

# 30 YEARS OF QUALITY







Quality at AGP  
is consciously practiced  
at all levels, conforming to  
stringent standards. During its  
foundation years, AGP partnered  
with many global pharmaceutical  
power houses, and went through  
rigorous and frequent quality  
audits from them. As a result, our  
quality management systems  
became strong, which is  
the core strength of  
AGP.

GUIDED BY QUALITY  
POWERED BY PEOPLE

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# Company Information

**Board of Directors**

Mr. Tariq Moinuddin Khan  
Chairman

Ms. Nusrat Munshi  
Managing Director &  
Chief Executive Officer

Mr. Naved Abid Khan  
Independent Director

Mr. Zafar Iqbal Sobani  
Independent Director

Mr. Kamran Nishat  
Non Executive Director

Mr. Mahmud Yar Hiraj  
Non Executive Director

Mr. Muhammad Kamran Mirza  
Non Executive Director

**Audit Committee**

Mr. Zafar Iqbal Sobani – Chairman  
Mr. Kamran Nishat  
Mr. Mahmud Yar Hiraj  
Mr. Muhammad Kamran Mirza

**Human Resource and  
Remuneration Committee**

Mr. Naved Abid Khan – Chairman  
Ms. Nusrat Munshi  
Mr. Mahmud Yar Hiraj  
Mr. Muhammad Kamran Mirza

**Chief Financial Officer**

Mr. Junaaid Aslam

**Company Secretary**

Mr. Adnan Husseini

**Head of Internal Audit**

Mr. Shahzaib Tariq

**Auditors**

EY Ford Rhodes  
Chartered Accountants

**Legal advisors**

Sattar & Sattar

**Share Registrar**

Central Depository Company of Pakistan Limited

**Bankers**

Dubai Islamic bank  
Faysal Bank Limited  
JS Bank Limited  
MCB Islamic Bank Limited  
MCB Limited  
Meezan Bank limited  
The Bank of Punjab  
United Bank Limited

**Credit Rating by the Pakistan Credit Rating Agency**

Long term entity rating A (Single A)  
Short term entity rating A1 (A One)

**Registered Office and Plant-I**

B-23-C, S.I.T.E., Karachi  
Tel: +9221 111-247-247  
Fax: +9221 32570678

**Plant-II**

D-109, S.I.T.E., Karachi  
Tel: +9221 32572695 & 32563598.  
Fax: +9221 32564670

Website and email: [www.agp.com.pk](http://www.agp.com.pk).  
Email: [info@agp.com.pk](mailto:info@agp.com.pk)





# About AGP

AGP began its commercial operations in 1989. It has steadily grown through manufacturing and marketing products under licensing arrangements with many companies of international repute, as well as its own brands.

## Vision

AGP vision is based on quality and professionalism. Our people and resources are dedicated to provide quality products and ethical services to meet the needs of customers in a responsible manner.

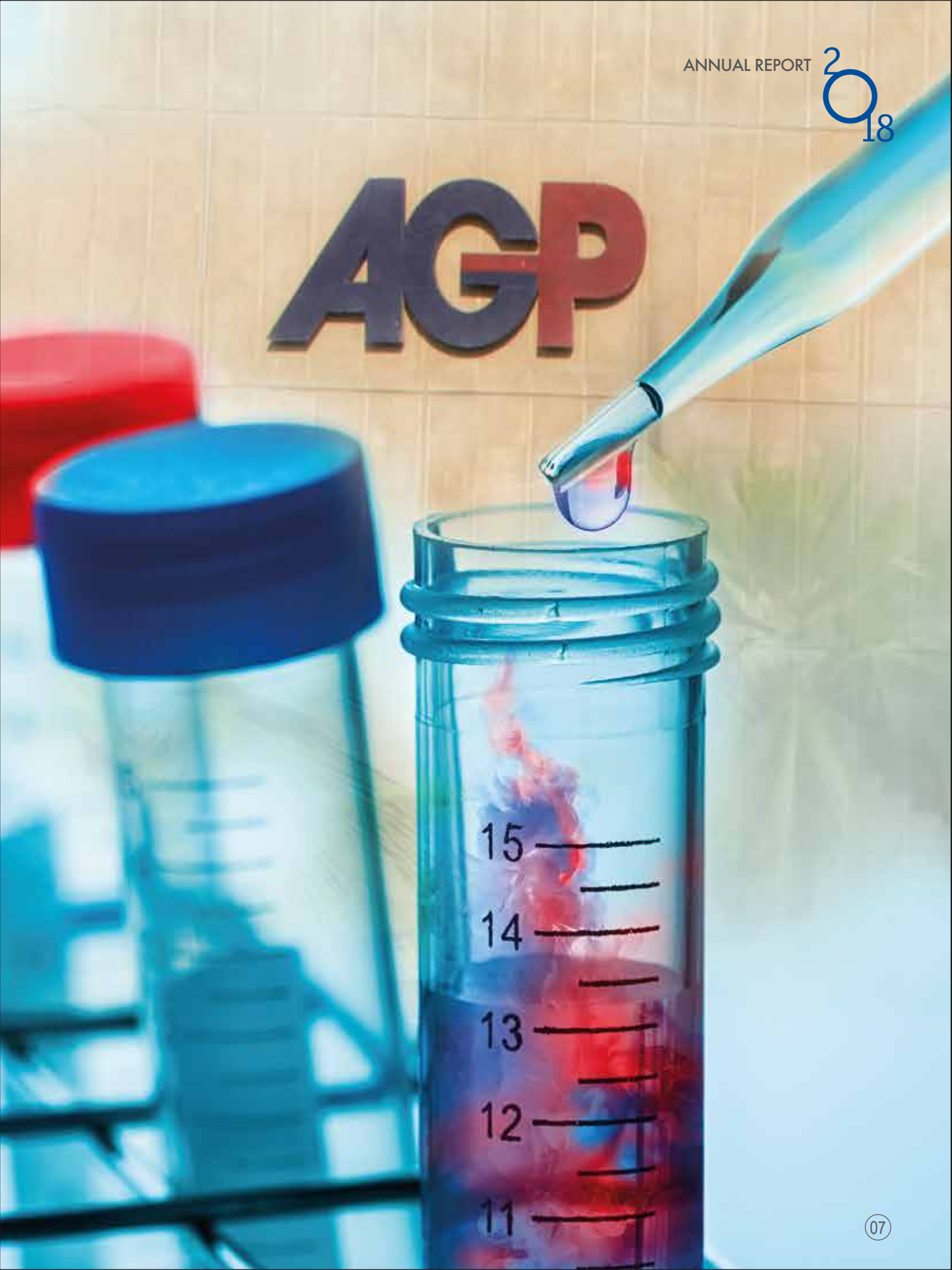
There is an emphasis on employee pride, meticulous quality control and optimum resource utilization to achieve and maintain a leadership position in the healthcare industry, to grow through aggressive but ethical marketing, and to maintain synergy in our business. We are also conscious of our social responsibility to improve the quality of life of our customers, our staff and the society we inhabit; and every step taken at AGP is geared towards a better, healthier life for all as we practice our slogan – **we value life**

## Mission

Create value for our customers, employees and shareholders, through effective use of available resources, by manufacturing and marketing healthcare products in an ethical manner conforming to international quality standards, whilst leveraging company's brands, market standing and image.



# AGP



**1989**

AGP starts commercial operations

**1991**

AGP enters into a joint venture with Eli Lilly Pakistan for their cephalosporins range

**1995**

AGP signs an agreement with UCB Belgium to manufacture & market their products



**2009**

AGP enters into a supply agreement with GSK Pakistan for manufacturing of UCB products



**2014**

OBS led consortium (through an SPV Appollo Pharma) acquires AGP

**2015**

AGP (Pvt.) Ltd. & AGP Healthcare (Pvt.) Ltd. merge into AGP Limited (Formerly Appollo Pharma)



# HISTORY TIMELINE

**2003**

AGP purchases Eli Lilly brand rights for Ceclor, Keflex, Kefzol & Nebcin in Pakistan



**2006**

AGP enters into an agreement with OM Switzerland (now Vifor) to manufacture & market selected products



**2007**

AGP purchases UCB brand rights for Rigix in Pakistan



**2015**

AGP signs an agreement with Mylan for marketing & sales of their products in Pakistan



**2018**

AGP lists on Pakistan Stock Exchange





AGP has two manufacturing facilities situated in the S.I.T.E industrial area, Karachi. The main plant is a GMP compliant, ISO 9001-2015 certified facility with capacity to manufacture liquids, tablets, capsules, dry powder sachets and injectable ampoules. It also has a dedicated state of art section for new product development. The other plant is a GMP compliant cephalosporin facility, with capacity to manufacture dry powder liquid suspensions, tablets and capsules.

AGP manufactured over **40 million packs** in 2018 comprising of **52 brands** with **122 SKUs** in these two facilities. Our top three products; **Rigix**, **Cecolor** and **Osnate** are market leaders in their respective therapeutic classes.



# Rigix<sup>®</sup> 10mg

(Cetirizine Hydrochloride)



## Four Seasons One Solution

Rigix is the top selling antihistamine in Pakistan and has been a leading brand since long. Rigix contains cetirizine, which is prescribed to manage several chronic and temporary allergic conditions such as seasonal and perennial allergic rhinitis, dermatitis, urticarial and eczema. Rigix is available in tablets for adults and oral solution for children.



# Osnate-D<sup>®</sup>

OHC + Vitamin D  
More than just calcium

AGP was the pioneer in launching calcium in the form of Ossein Mineral Complex in Pakistan. Osnate is a leading brand in the bone mineral complex market. Osnate-D contains Ossien Mineral Complex, a well-researched, standardized extract from one of the world's safest premium sources of bone containing calcium, phosphorus, bioactive growth factors that naturally comprise healthy bone. Osnate-D also contains Vitamin D that supports intestinal calcium absorption in the body and completes the comprehensiveness of this bone-support formula. Osnate-D is indicated in calcium deficiency and is available in tablets for adults & suspension for children.





# CECLOR<sup>®</sup>

(CEFACTOR)

**A TRUSTWORTHY COMPANION**

Ceclor is the market leader in the category of Cefaclor (Cephalosporins) and is a brand with global existence, in 17 different countries including USA, Europe & Canada. A time-tested brand with its unmatched quality & proven efficacy, Ceclor is a drug of choice in treatment of upper & lower respiratory tract infections, urinary tract infections, skin & soft tissues infections.

It is available in drops, dry powder oral suspension, tablets and capsules.



Mylan (USA) is the 2nd largest generic drug manufacturer and specialty pharmaceutical companies in the world, having presence in over 165 Countries with 40+ production facilities across 4 continents. Mylan is also a licensed partner of Gilead Sciences and dedicated to provide quality drugs at affordable prices. AGP has partnered with Mylan, in Pakistan for marketing Mylan products in the following major portfolios:

## HEPATOLOGY

In Pakistan, Hepatitis C Virus (HCV) is a major healthcare problem, with acute and chronic infections responsible for liver damage, cirrhosis and hepatocellular carcinoma. A survey done in 2007, by WHO, revealed that 5% of Pakistan's population is infected by HCV.

The Company has launched, MyHep, MyDekla and MyHep All in Pakistan, providing therapeutic options to treat Hepatitis C. All these products are being manufactured in an FDA approved facility.

## ONCOLOGY

According to Globocan, Pakistan witnessed around 174,000 reported cancer cases in 2018, resulting in more than 118,000 mortalities. Breast cancer constitutes more than 20% of the reported cancer types in Pakistan.

AGP has launched Hertraz which is indicated for the treatment of adult patients with HER2 breast cancer. Hertraz is the first FDA approved biosimilar of Trastuzumab.

## ANTI-RETROVIRAL (ARV) DRUGS - Human Immunodeficiency Virus (HIV)

Although the estimated HIV burden is still low, Pakistan is facing a concentrated epidemic among injecting drug users (IDUs) with HIV prevalence of 21% among IDUs in major urban centres.

Current estimate by UNAIDS suggests there are approximately 150,000 HIV positive patients in Pakistan. AGP is working with Mylan to make ARV products for HIV treatment available, in Pakistan, in the near future.





# Nation-wide distribution partner - Muller & Phipps Pakistan (Private) Ltd. (M&P)

AGP distributes its products through M&P, which is the largest pharmaceutical distribution network in Pakistan. M&P has more than 100 years of experience in this business with an annual turnover of more than Rs.100 Billion. M&P has over 60 branches across Pakistan with reach to over 32,000 pharmacies.





## Directors' Profile



**Mr. Tariq Moinuddin Khan**  
Chairman – Board of Directors

Mr. Tariq Moinuddin Khan has over 30 years of broad based pharmaceutical experience. He is the Chairman of the OBS Group, which is amongst the top ten pharmaceutical establishments in Pakistan. In addition, he is the Honorary Consul General of Netherlands in Karachi, Secretary General of World Federation of Consuls, Brussels for Pakistan Chapter, Former President of Pakistan Sri Lanka Business Forum to promote trade between the two countries and Member of ASPEN Institute (USA) Partners for New Beginning Program (PNB) which was the initiative of President Obama with entrepreneurs of the Muslim World to create 500,000 jobs.

He started his professional career with the largest regional audit firm, Richter Usher and Vineberg Chartered Accountants, Montreal, Canada. He joined the Jewish General Hospital (McGill University) as its Financial Controller in 1987. This followed by a move to Kingdom of Saudi Arabia (KSA) to join the Mawarid Trading Company (owned by the Saudi Royal Family) as Group Chief Financial Officer in 1993. He joined Organon (now part of Merck & Co. Inc. USA) in 1999. Later, he migrated to Pakistan as Managing Director, Organon. Subsequently, responsibilities for KSA were also handed to him where he became Managing Director for Pakistan & KSA.

He is a graduate of the Concordia University, Montreal Canada and has a Post Graduate Diploma in Public Accountancy (GDPA) from McGill University. He is also a Certified Management Accountant from Ontario Canada and Certified Public Accountant from California, USA.

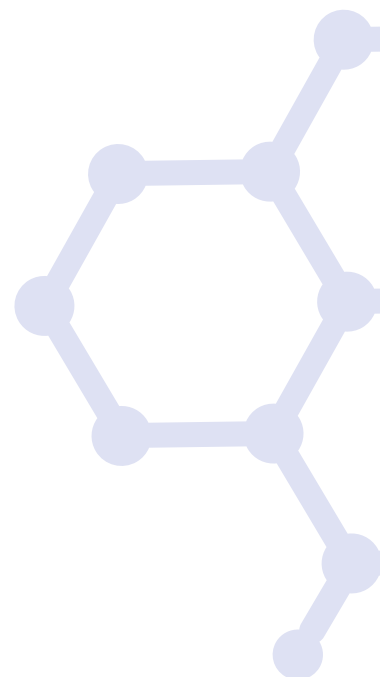


**Ms. Nusrat Munshi**  
Managing Director & Chief Executive Officer

Ms. Nusrat Munshi has over 28 years of broad based experience in banking and pharmaceutical sector. She is the Managing Director and CEO of AGP Limited and also serves as director on the Board of OBS Pakistan (Private) Limited, OBS Healthcare (Private) Limited, and Aspin Pharma (Private) Limited. She joined AGP Limited in June 2007 and worked as Director of Finance, Information Systems and HR prior to her elevation as the Managing Director in 2009. She successfully steered the Company during the critical process of change in ownership in 2014 after which the Company has emerged much stronger with long term horizon.

She started her career with the Banking Industry and has experience of over a decade in Treasury, Corporate and Credit. She has also worked with HSBC Canada and was the Regional Corporate Head at HSBC, Pakistan before joining AGP Limited.

She holds a BBA (Hons) and MBA from the Institute of Business Administration and a second MBA from the Queens University, Canada.



**Mr. Naved Abid Khan**

Chairman – Human Resource and Remuneration Committee

Mr. Naved Abid Khan brings along with him over 30 years of work experience with 27 years of broad based banking experience. He is currently serving as Chairman & Chief Executive of Sharmeen Khan Memorial Foundation named after his late wife and as Board Member of Karachi Shipyard and Engineering Works, Fauji Fertilizer Bin Qasim, Dubai Islamic Bank, Galiyat Development Authority, KPK, NRSP Microfinance Bank Limited, Bahria Foundation and Gas & Oil Company Pakistan Limited.

During his career, he has served as the President & Chief Executive Officer of Faysal Bank Limited, ABN Amro Bank Pakistan Limited, President of Overseas Investors Chambers of Commerce and Industry, Chairman of Pakistan Banks Association, Faysal Asset Management Limited, Academic Board of Institute of Bankers Pakistan, President of Rotary Club of Karachi Metropolitan, Vice President of Institute of Bankers Pakistan and Member of the Institute of Bankers' Council. He also served at senior key positions in Bank of America, Pakistan.

He holds a Bachelor of Science Degree from Indiana University, USA and a Master of Business Administration degree from Butler University, USA.

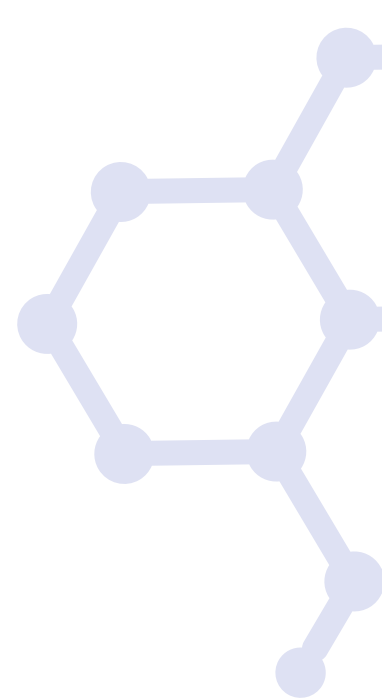
**Mr. Zafar Iqbal Sobani**

Chairman – Audit Committee

Mr. Zafar Iqbal Sobani brings with him over 40 years' of experience of working in the manufacturing, power sector and audit profession in Pakistan and in the Middle East. Currently he is engaged in the finance, business and power sector consultancy and he is also a business entrepreneur. He is serving as a Board Member of Privatization Commission since January 2014 and has actively contributed in the Privatization transactions carried during this period which included spade work on PSE and Energy sector. In addition, he is on the Board of TRG (Pakistan) Limited, Primus Leasing Limited – subsidiary of Pak Brunei Investment Company Limited, IT Minds – a subsidiary of Central Depository Company and Hadron Solar – Developer of Solar solutions. He is also a Chairman of ICAP Audit Committee.

During his career, he worked for two years with House of Habib between 2015 and 2013 in the areas of New Project Development and Real Estate Management. He has rich exposure to the power sector industry in the country along with strong relationship with all the major stake holders. His experience includes leading the power sector of the Country as CEO of Hubco Pakistan with three IPP based power project between 2013 and 2011 and CEO of Liberty Power Tech 200 MW IPP based power project between 2011 and 2008. Majority of his career was spent with Century Paper & Board, a part of Lakson Group, between 2008 and 1990 in the areas of finance, arranging project funding for large size projects treasury, costing and supply chain. In addition was responsible for overall coordination of the Finance Department of the group. He also worked with Pakistan Oxygen Limited between 1990 and 1985 in the core finance functions. He has been the President of Institute of Chartered Accountants of Pakistan (ICAP) and served actively in council and regional committee in various capacities. He also remained Chairman of Quality Control Board for nine years and was entrusted with the objective of overseeing the quality of audit assurance work in Pakistan. He also remained Member of the managing committees of Overseas Investors Chamber of Commerce and Industry. He was the Sponsor Director of Pakistan Institute of Corporate Governance in year 2005 and 2004 and has Certification as a trainer of Corporate Governance by IFC.

He obtained qualification of Chartered Accountancy and Cost & Management Accountancy in the early eighties from Pakistan. He worked with A.F. Ferguson (PWC) in Pakistan and Ernst and Young, Saudi Arabia.







**Mr. Kamran Nishat**  
Non-Executive Director

Mr. Kamran Nishat holds 34 years of professional experience and is the Chief Executive Officer of Muller & Phipps Pakistan (Private) Limited, M&P Express Logistics (Private) Limited, Tech Sirat (Private) Limited, Veribest Brands Pakistan (Private) Limited, Tech Sirat Technologies (Private) Limited, Logex (Private) Limited and OCS Road & Rail Cargo (Private) Limited. He is also on the Board of Cyan Limited and Briogene (Private) Limited.

He has been the Member of Accounting and Auditing Standards Committee (South) of the Institute of Chartered Accountants of Pakistan (ICAP), Information Technology Committee (South) of the ICAP, Management Association of Pakistan and President of American Business Counsel. He also served as Senior Manager at Sidat Hyder Morshed Associates (Private) Limited, Group Financial Controller at MIMA Group, General Manager Corporate Affairs at Dawood Hercules Chemicals Limited, Deputy Managing Director at Central Cotton Mills Limited and Manager Finance at Al-Ghazi Tractors.

He is a Chartered Accountant and a fellow member of ICAP.

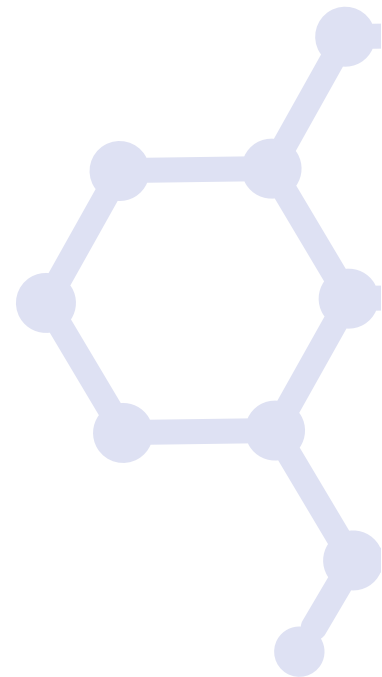


**Mr. Mahmud Yar Hiraj**  
Non-Executive Director

Mr. Mahmud Yar Hiraj has over 15 years of experience in corporate finance, investment banking, principal investing, private equity and asset management. He has worked at leading global investment banks and financial institutions in US, UK and Canada. He is currently serving as a Board Member of Triconboston Consulting Corporation and Baltoro Partners.

He started his career with Salomon Smith Barney in New York before moving to London with Citigroup's Financial Sponsors Group, where he was covering leading Private Equity firms. Prior to moving back to Pakistan in 2012 to join Abu Dhabi Group, he spent five years with JP Morgan and Scotia Capital. During this period, he advised various US, Canadian and other international Fortune 500 Companies and sponsors on mergers and acquisitions, and capital market fund raising opportunities.

He holds a Bachelors of Arts in Economics from McGill University and a MBA from Yale School of Management





**Mr. Muhammad Kamran Mirza**  
Non-Executive Director

Mr. Muhammad Kamran Mirza brings with him over 11 years of experience of Financial Markets focused primarily on Sell-side and Buy-side Investment Advisory. Prior to joining OBS, he was part of JS Bank Limited as Executive Vice President and Head of Investment Banking Group where he advised corporates on mergers, acquisitions, divestitures, debt and equity capital market transactions with a focus on pharmaceutical, microfinance, logistics, financial services and industrials sectors.

He joined JS Bank in 2007 as an analyst and due to his entrepreneurial mindset and ability to steer the franchise to deliver strong performance through the cycles, he rose to a position of Head of Investment Banking in a very short span of time. Prior to joining JS Bank, he had a short stint with a leading telecom company as Projects Management Executive.

He is a MBA graduate from Institute of Business Management (CBM) and also holds an undergraduate degree in commerce with a gold medal.





## The Management Team

1. **Ms. Nusrat Munshi**  
Managing Director & CEO
2. **Ms. Seema Zohra**  
Head of Quality Operations
3. **Mr. Junaid Aslam**  
Chief Financial Officer
4. **Mr. Shakil Ahmed**  
Director Marketing & Sales - Division A
5. **Mr. Junaid Jumani**  
Deputy Director HR & Admin
6. **Mr. Tauqir Ahmed**  
Director Technical Operations and NPD
7. **Mr. Sajid Qadeer**  
Head of Supply Chain
8. **Mr. Adnan Husseini**  
Company Secretary
9. **Mr. Ahmed Bin Qasim**  
Director Marketing & Sales - Division B
10. **Mr. Shahzaib Tariq**  
Head of Internal Audit
11. **Dr. Imran Khalid**  
Deputy Managing Director



# Notice of 5<sup>th</sup> Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of the members of the Company will be held on Wednesday, April 17, 2019 at 03:00 PM at Movenpick Hotel situated at Club Road, Civil Lines, Karachi to transact the following business:

## ORDINARY BUSINESS:

1. To confirm the minutes of the Extraordinary General Meeting of the Shareholders of the Company held on June 07, 2018.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended December 31, 2018 together with the Chairman's Review Report and Reports of the Directors' and Auditors' thereon.
3. To appoint Auditors for the year 2019 and to fix their remuneration. The present auditors - M/s. EY Ford Rhodes, Chartered Accountants, being eligible offer themselves for re-appointment.

## SPECIAL BUSINESS

4. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED that the Company may circulate the audited financial statements together with auditors' report, directors' report, chairman's review report etc. to its members through CD/DVD/USB instead of in hardcopy at their registered addresses".

A statement of material facts as required under section 134(3) of the Companies Act 2017 in relation to this special business is annexed to the notice of meeting being circulated to the members.

**By Order of the Board**

**Karachi.**

**Dated: March 05, 2019**

**Adnan Husseini**  
**Company Secretary**

## NOTES:

1. The share transfer books of AGP Limited will remain closed from April 10, 2019 to April 17, 2019 (both days inclusive). The transfers received in order by our share registrar, Central Depository Company of Pakistan Limited situated at CDC House, 99-B, Block B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi by the close of business on April 09, 2019 will be considered in time to attend and vote at the meeting.
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote for him / her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.
3. Financial Statements and reports of the Company for the year ended December 31, 2018 can be downloaded from the Company's website.
4. **CDC Accounts Holders** will further have to follow the guidelines as laid down in Circular 1, dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

## A. For Attending the Meeting

- i. In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration detail is uploaded as per the Regulations, shall authenticate their identity by showing his/her original Computerized National Identity Card ("CNIC") or original passport at the time of attending the meeting.



- ii. In case of corporate entity, Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.

#### **B. For Appointing Proxies**

- i. In case of individuals, the account holder or sub-account holder is and /or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations shall submit the proxy form as per the above requirement.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- v. In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.

#### **5. Video Conference**

Pursuant to SECP Circular No 10 of 2014 dated May 21, 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In order to avail this facility, please submit the following statement at the registered office of the Company at least seven (7) days before the date of meeting:

"I/We, \_\_\_\_\_ of \_\_\_\_\_ being a member of AGP Limited holder of \_\_\_\_\_ Ordinary Share(s) as per Register Folio No. \_\_\_\_\_ hereby opt for video conference facility at (Please insert name of the City).

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

#### **STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017**

##### **AGENDA ITEM 4: Circulations of Annual Reports through CD/DVD/USB**

Securities and Exchange Commission of Pakistan through S.R.O 470(I)/2016 dated 31 May 2016 allowed the companies to circulate the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to its members through CD/DVD/USB subject to consent of the shareholders in the general meeting. This will save time and expenses incurred on printing of the annual report. The Company shall supply the hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. After approval of the shareholders, the Company will place a Standard Request Form on its website to communicate their need of hard copies of the documents along with postal and email address of the Company Secretary/Share Registrar to whom such requests shall be made.

# Chairman's Review Report

On behalf of the Board, I am pleased to present the financial results for the year ended December 31, 2018. This year the pharmaceutical industry of Pakistan had faced significant challenges of Pak Rupee devaluation, increase in cost of borrowing and inflation. However, under these external pressures your company continued with its commitment to maximize shareholders' value and successfully managed to post a profit after tax of Rs. 1,207 million, while maintaining its market leading position in Gross Profit, EBITDA, Profit before Tax and Net Profit Margins.

## Board performance and effectiveness

An annual evaluation of the Board performance was conducted in compliance with the requirement of the Code of Corporate Governance and the Companies Act, 2017. The purpose of this evaluation is to ensure that the Board performance is measured in the context of overall corporate objectives and governance structure of the Company. The Board, during the year, played a pivotal role in steering the Company forward in a progressively challenging landscape. Through the commitment and effective oversight of the Directors, your Company ensured transparency of corporate governance and compliance.

The Board performed its role and responsibilities for the overall management and supervision of the affairs of the Company and remained duly cognizant of its fiduciary responsibilities.

It is also important to mention and highlight the key roles played by the Audit Committee and Human Resource and Remuneration Committee in directing towards areas of improvements and recommending effective solutions.

## Future prospects

The Company aims to enhance its competitive position by extending manufacturing efficiencies, expanding market presence in new therapeutic areas and delivering growth through effective sales mix and new product launches. Despite the challenges of inflation and devaluation of currency, the Company is prepared to respond to the rapidly changing dynamics of the business and industry and committed to achieve sustainable growth, while maintaining lead in performance margins.

## Acknowledgment

On behalf of the Board of Directors, I would like to express gratitude to our stakeholders for their continued support and encouragement and place on record the appreciation of the valuable services rendered by the employees of the Company. I also acknowledge the commitment and diligence of my fellow directors during the year and thank our CEO and her Executive Team for their exceptional efforts.



Tariq Moinuddin Khan  
Chairman

Date: March 05, 2019

# Directors' Report

On behalf of the Board of Directors, we are pleased to present the Annual Report and the Company's audited financial statements for the year ended December 31, 2018.

## Operating Results of the Company

	-----Rs. in nearest million-----	
	2018	2017
<b>Sales – net</b>	<b>5,382</b>	4,725
<b>Gross profit</b>	<b>3,041</b>	2,874
<b>Profit before tax</b>	<b>1,426</b>	1,333
<b>Net profit after tax</b>	<b>1,207</b>	1,234
<b>Interim dividend</b>	<b>350</b>	-
<b>Earnings per share in Rupees</b>	<b>4.31</b>	4.41

The Company continued with the objective to maximize shareholders' value and attain operational excellence and achieved sales revenue of Rs. 5,382 million for the year under review with a growth of 13.9% as compared to Rs. 4,725 million in the corresponding period last year. The increase in sales is attributable to growth in existing product portfolio, eight new launches during the year under review and a large government institutional order for Hepatitis C products. The new products were launched in the anti-infective, anti-diabetic, Hepatology and Oncology therapeutic classes. The shipments to Afghanistan remained disturbed for about eight months from April to October 2018 due to transportation strike against various levies implemented at the border by the Afghan authorities. An agreement was reached late October and situation has returned to normal since the start of 2019.

The proportionate increase of impressive topline could not be fully translated on to gross profit due to the sharp devaluation of Pak Rupee against USD and relatively thin margins in the government institutional order for Hepatitis C products. Resultantly, the Company realized an increase of 5.8% in gross profits over the last year.

The marketing and selling expenses have been increased by 8.9% on account of strengthening of field force staff to support the sales growth targets along with inflationary impact and higher expenses associated with new product launches. The financial cost of the Company has been reduced by 27.8% primarily due to reduction in principal debt after scheduled retirement of quarterly installments for the year. The result of these efforts along with containment of operational expenses translated into a profit before tax of Rs. 1,425.6 million with a growth of 6.9% over last year. The effective tax rate for the year was 15.4% as opposed 7.5%, due to absence of prior year tax reversal on account of group taxation realized during last year. Accordingly, the net profit for the year was Rs. 1,206.7 million as opposed to Rs. 1,233.9 million in 2017.

## Related Party Transactions

All transactions with related parties were executed at arm's length and have been disclosed in the financial statements under relevant notes.

## Corporate Social Responsibility (CSR)

The Company is committed and remains conscious of its social responsibility to improve the quality of life of our customers, staff members and the society we inhabit. The objective is not limited to improve the quality of life of the workforce and their families but extends to benefit the society at large.

During 2018, as a part of CSR, the Company initiated a campaign "Safety Matters" to create public awareness in the area of road safety in an effort to reduce the resultant fatalities and injuries. Further, the company has also contributed in the Supreme Court of Pakistan and the Prime Minister of Pakistan Diامر-Bhasha and Mohmand Dams Fund.

### Health, Safety & Environment (HSE)

The Company is committed to maintain an incident free environment by giving safety a priority in the workplace. Our actions aim towards a better, safer and healthier life for all, as we practice our slogan – “We Value Life”.

The Company has also installed a reverse osmosis plant in 2018 to provide safe and pure water to its employees. The fire alarm system in the company was revamped during the year under review, as part of its continuous improvement policy. The level of commitment to HSE standards can be judged from the fact that no major accident was reported during the year.

### Risk and Uncertainties

The Company may be prone to following risk areas, which may have adverse effects on the business:

- Pricing controls on pharmaceutical products
- Exchange Rate fluctuations
- Interest Rates movement
- Presence of counterfeit products
- Imposition of additional duties & tariffs
- Reliance on imported raw materials and active ingredients

The management has a policy in place to continuously monitor the risk and uncertainties faced by the company and take adequate steps to mitigate these risks to dilute the effect on its overall business and to continue as a going concern.

### Holding Company

The information is given under company and its operations in the notes to the financial statements.

### Pattern of Shareholding

A statement of the pattern of shareholding is given on page 82 to the annual report.

### Board of Directors' Meetings and Attendance

During the period, five meetings of Board of Directors were held. Attendance of the Directors is as follows:

Name of the Directors	Meetings Attended	Name of the Directors	Meetings Attended
Mr. Tariq Moinuddin Khan	04	Mr. Naved Abid Khan	05
Mr. Zafar Iqbal Sobani*	03	Mr. Kamran Nishat	04
Ms. Nusrat Munshi	05	Mr. Mahmud Yar Hiraj	03
Mr. Muhammad Kamran Mirza *	03	Mr. M. Arif Mian (Retired) **	02
Mr. Arsalan Batla (Retired) **	02		

\*Elected in Extra Ordinary General Meeting held on June 07, 2018.

\*\* Remained on Board till June 07, 2018

Leave of absence was granted to the Directors who could not attend some of the board meetings.

The board has formed committees comprising of members given below:

Members of Audit Committee	Members of Human Resource and Remuneration Committee
Mr. Zafar Iqbal Sobani - Chairman	Mr. Naved Abid Khan - Chairman
Mr. Kamran Nishat	Ms. Nusrat Munshi
Mr. Mahmud Yar Hiraj	Mr. Mahmud Yar Hiraj
Mr. Muhammad Kamran Mirza	Mr. Muhammad Kamran Mirza

The Company pays a fee to Independent Directors for attending the meetings of Board of Directors and any of its Committees, which is in line with prevailing industry trends and business practices. The fee is in no manner at a level that could be perceived to compromise the independence of the Independent Directors.

### Appointment of auditors

The retiring auditors, M/s EY Ford Rhodes, Chartered Accountants, being eligible, offer themselves for reappointment for the ensuing year. They have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan. The Board recommends their appointment for the year ending 31 December 2019.

### Board Performance Evaluation

The Code of Corporate Governance stipulates that the Board should put in place a mechanism for an annual evaluation of its own performance. In line with this requirement, the Board engaged "Pakistan Institute of Corporate Governance (PICG)" as an external independent consultant for assessment of the strengths and capabilities of the Board as a whole, the Board committees and individual directors. The Institute is charged with promoting good corporate governance practices in Pakistan.

For the financial year ended December 31, 2018, the Board's overall performance and effectiveness has been assessed as 'Satisfactory' in achieving Company's objectives. We are committed towards development of the Board and its committees in terms of efficiency.

### Profit Distribution & Reserve Analysis

The Company carried reserves of Rs. 2,710.9 million at the start of the year. During 2018, the Company earned net profit of Rs. 1,206.7 million and paid an interim dividend amounting to Rs. 350 million, with the closing reserves of Rs. 3,567.6 million at the end of the financial year.

### Internal controls

The management of the company is responsible for adequate and effective system of internal control including financial / operational controls and accounting systems for timely and appropriate recording of transactions and reporting structure. In order to ensure that adequate internal controls are implemented and operating effectively by the Company, the Board of Directors have outsourced the internal audit function to M/s A.F. Ferguson & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

### Future Outlook

The ongoing reforms and change regime witnessed by the country buckled with fiscal and current account deficit has mounted immense pressure on the economy. Pak Rupee was devalued against USD by 25.6% and the State Bank of Pakistan increased its policy rate by 425 basis points during the year under review. Year on year reported CPI index increased from 4.6% in the year 2017 to 6.2% in 2018. These adverse changes have greatly increased

the cost of doing business for all industries in general, and the pharmaceutical industry in particular, as majority of the active pharmaceutical ingredients are imported. In order to provide some relief to the industry, a one-off price increase of 15% has been granted by the Drug Regulatory Authority of Pakistan (DRAP) in January 2019, which will partially mitigate the adverse impact of Rupee devaluation and other inflationary pressures. The full impact of the price increase will become evident from the second quarter of 2019 due to the implementation lag on account of finished goods inventory on hand and in-process batches.

With the one-off relief granted by DRAP, the annual CPI linked price increase mechanism, the growth potential in our existing portfolio and the robust new product pipeline for 2019, the Company is optimistic about achieving the growth and profitability targets set for 2019.

### Acknowledgment

We would like to place on record our sincere appreciation for the commitment, hard work and efforts of each and every employee of the Company in this challenging year and are confident that they will continue with the same zeal in the future as well. The Directors would also like to express their gratitude to our shareholders and bankers who have shown their confidence in the Company during its first year of listing.



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Nusrat Munshi  
Chief Executive Officer



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Muhammad Kamran Mirza  
Non-Executive Director

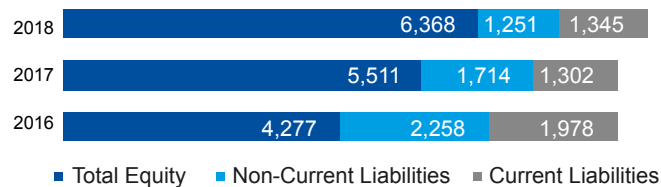
Date: March 05, 2019

# Three Years' Financial Summary

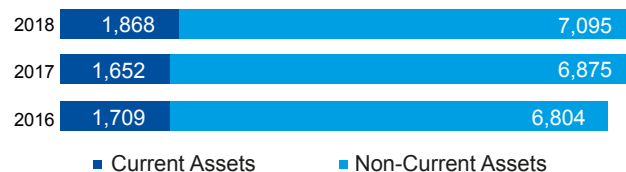
OPERATING AND FINANCIAL TRENDS		2018	2017	2016
Sales Revenue	Rs. in million	5,382	4,725	4,206
Return on Equity	%	20.32	25.21	29.12
Earnings per Share	Rs.	4.31	4.41	3.88
Shareholders' Equity	Rs. in million	6,368	5,511	4,277
Total Assets Turnover Ratio	Times	0.62	0.55	0.50
Current Ratio	Times	1.39	1.27	0.86
Market Capitalization	Rs. in million	24,480	N/A	N/A

KEY OPERATING AND FINANCIAL DATA		2018	2017	2016
(Rupees in '000)				
<b>Balance Sheet</b>				
Fixed Assets				
Property, plant and equipment		1,685,034	1,478,641	1,393,321
Intangible assets		5,398,256	5,385,440	5,402,486
Other Non-Current Assets		11,925	10,852	8,572
Current Assets		1,868,176	1,651,904	1,708,624
<b>Total Assets</b>		<b>8,963,390</b>	<b>8,526,836</b>	<b>8,513,004</b>
Issued, subscribed and paid-up capital		2,800,000	2,800,000	2,800,000
Revenue Reserves		3,567,625	2,710,935	1,477,031
Total Equity		6,367,625	5,510,935	4,277,031
Non-Current Liabilities		1,251,152	1,713,826	2,257,643
Current Liabilities		1,344,613	1,302,075	1,978,330
Total Liabilities		2,595,765	3,015,901	4,235,973
<b>Total Equity and Liabilities</b>		<b>8,963,390</b>	<b>8,526,836</b>	<b>8,513,004</b>

Balance Sheet Analysis - Equity and Liabilities  
Rs. in Millions



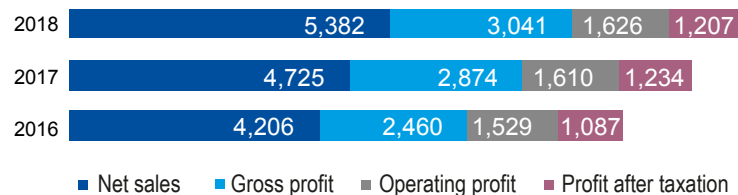
Balance Sheet Analysis - Assets  
Rs. in Millions



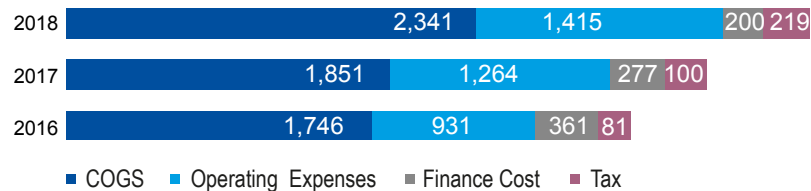


OPERATING AND FINANCIAL TRENDS	2018	2017	2016
<b>Profit or Loss Account</b>	<b>(Rupees in '000)</b>		
Net sales	5,382,055	4,724,990	4,205,750
Gross profit	3,040,649	2,874,392	2,460,112
Operating profit	1,625,558	1,610,235	1,528,879
Profit before taxation	1,425,622	1,333,452	1,167,915
Taxation	218,931	99,548	80,835
Profit after taxation	1,206,690	1,233,904	1,087,081
Ordinary cash dividends	350,000	-	-
EBITDA	1,724,078	1,715,189	1,630,597
<b>Cash Flows</b>			
Operating activities	971,676	934,194	1,043,145
Investing activities	(323,183)	(177,640)	(106,069)
Financing activities	(799,351)	(1,206,343)	(1,115,608)
Cash and cash equivalents at the end of the year	(120,554)	30,304	480,094

Profit or Loss Analysis - Sales and Profit Breakup  
Rs. in Millions

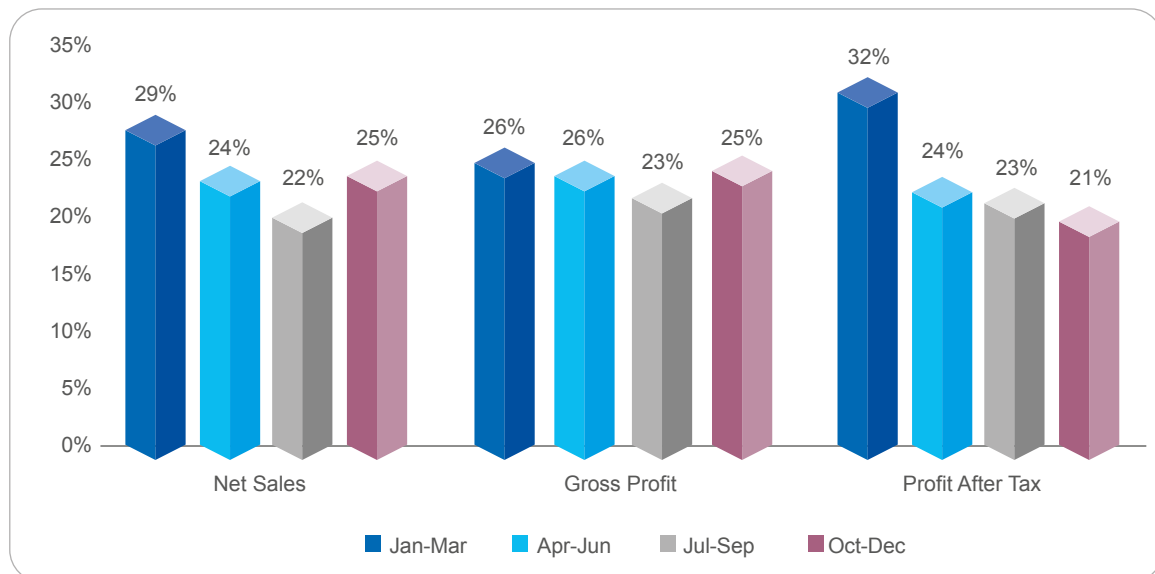


Profit or Loss Analysis - Expenses  
Rs. in Millions



## Quarterly Analysis

	Jan - Mar		Apr - Jun		Jul - Sep		Oct - Dec		Jan - Dec	
	2018		2018		2018		2018		2018	
	Rs' 000	%	Rs' 000	%	Rs' 000	%	Rs' 000	%	Rs' 000	%
Net Sales	1,554,149	29%	1,312,138	24%	1,168,422	22%	1,347,346	25%	5,382,055	100%
Gross Profit	803,135	26%	777,658	26%	699,422	23%	760,435	25%	3,040,649	100%
Profit after tax	391,880	32%	284,598	24%	276,513	23%	253,700	21%	1,206,690	100%

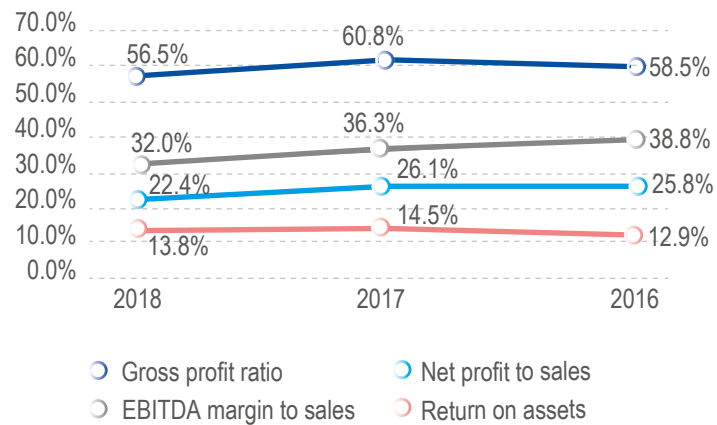
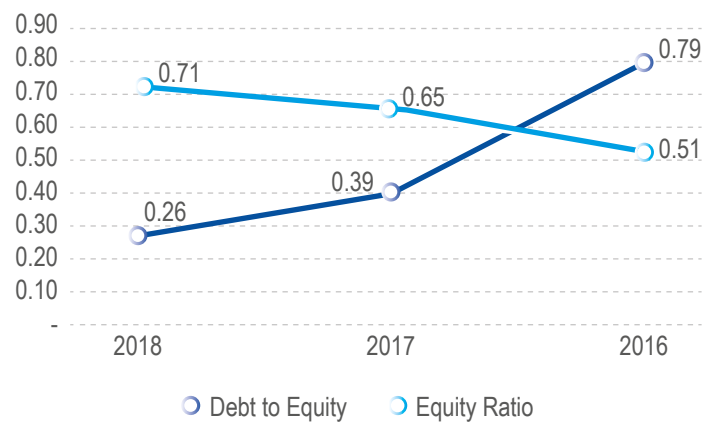
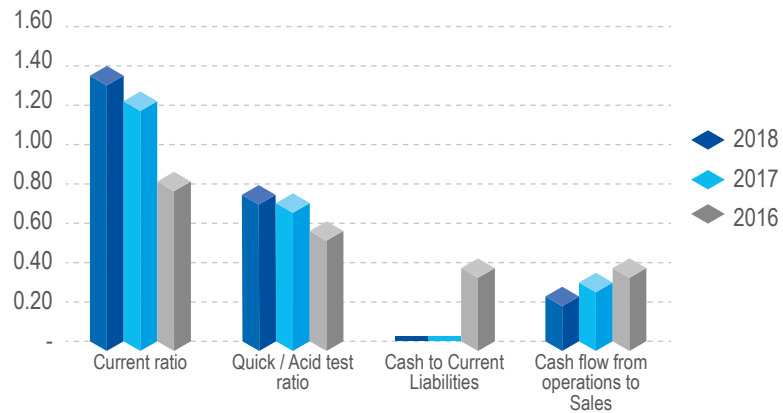


# Key Performance Indicators

## OPERATING AND FINANCIAL TRENDS

Ratios	Unit	2018	2017	2016
<b>Profitability Ratios</b>				
Gross profit margin	%	56.5	60.8	58.5
Net profit to sales	%	22.4	26.1	25.8
EBITDA margin to sales	%	32.0	36.3	38.8
EBIT margin	%	30.1	34.0	36.3
Return on assets	%	13.8	14.5	12.9
<b>Liquidity Ratios</b>				
Current ratio	Times	1.39	1.27	0.86
Quick / Acid test ratio	Times	0.80	0.75	0.60
Cash to Current Liabilities	Times	0.02	0.02	0.25
Cash flow from operations to Sales	Times	0.28	0.35	0.42
<b>Activity / Turnover Ratios</b>				
No. of days in inventory	Days	114.32	116.61	97.85
No. of days in receivables	Days	32.21	31.35	26.74
No. of days in payables	Days	113.89	147.24	120.63
Inventory Turnover	Times	3.19	3.13	3.73
Debtors Turnover	Times	11.33	11.64	13.65
Creditors Turnover	Times	3.20	2.48	3.03
Total assets turnover ratio (average assets)	Times	0.62	0.55	0.50
Fixed assets turnover ratio (average assets)	Times	0.77	0.69	0.62
<b>Investment / Market Ratios</b>				
Basic / Diluted Earnings per share	Rs.	4.31	4.41	3.88
Price earning ratio	Times	20.29	NA	NA
Dividend yield ratio	%	1.43	NA	NA
Dividend pay out ratio	Times	0.29	NA	NA
Dividend cover ratio	Times	3.45	NA	NA
Cash dividend per share	Rs.	1.25	NA	NA
Break-up value per share	Rs.	22.74	19.68	15.28
No. of shares at end of year	Number	280,000,000	280,000,000	280,000,000
Market Capitalization	Rs. In Mn	24,480	NA	NA
Market value per share at the end of the year	Rs.	87.43	NA	NA
Market value per share (High)	Rs.	107.15	NA	NA
Market value per share (Low)	Rs.	68.40	NA	NA
<b>Capital Structure Ratios</b>				
Interest cover ratio	Times	8.34	5.88	4.27
Debt to Equity ratio	Times	0.26	0.39	0.79
Equity ratio	Times	0.71	0.65	0.51





# Vertical Analysis

	2018		2017		2016	
Balance Sheet	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
Total Equity	6,367,625	71.04	5,510,935	64.63	4,277,031	50.24
Non-Current Liabilities	1,251,152	13.96	1,713,826	20.10	2,257,643	26.52
Current Liabilities	1,344,613	15.00	1,302,075	15.27	1,978,330	23.24
Total Equity and Liabilities	8,963,390	100.00	8,526,836	100.00	8,513,004	100.00
Non-Current Assets	7,095,214	79.16	6,874,933	80.63	6,804,379	79.93
Current Assets	1,868,176	20.84	1,651,904	19.37	1,708,624	20.07
	8,963,390	100.00	8,526,836	100.00	8,513,004	100.00

	2018		2017		2016	
Profit or Loss Account	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
Net sales	5,382,055	100.0	4,724,990	100.0	4,205,750	100.0
Cost of sales	2,341,406	43.5	1,850,598	39.2	1,745,638	41.5
Gross Profit	3,040,649	56.5	2,874,392	60.8	2,460,112	58.5
Selling and distribution expenses	1,153,353	21.4	1,058,232	22.4	762,824	18.1
Administrative expenses	127,183	2.4	125,783	2.7	108,876	2.6
	1,760,113	32.7	1,690,377	35.8	1,588,412	37.8
Other income	16,964	0.3	19,505	0.4	42,028	1.0
Other charges	151,519	2.8	99,647	2.1	101,561	2.4
	1,625,558	30.2	1,610,235	34.1	1,528,879	36.4
Finance costs	199,937	3.7	276,783	5.9	360,964	8.6
Profit before taxation	1,425,622	26.5	1,333,452	28.2	1,167,915	27.8
Taxation - net	218,931	4.1	99,548	2.1	80,835	1.9
Profit for the year	1,206,690	22.4	1,233,904	26.1	1,087,081	25.8

# Horizontal Analysis

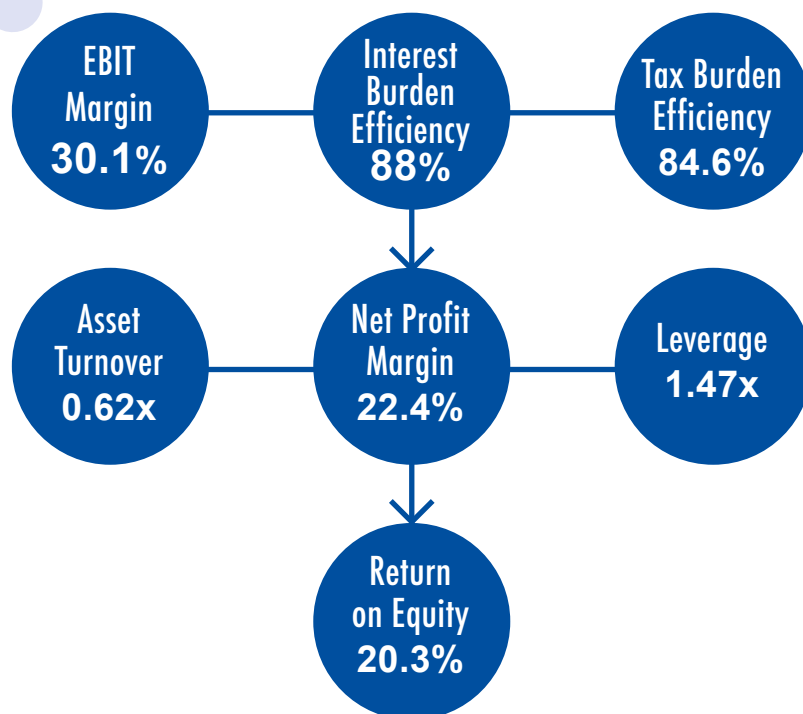
	2018		2017		2016	
Balance Sheet	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
Total Equity	6,367,625	15.5	5,510,935	28.8	4,277,031	34.1
Non-Current Liabilities	1,251,152	-27.0	1,713,826	-24.1	2,257,643	-33.0
Current Liabilities	1,344,613	3.3	1,302,075	-34.2	1,978,330	10.6
Total Equity and Liabilities	8,963,390	5.1	8,526,836	0.2	8,513,004	2.0
Non-Current Assets	7,095,214	3.2	6,874,933	1.0	6,804,379	0.0
Current Assets	1,868,176	13.1	1,651,904	-3.3	1,708,624	10.5
	8,963,390	5.1	8,526,836	0.2	8,513,004	2.0

	2018		2017		2016	
Profit or Loss Account	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
Net sales	5,382,055	13.9	4,724,990	12.3	4,205,750	12.2
Cost of sales	2,341,406	26.5	1,850,598	6.0	1,745,638	10.1
Gross Profit	3,040,649	5.8	2,874,392	16.8	2,460,112	13.8
Selling and distribution expenses	1,153,353	9.0	1,058,232	38.7	762,824	9.2
Administrative expenses	127,183	1.1	125,783	15.5	108,876	-13.3
	1,760,113	4.1	1,690,377	6.4	1,588,412	18.7
Other income	16,964	-13.0	19,505	-53.6	42,028	112.8
Other charges	151,519	52.1	99,647	-1.9	101,561	46.8
	1,625,558	1.0	1,610,235	5.3	1,528,879	18.7
Finance costs	199,937	-27.8	276,783	-23.3	360,964	-30.0
Profit before taxation	1,425,622	6.9	1,333,452	14.2	1,167,915	51.1
Taxation - net	218,931	119.9	99,548	23.2	80,835	-37.7
Profit for the year	1,206,690	-2.2	1,233,904	13.5	1,087,081	69.0

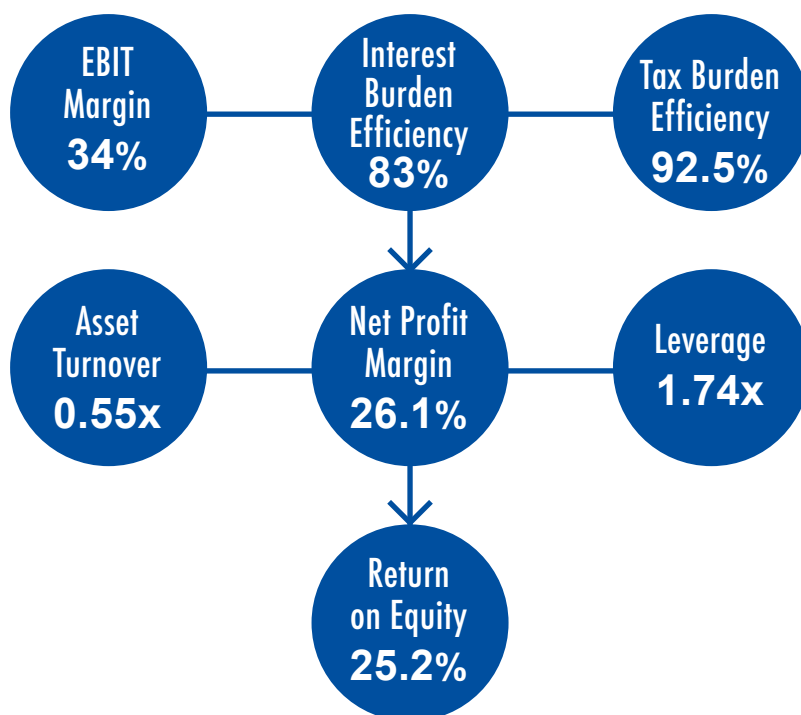


# DUPONT Analysis

## 2018



## 2017





EY Ford Rhodes  
Chartered Accountants  
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## To the members of AGP Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of AGP Limited for the year ended 31 December 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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

  
Chartered Accountants

Place: Karachi

Date: 19 March 2019

# Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2017  
Year ended December 31, 2018

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

1. The total number of directors are seven comprising of six males and one female director.
2. The composition of the Board of Directors (the Board) is as follows:
  - a) Two independent directors
  - b) Four other non-executive director
  - c) One executive director
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Since half of the directors have already completed Directors' Training Program, therefore the Board has not arranged any Directors' Training Program during the year.
10. The Board has approved appointment, remuneration and terms of employment of Company Secretary and Head of Internal Audit. No new appointment of CFO has been made during the year. However, the Board has approved the remuneration of CFO and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

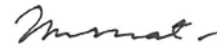
Members of Audit Committee	Members of Human Resource and Remuneration Committee
Mr. Zafar Iqbal Sobani - Chairman	Mr. Naved Abid Khan - Chairman
Mr. Kamran Nishat	Ms. Nusrat Munshi
Mr. Mahmud Yar Hiraj	Mr. Mahmud Yar Hiraj
Mr. Muhammad Kamran Mirza	Mr. Muhammad Kamran Mirza



13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meeting of the committee were as per following:
  - a) Audit Committee: Four meetings during the financial year ended December 31, 2018.
  - b) HR and Remuneration Committee: One meeting during the financial year ended December 31, 2018.
15. The Board has outsourced the internal audit function to M/s. A.F. Ferguson & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. 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 and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.



Mr. Tariq Moinuddin Khan  
Chairman



Ms. Nusrat Munshi  
Chief Executive Officer

Date: March 05, 2019



EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
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## INDEPENDENT AUDITORS' REPORT

### To the members of AGP Limited

#### Report on the Audit of Financial Statements

##### Opinion

We have audited the financial statements of **AGP Limited** (the Company), which comprise the statement of financial position as at **31 December 2018**, and the statement of profit or loss, statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of the profit and comprehensive income, the changes in equity and its cash flows for the year then ended.

##### Basis for Opinion

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

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*CPA*



Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
<b>1. Contingencies</b>	
<p>As disclosed in note 20 to the accompanying financial statements, various matters are pending adjudication at various levels with the taxation authorities and other legal forums.</p> <p>The contingencies requires the management to make judgements and estimates in relation to the interpretation of relevant laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take to resolve, the management judgements and estimates in relation to such contingencies may be complex and can impact the financial statements. For such reasons we have considered contingencies as a key audit matter.</p>	<p>Our key audit procedures in this area included, amongst others, a review of the correspondence of the Company with the relevant authorities and legal advisors including judgments or orders passed by the competent authorities.</p> <p>We also obtained and reviewed confirmations from the Company's external legal advisors for their views on the status of each case and an overall opinion on the open tax position of the Company.</p> <p>We involved internal tax experts to assess and review the management's conclusions on contingent tax matters and evaluated whether adequate disclosures have been made in note 20 to the accompanying financial statements.</p>
<b>2. Preparation of financial statements under Companies Act, 2017</b>	
<p>As referred to in note 3.1 to the accompanying financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 31 December 2018.</p> <p>The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.</p> <p>In the case of the Company, a summary of key additional disclosures and changes to the existing disclosures have been stated in note 3.1 to the accompanying financial statements.</p>	<p>We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statements.</p>
<b>3. Net Realisable Value (NRV) of inventories and provision for obsolescence</b>	
<p>As at the year end, the Company held inventories amounting to Rs. 797 million, after considering provision for inventories obsolescence and slow moving stock amounting to Rs. 17.23 million, as disclosed in note 10 to the accompanying financial statements. The inventories obsolescence is calculated by taking into account the NRV of related inventories while mainly keeping in view the estimated selling price, forecasted inventories usage, forecasted sale volumes and product expiry dates.</p>	<p>Our audit procedures included, amongst others, reviewing the management procedures for evaluating the NRV of inventories, observing physical inventory counts at major locations to ascertain the condition and existence of inventories, confirming inventories held by others and performing testing on a sample of items to assess the NRV of the inventories held and evaluating the adequacy of provision for slow moving and obsolete inventories as at the year end.</p>



Key audit matter	How our audit addressed the key audit matter
We have considered this area to be a key audit matter due to its materiality and significance in terms of judgements involved in estimating the NRV of underlying inventories.	<p>Further, our audit procedures included, amongst others, reviewing inventory turnover ratios; understanding and evaluating the appropriateness of the basis of identification of the obsolete inventories; evaluating the historical accuracy of allowance of inventories assessed by management by comparing the actual loss to historical allowance recognized, on a sample basis; testing the accuracy of the aging analysis of inventories, on a sample basis; testing cost of goods with underlying invoices and expenses incurred in accordance with inventory valuation method and reviewing the minutes of the relevant meetings at the management and Board level to identify any indicators of obsolescence.</p> <p>We further tested the NRV of the inventories held by performing a review of sales close to and subsequent to the year-end and compared with the cost for a sample of products.</p> <p>We also reviewed the inventories' expiry date report to identify slow moving or obsolete inventories and tested its accuracy on sample basis to check the provision for slow moving and obsolete inventories was reasonable.</p>

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*UIM*





In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

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

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

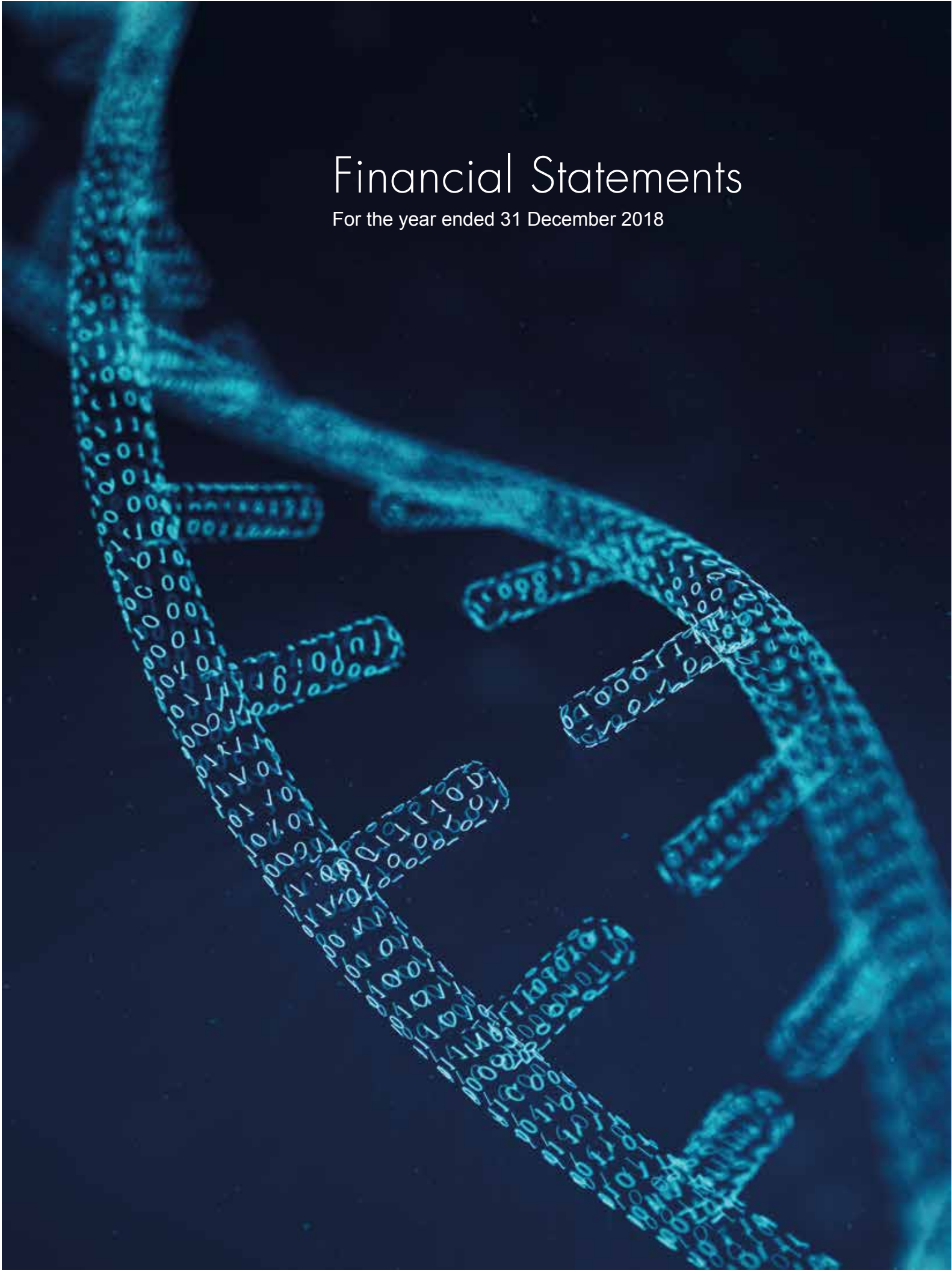
**Chartered Accountants**

**Place:** Karachi

**Date:** 19 March 2019

# Financial Statements

For the year ended 31 December 2018





# Statement of Financial Position

As at 31 December 2018

	Note	2018 Rupees	2017 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	1,685,033,524	1,478,640,526
Intangible assets	8	5,398,255,992	5,385,439,685
Long-term loans and deposits	9	11,924,522	10,852,332
		<b>7,095,214,038</b>	<b>6,874,932,543</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		7,457,259	6,722,750
Stock-in-trade	10	797,016,723	669,648,797
Trade debts	11	483,438,580	466,503,269
Loans and advances	12	66,914,571	48,196,130
Trade deposits, prepayments and other receivables	13	5,454,389	7,148,088
Taxation – net		483,471,331	423,380,485
Cash and bank balances	14	24,423,219	30,304,370
		<b>1,868,176,072</b>	<b>1,651,903,889</b>
<b>TOTAL ASSETS</b>		<b>8,963,390,110</b>	<b>8,526,836,432</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
350,000,000 (2017: 350,000,000) Ordinary shares of Rs.10/- each		<b>3,500,000,000</b>	<b>3,500,000,000</b>
Issued, subscribed and paid-up capital			
280,000,000 Ordinary shares of Rs.10/- each			
fully paid in cash	15	<b>2,800,000,000</b>	<b>2,800,000,000</b>
Revenue reserve – unappropriated profit		<b>3,567,625,384</b>	<b>2,710,935,227</b>
		<b>6,367,625,384</b>	<b>5,510,935,227</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred taxation	16	58,785,532	41,052,938
Long-term financing	17	1,192,366,216	1,672,773,277
		<b>1,251,151,748</b>	<b>1,713,826,215</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	660,427,806	800,698,613
Unclaimed dividend		31,056,108	-
Accrued interest		18,551,745	11,776,377
Short-term borrowings	19	144,977,319	-
Current maturity of long-term financing	17	489,600,000	489,600,000
		<b>1,344,612,978</b>	<b>1,302,074,990</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	20		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,963,390,110</b>	<b>8,526,836,432</b>

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



Chief Executive Officer



Chief Financial Officer



Director



# Statement of Profit or Loss

For the year ended 31 December 2018

	Note	2018 Rupees	2017 Rupees
Revenue – net	21	5,382,055,032	4,724,990,322
Cost of sales	22	(2,341,405,914)	(1,850,598,391)
<b>Gross profit</b>		<b>3,040,649,118</b>	<b>2,874,391,931</b>
Administrative expenses	23	(127,183,066)	(125,782,974)
Marketing and selling expenses	24	(1,153,353,313)	(1,058,231,861)
Other expenses	25	(151,518,725)	(99,646,742)
Other income	26	16,964,086	19,505,084
Finance costs	27	(199,936,505)	(276,783,486)
		<b>(1,615,027,523)</b>	<b>(1,540,939,979)</b>
<b>Profit before taxation</b>		<b>1,425,621,595</b>	<b>1,333,451,952</b>
Taxation	28	(218,931,438)	(99,547,799)
<b>Net profit for the year</b>		<b>1,206,690,157</b>	<b>1,233,904,153</b>
<b>Earnings per share – basic and diluted</b>	15.2	<b>4.31</b>	<b>4.41</b>

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



Chief Executive Officer



Chief Financial Officer



Director

# Statement of Comprehensive Income

For the year ended 31 December 2018

	Note	2018 Rupees	2017 Rupees
<b>Net profit for the year</b>		<b>1,206,690,157</b>	1,233,904,153
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b><u>1,206,690,157</u></b>	<u>1,233,904,153</u>

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



Chief Executive Officer



Chief Financial Officer



Director

# Statement of Cash Flows

For the year ended 31 December 2018

	Note	2018 Rupees	2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	29	1,491,775,080	1,651,986,698
Finance costs paid		(168,313,165)	(372,694,657)
Income tax paid		(261,289,690)	(228,185,828)
Workers' Profit Participation Fund paid		(75,203,870)	(67,285,956)
Workers' Welfare Fund paid		-	(35,548,982)
Central Research Fund paid		(14,220,186)	(11,797,122)
Long-term loans and deposits		(1,072,190)	(2,280,077)
Net cash generated from operating activities		971,675,979	934,194,076
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(336,800,744)	(193,940,082)
Proceeds from disposal of operating fixed assets		13,617,248	16,268,030
Proceeds from redemption of investments		-	31,813
Net cash used in investing activities		(323,183,496)	(177,640,239)
<b>CASH FLOWS FROM FINANCING ACTIVITIES*</b>			
Dividends paid		(318,943,892)	-
Long-term financing repaid		(480,407,061)	(1,206,343,008)
		(799,350,953)	(1,206,343,008)
<b>Net decrease in cash and cash equivalents</b>		<b>(150,858,470)</b>	<b>(449,789,171)</b>
Cash and cash equivalents at the beginning of the year		30,304,370	480,093,541
<b>Cash and cash equivalents at the end of the year</b>	30	<b>(120,554,100)</b>	<b>30,304,370</b>

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

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



Chief Executive Officer



Chief Financial Officer



Director

# Statement of Changes in Equity

For the year ended 31 December 2018

	Issued, subscribed and paid-up capital	Revenue reserve Unappropriated profit	Total
		Rupees	
<b>Balance as at 31 December 2016</b>	2,800,000,000	1,477,031,074	4,277,031,074
Total comprehensive income for the year	-	1,233,904,153	1,233,904,153
<b>Balance as at 31 December 2017</b>	<b>2,800,000,000</b>	<b>2,710,935,227</b>	<b>5,510,935,227</b>
Interim dividend for the year ended 31 December 2018 @ Rs. 1.25 per share	-	(350,000,000)	(350,000,000)
Total comprehensive income for the year	-	1,206,690,157	1,206,690,157
<b>Balance as at 31 December 2018</b>	<b>2,800,000,000</b>	<b>3,567,625,384</b>	<b>6,367,625,384</b>

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



Chief Executive Officer



Chief Financial Officer



Director



# Notes to the Financial Statements

For the year ended 31 December 2018

## 1. THE COMPANY AND ITS OPERATIONS

**1.1** AGP Limited (the Company) was incorporated as a public limited company in May 2014 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at B-23C S.I.T.E Karachi. The Company is subsidiary of OBS Pakistan (Private) Limited (the Holding Company) which holds 50.53% of the share capital of the Company and the Ultimate Parent Company is West End 16 Pte Limited - Singapore. The principal activities of the Company include import, marketing, export, dealership, distribution, wholesale and manufacturing of pharmaceutical products. Effective from 5th March 2018, the Company has been listed on Pakistan Stock Exchange Limited.

**1.2** Geographical location and addresses of major business units of the Company are as under:

Location	Purpose
B-23C, S.I.T.E, Karachi	Head Office and Production Plant
D-109, S.I.T.E, Karachi	Production Plant

## 2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS OCCURRED DURING THE YEAR

- The Company has been listed on Pakistan Stock Exchange Limited.
- Adoption of Companies Act, 2017 - note 3.1

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

The Act has also brought certain changes with regards to the preparation and presentation of these financial statements. These changes, amongst others, included change in nomenclature of primary statements. Further, the disclosure requirements contained in the fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosures with the IFRS disclosure requirements and incorporation of additional amended disclosures including, but not limited to, particulars of immovable assets of the Company (refer note 7.1.1), management assessment of sufficiency of tax provision in the financial statements (refer note 28.2), change in threshold for identification of executives (refer note 31), additional disclosure requirements for related parties (refer note 33) etc.

### 3.2 Basis of preparation

These financial statements have been prepared under the historical cost convention, unless otherwise specifically stated.

#### 4. Standards, amendments and interpretations adopted during the year

##### 4.1 Standards or interpretation

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except as follows:

The Company has adopted the following amended standards, interpretations and improvements to IFRSs which became effective for the current year:

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

##### Improvements to accounting standards issued by IASB in December 2016

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

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

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

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

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively.

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application, except for IFRS 9 and IFRS 15 for which the Company is currently evaluating the impact of said IFRSs.

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

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

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

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

#### 4.3 Property, plant and equipment

##### (i) Operating fixed assets and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except for freehold land, which is stated at cost. Capital work-in-progress is stated at cost less impairment, if any. Cost of certain property, plant and equipment comprises historical cost. Such cost includes the cost of replacing parts of the property, plant and equipment and the cost of borrowings for long-term construction projects, if the recognition criteria is met.

Depreciation charge is based on the straight-line method whereby the cost of an asset is written off to statement of profit or loss over its estimated useful life after taking into account residual value, if material. The cost of leasehold land is depreciated in equal installments over the lease period. Depreciation on additions is charged from the month in which the asset is available for use and no depreciation is charged in the month of disposal.

The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed at each reporting date and adjusted, if appropriate.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Improvements are capitalised when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably. Assets replaced, if any, are derecognised.

Gains and losses on disposal of assets are taken to the statement of profit or loss.

##### (ii) Capital work-in-progress

These are stated at cost and consist of advances made and costs incurred in respect of operating fixed assets and intangible assets in the course of their construction, installation and acquisition. Transfers are made to relevant asset category as and when assets are available for intended use.

#### 4.4 Intangible assets and amortisation

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in business combinations is their fair value at the date of acquisition.

Intangible assets with finite useful lives are amortized over useful lives and assessed for impairment whenever there is indication that the asset may be impaired. Intangible assets with indefinite lives are not amortized, but are tested for impairment annually, either individually or at the cash generated unit (CGU) level, as appropriate. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, a change in useful life from indefinite to finite is made on a prospective basis.

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

Intangible assets (goodwill and trademarks having an indefinite useful life) are stated at cost less impairment in value. These are tested for impairment annually at year end and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of CGU (the Company as a whole is considered to be a single CGU) to which the assets relate. When the recoverable amount of cash generating unit is less than its carrying amount, an impairment loss is recognised.

#### 4.5 Impairment of assets

##### Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of profit or loss.

##### Non-financial assets

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



of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit or loss.

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

#### **4.6 Stores and spares**

Stores and spares are stated at the lower of weighted average cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less net estimated costs to sell, which is generally equivalent to replacement cost.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

#### **4.7 Stock-in-trade**

These are valued at the lower of NRV and cost determined as follows:

Raw and packing material	- weighted average cost.
Work-in-process and finished goods	- cost of direct materials and labor plus attributable overheads.
Finished goods - imported products	- weighted average cost.
Stock in transit	- invoice price plus other charges paid thereon.

Provision is made for slow moving and obsolete items.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and the estimated costs necessary to make the sale.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

#### **4.8 Trade debts, loans, advances and other receivables**

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

These are recognised and carried at cost less impairment losses, if any.

#### **4.9 Cash and cash equivalents**

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

#### 4.10 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in statement of comprehensive income, respectively.

##### Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

##### Deferred

Deferred tax is recognised using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

The Company recognises a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in statement of other comprehensive income or directly in equity.

Further, the Company recognises deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

#### 4.11 Long-term loans

Long-term loans are not discounted to present value using the effective interest rate (EIR) method, less impairment, as effect of discounting, if any is immaterial.

#### 4.12 Financial expense and financial income

Financial expenses are recognised using the EIR method and comprise foreign currency losses and markup / interest expense on borrowings.

Financial income comprises interest income on funds invested. Markup / interest income is recognised as it accrues in statement of profit or loss, using the EIR method.

#### 4.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

#### 4.14 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 future for goods and services received, whether or not billed to the Company.

**4.15 Provisions**

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognised as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. They are reviewed at each reporting date and adjusted prospectively.

**4.16 Employee benefits****4.16.1 Staff provident fund**

The Company operates approved contributory provident fund for all its permanent staff. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 8.33% of basic salary and cost of living allowance.

**4.16.2 Compensated absences**

Provision for compensated absences is made to the extent of value of accrued absences of the employees at the reporting date using their current salary levels as per Company's policy.

**4.17 Foreign currency translation**

Transactions denominated in foreign currencies are translated to Pak Rupees, at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are re-translated into Pak Rupees at the foreign exchange rates at the reporting date. Exchange differences are taken to the statement of profit or loss.

**4.18 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer. For those products which are often sold with a right of return, accumulated experience is used to estimate and provide for such returns at the time of sale.

Profit on short-term deposits is accounted for using the EIR method.

Other incomes are recognised on accrual basis.

**4.19 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 de-recognised at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are de-recognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

**4.20 Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount reported in financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously.

#### 4.21 Dividends and other appropriations

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved. However, if these are approved after the reporting period but before the financial statements are authorised for issue, disclosure is made in these financial statements.

#### 5 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

#### 6 Significant accounting judgments and estimates

The preparation of the financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events 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. Significant accounting estimates and judgments are disclosed in relevant notes to the financial statements.

	Note	2018 Rupees	2017 Rupees
<b>7 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	7.1	<b>1,605,590,023</b>	1,414,806,918
Capital work-in-progress	7.2	<b>79,443,501</b>	63,833,608
		<b><u>1,685,033,524</u></b>	<u>1,478,640,526</u>



## 7.1 Operating fixed assets

	COST		ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE		Rate
	As at 01 January 2018	Additions / (Disposals)	As at 31 December 2018	As at 01 January 2018	Charge for the year	(Disposals)	Impairment loss	As at 31 December 2018	
					Rupees				
<b>Freehold land</b>	369,000,000	-	369,000,000	-	-	-	-	369,000,000	-
Leasehold land	140,000,000	35,171,525	175,171,525	9,580,809	3,137,339	-	-	162,453,377	60 - 91 years
Freehold buildings	344,704,450	42,915,221	387,619,671	40,877,550	11,371,164	-	-	335,370,957	3.33
- Factory									
- Office	25,484,403	614,580	26,098,983	8,311,913	2,770,021	-	-	15,017,049	5
Plant and machinery	321,651,438	79,835,541 (9,920,511)	391,566,468	42,471,892	21,108,229	(5,912,773)	2,009,918	331,889,202	5
Furniture and fixtures	19,255,890	6,795,034 (39,031)	26,011,893	7,522,787	2,165,262	(26,902)	-	16,350,746	10
Motor vehicles	141,211,138	56,735,000 (25,143,764)	172,802,374	13,091,389	28,767,063	(18,759,928)	-	149,703,850	20
Office equipment	24,871,492	4,996,328 (576,139)	29,291,681	11,522,670	2,916,214	(302,265)	-	15,155,062	10
Gas and electrical fittings	6,226,531	391,710	6,618,241	2,777,502	523,156	-	-	3,317,583	10
Refrigerators and air-conditioners	78,966,514	34,680,636 (4,866,463)	108,780,687	14,985,520	9,696,816	(4,324,713)	-	88,423,064	10
Laboratory equipment	118,509,170	37,028,736 (131,411)	155,406,495	31,876,689	14,684,364	(131,411)	-	108,976,853	10
Computers and related accessories	31,873,000	7,731,136 (2,125,447)	37,478,689	23,928,387	5,708,683	(2,090,661)	-	9,932,280	33
<b>2018</b>	<b>1,621,754,026</b>	<b>306,895,447 (42,802,766)</b>	<b>1,885,846,707</b>	<b>206,947,108</b>	<b>102,848,311</b>	<b>(31,548,653)</b>	<b>2,009,918</b>	<b>280,256,684</b>	<b>1,605,590,023</b>

	COST		ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE	
	As at 01 January 2017	Additions / (Disposals)	As at 31 December 2017	Charge for the year	(Disposals)	As at 31 December 2017	Rate	
	----- Rupees -----							
Freehold land	369,000,000	-	369,000,000	-	-	369,000,000	-	
Leasehold land	140,000,000	-	140,000,000	3,105,219	-	9,580,809	60 years	
Freehold buildings								
- Factory	336,029,292	11,746,492 (3,071,334)	344,704,450	10,909,593	(925,540)	40,877,550	3.33	
- Office	25,440,893	43,510	25,484,403	2,766,088	-	8,311,913	5	
Plant and machinery	313,546,446	9,969,759 (1,864,767)	321,651,438	15,823,029	(1,275,737)	42,471,892	5	
Furniture and fixtures	16,262,175	3,720,200 (726,485)	19,255,890	1,973,388	(562,477)	7,522,787	10	
Motor vehicles	114,204,385	62,995,792 (35,989,039)	141,211,138	23,385,929	(27,617,663)	13,091,389	20	
Office equipment	22,048,729	2,822,763	24,871,492	2,931,201	-	11,522,670	10	
Gas and electrical fittings	6,226,531	-	6,226,531	846,585	-	2,777,502	10	
Refrigerators and air-conditioners	74,397,354	21,798,062 (17,228,902)	78,966,514	8,629,580	(12,044,356)	14,985,520	10	
Laboratory equipment	80,442,987	43,655,103 (5,588,920)	118,509,170	11,599,871	(4,931,596)	31,876,689	10	
Computers and related accessories	26,981,593	7,598,800 (2,707,393)	31,873,000	8,337,150	(2,605,147)	23,928,387	33	
2017	1,524,580,385	164,350,481 (67,176,840)	1,621,754,026	90,307,633	(49,962,516)	206,947,108	1,414,806,918	

**7.1.1** Particulars of immovable asset of the Company are as follows:

Location	Addresses	Usage of immovable property	Covered Area (Acres)
Karachi	B-23C, S.I.T.E, Karachi	Head Office and Production Plant	2.81
Karachi	D-109, S.I.T.E, Karachi	Production Plant	1.25

**7.1.2** Depreciation for the year has been allocated as follows:

	Note	2018 Rupees	2017 Rupees
Depreciation for the year has been allocated as follows:			
Cost of sales	22	71,921,946	61,347,552
Administrative expenses	23	4,570,151	8,493,016
Marketing and selling expenses	24	26,356,214	20,467,065
		<b>102,848,311</b>	<b>90,307,633</b>

**7.1.3** Details of operating fixed assets disposal having net book value in excess of PKR 500,000 are as follows:

	Mode of disposal	Cost / revalued amount	Accumulated Depreciation	Net book value	Sales proceeds	Gain / (loss)	Relationship of purchaser with the Company	Particulars of buyers
		Rupees						
Motor Vehicle	Insurance claim	1,894,000	74,700	1,819,300	1,865,000	45,700	Third party	IGI Insurance
Motor Vehicle	Sale	2,425,800	1,925,800	500,000	315,300	(184,700)	Employee	Nadeem Ahmed
Motor Vehicle	Sale	2,342,106	1,842,106	500,000	788,400	288,400	Employee	Tauqir Ahmed
	2018	6,661,906	3,842,606	2,819,300	2,968,700	149,400		
	2017	22,636,924	14,090,632	8,546,292	3,316,000	(5,230,292)		

## 7.2 Capital work-in-progress

	Building – Factory / office	Plant and machinery	Motor vehicles	Refrigerators and air conditioners	Laboratory equipment	Furniture and fixtures	Office equipment	Computer and related accessories	Software	Gas and electrical fitting	Land	Total
	Rupees											
Balance as at 01 January 2016	11,947,123	2,530,753	7,812,501	11,302,735	-	1,499,878	-	-	250,000	-	-	35,342,990
Capital expenditure incurred during the year	28,198,570	33,603,651	55,922,791	11,621,421	47,331,279	2,838,797	3,150,363	7,598,800	3,674,010	-	-	193,939,682
Transfer to operating fixed assets/intangibles	(11,790,002)	(9,969,759)	(62,995,792)	(21,798,062)	(43,655,103)	(3,720,200)	(2,822,763)	(7,598,800)	(1,098,583)	-	-	(165,449,064)
Balance as at 31 December 2017	28,355,691	26,164,645	739,500	1,126,094	3,676,176	618,475	327,600	-	2,825,427	-	-	63,833,608
Capital expenditure incurred during the year	40,643,778	98,251,492	57,964,500	38,917,195	34,748,404	6,648,919	4,805,458	7,787,786	11,469,977	391,710	35,171,525	336,800,744
Transfer to operating fixed assets/intangibles	(43,529,801)	(79,835,541)	(56,735,000)	(34,680,636)	(37,028,736)	(6,795,034)	(4,996,328)	(7,731,136)	(14,295,404)	(391,710)	(35,171,525)	(321,190,851)
Balance as at 31 December 2018	25,469,668	44,580,596	1,969,000	5,362,653	1,395,844	472,360	136,730	56,650	-	-	-	79,443,501





### 8.1 Impairment testing of goodwill and trademarks with indefinite lives

The carrying value of goodwill has been allocated to AGP Limited, the cash generating unit (CGU), which is also the operating and reportable segment for impairment testing.

	2018 Rupees	2017 Rupees
Carrying amount of goodwill	<u>743,226,130</u>	<u>743,226,130</u>
Carrying amount trademarks	<u>4,641,086,753</u>	<u>4,641,086,753</u>

The Company performed its annual impairment test in December 2018. The Company considers the relationship between its market capitalisation, using the level 1 input of the fair value hierarchy - quoted prices, and its book value, among other factors, when reviewing for indicators of impairment. As at December 31, 2018, the market capitalisation of the Company was above the book value of its equity by Rs. 18,112.77 million, indicating no impairment of the assets constituting the CGU.

8.2	Amortisation for the year has been allocated as follows:	Note	2018 Rupees	2017 Rupees
	Cost of sales	22	73,429	24,938
	Administrative expenses	23	812,852	528,784
	Marketing and selling expenses	24	592,816	17,591,231
			<u>1,479,097</u>	<u>18,144,953</u>

### 9 LONG-TERM LOANS AND DEPOSITS

#### Long-term loans – considered good, secured

Employees	9.1	7,104,973	5,418,789
Less: Recoverable within one year	12	(2,400,724)	(1,716,140)
	9.2	<u>4,704,249</u>	<u>3,702,649</u>
Long-term security deposits		<u>7,220,273</u>	<u>7,149,683</u>
		<u>11,924,522</u>	<u>10,852,332</u>

9.1 These are interest free loans given to the employees of the Company for the purchase of vehicles and laptops, in accordance with their employment terms and are secured against the title of the same. These are repayable within five and three years in equal monthly installments.

9.2 These long-term loans have not been discounted to their present value as the financial impact thereof is not considered material by the management.

10	STOCK-IN-TRADE	Note	2018 Rupees	2017 Rupees
	Raw and packing materials			
	In hand	10.1	376,020,246	279,948,404
	In transit		<u>93,414,638</u>	<u>89,768,682</u>
			<u>469,434,884</u>	<u>369,717,086</u>
	Work-in-process		<u>43,600,926</u>	<u>48,782,930</u>
	Finished goods		<u>301,210,202</u>	<u>260,665,380</u>
	Provision for obsolescence and slow moving stock	10.3	(17,229,289)	(9,516,599)
		10.2	<u>797,016,723</u>	<u>669,648,797</u>

**10.1** Included herein is an aggregate sum of Rs. 9.88 million (2017: Rs. 8.86 million), representing the value of stock held by third parties.

**10.2** Stock-in-trade has been written down by Rs. 2.35 million (2017: Rs. 0.94 million) to arrive at net realisable value.

	Note	2018 Rupees	2017 Rupees
<b>10.3</b>	Provision for obsolescence and slow moving stock:		
Opening balance		9,516,599	23,013,531
Provision made during the year		17,229,289	9,516,599
Written off / reversals during the year		(9,516,599)	(23,013,531)
		<u>17,229,289</u>	<u>9,516,599</u>
<b>11</b>	<b>TRADE DEBTS – considered good</b>		
<b>Related parties</b>			
- OBS Pakistan (Private) Limited – parent		8,047,689	1,420,740
- Muller and Phipps Pakistan (Private) Limited – associate		417,829,306	398,414,869
		<u>425,876,995</u>	<u>399,835,609</u>
Others	11.4	57,561,585	66,667,660
	11.1	<u>483,438,580</u>	<u>466,503,269</u>

**11.1** The ageing analysis of unimpaired trade debts is as follows:

	Total	Neither past due nor Impaired	Past due but not impaired		
			1-30 days	30-90 days	90 days and above
	----- (Rupees) -----				
<b>2018</b>	<u>483,438,580</u>	<u>442,494,962</u>	<u>17,694,778</u>	<u>15,052,275</u>	<u>8,196,565</u>
<b>2017</b>	<u>466,503,269</u>	<u>375,607,879</u>	<u>-</u>	<u>70,642,593</u>	<u>20,252,797</u>

**11.2** The ageing analysis of unimpaired related party balances is as follows:

	Total	Neither past due nor Impaired	Past due but not impaired		
			1-30 days	30-90 days	90 days and above
	----- (Rupees) -----				
<b>2018</b>	<u>425,876,995</u>	<u>398,113,766</u>	<u>13,839,909</u>	<u>13,923,320</u>	<u>-</u>
<b>2017</b>	<u>399,835,609</u>	<u>333,130,246</u>	<u>4,965</u>	<u>66,509,842</u>	<u>190,556</u>

**11.3** The maximum amount outstanding at any time during the year calculated by reference to month end balances are as follows:

	2018 Rupees	2017 Rupees
OBS Pakistan (Private) Limited – parent	<u>12,644,915</u>	<u>17,400,920</u>
Muller and Phipps Pakistan (Private) Limited – associate	<u>522,615,542</u>	<u>524,499,109</u>

- 11.4 Includes an amount of Rs. 17.58 million (2017: Rs. nil) due from debtors to whom export sales amounting to Rs. 22.12 million (2017: Rs. nil) were made. The jurisdiction falls in Asia - Afghanistan for trade debts pertaining to export sales that were made in the current year. The sales were made against purchase order being direct exports.

	Note	2018 Rupees	2017 Rupees
<b>12 LOANS AND ADVANCES – considered good</b>			
<b>Loans</b>			
Current portion of long-term loans to employees	9	2,400,724	1,716,140
<b>Advances</b>			
Suppliers		64,513,847	44,936,559
Employees		-	1,543,431
		<u>64,513,847</u>	<u>46,479,990</u>
		<u>66,914,571</u>	<u>48,196,130</u>
<b>13 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Trade deposits</b>			
Security deposits		3,907,016	3,470,585
Margin on letters of credit		72,097	2,502,175
		<u>3,979,113</u>	<u>5,972,760</u>
<b>Prepayments – insurance</b>		191,917	-
<b>Other receivables</b>		<u>1,283,359</u>	<u>1,175,328</u>
		<u>5,454,389</u>	<u>7,148,088</u>
<b>14 CASH AND BANK BALANCES</b>			
<b>Cash at banks</b>			
Current accounts			
- local currency		2,069,444	20,614,386
- foreign currency		230,542	230,542
Deposit accounts	14.1	<u>21,942,711</u>	<u>9,258,280</u>
		<u>24,242,697</u>	<u>30,103,208</u>
<b>Cash in hand</b>		<u>180,522</u>	<u>201,162</u>
		<u>24,423,219</u>	<u>30,304,370</u>

- 14.1 These carry profit rate ranging from 1.35% to 7.5% (2017: 2.65% to 5.25%) per annum.

**15 Issued, subscribed and paid-up capital**

As at December 31, 2018	As at December 31, 2017		As at December 31, 2018	As at December 31, 2017
..... (Number of shares) .....			..... Rupees .....	
		Ordinary shares of PKR 10 each		
280,000,000	280,000,000	fully paid in cash	2,800,000,000	2,800,000,000
<u>280,000,000</u>	<u>280,000,000</u>		<u>2,800,000,000</u>	<u>2,800,000,000</u>

- 15.1 Voting rights, board selection and similar rights of shareholders are in proportion to the shareholding of the Company.

**15.2 Basic and diluted earnings per share (EPS)**

	2018 Rupees	2017 Rupees
Net profit for the year	<u>1,206,690,157</u>	<u>1,233,904,153</u>
	----- Number of shares -----	
Weighted average number of ordinary shares outstanding during the year	<u>280,000,000</u>	<u>280,000,000</u>
Basic and diluted earnings per share (EPS)	<u>4.31</u>	<u>4.41</u>

	Note	2018 Rupees	2017 Rupees
<b>16 DEFERRED TAXATION</b>			
Accelerated tax depreciation / amortisation		<b>63,924,405</b>	43,933,822
Provisions		<b>(5,138,873)</b>	(2,880,884)
		<u><b>58,785,532</b></u>	<u>41,052,938</u>
<b>17 LONG-TERM FINANCING – secured</b>			
Long-term loans	17.1	<b>1,681,966,216</b>	2,162,373,277
Less: current maturity		<b>(489,600,000)</b>	(489,600,000)
		<u><b>1,192,366,216</b></u>	<u>1,672,773,277</u>
<b>17.1 Long-term loans</b>			
Sukuk		<b>1,713,600,000</b>	2,203,200,000
Transaction cost		<b>(31,633,784)</b>	(40,826,723)
		<u><b>1,681,966,216</b></u>	<u>2,162,373,277</u>

**17.1.1** The Company has obtained long-term finance amounting to Rs. 2,448 million through the issue of Sukuk certificates repayable in quarterly instalments commencing from September 2017, over the term of 5 years. These carry profit rate of 3 months KIBOR + 1.30% per annum and are secured against the present and future property, plant and equipment of the Company and of an associated company to the extent of Rs. 3,060 million.

	Note	2018 Rupees	2017 Rupees
<b>18 TRADE AND OTHER PAYABLES</b>			
Creditors		<b>345,955,606</b>	419,598,470
Accrued liabilities		<b>217,681,393</b>	307,280,598
Compensated absences		<b>22,681,461</b>	19,468,715
Provident fund	18.1	<b>4,239,797</b>	3,501,151
Infrastructure cess payable		<b>13,800,918</b>	13,800,919
Workers' Profits Participation Fund	18.2	<b>1,042,628</b>	285,064
Workers' Welfare Fund	18.3	<b>32,178,062</b>	14,846,013
Central Research Fund	18.4	<b>15,345,744</b>	14,220,186
Withholding tax		<b>2,270,527</b>	2,143,535
Sales tax payable		<b>2,827,450</b>	3,825,152
Advance from a customer		<b>1,061,658</b>	-
Others		<b>1,342,562</b>	1,728,810
		<u><b>660,427,806</b></u>	<u>800,698,613</u>



		2018 Rupees	2017 Rupees
<b>18.1 Provident fund</b>		<b>4,239,797</b>	<b>3,501,151</b>
<b>18.1.1</b>	Investments of provident fund have been made in accordance with the provisions of section 218 of the Act and the rules formulated for this purpose.		
<b>18.1.2</b>	During the year, the Company's contribution to provident fund amounts to Rs. 20.47 million (2017: Rs. 16.23 million).		
<b>18.2 Workers' Profits Participation Fund</b>	Note	<b>2018 Rupees</b>	<b>2017 Rupees</b>
Balance at the beginning of the year		<b>285,064</b>	(2,818,903)
Allocation for the year	25	<b>75,961,434</b>	70,389,923
		<b>76,246,498</b>	67,571,020
Payments made during the year		<b>(75,203,870)</b>	(67,285,956)
		<b>1,042,628</b>	285,064
<b>18.3 Workers' Welfare Fund</b>			
Balance at the beginning of the year		<b>14,846,013</b>	51,964,862
Charge for the year	25	<b>17,332,049</b>	3,956,582
		<b>32,178,062</b>	55,921,444
Liabilities no longer payable written back		-	(5,526,449)
Payments made during the year		-	(35,548,982)
		<b>32,178,062</b>	14,846,013
<b>18.4 Central Research Fund</b>			
Balance at the beginning of the year		<b>14,220,186</b>	11,797,122
Charge for the year	25	<b>15,345,744</b>	14,220,186
		<b>29,565,930</b>	26,017,308
Payments made during the year		<b>(14,220,186)</b>	(11,797,122)
		<b>15,345,744</b>	14,220,186
<b>19 SHORT-TERM BORROWINGS</b>			
Running finance from commercial banks		<b>548,547</b>	-
Running musharka from islamic banks		<b>144,428,772</b>	-
		<b>144,977,319</b>	-

Represent utilized portion of running finance facilities of Rs. 950 million (2017: Rs. 700 million) from commercial banks and Rs. 750 million (2017: Rs. 450 million) from Islamic banks carrying markup rates ranging from 1-3 month KIBOR plus 0.3% to 1.50% (2017: 3 months KIBOR plus 1% to 1.5%) per annum payable quarterly. The facilities are secured by way of hypothecation charge over current assets of the Company.

## 20 CONTINGENCIES AND COMMITMENTS

### CONTINGENCIES

- 20.1** During the current year, the Company received demand for tax year 2017 from the taxation authorities amounting to Rs. 145.93 million in respect of amortisation of Goodwill and the payment made by the company towards Sindh Revenue Board in respect of Workers Welfare Fund (WWF) disallowed. The Company filed an appeal before Commissioner Inland Revenue Appeals (CIRA) against the above mentioned demand and the case was decided in favor of the Company in respect of amortisation of Goodwill allowed whereas WWF has been rejected. The company is in the process to file an appeal before Appellate Tribunal Inland Revenue (ATIR) to allow expense in respect of WWF whereas the taxation authority filed an appeal before ATIR against amortisation of goodwill allowed by CIRA for which no hearing is fixed till date. Accordingly, no provision has been made by the Company in this respect as the Company, in view of a tax advice, expects a favorable outcome of the above matter.

- 20.2** The Finance Acts, 2015 to 2018 applied super tax at the rate of 3% of the taxable income for the tax years 2015 to 2018, i.e. financial years ended December 31, 2014 to 2017. However, the Company filed a suit with the Court challenging the above tax, with respect to the financial year ended December 31, 2014, which is currently pending adjudication. The Company based on a legal advice, is confident of a favorable outcome. The Company is not subject to super tax for the tax year 2016. During the year 2018 the Company filed a Constitution Petition (CP) against the levy of super tax in the High Court of Sindh for which the Court had granted stay order in respect of recovery of Super Tax. However, the Company is in process to file a CP with the Court against levy for the tax year 2018. Hence, no provision for the above tax amounting to Rs. 61.67 million has been made in these financial statements.
- 20.3** During the year 31 December 2014, the Company imported an active pharmaceutical material namely Ossein Mineral Complex (OMC) which is exempt from sales tax. Customs duty and advance income tax paid at applicable rates by the Company on the import. No discrepancy and irregularity was made out against the Company at the time of release of its consignments of OMC. However, after the release of its consignments the tax authorities made demand of short-paid duties and taxes which includes 30% custom duty, 17% sales tax and 5% advance income tax on the imported value, amounting to Rs. 2.559 million, without issuing any show cause notice. The Company has filed a petition before High Court of Sindh (the Court) which is pending adjudication. No provision has been made by the Company in this respect as the Company, in view of a legal advice, expects a favorable outcome of the above matter.
- 20.4** During the year ended 31 December 2008, the Company imported consignments of Medicines (Multivitamin) against which, it filed goods declaration through their authorized clearing agent. The Company declared the description of goods as medicines and claimed assessment under relevant PCT Code. The Custom Authorities rejected these assessments and issued demand notices to the Company indicating short levy of duty / taxes. The Deputy Collector of Customs, Air Freight Unit/Jinnah International Airport, Karachi, passed an order against the Company according to which the Company was liable to pay the short paid amount of Rs.1.173 million against the respective consignments / demand notices. The Company filed appeal before the Collectors of Customs, Sales Tax & Federal Excise (Appeals) which was decided in favor of the Company vide order dated 30 October 2009. The Deputy Collector of Customs, Air Freight Unit approached the learned Tribunal, Customs, Central Excise & Sales Tax, Bench, and filed appeal against the said order which was also dismissed and decided in favour of the Company vide order dated 23 December 2010. Thereafter, the Collector of Customs (Preventive) filed the title reference before the Court which is pending adjudication. No provision has been made by the Company in this respect as the Company, in view of a legal advice, expects a favorable outcome of the above matter.

<b>COMMITMENTS</b>		<b>Note</b>	<b>2018 Rupees</b>	<b>2017 Rupees</b>
<b>20.5</b>	Outstanding letters of credit		<b>152,983,969</b>	203,947,722
<b>20.6</b>	Capital commitments		<b>4,461,911</b>	92,579,933
<b>20.7</b>	Bank guarantees		<b>26,265,228</b>	49,350,614
<b>21</b>	<b>REVENUE – net</b>			
	Local			
	- Manufacturing		<b>4,803,621,631</b>	4,461,198,229
	- Trading		<b>1,374,132,645</b>	424,615,454
		21.1	<b>6,177,754,276</b>	4,885,813,683
	Export		<b>48,904,297</b>	12,069,165
			<b>6,226,658,573</b>	4,897,882,848
	Less: Trade discounts		<b>(827,785,432)</b>	(145,434,846)
	Sales returns		<b>(14,640,596)</b>	(25,935,746)
	Sales tax		<b>(2,177,513)</b>	(1,521,933)
			<b>(844,603,541)</b>	(172,892,525)
			<b>5,382,055,032</b>	4,724,990,322

- 21.1** Include sales amounting to Rs. 4,402.39 million (2017: Rs.3,927.60 million) made to related parties.

## 22 COST OF SALES

## Cost of sales – manufacturing

Note

2018  
Rupees2017  
Rupees

## Raw and packing materials consumed

Opening stock	279,948,404	224,673,882
Purchases	1,465,958,960	1,151,190,849
Available for consumption	1,745,907,364	1,375,864,731
Closing stock	(469,434,884)	(279,948,404)
Raw and packing material consumed	1,276,472,480	1,095,916,327

## Manufacturing cost

Salaries, wages, allowances and other benefits	22.1	232,962,780	215,529,897
Contract labour		102,098,091	90,918,724
Processing charges		11,090,028	10,261,749
Freight		4,095,003	4,197,008
Fuel, gas and electricity		73,597,972	66,764,575
Repairs and maintenance		60,316,260	43,492,024
Travelling and conveyance		11,468,993	10,854,787
Stores & spares consumed		19,202,253	13,009,850
Provision against slow moving and obsolete materials		17,229,289	9,516,599
Insurance		3,979,695	5,238,997
Laboratory expenses		24,633,005	18,726,475
Rent, rates and taxes		1,861,818	6,220,316
Depreciation	7.1.2	71,921,946	61,347,552
Amortisation of intangible assets	8.2	73,429	24,938
Impairment loss on plant and machinery	7.1	2,009,918	-
Postage, telegraph and telephones		1,669,359	1,831,529
Printing and stationery		2,662,788	2,476,625
		640,872,627	560,411,645
		1,917,345,107	1,656,327,972

## Work-in-process

Opening stock	48,782,930	54,123,528
Closing stock	(43,600,926)	(48,782,930)
	5,182,004	5,340,598

## Cost of goods manufactured

	1,922,527,111	1,661,668,570
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## Finished goods

Opening stock	156,547,997	121,627,540
Closing stock	(216,384,724)	(156,547,998)
	(59,836,727)	(34,920,458)
	1,862,690,384	1,626,748,112

## Stock adjustment account

Samples	(53,510,987)	(46,594,598)
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## Cost of sales – trading

Opening stock	104,117,383	58,343,534
Purchases	512,934,613	316,218,726
Closing stock	(84,825,479)	(104,117,383)
	532,226,517	270,444,877
	2,341,405,914	1,850,598,391

22.1 Included herein is a sum of Rs.6.49 million (2017: Rs.5.33 million) in respect of staff retirement benefits.

23	ADMINISTRATIVE EXPENSES	Note	2018 Rupees	2017 Rupees
	Salaries, allowances and other benefits	23.1	80,226,492	67,099,351
	Travelling and conveyance		537,201	316,046
	Printing and stationery		920,598	369,561
	Directors' remuneration		1,050,000	-
	Postage, telegrams and telephones		480,264	386,505
	Legal and professional charges		14,280,851	21,427,871
	Research Cost		3,929,701	3,658,745
	Repairs and maintenance		2,002,680	10,217,975
	Software license renewals and maintenance fee		8,814,990	5,903,562
	Subscription and fee		300,583	644,470
	Advertisement		1,155,219	1,315,169
	Auditors' remuneration	23.2	4,932,700	3,431,000
	Donations	23.3	2,550,583	967,201
	Insurance		349,500	389,233
	Depreciation	7.1.2	4,570,151	8,493,016
	Amortisation of intangible assets	8.2	812,852	528,784
	Vehicle running expenses		268,701	634,485
			<u>127,183,066</u>	<u>125,782,974</u>

23.1 Included herein is a sum of Rs.2.16 million (2017: Rs.1.82 million) in respect of staff retirement benefits.

23.2	Auditors' remuneration	Note	2018 Rupees	2017 Rupees
	Statutory audit fee		1,512,000	1,080,000
	Special audit fee		1,133,500	1,000,000
	Half yearly review and other certifications		1,944,000	1,118,600
	Out of pocket expenses		343,200	232,400
			<u>4,932,700</u>	<u>3,431,000</u>
23.3	Donation paid to exceeding Rs. 500,000 is as follows:			
	<b>Name of party</b>			
	Saylani welfare trust	23.3.1	<u>1,296,300</u>	<u>910,000</u>

23.3.1 None of the directors of the Company or their spouses had any interest in the donee.

24	MARKETING AND SELLING EXPENSES	Note	2018 Rupees	2017 Rupees
	Salaries, benefits and other allowances	24.1	508,432,222	414,528,520
	Travelling and conveyance		175,685,237	157,411,360
	Repairs and maintenance		5,473,548	5,708,128
	Insurance		4,736,969	4,506,828
	Depreciation	7.1.2	26,356,214	20,467,065
	Amortisation	8.2	592,816	17,591,231
	Printing and stationery		4,442,116	4,153,835
	Samples		53,510,987	46,594,598
	Advertisement		66,350	1,017,028
	Subscription		7,395,830	8,300,000
	Sales promotion expenses		323,730,152	340,237,422
	Communication		42,930,872	37,715,846
			<u>1,153,353,313</u>	<u>1,058,231,861</u>

24.1 Included herein is a sum of Rs. 12.14 million (2017: Rs. 9.07 million) in respect of staff retirement benefits.

25	OTHER EXPENSES	Note	2018 Rupees	2017 Rupees
	Workers' Profits Participation Fund	18.2	75,961,434	70,389,923
	Workers' Welfare Fund	18.3	17,332,049	3,956,582
	Central Research Fund	18.4	15,345,744	14,220,186
	Exchange loss – net		42,879,498	10,133,757
	Loss on sale of operating fixed assets		-	946,294
			<u>151,518,725</u>	<u>99,646,742</u>
26	OTHER INCOME			
	Income from financial assets			
	Profit on bank accounts		5,871,445	10,266,116
	Income from non-financial assets			
	Gain on sale of operating fixed assets		2,363,135	-
	Liabilities no longer payable written back		4,160,796	5,526,449
	Scrap sales		4,465,275	3,671,399
	Others		103,435	41,120
			<u>11,092,641</u>	<u>9,238,968</u>
			<u>16,964,086</u>	<u>19,505,084</u>
27	FINANCE COSTS			
	Mark-up on secured short-term running finances		19,040,857	15,377,244
	Mark-up on long-term financing		175,088,533	257,906,762
	Bank charges		5,807,115	3,499,480
			<u>199,936,505</u>	<u>276,783,486</u>
28	TAXATION			
	Current		186,072,075	211,036,314
	Prior		15,126,767	(126,115,037)
	Deferred		17,732,596	14,626,522
		28.1	<u>218,931,438</u>	<u>99,547,799</u>
28.1	Relationship between income tax expense and accounting profit			
	Profit before taxation		<u>1,425,621,595</u>	<u>1,333,451,952</u>
	Tax at the applicable tax rate of 29% (2017: 30%)		413,430,263	400,035,586
	Tax effects of:			
	expenses that are admissible in determining taxable profit		(137,593,324)	(134,723,123)
	Deductible allowance		(27,061,833)	(25,576,938)
	income assessed under final tax regime		(1,664,089)	(5,906,114)
	Tax credits		(61,038,942)	(22,793,097)
	Prior year		15,126,767	(126,115,037)
	Deferred tax		17,732,596	14,626,522
			<u>218,931,438</u>	<u>99,547,799</u>
	Effective tax rate		<u>15.35%</u>	<u>7.47%</u>



## 28.2 Management assessment of sufficiency of tax provision

The comparison of tax provisions as per financial statements and tax assessments for last three years are as follows:

	FY 2017 TY 2018	FY 2016 TY 2017	FY 2015 TY 2016
Tax assessed as per most recent tax assessment	226,163,081	194,508,589	22,973,651
Provision in accounts for income tax	211,036,314	166,506,228	177,091,049

The difference between tax assessed and provision as per accounts for the tax year 2018 and tax year 2017 is mainly due to certain tax credits incorporated in provision for income tax in accounts. However, the said tax credit was not claimed while submitting the return of income for TY 2018 and TY 2017.

The difference between tax assessed and provision as per accounts for the tax year 2016 is mainly due to the realisation of prior year tax reversal on account of group taxation.

The tax assessment amount is based on tax return filed by the Company for tax year 2018, 2017 and 2016, which is deemed assessed

	Note	2018 Rupees	2017 Rupees
<b>29 CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		<b>1,425,621,595</b>	1,333,451,951
<b>Adjustments for:</b>			
Depreciation		<b>102,848,311</b>	90,307,633
Amortisation		<b>1,479,097</b>	18,144,953
Finance costs		<b>175,088,533</b>	257,903,295
Impairment loss		<b>2,009,918</b>	-
(Gain) / Loss on disposal of operating fixed assets		<b>(2,363,135)</b>	946,294
Liabilities no longer payable written back		-	(5,526,449)
Provision for Workers' Profit Participation Fund		<b>75,961,433</b>	70,389,923
Provision for Workers' Welfare Fund		<b>17,332,049</b>	3,956,582
Provision for Central Research Fund		<b>15,345,744</b>	14,220,186
		<b>387,701,950</b>	450,342,417
<b>Operating profit before working capital changes</b>		<b>1,813,323,545</b>	1,783,794,368
<b>Working capital changes</b>			
<b>Decrease / (increase) in current assets</b>			
Stores, spares and loose tools		<b>(734,509)</b>	(204,489)
Stock-in-trade		<b>(127,367,926)</b>	(156,845,336)
Trade debts		<b>(16,935,311)</b>	(121,324,412)
Loans and advances		<b>(18,718,441)</b>	10,209,680
Trade deposits, prepayments and other receivables		<b>1,693,699</b>	(3,584,793)
		<b>(162,062,488)</b>	(271,749,350)
<b>(Decrease) / increase in current liabilities</b>			
Trade and other payables		<b>(190,542,084)</b>	139,941,680
Dividend payable		<b>31,056,107</b>	-
		<b>(159,485,977)</b>	139,941,680
		<b>1,491,775,080</b>	1,651,986,698
<b>30 CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	14	<b>24,423,219</b>	30,304,370
Short-term borrowings	19	<b>(144,977,319)</b>	-
		<b>(120,554,100)</b>	30,304,370

**31 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS**

	Chief Executive		Directors		Other Executives	
	2018	2017	2018	2017	2018	2017
	(Rupees)					
Managerial remuneration	13,143,984	12,117,550	-	-	97,576,509	85,518,858
Bonus	1,788,052	1,622,092	-	-	9,409,321	8,700,967
Performance incentive	33,946,533	31,977,243	-	-	4,025,199	2,525,980
Reimbursable expenses	204,961	213,103	-	-	5,689,910	5,183,662
Provident fund	893,664	810,720	-	-	5,611,159	4,844,451
Other	1,194,733	1,070,091	-	-	7,525,312	5,778,052
	51,171,927	47,810,799	-	-	129,837,410	112,551,970
Number of persons	1	1	6	6	32	23

In addition, the chief executive and certain executives are provided with free use of Company maintained car.

Directors' fee to independent directors for attending the board meeting amounting to Rs. 1,050,000 (2017: Rs. Nil)

No remuneration was paid to any of the directors other than chief executive.

As per revised requirement of the Act, executive means an employee, other than chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

**32 PRODUCTION CAPACITY**

The capacity and production of the Company's plants is indeterminable as these are multi-product plants involving varying processes of manufacture. The Company's production was according to market demand.

**33 TRANSACTIONS WITH RELATED PARTIES**

The related parties of the Company comprise of the Holding Company, the Ultimate Holding Company, associates, retirement funds, directors and key management personnel. Transactions with related parties other than those disclosed in respective notes are as follows:

Relationship	Basis of relationship	Percentage of shareholding	Nature of transactions	2018 Rupees	2017 Rupees
<b>Parent company</b>					
OBS Pakistan (Private) Limited	Common directorship / shareholding	50.53%	Sale of goods	37,763,010	31,345,350
			Expenses charged to	17,405,821	5,472,800
			Expenses charged by	34,203,576	14,383,378
<b>Associate company</b>					
Aspin Pharma (Private) Limited	Common directorship	4.79%	Expenses charged to	4,369,754	1,006,675
			Expenses charged by	1,072,609	2,861,906
Aitken Stuart Pakistan (Private) Limited	Common directorship	Nil	Sale of goods	-	46,978,750

Relationship	Basis of relationship	Percentage of shareholding	Nature of transactions	2018 Rupees	2017 Rupees
Muller and Phipps Pakistan (Private) Limited	Common directorship	13.54%	Sale of goods	<u>4,364,626,477</u>	<u>3,849,281,647</u>
			Expenses charged to	<u>2,983,411</u>	<u>-</u>
			Expenses charged by	<u>39,452,501</u>	<u>48,529,578</u>
<b>Staff retirement benefit fund</b>					
AGP Limited staff provident fund	Staff retirement funds	N/A	Contributions paid	<u>20,472,631</u>	<u>16,231,237</u>
Key management personnel			Remuneration	<u>182,059,337</u>	<u>160,362,768</u>

### 34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### 34.1 Capital management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing majority of its operations / investing activities through long-term financing and short-term borrowings in addition to its equity. The Company has a gearing ratio of 28.98% (2017: 39.45%) as of the reporting date.

#### 34.2 Financial risk factors

##### (i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	2018 Rupees	2017 Rupees
Trade debts	<u>483,438,580</u>	466,503,269
Deposits, prepayment and other receivables	<u>5,454,389</u>	7,148,088
Bank balances	<u>24,423,219</u>	30,304,370
	<u>513,316,188</u>	<u>503,955,727</u>

**Quality of financial assets**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown in the following table:

	2018 Rupees	2017 Rupees
<b>Trade debts</b>		
Customers with no defaults in the past one year	<u>483,438,580</u>	<u>466,503,269</u>
<b>Bank balances</b>		
A1+	22,730,098	21,476,918
A-1+	299,456	50,404
A-1	882,039	6,832,795
A1	<u>331,104</u>	<u>1,743,091</u>
	<u>24,242,697</u>	<u>30,103,208</u>

**(ii) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies prudent liquidity risk management by maintaining sufficient bank balances and the availability of funding through an adequate amount of committed credit facilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 12 months	More than 12 months	Total
----- (Rupees) -----					
<b>2018</b>					
Long-term financing	-	122,400,000	367,200,000	1,192,366,216	1,681,966,216
Trade and other payables	13,800,919	311,673,290	286,387,164	-	611,861,373
Accrued interest	-	18,551,745	-	-	18,551,745
Short-term borrowings	-	-	144,977,319	-	144,977,319
	<u>13,800,919</u>	<u>452,625,035</u>	<u>798,564,483</u>	<u>1,192,366,216</u>	<u>2,457,356,653</u>
	On demand	Less than 3 months	3 to 12 months	More than 12 months	Total
----- (Rupees) -----					
<b>2017</b>					
Long-term financing	-	122,400,000	367,200,000	1,672,773,277	2,162,373,277
Trade and other payables	13,800,919	85,595,211	671,951,220	-	771,347,350
Accrued interest	-	11,776,377	-	-	11,776,377
	<u>13,800,919</u>	<u>219,771,588</u>	<u>1,039,151,220</u>	<u>1,672,773,277</u>	<u>2,945,497,004</u>

**(iii) Market risk**

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency risk, interest rate risk and equity price risk.

**(a) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will

fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's certain bank balances, long-term financing and short-term borrowings. Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would decrease the Company's profit before tax by Rs. 8.69 million and a 1% decrease would result in the increase in the Company's profit before tax by the same amount. However, in practice, the actual result may differ from the sensitivity analysis.

**(b) Foreign currency risk**

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Company is mainly exposed to such risk in respect of foreign currency creditors amounting to Rs. 145.142 million. Management of the Company estimate that 1% increase in the exchange rate, with all other factors remaining constant, would decrease the Company's profit before tax by Rs. 1.451 million and 1% decrease would result in increase in the Company's profit before tax by the same amount

**(c) 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 securities.

**34.3 Fair values of financial assets and liabilities**

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction other than in a forced or liquidation sale. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

**35 NUMBER OF EMPLOYEES**

The number of persons employed as at period end were 880 (2017: 787) and the average number of persons employed during the period were 877 (2017: 777).

**36 DATE OF AUTHORISATION**

These financial statements were authorized for issue on 05 March 2019 by the Board of Directors of the Company.

**37 GENERAL**

Figures have been rounded off to the nearest rupee, unless otherwise stated.



Chief Executive Officer



Chief Financial Officer



Director



# Pattern of Shareholding

As at December 31, 2018

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
225	1	100	7,736
2133	101	500	1,044,003
964	501	1000	947,443
804	1001	5000	2,053,183
166	5001	10000	1,318,622
50	10001	15000	604,078
22	15001	20000	400,298
17	20001	25000	389,351
16	25001	30000	442,004
9	30001	35000	298,625
6	35001	40000	230,250
2	40001	45000	85,227
3	45001	50000	145,375
4	50001	55000	215,750
2	55001	60000	116,000
1	60001	65000	65,000
2	65001	70000	134,661
2	70001	75000	150,000
1	80001	85000	81,000
1	85001	90000	86,500
5	95001	100000	499,500
1	100001	105000	104,500
1	110001	115000	111,000
2	120001	125000	247,250
1	125001	130000	125,500
1	130001	135000	132,000
3	135001	140000	417,000
2	145001	150000	299,000
1	160001	165000	163,500
2	175001	180000	354,000
1	210001	215000	214,500
1	240001	245000	244,500
1	325001	330000	328,500
1	375001	380000	375,250
1	390001	395000	392,000
2	420001	425000	845,000
1	430001	435000	433,000
1	440001	445000	442,650
1	465001	470000	468,500

## Pattern of Shareholding

As at December 31, 2018

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
1	595001	600000	600,000
1	600001	605000	604,750
1	630001	635000	630,500
1	640001	645000	642,500
1	745001	750000	745,750
1	760001	765000	761,500
1	805001	810000	806,000
1	945001	950000	950,000
1	1015001	1020000	1,019,250
1	2785001	2790000	2,789,500
1	2815001	2820000	2,815,500
1	4990001	4995000	4,991,000
1	5480001	5485000	5,483,000
1	10295001	10300000	10,300,000
1	12245001	12250000	12,248,500
1	13000001	14000000	13,400,000
1	26790001	26795000	26,794,560
1	37915001	37920000	37,920,000
1	141485001	141490000	141,485,434
<b>Total</b>	<b>4478</b>		<b>280,000,000</b>

# Pattern of Shareholding

As at December 31, 2018

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
Mr. KAMRAN NISHAT	1	1	0.00
Mr. MAHMUD YAR HIRAJ	1	1	0.00
Mr. NAVED ABID KHAN	1	1	0.00
Mr. ZAFAR IQBAL SOBANI	1	500	0.00
Mr. TARIQ MOINUDDIN KHAN	1	600,000	0.21
Mr. MUHAMMAD KAMRAN MIRZA	1	30,500	0.01
Mrs. FAIZA KAMRAN	1	5,000	0.00
Ms. NUSRAT MUNSHI	1	1	0.00
<b>Executives</b>	1	4,000	0.00
<b>Associated Companies, undertakings and related parties</b>			
ASPIN PHARMA (PVT.) LIMITED	1	13,400,000	4.79
MULLER & PHIPPS PAKISTAN (PRIVATE) LIMITED	1	37,920,000	13.54
OBS PAKISTAN (PRIVATE) LIMITED	1	141,485,434	50.53
<b>Public Sector Companies and Corporations</b>	0	-	-
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful modarabas and pension funds</b>	18	15,443,978	5.52
<b>Mutual Funds</b>			
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	577	0.00
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	15	0.00
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	705	0.00
CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	1	32	0.00
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	48	0.00
CDC - TRUSTEE MEEZAN BALANCED FUND	1	630,500	0.23
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	1,019,250	0.36
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	5,483,000	1.96
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	100,000	0.04
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	1	604,750	0.22
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	45,375	0.02
CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	28,375	0.01
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	33,125	0.01
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	81,000	0.03
CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	1	149,000	0.05
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	12,120	0.00

# Pattern of Shareholding

As at December 31, 2018

Categories of Shareholders	Shareholders	Shares Held	Percentage
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1	100,000	0.04
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	177,500	0.06
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	422,500	0.15
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	1	433,000	0.15
CDC - TRUSTEE FAYSAL STOCK FUND	1	36,000	0.01
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	28,000	0.01
M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	1	8,000	0.00
CDC - TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND	1	59,500	0.02
CDC - TRUSTEE PICIC INVESTMENT FUND	1	328,500	0.12
CDC - TRUSTEE PICIC GROWTH FUND	1	642,500	0.23
CDC - TRUSTEE HBL - STOCK FUND	1	468,500	0.17
CDC - TRUSTEE ABL STOCK FUND	1	34,000	0.01
CDC - TRUSTEE HBL EQUITY FUND	1	35,000	0.01
MCBFSL - TRUSTEE HBL ISLAMIC DEDICATED EQUITY FUND	1	139,000	0.05
<b>General Public</b>			
a. Local	4357	9,710,571	3.47
b. Foreign	7	214,000	0.08
<b>Foreign Companies</b>	4	4,102,500	1.47
<b>OTHERS</b>	50	45,983,641	16.42
<b>Total</b>	<b>4478</b>	<b>280,000,000</b>	<b>100.00</b>

Shareholders holding 5% or more voting interest in the listed company	Shares Held	Percentage
OBS PAKISTAN (PRIVATE) LIMITED	141,485,434	50.53
MULLER & PHIPPS PAKISTAN (PRIVATE) LIMITED	37,920,000	13.54
BALTORO GROWTH FUND	26,794,560	9.57

## Details of trading in shares by the Directors, Executives and their spouses and minor children:

None of the Directors, Executives and their spouses and minor children has traded in the shares of the company during the year of the Company, except the following:

The following shares were traded during the year:	Buy No. of shares
Mr. Zafar Iqbal Sobani - Director	500
Mr. Muhammad Kamran Mirza - Director	30,500
Mrs. Faiza Kamran - Spouse	5,000
Mr. Junaid Aslam - Chief Financial Officer	4,000

۳۱ دسمبر ۲۰۱۸ کو ختم ہونے والے مالی سال کیلئے کمپنی کے مقاصد کے حصول میں بورڈ کی مجموعی کارکردگی اور اشرافیہ کا تجربہ بطور ”تسلیم بخش“ کیا ہے۔ ہم بورڈ اور اس کی کمیٹی کی استعداد اور کارکردگی کو فروغ دینے کا عزم رکھتے ہیں۔

### منافع کی تقسیم اور محفوظ ذخائر کا تجزیہ :

کمپنی سال کے آغاز میں ۲۰۱۰.۹ ملین روپے کے محفوظ ذخائر رکھتی تھی۔ ۲۰۱۸ کے دوران کمپنی نے ۱۲۰۶.۷ ملین روپے کا خالص منافع کمایا اور ۳۵۰ ملین روپے مالیت کا عبوری ڈیویڈنڈ ادا کیا اور ۳۵۶.۶ ملین روپے کے محفوظ ذخائر کے ساتھ سال کا اختتام کیا۔

### انٹرئل کنٹرول:

کمپنی کی انتظامیہ انٹرئل کنٹرول کے مناسب اور موثر نظام کی ذمہ دار ہے جس میں لین دین کی بروقت اور مناسب ریکارڈنگ اور رپورٹنگ اسٹرکچر کے لیے مالیاتی/آپریٹنگ کنٹرولز اور اکاؤنٹنگ سسٹمز شامل ہیں۔ کمپنی کی طرف سے مناسب انٹرئل کنٹرولز کا نفاذ اور موثر کارکردگی یقینی بنانے کے لیے، بورڈ آف ڈائریکٹرز نے انٹرئل آڈٹ کا عمل میسرز اے۔ ایف۔ فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس کو آؤٹ سورس کر دیا ہے جو اس مقصد کے لیے مناسب قابلیت اور تجربے کے حامل ہیں اور کمپنی کی پالیسیوں اور طریقہ کار سے آشنا ہیں۔

### مستقبل کی توقعات:

ملک میں جاری اصلاحات اور حکمرانوں کی تبدیلی نے مالیاتی اور کرنٹ اکاؤنٹ خسارے کے ساتھ مل کر معیشت پر دباؤ میں زبردست اضافہ کر دیا ہے۔ زیر جائزہ سال کے دوران امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں ۲۵.۶ فی صد کمی کی گئی اور اسٹیٹ بینک آف پاکستان نے اپنے پالیسی ریٹ میں ۴۲۵ بنیادی پوائنٹس کا اضافہ کر دیا۔ CPI انڈیکس میں سال بہ سال بنیاد پر اضافہ سال ۲۰۱۷ میں ۴.۶ فی صد سے بڑھ کر سال ۲۰۱۸ میں ۶.۲ فی صد تک پہنچ گیا۔ ان منفی تبدیلیوں نے تمام انڈسٹریز کے لیے عموماً اور فارماسیوٹیکل انڈسٹری کے لیے خصوصاً کاروبار کرنے کی لاگت میں زبردست اضافہ کر دیا ہے، جیسا کہ اکثر فعال ادویاتی اجزاء امپورٹ کیے جاتے ہیں۔ انڈسٹری کو کچھ ریلیف دینے کے لیے ڈرگ ریگولیٹری اتھارٹی آف پاکستان (DRAP) کی طرف سے جنوری ۲۰۱۹ میں قیمتوں میں ۱۵ فی صد کا ایک وقتی اضافہ کیا ہے، جس سے روپے کی قدر میں کمی اور افراط زر کے دیگر دباؤ کے منفی اثرات میں جزوی کمی ہوگی۔ تیار مال کے ذخیرے اور زیر تکمیل بیچنے کی بنا پر تاخیری اطلاق کے باعث قیمتوں میں اضافے کے مکمل اثرات ۲۰۱۹ کی دوسری سہ ماہی سے واضح ہوں گے۔

DRAP کی طرف سے دیے گئے ایک وقتی ریلیف، سالانہ CPI سے منسلک قیمت میں اضافے کا طریقہ کار، ہمارے موجودہ پورٹ فولیو میں ممکنہ نمو اور ۲۰۱۹ کے لیے پائپ لائن میں موجود زبردست نئی مصنوعات کے ساتھ ۲۰۱۹ کے لیے نمو اور منافع کمانے کی اہلیت کے اہداف پانے کے حوالے سے کمپنی پر امید ہے۔

### اظہار تشکر:

ہم اس چیلنجوں سے بھرپور سال میں اپنے ہر ملازم کی لگن، محنت اور کاوشوں کے لیے پُر خلوص خراج تحسین ریکارڈ پر لانا چاہتے ہیں اور پُر اعتماد ہیں کہ وہ مستقبل میں بھی اسی جوش و جذبے سے مصروف کار رہیں گے۔ ڈائریکٹرز اپنے شیئر ہولڈرز اور مینکرس سے بھی اظہار تشکر کرتے ہیں جنہوں نے اس کی لسٹنگ کے پہلے سال کے دوران کمپنی پر اپنے اعتماد کا مظاہرہ کیا ہے۔



محمد کامران مرزا  
نان ایگزیکٹو ڈائریکٹر



نصرت نشی  
چیف ایگزیکٹو آفیسر  
بتاریخ: ۵ مارچ ۲۰۱۹



ڈائریکٹرز کے نام	اجلاس میں حاضری	ڈائریکٹرز کے نام	اجلاس میں حاضری
جناب طارق معین الدین خان	۴	جناب محمود یار ہراج	۳
جناب نوید عابد خان	۵	جناب محمد کامران مرزا	۳
جناب ظفر اقبال ثوبانی*	۳	جناب محمد عارف میاں** (ریٹائرڈ)	۲
جناب کامران نشاط	۴	جناب ارسلان بائلہ** (ریٹائرڈ)	۲
محترمہ نصرت منشی	۵		

\* ۷ جون، ۲۰۱۸ کو منعقدہ غیر معمولی اجلاس عام میں منتخب ہوئے

\*\* ۷ جون، ۲۰۱۸ تک بورڈ پر رہے

بعض اجلاسوں میں حاضر نہ ہونے والے ڈائریکٹرز کو غیر حاضری کی رخصت دے دی گئی۔

بورڈ نے کمیٹیز تشکیل دی ہیں جو درج ذیل ممبران پر مشتمل ہیں :

آڈٹ کمیٹی کے ممبران	ہیومن ریسورس اور ریویو نیریشن کمیٹی کے ممبران
جناب ظفر اقبال ثوبانی۔ چیئر مین	جناب نوید عابد خان۔ چیئر مین
جناب کامران نشاط	محترمہ نصرت منشی
جناب محمود یار ہراج	جناب محمود یار ہراج
جناب محمد کامران مرزا	جناب محمد کامران مرزا

کمپنی خود مختار ڈائریکٹرز کو بورڈ آف ڈائریکٹرز یا اس کی کمیٹی کے اجلاسوں میں شرکت کے لیے فیس ادا کرتی ہے جو انڈسٹری کے موجودہ رجحانوں اور کاروباری شعائر کے عین مطابق ہے۔ یہ فیس کسی بھی طرح اس سطح کی نہیں ہے کہ خود مختار ڈائریکٹرز کی خود مختاری کو متاثر کرنے کے قابل تصور کی جاسکے۔

#### آڈیٹرز کی تقرری :

ریٹائر ہونے والے آڈیٹرز میسرز ای وائی فورڈ رھوڈز، چارٹرڈ اکاؤنٹنٹس اہلیت کی بنا پر خود کو آئندہ سال کے لیے دوبارہ تقرری کے لیے پیش کرتے ہیں۔ انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوالٹی کنٹرول ریویو پروگرام کے تحت انہیں تسلی بخش ریٹنگ دی جا چکی ہے۔ بورڈ ۳۱ دسمبر ۲۰۱۹ کو ختم ہونے والے مالی سال کیلئے ان کی تقرری کی سفارش کرتا ہے۔

بورڈ کی کارکردگی کا تجزیہ:

کوڈ آف کارپوریٹ گورننس تقاضا کرتا ہے کہ بورڈ کو خود اپنی کارکردگی کے سالانہ تجزیے کے لیے ایک طریقہ کار لاگو کرنا چاہیے۔ اس تقاضے کے مطابق بورڈ نے بحیثیت مجموعی بورڈ، بورڈ کمیٹیز اور انفرادی ڈائریکٹرز کے مضبوط پہلوؤں اور اہلیتوں کے تجزیے کے لیے بطور ایک خود مختار کنسلٹنٹ ”پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (PICG)“ کی خدمات حاصل کی ہیں۔ انسٹیٹیوٹ کو پاکستان میں عمدہ کاروباری اختتامی شعائر کو فروغ دینے کی ذمہ داریاں سونپی گئی ہیں۔

### کاروباری سماجی ذمہ داری (CSR):

کمپنی اپنے کسٹمرز، اسٹاف ممبران اور معاشرے کا معیار زندگی بہتر بنانے کے لیے پُر عزم اور اپنی سماجی ذمہ داریوں سے آگاہ ہے۔ ہمارا مقصد صرف اپنی ورک فورس اور ان کے اہل خانہ کا معیار زندگی بہتر بنانے تک محدود نہیں ہے، بلکہ مجموعی معاشرے کو فائدہ پہنچانے تک وسیع ہے۔ ۲۰۱۸ کے دوران CSR کے ایک حصے کے طور پر کمپنی نے ہلاکتوں اور زخموں کا نتیجہ بننے والے حادثات میں کمی کی ایک کوشش کے طور پر روڈ سیفٹی کے شعبے میں عوامی آگاہی پیدا کرنے کے لیے ایک کمیپین ”سیفٹی میٹرز“ کا آغاز کیا۔ مزید برآں کمپنی نے پاکستان دیا میر بھاشا ڈیم فنڈ میں شمولیت اختیار کی۔

### صحت، سلامتی اور ماحول (HSE):

کمپنی کام کی جگہ پر سلامتی کو ترجیح دینے کے ذریعے حادثات سے پاک ماحول برقرار رکھنے کا پختہ عزم رکھتی ہے۔ ہماری سرگرمیوں کا ہدف سب کے لیے ایک بہتر، محفوظ تر اور صحت مند تر زندگی ہے، جیسا کہ ہم اپنے سلوگن ”ہم زندگی کی قدر کرتے ہیں“ پر عمل پیرا ہیں۔ کمپنی نے اپنے ملازمین کو محفوظ اور خالص پانی کی فراہمی کے لیے ۲۰۱۸ میں ایک ریورس اوسموسس پلانٹ نصب کیا ہے۔ زیر جائزہ سال کے دوران مسلسل بہتری کی پالیسی کے ایک حصے کے طور پر کمپنی میں فائر الارم سسٹم میں بہتری کے لیے ردو بدل کیا گیا۔ HSE کے معیاروں کے حوالے سے ہمارے عزم کی سطح کا اندازہ اس حقیقت سے لگایا جاسکتا ہے کہ سال کے دوران کوئی بڑا حادثہ رونما نہیں ہوا۔

### خطرات اور خدشات:

کمپنی درج ذیل حوالوں سے خطرات کی زد میں آسکتی ہے جو اس کے کاروبار پر منفی اثرات مرتب کر سکتے ہیں:

- ☆ فارماسیوٹیکل مصنوعات کی قیمتوں پر کنٹرول
- ☆ زر مبادلہ کی شرحوں کا اتار چڑھاؤ
- ☆ شرح سود کی نقل و حرکت
- ☆ جعلی مصنوعات کی موجودگی
- ☆ مزید ڈیوٹیز اور ٹیرفس کا نفاذ
- ☆ امپورٹڈ خام مال اور فعال اجزاء کی ترکیبی پر انحصار

انتظامیہ نے کمپنی کے ایک ادارے کی حیثیت سے کاروبار جاری رکھنے کو درپیش خطرات اور خدشات کی مسلسل نگرانی اور مجموعی کاروبار پر ان کے اثرات کو زائل کرنے اور ان خطرات کو کم کرنے کے لیے مناسب اقدامات سے متعلق ایک پالیسی لاگو کر رکھی ہے۔

### ہولڈنگ کمپنی:

یہ معلومات کمپنی اور اس کی سرگرمیوں کے تحت مالیاتی گوشوارے کے نوٹس میں دی گئی ہیں۔

### شیئر ہولڈنگ کا اسلوب:

شیئر ہولڈنگ کے اسلوب کا ایک بیان سالانہ رپورٹ کے صفحہ نمبر ۸۲ پر دی گئی ہے۔

### بورڈ آف ڈائریکٹرز کے اجلاس اور حاضری:

اس عرصے کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس ہوئے، ڈائریکٹرز کی حاضری درج ذیل رہی:

## ڈائریکٹر رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے ۳۱ دسمبر، ۲۰۱۸ کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے پیش کرنا ہمارے لیے باعثِ مسرت ہے۔

کمپنی کے کاروباری نتائج:

..... نزدیک ترین ملین روپے میں.....		
۲۰۱۷	۲۰۱۸	
۴۷۲۵	۵۳۸۲	سیلز۔ خالص
۲۸۷۴	۳۰۴۱	مجموعی منافع
۱۳۳۳	۱۴۲۶	قبل از ٹیکس منافع
۱۲۳۴	۱۲۰۷	بعد از ٹیکس خالص منافع
-	۳۵۰	عمدوری ڈیویڈنڈ
۴.۴۱	۴.۳۱	فی شیئر آمدنی، روپوں میں

کمپنی نے شیئر ہولڈرز کی قدر میں زیادہ سے زیادہ اضافے اور اعلیٰ کارکردگی کے مظاہرے کے عزم کے ساتھ پیش قدمی جاری رکھی اور گزشتہ سال اسی مدت میں ۴۷۲۵ ملین روپے کے مقابلے میں زیر جائزہ سال میں ۱۳.۹ فی صد کی نمو کے ساتھ سیلز کی مد میں ۵۳۸۲ ملین روپے آمدنی حاصل کی گئی۔ فروخت میں اضافہ زیر جائزہ سال کے دوران موجودہ پروڈکٹ پورٹ فولیو میں نمو، آٹھ نئی ادویات متعارف کرانے اور سرکاری اداروں کی جانب سے پیپائٹس سی کی مصنوعات کے بڑے پیمانے پر ملنے والے آرڈرز کا نتیجہ تھا۔ دافع عفونت، دافع ذیابیطیس، علم کبدیات اور علم سرطان کے معالجاتی درجوں میں نئی مصنوعات متعارف کرائی گئیں۔ افغان حکام کی طرف سے سرحد پر مختلف محصولات عائد کیے جانے کے خلاف ٹرانسپورٹرز کی ہڑتال کی وجہ سے اپریل سے اکتوبر ۲۰۱۸ تک تقریباً آٹھ ماہ کے لیے افغانستان کو برآمدات متاثر رہیں۔ اکتوبر کے آخر میں ایک معاہدہ طے پایا اور ۲۰۱۹ کے آغاز سے صورت حال معمول کی طرف لوٹ آئی ہے۔

ڈالر کے مقابلے میں روپے کی قدر میں تیزی سے کمی اور پیپائٹس سی کے سرکاری آرڈر میں نسبتاً معمولی منافع کی وجہ سے فروخت کے تناسب میں متاثر کن اضافے کو مجموعی منافع میں منتقل نہیں کیا جاسکا۔ جس کے نتیجے میں کمپنی نے گزشتہ سال کے مقابلے میں مجموعی منافع جات میں ۵.۸ فی صد کا اضافہ حاصل کیا۔

سیلز میں اضافے کے اہداف میں معاونت کے لیے سیلز فورس کے استحکام کے ہمراہ افراط زر کے اثرات اور نئی مصنوعات متعارف کرانے سے متعلق اضافی اخراجات کی وجہ سے ترسیل و فروخت کے اخراجات میں ۸.۹ فی صد اضافہ ہوا ہے۔ بنیادی طور پر بروقت ادائیگی کی وجہ سے کمپنی کی مالیاتی لاگت ۲۷.۸ فی صد تک کم کردی گئی ہے۔ ان کوششوں کے ہمراہ کاروباری اخراجات محدود کرنے کا نتیجہ گزشتہ سال کے مقابلے میں ۶.۹ فی صد کی نمو کے ساتھ ۱۳۲۵.۱ ملین روپے قبل از ٹیکس منافع کی شکل میں سامنے آیا۔ گزشتہ سال کے دوران کی گئی گروپ ٹیکسیشن کی مد میں گزشتہ سال کے ٹیکس کی واپسی نہ ہونے کی وجہ ۷.۵ فی صد کے برعکس سال کے لیے ٹیکس کی مؤثر شرح ۱۵.۴ فی صد تھی۔ اسی کے مطابق سال کے لیے خالص منافع ۲۰۱۷ میں ۱۲۳۳.۹ ملین روپے کے مقابلے میں ۱۲۰۶.۷ ملین روپے رہا۔

متعلقہ پارٹی سے لین دین

متعلقہ پارٹیوں سے تمام لین دین کو عمومی طریقہ کار کے مطابق کیا گیا اور انہیں متعلقہ نوٹس کے تحت مالیاتی گوشواروں میں ظاہر کیا گیا ہے۔

## چیزمین کی جائزہ رپورٹ

بورڈ کی طرف سے ۳۱ دسمبر ۲۰۱۸ ختم ہونے والے سال کے لیے مالیاتی نتائج پیش کرنا میرے لیے باعثِ مسرت ہے۔ اس سال پاکستان کی فارما سیوٹیکل انڈسٹری کو روپے کی قدر میں کمی، قرض کی لاگت اور افراطِ زر میں اضافے جیسے بڑے چیلنجوں کا سامنا کرنا پڑا۔ تاہم ان بیرونی دباؤ کے باوجود آپ کی کمپنی نے شیئر ہولڈرز کی قدر میں زیادہ سے زیادہ اضافے کے عزم کو آگے بڑھانے کا سلسلہ جاری رکھا اور ۱۲۰۷ ملین روپے کا منافع درج کرانے میں کامیاب رہی، ساتھ ہی منافع بخش تناسب کو برقرار رکھنے اور انڈسٹری میں مجموعی منافع، EBITDA، قبل از ٹیکس منافع اور منافع جات میں نمایاں مقام برقرار رکھنے میں کامیاب رہی۔

بورڈ کی کارکردگی اور تاثیر:

کوڈ آف کارپوریٹ گورننس اور کمپنیز ایکٹ، ۲۰۱۷ کے تقاضوں کی تعمیل میں بورڈ کی کارکردگی کا سالانہ تخمینہ لگایا گیا تھا۔ اس تخمینہ کا مقصد یہ یقینی بنانا ہے کہ کمپنی کے مجموعی کاروباری مقاصد اور انتظامی ڈھانچے کے تناظر میں بورڈ کی کارکردگی کی پیمائش یقینی بنائی جائے۔ بورڈ نے اس سال کے دوران کمپنی کو بالفاظِ ترقی پہنچنے سے بھرپور راستے پر آگے بڑھانے میں ایک اہم کردار ادا کیا۔ ڈائریکٹرز کے عزم اور موثر نگرانی کے ذریعے آپ کی کمپنی نے کارپوریٹ گورننس اور کمپلائنس کی شفافیت یقینی بنائی۔ بورڈ نے کمپنی کی مجموعی منیجمنٹ اور معاملات کی نگرانی کے لیے اپنا کردار اور ذمہ داریاں ادا کیں اور اپنی امانتی ذمہ داریوں سے بخوبی واقف رہے۔

آڈٹ کمیٹی اور افرادی وسائل اور مشاہرہ کمیٹی کی طرف سے اپنے متعلقہ شعبوں میں رہنمائی اور موثر حل تجویز کرنے کے ذریعے ادا کیے گئے اہم کرداروں کا ذکر اور نشاندہی کرنا بھی اہم ہے۔

مستقبل کے امکانات:

کمپنی مینوفیکچرنگ کی استعداد میں اضافہ، نئے معالجاتی شعبوں میں مارکیٹ میں موجودگی میں توسیع، سبز کے موثر امتزاج اور نئی پروڈکٹس لانچ کرنے کے ذریعے نمونہ پیش کرنے کے اہداف رکھتی ہے۔ افراطِ زر اور کرنسی کی قدر میں کمی کے چیلنجوں کے باوجود کمپنی کاروبار اور انڈسٹری کے تیزی سے بدلتے حرکیات سے عہدہ برآہونے کے لیے تیار ہے اور کارکردگی کی سطح میں سبقت برقرار رکھتے ہوئے پائیدار ترقی کے حصول کے لیے پُر عزم ہے۔

اظہارِ تشکر:

میں بورڈ آف ڈائریکٹرز کی طرف سے مسلسل تعاون اور حوصلہ افزائی پر ہمارے اسٹیک ہولڈرز سے اظہارِ تشکر کرنا چاہتا ہوں کمپنی کے ملازمین کی طرف سے پیش کردہ قابلِ قدر خدمات پر خراجِ تحسین ریکارڈ پر لانا چاہتا ہوں۔ میں سال کے دوران اپنے ساتھی ڈائریکٹرز کی لگن اور مستعدی کا بھی اعتراف کرتا ہوں اور اپنے سی ای او اور ایگزیکٹو ٹیم کا ان کی بے مثال کاوشوں پر شکریہ ادا کرتا ہوں۔



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## نمائندگی نامہ

اے جی پی لمیٹڈ

پانچواں سالانہ اجلاس عام

میں / ہم \_\_\_\_\_ ساکن \_\_\_\_\_، بحیثیت اے جی پی کے ایک ممبر،

\_\_\_\_\_ عدد عام شیئرز کا / کے مالک، بذریعہ ہذا محترم / محترمہ \_\_\_\_\_

\_\_\_\_\_ ساکن \_\_\_\_\_ اے جی پی لمیٹڈ کے ایک ممبر کو یا ان کے شریک نہ ہونے پر محترم / محترمہ \_\_\_\_\_

\_\_\_\_\_ ساکن \_\_\_\_\_ کمپنی کے ایک اور ممبر کو بطور میرا / ہمارا نمائندہ بروز بدھ ۱۷ اپریل ۲۰۱۹ کو سہ پہر ۳ بجے موون

پک ہوٹل میں منعقدہ یا بصورت التوا کسی متبادل تاریخ کو سالانہ اجلاس میں ووٹ دینے کے لیے نامزد کرنا چاہتا ہوں / چاہتے ہیں۔

دس روپے کی  
ریونیو اسٹیپ

آج بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ ۲۰۱۹ء بذریعہ دست خود دستخط کیے گئے۔

درج ذیل گواہان کی موجودگی میں دستخط کیے گئے۔

گواہان

۱۔ دستخط

نام

پتہ

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر

نام (جلی حروف میں)

(فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر)

نوٹس:

۱۔ میران سے درخواست ہے کہ:

(i) مندرجہ بالا دی گئی جگہ پر اے جی پی لمیٹڈ کے پاس رجسٹرڈ ہے،

(ii) اسی انداز میں دستخط کریں جو کمپنی کے پاس رجسٹرڈ ہے،

(iii) اپنا فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر تحریر کریں۔

سی ڈی سی اکاؤنٹ ہولڈرز / کاروباری اداروں کے لیے:

مندرجہ بالا کے علاوہ، درج ذیل تقاضے پورے کرنے ہوں گے:

i۔ نمائندگی نامے پر دو افراد کی گواہی موجود ہونی چاہیے جن کے نام، پتے اور CNIC نمبر فارم پر درج ہوں۔

ii۔ نمائندگی نامے کے ہمراہ اصل مالکان (beneficial owner) اور نمائندے کے CNIC یا پاسپورٹ کی تصدیق شدہ نقول مہیا کی جائیں۔

iii۔ نمائندے کو اجلاس کے موقع پر اپنا اصل CNIC یا اصل پاسپورٹ پیش کرنا ہوگا۔

iv۔ کاروباری اداروں کی صورت میں اجلاس کے موقع پر نمائندگی نامے کے ہمراہ بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ نمائندے

ا / اتارنی کے دستخط کے نمونے کے ساتھ سیٹیز رجسٹر کو پیش کرنا ہوگا (ماسوائے اس کے کہ وہ پہلے ہی پیش کیا جا چکا ہو)۔

۲۔ نمائندگی کے موثر ہونے کے لیے ضروری ہے کہ نمائندگی نامے اجلاس کے مقررہ وقت سے کم از کم ۴۸ گھنٹے قبل کمپنی کے شیئر

رجسٹر اسٹریٹل ڈپازٹری کمپنی آف پاکستان لمیٹڈ کو بہ تمام ۹۹۔ بی، بلاک بی، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی کو لازماً موصول

ہو جائیں۔

۳۔ نمائندگی نامے میں گئے کسی رد و بدل کی صورت میں دستخط کنندہ اپنے مختصر دستخط ثبت کرے۔

۴۔ شیئر کمپلیٹ کی صورت میں سیٹیز کا ووٹ، خواہ وہ ذاتی طور پر جمع کرائے یا بذریعہ نمائندہ، دیگر مشنر کہ مالکان کے ووٹس کے بغیر قبول کیا

جائے گا، اور اس مقصد کے لیے سناریائی کا تین ممبران کے رجسٹر میں موجود ناموں کی ترتیب کے اعتبار سے کیا جائے گا۔

۵۔ نمائندے کے لیے کمپنی کا ممبر ہونا ضروری ہے۔

# Form of Proxy

AGP Limited

## Fifth Annual General Meeting

I/We \_\_\_\_\_ of \_\_\_\_\_, being a Member of AGP Limited holding \_\_\_\_\_ ordinary shares, HEREBY APPOINT \_\_\_\_\_ of \_\_\_\_\_, another Member of the Company, falling him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy in my/our absence to attend and to vote and act for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the Movenpick Hotel, Karachi at 03:00 p.m. on Wednesday, April 17, 2019 and at any adjournment thereof.

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

Ten Rupees  
Revenue  
Stamps

Signed in the presence of:

\_\_\_\_\_  
(Signature of Witness 1)

Name of Witness: \_\_\_\_\_

CNIC No.: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
(Signature of Witness 2)

Name of Witness: \_\_\_\_\_

CNIC No.: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
(Name in Block letters)

Folio No. / CDC Account No.

\_\_\_\_\_  
Signature of the Shareholder

### Notes:

- The Member is requested:
  - to affix Revenue Stamp of Rs. 10/- at the place indicated above;
  - to sign in the same style of signature as is registered with the Company;
  - to write down his/her Folio Number.
- For the appointment of the above Proxy to be valid, this instrument of proxy must be received at the Office of the Share Registrar of the Company at Share Registrar Department, Central Depository Company of Pakistan Limited, 99-B, Block - B, S.M.C.H.S., Main Shakra-e-Faisal, Karachi, at least 48 hours before the time fixed for the Meeting.
- Any alteration made in this instrument of proxy should be initialled by the person who signs it.
- In the case of joint holders, the vote of the senior who tenders a vote whether in person or by Proxy will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority will be determined by the order in which the names stand in the Register of Members.
- The Proxy must be a Member of the Company.

For CDC Account Holders / Corporate Entities:

In addition to the above, the following requirements have to be met:

- The proxy form must be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of CNIC or the passport of the beneficial owners and of the Proxy must be furnished with the proxy form.
- The Proxy must produce his original CNIC or original passport at the time of the Meeting.
- In case of corporate entities, the Board of Directors' resolution/power of attorney and specimen signature must be submitted (unless it has been provided earlier) along with proxy forms to the Share Registrars.



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