY, PLANT AND EQUIPMENT</b> |      |                              |                      |
| Operating fixed assets                  | 3.1  | <b>1,703,331</b>             | 1,842,490            |
| Capital work-in-progress                | 3.2  | <b>163,124</b>               | 171,056              |
|   |      | <b><u>1,866,455</u></b>      | <u>2,013,546</u>     |

# Notes to the Financial Statements

For the year ended December 31, 2016



## 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, 2016  |                            |                             |                     |                        |                              |                |             |
| Opening net carrying value    | 303                        | 600,141                     | 840,320             | 25,081                 | 140,036                      | 236,609        | 1,842,490   |
| Additions                     | -                          | 11,351                      | 104,738             | 3,047                  | 39,440                       | 39,467         | 198,043     |
| Disposals                     | -                          | -                           | -                   | -                      | (714)                        | (11,820)       | (12,534)    |
| Depreciation charge           | (6)                        | (44,648)                    | (198,076)           | (4,365)                | (42,792)                     | (34,781)       | (324,668)   |
| Closing net carrying value    | 297                        | 566,844                     | 746,982             | 23,763                 | 135,970                      | 229,475        | 1,703,331   |
| Gross carrying value basis    |                            |                             |                     |                        |                              |                |             |
| As at December 31, 2016       |                            |                             |                     |                        |                              |                |             |
| Cost                          | 480                        | 983,574                     | 2,255,101           | 62,445                 | 305,208                      | 331,121        | 3,937,929   |
| Accumulated depreciation      | (183)                      | (416,730)                   | (1,508,119)         | (38,682)               | (169,238)                    | (101,646)      | (2,234,598) |
| Net carrying value            | 297                        | 566,844                     | 746,982             | 23,763                 | 135,970                      | 229,475        | 1,703,331   |
| Year ended December 31, 2015  |                            |                             |                     |                        |                              |                |             |
| Opening net carrying value    | 309                        | 627,338                     | 843,911             | 25,023                 | 121,752                      | 204,393        | 1,822,726   |
| Additions                     | -                          | 17,212                      | 191,443             | 4,744                  | 69,447                       | 87,914         | 370,760     |
| Disposals                     | -                          | -                           | (1,387)             | (45)                   | (2,691)                      | (26,313)       | (30,436)    |
| Write offs                    | -                          | -                           | (1,214)             | -                      | (29)                         | -              | (1,243)     |
| Transfers                     | -                          | -                           | 6,894               | 580                    | (7,474)                      | -              | -           |
| Depreciation charge           | (6)                        | (44,409)                    | (199,327)           | (5,221)                | (40,969)                     | (29,385)       | (319,317)   |
| Closing net carrying value    | 303                        | 600,141                     | 840,320             | 25,081                 | 140,036                      | 236,609        | 1,842,490   |
| Gross carrying value basis    |                            |                             |                     |                        |                              |                |             |
| As at December 31, 2015       |                            |                             |                     |                        |                              |                |             |
| Cost                          | 480                        | 972,223                     | 2,150,364           | 59,398                 | 281,195                      | 319,198        | 3,782,858   |
| Accumulated depreciation      | (177)                      | (372,082)                   | (1,310,044)         | (34,317)               | (141,159)                    | (82,589)       | (1,940,368) |
| Net carrying value            | 303                        | 600,141                     | 840,320             | 25,081                 | 140,036                      | 236,609        | 1,842,490   |
| Depreciation rate % per annum | 1.23                       | 5                           | 10 to 15            | 10                     | 10 to 33                     | 20             |             |

**3.1.1** The Company has 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.

# Notes to the Financial Statements

For the year ended December 31, 2016

## 3.1.2 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                |
|---|------------------------------|--------------------------|--------------------|---------------|--------------|------------------|--------------------------------------|
|   | ----- (Rupees in '000) ----- |                          |                    |               |              |                  |                                      |
| Factory and office equipment                            | 1,215                        | 608                      | 607                | 627           | 20           | Company Policy   | Dr. Amanullah Khan ( Ex-Executive)   |
|   | 1,149                        | 1,045                    | 104                | 115           | 11           | ---do---         | Syed Muhammad Ali Hasani (Executive) |
| Items having carrying value of less than Rs.50,000 each | 13,062                       | 13,059                   | 3                  | 571           | 568          | ---do---         | Various                              |
|   | 15,426                       | 14,712                   | 714                | 1,313         | 599          |                  |                                      |
| Motor vehicles  | 2,447                        | 1,101                    | 1,346              | 734           | (612)        | Company Policy   | Dr. Amanullah Khan ( Ex-Executive)   |
|   | 1,965                        | 1,179                    | 786                | 786           | -            | ---do---         | Syed Muhammad Ali Hasani (Executive) |
|   | 1,490                        | 882                      | 608                | 596           | (12)         | ---do---         | Shamim Akhtar (Executive)            |
|   | 1,490                        | 863                      | 627                | 174           | (453)        | ---do---         | Jaffer Zaidi (Ex-Executive)          |
|   | 1,490                        | 888                      | 602                | 596           | (6)          | ---do---         | Adeel Afaq (Executive)               |
|   | 1,480                        | 888                      | 592                | 592           | -            | ---do---         | Salman Shamim (Executive)            |
|   | 1,480                        | 888                      | 592                | 592           | -            | ---do---         | Shahzada Aurangzeb ( Executive)      |
|   | 1,461                        | 877                      | 584                | 584           | -            | ---do---         | Abdul Rehman (Executive)             |
|   | 1,401                        | 887                      | 514                | 560           | 46           | ---do---         | Waheed Ur Raza ( Executive)          |
|   | 1,389                        | 995                      | 394                | 556           | 162          | ---do---         | Onaiza Khan (Executive)              |
|   | 1,039                        | 197                      | 842                | 710           | (132)        | ---do---         | Afzal Hameed (Ex-Executive)          |
|   | 776                          | 409                      | 367                | 181           | (186)        | ---do---         | Abdullah Khan Asar (Ex-Executive)    |
|   | 776                          | 409                      | 367                | 181           | (186)        | ---do---         | Mujahid Sher (Ex-Executive)          |
|   | 776                          | 466                      | 310                | 310           | -            | ---do---         | Zeeshan Hassan (Executive)           |
|   | 754                          | 426                      | 328                | 302           | (26)         | ---do---         | Arshad Aziz (Executive)              |
|   | 754                          | 426                      | 328                | 302           | (26)         | ---do---         | Saif Adhami (Executive)              |
|   | 754                          | 452                      | 302                | 302           | -            | ---do---         | Zia Ahmed (Executive)                |
|   | 753                          | 452                      | 301                | 301           | -            | ---do---         | Manzoor Iqbal (Executive)            |
|   | 753                          | 452                      | 301                | 301           | -            | ---do---         | Aasman Arshad (Executive)            |
|   | 748                          | 449                      | 299                | 299           | -            | ---do---         | Jeewat Ram (Executive)               |
|   | 748                          | 449                      | 299                | 299           | -            | ---do---         | Ammar Kazmi (Executive)              |
|   | 748                          | 449                      | 299                | 299           | -            | ---do---         | Bilal Butt (Executive)               |
|   | 735                          | 441                      | 294                | 294           | -            | ---do---         | Safarish Ali (Ex-Executive)          |
|   | 732                          | 436                      | 296                | 293           | (3)          | ---do---         | Aamir Raza Bukhari (Executive)       |
|   | 605                          | 363                      | 242                | 242           | -            | ---do---         | Salman Hussain (Executive)           |
|   | 27,544                       | 15,724                   | 11,820             | 10,386        | (1,434)      |                  |                                      |
| <b>2016</b>   | <b>42,970</b>                | <b>30,436</b>            | <b>12,534</b>      | <b>11,699</b> | <b>(835)</b> |                  |                                      |
| 2015  | 143,895                      | 113,459                  | 30,436             | 34,853        | 4,417        |                  |                                      |

**December 31, 2016**      December 31, 2015  
----- Rupees in '000 -----

## 3.2 Capital work-in-progress

|                            |                |         |
|----------------------------|----------------|---------|
| Building on leasehold land | <b>11,222</b>  | 10,458  |
| Plant and machinery        | <b>125,610</b> | 110,260 |
| Others                     | <b>26,292</b>  | 50,338  |
|                            | <b>163,124</b> | 171,056 |

# Notes to the Financial Statements

For the year ended December 31, 2016



|   | December 31,<br>2016       | December 31,<br>2015 |
|---|----------------------------|----------------------|
|   | ----- Rupees in '000 ----- |                      |
| <b>4. INTANGIBLE ASSETS - computer software and product license</b>           |                            |                      |
| Net carrying value basis  |                            |                      |
| Opening net carrying value  | 1,467                      | 220                  |
| Additions   | 80                         | 1,666                |
| Amortization charge   | (674)                      | (419)                |
| Closing net carrying value  | <u>873</u>                 | <u>1,467</u>         |
| Gross carrying value basis  |                            |                      |
| Cost  | 74,532                     | 74,451               |
| Accumulated amortization  | (73,659)                   | (72,984)             |
| Net carrying value  | <u>873</u>                 | <u>1,467</u>         |
| Amortization rate per annum   | <u>33% &amp; 80%</u>       | <u>33% &amp; 80%</u> |
| Remaining useful life   | <u>2.9 years</u>           | <u>2.9 years</u>     |
| <b>5. LONG-TERM LOANS - considered good, unsecured</b>                        |                            |                      |
| Employees   | 5.1 10,632                 | 11,323               |
| Vendor  | -                          | 82                   |
|   | <u>10,632</u>              | <u>11,405</u>        |
| Less: Current maturity shown under current assets                             |                            |                      |
| Employees   | (4,446)                    | (4,648)              |
| Vendor  | -                          | (19)                 |
|   | 9 (4,446)                  | (4,667)              |
|   | <u>6,186</u>               | <u>6,738</u>         |
| <b>5.1 Reconciliation of carrying amount of long term loans to employees:</b> |                            |                      |
| Opening balance   | 11,323                     | 12,902               |
| Disbursements   | 5,434                      | 6,011                |
| Repayments  | (6,125)                    | (7,590)              |
| Closing balance   | <u>10,632</u>              | <u>11,323</u>        |

These 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% (2015: 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.



# Notes to the Financial Statements

For the year ended December 31, 2016

|  | Note      | December 31,<br>2016       | December 31,<br>2015 |
|--|-----------|----------------------------|----------------------|
|  |           | ----- Rupees in '000 ----- |                      |
| <b>6. STORES AND SPARES</b>                |           |                            |                      |
| Stores                                     |           | <b>18,093</b>              | 20,693               |
| Provision against obsolete stores          |           | <b>(1,240)</b>             | (2)                  |
|  |           | <b>16,853</b>              | 20,691               |
| Spares                                     |           | <b>33,842</b>              | 34,144               |
| Provision against obsolete spares          |           | <b>(1,887)</b>             | (125)                |
|  |           | <b>31,955</b>              | 34,019               |
|  |           | <b>48,808</b>              | 54,710               |
| <b>7. STOCK-IN-TRADE</b>                   |           |                            |                      |
| Raw and packing material                   |           |                            |                      |
| In hand                                    |           | <b>1,178,175</b>           | 1,235,068            |
| In transit                                 |           | <b>269,310</b>             | 121,234              |
|  |           | <b>1,447,485</b>           | 1,356,302            |
| Provision against raw and packing material | 7.1       | <b>(107,464)</b>           | (17,924)             |
|  |           | <b>1,340,021</b>           | 1,338,378            |
| Work-in-process                            |           | <b>64,145</b>              | 81,534               |
| Finished goods                             |           |                            |                      |
| In hand                                    | 7.2       | <b>1,226,162</b>           | 1,362,341            |
| In transit                                 |           | <b>136,089</b>             | 212,876              |
|  |           | <b>1,362,251</b>           | 1,575,217            |
| Provision against finished goods           | 7.3 & 7.4 | <b>(122,317)</b>           | (143,812)            |
|  |           | <b>1,239,934</b>           | 1,431,405            |
|  | 7.5       | <b>2,644,100</b>           | 2,851,317            |

**7.1** During the current year, provision aggregating to Rs. 97.227 (2015: Rs. 7.473) million was made in respect of raw and packing material.

**7.2** Include cost of physician samples, aggregating to Rs. 5.972 (2015: Rs. 22.268) million.

**7.3** Include items costing Rs. 45.162 (2015: Rs. 154.895) million valued at net realizable value of Rs. 33.284 (2015: Rs. 116.537) million.

**7.4** During the year, provision aggregating to Rs. 62.263 (2015: Rs. 117.149) million was made in respect of finished goods.

**7.5** Details of stock-in-trade held with third parties is as follows:

|                                      | December 31,<br>2016 | December 31,<br>2015       |
|--------------------------------------|----------------------|----------------------------|
|                                      |                      | ----- Rupees in '000 ----- |
| Medipak limited                      | <b>831</b>           | 1,642                      |
| Stancos (Pvt) Limited                | <b>6,718</b>         | 50,238                     |
| Thermoplas (Pvt) Limited             | -                    | 514                        |
| Silk Screen                          | -                    | 181                        |
| Allied Trading and Packaging Company | -                    | 316                        |
|                                      | <b>7,549</b>         | 52,891                     |

# Notes to the Financial Statements

For the year ended December 31, 2016



|   |      | <b>December 31,<br/>2016</b> | December 31,<br>2015 |
|---|------|------------------------------|----------------------|
|   | Note | ----- Rupees in '000 -----   |                      |
| <b>8. TRADE DEBTS - unsecured</b>                               |      |                              |                      |
| Considered good   |      | <b>707,359</b>               | 1,002,472            |
| Considered doubtful   |      | <b>931</b>                   | 931                  |
|   |      | <b>708,290</b>               | 1,003,403            |
| Provision against doubtful debts                                |      | <b>(931)</b>                 | (931)                |
|   |      | <b>707,359</b>               | 1,002,472            |
| <b>9. LOANS AND ADVANCES - unsecured, considered good loans</b> |      |                              |                      |
| Current maturity of long-term loans                             | 5    | <b>4,446</b>                 | 4,667                |
| Advances  |      |                              |                      |
| Executives  |      | <b>8,725</b>                 | 10,021               |
| Employees   |      | <b>7,265</b>                 | 11,543               |
| Contractors and suppliers                                       |      | <b>53,081</b>                | 92,008               |
|   |      | <b>69,071</b>                | 113,572              |
|   |      | <b>73,517</b>                | 118,239              |
| <b>10. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>            |      |                              |                      |
| Tender deposits   |      |                              |                      |
| Considered good   |      | <b>114,815</b>               | 182,850              |
| Considered doubtful   |      | <b>22,235</b>                | 591                  |
|   |      | <b>137,050</b>               | 183,441              |
| Provision against doubtful deposits                             |      | <b>(22,235)</b>              | (591)                |
|   |      | <b>114,815</b>               | 182,850              |
| Margin against letters of credit                                |      | <b>37,958</b>                | 12,612               |
| Short-term prepayments  |      | <b>12,490</b>                | 16,341               |
|   |      | <b>165,263</b>               | 211,803              |
| <b>11. OTHER RECEIVABLES</b>                                    |      |                              |                      |
| Considered good   |      |                              |                      |
| Due from - related parties                                      | 11.1 | <b>5,419</b>                 | 4,481                |
| Due from - others   | 11.2 | <b>23,986</b>                | 39,155               |
|   |      | <b>29,405</b>                | 43,636               |
| Considered doubtful   |      |                              |                      |
| Sales tax refundable  |      | <b>5,918</b>                 | 5,918                |
| Provision against doubtful receivables                          |      | <b>(5,918)</b>               | (5,918)              |
|   |      | <b>-</b>                     | -                    |
|   |      | <b>29,405</b>                | 43,636               |
| <b>11.1 Due from related parties</b>                            |      |                              |                      |
| Merial Asia, Singapore  |      | <b>503</b>                   | -                    |
| Sanofi-Aventis Groupe, France                                   |      | <b>1,938</b>                 | 2,797                |
| Sanofi-Aventis Gulf, UAE  |      | <b>2,978</b>                 | 122                  |
| Sanofi-Aventis Turkey   |      | <b>-</b>                     | 163                  |
| Sanofi-aventis Bangladesh Limited                               |      | <b>-</b>                     | 1,399                |
|   |      | <b>5,419</b>                 | 4,481                |

**11.2** 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 the legal advice, is confident about the recovery of the said amount, hence, no provision has been made in this regard. (refer note 19.1.3)

# Notes to the Financial Statements

For the year ended December 31, 2016

|                                   |                    | December 31,<br>2016       | December 31,<br>2015 |
|-----------------------------------|--------------------|----------------------------|----------------------|
|                                   |                    | ----- Rupees in '000 ----- |                      |
| <b>12. CASH AND BANK BALANCES</b> |                    |                            |                      |
| Cash in hand                      |                    | <b>159</b>                 | 77                   |
| Cheque in hand                    |                    | <b>17,145</b>              | -                    |
|                                   |                    |                            |                      |
| <b>Cash at banks</b>              |                    |                            |                      |
| In current accounts               | - local currency   | <b>32,919</b>              | 4,138                |
|                                   | - foreign currency | <b>217</b>                 | 21,269               |
|                                   |                    | <b>33,136</b>              | 25,407               |
|                                   |                    | <b>50,440</b>              | 25,484               |

## 13. SHARE CAPITAL

| No. of shares                           |                      |                            |                      |
|---|----------------------|----------------------------|----------------------|
| December 31,<br>2016                    | December 31,<br>2015 | December 31,<br>2016       | December 31,<br>2015 |
|   |                      | ----- Rupees in '000 ----- |                      |
| Authorized share capital                |                      |                            |                      |
| <b>10,000,000</b>                       | 10,000,000           | <b>100,000</b>             | 100,000              |
|   |                      |                            |                      |
| Issued, subscribed and paid up capital  |                      |                            |                      |
|   |                      |                            |                      |
| Ordinary shares of Rs. 10/- each issued |                      |                            |                      |
| <b>2,757,783</b>                        | 2,757,783            | <b>27,578</b>              | 27,578               |
| <b>3,359,477</b>                        | 3,359,477            | <b>33,595</b>              | 33,595               |
| <b>687,500</b>                          | 687,500              | <b>6,875</b>               | 6,875                |
| <b>140,000</b>                          | 140,000              | <b>1,400</b>               | 1,400                |
|   |                      |                            |                      |
| <b>2,700,000</b>                        | 2,700,000            | <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 (2015: 5,099,469) ordinary shares of Rs. 10/- each, aggregating to Rs. 50,994,690, constituting 52.88% of share capital of the Company, at the end of the current year.

|  |  | December 31,<br>2016       | December 31,<br>2015 |
|--|--|----------------------------|----------------------|
|  |  | ----- Rupees in '000 ----- |                      |
| <b>14. 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>209,083</b>             | 182,818              |
|  |  | <b>233,018</b>             | 206,753              |
| <b>Revenue reserves</b>  |  |                            |                      |
| General reserve  |  | <b>2,035,538</b>           | 1,935,538            |
| Un-appropriated profit   |  | <b>1,047,336</b>           | 171,287              |
|  |  | <b>3,082,874</b>           | 2,106,825            |
|  |  | <b>3,315,892</b>           | 2,313,578            |

# Notes to the Financial Statements

For the year ended December 31, 2016



## 14.1 Share-based compensation plans

As at December 31, 2016, 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 profit and loss account, 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, 2016 (number) |
|---------------|------------------------|--------------------------|-------------------------------|-----------------|--------------------|---|
| 13/12/2007    | 4                      | 13,900                   | 14/12/2011                    | 13/12/2017      | 62.33              | 1,800   |
| 02/03/2009    | 4                      | 7,595                    | 04/03/2013                    | 01/03/2019      | 45.09              | 840   |
| 01/03/2010    | 4                      | 8,035                    | 03/03/2014                    | 01/03/2020      | 54.12              | 3,070   |
|               |                        | <u>29,530</u>            |                               |                 |                    | <u>5,710</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 |
|--|-------------------|---------------------------------|
| Options outstanding at January 1, 2015   | 11,610            | 61.48                           |
| Of which exercisable                     | 11,610            | 61.48                           |
| Options granted                          | -                 | -                               |
| Options exercised                        | (3,800)           | (67.53)                         |
| Options cancelled                        | (500)             | (70.38)                         |
| Options outstanding at December 31, 2015 | 7,310             | 57.73                           |
| Of which exercisable                     | 7,310             | 57.73                           |
| Options granted                          | -                 | -                               |
| Options exercised                        | (1,100)           | (65.75)                         |
| Options cancelled                        | (500)             | (66.91)                         |
| Options outstanding at December 31, 2016 | 5,710             | 55.38                           |
| Of which exercisable                     | 5,710             | 55.38                           |

# Notes to the Financial Statements

For the year ended December 31, 2016

The expense recognised for the stock option plans with the corresponding effect on the equity amounted to Nil (2015: Nil).

## Restricted share plan:

The Board of Directors of sanofi Group decided to award a restricted share plan comprising 3,250 shares to some of the employees of the Company, which will vest after a four-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 4, 2016 amounted to € 61.06.

The number of restricted shares outstanding as of December 31, 2016 were 13,741 (2015:15,493).

The expense recognised for restricted share plan with the corresponding effect on the equity amounted to Rs. 26.265 (2015: Rs. 17.771) million.

|  |      | <b>December 31,<br/>2016</b> | December 31,<br>2015 |
|--|------|------------------------------|----------------------|
|  | Note | ----- Rupees in '000 -----   |                      |
| <b>15. LONG-TERM FINANCING - secured</b>     |      |                              |                      |
| Long-term financing I                        | 15.1 | <b>500,000</b>               | 500,000              |
| Long-term financing II                       |      | -                            | 500,000              |
|  |      | <b>500,000</b>               | 1,000,000            |
| Less: Current portion of long-term financing |      | -                            | (500,000)            |
|  |      | <b>500,000</b>               | 500,000              |

- 15.1** Represents long-term loan obtained from a commercial bank on December 29, 2015 which is repayable in full after three years and is secured by way of an equitable mortgage of Rs. 667 million over all present and future operating fixed assets of the Company. The loan carries mark-up at the rate of 0.4% over 3 months KIBOR payable on quarterly basis.

|  |  | <b>December 31,<br/>2016</b> | December 31,<br>2015 |
|--|--|------------------------------|----------------------|
|  |  | ----- Rupees in '000 -----   |                      |
| <b>16. DEFERRED TAXATION</b>             |  |                              |                      |
| Credit balances arising from:            |  |                              |                      |
| - accelerated tax depreciation allowance |  | <b>136,329</b>               | 167,571              |
| Debit balances arising from:             |  |                              |                      |
| - provisions                             |  | <b>(79,653)</b>              | (52,583)             |
| - others                                 |  | -                            | (16,973)             |
|  |  | <b>(79,653)</b>              | (69,556)             |
|  |  | <b>56,676</b>                | 98,015               |

# Notes to the Financial Statements

For the year ended December 31, 2016



|   |      | <b>December 31,<br/>2016</b> | December 31,<br>2015       |
|---|------|------------------------------|----------------------------|
| <b>17. TRADE AND OTHER PAYABLES</b>                       | Note | ----- Rupees in '000 -----   | ----- Rupees in '000 ----- |
| Trade creditors   |      |                              |                            |
| Related parties   |      | <b>768,486</b>               | 717,872                    |
| Other trade creditors                                     |      | <b>165,981</b>               | 187,786                    |
|   |      | <b>934,467</b>               | 905,658                    |
| Other payables  |      |                              |                            |
| Accrued liabilities                                       |      | <b>718,777</b>               | 638,046                    |
| Provision for Infrastructure Development Cess             | 17.1 | <b>197,106</b>               | 177,688                    |
| Employees' Pension Fund                                   | 17.2 | <b>61,948</b>                | 27,589                     |
| Employees' Gratuity Fund                                  | 17.2 | <b>27,907</b>                | 37,878                     |
| Amount payable under voluntary separation scheme          |      | -                            | 84,922                     |
| Advances from customers                                   |      | <b>19,799</b>                | 21,801                     |
| Workers' Profits Participation Fund                       | 17.3 | <b>70,662</b>                | 8,280                      |
| Workers' Welfare Fund                                     |      | <b>39,810</b>                | 15,264                     |
| Central Research Fund                                     |      | <b>15,521</b>                | 1,787                      |
| Compensated absences                                      |      | <b>61,343</b>                | 56,158                     |
| Security deposits   |      | <b>775</b>                   | 775                        |
| Contractors' retention money                              |      | <b>1,898</b>                 | 1,676                      |
| Unclaimed dividend  |      | <b>4,079</b>                 | 3,989                      |
| Withholding income tax payable                            |      | <b>11,491</b>                | 16,943                     |
| Sales tax payable   |      | <b>2,674</b>                 | 4,378                      |
|   |      | <b>1,233,790</b>             | 1,097,174                  |
|   |      | <b>2,168,257</b>             | 2,002,832                  |
| <b>17.1 Provision for Infrastructure Development Cess</b> |      |                              |                            |
| Balance at the beginning of the year                      |      | <b>177,688</b>               | 157,000                    |
| Provision for the year                                    |      | <b>19,418</b>                | 20,688                     |
|   |      | <b>197,106</b>               | 177,688                    |

**17.2** The status of the funds and principal assumptions used in the actuarial valuation as of December 31, 2016 were as follows:

|  | Pension Fund               |                            | Gratuity Fund              |                            |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
|  | <b>2016</b>                | 2015                       | <b>2016</b>                | 2015                       |
|  | ----- Rupees in '000 ----- | ----- Rupees in '000 ----- | ----- Rupees in '000 ----- | ----- Rupees in '000 ----- |
| Balance sheet reconciliation as at December 31 |                            |                            |                            |                            |
| Fair value of plan assets                      | <b>576,115</b>             | 522,249                    | <b>412,864</b>             | 387,756                    |
| Present value of defined benefit obligation    | <b>(638,063)</b>           | (549,838)                  | <b>(440,771)</b>           | (425,634)                  |
| Net liability in balance sheet                 | <b>(61,948)</b>            | (27,589)                   | <b>(27,907)</b>            | (37,878)                   |
| Movement in net liability                      |                            |                            |                            |                            |
| Payable as at January 1                        | <b>(27,589)</b>            | (26,227)                   | <b>(37,878)</b>            | (20,280)                   |
| Charge for the year                            | <b>(33,626)</b>            | (57,861)                   | <b>(39,600)</b>            | (35,365)                   |
| Employer contribution                          | <b>30,573</b>              | 38,689                     | <b>39,274</b>              | 33,894                     |
| Actuarial (loss) / gain recognised in equity   | <b>(31,306)</b>            | 17,810                     | <b>10,297</b>              | (16,127)                   |
| Payable as at December 31                      | <b>(61,948)</b>            | (27,589)                   | <b>(27,907)</b>            | (37,878)                   |



# Notes to the Financial Statements

For the year ended December 31, 2016

|  | Pension Fund               |               | Gratuity Fund              |               |
|--|----------------------------|---------------|----------------------------|---------------|
|  | 2016                       | 2015          | 2016                       | 2015          |
|  | ----- Rupees in '000 ----- |               | ----- Rupees in '000 ----- |               |
| Expense recognised                                     |                            |               |                            |               |
| Current service cost                                   | 27,675                     | 21,617        | 37,685                     | 33,581        |
| Past service cost                                      | 4,659                      | 37,646        | -                          | -             |
| Interest cost  | 56,306                     | 51,094        | 41,846                     | 38,112        |
| Expected return on plan assets                         | (55,014)                   | (52,496)      | (39,931)                   | (36,328)      |
|  | <b>33,626</b>              | 57,861        | <b>39,600</b>              | 35,365        |
| Actual return on plan assets                           | <b>50,474</b>              | 65,484        | <b>40,031</b>              | 46,060        |
| Movement in the defined benefit obligation             |                            |               |                            |               |
| Obligation as at January 1                             | 549,838                    | 464,032       | 425,634                    | 349,457       |
| Current service cost                                   | 27,675                     | 21,617        | 37,685                     | 33,581        |
| Past service cost                                      | 4,659                      | 37,646        | -                          | -             |
| Interest cost  | 56,306                     | 51,094        | 41,846                     | 38,112        |
| Benefits paid  | (27,180)                   | (19,729)      | (54,197)                   | (21,375)      |
| Actuarial loss / (gain)                                | 26,765                     | (4,822)       | (10,197)                   | 25,859        |
| Obligation as at December 31                           | <b>638,063</b>             | 549,838       | <b>440,771</b>             | 425,634       |
| Movement in fair value of plan assets                  |                            |               |                            |               |
| Fair value as at January 1                             | 522,249                    | 437,805       | 387,756                    | 329,177       |
| Expected return on plan assets                         | 55,014                     | 52,496        | 39,931                     | 36,328        |
| Employer contributions                                 | 30,573                     | 38,689        | 39,274                     | 33,894        |
| Benefits paid  | (27,180)                   | (19,729)      | (54,197)                   | (21,375)      |
| Actuarial (loss) / gain                                | (4,541)                    | 12,988        | 100                        | 9,732         |
| Fair value as at December 31                           | <b>576,115</b>             | 522,249       | <b>412,864</b>             | 387,756       |
| Key actuarial assumptions used are as follows          |                            |               |                            |               |
| Discount factor used                                   | 9.00%                      | 10.50%        | 9.00%                      | 10.50%        |
| Expected rate of return per annum on plan assets       | 9.00%                      | 10.50%        | 9.00%                      | 10.50%        |
| Expected rate of increase in future salaries per annum | 9.00%                      | 10.50%        | 9.00%                      | 10.50%        |
| Indexation of pension                                  | 4.5%                       | 5.5%          | -                          | -             |
| Retirement age (years)                                 | 60 years                   | 60 years      | 60 years                   | 60 years      |
|  | 2016                       |               | 2015                       |               |
|  | Rs in '000                 | %             | Rs in '000                 | %             |
| Plan assets comprise of:                               |                            |               |                            |               |
| Funded pension plan                                    |                            |               |                            |               |
| Debt   | 425,846                    | 73.92         | 426,743                    | 81.71         |
| Equity   | 90,616                     | 15.73         | 65,689                     | 12.58         |
| Others (includes cash and bank balances)               | 59,653                     | 10.35         | 29,817                     | 5.71          |
|  | <b>576,115</b>             | <b>100.00</b> | <b>522,249</b>             | <b>100.00</b> |
| Funded gratuity plan                                   |                            |               |                            |               |
| Debt   | 309,343                    | 74.92         | 314,496                    | 81.10         |
| Equity   | 66,735                     | 16.16         | 50,935                     | 13.14         |
| Others (includes cash and bank balances)               | 36,786                     | 8.91          | 22,325                     | 5.76          |
|  | <b>412,864</b>             | <b>100.00</b> | <b>387,756</b>             | <b>100.00</b> |

# Notes to the Financial Statements

For the year ended December 31, 2016



Comparison for five years:

|   | 2016                       | 2015      | 2014      | 2013      | 2012      |
|---|----------------------------|-----------|-----------|-----------|-----------|
|   | ----- Rupees in '000 ----- |           |           |           |           |
| Funded pension plan                         |                            |           |           |           |           |
| Fair value of plan assets                   | <b>576,115</b>             | 522,249   | 437,805   | 360,240   | 320,348   |
| Present value of defined benefit obligation | <b>(638,063)</b>           | (549,838) | (464,032) | (402,198) | (350,668) |
| Deficit                                     | <b>(61,948)</b>            | (27,589)  | (26,227)  | (41,958)  | (30,320)  |
| Experience adjustment                       |                            |           |           |           |           |
| Actuarial (loss) / gain on obligation       | <b>(26,765)</b>            | 4,822     | (8,793)   | (5,544)   | (25,426)  |
| Actuarial (loss) / gain on plan assets      | <b>(4,541)</b>             | 12,988    | 16,112    | (5,790)   | 16,290    |
| Funded gratuity plan                        |                            |           |           |           |           |
| Fair value of plan assets                   | <b>412,864</b>             | 387,756   | 329,177   | 313,073   | 272,210   |
| Present value of defined benefit obligation | <b>(440,771)</b>           | (425,634) | (349,457) | (307,097) | (267,323) |
| (Deficit) / surplus                         | <b>(27,907)</b>            | (37,878)  | (20,280)  | 5,976     | 4,887     |
| Experience adjustment                       |                            |           |           |           |           |
| Actuarial gain / (loss) on obligation       | <b>10,197</b>              | (25,859)  | (27,961)  | 4,738     | (6,063)   |
| Actuarial gain / (loss) on plan assets      | <b>100</b>                 | 9,732     | 2,542     | 3,408     | 10,141    |

**17.2.1** 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.

**17.2.2** Based on the actuarial advice, the amount of expected contribution to gratuity and pension funds during the year 2017 will be Rs. 38.253 million and Rs. 35.535 million respectively.

## 17.3 Workers' Profit Participation Fund

| Note | December 31, 2016          | December 31, 2015 |
|------|----------------------------|-------------------|
|      | ----- Rupees in '000 ----- |                   |
|      | <b>8,280</b>               | 18,433            |
|      | <b>77,572</b>              | 9,657             |
|      | <b>85,852</b>              | 28,090            |
|      | <b>-</b>                   | 190               |
|      | <b>85,852</b>              | 28,280            |
|      | <b>(15,190)</b>            | (20,000)          |
|      | <b>70,662</b>              | 8,280             |

## 18. SHORT-TERM BORROWINGS

|   |      |                |           |
|---|------|----------------|-----------|
| Short term loan                                     | 18.1 | <b>500,000</b> | 1,800,000 |
| Running finance utilized under mark-up arrangements | 18.2 | <b>175,441</b> | 52,875    |
|   |      | <b>675,441</b> | 1,852,875 |

**18.1** Represents short term money market loan obtained from a commercial bank for one month which can either be paid on maturity or rolled over with only the mark-up payment. The loan is secured by way of pari passu charge on stock-in-trade and book debts of the Company and carries mark-up at the rate of KIBOR - 0.02% per annum.

**18.2** Represent running finance facilities from various commercial banks under mark-up arrangements aggregating to Rs. 4,550 (2015: Rs. 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% (2015: KIBOR + 0.40%) per annum. These facilities will expire latest by December 31, 2017.

# Notes to the Financial Statements

For the year ended December 31, 2016

## 19. CONTINGENCIES AND COMMITMENTS

### 19.1 Contingencies

**19.1.1** Claims not acknowledged as debts amount to Rs. 6 (2015: Rs. 6.2) million.

**19.1.2** Inland Revenue, Enforcement & Collection framed the assessment for the tax year 2009 on the alleged contention that the Company had short deducted income tax from payments made to vendors in respect of sales promotion and advertisement expenditure and raised a demand of Rs. 11.6 million. On the appeal filed by the Company, the Commissioner Inland Revenue (Appeals) remanded back the order to the tax officer with the directions to pass order afresh. Further, the Company filed an appeal before the Appellate Tribunal Inland Revenue against the said order, which is pending adjudication.

Inland Revenue, Enforcement & Collection framed the order wherein it has been alleged that the Company had not deducted Federal Excise Duty amounting to Rs. 5.2 million at applicable rates from payments made to non-resident persons or permanent establishment of non-resident persons on account of franchise services of Rs. 52.06 million. The Company filed appeals before the Commissioner Inland Revenue (Appeals) as well as filed a Constitutional Petition before High Court of Sindh against the said order, which is pending adjudication.

The Deputy Commissioner Inland Revenue, Enforcement & Collection passed an order under section 122(5) of the Income Tax Ordinance, 2001 for the tax year 2013, whereby the liability of the Company for the said tax year was increased by Rs. 179.153 million on the alleged 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 Commissioner Inland Revenue (Appeals), which is pending for hearing.

During the year ended December 31, 2016, Inland Revenue, Enforcement & Collection has framed the assessment for tax year 2014 on the alleged contention that the Company had short deducted income tax from payments made to vendors under various heads of expenditures. Total tax demand raised under the order is Rs 123.4 million. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) on which hearing has been concluded and order is awaited.

The aggregate tax effect of the above demand orders amount to Rs. 319.353 (2015: Rs. 195.953) million. However, the management, based on legal advice is confident for a favourable outcome, hence, no provision is made in these financial statements in respect of these orders.

**19.1.3** During the year ended December 31, 2012, the Company disposed off its Wah Site to M/s COMSATS 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 (composition fee), 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, Rawalpindi Region which directed WCB Assessment Committee to decide the matter afresh and provide convincing reasons for change in the rental value.

# Notes to the Financial Statements

For the year ended December 31, 2016



The management, based on legal advise, is of the opinion that the demand raised by Wah Cantonment Board is unjustified and unlawful and is hopeful that the matter will be decided in favor of the Company.

## 19.2 Commitments

|   | <b>December 31,<br/>2016</b> | December 31,<br>2015 |
|---|------------------------------|----------------------|
|   | ----- Rupees in '000 -----   |                      |
| Commitments for capital expenditure               | <b>67,848</b>                | 55,738               |
| Post-dated cheques issued to Collector of Customs | <b>21,440</b>                | 20,613               |
| Outstanding letters of credit                     | <b>57,196</b>                | 34,247               |
| Outstanding bank guarantees                       | <b>352,498</b>               | 259,708              |
| Outstanding bank contracts                        | <b>692,437</b>               | 230,123              |
| <b>20. NET SALES</b>                              |                              |                      |
| Gross sales                                       |                              |                      |
| Local   | <b>12,503,790</b>            | 11,461,513           |
| Export  | <b>468,588</b>               | 690,755              |
|   | <b>12,972,378</b>            | 12,152,268           |
| Toll manufacturing                                | <b>162,472</b>               | 62,079               |
|   | <b>13,134,850</b>            | 12,214,347           |
| Discounts   | <b>(1,087,377)</b>           | (1,175,587)          |
| Returns   | <b>(116,915)</b>             | (219,193)            |
| Sales tax   | <b>(40,323)</b>              | (33,688)             |
|   | <b>(1,244,615)</b>           | (1,428,468)          |
|   | <b>11,890,235</b>            | 10,785,879           |

# Notes to the Financial Statements

For the year ended December 31, 2016

## 21. OPERATING COSTS

|  | Cost of sales  |             | Distribution and marketing costs |           | Administrative expenses |         | Total     |           |
|--|----------------|-------------|----------------------------------|-----------|-------------------------|---------|-----------|-----------|
|  | 2016           | 2015        | 2016                             | 2015      | 2016                    | 2015    | 2016      | 2015      |
|  | Rupees in '000 |             |                                  |           |                         |         |           |           |
| Raw and packing material consumed                                  | 3,781,811      | 4,022,255   | -                                | -         | -                       | -       | 3,781,811 | 4,022,255 |
| Raw and packing material written off                               | 22,014         | 4,562       | -                                | -         | -                       | -       | 22,014    | 4,562     |
| Provision against raw and packing material                         | 97,227         | 7,473       | -                                | -         | -                       | -       | 97,227    | 7,473     |
| Stores and spares consumed   | 35,336         | 30,547      | -                                | -         | -                       | -       | 35,336    | 30,547    |
| Stationery and supplies consumed                                   | 3,806          | 5,363       | 4,465                            | 7,116     | 3,888                   | 2,541   | 12,159    | 15,020    |
| Staff costs (note 21.1)  | 597,100        | 561,619     | 877,653                          | 971,932   | 206,854                 | 193,914 | 1,681,607 | 1,727,465 |
| Fuel and power   | 249,236        | 308,347     | 4,319                            | 4,510     | 7,272                   | 13,423  | 260,827   | 326,280   |
| Rent, rates and taxes  | 70,795         | 24,901      | 22,493                           | 47,469    | 1,072                   | 527     | 94,360    | 72,897    |
| Insurance  | 4,660          | 4,969       | 9,664                            | 8,195     | 1,929                   | 1,819   | 16,253    | 14,983    |
| Repairs and maintenance  | 58,350         | 66,745      | 7,460                            | 5,459     | 13,236                  | 13,850  | 79,046    | 86,054    |
| Depreciation / amortization  | 259,970        | 260,408     | 40,922                           | 35,494    | 24,450                  | 23,834  | 325,342   | 319,736   |
| Traveling and conveyance   | 52,330         | 50,181      | 287,413                          | 303,595   | 33,850                  | 27,080  | 373,593   | 380,856   |
| Handling, freight and transportation                               | -              | -           | 211,737                          | 196,049   | -                       | -       | 211,737   | 196,049   |
| Communication  | 5,208          | 5,415       | 25,572                           | 37,934    | 5,293                   | 5,514   | 36,073    | 48,863    |
| Security and maintenance   | 21,184         | 19,682      | 5,345                            | 4,851     | 5,994                   | 9,182   | 32,523    | 33,715    |
| Publication and subscription                                       | 440            | 252         | 528                              | 2,320     | 981                     | 6,351   | 1,949     | 8,923     |
| Electronic and print media   | -              | -           | 106,532                          | 67,286    | -                       | -       | 106,532   | 67,286    |
| Conferences and exhibitions  | -              | -           | 199,510                          | 247,245   | -                       | -       | 199,510   | 247,245   |
| Market research  | -              | -           | 28,600                           | 20,236    | -                       | -       | 28,600    | 20,236    |
| Clinical trials  | -              | -           | 17,511                           | 15,862    | -                       | -       | 17,511    | 15,862    |
| Patient care   | -              | -           | 24,153                           | 4,599     | -                       | -       | 24,153    | 4,599     |
| Samples  | -              | -           | 31,903                           | 56,673    | -                       | -       | 31,903    | 56,673    |
| Sales promotion  | -              | -           | 33,778                           | 18,042    | -                       | -       | 33,778    | 18,042    |
| Sales commission   | -              | -           | 108,072                          | 82,175    | -                       | -       | 108,072   | 82,175    |
| Software license / maintenance fee                                 | 3,449          | 2,749       | 1,968                            | 1,168     | 1,722                   | 2,474   | 7,139     | 6,391     |
| Other expenses   | 7,640          | 10,128      | 33,829                           | 21,831    | 3,916                   | 4,088   | 45,385    | 36,047    |
|  | 5,270,556      | 5,385,596   | 2,083,427                        | 2,160,041 | 310,457                 | 304,597 | 7,664,440 | 7,850,234 |
| Recovery of service charges from outside parties                   | (8,776)        | (9,425)     | -                                | -         | -                       | -       | (8,776)   | (9,425)   |
|  | 5,261,780      | 5,376,171   | 2,083,427                        | 2,160,041 | 310,457                 | 304,597 | 7,655,664 | 7,840,809 |
| Opening work-in-process  | 81,534         | 82,646      |                                  |           |                         |         |           |           |
| Closing work-in-process  | (64,145)       | (81,534)    |                                  |           |                         |         |           |           |
| Cost of goods manufactured   | 5,279,169      | 5,377,283   |                                  |           |                         |         |           |           |
| Opening stock of finished goods                                    | 1,575,217      | 1,956,603   |                                  |           |                         |         |           |           |
| Finished goods purchased   | 2,253,525      | 1,922,704   |                                  |           |                         |         |           |           |
| Finished goods written off   | 93,086         | 237,913     |                                  |           |                         |         |           |           |
| Cost of samples included under distribution and marketing expenses | (31,903)       | (56,673)    |                                  |           |                         |         |           |           |
| Provision against finished goods                                   | 62,263         | 117,149     |                                  |           |                         |         |           |           |
| Closing stock of finished goods                                    | (1,362,251)    | (1,575,217) |                                  |           |                         |         |           |           |
|  | 7,869,106      | 7,979,762   |                                  |           |                         |         |           |           |

### 21.1 Staff Costs

|                                    |         |          |         |         |         |         |           |           |
|------------------------------------|---------|----------|---------|---------|---------|---------|-----------|-----------|
| Salaries, wages and other benefits | 561,404 | 538,752  | 792,885 | 802,508 | 165,871 | 158,246 | 1,520,160 | 1,499,506 |
| Training expenses                  | 228     | 519      | 13,044  | 7,642   | 303     | 895     | 13,575    | 9,056     |
| Defined benefit plan               | 17,203  | 22,680   | 37,420  | 52,409  | 18,603  | 18,137  | 73,226    | 93,226    |
| Defined contribution plan          | 14,062  | 13,716   | 27,556  | 27,020  | 6,763   | 6,248   | 48,381    | 46,984    |
| Voluntary separation scheme        | -       | (18,000) | -       | 78,922  | -       | -       | -         | 60,922    |
| Share-based payments               | 4,203   | 3,952    | 6,748   | 3,431   | 15,314  | 10,388  | 26,265    | 17,771    |
|                                    | 597,100 | 561,619  | 877,653 | 971,932 | 206,854 | 193,914 | 1,681,607 | 1,727,465 |

# Notes to the Financial Statements

For the year ended December 31, 2016



|  |      | December 31,<br>2016       | December 31,<br>2015 |
|--|------|----------------------------|----------------------|
|  | Note | ----- Rupees in '000 ----- |                      |
| <b>22. OTHER EXPENSES</b>                  |      |                            |                      |
| Auditors' remuneration                     | 22.1 | 2,676                      | 2,469                |
| Workers' Profits Participation Fund        | 17.3 | 77,572                     | 9,657                |
| Workers' Welfare Fund                      |      | 24,546                     | 5,475                |
| Central Research Fund                      |      | 15,514                     | 1,767                |
| Legal and consultancy charges              |      | 14,160                     | 12,862               |
| Donations                                  | 22.2 | 1,000                      | 1,000                |
| Loss on sale of operating fixed assets     |      | 835                        | -                    |
| Property, plant and equipment written off  |      | -                          | 1,243                |
| Others                                     |      | 572                        | 364                  |
|  |      | <b>136,875</b>             | <b>34,837</b>        |
| <b>22.1 Auditors' remuneration</b>         |      |                            |                      |
| Audit fee                                  |      | 1,238                      | 1,100                |
| Review of half yearly financial statements |      | 389                        | 336                  |
| Special certification and reportings       |      | 798                        | 807                  |
| Out-of-pocket expenses                     |      | 251                        | 226                  |
|  |      | <b>2,676</b>               | <b>2,469</b>         |

22.2 No directors or their spouses have any interest in any donees fund to which donations were made.

|  |  | December 31,<br>2016       | December 31,<br>2015 |
|--|--|----------------------------|----------------------|
|  |  | ----- Rupees in '000 ----- |                      |
| <b>23. OTHER INCOME</b>                        |  |                            |                      |
| <b>Income from financial assets</b>            |  |                            |                      |
| Interest on loans to employees                 |  | 40                         | 122                  |
| Liabilities no longer payable written back     |  | 5,179                      | 338                  |
| Exchange gain - net                            |  | 25,146                     | 80,709               |
|  |  | <b>30,365</b>              | <b>81,169</b>        |
| <b>Income from non-financial assets</b>        |  |                            |                      |
| Gain on sale of operating fixed assets         |  | -                          | 4,417                |
| License fee                                    |  | 19,299                     | 19,955               |
| Insurance claim recovery                       |  | 17,145                     | 46,386               |
| Scrap sales                                    |  | 9,536                      | 10,352               |
|  |  | <b>45,980</b>              | <b>81,110</b>        |
|  |  | <b>76,345</b>              | <b>162,279</b>       |
| <b>24. FINANCE COSTS</b>                       |  |                            |                      |
| <b>Mark-up on:</b>                             |  |                            |                      |
| long-term financing                            |  | 50,909                     | 41,424               |
| short-term borrowings                          |  | 96,496                     | 239,407              |
|  |  | <b>147,405</b>             | <b>280,831</b>       |
| Interest on Workers' Profit Participation Fund |  | -                          | 190                  |
| Bank charges                                   |  | 11,922                     | 11,649               |
|  |  | <b>11,922</b>              | <b>11,839</b>        |
|  |  | <b>159,327</b>             | <b>292,670</b>       |



# Notes to the Financial Statements

For the year ended December 31, 2016

|   | <b>December 31,<br/>2016</b> | December 31,<br>2015 |
|---|------------------------------|----------------------|
|   | ----- Rupees in '000 -----   |                      |
| <b>25. TAXATION</b>   |                              |                      |
| Current   | <b>392,857</b>               | 132,362              |
| Prior   | <b>29,879</b>                | 12,211               |
| Deferred  | <b>(34,270)</b>              | (34,799)             |
|   | <b>388,466</b>               | 109,774              |
| <b>25.1 Relationship between accounting profit and tax expense:</b>                     |                              |                      |
| Accounting profit before taxation   | <b>1,407,388</b>             | 176,251              |
| Tax at the applicable tax rate of 31% (2015: 32%)                                       | <b>436,290</b>               | 56,400               |
| Tax effects of:   |                              |                      |
| - Income subject to Final Tax Regime  | <b>(66,704)</b>              | 62,505               |
| - Tax credits   | <b>(13,462)</b>              | (23,021)             |
| - Expenses not allowable for tax purposes   | <b>5,526</b>                 | 5,687                |
| - Prior year  | <b>29,879</b>                | 12,211               |
| - Others  | <b>(3,063)</b>               | (4,008)              |
|   | <b>388,466</b>               | 109,774              |
| <b>26. EARNINGS PER SHARE - basic and diluted</b>                                       |                              |                      |
| Profit after taxation   | <b>1,018,922</b>             | 66,477               |
|   | 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>105.65</b>                | 6.89                 |
| <b>26.1</b> There is no dilutive effect on the basic earnings per share of the Company. |                              |                      |
|   | <b>December 31,<br/>2016</b> | December 31,<br>2015 |
|   | ----- Rupees in '000 -----   |                      |
| <b>27. CASH GENERATED FROM OPERATIONS</b>   |                              |                      |
| Profit before taxation  | <b>1,407,388</b>             | 176,251              |
| Adjustment for non-cash charges and other items:  |                              |                      |
| Depreciation / amortization   | <b>325,342</b>               | 319,736              |
| Loss / (gain) on sale of operating fixed assets   | <b>835</b>                   | (4,417)              |
| Property, plant and equipment written off   | <b>-</b>                     | 1,243                |
| Expenses arising from equity settled share-based payment plans                          | <b>26,265</b>                | 17,771               |
| Retirement benefits   | <b>73,226</b>                | 93,226               |
| Interest income   | <b>(40)</b>                  | (122)                |
| Finance costs   | <b>159,327</b>               | 292,670              |
| Working capital changes   | <b>754,672</b>               | 697,877              |
|   | <b>2,747,015</b>             | 1,594,235            |

# Notes to the Financial Statements

For the year ended December 31, 2016



December 31, 2016      December 31, 2015

----- Rupees in '000 -----

## 27.1 Working capital changes

|   |                |                |
|---|----------------|----------------|
| Decrease / (increase) in current assets:                                |                |                |
| Stores and spares   | 5,902          | (5,239)        |
| Stock-in-trade  | 207,217        | 906,739        |
| Trade debts   | 295,113        | (268,755)      |
| Loans and advances  | 44,722         | (68,989)       |
| Trade deposits and short-term prepayments                               | 46,540         | 6,989          |
| Other receivables   | 14,231         | 135,263        |
|   | <b>613,725</b> | <b>706,008</b> |
| Increase / (decrease) in current liabilities:                           |                |                |
| Trade and other payables<br>(excluding accruals for unclaimed dividend) | 140,947        | (8,131)        |
|   | <b>754,672</b> | <b>697,877</b> |

## 28. CASH FLOWS FROM OPERATING ACTIVITIES (DIRECT METHOD)

|  |                  |                |
|--|------------------|----------------|
| Cash receipts from customers                             | 12,185,348       | 11,424,077     |
| Cash paid to suppliers / service providers and employees | (9,438,333)      | (9,829,842)    |
| Finance costs paid                                       | (196,711)        | (317,026)      |
| Income tax paid  | (570,496)        | (404,783)      |
| Retirement benefits paid                                 | (69,847)         | (72,583)       |
| Long-term loans - net                                    | 552              | 999            |
| Long-term deposits - net                                 | (827)            | (8,786)        |
| Net cash generated from operating activities             | <b>1,909,686</b> | <b>792,056</b> |

## 29. CASH AND CASH EQUIVALENTS

|   |                  |                 |
|---|------------------|-----------------|
| Cash and bank balances                              | 50,440           | 25,484          |
| Running finances utilized under mark-up arrangement | (175,441)        | (52,875)        |
|   | <b>(125,001)</b> | <b>(27,391)</b> |

## 30. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of group companies, associated undertakings, employees' retirement funds, directors and key management personnel. Transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

|                          | December 31, 2016          |                         |                  |           | December 31, 2015 |                         |                  |           |
|--------------------------|----------------------------|-------------------------|------------------|-----------|-------------------|-------------------------|------------------|-----------|
|                          | Group Companies            | Associated undertakings | Retirement funds | Total     | Group Companies   | Associated undertakings | Retirement funds | Total     |
|                          | ----- Rupees in '000 ----- |                         |                  |           |                   |                         |                  |           |
| Sales                    | 27,679                     | -                       | -                | 27,679    | 12,994            | -                       | -                | 12,994    |
| Purchase of goods        | 3,700,802                  | -                       | -                | 3,700,802 | 3,162,461         | -                       | -                | 3,162,461 |
| Purchase of services     | -                          | 9,757                   | -                | 9,757     | -                 | 8,662                   | -                | 8,662     |
| Insurance claim received | -                          | 17,145                  | -                | 17,145    | -                 | 46,386                  | -                | 46,386    |
| Contribution paid        |                            |                         |                  |           |                   |                         |                  |           |
| - Provident fund         | -                          | -                       | 48,238           | 48,238    | -                 | -                       | 46,877           | 46,877    |
| - Gratuity fund          | -                          | -                       | 39,274           | 39,274    | -                 | -                       | 33,894           | 33,894    |
| - Pension fund           | -                          | -                       | 30,573           | 30,573    | -                 | -                       | 38,689           | 38,689    |

# Notes to the Financial Statements

For the year ended December 31, 2016

## 31. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

|                           | Chief Executive |        | Director     |       | Executives     |         | Total          |         |
|---------------------------|-----------------|--------|--------------|-------|----------------|---------|----------------|---------|
|                           | 2016            | 2015   | 2016         | 2015  | 2016           | 2015    | 2016           | 2015    |
|                           | Rupees in '000  |        |              |       |                |         |                |         |
| Managerial remuneration   | 13,979          | 11,022 | 4,472        | 4,351 | 266,318        | 268,840 | 284,769        | 284,213 |
| Profit sharing bonus      | 6,600           | 3,066  | 1,336        | 1,637 | 56,853         | 54,546  | 64,789         | 59,249  |
| Retirement benefits       | 2,562           | 2,020  | 820          | 726   | 48,816         | 45,319  | 52,198         | 48,065  |
| Perquisites and benefits: |                 |        |              |       |                |         |                |         |
| Rent and utilities        | 7,688           | 6,062  | 2,460        | 2,179 | 146,475        | 135,983 | 156,623        | 144,224 |
| Medical expenses          | 108             | 236    | 97           | 23    | 13,164         | 13,601  | 13,369         | 13,860  |
| Club subscription         | 1,670           | -      | -            | 28    | 2,915          | 202     | 4,585          | 230     |
|                           | <b>32,607</b>   | 22,406 | <b>9,185</b> | 8,944 | <b>534,541</b> | 518,491 | <b>576,333</b> | 549,841 |
| Number of persons         | <b>1</b>        | 2      | <b>1</b>     | 1     | <b>201</b>     | 178     | <b>203</b>     | 181     |

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

Aggregate amount charged in the financial statements in respect of fee and expenses to Non-Executive Directors amount to Rs. 1.00 (2015: Rs. 1.05) million and Rs. 3.775 (2015: 3.449) million respectively.

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. 6.508 (2015: Rs. 3.453) million, Rs. 0.692 (2015: Nil) million and Rs. 19.065 (2015: Rs. 14.318) million, respectively.

## 32. 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 management reviews and agrees policies for managing each of these risks as explained below:

### 32.1 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.

#### 32.1.1 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.

#### 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, |             |
|--------------------------|--------------|-------------|----------------|----------------|--------------|-------------|
|                          | 2016         | 2015        | 2016           | 2015           | 2016         | 2015        |
|                          | GBP in '000  |             | Euro in '000   |                | USD in '000  |             |
| Other receivables        | -            | -           | 34             | 7              | 15           | 35          |
| Trade and other payables | (8)          | (40)        | (7,379)        | (6,119)        | (155)        | (49)        |
|                          | <b>(8)</b>   | <b>(40)</b> | <b>(7,345)</b> | <b>(6,112)</b> | <b>(140)</b> | <b>(14)</b> |

# Notes to the Financial Statements

For the year ended December 31, 2016



## 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, 2016 represented in foreign currencies, with all other variables held constant, of the Company's profit before tax.

|  |   | <b>December 31,<br/>2016</b> | December 31,<br>2015 |
|--|---|------------------------------|----------------------|
| Change in exchange rate                | ± | <b>1%</b>                    | 1%                   |
| Effect on profit before tax (Rs.000's) | ± | <b>8,238</b>                 | 7,025                |
| Effect on equity (Rs.000's)            | ± | <b>5,964</b>                 | 2,660                |

### 32.1.2 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, long-term financing and 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,<br/>2016</b>                               | December 31,<br>2015   | <b>December 31,<br/>2016</b> | December 31,<br>2015 |
|-----------------------|--|--|------------------------------|----------------------|
|                       | Effective rates (%)  |  | ----- Rupees '000 -----      |                      |
| Financial assets      |  |  |                              |                      |
| Loans to employees    | <b>9.00</b>  | 9.00   | <b>662</b>                   | 495                  |
| Financial liabilities |  |  |                              |                      |
| Long-term financing   | <b>three months<br/>KIBOR + 0.4</b>                        | three months<br>KIBOR + 0.4 &<br>three months<br>KIBOR + 0.5 | <b>500,000</b>               | 1,000,000            |
| Short-term borrowings | <b>KIBOR - 0.02 &amp;<br/>KIBOR+0.35 to<br/>KIBOR+0.40</b> | one month<br>KIBOR + 0.19 &<br>KIBOR+0.4                     | <b>675,441</b>               | 1,852,875            |
|                       |  |  | <b>1,175,441</b>             | 2,852,875            |

## 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,<br/>2016</b> | December 31,<br>2015 |
|--|---|------------------------------|----------------------|
| Change in interest rate                | ± | <b>1%</b>                    | 1%                   |
| Effect on profit before tax (Rs.000's) | ± | <b>7,152</b>                 | 13,385               |
| Effect on equity (Rs.000's)            | ± | <b>5,178</b>                 | 5,048                |

# Notes to the Financial Statements

For the year ended December 31, 2016

## 32.1.3 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.

## 32.2 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted. 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 Company also ensures that sale of products and services are made to customers with appropriate credit history and credit worthiness. The utilization of credit limit is regularly monitored. Accordingly, the credit risk is minimal and the Company also believes that it is not exposed to major concentration of credit risk. Provision is made against those balances that are considered doubtful of recovery.

### Exposure to credit risk

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

|                   | <b>December 31,<br/>2016</b> | December 31,<br>2015 |
|-------------------|------------------------------|----------------------|
|                   | ----- Rupees in '000 -----   |                      |
| Trade debts       | <b>707,359</b>               | 1,002,472            |
| Loans             | <b>10,632</b>                | 11,405               |
| Trade deposits    | <b>152,773</b>               | 195,462              |
| Other receivables | <b>29,405</b>                | 43,636               |
| Cash at banks     | <b>33,136</b>                | 25,407               |
|                   | <b><u>933,305</u></b>        | <u>1,278,382</u>     |

### Quality of financial assets

The credit quality of financial assets can be assessed by reference to external credit ratings or default history of counter parties as shown below:

|  | <b>December 31,<br/>2016</b> | December 31,<br>2015 |
|--|------------------------------|----------------------|
|  | ----- Rupees in '000 -----   |                      |

## 32.2.1 Trade debts

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

Customers with no defaults in the past one year

|                |         |
|----------------|---------|
| <b>372,622</b> | 393,576 |
|----------------|---------|

The ageing 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    | <b>223,506</b>        | 407,455          |
| 31 – 60 days   | <b>62,921</b>         | 139,363          |
| 61 – 90 days   | <b>7,345</b>          | 20,365           |
| 91 – 120 days  | <b>9,396</b>          | 9,416            |
| 121 – 150 days | <b>12,973</b>         | 3,893            |
| 151 – 180 days | <b>297</b>            | 10,598           |
| 181 – 365 days | <b>7,706</b>          | 13,301           |
| Over 365 days  | <b>10,593</b>         | 4,505            |
|                | <b><u>334,737</u></b> | <u>608,896</u>   |
|                | <b><u>707,359</u></b> | <u>1,002,472</u> |

# Notes to the Financial Statements

For the year ended December 31, 2016



**December 31, 2016**, December 31, 2015  
----- Rupees in '000 -----

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

|                                       |                |           |
|---------------------------------------|----------------|-----------|
| Government institutions and hospitals | <b>215,843</b> | 293,214   |
| Private institutions and hospitals    | <b>131,156</b> | 72,569    |
| Credit Distributors                   | <b>114,843</b> | 352,319   |
| Export customer                       | <b>246,448</b> | 285,301   |
|                                       | <b>708,290</b> | 1,003,403 |
| Provision for doubtful debts          | <b>(931)</b>   | (931)     |
|                                       | <b>707,359</b> | 1,002,472 |

## 32.2.2 Cash at banks

The carrying values of bank balances are analysed as follows:

|      |               |        |
|------|---------------|--------|
| A1+  | <b>32,048</b> | 3,029  |
| A-1+ | -             | 552    |
| P-1  | <b>871</b>    | 557    |
| P-2  | <b>217</b>    | 21,269 |
|      | <b>33,136</b> | 25,407 |

## 32.3 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.

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

|                           | Carrying amount  | less than 12 months | 1 to 2 years   | 2 to 5 years   |
|---------------------------|------------------|---------------------|----------------|----------------|
| -----Rupees in '000 ----- |                  |                     |                |                |
| <b>December 31, 2016</b>  |                  |                     |                |                |
| Long-term financing       | <b>500,000</b>   | -                   | <b>500,000</b> | -              |
| Trade and other payables  | <b>2,042,264</b> | <b>2,042,264</b>    | -              | -              |
| Accrued mark-up           | <b>6,038</b>     | <b>6,038</b>        | -              | -              |
| Short term borrowings     | <b>675,441</b>   | <b>675,441</b>      | -              | -              |
|                           | <b>3,223,743</b> | <b>2,723,743</b>    | <b>500,000</b> | -              |
| <b>December 31, 2015</b>  |                  |                     |                |                |
| Long-term financing       | 1,000,000        | 500,000             | -              | 500,000        |
| Trade and other payables  | 1,979,288        | 1,979,288           | -              | -              |
| Accrued mark-up           | 43,422           | 43,422              | -              | -              |
| Short term borrowings     | 1,852,875        | 1,852,875           | -              | -              |
|                           | <b>4,875,585</b> | <b>4,375,585</b>    | -              | <b>500,000</b> |

## 32.4 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 an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.



# Notes to the Financial Statements

For the year ended December 31, 2016

## 32.5 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 balance sheet plus net debt.

The gearing ratio as at December 31, 2016 and 2015 were as follows:

|  | Note    | <b>December 31,<br/>2016</b> | December 31,<br>2015 |
|--|---------|------------------------------|----------------------|
| ----- Rupees in '000 -----                       |         |                              |                      |
| Long-term financing (including current maturity) | 15      | <b>500,000</b>               | 1,000,000            |
| Short term borrowings                            | 18      | <b>675,441</b>               | 1,852,875            |
| Total borrowings                                 |         | <b>1,175,441</b>             | 2,852,875            |
| Less: Cash and bank balances                     | 12      | <b>(50,440)</b>              | (25,484)             |
| Net debt   |         | <b>1,125,001</b>             | 2,827,391            |
| Total equity                                     | 13 & 14 | <b>3,412,340</b>             | 2,410,026            |
|  |         | <b>4,537,341</b>             | 5,237,417            |
| Gearing ratio                                    |         | <b>25%</b>                   | 54%                  |

## 33. ENTITY WIDE INFORMATION

33.1 The Company constitutes a single reportable segment, the principal classes of products provided are pharmaceutical and vaccine products.

### 33.2 Information about classes of products

|                            | <b>December 31,<br/>2016</b> | December 31,<br>2015 |
|----------------------------|------------------------------|----------------------|
| ----- Rupees in '000 ----- |                              |                      |
| Pharmaceutical             | <b>11,110,825</b>            | 10,181,561           |
| Vaccine                    | <b>779,410</b>               | 604,318              |
|                            | <b>11,890,235</b>            | 10,785,879           |

### 33.3 Information about geographical areas

Sales to external customers, net of returns and discounts

|             |                   |            |
|-------------|-------------------|------------|
| Pakistan    | <b>11,494,251</b> | 10,201,831 |
| Afghanistan | <b>368,305</b>    | 571,054    |
| Others      | <b>27,679</b>     | 12,994     |
|             | <b>11,890,235</b> | 10,785,879 |

# Notes to the Financial Statements

For the year ended December 31, 2016



## 34. CAPACITY AND PRODUCTION

The capacity and production of the Company's manufacturing facility is undeterminable as it is a multiproduct plant involving varying processes of manufacture.

|   |                                      |
|---|--------------------------------------|
| <b>December 31,<br/>2016<br/>(Un-Audited)</b> | December 31,<br>2015<br>(Un-Audited) |
| ----- Rupees in '000 -----                    |                                      |

## 35. PROVIDENT FUND

|                                |                |         |
|--------------------------------|----------------|---------|
| Size of the trust              | <b>557,780</b> | 520,970 |
| Cost of investments            | <b>448,790</b> | 438,678 |
| Fair value of investments      | <b>540,241</b> | 476,115 |
| Percentage of investments made | <b>96.86%</b>  | 91.39%  |

35.1 Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

|   | 2016<br>(Un-Audited)     |  | 2015<br>(Un-Audited)     |  |
|---|--------------------------|--|--------------------------|--|
|   | Investments<br>(Rs '000) | investment<br>as a % of<br>size of<br>the fund | Investments<br>(Rs '000) | investment<br>as a % of<br>size of<br>the fund |
| Government securities                   | <b>431,898</b>           | <b>77.43%</b>                                  | 405,217                  | 77.78%   |
| Listed securities and mutual fund units | <b>108,343</b>           | <b>19.42%</b>                                  | 70,898                   | 13.61%   |
|   | <b>540,241</b>           | <b>96.86%</b>                                  | 476,115                  | 91.39%   |

35.2 Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

## 36. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 07, 2017 by the Board of Directors of the Company.

## 37. DIVIDEND AND APPROPRIATIONS

Subsequent to year ended December 31, 2016, the Board of Directors in its meeting held on March 07, 2017 proposed final cash dividend @ Rs. 30/- per share amounting to Rs. 289.343 million (2015: Rs. 3/- per share amounting to Rs. 28.934 million) for approval of the members at the Annual General Meeting. The Board has further approved the transfer of Rs. 700 million from unappropriated profit to general reserve.

The Finance Act, 2015 introduced a tax on every public company at the rate of 10 percent of such undistributed reserves which exceed the amount of its paid up capital. However, this tax shall not apply in case of a public company which distributes cash dividend equal to at least either 40 percent of its after tax profits or 50 percent of its paid up capital, within the prescribed time after the end of the relevant tax year.

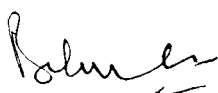
Based on the above fact, the Board of Directors of the Company has proposed cash dividend amounting to Rs. 289.343 million for the year ended December 31, 2016 which exceeds the prescribed minimum dividend requirement as referred above. Accordingly, the Company believes that it would not be liable to pay tax on its undistributed reserves as of December 31, 2016.

# Notes to the Financial Statements

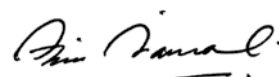
For the year ended December 31, 2016

## 38. GENERAL

- 38.1** The number of employees as at December 31, 2016 was 1,295 (2015: 1,536) and average number of employees during the year was 1,343 (2015: 1,522).
- 38.2** There were no reclassifications that could affect the financial statements materially.
- 38.3** Figures presented in these financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.



Syed Babar Ali  
Chairman



Dr. Asim Jamal  
Chief Executive Officer &  
Managing Director

# Pattern of Shareholding

As at December 31, 2016



| No of Shareholders | No. Of Shareholdings |           | Total Shares     |
|--------------------|----------------------|-----------|------------------|
|                    | From                 | To        |                  |
| 433                | 1                    | 100       | 17,500           |
| 306                | 101                  | 500       | 93,167           |
| 70                 | 501                  | 1,000     | 53,790           |
| 65                 | 1,001                | 5,000     | 132,810          |
| 7                  | 5,001                | 10,000    | 47,971           |
| 1                  | 10,001               | 15,000    | 10,170           |
| 4                  | 15,001               | 20,000    | 74,228           |
| 3                  | 20,001               | 25,000    | 64,363           |
| 2                  | 50,001               | 55,000    | 105,442          |
| 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                  | 510,001              | 515,000   | 510,212          |
| 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>899</b>         |                      |           | <b>9,644,760</b> |

| SNO. | Shareholders Category   | No. of Shareholder | No. of Shares    | Percentage    |
|------|---|--------------------|------------------|---------------|
| 1    | Directors, Chief Executive Officer, and their spouse and minor children       | 7                  | 1,391,903        | 14.43         |
| 2    | Associated Companies, Undertakings and Related Parties                        | 4                  | 7,082,350        | 73.43         |
| 3    | Banks, Development Financial Institutions, Non Banking Financial Institutions | 2                  | 169              | 0.00          |
| 4    | Insurance Companies   | 2                  | 223,299          | 2.32          |
| 5    | Modarabas and Mutual Funds  | 1                  | 228,461          | 2.37          |
| 6    | General Public Local  | 866                | 409,760          | 4.25          |
| 7    | Others  | 17                 | 308,818          | 3.20          |
|      | Total   | <b>899</b>         | <b>9,644,760</b> | <b>100.00</b> |

# Pattern of Shareholding

As at December 31, 2016

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

| NAME                  | HOLDING          |
|-----------------------|------------------|
| SYED BABAR ALI        | 510,212          |
| PERWIN BABAR ALI,     | 22,690           |
| SYEDA HENNA BABAR ALI | 18,714           |
| SYED HYDER ALI,       | 16,914           |
| NAIYAR ZAMANI GOHAR   | 7,434            |
| ARSHAD ALI GOHAR      | 815,939          |
| TOTAL                 | <u>1,391,903</u> |

## Associated Companies, Undertakings and Related Parties

| NAME                           | HOLDING          |
|--------------------------------|------------------|
| ALI GOHAR & CO. (PVT) LTD.     | 51,442           |
| SECIPE OF PARIS (FRANCE)       | 5,099,469        |
| IGI INSURANCE LIMITED          | 1,841,739        |
| AGT HOLDINGS (PRIVATE) LIMITED | 89,700           |
| TOTAL                          | <u>7,082,350</u> |

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

| NAME                      | HOLDING    |
|---------------------------|------------|
| MCB BANK LTD              | 40         |
| NATIONAL BANK OF PAKISTAN | 129        |
| 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> |

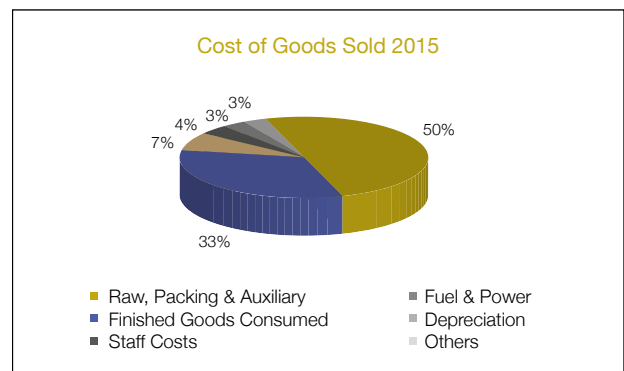
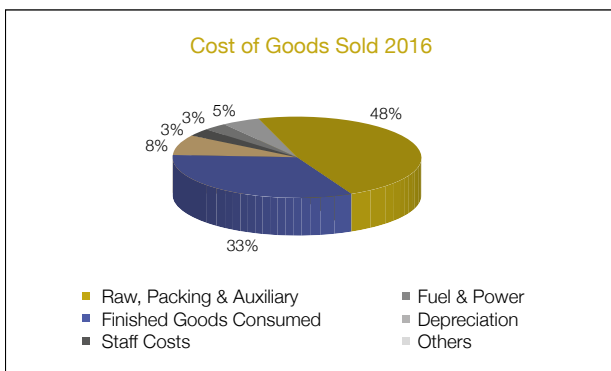
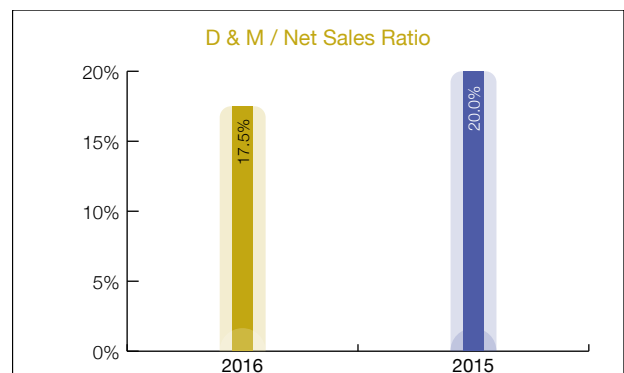
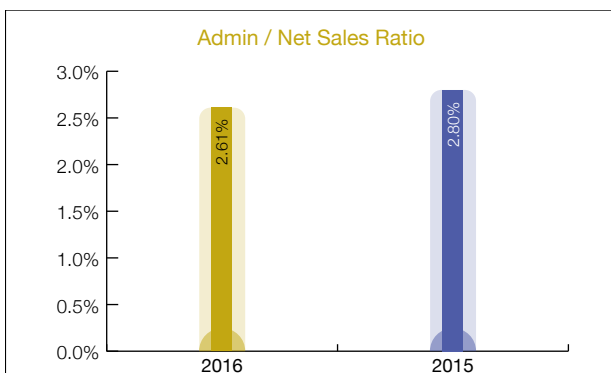
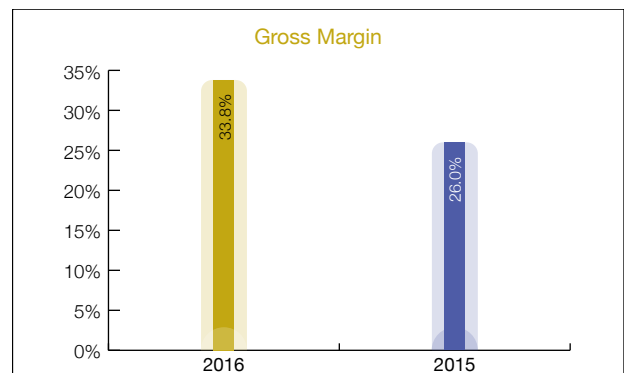
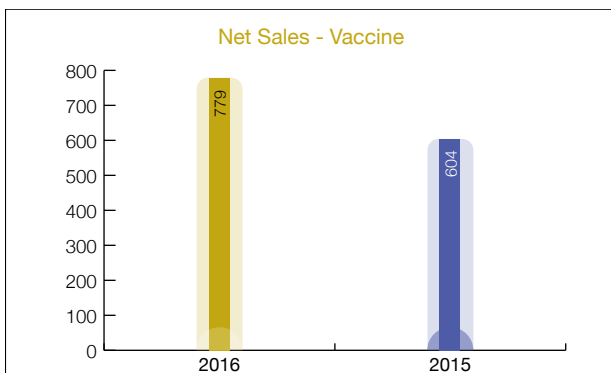
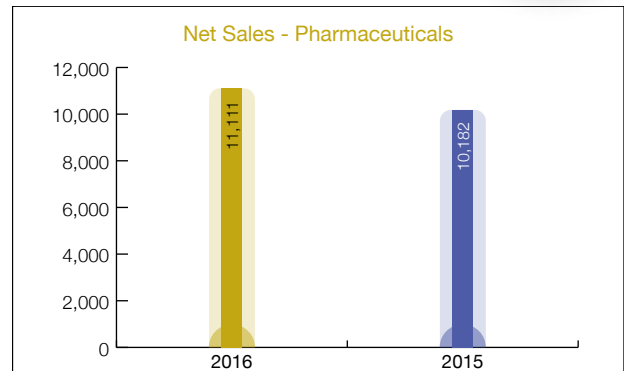
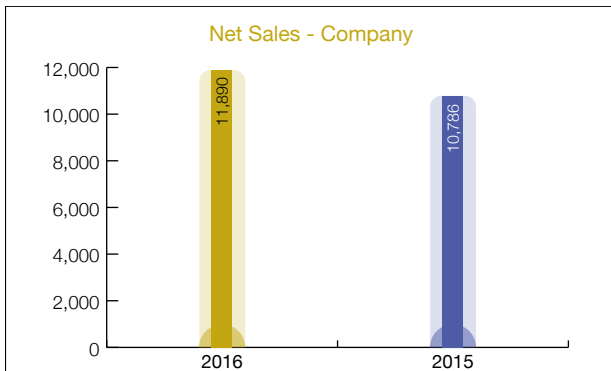
## Modarabas and Mutual Funds

| NAME   | HOLDING        |
|--|----------------|
| CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST | 228,461        |
| TOTAL  | <u>228,461</u> |

## Shareholder Holding five percent or more Voting Rights in the Listed Company

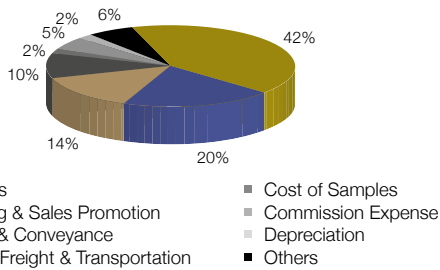
| NAME                     | HOLDING          |
|--------------------------|------------------|
| SECIPE OF PARIS (FRANCE) | 5,099,469        |
| IGI INSURANCE LIMITED    | 1,841,739        |
| ARSHAD ALI GOHAR         | 815,939          |
| SYED BABAR ALI           | 510,212          |
| TOTAL                    | <u>8,267,359</u> |

# Analytical Review

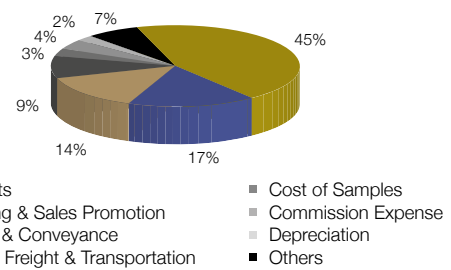


# Analytical Review

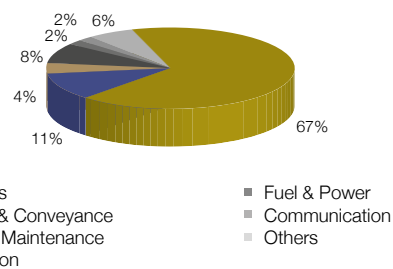
Distribution and Marketing Expenses 2016



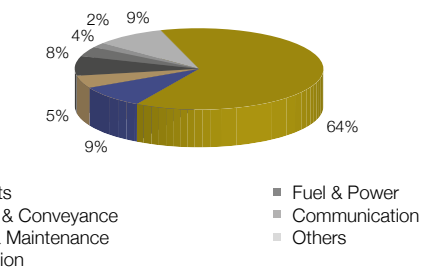
Distribution and Marketing Expenses 2015



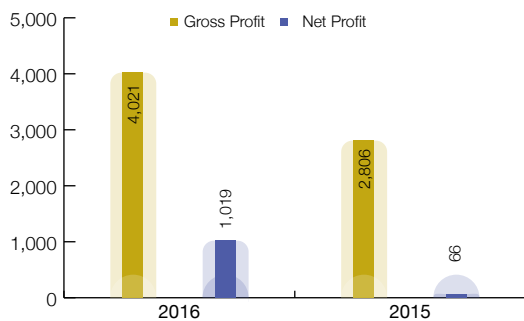
Administrative Expenses 2016



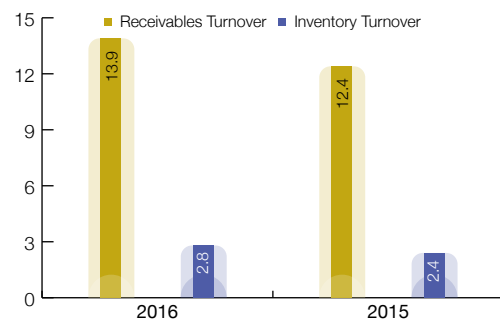
Administrative Expenses 2015



Gross Profit vs. Net Profit



Receivables Turnover & Inventory Turnover (Times)



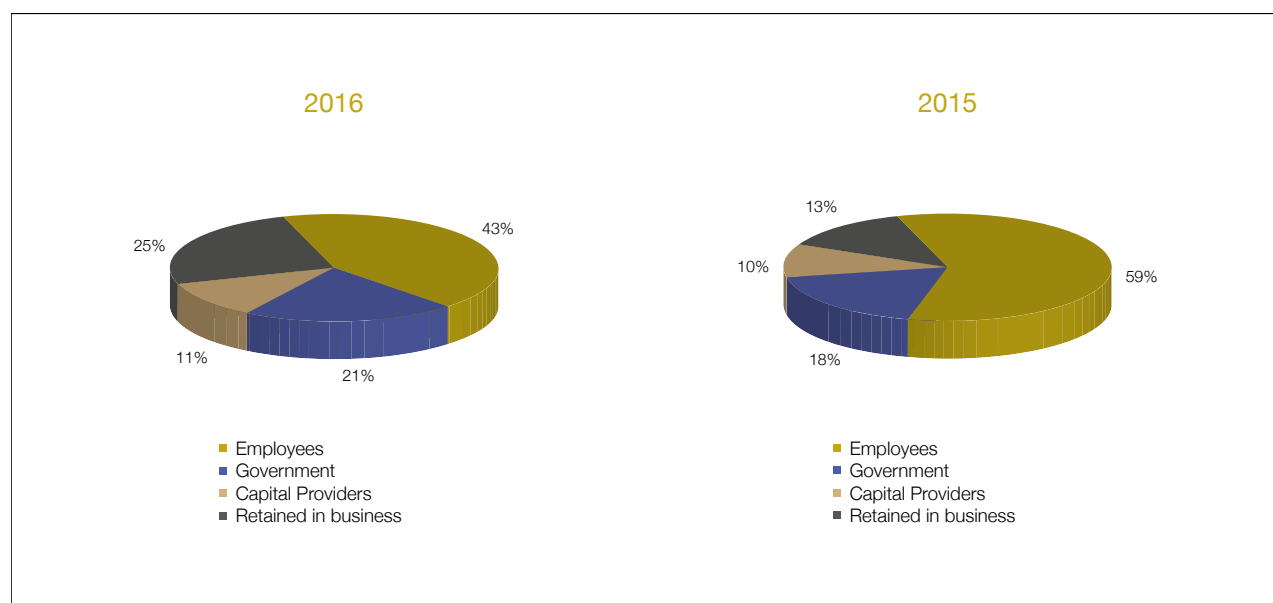


# Statement of Value Added



|                                    | 2016               |             | 2015             |            |
|------------------------------------|--------------------|-------------|------------------|------------|
|                                    | Rs.000             | %           | Rs.000           | %          |
| Net sales                          | <b>11,890,235</b>  | <b>100</b>  | 10,785,879       | 100        |
| Materials and services             | <b>(7,748,141)</b> | <b>(65)</b> | (7,867,924)      | (73)       |
|                                    | <b>4,142,094</b>   | <b>35</b>   | <b>2,917,955</b> | <b>27</b>  |
| <b>DISTRIBUTED AS FOLLOWS:</b>     |                    |             |                  |            |
| <b>Employees</b>                   |                    |             |                  |            |
| Staff cost                         | <b>1,681,607</b>   | <b>41</b>   | 1,727,465        | 59         |
| Workers' Profit Participation Fund | <b>77,572</b>      | <b>2</b>    | 9,657            | -          |
|                                    | <b>1,759,179</b>   | <b>43</b>   | <b>1,737,122</b> | <b>59</b>  |
| <b>Government</b>                  |                    |             |                  |            |
| Income tax                         | <b>388,466</b>     | <b>9</b>    | 109,774          | 4          |
| Custom duty, Sales Tax & Others    | <b>462,720</b>     | <b>11</b>   | 396,773          | 14         |
| Central Research Fund              | <b>15,514</b>      | <b>-</b>    | 1,767            | -          |
| Workers' Welfare Fund              | <b>24,546</b>      | <b>1</b>    | 5,475            | -          |
|                                    | <b>891,246</b>     | <b>21</b>   | <b>513,789</b>   | <b>18</b>  |
| <b>Capital Providers</b>           |                    |             |                  |            |
| Dividend* to shareholders          | <b>289,343</b>     | <b>7</b>    | 28,934           | 1          |
| Mark-up on borrowed funds          | <b>147,405</b>     | <b>4</b>    | 280,831          | 9          |
|                                    | <b>436,748</b>     | <b>11</b>   | <b>309,765</b>   | <b>10</b>  |
| <b>Retained in business</b>        |                    |             |                  |            |
| Depreciation / amortisation        | <b>325,342</b>     | <b>8</b>    | 319,736          | 12         |
| Net Earnings                       | <b>729,579</b>     | <b>17</b>   | 37,543           | 1          |
|                                    | <b>1,054,921</b>   | <b>25</b>   | <b>357,279</b>   | <b>13</b>  |
|                                    | <b>4,142,094</b>   | <b>100</b>  | <b>2,917,955</b> | <b>100</b> |

\*Dividend amounting to Rs. 289.343 million were proposed by the Board of Directors subsequent to the year end.

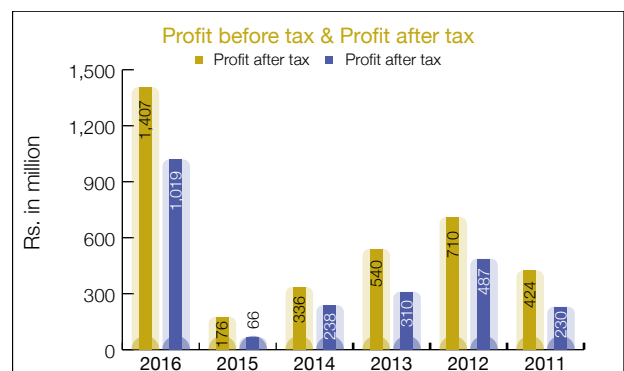
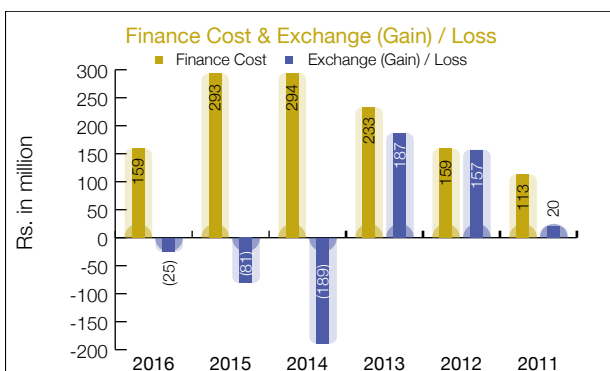
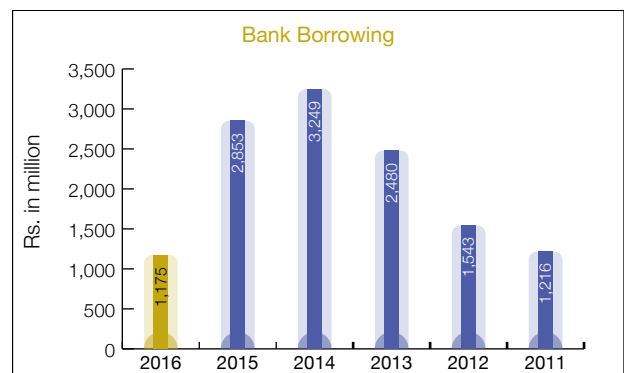
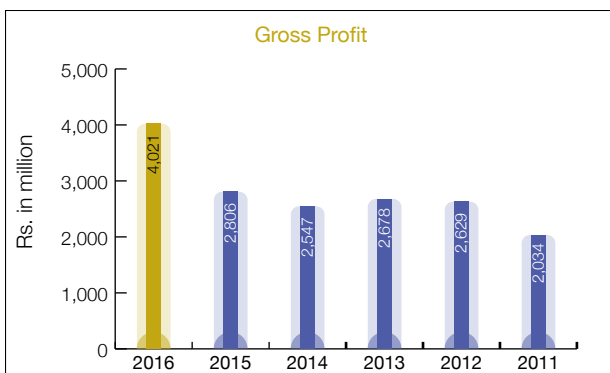
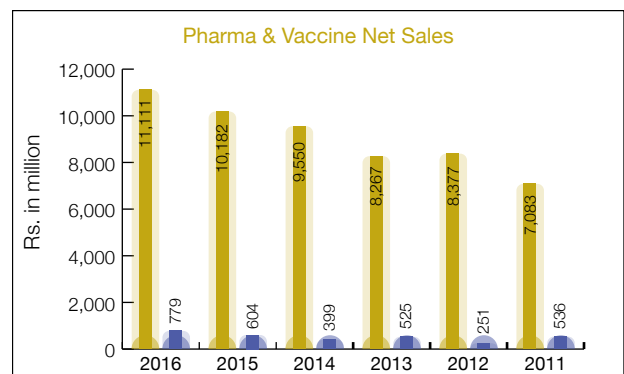
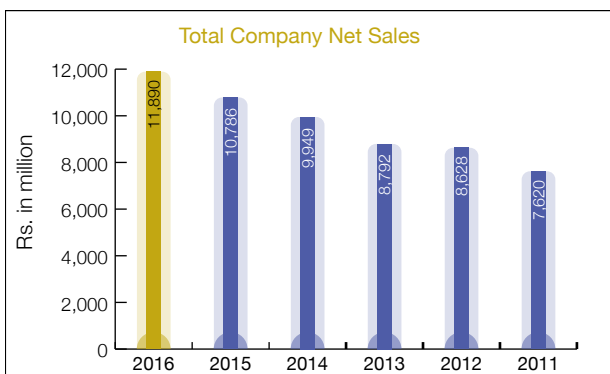
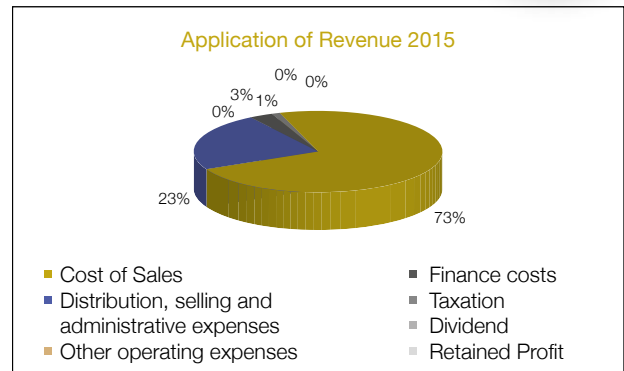
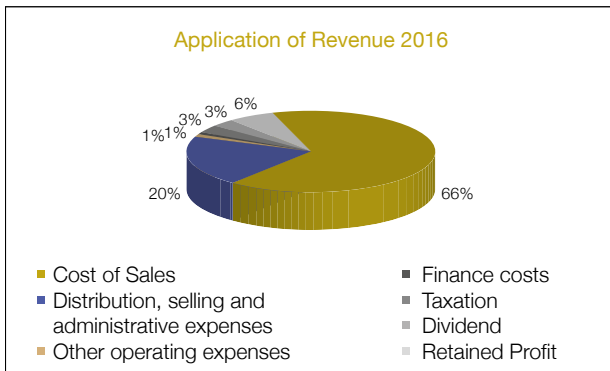


# Operating & Financial Highlights

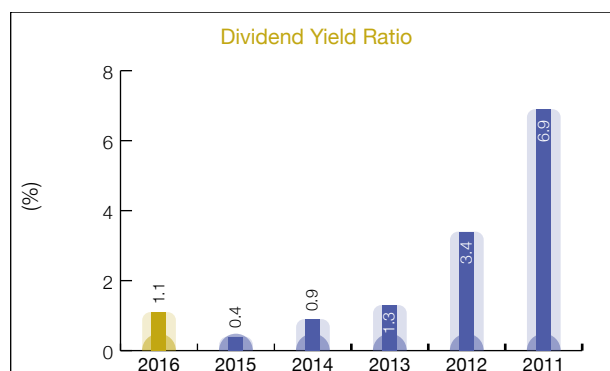
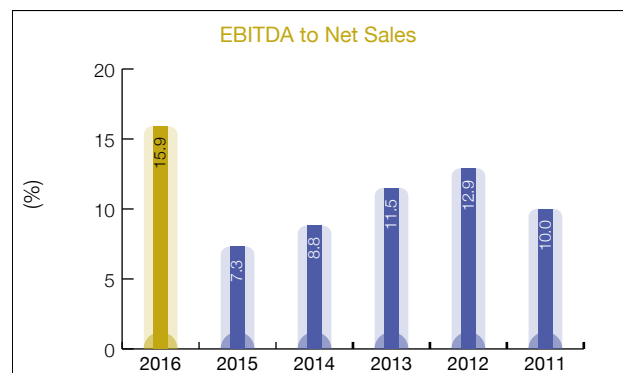
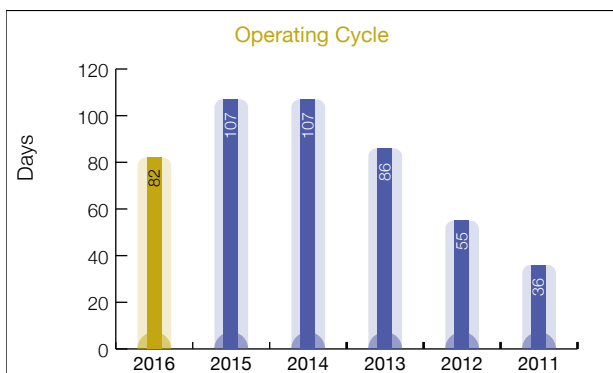
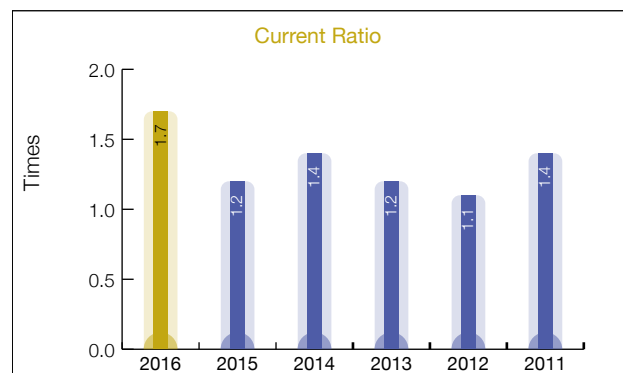
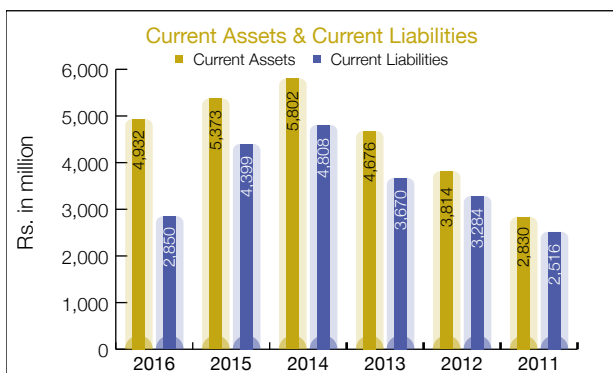
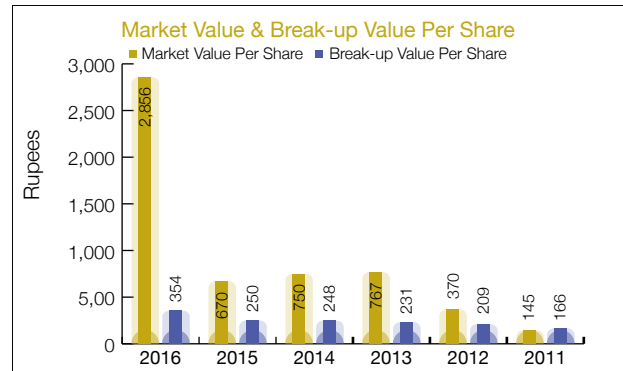
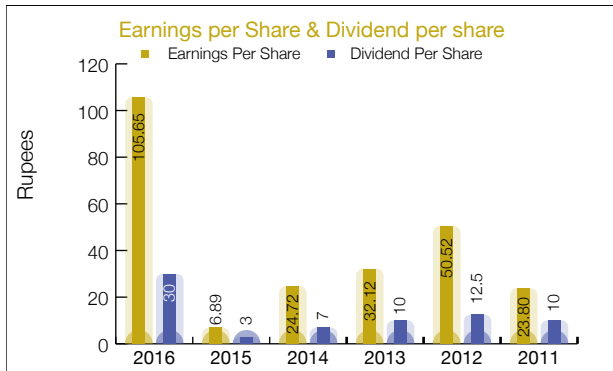
|  |       | 2016   | 2015   | 2014  | 2013  | 2012  | 2011  |
|--|-------|--------|--------|-------|-------|-------|-------|
| <b>Liquidity Ratios</b>                |       |        |        |       |       |       |       |
| Current Ratio                          | Times | 1.7    | 1.2    | 1.2   | 1.4   | 1.2   | 1.1   |
| Quick Ratio                            | Times | 0.8    | 0.6    | 0.4   | 0.7   | 0.5   | 0.5   |
| Cash to Current Liabilities            | Times | (0.04) | (0.01) | (0.4) | (0.5) | (0.4) | (0.4) |
| Cash Flow from Operations to Sales     | %     | 23.1   | 14.8   | 2.6   | 1.7   | 4.3   | 6.3   |
| Net Working Capital                    | Rs. M | 2,082  | 973    | 994   | 1,006 | 530   | 314   |
| Net Assets                             | Rs. M | 3,412  | 2,410  | 2,392 | 2,227 | 2,015 | 1,601 |
| Operating Cycle                        | Days  | 82     | 107    | 107   | 85    | 54    | 35    |
| Current assets to Total assets         | %     | 72.3   | 72.5   | 74.1  | 71.6  | 69.9  | 64.2  |
| Inventory / Current Assets             | %     | 54.6   | 54.1   | 65.6  | 53.5  | 53.0  | 59.9  |
| Inventory to Total Assets              | %     | 39.5   | 39.2   | 48.6  | 38.3  | 37.0  | 38.5  |
| <b>Activity Ratios</b>                 |       |        |        |       |       |       |       |
| Inventory Turnover                     | Times | 2.8    | 2.4    | 2.3   | 2.7   | 3.2   | 3.9   |
| Average No of Days inventory in stock  | Days  | 130    | 154    | 156   | 135   | 113   | 94    |
| Accounts Receivable Turnover           | Times | 13.9   | 12.4   | 12.1  | 9.5   | 13.9  | 33.3  |
| Average Collection Period              | Days  | 26     | 29     | 30    | 38    | 26    | 11    |
| Creditors Turnover                     | Times | 4.9    | 4.8    | 4.6   | 4.2   | 4.3   | 5.2   |
| Average Payment Period                 | Days  | 74     | 76     | 79    | 88    | 85    | 70    |
| Fixed Assets Turnover                  | Times | 6.4    | 5.4    | 4.9   | 4.8   | 5.3   | 4.9   |
| Operating Assets Turnover              | Times | 7.0    | 5.9    | 5.5   | 5.9   | 6.3   | 5.9   |
| Total Assets Turnover                  | Times | 1.7    | 1.5    | 1.3   | 1.3   | 1.6   | 1.7   |
| <b>Leverage</b>                        |       |        |        |       |       |       |       |
| Interest Earned                        | Times | 9.8    | 1.6    | 2.1   | 3.3   | 5.5   | 4.7   |
| Fixed Assets to Equity                 | Times | 0.5    | 0.8    | 0.8   | 0.8   | 0.8   | 1.0   |
| Financial Leverage                     | Times | 0.3    | 1.2    | 1.4   | 0.9   | 0.8   | 0.8   |
| <b>Profitability Ratios</b>            |       |        |        |       |       |       |       |
| Sales Growth                           | %     | 10.2   | 8.4    | 13.2  | 1.9   | 13.2  | 23.7  |
| COGS to Net Sales                      | %     | 66.2   | 74.0   | 74.4  | 69.5  | 69.5  | 73.3  |
| EBITDA* to Net Sales                   | %     | 15.9   | 7.3    | 8.8   | 11.6  | 12.9  | 10.0  |
| Profit Before Tax to Net Sales         | %     | 11.8   | 1.6    | 3.4   | 6.1   | 8.2   | 5.6   |
| Net Profit Margin                      | %     | 8.6    | 0.6    | 2.4   | 3.5   | 5.6   | 3.0   |
| Gross Profit Margin                    | %     | 33.8   | 26.0   | 25.6  | 30.5  | 30.5  | 26.7  |
| Operating Profit Margin                | %     | 13.2   | 4.3    | 6.3   | 8.8   | 10.1  | 7.0   |
| Return on Assets                       | %     | 14.9   | 0.9    | 3.0   | 4.7   | 8.9   | 5.2   |
| Return on Equity                       | %     | 29.9   | 2.8    | 10.0  | 13.9  | 24.2  | 14.3  |
| Return on Capital Employed             | %     | 31.8   | 8.6    | 12.0  | 18.5  | 27.2  | 21.1  |
| Admin. Dist. & Mktg. Exp. to Net Sales | %     | 20.1   | 22.9   | 21.0  | 19.3  | 20.7  | 20.9  |
| Admin. Dist. & Mktg. Exp. Variance     | %     | (2.9)  | 17.8   | 23.4  | (5.2) | 12.5  | 25.2  |
| Financial Charges to Net Income        | %     | 15.6   | 440.3  | 123.2 | 75.3  | 32.6  | 49.3  |
| <b>Market Value</b>                    |       |        |        |       |       |       |       |
| Market Value Per Share                 | Rs.   | 2,856  | 670    | 750   | 767   | 370   | 145   |
| Market / Book Ratio                    | Times | 8.1    | 2.7    | 3.0   | 3.3   | 1.8   | 0.9   |
| Earnings per share (before tax)        | Rs.   | 145.9  | 18.3   | 34.8  | 56.0  | 73.7  | 43.9  |
| Earnings per share (after tax)         | Rs.   | 105.6  | 6.9    | 24.7  | 32.1  | 50.5  | 23.8  |
| Price Earning Ratio                    | Times | 27.0   | 97.2   | 30.3  | 23.9  | 7.3   | 6.1   |
| Dividend per Share                     | Rs.   | 30.00  | 3.00   | 7.00  | 10.00 | 12.50 | 10.00 |
| Dividend Yield                         | %     | 1.1    | 0.4    | 0.9   | 1.3   | 3.4   | 6.9   |
| Dividend cover                         | Times | 3.5    | 2.3    | 3.4   | 3.2   | 4.0   | 2.2   |
| Payout Ratio (after tax)               | %     | 28.4   | 43.5   | 28.3  | 31.1  | 24.7  | 42.0  |
| Market Capitalisation                  | Rs.M  | 27,545 | 6,462  | 7,234 | 7,398 | 3,569 | 1,398 |
| Break-up value Per Share               | Rs.   | 353.8  | 249.9  | 248.0 | 230.9 | 209.0 | 166.0 |

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

# Operating & Financial Highlights



# Operating & Financial Highlights



# Horizontal Analysis



|   | 2016            | 16 Vs. 15      | 2015      | 15 Vs. 14 | 2014      | 14 Vs. 13 | 2013      | 13 Vs. 12 | 2012      | 12 Vs. 11 | 2011      | 11 Vs. 10 |
|---|-----------------|----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|   | Rs.             | %              | Rs.       | %         | Rs.       | %         | Rs.       | %         | Rs.       | %         | Rs.       | %         |
| <b>Operating Results (Rupees in million)</b>                    |                 |                |           |           |           |           |           |           |           |           |           |           |
| Net sales   | 11,890          | 10.2           | 10,786    | 8.4       | 9,949     | 13.2      | 8,792     | 1.9       | 8,628     | 13.2      | 7,620     | 23.7      |
| Cost of sales   | (7,869)         | (1.4)          | (7,980)   | 7.8       | (7,402)   | 21.1      | (6,114)   | 1.9       | (5,999)   | 7.4       | (5,586)   | 26.8      |
| Gross profit  | 4,021           | 43.3           | 2,806     | 10.2      | 2,547     | (4.9)     | 2,678     | 1.9       | 2,629     | 29.3      | 2,034     | 16.0      |
| Distribution, selling and administrative expenses               | (2,394)         | (2.8)          | (2,464)   | 17.7      | (2,093)   | 23.5      | (1,695)   | (5.2)     | (1,788)   | 12.5      | (1,589)   | 25.2      |
| Other expenses  | (137)           | 291.4          | (35)      | (23.9)    | (46)      | (81.6)    | (250)     | 9.2       | (229)     | 218.1     | (72)      | 33.3      |
| Other income  | 76              | (53.1)         | 162       | (27.0)    | 222       | 455.0     | 40        | (84.4)    | 257       | 56.7      | 164       | 60.8      |
| Operating profit  | 1,566           | 233.9          | 469       | (25.6)    | 630       | (18.5)    | 773       | (11.0)    | 869       | 61.8      | 537       | 0.9       |
| Finance costs   | (159)           | (45.7)         | (293)     | (0.3)     | (294)     | 26.2      | (233)     | 46.5      | (159)     | 40.7      | (113)     | (13.1)    |
| Profit before taxation  | 1,407           | 699.4          | 176       | (47.6)    | 336       | (37.8)    | 540       | (23.9)    | 710       | 67.5      | 424       | 5.5       |
| Taxation  | (388)           | 252.7          | (110)     | 13.4      | (97)      | (57.8)    | (230)     | 3.1       | (223)     | 14.9      | (194)     | 9.0       |
| <b>Net profit</b>   | <b>1,019</b>    | <b>1,443.9</b> | 66        | (72.4)    | 239       | (22.9)    | 310       | (36.3)    | 487       | 111.7     | 230       | 2.7       |
| <b>Balance Sheet (Rupees in million)</b>                        |                 |                |           |           |           |           |           |           |           |           |           |           |
| Fixed assets  | 1,867           | (7.3)          | 2,015     | (0.2)     | 2,019     | 9.4       | 1,845     | 13.3      | 1,628     | 4.4       | 1,559     | 10.6      |
| Other non-current assets  | 20              | 5.3            | 19        | 58.3      | 12        | -         | 12        | (7.7)     | 13        | 8.3       | 12        | 20.0      |
| Current assets  | 4,932           | (8.2)          | 5,373     | (7.3)     | 5,798     | 24.0      | 4,676     | 22.6      | 3,814     | 34.8      | 2,830     | 47.1      |
| Non-current assets classified as available for sale             | -               | -              | -         | -         | -         | -         | -         | -         | -         | -         | 5         | -         |
| <b>Total assets</b>   | <b>6,819</b>    | <b>(7.9)</b>   | 7,407     | (5.4)     | 7,829     | 19.8      | 6,533     | 19.8      | 5,455     | 23.8      | 4,406     | 31.6      |
| Ordinary share capital  | 96              | -              | 96        | -         | 96        | -         | 96        | -         | 96        | -         | 96        | -         |
| Reserves  | 3,316           | 43.3           | 2,314     | 0.8       | 2,296     | 7.8       | 2,130     | 11.0      | 1,919     | 27.5      | 1,505     | 10.3      |
| Non-current liabilities   | 557             | (6.9)          | 598       | (5.4)     | 632       | (0.8)     | 637       | 308.3     | 156       | (45.8)    | 288       | (44.4)    |
| Current liabilities   | 2,850           | (35.2)         | 4,399     | (8.4)     | 4,805     | 30.9      | 3,670     | 11.8      | 3,284     | 30.5      | 2,517     | 83.9      |
| <b>Total equity and liabilities</b>                             | <b>6,819</b>    | <b>(7.9)</b>   | 7,407     | (5.4)     | 7,829     | 19.8      | 6,533     | 19.8      | 5,455     | 23.8      | 4,406     | 31.6      |
| <b>Cash Flows (Rupees in thousand)</b>                          |                 |                |           |           |           |           |           |           |           |           |           |           |
| Cash generated from operations                                  | 2,747,015       | 72.3           | 1,594,235 | 521.2     | 256,633   | 72.9      | 148,443   | (59.7)    | 368,763   | (23.7)    | 483,042   | (58.9)    |
| Cash flows used in from operating activities                    | (837,389)       | 4.4            | (802,179) | 53.0      | (524,181) | 4.8       | (500,170) | (1.9)     | (509,862) | 4.1       | (489,691) | 65.9      |
| Cash flows used in investing activities                         | (178,452)       | (42.9)         | (312,671) | (25.0)    | (416,965) | (6.6)     | (446,255) | 418.1     | (86,141)  | (76.8)    | (371,077) | 101.4     |
| Cash flows (used in) / generated from financing activities      | (1,828,844)     | (212.0)        | 1,632,811 | 1,472.1   | 103,863   | (84.1)    | 652,540   | (338.5)   | (273,626) | (8.3)     | (298,270) | 200.5     |
| <b>Net (decrease) / (increase) in cash and cash equivalents</b> | <b>(97,670)</b> | <b>104.6</b>   | 2,112,196 | 463.8     | (580,650) | 299.2     | (145,442) | (71.0)    | (500,866) | (25.9)    | (675,996) | (213.3)   |
| <b>Number of Employees</b>                                      |                 |                |           |           |           |           |           |           |           |           |           |           |
| Number of permanent employees at year end                       | 988             |                | 1,000     |           | 1,014     |           | 943       |           | 896       |           | 777       |           |

# Vertical Analysis

| Vertical Analysis   | 2016            |              | 2015             |              | 2014             |              | 2013             |              | 2012             |              | 2011             |              |
|---|-----------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|
|   | Amount          | %            | Amount           | %            | Amount           | %            | Amount           | %            | Amount           | %            | Amount           | %            |
| <b>Operating Results (Rupees in million)</b>                    |                 |              |                  |              |                  |              |                  |              |                  |              |                  |              |
| Net sales   | 11,890          | 100.0        | 10,786           | 100.0        | 9,949            | 100.0        | 8,792            | 100.0        | 8,628            | 100.0        | 7,620            | 100.0        |
| Cost of sales   | (7,869)         | (66.2)       | (7,980)          | (74.0)       | (7,402)          | (74.4)       | (6,114)          | (69.5)       | (5,999)          | (69.5)       | (5,586)          | (73.3)       |
| Gross profit  | 4,021           | 33.8         | 2,806            | 26.0         | 2,547            | 25.6         | 2,678            | 30.5         | 2,629            | 30.5         | 2,034            | 26.7         |
| Distribution, selling and administrative expenses               | (2,394)         | (20.1)       | (2,464)          | (22.8)       | (2,093)          | (21.0)       | (1,695)          | (19.3)       | (1,788)          | (20.7)       | (1,589)          | (20.9)       |
| Other expenses  | (137)           | (1.2)        | (35)             | (0.3)        | (46)             | (0.5)        | (250)            | (2.8)        | (229)            | (2.7)        | (72)             | (0.9)        |
| Other income  | 76              | 0.6          | 162              | 1.5          | 222              | 2.2          | 40               | 0.5          | 257              | 3.0          | 164              | 2.2          |
| Operating profit  | 1,566           | 13.1         | 469              | 4.4          | 630              | 6.3          | 773              | 8.9          | 869              | 10.1         | 537              | 7.1          |
| Finance costs   | (159)           | (1.3)        | (293)            | (2.7)        | (294)            | (3.0)        | (233)            | (2.7)        | (159)            | (1.8)        | (113)            | (1.5)        |
| Profit before taxation  | 1,407           | 11.8         | 176              | 1.7          | 336              | 3.3          | 540              | 6.2          | 710              | 8.3          | 424              | 5.6          |
| Taxation  | (388)           | (3.3)        | (110)            | (1.0)        | (97)             | (2.6)        | (230)            | (2.6)        | (223)            | (2.6)        | (194)            | (2.5)        |
| <b>Net profit</b>   | <b>1,019</b>    | <b>8.5</b>   | <b>66</b>        | <b>0.7</b>   | <b>239</b>       | <b>2.3</b>   | <b>310</b>       | <b>3.6</b>   | <b>487</b>       | <b>5.7</b>   | <b>230</b>       | <b>3.1</b>   |
| <b>Balance Sheet (Rupees in million)</b>                        |                 |              |                  |              |                  |              |                  |              |                  |              |                  |              |
| Fixed assets  | 1,867           | 27.4         | 2,015            | 27.2         | 2,019            | 25.7         | 1,845            | 28.2         | 1,628            | 29.8         | 1,559            | 35.4         |
| Other non-current assets  | 20              | 0.3          | 19               | 0.3          | 12               | 0.2          | 12               | 0.2          | 13               | 0.2          | 12               | 0.3          |
| Current assets  | 4,932           | 72.3         | 5,373            | 72.5         | 5,798            | 74.1         | 4,676            | 71.6         | 3,814            | 70.0         | 2,830            | 64.2         |
| Non-current assets classified as available for sale             | -               | -            | -                | -            | -                | -            | -                | -            | -                | -            | 5                | 0.1          |
| <b>Total assets</b>   | <b>6,819</b>    | <b>100.0</b> | <b>7,407</b>     | <b>100.0</b> | <b>7,829</b>     | <b>100.0</b> | <b>6,533</b>     | <b>100.0</b> | <b>5,455</b>     | <b>100.0</b> | <b>4,406</b>     | <b>100.0</b> |
| Ordinary share capital  | 96              | 1.4          | 96               | 1.3          | 96               | 1.2          | 96               | 1.5          | 96               | 1.8          | 96               | 2.2          |
| Reserves  | 3,316           | 48.6         | 2,314            | 31.2         | 2,296            | 29.3         | 2,130            | 32.6         | 1,919            | 35.2         | 1,505            | 34.2         |
| Non-current liabilities   | 557             | 8.2          | 598              | 8.1          | 632              | 8.1          | 637              | 9.8          | 156              | 2.9          | 288              | 6.5          |
| Current liabilities   | 2,850           | 41.8         | 4,399            | 59.4         | 4,805            | 61.4         | 3,670            | 56.1         | 3,284            | 60.1         | 2,517            | 57.1         |
| <b>Total equity and liabilities</b>                             | <b>6,819</b>    | <b>100.0</b> | <b>7,407</b>     | <b>100.0</b> | <b>7,829</b>     | <b>100.0</b> | <b>6,533</b>     | <b>100.0</b> | <b>5,455</b>     | <b>100.0</b> | <b>4,406</b>     | <b>100.0</b> |
| <b>Cash Flows (Rupees in thousand)</b>                          |                 |              |                  |              |                  |              |                  |              |                  |              |                  |              |
| Cash generated from operations                                  | 2,747,015       | (2,812.5)    | 1,594,235        | 75.5         | 256,633          | (44.2)       | 148,443          | (102.0)      | 368,763          | (73.6)       | 483,042          | (71.5)       |
| Cash flows used in from operating activities                    | (837,389)       | 857.4        | (802,179)        | (38.0)       | (524,181)        | 90.3         | (500,170)        | 343.9        | (509,862)        | 101.8        | (489,691)        | 72.4         |
| Cash flows used in investing activities                         | (178,452)       | 182.7        | (312,671)        | (14.8)       | (416,965)        | 71.8         | (446,255)        | 306.8        | (86,141)         | 17.2         | (371,077)        | 54.9         |
| Cash flows from (used in) / generated from financing activities | (1,828,844)     | 1,872.4      | 1,632,811        | 77.3         | 103,863          | (17.9)       | 652,540          | (448.7)      | (273,626)        | 54.6         | (298,270)        | 44.2         |
| <b>Net (decrease) / increase in cash and cash equivalents</b>   | <b>(97,670)</b> | <b>100.0</b> | <b>2,112,196</b> | <b>100.0</b> | <b>(580,650)</b> | <b>100.0</b> | <b>(145,442)</b> | <b>100.0</b> | <b>(500,866)</b> | <b>100.0</b> | <b>(675,996)</b> | <b>100.0</b> |
| <b>Number of Employees</b>                                      |                 |              |                  |              |                  |              |                  |              |                  |              |                  |              |
| Number of permanent employees at year end                       | 988             |              | 1,000            |              | 1,014            |              | 943              |              | 896              |              | 777              |              |

# Notice of Meeting



Notice is hereby given that the 49th Annual General Meeting of the Company will be held on Tuesday, 25th April, 2017 at 14:00 hours 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 25th April, 2016.
2. To receive and adopt the Balance Sheet and Profit & Loss Account for the year ended 31st December, 2016 together with the Directors' and Auditors' reports thereon.
3. To approve and declare dividend on the ordinary shares of the company. The directors have recommended a cash dividend of Rs. 30.00 (300%) per share.
4. To appoint external auditors for the year ending 31st December, 2017 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 31st December, 2017.
5. To elect nine Directors as fixed by the Board, in accordance with the provisions of section 178 of the Companies Ordinance, 1984 for a term of three years, in place of the retiring Directors namely Messrs. Syed Babar Ali, Dr. Asim Jamal, Arshad Ali Gohar, Syed Hyder Ali, Javed Iqbal, Yasser Pirmuhammad, Patrick Aghanian, Patrick Chocat and Franck Vidor.
6. To transact any other business with the permission of the Chair.

## SPECIAL BUSINESS:

7. To consider, and if thought fit, to pass the following resolution as a Special Resolution:

RESOLVED THAT the Articles of Association of the Company be and is hereby amended under the heading of "Votes of Members" as follows:

Article 62 may be replaced by the following:

"62. Votes may be cast either, personally or by proxy or electronically, or in the case of a corporation, by a representative duly authorized as aforesaid provided. However, a member shall not be entitled to appoint more than one proxy to attend any one meeting. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way."

Article 63 may be amended by the following:

"Notwithstanding anything contained in the Articles of Association of the Company, a non-member may be appointed as proxy for the purpose of e-Voting in accordance with guidelines issued by the Securities & Exchange Commission of Pakistan."

The following new Article 67A shall be added after Article 67

"67A. Notwithstanding Article 67, an instrument appointing a proxy for the purpose of e-Voting shall be in following form, and shall be deposited in writing with the Company at its registered office or through email at the email address of the Company provided for this purpose, at least ten (10) days prior to the date of general meeting.



# Notice of Meeting

## sanofi-aventis Pakistan limited

I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of sanofi-aventis Pakistan limited, holder of \_\_\_\_\_ ordinary share(s) as per registered folio/CDC investor account number \_\_\_\_\_ hereby opt for e-Voting through intermediary and hereby consent the appointment of execution officer \_\_\_\_\_ as proxy and will exercise e-Voting as per The Companies (e-Voting) Regulations, 2016 and hereby demand for poll for resolutions. My secured email address is \_\_\_\_\_. Please send login details, password and electronic signature through email.”  
As witness my/our hand(s) this \_\_\_\_ day of 20\_\_ Signed by the said \_\_\_\_\_.

RESOLVED THAT the Articles of Association of the Company be and is hereby amended under the heading of “Proceedings of Directors” as follows:

The following new Article 94A shall be added after Article 94

“94A. The directors of the Company, whether in Pakistan or abroad, may participate in the meetings of the Board or any of its sub-committees through tele/video conferencing.”

The following new Article 100A shall be added after Article 100

“100A. The draft minutes of the meeting shall be sent to director(s) including those directors who attended the meeting through tele/video conferencing for their confirmation. Thereafter, the minutes shall be signed by the Chairman”.

RESOLVED THAT the Articles of Association of the Company be and is hereby amended under the heading of “Accounts” as follows:

The following new Article 119A shall be added after Article 119

“119A. Notwithstanding anything contained in the Articles of Association of the Company, the Company may, subject to conditions notified by the Securities & Exchange Commission of Pakistan, circulate the notice of meetings and Annual Audited Accounts including Balance Sheet, Profit and Loss Account together with the reports of the Auditors and the directors etc. to its members through CD/DVD/USB/email at their registered addresses. The Company shall obtain email addresses of its members who opt to receive Annual Audited Financial Statements and notices through email. The Company shall supply hard copies of Annual Audited Financial Statements to shareholders on demand within the timeframe prescribed by the Securities & Exchange Commission of Pakistan.”

The Article 123 shall be amended as follows:

“123. A notice may be given by the Company to any Member either personally or electronically via email at the email address provided by him or by sending it by post to him to his registered address or, if he has no registered address in Pakistan, to the address, if any, within Pakistan supplied by him to the Company for the giving of notices to him.”

8. To consider and approve transmission/communication of Annual Audited Financial Statements, Auditors Report and Directors Report etc. (Annual Report) to members through email/electronic and digital means or by way of CD/DVD/USB or other permissible compatible electronic medium at their registered or notified address pursuant to the notification under SRO 470(I) 2016 dated 31 May 2016 issued by the Securities and Exchange Commission of Pakistan and if thought fit to pass the following resolution is as ordinary resolution.

# Notice of Meeting



RESOLVED THAT under and pursuant to SRO 470(I) 2016 dated 31 May 2016 issued by the Securities and Exchange Commission of Pakistan the transmission/communication of Annual Audited Financial Statements, Auditors Report and Directors Report etc. (Annual Report) to members at their registered or notified address in soft copy by way of email/electronic and digital means or by way of CD/DVD/USB or other permissible compatible electronic medium instead of transmitting the Annual Report in hard copies, be and is hereby approved.

By Order of the Board

Saad Usman  
Company Secretary

Karachi, April 3, 2017.

## Notes:

1. The Share Transfer Books of the Company shall remain closed from 19th April, 2017 to 25th April, 2017 (both days inclusive). Transfers received at Company's Share Registrar namely FAMCO ASSOCIATES (PVT) LTD, 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S, Shakra-e-Faisal, Karachi, by the close of business on April 18, 2017 will be considered in time for the purpose of payment of final dividend to the transferees.
2. 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.
3. Shareholders whose shares are deposited with Central Depository Company (CDC) are requested to bring their original computerized national identity card and account number in the CDC for verification.
4. Shareholders are requested to notify the change of their addresses, if any and provide the copy of their CNIC to Share Registrar, FAMCO ASSOCIATES (PVT) LTD, 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S, Shakra-e-Faisal, Karachi, if not already provided.
5. Every person who seeks to contest election to the office of Director shall whether he is a retiring Director or otherwise, file with Company not later than 14 days before the date of this meeting, a notice of his / her intention to offer himself / herself for election as a director along with his / her own consent in the prescribed form to his / her appointment as Director of the Company along with declaration as required under the Code of Corporate Governance.
6. CDC account holders will further have to follow the guidelines as laid down in Circular No.1, dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan for attending the meeting and appointment of proxies.
7. Annual Audited Financial Statements of the Company for the financial year ended December 31, 2016 have been uploaded on the Company's website i.e. [www.sanofi.com.pk](http://www.sanofi.com.pk)
8. As has already been notified from time to time, the Securities and Exchange Commission of Pakistan (SECP) vide Notification S.R.O. 19(I)/2014 dated 10th January 2014 read with Notification S.R.O. 831(1)/2012 dated July 5, 2012 require that the Dividend Warrant(s) should also bear the Computerized National Identity Card (CNIC) Number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s).

Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) / NTN (corporate entities) by shareholders.

# Notice of Meeting

## 9. Deduction of Income Tax from Dividend under Section 150 the Income Tax Ordinance, 2001:

i) The Government of Pakistan through Finance Act, 2015 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the account of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- a) For filers of income tax returns: 12.50%
- b) For non-filers of income tax returns: 20.00%

To enable the company to make tax deduction on the amount of cash dividend @ 12.50% instead of 20.00% all the shareholders whose names are not entered into the Active Tax-payers List (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 well before the date for payment of the above cash dividend, otherwise tax on their cash dividend will be deducted @ 20.00% instead of 12.50%.

- 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., by the first day of Book Closure.
- iii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding 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 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).

- iv) For any query/problem/information, the investors may contact the Company Secretary at phone: 92 21 35060221 and email address saad.usman@sanofi.com and/or FAMCO Associates (Pvt.) Ltd. at phone 021-34380101-5 and email address: info.shares@famco.com.pk
- v) 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.

## Proxy Form

I/We \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ (full address) being a member of sanofi-aventis Pakistan  
limited holding \_\_\_\_\_ ordinary shares hereby appoint  
\_\_\_\_\_ of \_\_\_\_\_  
(full address) or failing him \_\_\_\_\_  
of \_\_\_\_\_ (full address) as my / our proxy in my/our absence  
to attend and vote for me / us and on my / our behalf at the 49th Annual General Meeting of  
the Company to be held on Tuesday, April 25, 2017 and at any adjournment thereof.

As witness my / our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

### Witness No.1

Name \_\_\_\_\_

Address \_\_\_\_\_

C.N.I.C. No. \_\_\_\_\_

Rs. 10/-  
Revenue  
Stamp

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

### Witness No.2

Name \_\_\_\_\_

Address \_\_\_\_\_

C.N.I.C. No. \_\_\_\_\_

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

Folio No. \_\_\_\_\_

Participant ID No. \_\_\_\_\_

Account No. in CDS \_\_\_\_\_

### 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 not less than 48 hours before the time for holding the meeting.
4. The instrument appointing a proxy should be signed by the member or by his attorney duly authorized in writing. If the member is corporation its common seal should be affixed to the instrument.
5. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, not less than 48 hours before the time of holding the meeting.
6. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

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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 / مسمیاء-----  
----- (مکمل پتہ) سنوفی۔ 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  
۲۹ویں سالانہ اجلاس عام، منعقدہ پیر، ۲۵ اپریل، ۲۰۱۷ میں شریک ہو کر میری / ہماری جانب سے ووٹ دے سکے اور دیگر کسی التوا میں  
بھی شامل ہو سکے۔

میرے / ہمارے سامنے----- بروز----- ۲۰۱۷ کو دستخط کئے گئے۔

۱۰ روپے  
کارپوریٹ  
اسٹامپ

گواہ نمبر ۱

نام

پتہ

رکن (ارکان) کے دستخط

سی این آئی سی نمبر-----

گواہ نمبر ۲

نام

پتہ

(نام جلی حروف میں)

فولیو نمبر-----  
شریک ہونے والے کا آئی ڈی نمبر-----  
سی ڈی ایس میں اکاؤنٹ نمبر-----

سی این آئی سی نمبر-----

ضروری

1- سی ڈی سی اکاؤنٹ ہولڈرز سے درخواست ہے کہ ایس ای سی پی کے سرکلر نمبر 1 آف ۲۰۰۰ کے رہنما اصولوں کی سختی سے پیروی کریں۔

2- 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۔

3- 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، اجلاس شروع ہونے سے ۴۸ گھنٹے قبل رجسٹرڈ آفس میں جمع کرانی ہوگی۔

4- پراکسی کو مقرر کرنے کی دستاویز پر رکن یا اٹارنی کے تحریری دستخط ہونے چاہئیں۔ اگر رکن کارپوریشن ہے تو دستاویز پر مہر چسپاں ہونی چاہئے۔

5- مکمل اور دستخط شدہ پراکسی فارم اجلاس شروع ہونے سے ۴۸ گھنٹے پہلے کمپنی کے رجسٹرڈ آفس پر موصول ہو جانا چاہیے۔

6- اگر کوئی رکن ایک سے زیادہ پراکسی یا پراکسی کے ایک سے زیادہ دستاویزات کمپنی کے پاس جمع کراتا 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,  
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\*Mobile apps are also available for download for android and ios devices



sanofi-aventis Pakistan limited

Plot 23, Sector 22, Korangi Industrial Area, Karachi-74900 Pakistan,  
P.O.Box 4962, Karachi-74000  
PABX: +92-21-3506 0221-35, Fax: +92-21-3506 0358  
[www.sanofi.com.pk](http://www.sanofi.com.pk)