



ANNUAL REPORT 2021

CITI PHARMA

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Board of Directors

Mr. Nadeem Amjad

Chairman

Mr. Rizwan Ahmad

Chief Executive Officer

Dr. Zameer Ul Hassan

Executive Director

Ms. Saira Aslam

Non-Executive Director

Mr. Muhammad Naeem

Non-Executive Director

Mr. Abdul Jaleel Shaikh

Independent Director

Ms. Farzin Khan

Independent Director

AUDIT COMMITTEE

Mr. Abdul Jaleel Shaikh

(Independent Director)

Mr. Nadeem Amjad

(Non-Executive Director)

Mr. Muhammad Naeem

(Non-Executive Director)

Chief Financial Officer

Mr. Asif Iqbal

Company Secretary

Mr. Muhammad Riaz

Head of Internal Auditor

Muhammad Ishaq

External Auditors

Aslam Malik & Co

Chartered Accountants

Legal Advisors

Lexium (Attorneys at Law)

Share Registrar

F.D Registrar Services (Pvt) Ltd

Bankers

Faysal Bank Limited

Askari Bank Limited

Bank of Khyber

Dubai Islamic Bank Pakistan Limited

Bank Alfalah Limited

Habib Metropolitan Bank Limited

Meezan Bank Limited

Registered Office

3-KM, Head Balloki Road, Bhai Pheru,

Distt Kasur

Human Resource & Remuneration Committee

Ms. Farzin Khan (Independent Director)

Mr. Zameer Ul Hassan Shah (Executive Director)

Mr. Rizwan Ahmad (Executive Director)

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Fax: +92-49-4510191

E-Mail: corporate@citipharma.com.pk

Website: www.citipharma.com.pk

CHAIRMAN REVIEW

Citi Pharma Limited became a leading pharmaceutical company specialized in API and some of Formulation products in Pakistan. We currently hold 1st place in terms of total revenue value in the Pakistan API market, with the aim to become ranked first in Asian and African Market in the very near future.

To reach the current and future goal, we follow a three-pronged approach pivoted on our core values:

First, we pursue “excellence in quality”. We integrate quality into every process in the company, both through continuously seeking international standards, certification and through implanting quality as part of the company culture. This introduces levels of optimization and efficiency that cannot be achieved through traditional means.

Second, Citi’s mission is guided by “Improving peoples ’lives” as the heart of its success.

This can be seen in the company’s continuous interest in employee improvement and advancement. But, perhaps, more importantly, a sense of corporate and social responsibility is integral to company culture.

Third, the company considers “Customer Focus, Innovation & Creativity, Integrity & Transparency,” to be part of its values. This is translated into openness, transparency, and accountability at all levels and in all stages in the production process. It is also reflected in the R&D pipeline which is designed to keep up with the demands of the market as well as patient Well-being.

One of our main strategies for the coming period is a focus on export markets. This area is currently seeing huge growth with multiple new markets being opened every year. This stage offers both significant challenges as well as unprecedented opportunities and is already proving to be a major engine of company growth.

Nadeem Amjad

CEO MESSAGE

Citi Pharma Limited is one of the largest and most recognized pharmaceutical company in Pakistan that manufactures, markets and distributes API's and some generics for human health. Since its incorporation, Citi Pharma strategy has been focused on creating a strong pharmaceutical industry that provides quality medicines to patients and the communities in which it serves.

Our vision of becoming a International Company with international Standards drives our long and sustainable business and is essential in the way we determine our approach. We invest patiently in our assets while exercising a long-term strategy, we improve the quality and the value of our assets by partnering with multinational companies and we enhance productivity by partnering with professional management teams, skillful labor and high end technology in order to help us reach our full potential. Once we commit to a strategic objective, we stick with it across all levels and functions in order to deliver on our promise.

We are convinced that our investors, partners and employees depend on us to protect their investments and deliver the level of returns needed to meet their financial obligations. By exercising a culture that strives to avoid undue risk, we are able to protect capital and increase shareholders 'value. Our Management Team also understands that our high standards of integrity places great value on doing the right things and on doing things right. We are proud that our efforts to build a great Company have been recognized locally, regionally and internationally by our competitors and our peers.

Our investment in the upgrade of our manufacturing facilities with the addition of a new top of the line sterile area is a prime example of our commitment to a long-time strategy. During a difficult time of political and economic instability, we continued to support a highly skillful labor force, a team of highly trained professionals and a great management team in achieving our operating synergies and in growing our business regionally, while taking a futuristic viewpoint to further fortify our investment in order to increase our equity value.

We thank our investors and partners for their confidence in our Company, and we thank our employees for committing their talent and expertise to our success. We look forward to reporting continued strong performance going forward.

Rizwan Ahmad

Vision Statement

We aim to be among the top pharmaceutical companies in Pakistan by constantly evolving and bringing home innovative products in healthcare segment.

Mission Statement

Citi Pharma's mission is to dedicate itself exceptional value through creation of innovative & cost-effective pharma products and develop a corporate culture that rewards initiative, enthusiasm and ethical practices.

Core Values

Core values of the Company are as follows:

- Respect and Integrity
- Passion
- Ownership
- Work-life Balance
- Excellence



Director's Profile

1- Mr. Nadeem Amjad (Chairman)

Mr. Amjad is also an early age entrepreneur with over 3 decades of profession business experience. Early on in his career, he has remained involved with trading businesses, dealing in Jewelry, Computer Micro-chips & Hardware, Telecommunications business.

He is a well-organized entrepreneur with an impeccable reputation of successful business ventures across the far east, middle east and Pakistan. He was the person behind the growth of the family businesses into various fields as well as geographies. He expanded the family business into the Hong Kong Real Estate business as well as hospitality.

He holds an MBA from University of London.

2- Mr. Rizwan Ahmad (CEO)

Mr. Rizwan Sheikh is the Chief Executive Officer of the Company. He is widely recognized as one of the leading thought leaders, entrepreneurs and Chief Executives in Pakistan's pharma sector.

Mr. Sheikh entered into the world of business at an early age, when he joined the family telecommunications business under the name of Citi Phones (Pvt.) Limited. He gained considerable success as he graduated the business from a retailer to an importer. Later on, he joined the family business in Hong Kong and ventured into telecommunications, real estate, hospitality (restaurants) and pharma (API) trading. In 2007, Mr. Sheikh established a mobile phone manufacturing plant in Chinese province of Shenzhen and set up a trading company, "Discover Wireless" in Dubai, UAE. Since 2012, he has been spearheading CPL successfully, transforming the Company from a loss-making entity to a profitable one.

Mr. Rizwan holds an LLB (Bachelors of Law) from University of Punjab. After completing his bachelors, he studied law further from the University Law College.

Until recently, he was a Member Board of Management, Pakistan Drugs Testing and Research Center (a Government of Punjab undertaking), which is an independent contract research organization carrying out drugs' testing and bioavailability/bioequivalence (BA/BE) studies and providing clinical, analytical and bio analytical chemistry services. He was also a member of the Expert Panel (Ministry of Health, Pakistan) for inspection of bioequivalence centers.

3- Mr. Abdul Jaleel Sheikh (Independent Director)

Mr. Jaleel is serving as Group Head Operations of Pak Brunei Investment Company and also holds nominee directorship in Nimir Industrial Chemicals Limited and Haq Bahu Sugar Mills Limited. Mr. Shaikh brings with him more than thirty years of diversified experience in Project Management & Civil Engineering, Corporate Finance, Credit Administration, Human Resource Management and General Administration. Mr. Shaikh worked as an engineer for ten years in Saudi Arabia before joining Saudi Pak Industrial & Agricultural Investment Company in Islamabad. He remained with the Company for twenty years and was a key member of the senior management team involved in all strategic business decisions. He represented SAPICO on the boards of various manufacturing and service sector companies. Amongst other, these included Saudi Pak Commercial Bank, Saudi Pak Insurance Company, Fecto Cement Co. Ltd. and Japan Power Generation Co. Ltd.

4- Ms. Farzin Khan (Independent Director)

Ms. Farzin is presently serving as National Programme Manager – Anti Corruption/AML/CFT at United Nations Office on Drugs & Crime (UNODC) Pakistan. Previously, she has served as Deputy Chief of Project for USAID’s Financial Market Development (FMD) Project. In her recent roles with leading donors in the development sector, she has handled extensive support portfolios at national level for various regulatory and financial institutions and gained extensive experience of Financial Oversight & Regulation, Compliance & Corporate Governance, Stakeholder Communications & Advocacy, Project Management & AML/CFT Compliance mechanisms.

Ms. Farzin has twelve years of local and regional experience across legal & regulatory enforcement agencies, regional governmental bodies and donor sectors. She has served for ten years as the Deputy Secretary General of the South Asian Federation of Exchanges (SAFE)-an industry association comprising of 24 securities market institutions from South Asia as well as from Mauritius and UAE. In her earlier assignments, Ms. Farzin worked in a number of national level regulatory institutions such as the Competition Commission of Pakistan (CCP) as well as the Securities and Exchange Commission (SECP).

In recent years Ms. Farzin has worked on a number of corporate governance assignments and successfully graduated as a Certified Director from the Lahore University of Management Sciences (LUMS) as per SECP approved program. She speaks regularly at seminars and events at regional and national level on her areas of expertise as well as growing role of Women in financial world.

Ms. Farzin has an extensive educational and training background. She holds an MBA in Finance as well as a Masters in Financial Management from the University of Bedfordshire Business School, United Kingdom, besides having attended many other career development programs, seminars and conferences. She also has the distinction of being an IVLP Scholar under the United States funded Program on Financial Reforms. Alongside her professional accomplishments, she is happily married for sixteen years and has a thirteen years old son. In her own words, she greatly values work life balance and promotes organizational commitment for promoting gender equality and an enabling rather encouraging environment for female professionals.

5- Mrs. Saira Aslam (Non-Executive Director)

Mrs. Saira Aslam is an Bsc from Lahore Garrison College and is associated with CPL as a Director. She actively participates in the philanthropy in the city of Lahore and is considered to be one of the active philanthropists in the city.

6- Dr. Zameer Ul Hassan Shah (Director)

Dr. Shah is an experienced pharmaceutical sector professional with over 2 decades of experience in leading local and MNC companies. He is currently working as Director Operations of CPL and is in charge of all production related matters. Prior to joining CPL in 2002, Dr. Shah was involved with leading pharma sector players such as Global Pharmaceuticals (Pvt.) Limited, Caraway Pharmaceuticals, Cirin Pharmaceuticals Pvt. Limited, Merck Marker in Pakistan. He has also worked internationally with Tabuk Pharmaceutical Manufacturing Company – Riyadh, Saudi Arabia and Shifa Jeddah Polyclinics.

Throughout his career, he has been involved with the production of various penicillin, cephalosporin and psychotropic medicines.

He has completed his Master of Philosophy in Pharmaceutics from Gomal University (D.I. Khan). During his M. Phil, his thesis was on Bioequivalence Study of 400mg dispersible tablets (deferasirox) in comparison to Aurna 400 mg dispersible tablets by a leading MNC.

Following his M. Phil, he obtained a PhD in Pharmaceutics from Sargodha University.

7- Muhammad Naeem (Director)

He has more than 25 years of experience in retail sector, covering mostly electronic items and mobile phones. He serves as the Director of Citi Pharma Limited.

PROFILES OF KEY MANAGEMENT

1- Mr. Asif Iqbal (Chief Financial Officer)

Mr. Iqbal is the Chief Financial Officer at CPL. He holds extensive experience in both audit and finance. He specializes in the areas of corporate tax, audit and assurance and has previously been associated in various finance related roles, including:

- Senior Manager (Bilal Fibers Limited)
- Manager (Aslam Malik & Co)
- Manager Accounts & Tax (Jade Group)

He is a member of Pakistan Institute of Public Finance Accountant and has cleared his CA Inter from Institute of Chartered Accountants of Pakistan.

2- Mr. Muhammad Riaz (Company Secretary)

Mr. Riaz is an MBA & LLB by qualification. He holds approx. 15 years of professional experience covering multifaceted concerns ranging from both the Public and the Private sectors of the economy. Areas of his professional experience & expertise include Direct & Indirect taxes, Corporate and Legal Services.

Positions previously held include:

- Senior Manager Corporate Affairs (Systems Limited)
- Assistant Manager Corporate & Tax (KPMG Taseer Hadi & Co)
- Corporate & Tax Executive (The TAQ Organization)

3- Mr. SYED KHALID AFTAB (Director of Quality Operations)

An experienced person holding a Ph. D with expertise in Synthesis of API's and Formulation Products, IMP/Commercial GMP (EU), Clinical Trial Manufacturing, Sterile Manufacturing, Quality Management System and General Pharmaceutical Products Manufacturing regulated by **MHRA** and **FDA**, Regulatory Affairs, successfully went through the Audit conducted by **DRAP**, **E&Y** Pakistan. Plant Management, Business Development, Quality Control / Assurance, Equipment Qualifications, Manufacturing Process Validation, ATM Validation / Verifications, NGI (Next Generation Impactor), Stability Studies, supporting stakeholders in their use of competitive and scientific resources and leads internal projects that may impact the global business are the performing areas with responsibilities & enthusiasm. Hands on experience in chemical synthesis and purification, operating different instruments including

LC-MS, UV-Vis Spectrophotometer, FTIR, Thermal Analyzer (TGA, DTA, DSC) NMR, HPLC, TLC, C H & N Analyzer etc.

Executive with team orientated supportive proactive leadership style. Fast learner who is comfortable working with senior management. Skilled at summarizing complex issues into focused action plans for internal and external customers. Strong customer focus with an ability to apply people and technical skills in achieving business goals and creating win-win situations.

4- Muhammad Javed Rafique

Mr. Javed Rafique is an MBA Marketing (VU Lahore). He has the vast experience of serving the corporate sector which includes the following.

- Morgan Technologies Karachi Feb. 2008 to Oct 2009 (Area Sales Manager Central & North)
- Causeway International Karachi Sep. 2009 to Dec. 2018 (Regional Sales Manager Central & North)
- Citi Pharma Pvt Limited Lahore Jan. 2019 to till Dated (Head of Sales and Marketing All Pakistan)
- Having experience of International Marketing as Sales Manager in Holland 2007.

DIRECTORS' REPORT

The Board of Directors of Citi Pharma Limited is please to present the Annual Report along with Company's audited financial statements for the year ended June 30, 2021.

This Director's report has been prepared in accordance with section 227 of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations 2019 and will be submitted to the members at the Annual General Meeting of the company to be held on October 28, 2021.

OPERATING RESULTS

Rupees in million

| | |
|--|---------------------------|
| Profit before Taxation | 499,746,398 |
| Taxation | <u>(147,978,103)</u> |
| Profit after Taxation | 351,768,295 |
| Other comprehensive income - net of tax | 530,085 |
| Revenue Reserves brought forward | <u>528,308,204</u> |
| Reserves available for appropriations | 880,606,584 |
| Appropriations: | |
| - Bonus Shares 2021 @ 200% of the shares | <u>(500,000,000)</u> |
| Revenue Reserves carried forward | <u><u>380,606,584</u></u> |

FINANCIAL PERFORMANCE

Net sales increased by 64% from previous year. Gross Profit margin improved from 32% to 79% because of increase in sales prices and Dollar variation. Admin and Sales & Marketing expenses increased by 17% and 12% respectively, other expenses increased by 133% as compared to previous year mainly due to increase in Workers' Profit Participation Fund (WPPF), Workers' Welfare Fund (WWF). As a result of these factors, profit after tax for the year increased by Rs. 208.351 million over the previous year. Earnings per share was Rs. 4.64 per share (2020: Rs. 31.87 per share), the difference in earning per share Rs. 27.23 per share is mainly because of Split of share price from Rs. 100 to Rs. 10 and issuance of 200% Bonus shares.

OVERVIEW OF ECONOMY AND BUSINESS

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID-19. The company's operations were not affected as it fell under the exemption provided by the Government of Punjab. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Due to this, management has assessed the accounting implications of these developments on these financial statements, however, according to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these financial statements.

COMPOSITION OF BOARD OF DIRECTORS

The Citi Pharma Limited has an independent and objective Board. The roles of the Chairman and the Chief Executive are different and each has a clearly defined role profile. In addition, both the Audit and HR committees are chaired by independent directors. There are 7 Board members including one female and 6 male directors, whereas current composition of the Board is as follows;

| Category | Names |
|--|---|
| Independent Directors | 1. Abdul Jaleel Shaikh 2. Farzin Khan |
| Executive Directors | 1. Rizwan Ahmad 2. Zameer Ul Hassan Shah |
| Non-Executive Directors | 1. Nadeem Amjad 2. Muhammad Naeem |
| Female Director (Non-Executive) | 1. Saira Aslam |

COMMITTEES OF THE BOARD

a. Audit Committee

Audit committee comprises of three members from the Board. The chairman of the Board is an independent director as required in the CCG Regulations 2019 while the two are non-executive directors. The Board of Directors has set out terms of reference for the audit committee. The audit committee reviews the annual and quarterly financial statements, internal audit reports and holds its meeting prior to the Board meetings. The following are the members of the audit committee.

| Name | Designation |
|---------------------|-------------------------------|
| Abdul Jaleel Shaikh | Chairman/Independent Director |
| Nadeem Amjad | Non-Executive Director |
| Muhammad Naeem | Non-Executive Director |
| Muhammad Riaz | Secretary to Audit Committee |

b. Human Resource & Remuneration committee

The committee consists of three members from the Board; one is independent director and two are executive director. The Chairman of the committee is the independent director. The committee reviews and formulates the HR & management policies of the company. The Committee is also responsible for the remuneration of employees and ensures that it is aligned with the Company's business strategy and long-term interests. The following are the members of the Human Resource committee:

| Name | Designation |
|-----------------------|--|
| Farzin Khan | Chairman/Independent Director |
| Rizwan Ahmad | Executive Director |
| Zameer Ul Hassan Shah | Executive Director |
| Muhammad Riaz | Secretary to HR & Remuneration Committee |

DIRECTOR'S TRAINING PROGRAM

Out of seven Directors of the Company, two directors have completed the training under the Director's Training Program and the company has planned to conduct the director's training program of remaining directors in upcoming financial year.

All Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies.

ADEQUACY OF INTERNAL AND FINANCIAL CONTROLS

The Board has established effective internal financial controls across all functions. The independent Internal Audit function of your Company regularly monitors the implementation of financial controls, and the Audit Committee reviews it.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- We are pleased to report that the Company has taken necessary steps to comply with the provisions of the Code of Corporate Governance as a result of its listing at the Pakistan Stock Exchange.
- The financial statements prepared by the management of the Company, represent fairly its state of affairs, the result of the operations, cash flows, and changes in equity.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- Proper books of accounts have been maintained by the Company.
- Financial reporting is based on the approved International Accounting Standards as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- There is no significant doubt about the Company's ability to continue as a going concern.
- The system of internal control is sound in design. The system is being continuously monitored by Internal Audit and through other such monitoring procedures. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.

OPERATING AND FINANCIAL DATA

Operating and financial data of the company for the last six years is annexed.

MATERIAL CHANGES

There have been no material changes and the company has not consciously entered into any commitment that will affect its financial position.

PATTERN OF SHAREHOLDING

Pattern of shareholding is annexed with the report in accordance with the Companies Act, 2017 as at June 30, 2021.

AUDITORS

The present Auditors M/s Aslam Malik & Co, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Board of Directors endorses the recommendation of the Audit Committee for their re-appointment as auditors of the Company for the financial year ending June 30, 2022.

RISK OF MANAGEMENT

As part of its responsibilities, the Board of Directors have always kept a close watch on socio-economic environment and consequential internal and external risks that might impact the safe and smooth operations of the Company and remained vigilant in identifying and mitigating risks throughout the year: The Board identified potential risks, assessed their impact on the Company and formulated strategies to mitigate any and all foreseeable risks to the business. These strategies will be enforced through Audit Committee to ensure that no gaps remained in risk mitigation.

RISK ASSESSMENT

Business face numerous uncertainties that might pose threats to its objectives and if not addressed may cause preventable losses. The Board has carried out vigilant and thorough assessment of both internal and external risks that the company might face. Rising cost of raw material is the most imminent risk facing the company. Devaluation of PKR has made the risk exposure to an extent.

DIVIDEND

Taking into consideration the current capital and equity investments, the board has recommended the final cash dividend of PKR 1.50 per share along with 10% bonus shares subject to the approval of shareholders in the upcoming Annual General Meeting scheduled to be held on October 28, 2021.

CORPORATE SOCIAL RESPONSIBILITY

The Company has made significant contributions to the welfare of the Society by providing basic education, health, self-care and other social activities

ENVIRONMENT, HEALTH AND SAFETY

The Company maintains the safe and secure environment and consider it our duty to ensure that people who work for us know how to work safely and without any risks to their health. The health and safety of our employees and visitors is a high priority for the Company. Therefore, appropriate hazards associated with operations are continuously identified, assessed and managed to eliminate or reduce risks.

FUTURE PROSPECTS/CAPACITY EXPANSION

The following expansion is underway:

API segment: In the wake of the COVID-19 pandemic, demand for Paracetamol witnessed a surge. Moreover, health awareness and health spending has also risen. Hence, CPL intends to expand their existing capacity of 3,600 tons per annum of Paracetamol to 6,000 tons per annum. Further to this, CPL plans to add new APIs to its existing product line, i.e. (i) Ascorbic Acid, (ii) Chloroquine Phosphate, and (iii) Hydroxychloroquine Sulfate; subsequently, these will also add formulation products of the same to the Company's portfolio.

| Particulars | Capacity (Tons) p.a |
|----------------------------|---------------------|
| Ascorbic Acid | 1200 |
| Chloroquine Phosphate | 50 |
| Hydroxychloroquine Sulfate | 50 |

In the Formulation Segment, the Company intends to build three manufacturing facilities taking total capacity to 200,000 vials/injectables³⁵ per day, dry powder/suspension 60,000 bottles per day, capsules 4,200,000 per day, and tablets 4,500,000 per day. These include dedicated lines for (i) Penicillin 36, (ii) Cephalosporin and (iii) Psychotropic & Narcotics drugs³⁷.

As per guidelines of DRAP, in API manufacturing a separate dedicated line is required to eliminate any chances of cross contamination. CPL's in-house engineering team shall be responsible for civil, electrical and mechanical work for both API and formulation. Further, they will also be responsible for procurement and installation of machinery for both the API.

ڈائریکٹر رپورٹ

سٹی فارمالیٹیڈ کے بورڈ آف ڈائریکٹرز انتہائی مسرت کے ساتھ 30 جون 2021 کو ختم ہونے والے سال کے لئے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ سالانہ رپورٹ پیش کرتے ہیں۔

ڈائریکٹر رپورٹ کمپنیز ایکٹ 2017ء اور سلیڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء کے سیکشن 227 کے مطابق تیار کی گئی ہے اور 28 اکتوبر 2021ء کو ہونے والے کمپنی کے سالانہ عمومی اجلاس میں ممبران کو پیش کی جائے گی۔

| | |
|---|---------------|
| آپریٹنگ نتائج | روپے ملین میں |
| منافع قبل از ٹیکس | 499,746,398 |
| ٹیکس | (147,978,103) |
| منافع بعد از ٹیکس | 351,768,295 |
| دیگر مجموعی آمدن - net of tax | 530,085 |
| پیش کردہ ریونیوز خاثر | 528,308,204 |
| تصرفات کے لئے دستیاب ذ خاثر | 880,606,584 |
| تصرفات: | |
| شیرز کی 200 فیصد کی شرح سے بونس شیرز 2021 | (500,000,000) |
| آگے بڑھائے گئے ریونیوز خاثر | 380,606,584 |

مالیاتی کارکردگی

خالص فروخت میں گزشتہ سال کے مقابلے میں 64 فیصد اضافہ ہوا۔ فروخت کی قیمتوں میں اضافے اور ڈالر کی تبدیلی کی وجہ سے مجموعی منافع کا مارجن 32 فیصد سے بہتر ہو کر 79 فیصد ہو گیا۔ ایڈمن اور سٹیز و مارکیٹنگ کے اخراجات میں بالترتیب 17 فیصد اور 12 فیصد اضافہ ہوا، دیگر اخراجات میں گزشتہ سال کے مقابلے میں 133 فیصد اضافہ ہوا جس کی بنیادی وجہ ورکرز پرافٹ کنسپینٹ فنڈ (ڈبلیو پی پی ایف)، ورکرز ویلفیئر فنڈ (ڈبلیو ڈبلیو ایف) میں اضافہ ہے۔ ان عوامل کے نتیجے میں سال کے لئے ایک کے بعد ایک ٹیکس منافع میں گزشتہ سال کے مقابلے میں 208.351 ملین روپے کا اضافہ ہوا۔ فی حصص آمدنی 4.64 روپے فی حصص (31.87 روپے فی حصص: 2020) رہی، فی حصص آمدنی میں بنیادی فرق 27.23 روپے فی حصص کی بنیادی وجہ حصص کی قیمت میں 100 سے 10 روپے تک تقسیم اور 200 فیصد بونس حصص کا اجراء ہے۔

اکانومی اور کاروبار کا جائزہ

کوویڈ-19 کی وبا جو دنیا بھر میں تیزی سے پھیل چکی ہے اس نے نہ صرف انسانی زندگیوں کو خطرے میں ڈال دیا ہے بلکہ عالمی معیشت کو بھی بری طرح متاثر کیا ہے۔ 23 مارچ 2020ء کو حکومت پنجاب نے کوویڈ-19 کے پھیلاؤ کو کم کرنے کے اقدام کے طور پر عارضی لاک ڈاؤن کرنے کا اعلان کیا۔ تاہم اس سے کمپنی کی کارروائیاں متاثر نہیں ہوئیں کیونکہ یہ حکومت پنجاب کی جانب سے فراہم کردہ چھوٹ کے تحت آئی تھی۔ ملازمین کی حفاظت کو یقینی بنانے کے لئے تمام ضروری معیاری آپریٹنگ طریقہ کار (ایس او پیز) پر عمل درآمد کے بعد کمپنی نے اپنے کاموں کو جاری رکھا اور اپنے کاروبار کو ہموار اور مناسب تسلسل کو یقینی بنانے کے لئے تمام ضروری اقدامات اٹھائے ہیں۔ اس کی وجہ سے انتظامیہ نے ان مالیاتی گوشواروں پر ان پیش رفتوں کے اکاؤنٹنگ مضمرات کا جائزہ لیا ہے، تاہم انتظامیہ کے تشخیص کے مطابق مالی گوشواروں پر کوویڈ-19 کے اثرات کا کوئی خاص اکاؤنٹنگ اثر نہیں ہے۔

بورڈ آف ڈائریکٹرز کی تشکیل

سٹی فارمالیٹڈ ایک آزاد اور معروضی بورڈ کی حامل ہے۔ چیئرمین اور چیف ایگزیکٹو کے کردار مختلف ہیں اور ہر ایک کا مکمل طور پر واضح کردار اور پروفائل ہے۔ اس کے علاوہ آڈٹ اور ایچ آر دونوں کمیٹیوں کی صدارت آزاد ڈائریکٹرز کرتے ہیں۔ بورڈ کے 7 ارکان ہیں جن میں 2 خاتون اور 5 مرد ڈائریکٹر شامل ہیں جبکہ بورڈ کی موجودہ تشکیل درج ذیل ہے:

| کیٹگری | نام |
|--------------------------------|-------------------|
| آزاد ڈائریکٹرز | 1۔ عبد الجلیل شیخ |
| | 2۔ فرزین خان |
| ایگزیکٹو ڈائریکٹرز | 1۔ رضوان احمد |
| | 2۔ ضمیر الحسن شاہ |
| نان ایگزیکٹو ڈائریکٹرز | 1۔ ندیم امجد |
| | 2۔ محمد نعیم |
| خاتون ڈائریکٹرز (نان ایگزیکٹو) | 1۔ سارہ اسلم |

بورڈ کی کمیٹیاں

a۔ آڈٹ کمیٹی

آڈٹ کمیٹی بورڈ کے تین ارکان پر مشتمل ہے۔ بورڈ کے چیئرمین سی سی جی ریگولیشنز 2019 کی ضروریات کے مطابق آزاد ڈائریکٹر ہیں جبکہ دونوں نان ایگزیکٹو ڈائریکٹرز ہیں۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کے لئے ٹرمز آف ریفرنس (ٹی او آر) مقرر کی ہیں۔ آڈٹ کمیٹی سالانہ اور سہ ماہی مالیاتی گوشواروں، اندرونی آڈٹ رپورٹوں کا جائزہ لیتی ہے اور بورڈ اجلاسوں سے قبل اپنا اجلاس منعقد کرتی ہے۔ آڈٹ کمیٹی کے ارکان مندرجہ ذیل ہیں۔

| نام | عہدہ |
|----------------|-------------------------|
| عبد الجلیل شیخ | چیئرمین / آزاد ڈائریکٹر |
| ندیم امجد | نان ایگزیکٹو ڈائریکٹر |
| محمد نعیم | نان ایگزیکٹو ڈائریکٹر |
| محمد ریاض | سیکرٹری برائے آڈٹ کمیٹی |

b۔ ہیومن ریسورسز و مشاہرہ کمیٹی

کمیٹی بورڈ کے تین ارکان پر مشتمل ہے؛ ایک آزاد ڈائریکٹر اور دو ایگزیکٹو ڈائریکٹر ہیں۔ کمیٹی کا چیئرمین آزاد ڈائریکٹر ہوتا ہے۔ کمیٹی کمپنی کی ایچ آر اور مینجمنٹ پالیسیوں کا جائزہ لے کر تشکیل دے گی۔ کمیٹی ملازمین کے معاوضے کی بھی ذمہ دار ہے اور اس بات کو یقینی بناتی ہے کہ یہ کمپنی کی کاروباری حکمت عملی اور طویل مدتی مفادات کے ساتھ ہم آہنگ ہو۔ ہیومن ریسورسز کمیٹی کے ارکان درج ذیل ہیں:

| نام | عہدہ |
|-----------|-------------------------|
| فرزین خان | چیئرمین / آزاد ڈائریکٹر |

ایگزیکٹو ڈائریکٹر
ایگزیکٹو ڈائریکٹر
سیکرٹری برائے ایچ آر و مشاہیر کمیٹی

رضوان احمد
ضمیر الحسن شاہ
محمد ریاض

ڈائریکٹر ٹریننگ پروگرام
کمپنی کے سات ڈائریکٹرز میں سے دو ڈائریکٹرز نے ڈائریکٹر ٹریننگ پروگرام کے تحت ٹریننگ مکمل کر لی ہے اور کمپنی نے آئندہ مالی سال میں باقی ڈائریکٹرز کے ڈائریکٹر ٹریننگ پروگرام کے انعقاد کا منصوبہ بنایا ہے۔
تمام ڈائریکٹر کارپوریٹ اداروں کے ڈائریکٹر کی حیثیت سے اپنے فرائض اور ذمہ داریوں سے پوری طرح واقف ہیں۔

اندرونی اور مالیاتی کنٹرول کی مناسبت
بورڈ نے تمام کاموں میں موثر اندرونی مالیاتی کنٹرول قائم کیے ہیں۔ آپ کی کمپنی کا آزاد انٹرنل آڈٹ فنکشن باقاعدگی سے مالیاتی کنٹرول کے نفاذ کی نگرانی کرتا ہے، اور آڈٹ کمیٹی اس کا جائزہ لیتی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک
ہمیں یہ بتاتے ہوئے مسرت ہو رہی ہے کہ کمپنی نے پاکستان سٹاک ایکسچینج میں اپنی لسٹنگ کے نتیجے میں کارپوریٹ گورننس کے ضابطہ کی دفعات کی تعمیل کے لئے ضروری اقدامات کیے ہیں۔
کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے اس کی صورتحال، آپریشنز کے نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کی مناسبتیں سمجھائی دیتے ہیں۔
مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مستقل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
کمپنی کی طرف سے اکاؤنٹس کی مناسب کتابیں برقرار رکھی گئی ہیں۔
مالیاتی رپورٹنگ پاکستان میں لاگو ہونے والے منظور شدہ بین الاقوامی اکاؤنٹنگ معیارات پر مبنی ہے، مالیاتی گوشواروں کی تیاری میں اس پر عمل کیا گیا ہے اور اس سے کسی بھی رواں دواں کو مناسب طور پر ظاہر اور اس کی وضاحت کی گئی ہے۔
کمپنی کے جاری کاموں کے جاری رکھنے کی صلاحیت کے بارے میں کوئی شک نہیں ہے۔
اندرونی کنٹرول کا نظام کا بزنس میں درست ہے۔ اس نظام کی مسلسل نگرانی انٹرنل آڈٹ اور اس طرح کے دیگر نگرانی کے طریقہ کار کے ذریعے کی جارہی ہے۔ داخلی کنٹرول کی نگرانی کا عمل ایک جاری عمل کے طور پر جاری رہے گا جس کا مقصد کنٹرول کو مزید مضبوط بنانا اور نظام میں بہتری لانا ہے۔

آپریٹنگ اور مالی ڈیٹا
پچھلے چھ سالوں سے کمپنی کے آپریٹنگ اور مالی ڈیٹا کا الحاق کیا گیا ہے۔

مادی تبدیلیاں
کوئی مادی تبدیلیاں نہیں ہوئی ہیں اور کمپنی نے شعوری طور پر ایسا کوئی عہد نہیں کیا ہے جو اس کی مالی پوزیشن کو متاثر کرے۔

شیئر ہولڈنگ کا نمونہ
شیئر ہولڈنگ کا نمونہ 30 جون 2021 تک کمپنیز ایکٹ 2017 کے مطابق رپورٹ کے ساتھ منسلک کیا گیا ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز اسلم ملک اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو چکے ہیں اور اہل ہونے کی وجہ سے انہوں نے دوبارہ تقرری کے لئے خود کو پیش کش کی ہے۔ بورڈ آف ڈائریکٹرز 30 جون 2022 کو ختم ہونے والے مالی سال کے لئے کمپنی کے آڈیٹر کے طور پر دوبارہ تقرری کے لئے آڈٹ کمیٹی کی سفارش کی توثیق کرتا ہے۔

انتظام کا خطرہ

اپنی ذمہ داریوں کے حصے کے طور پر بورڈ آف ڈائریکٹرز نے ہمیشہ سماجی و اقتصادی ماحول اور اس کے نتیجے میں پیدا ہونے والے اندرونی اور بیرونی خطرات پر کڑی نظر رکھی ہے جو کمپنی کے محفوظ اور ہموار کاموں پر اثر انداز ہو سکتے ہیں اور سال بھر خطرات کی شناخت اور کم کرنے میں چوکس رہے۔ بورڈ نے ممکنہ خطرات کی نشاندہی کی، کمپنی پر ان کے اثرات کا جائزہ لیا اور کاروبار کے لئے کسی بھی اور تمام قریبی خطرات کو کم کرنے کے لئے حکمت عملی وضع کی۔ ان حکمت عملیوں کو آڈٹ کمیٹی کے ذریعے نافذ کیا جائے گا تاکہ اس بات کو یقینی بنایا جاسکے کہ خطرے کو کم کرنے میں کوئی خلا باقی نہ رہے۔

خطرات کا جائزہ

کاروبار کو متعدد غیر یقینی صورتحال کا سامنا ہے جو اس کے مقاصد کے لئے خطرہ بن سکتی ہیں اور اگر اس پر توجہ نہ دی گئی تو قابل روک تمام نقصانات کا سبب بن سکتے ہیں۔ بورڈ نے اندرونی اور بیرونی دونوں خطرات کا مکمل جائزہ لیا ہے جس کا کمپنی کو سامنا کرنا پڑ سکتا ہے۔ خام مال کی بڑھتی ہوئی لاگت کمپنی کو درپیش سب سے نمایاں خطرہ ہے۔ پاکستانی روپے کی قدر میں کمی نے خطرے کو بڑھا دیا ہے۔

منافع

موجودہ سرمائے اور ایکویٹی سرمایہ کاری کو مد نظر رکھتے ہوئے بورڈ نے 28 اکتوبر 2021 کو ہونے والے آئندہ سالانہ عمومی اجلاس میں شیئر ہولڈرز کی منظوری سے مشروط 10 فیصد بونس حصص کے ساتھ 1.50 روپے فی حصص کے حتمی نقد منافع کی سفارش کی ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی نے بنیادی تعلیم، صحت، خود کی دیکھ بھال اور دیگر سماجی سرگرمیاں فراہم کر کے سوسائٹی کی فلاح و بہبود میں نمایاں تعاون کیا ہے۔

ماحولیات، صحت اور حفاظت

کمپنی محفوظ اور مناسب ماحول کو برقرار رکھتی ہے اور اس بات کو یقینی بنانا اپنا فرض سمجھتی ہے کہ جو لوگ ہمارے لئے کام کرتے ہیں وہ محفوظ طریقے سے اور اپنی صحت کو کسی خطرے کے بغیر کام کرنا جانتے ہیں۔ کمپنی کے لئے اپنے ملازمین اور دیگر آنے والوں کی صحت اور حفاظت اولین ترجیح ہے۔ لہذا، آپریشنز سے وابستہ مناسب خطرات کی مسلسل شناخت کی جاتی ہے، ان کا جائزہ لیا جاتا ہے اور خطرات کو ختم کرنے یا کم کرنے میں کامیاب کیا جاتا ہے۔

مستقبل کے امکانات/صلاحیت میں توسیع

مندرجہ ذیل توسیع جاری ہے:

اے پی آئی کا شعبہ: کوویڈ-19 وبا کے تناظر میں پیرایسٹامول کی مانگ میں اضافہ دیکھنے میں آیا۔ مزید برآں صحت کے بارے میں آگاہی اور صحت کے اخراجات میں بھی اضافہ ہوا ہے۔ لہذا سی پی ایل اپنی موجودہ صلاحیت 3600 ٹن سالانہ پیرایسٹامول سے بڑھا کر 6000 ٹن سالانہ کرنے کا ارادہ رکھتی ہے۔ اس کے علاوہ سی پی ایل اپنی موجودہ پروڈکٹ لائن یعنی (i) ایرکاربک ایسڈ، (ii) کلوروکونن فاسفیٹ اور (iii) ہائیڈروکسی کلوروکونن سلفیٹ میں نئی اے پی آئی شامل کرنے کا ارادہ رکھتا ہے؛ اس کے بعد یہ کمپنی کے پورٹ

فولیو میں اس کی فارمولیشن مصنوعات بھی شامل کریں گے۔

استعداد (ٹن) سالانہ

1200

50

50

تفصیل

ایسکاربک ایسڈ

کلوروکوئن فاسفیٹ

ہائیڈروکسی کلوروکوئن سلفیٹ

فارمولیشن کے شعبہ میں کمپنی تین مینوفیکچرنگ سہولیات تعمیر کرنے کا ارادہ رکھتی ہے جس میں کل گنجائش 200,000 شیشیاں/انجیکشن 35 یومیہ، ڈرائی پاؤڈر/سپینشن 60,000 بوتلیں یومیہ، کپسول 4,200,000 یومیہ اور ٹیبلٹس 4,500,000 یومیہ تک لے جائیں گی۔ ان میں (i) پینسیلین 36، (ii) سیفا لوسپورین اور (iii) سائیکوٹروپک ونا رکوکس ڈرگز 37 کے لئے وقف لائسنس شامل ہیں۔

ڈریپ کے رہنما خطوط کے مطابق اے پی آئی مینوفیکچرنگ میں کراس آلودگی کے کسی بھی امکان کو ختم کرنے کے لئے ایک علیحدہ وقف لائن کی ضرورت ہوتی ہے۔ سی پی ایل کی ان ہاؤس انجینئرنگ ٹیم اے پی آئی اور فارمولیشن دونوں کے لئے سول، الیکٹریکل اور مکینیکل کام کی ذمہ دار ہوگی۔ مزید برآں، وہ دونوں اے پی آئی کے لئے مشینری کی خریداری اور تنصیب کے بھی ذمہ دار ہوں گے۔

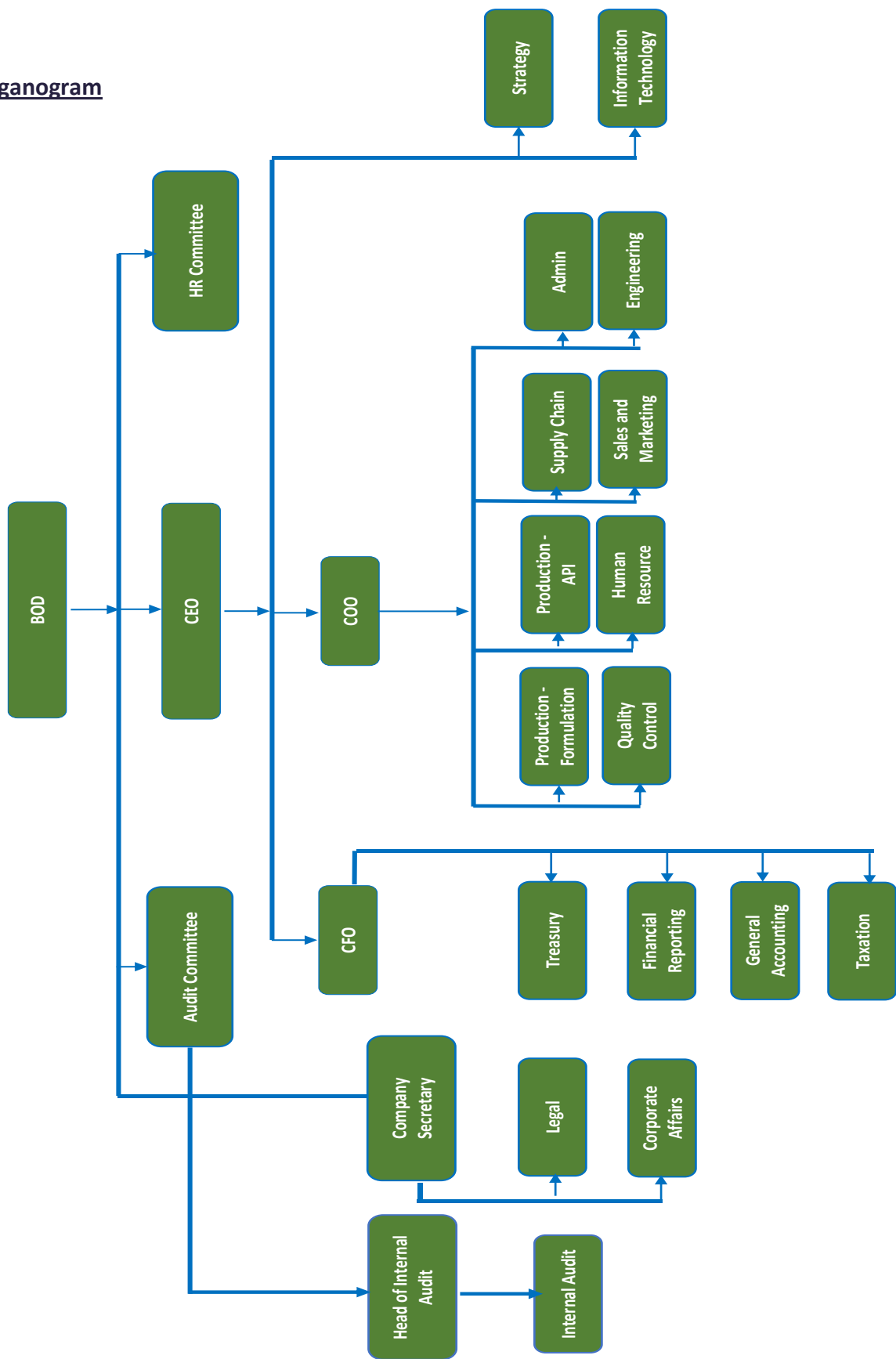
CSR (Corporate Social Responsibility)

We maintain participative relationship with the society and being a pharma company, continuously invest in the interventions related to health. In addition to our communities, we ensure the well-being and safety of all the stakeholders in our value chain through continuous engagement with relevant stakeholders to uphold the best practices in social responsibility. Giving away our share of kindness is not a part of a larger social responsibility that the society itself has entrusted upon us.

We conduct different health awareness programs.



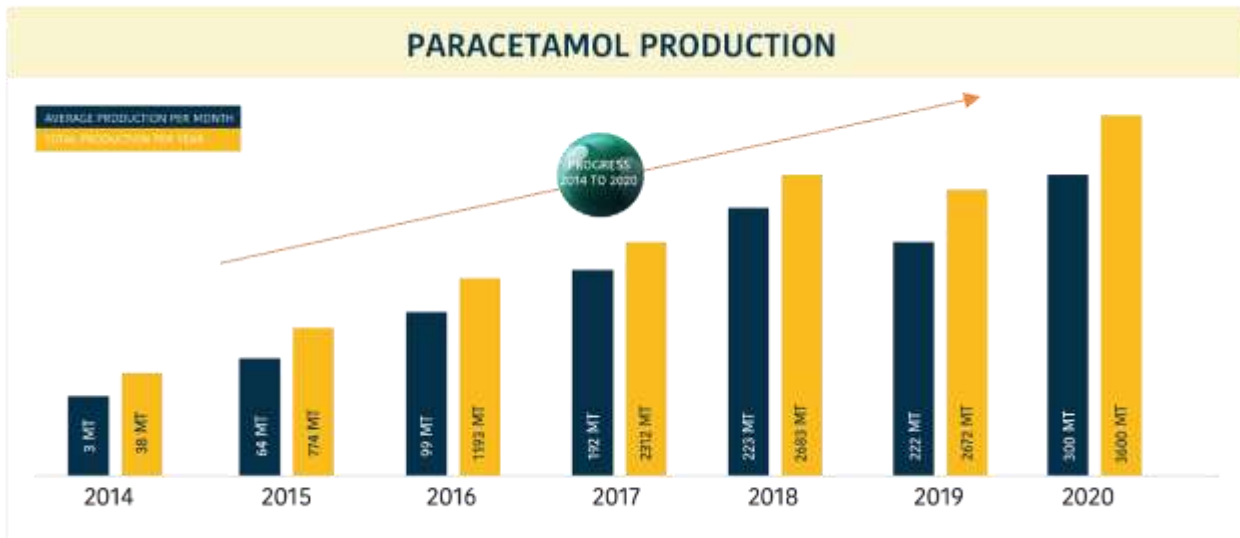
Company Organogram



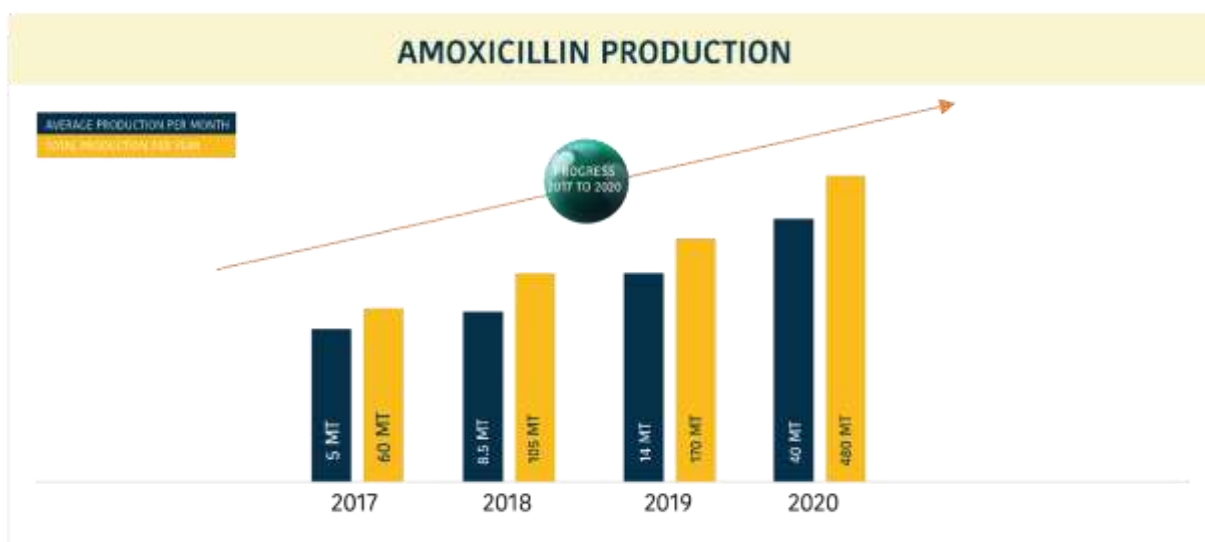
Company Key Products

API segment

Paracetamol, also known as acetaminophen, is a medication used to treat pain and fever. Paracetamol was first developed in 1877 and is the most commonly used medication for pain and fever across the world. It is on the World Health Organization's List of Essential Medicines. Paracetamol is available as a generic medication, with brand names including Tylenol and Panadol among others.

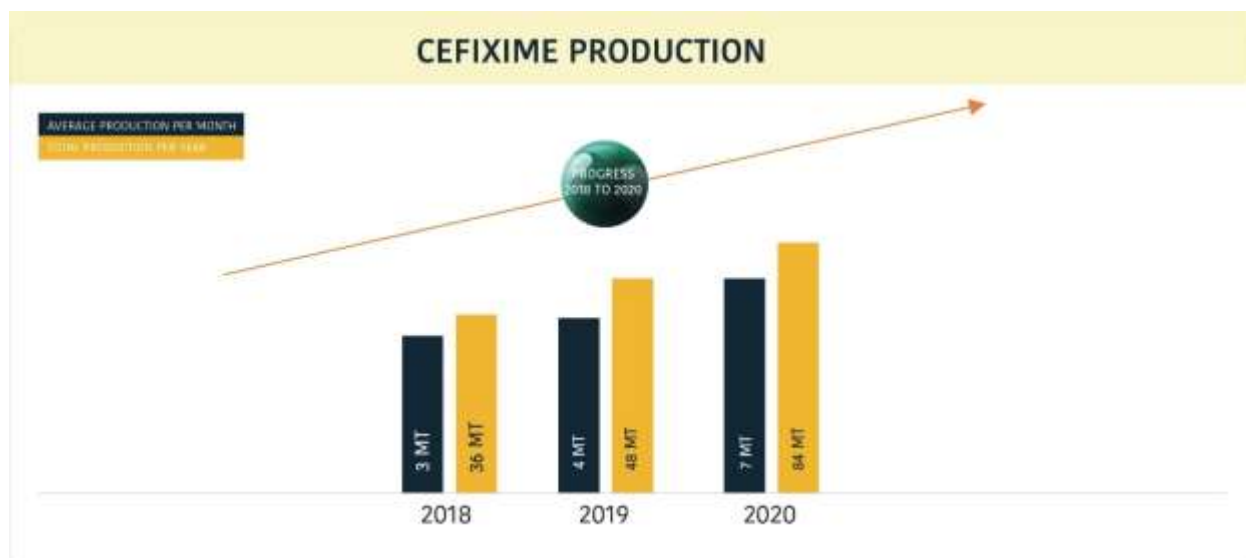


Penicillin/Amoxicillin is an antibiotic used to treat a number of bacterial infections. These include middle ear infection, strep throat, pneumonia, skin infections, and urinary tract infections, among others. It is taken orally, or less commonly by injection. Amoxicillin was discovered in 1958 and came into medical use in 1972. It is on the World Health Organization's List of Essential Medicines. It is one of the most commonly prescribed antibiotics in children. Amoxicillin is available as a generic medication.

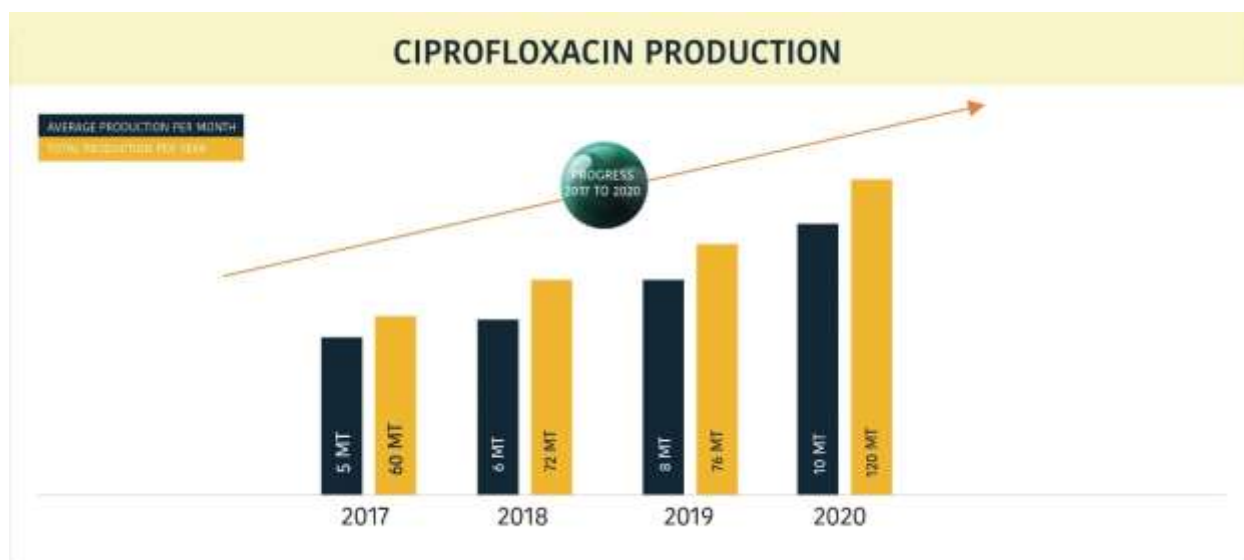


Levofloxacin is used to treat a variety of bacterial infections. This medication belongs to a class of drugs known as quinolone antibiotics. It works by stopping the bacterial growth and is used to treat bacterial infections. It will not work for viral infections (such as common cold, flu). Levofloxacin was first approved by the FDA in 1996, and was approved in Canada and several South American countries soon after.

Cefixime/Cephalosporin, is an antibiotic medication used to treat a number of bacterial infections. Cefixime was patented in 1979 and approved for medical use in the United States in 1989. It is on the World Health Organization's List of Essential Medicines. It is available as a generic medication.



Ciprofloxacin is an antibiotic used to treat a number of bacterial infections. This includes bone and joint infections, intra-abdominal infections, certain type of infectious diarrhea, respiratory tract infections, skin infections, typhoid fever, and urinary tract infections, among others. Ciprofloxacin was patented in 1980 and introduced in 1987. It is on the World Health Organization's List of Essential Medicines and is classified as critically important for human medicine. It is available as a generic medication.



Cephradine is in a group of drugs called cephalosporin antibiotics. Cephradine fights bacteria in the body. Cephradine is used to treat infections caused by bacteria, including upper respiratory infections, ear infections, skin infections, and urinary tract infections.

Norfloxacin hydrochloride is a synthetic chemotherapeutic antibacterial agent occasionally used to treat common as well as complicated urinary tract infections. Norfloxacin is a broad-spectrum antibiotic that is active against both Gram-positive and Gram-negative bacteria. It functions by inhibiting DNA gyrase, a type II topoisomerase, and topoisomerase IV, enzymes necessary to separate bacterial DNA, thereby inhibiting cell division.

Aspirin is used to reduce fever and relieve mild to moderate pain from conditions such as muscle aches, toothaches, common cold, and headaches. It may also be used to reduce pain and swelling in conditions such as arthritis. Aspirin is known as a salicylate and a nonsteroidal anti-inflammatory drug (NSAID). It works by blocking a certain natural substance in your body to reduce pain and swelling. This effect reduces the risk of stroke and heart attack.

Ibuprofen is a nonsteroidal, anti-inflammatory drug (NSAID) class that is used for treating pain, fever, and inflammation. Ibuprofen was discovered in 1961 by Stewart Adams at Boots UK Limited and initially marketed as Brufen. It is available under a number of trade names, including Nurofen, Advil and Motrin. It was first marketed in 1969 in the United Kingdom and in the United States in 1974. It is on the World Health Organization's List of Essential Medicines. It is available as a generic medication.

Formulation Segment

| S.no | Product Name | Generic Name | Product Category |
|------|---------------|---|------------------------|
| 1 | Askprol C Tab | Paracetamol, Dextromethorphan HBr, Chlorpheniramine Maleate, Vitamin C, Pseudo Ephedrine Hcl. | Capsule Tablets |
| 2 | Askprol | Paracetamol | Tablets and Suspension |
| 3 | Asovil | Aminophyllin, Diphenhydramine Hcl Powder, Ammonium Chloride, Menthol | Suspension |
| 4 | Cefask | Cefixime | Capsule and Suspension |
| 5 | Cingol | Montelukast | Tablets |
| 6 | Clopeg | Clopidogrel | Tablets |
| 7 | Diaglim | Glimepiride | Tablets |
| 8 | Duotec | Ranitidine as Hcl | Tablets |
| 9 | Floxcip | Ciprofloxacin-Hcl | Tablets |
| 10 | Fluirp | Flurbiprofen | Tablets |
| 11 | Lenon | Levofloxacin (as Hemihydrate) | Tablets |
| 12 | Modopine | Amlodipine | Tablets |
| 13 | Nimcox | Nimesulide | Tablets |
| 14 | Ponfab | Mefenamic Acid | Tablets and Suspension |
| 15 | Promy | Omeprazole | Capsule |
| 16 | Qunor | Norfloxacin | Tablets |
| 17 | Recoz | Simvastatin | Tablets |



Demand for the products

API segment

Historically, the growth rate in API segment has remained impressive. CPL deals in 9 primary APIs, including Paracetamol, Ciprofloxacin, Cefixime (Cephalosporin), and Amoxicillin (Penicillin). Consistent growth is achieved across the board in all segments mainly due to population growth, availability of health care facilities to the masses, awareness and increasing trend of prescription of generic salts from the practitioners. CPL has developed its expertise in research and development to develop more molecules within its production facilities. Recent COVID-19 pandemic has also triggered sales growth in Paracetamol and Ciprofloxacin categories. However, margins in this segment are relatively low. Higher sales volume requires more working capital in this category, being a B2B segment where larger formulations' producers take longer credit terms.

The demand for API segment is also derived from growth in the formulation segment, which is dependent upon various factors such as healthcare awareness, introduction of new products, etc.

Formulation segment

CPL intends to expand its presence in the formulation segment and is aggressively working towards development of its own brands in various widely used prescriptions. The margins in this segment are relatively higher but being a new segment, sales volumes are expected to grow gradually by establishing an extensive distribution channel across Pakistan. Moreover, CPL product line will include injectables, capsules, syrups etc. This will be a B2C segment and demand of this segment is related to population increase, availability of health care facilities to the masses, awareness and many other factors, as already outlined above.

Hospital Facility

Lahore is the 2nd largest city of Pakistan with a population of ~13.1 million as quoted by world population review¹. Presently, Lahore is facing a shortage of quality healthcare facilities. Main Boulevard Gulberg, Lahore has only one small hospital that is not sufficient to cater to the needs of its existing population. Keeping this demand in mind, CPL has acquired a 4-Kanal plot which is ideally located on Hali Road, right opposite to ChenOne, 100 yards from Hafeez Centre and PACE Shopping Mall, easily accessible from the Canal Road and Liberty Market. CPL intends to set up a state of the art 50 bed hospital facility at this location to cater to the demands of a highly densely populated city.

Future prospects, demand outlook

CPL is one of the leading API manufacturing companies in Pakistan. The Company's Management is apt at adopting and utilizing new technology and committed to adherence to Good Manufacturing Practices (GMP). The Company is continuously striving to acquire the latest technological advancements as the Management realizes the importance of technology. This provides the Company with a key advantage that they are not only compliant with GMP standards but also have the latest production technology available.

With a historical 4 year compounded annual growth rate of around 36.5% per annum in sales value, the growth has remained impressive. Keeping this in mind, the Company is planning further growth in the API segment as an inherent demand for local API product exists. Any additions to API (whether in terms of new compounds or increase in the capacity of the existing product portfolio) will serve as Import substitution and be given preference by the local formulations' players due to savings on custom duty and exchange rate parity, subject to quality check. The Company is planning to:

1. Increase production capacity in both API segment as well as Formulations (adding more products to the API i.e (i) Ascorbic Acid, (ii) Chloroquine Phosphate, and (iii) Hydroxyl Chloroquine Sulfate and subsequent formulation of these APIs.
2. Company plans to add (i) Cephalosporin and (ii) Psychotropic and Narcotics to its formulation portfolio and to expand its existing production capacity for Penicillin
3. Set up a hospital facility in Lahore (as part of vertical diversification)

Approvals & Certifications

| Certificates/ Approval | Authority | Date of Registration/Inspection* | Products | Validity |
|--|---|-------------------------------------|---|------------------------------------|
| Drug Manufacturing License | Drug Regulatory Authority of Pakistan | 27-Feb-13 | API - Paracetamol | Applied for Renewal* |
| Drug Manufacturing License | Drug Regulatory Authority of Pakistan | 27-Feb-13 | API - Aspirin | Applied for Renewal* |
| Drug Manufacturing License | Drug Regulatory Authority of Pakistan | 27-Feb-13 | API - Quinolone (Ciprofloxacin) | Applied for Renewal* |
| Drug Manufacturing License | Drug Regulatory Authority of Pakistan | 24-Jul-18 | API - Cephadrine | 3 Years from date of Inspection |
| Manufacturing License | Drug Regulatory Authority of Pakistan | 24-Jul-18 | Formulation | 5 Years from date of Inspection |
| Drug Manufacturing License | Drug Regulatory Authority of Pakistan | 24-Jul-18 | API - Cephalexin | 3 Years from date of Inspection |
| Drug Manufacturing License | Drug Regulatory Authority of Pakistan | 24-Jul-18 | API - Cefixime | 3 Years from date of Inspection |
| Certificate of Goods Manufacturing Practice | Drug Regulatory Authority of Pakistan | 13-Jun-19 | Tablets, Capsules and Oral Liquid | 3 Years from date of Inspection |
| Drug Manufacturing License | Drug Regulatory Authority of Pakistan | 22-Dec-20 | API - Ascorbic Acid | 3 Years from date of Inspection |
| Drug Manufacturing License | Drug Regulatory Authority of Pakistan | 22-Dec-20 | API - Chloroquine Phosphate | 3 Years from date of Inspection |
| Drug Manufacturing License | Drug Regulatory Authority of Pakistan | 22-Dec-20 | API - Hydroxychloroquine Sulphate | 3 Years from date of Inspection |
| Drug Manufacturing License | Drug Regulatory Authority of Pakistan | 22-Dec-20 | API - Azithromycin | 3 Years from date of Inspection |
| Drug Manufacturing License | Drug Regulatory Authority of Pakistan | 6-Jan-21 | API - Penicillin Derivatives | 2 Years from Date of Inspection |

| | | | | |
|----------------------------|--|-----------|---|---------------------------------|
| Drug Manufacturing License | Drug Regulatory Authority of Pakistan | 6-Jan-21 | API - Cephalosporin's Derivatives | 2 Years from Date of Inspection |
| Drug Manufacturing License | Drug Regulatory Authority of Pakistan | 6-Jan-21 | General Products (Paracetamol, Ibuprofen, Aspirin, Norfloxacin, Ciprofloxacin, Levofloxacin, ETC) | 2 Years from Date of Inspection |
| ISO 9001:2015 | International Organization for Standardization | 10-Nov-20 | API and Formulation | Yearly Renewal |
| ISO 45001:2018 | International Organization for Standardization | 10-Nov-20 | API and Formulation | Yearly Renewal |
| ISO 14001:2015 | International Organization for Standardization | 10-Nov-20 | API and Formulation | Yearly Renewal |

- *Date of Registration is the same as Date of Inspection*

Associated Companies

The Company has eight Associates by virtue of common shareholding/Investment.

Yaqeen Developers Limited

Yaqeen Developers Limited (YDL) was incorporated on December 09, 2016 as a private limited company under the repealed Companies Ordinance, 1984. The main objects of the Company is to carry on the business of development, construction of apartments, offices, shops, housing schemes, commercial plaza and any other kind of real estate activities. The registered office of the Company is 588-Q block, Johar Town, Lahore. YDL was converted into public limited company in December 2020. YDL has acquired 1,406 Kanal of land in the Fateh Jan, near Islamabad Airport and is working on the **“Mayfair Mangial Islamabad Project”**.

Details Regarding Associated Companies

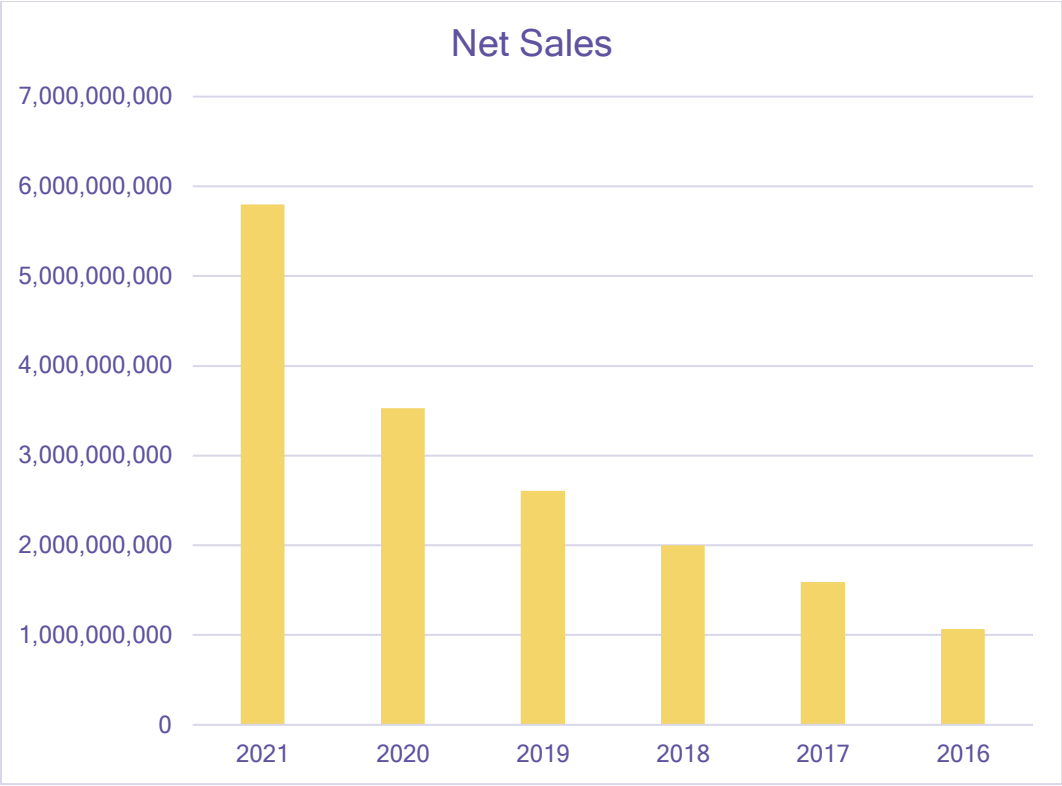
A list of associated companies by virtue of common directorship is given below:

| Name | Nature of relation | Name of Directors | Cumulative Shares Held | Nature of Business |
|--|-----------------------------------|--|------------------------|-----------------------|
| Yaqeen Developers Limited | Associated by Common Directorship | Mr. Nadeem Amjad Mr. Rizwan Ahmad Mr. Muhammad Naeem | 76% | Real Estate Developer |
| Citi Innovations (Pvt.) Limited | Associated by Common Directorship | Mr. Rizwan Ahmad Mr. Nadeem Amjad Mr. Naveed Amjad Mr. Muhammad Naeem | 100% | Electronics |
| Wisdom Works (Pvt.) Limited | Associated by Common Directorship | Mr. Nadeem Amjad Mr. Rizwan Ahmad | 100% | Technology |
| Citi International Mining & (Pvt.) Limited | Associated by Common Directorship | Mr. Nadeem Amjad Mr. Rizwan Ahmad | 100% | Mining & Extraction |

| | | | | |
|--------------------------------|---|--------------------------------------|------|--------------------------|
| G7 Connect (Pvt.) Limited | Associated by Common Directorship | Mr. Nadeem Amjad Mr. Rizwan Ahmad | 60% | Technology |
| Citi Essentials (Pvt.) Limited | Associated by Common Directorship | Mr. Nadeem Amjad Mr. Rizwan Ahmad | 100% | FMCG |
| Profitech Services Limited | Associated by Common Directorship | Mr. Amir Zia | 71% | Consultancy |
| Blue Moon City (Pvt.) Limited | Associated by Common Directorship | Mr. Rizwan Ahmad | 70% | Real Estate Developer |

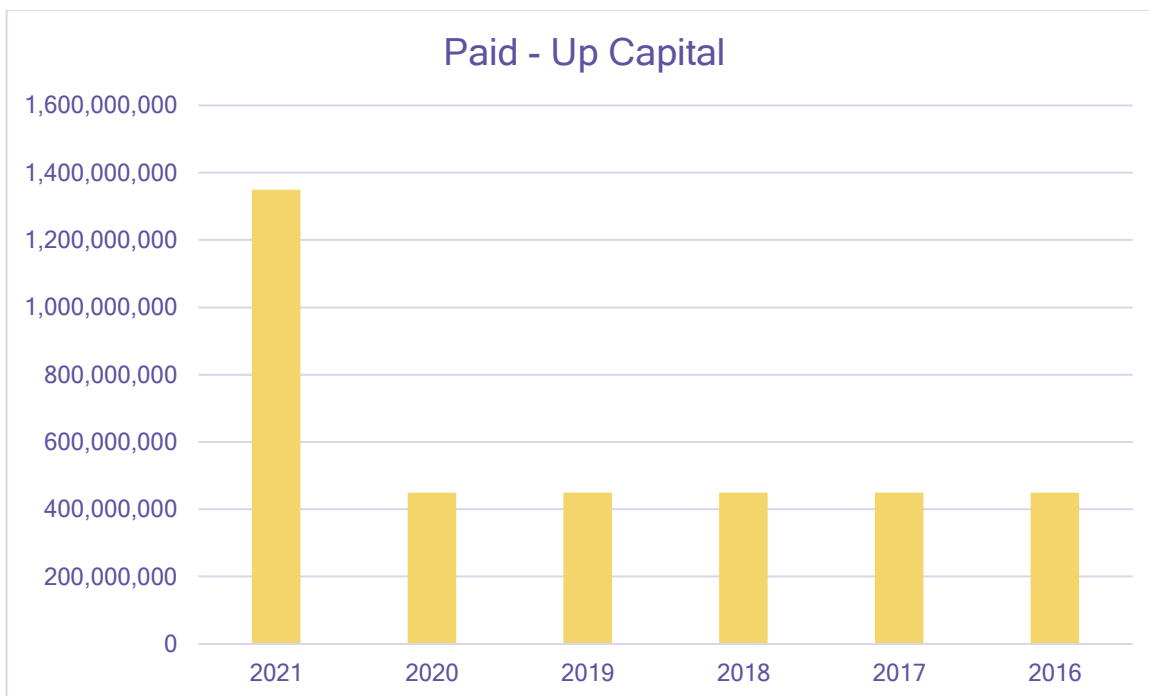
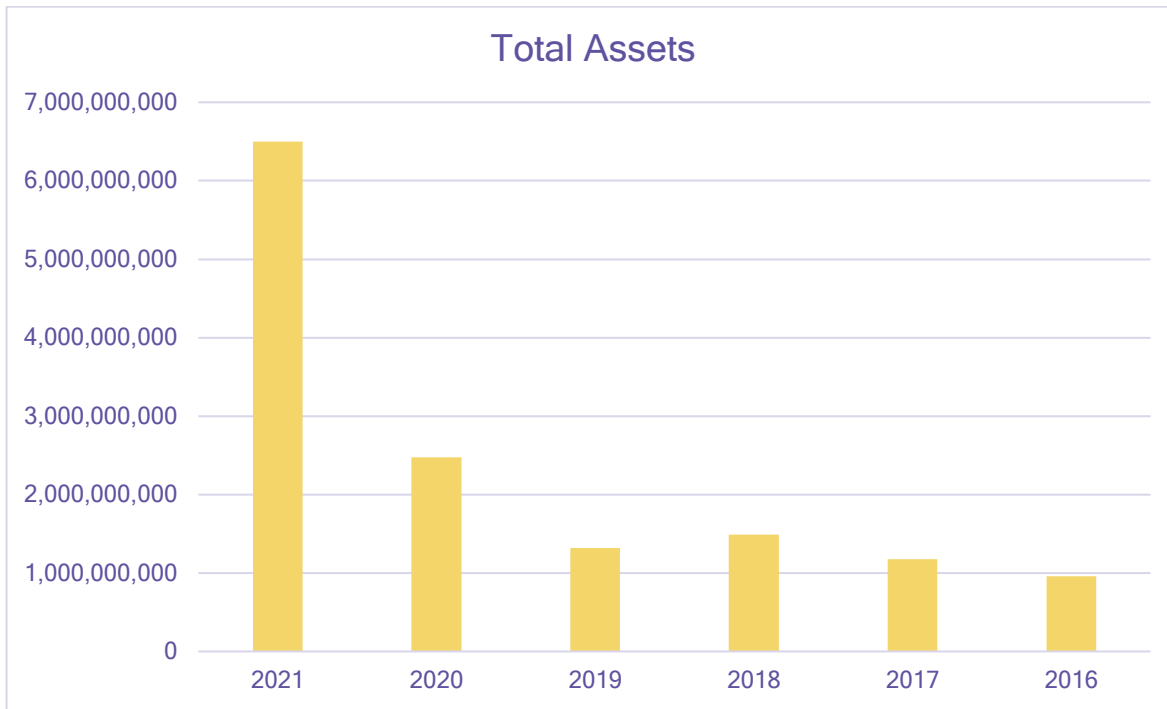
KEY OPERATING & FINANCE DATA FOR LAST SIX YEARS

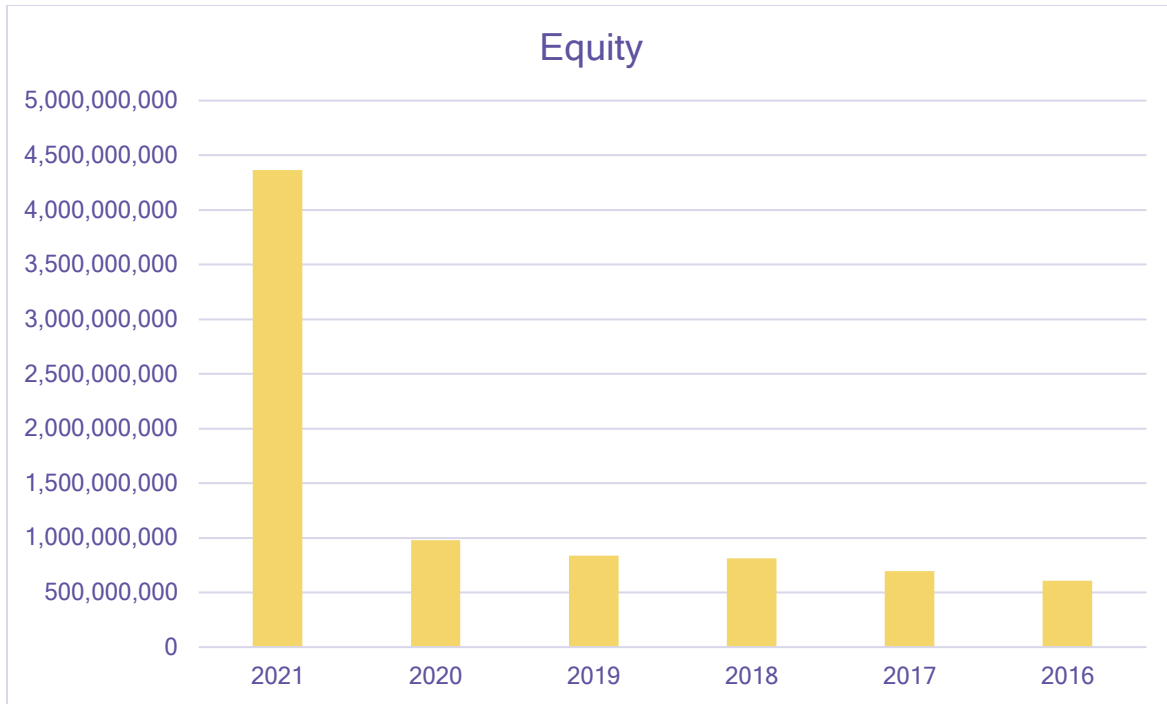
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| FINANCIAL POSITION | | | | | | |
| Fixed assets net | 1,734,765,860 | 814,458,386 | 735,519,503 | 740,396,751 | 501,421,592 | 513,328,155 |
| Total assets | 6,499,162,737 | 2,471,348,598 | 1,318,273,103 | 1,485,873,435 | 1,176,852,428 | 961,455,329 |
| Paid - up Capital | 1,350,000,000 | 450,000,000 | 450,000,000 | 450,000,000 | 450,000,000 | 450,000,000 |
| Equity | 4,366,045,109 | 978,308,204 | 834,722,343 | 809,946,606 | 693,080,903 | 608,190,213 |
| Long term liabilities | 297,605,788 | 241,961,797 | 139,515,252 | 36,408,434 | 52,847,714 | 64,703,750 |
| | | | | | | |
| PROFIT OR LOSS ACCOUNT | | | | | | |
| Net Sales | 5,795,403,997 | 3,527,625,000 | 2,607,027,951 | 2,003,333,502 | 1,592,058,797 | 1,069,337,610 |
| Gross Profit | 780,474,326 | 436,949,856 | 330,755,595 | 262,779,006 | 208,484,843 | 127,963,465 |
| Operating Profit/(Loss) | 570,970,333 | 254,114,103 | 136,427,404 | 135,481,148 | 99,662,397 | 63,257,809 |
| Profit/(Loss) before tax | 499,746,398 | 202,527,899 | 136,427,404 | 116,865,703 | 84,890,691 | 54,711,991 |
| Profit/(Loss) after tax | 351,768,295 | 143,416,468 | 27,804,462 | 116,865,703 | 84,890,691 | 54,711,991 |
| | | | | | | |
| PROFITABILITY RATIOS | | | | | | |
| Gross Profit | 13.47% | 12.39% | 12.69% | 13.12% | 13.10% | 11.97% |
| Net Profit Ratio | 6.07% | 4.07% | 1.07% | 5.83% | 5.33% | 5.12% |
| | | | | | | |
| RETURN TO SHAREHOLDER | | | | | | |
| Return on Capital Employed | 13.08% | 25.97% | 16.34% | 16.73% | 14.38% | 10.40% |
| Earning per share | 4.64 | 31.87 | 6.18 | 25.97 | 18.86 | 12.16 |
| | | | | | | |
| LIQUIDITY/LEVERAGE | | | | | | |
| Current Ratio | 2.452 | 1.114 | 1.169 | 1.152 | 1.549 | 1.535 |
| Break up Value Per Share (With Revaluation) | 32.34 | 22.10 | 18.59 | 16.24 | 14.47 | 14.07 |
| Break up Value Per Share (Without Revaluation) | 30.05 | 217.40 | 185.49 | 179.99 | 154.02 | 135.15 |
| Debt To Equity Ratio | 15% | 46% | 39% | 57% | 59% | 40% |
| | | | | | | |
| ACTIVITY | | | | | | |
| Sales to total assets | 0.89 | 1.43 | 1.98 | 1.35 | 1.35 | 1.11 |
| Sales to fixed assets | 3.34 | 4.33 | 3.54 | 2.71 | 3.18 | 2.08 |

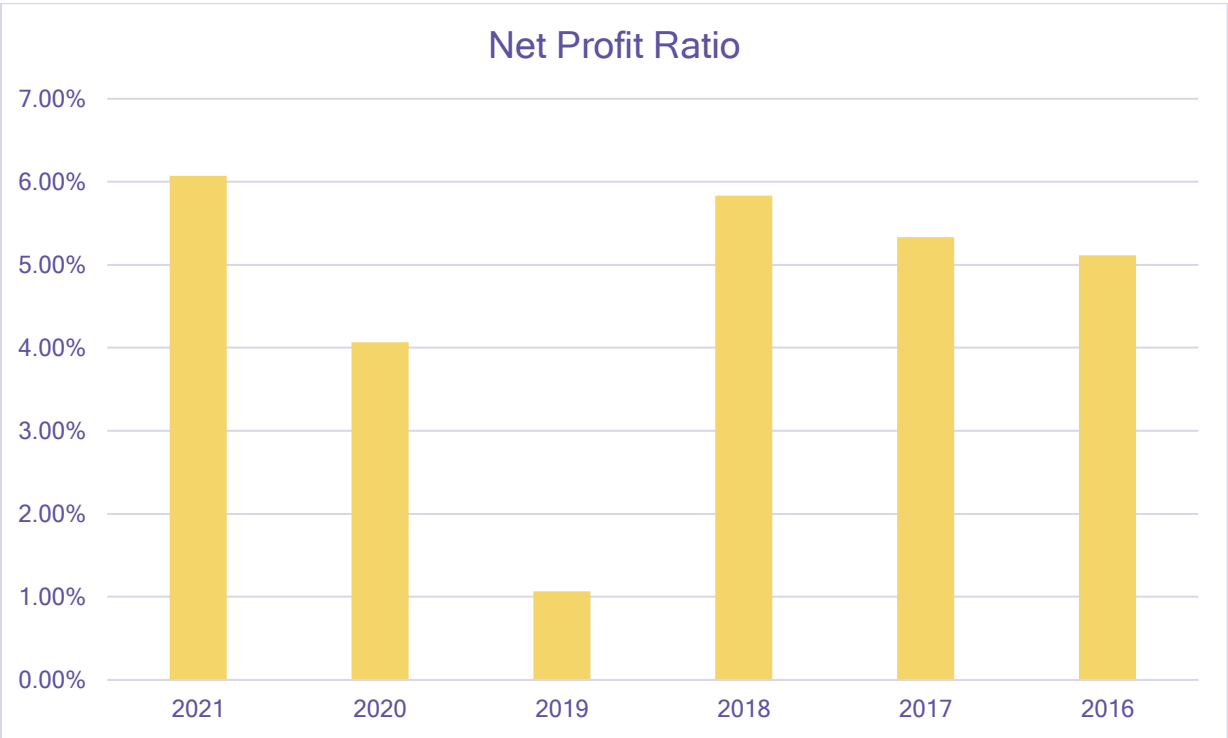
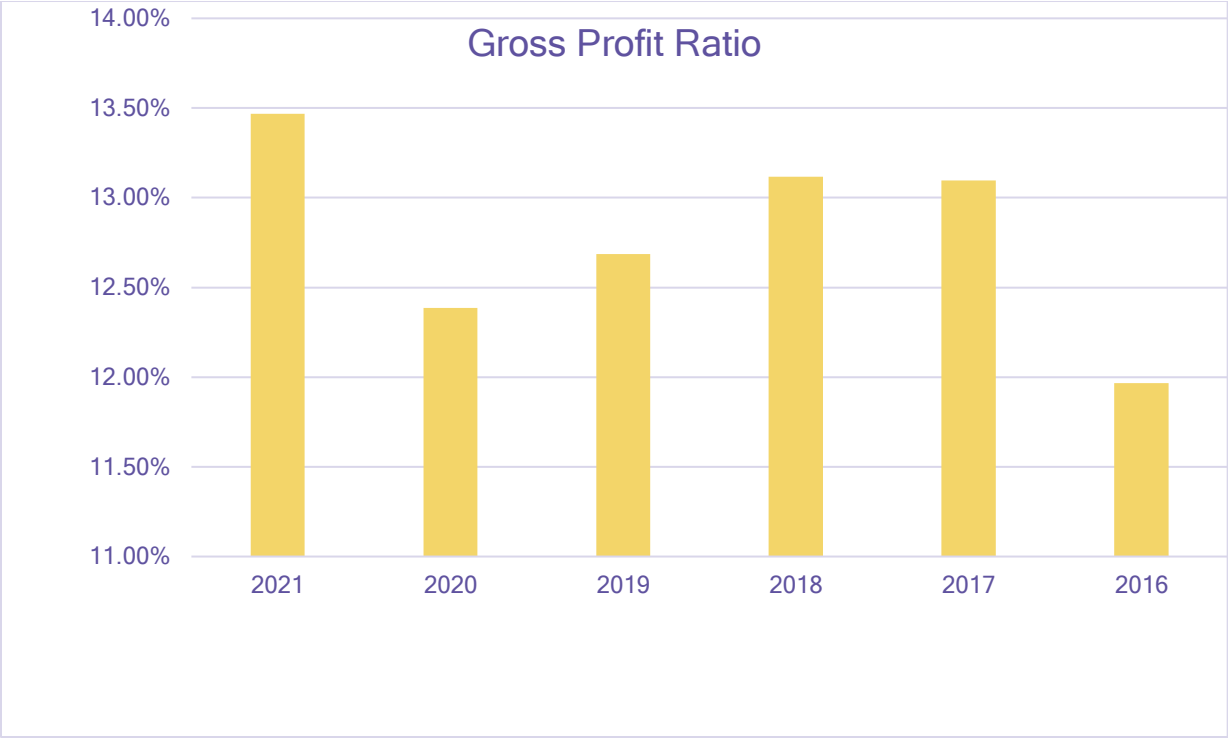


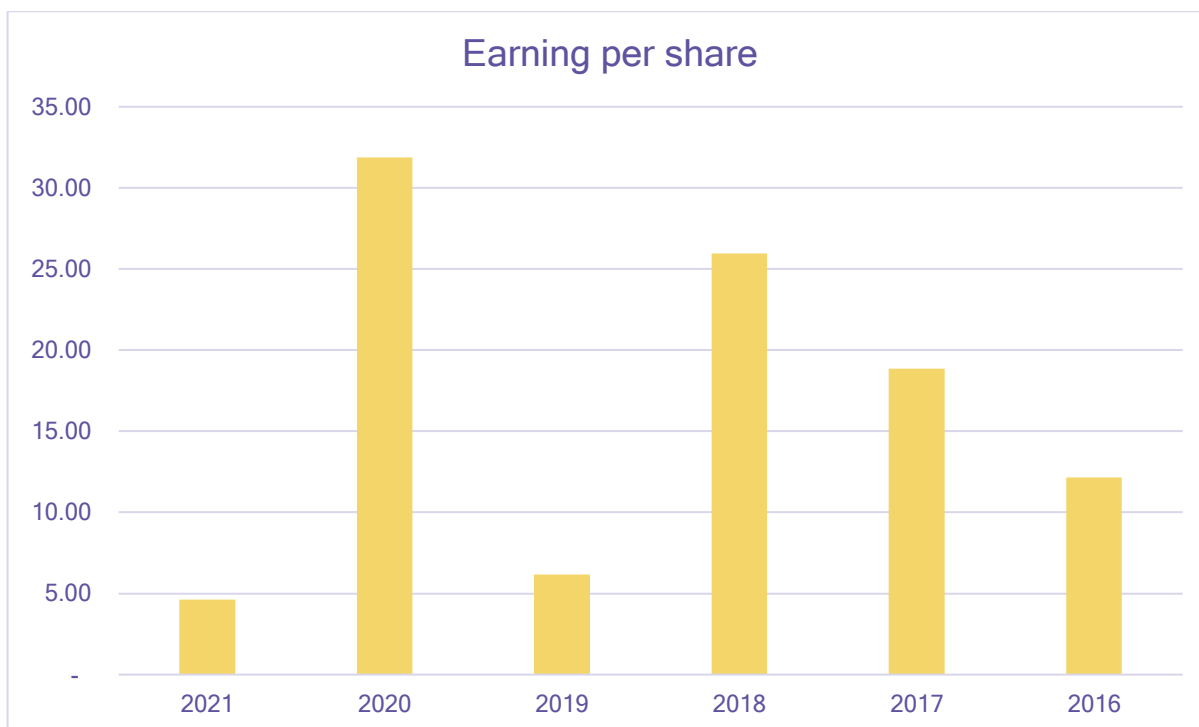


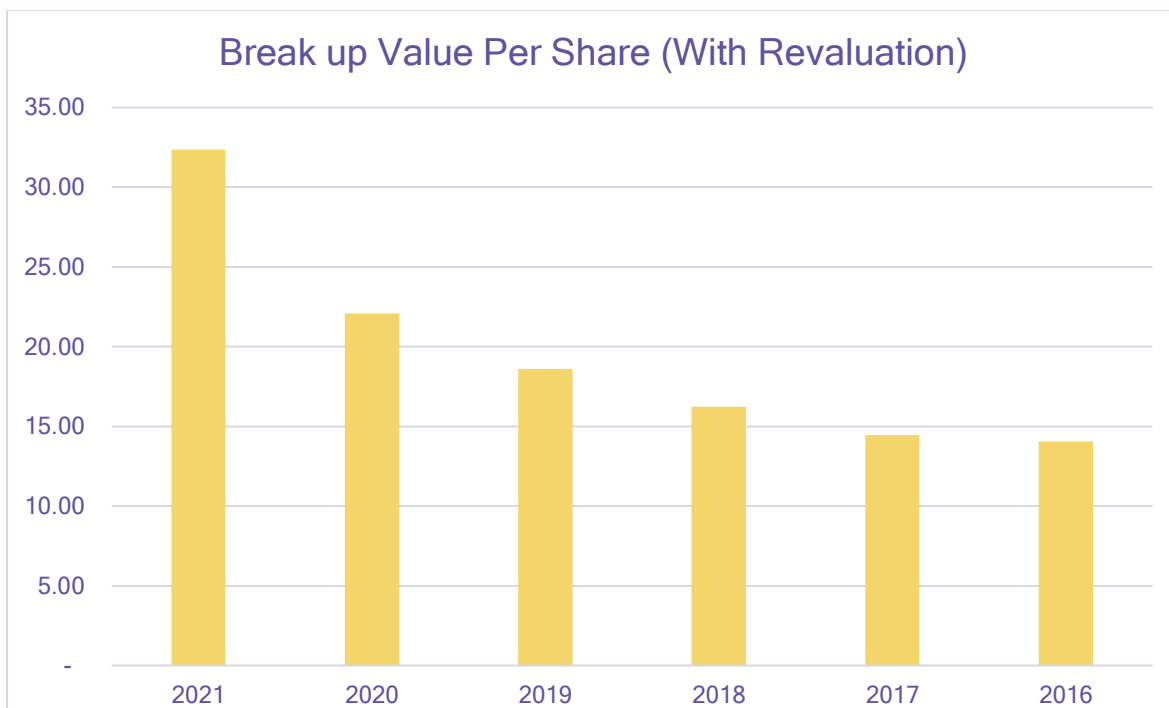
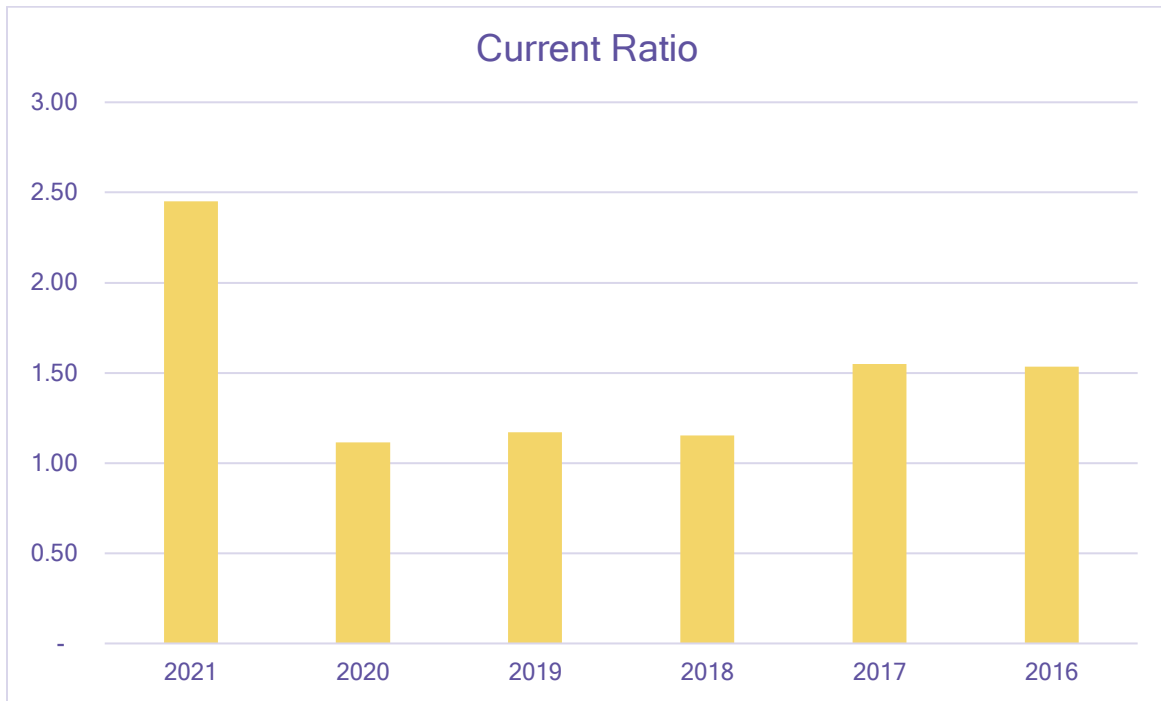


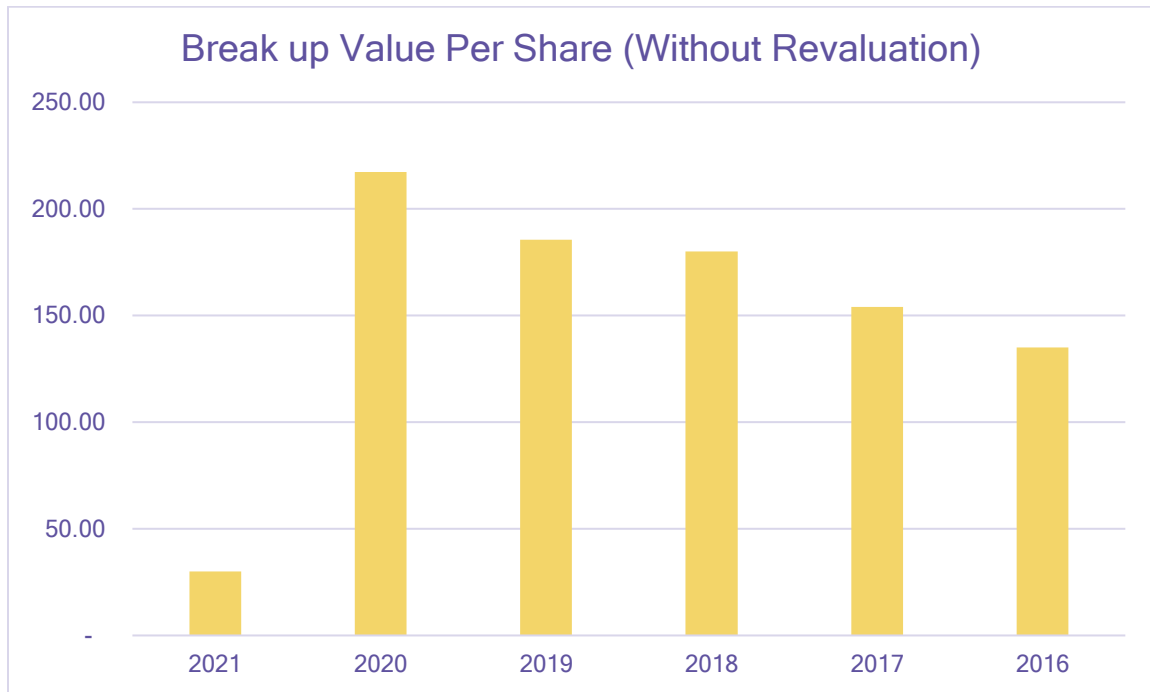


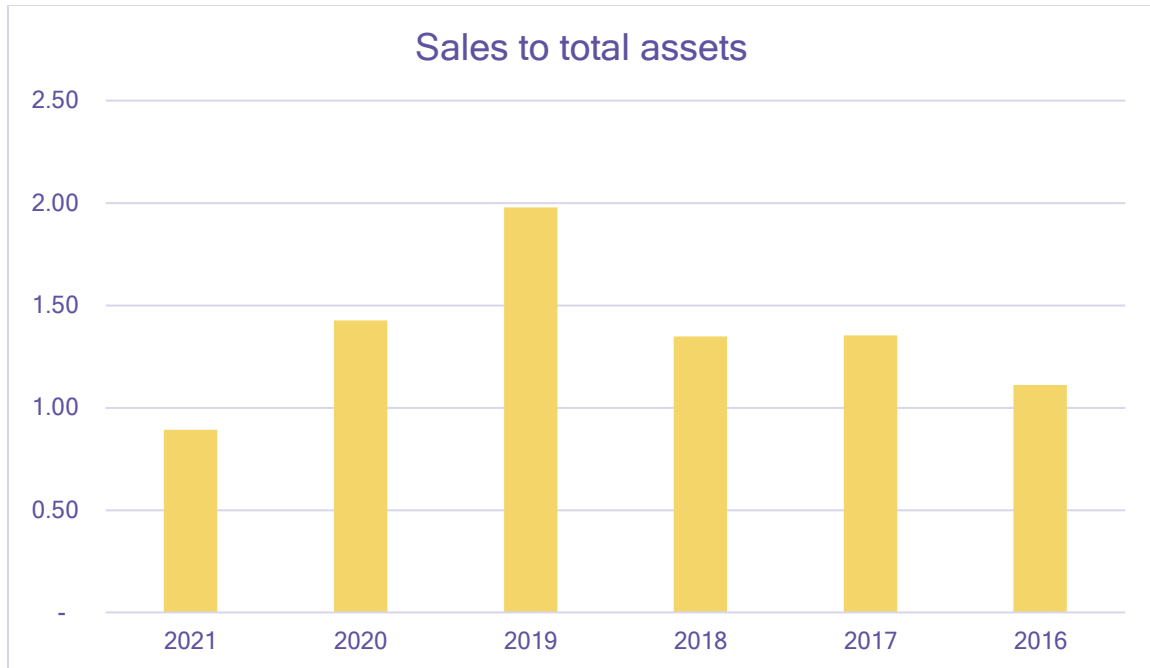












HORIZONTAL ANALYSIS

| | | | | Rupees in million | |
|------|------|------|------|----------------------|------|
| 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

| | | | | | | |
|---------------------------------|------|-----|----|-----|-----|-----|
| Issued, subscribed and Paid up: | 200% | 0% | 0% | 0% | 0% | 0% |
| Share Deposit Money | 100% | 0% | 0% | 0% | 0% | 0% |
| Unappropriated profits | -28% | 37% | 7% | 48% | 54% | 53% |
| Revaluation Surplus on Land | 100% | 0% | 0% | 0% | 0% | 0% |

NON CURRENT LIABILITIES

| | | | | | | |
|-------------------------------|-------|------|------|------|------|----|
| Long Term Financing - Secured | 15% | 127% | 219% | -48% | -32% | 0% |
| Deferred Liabilities | 45% | 11% | 0% | 0% | 0% | 0% |
| Deferred Grant | 1525% | 0% | 0% | 0% | 0% | 0% |
| Lease Liabilities | -44% | 38% | -27% | 50% | 0% | 0% |

CURRENT LIABILITIES

| | | | | | | |
|---|------|-------|------|-------|------|------|
| Creditors, Accrued and other liabilities | -19% | 2253% | -46% | 32% | 74% | 28% |
| Director's Loan | -29% | 0% | -87% | 1046% | -86% | 104% |
| Payable to General Public Against Excess Proceeds | 100% | - | - | - | - | - |
| Short Term Borrowings-Secured | 60% | -1% | -50% | 20% | 119% | -4% |
| Current Portion of Long Term Financing-Secured | 57% | 56% | 100% | 10% | 19% | 0% |
| Accrued Mark Up | -50% | 27% | 0% | 0% | 0% | 0% |
| Provision for taxation | 122% | 76% | 0% | 0% | 0% | 0% |

| | | | | | | |
|-------------------------------|----|----|----|----|----|----|
| Contingencies and Commitments | 0% | 0% | 0% | 0% | 0% | 0% |
|-------------------------------|----|----|----|----|----|----|

| | | | | | | |
|-------------------------------------|-------------|------------|-------------|------------|------------|------------|
| Total Equity And Liabilities | 163% | 87% | -11% | 26% | 22% | 23% |
|-------------------------------------|-------------|------------|-------------|------------|------------|------------|

ASSETS

NON CURRENT ASSETS

| | | | | | | |
|----------------------------------|------|-------|------|------|------|------|
| Property, plant and equipment | 113% | 11% | -1% | 48% | -2% | 32% |
| Intangibles | 100% | -100% | -29% | -10% | -20% | -20% |
| Long term security deposits | 0% | 45% | 25% | 22% | 0% | 0% |
| Investment in associated company | 100% | 48% | 0% | 0% | 0% | 0% |

CURRENT ASSETS

| | | | | | | |
|-----------------------------------|-------|------|------|------|------|------|
| Stock in Trade | -13% | 774% | -50% | 38% | -8% | 19% |
| Trade Debts- Unsecured | 48% | 87% | -45% | 43% | 0% | 102% |
| Advances deposits and prepayments | 80% | 118% | -62% | 8% | 341% | 8% |
| Cash and bank balance | 3337% | 2% | -14% | -45% | 283% | -61% |

| | | | | | | |
|---------------------|-------------|------------|-------------|------------|------------|------------|
| Total Assets | 163% | 87% | -11% | 26% | 22% | 23% |
|---------------------|-------------|------------|-------------|------------|------------|------------|

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| | | | | | | |
|----------------------|------------|------------|------------|------------|------------|------------|
| Turnover -Net | 64% | 35% | 30% | 26% | 57% | -5% |
| Cost of sales | 62% | 36% | 31% | 26% | 56% | -5% |
| Gross profit | 79% | 32% | 26% | 26% | 63% | -1% |

| | | | | | | |
|-------------------------|------------|------------|------------|------------|------------|------------|
| Administrative expenses | 17% | -9% | 59% | 9% | 52% | -2% |
| Selling expenses | 12% | -2% | 46% | 27% | 93% | -2% |
| | 15% | -6% | 53% | 17% | 68% | -2% |

| | | | | | | |
|-------------------------|-------------|------------|-----------|------------|------------|-----------|
| Operating Profit | 125% | 86% | 1% | 36% | 58% | 1% |
|-------------------------|-------------|------------|-----------|------------|------------|-----------|

| | | | | | | |
|-------------------|-------------|------------|------------|------------|------------|-------------|
| Financial Charges | -7% | 138% | 26% | 30% | 9% | 483% |
| | 152% | 78% | -2% | 37% | 67% | -13% |

| | | | | | | |
|--------------|-------------|------------|------------|------------|------------|-------------|
| Other income | -35% | 57% | 0% | 68% | 55% | -34% |
| | 146% | 77% | -2% | 38% | 67% | -14% |

| | | | | | | |
|----------------|------|-----|-----|-----|---------|---------|
| Other Expenses | 133% | 79% | -2% | 38% | #DIV/0! | #DIV/0! |
|----------------|------|-----|-----|-----|---------|---------|

| | | | | | | |
|-------------------------------|-------------|------------|------------|------------|------------|-------------|
| Profit before Taxation | 147% | 77% | -2% | 38% | 55% | -14% |
|-------------------------------|-------------|------------|------------|------------|------------|-------------|

| | | | | | | |
|----------|------|------|---------|---------|---------|---------|
| Taxation | 150% | -32% | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
|----------|------|------|---------|---------|---------|---------|

| | | | | | | |
|------------------------------|-------------|-------------|-------------|------------|------------|-------------|
| Profit after Taxation | 145% | 416% | -76% | 38% | 55% | -14% |
|------------------------------|-------------|-------------|-------------|------------|------------|-------------|

VERTICAL ANALYSIS

| | Rupees in million | | | | |
|---|-------------------|----------------|----------------|----------------|----------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| 2016 | | | | | |
| EQUITY AND LIABILITIES | | | | | |
| SHARE CAPITAL AND RESERVES | | | | | |
| Issued, subscribed and Paid up: | 20.77% | 18.21% | 34.14% | 30.29% | 38.24% |
| Share Deposit Money | 35.79% | 0.00% | 0.00% | 0.00% | 0.00% |
| Unappropriated profits | 5.86% | 21.38% | 29.18% | 24.22% | 20.66% |
| Revaluation Surplus on Land | 4.76% | 0.00% | 0.00% | 0.00% | 0.00% |
| | 67.18% | 39.59% | 63.32% | 54.51% | 58.89% |
| | | | | | 63.26% |
| NON CURRENT LIABILITIES | | | | | |
| Long Term Financing - Secured | 2.91% | 6.66% | 5.51% | 1.53% | 3.71% |
| Deferred Liabilities | 1.41% | 2.55% | 4.32% | 0.00% | 0.00% |
| Deferred Grant | 0.14% | 0.02% | 0.00% | 0.00% | 0.00% |
| Lease Liabilities | 0.12% | 0.56% | 0.76% | 0.92% | 0.78% |
| | 4.58% | 9.79% | 10.58% | 2.45% | 4.49% |
| | | | | | 6.73% |
| CURRENT LIABILITIES | | | | | |
| Creditors, Accrued and other liabilities | 11.17% | 36.19% | 2.88% | 4.76% | 4.56% |
| Director's Loan | 0.19% | 0.70% | 1.30% | 8.87% | 0.98% |
| Payable to General Public Against Excess Proceeds | 8.02% | 0.00% | 0.00% | 0.00% | 0.00% |
| Short Term Borrowings-Secured | 5.01% | 8.22% | 15.56% | 27.72% | 29.14% |
| Current Portion of Long Term Financing-Secured | 1.89% | 3.17% | 3.82% | 1.70% | 1.95% |
| Accrued Mark Up | 0.01% | 0.04% | 0.05% | 0.00% | 0.00% |
| Provision for taxation | 1.95% | 2.32% | 2.47% | 0.00% | 0.00% |
| | 28.24% | 50.62% | 26.10% | 43.04% | 36.62% |
| | | | | | 30.01% |
| Contingencies and Commitments | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| ASSETS | | | | | |
| NON CURRENT ASSETS | | | | | |
| Property, plant and equipment | 26.69% | 32.96% | 55.79% | 49.83% | 42.61% |
| Intangibles | 0.00% | 0.00% | 0.20% | 0.26% | 0.36% |
| Long term security deposits | 0.13% | 0.35% | 0.45% | 0.32% | 0.33% |
| Investment in associated company | 3.92% | 10.30% | 13.03% | 0.00% | 0.00% |
| | 30.74% | 43.60% | 69.48% | 50.41% | 43.30% |
| | | | | | 53.94% |
| CURRENT ASSETS | | | | | |
| Stock in Trade | 11.97% | 36.08% | 7.74% | 13.83% | 12.69% |
| Trade Debts- Unsecured | 6.84% | 12.12% | 12.16% | 19.55% | 17.27% |
| Advances deposits and prepayments | 3.14% | 4.58% | 3.94% | 9.31% | 10.91% |
| Cash and bank balance | 47.30% | 3.62% | 6.68% | 6.91% | 15.83% |
| | 69.26% | 56.40% | 30.52% | 49.59% | 56.70% |
| | | | | | 46.06% |

| | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
|-------------------------|---------|---------|---------|---------|---------|---------|
| | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Turnover -Net | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Cost of sales | -86.53% | -87.61% | -87.31% | -86.88% | -86.90% | -87.41% |
| Gross profit | 13.47% | 12.39% | 12.69% | 13.12% | 13.10% | 12.59% |
| Administrative expenses | 1.91% | 2.68% | 3.99% | 3.26% | 3.76% | 3.86% |
| Selling expenses | 1.71% | 2.51% | 3.47% | 3.10% | 3.07% | 2.50% |
| | -3.62% | -5.18% | -7.45% | -6.35% | -6.84% | -6.36% |
| Operating Profit | 9.85% | 7.20% | 5.23% | 6.76% | 6.26% | 6.22% |
| Financial Charges | -0.70% | -1.25% | -0.71% | -0.73% | -0.71% | -1.02% |
| | 9.15% | 5.96% | 4.52% | 6.03% | 5.55% | 5.20% |
| Other income | 0.08% | 0.21% | 0.18% | 0.24% | 0.18% | 0.18% |
| | 9.23% | 6.17% | 4.71% | 6.27% | 5.73% | 5.38% |
| Other Expenses | -0.61% | -0.43% | -0.32% | -0.43% | -0.40% | 0.00% |
| Profit before Taxation | 8.62% | 5.74% | 4.38% | 5.83% | 5.33% | 5.38% |
| Taxation | -2.55% | -1.68% | -3.32% | 0.00% | 0.00% | 0.00% |
| Profit after Taxation | 6.07% | 4.07% | 1.07% | 5.83% | 5.33% | 5.38% |

building
better
together.



Aslam Malik & Co.
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INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF CITI PHARMA LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **CITI PHARMA LIMITED** (the Company), which comprise the statement of financial position as at **June 30, 2021**, and the statement of profit or loss and the statement of comprehensive income, the statement of changes in equity, the statement of cash flows 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, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows 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 June 30, 2021 and of the profit and other 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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Quetta 1st Floor, Haji Fateh Khan Center, Adalat Road, Quetta
Ph: +92-81-2823837

Following are the key audit matters:

| S. No. | Key Audit Matters | How the matter was addressed in Our Audit |
|--------|---|--|
| 1 | <p>Revenue:</p> <p>Refer notes 22 to the financial statements and the accounting policy in note 3.8 to the financial statements regarding the sale of goods.</p> <p>The Company is engaged in the manufacturing of pharmaceuticals, medical chemicals and botanical products.</p> <p>During the Year company generated Total Revenue amounting Rupees 5.8 billion as compared to 3.5 billion in the last year, which represents an increase of approximately 64% as compared to last year.</p> <p>Further, we identified recognition of revenue against the sale of goods as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk of the existence and the accuracy of the revenue further it could be subject to misstatement to meet expectations or targets.</p> | <p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> ➤ Obtained an understanding of the processes relating to the recognition of revenue and accessing the design, implementation and operating effectiveness of key internal controls over the recording of revenue; ➤ Assessed the appropriateness of the Company's accounting policies for recording of sales and compliance of those policies with applicable accounting standards; ➤ We compared a sample of revenue transactions recorded during the year with the sales orders, sales invoices, delivery documents and other relevant underlying documents; ➤ We compared a sample of revenue transactions recorded around the year end with the sales invoices, delivery orders and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; and ➤ Compared the details of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation. |

Information Other Than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended June 30, 2021 but does not include the financial statements and auditor's 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, on other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's 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 auditor's 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 auditor's 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 auditor's 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of 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) No zakat is deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is **Hafiz Muhammad Ahamd**.



Aslam Malik & Co.
Chartered Accountants

Place: Lahore

Date:

30 SEP 2021

CITI PHARMA LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

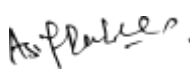
| | Note | JUNE 30, 2021 Rupees | Restated JUNE 30, 2020 Rupees | Restated JUNE 30, 2019 Rupees |
|---|------|-------------------------|-------------------------------------|-------------------------------------|
| EQUITY AND LIABILITIES | | | | |
| SHARE CAPITAL AND RESERVES | | | | |
| Authorised Capital: | | | | |
| 300,000,000 (2020: 4,500,000 Ordinary shares of Rs. 10 (2020: Rs. 100) each | | | | |
| | | 3,000,000,000 | 450,000,000 | 450,000,000 |
| Issued, subscribed and Paid up: | | | | |
| 135,000,000 (2020: 4,500,000) Ordinary Shares of Rs. 10 (2020:100) each | | | | |
| | 4 | 1,350,000,000 | 450,000,000 | 450,000,000 |
| Share Deposit Money | 1.2 | 2,326,144,000 | - | - |
| Unappropriated profits | | 380,606,584 | 528,308,204 | 384,722,343 |
| Revaluation Surplus on Land | 5 | 309,294,525 | - | - |
| | | 4,366,045,109 | 978,308,204 | 834,722,343 |
| NON CURRENT LIABILITIES | | | | |
| Long Term Financing - Secured | 6 | 189,157,811 | 164,533,255 | 72,582,084 |
| Deferred Liabilities | 7 | 91,419,343 | 62,991,554 | 56,900,065 |
| Deferred Grant | 8 | 9,273,278 | 570,828 | - |
| Lease Liabilities | 9 | 7,755,356 | 13,866,160 | 10,033,103 |
| | | 297,605,788 | 241,961,797 | 139,515,252 |
| CURRENT LIABILITIES | | | | |
| Creditors, Accrued and other liabilities | 10 | 725,810,472 | 894,266,474 | 38,002,573 |
| Director's Loan | 11 | 12,200,000 | 17,200,000 | 17,200,000 |
| Payable to General Public Against Excess Proceeds | 12 | 521,384,357 | - | - |
| Short Term Borrowings-Secured | 13 | 325,859,597 | 203,062,948 | 205,161,201 |
| Current Portion of Long Term Financing-Secured | 14 | 122,936,714 | 78,414,994 | 50,368,008 |
| Accrued Mark Up | | 451,598 | 907,116 | 715,877 |
| Provision for taxation | | 126,869,102 | 57,227,066 | 32,587,849 |
| | | 1,835,511,840 | 1,251,078,598 | 344,035,508 |
| Contingencies and Commitments | 15 | - | - | - |
| | | 6,499,162,737 | 2,471,348,598 | 1,318,273,103 |
| ASSETS | | | | |
| NON CURRENT ASSETS | | | | |
| Property, plant and equipment | 16 | 1,734,765,860 | 814,458,386 | 735,519,503 |
| Intangibles | 17 | - | - | 2,693,652 |
| Long term security deposits | | 8,613,950 | 8,613,950 | 5,946,150 |
| Investment in associated company | 18 | 254,540,900 | 254,540,900 | 171,823,420 |
| | | 1,997,920,710 | 1,077,613,236 | 915,982,725 |
| CURRENT ASSETS | | | | |
| Stock in Trade | 19 | 778,194,441 | 891,722,967 | 102,040,296 |
| Trade Debts- Unsecured | 20 | 444,545,802 | 299,465,022 | 160,250,042 |
| Advances deposits and prepayments | 21 | 204,077,281 | 113,103,056 | 51,920,904 |
| Cash and bank balance | 22 | 3,074,424,503 | 89,444,317 | 88,079,136 |
| | | 4,501,242,027 | 1,393,735,362 | 402,290,378 |
| | | 6,499,162,737 | 2,471,348,598 | 1,318,273,103 |

Auditor's report is annexed.

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



Chief Executive



Chief Financial Officer



Director

CITI PHARMA LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

| | | | Restated JUNE 30, 2021 | JUNE 30, 2020 |
|-------------------------|-------|-----------------|---------------------------|---------------|
| | Notes | Rupees | Rupees | Rupees |
| Turnover -Net | 22 | 5,795,403,997 | 3,527,625,000 | |
| Cost of sales | 23 | (5,014,929,671) | (3,090,675,144) | |
| Gross profit | | 780,474,326 | 436,949,856 | |
| Administrative expenses | 24 | 110,509,868 | 94,410,370 | |
| Selling expenses | 25 | 98,994,125 | 88,425,383 | |
| | | (209,503,993) | (182,835,753) | |
| Operating Profit | | 570,970,333 | 254,114,103 | |
| Financial Charges | 26 | (40,776,026) | (43,923,758) | |
| | | 530,194,307 | 210,190,344 | |
| Other income | 27 | 4,822,801 | 7,465,677 | |
| | | 535,017,108 | 217,656,021 | |
| Other Expenses | 28 | (35,270,710) | (15,128,122) | |
| Profit before Taxation | | 499,746,398 | 202,527,899 | |
| Taxation | 29 | (147,978,103) | (59,111,431) | |
| Profit after Taxation | | 351,768,295 | 143,416,468 | |
| Earning per share: | | | | |
| Basic | 30 | 4.64 | 31.87 | |
| Dilutive | 30 | 2.36 | 31.87 | |

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


Chief Executive


Chief Financial Officer


Director

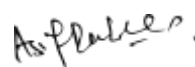
CITI PHARMA LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

| | Note | JUNE 30, 2021 Rupees | Restated JUNE 30, 2020 Rupees |
|--|------|-------------------------|-------------------------------------|
| Profit for the year | | 351,768,295 | 143,416,468 |
| Other comprehensive income | | - | - |
| Items that will not be reclassified subsequently to profit or loss | | | |
| - Revaluation Surplus on Land | | 709,294,525 | - |
| - Experience adjustment on remeasurement of staff retirement | | 746,599 | 238,581 |
| - Related tax impact | | (216,514) | (69,188) |
| Total comprehensive income for the year | | 1,061,592,905 | 143,585,861 |

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



Chief Executive



Chief Financial Officer



Director

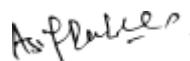
CITI PHARMA LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

| PARTICULARS | SHARE CAPITAL | SHARE DEPOSIT MONEY | REVENUE RESERVES | REVALUATION SURPLUS | TOTAL |
|--|------------------|------------------------|---------------------|------------------------|---------------|
| ----- Rupees ----- | | | | | |
| Balance as at July 01, 2019 | 450,000,000 | - | 387,751,068 | - | 837,751,068 |
| Effect of Change in Error (See Note No. 3.28) | - | - | (3,028,725) | - | (3,028,725) |
| Balance as at July 01, 2019- Restated | 450,000,000 | - | 384,722,343 | - | 834,722,343 |
| Total Comprehensive Income for the year- Restated | - | - | 143,585,860 | - | 143,585,860 |
| Balance as at June 30, 2020- Restated | 450,000,000 | - | 528,308,204 | - | 978,308,204 |
| Share Deposit Money Received | - | 2,326,144,000 | - | - | 2,326,144,000 |
| Total Comprehensive Income for the year | - | - | 352,298,381 | - | 352,298,381 |
| Revaluation Surplus on Land | - | - | - | 709,294,525 | 709,294,525 |
| Issuance of Bonus Shares at the rate of two Share held for every one share held | 900,000,000 | - | (500,000,000) | (400,000,000) | - |
| Balance as at June 30, 2021 | 1,350,000,000 | 2,326,144,000 | 380,606,584 | 309,294,525 | 4,366,045,109 |

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



Chief Executive



Chief Financial Officer



Director

CITI PHARMA LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

| | NOTES | JUNE 30, 2021 Rupees | Restated JUNE 30, 2020 Rupees |
|---|-------|-------------------------|-------------------------------------|
| CASH FLOW FROM OPEARTING ACTIVITIES | | | |
| Profit/ (Loss) Before Taxation | | 499,746,398 | 202,527,899 |
| Adjustments For Non- Cash Items And Other Line Items: | | | |
| Depreciation | 16.1 | 65,688,582 | 49,591,520 |
| Amortization | | - | 2,693,652 |
| Gratuity Expense | 7.1 | 8,256,476 | 4,361,635 |
| Amortisation of Deferred Grant | 8 | (2,225,941) | - |
| Financial Charges | | 40,776,026 | 43,923,758 |
| Worker's Profit Participation Fund | 28 | 26,750,855 | 11,100,883 |
| Worker's Welfare Fund | 28 | 8,519,855 | 4,027,239 |
| | | 147,765,854 | 115,698,688 |
| Profit/ (Loss) before working capital changes | | 647,512,252 | 318,226,587 |
| Effect of working capital changes | | | |
| Advances, Deposits And Prepayments | | (21,739,189) | (43,683,672) |
| Trade Debts | | (145,080,779) | (139,214,981) |
| Stock In Trade | | 113,528,526 | (789,682,671) |
| Payable to General Public Against Excess Proceeds | 12 | 521,384,357 | - |
| Trade And Other Payables | | (188,598,590) | 849,604,299 |
| | | 279,494,325 | (122,977,025) |
| Financial Charges Paid | | (39,222,663) | (41,305,025) |
| Income Tax Paid | | (126,462,102) | (51,385,004) |
| Gratuity Paid | 7.1 | (407,602) | - |
| Worker's Profit Participation Fund | 10 | (11,100,883) | (6,136,609) |
| Worker's Welfare Fund | 10 | (4,027,239) | (2,331,911) |
| | | (181,220,489) | (101,158,549) |
| Net cash flow from operating activities | A | 745,786,087 | 94,091,013 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase Of Property And Equipment | 16.1 | (276,701,531) | (115,191,404) |
| Long Term Security Deposits | | - | (2,667,800) |
| Investment in associated company | | - | (82,717,480) |
| Net cash flow from investing activities | B | (276,701,531) | (200,576,684) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceeds less repayment of Long Term Financing | | 79,349,930 | 117,810,482 |
| Liability Against Assets Subject To Finance Lease | | (7,394,948) | (7,861,378) |
| Director's Loan | 11 | (5,000,000) | - |
| Share Deposit Money less IPO Expenses | 1.2 | 2,326,144,000 | - |
| Short Term Borrowings | | 122,796,649 | (2,098,253) |
| Net Cash flow From Investing Activities | C | 2,515,895,631 | 107,850,851 |
| Net Increase/ (Decrease) In Cash And Cash Equivalents | A+B+C | 2,984,980,187 | 1,365,180 |
| Cash And Cash Equivalents At Beginning Of The Year | | 89,444,317 | 88,079,136 |
| Cash And Cash Equivalents At End Of The Year | | 3,074,424,503 | 89,444,317 |
| Cash and cash equivalents are: | | | |
| Cash in hand | | 214,457 | 310,584 |
| Cash at bank | | 3,074,210,046 | 89,133,733 |
| | | 3,074,424,503 | 89,444,317 |

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


Chief Executive


Chief Financial Officer


Director

CITI PHARMA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 The company was incorporated as a private limited company in Pakistan under the Repealed Companies Ordinance, 1984 on October 08, 2012. The principal activity of the company is manufacturing and sale of pharmaceuticals, medical chemicals and botanical products. During the year, the company was converted into public unlisted company with effect from October 13, 2020 and also the Company offered 72.69 million ordinary shares of Rs. 10 each to general public at the strike price of Rs. 32 per share including premium of Rs. 22 per share which resulted in IPO proceeds of Rs. 2,326 billion. However, Company was listed on Pakistan Stock Exchange subsequent to the year end on July 09, 2021. The registered office of the company is situated at 3.5 KM, Head Ballok Road, Phool Nagar, Kasur. The Head office of the company situated at 588 Q Block, Johar Town, Lahore.

1.2 Initial Public Offering (IPO)

During the year, the Company offered 72.69 million ordinary shares of Rs. 10 each to general public at the strike price of Rs. 32 per share (that includes premium of Rs. 22 per share) which resulted in IPO proceeds of Rs. 2,326 billion. The principal purpose of the fresh equity issuance is to undertake expansion in the Active Pharma Ingredient & Formulation segments and 50-bed state-of-the-art healthcare facility at main Gulberg III, Lahore. Company received IPO Proceeds before the year end, However, subsequent to the year end company was listed in Pakistan Stock Exchange on July 09, 2021 and shares were also issued on July 09, 2021. The Details of IPO Proceeds are as follows:

| | Amount (Rupees) |
|---|--------------------|
| Total Proceeds from IPO | 3,868,347,697 |
| Excess Amount refunded till June 30, 2021 | (1,020,819,340) |
| Balance as at June 30, 2021 (IPO Banks Only) | 2,847,528,357 |
| Payable to General Public Shown Against Excess Subscriptions in Current Liabilities | (521,384,357) |
| Shares to be issued Against the Share Deposit Money will be as follows: | 2,326,144,000 |
| Ordinary Shares of 72,692,000 Shares of Rs. 10 each | 726,920,000 |
| Share Premium of 72,692,000 Shares of Rs. 22 each | 1,599,224,000 |

1.3 In March 2020, the Government of Pakistan implemented a country-wide lockdown in order to contain the spread of COVID-19 in the country. Despite a temporary slowdown in sales in 2020, the Company returned to normal levels after the lockdown was lifted. In addition to this there was another lockdown in May 2021 for a week, however, this has not impacted the activity of the Company. Based on the above, the Company does not have any material effect on these financial statements due to COVID-19.

2 BASIS OF PREPARATION

2.1 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that the Company's liability under defined benefit plan (gratuity) is determined on the present value of defined benefit obligations as determined by an independent actuary.

2.2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise:

International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is Company's functional currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting 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 historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, the management has made the following estimates and judgments which are significant to the financial statements:

| | Note |
|--|------|
| - assumptions and estimates used in determining the recoverable amount, residual values and useful lives of operating fixed assets | 16.1 |
| - assumptions and estimates used in revaluation of land | 5 |
| - assumptions and estimates used in determining the useful lives and residual values of intangible assets | 3.2 |
| - assumptions and estimates used in calculating the provision for impairment for trade debts | 19 |
| - assumptions used in determination of current and deferred taxation | 7.2 |
| - assumptions and estimates used for valuation of present value of defined benefit obligation | 7.1 |
| - assumptions and estimates used in determining current income | 29 |
| Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. | |

2.5 Initial application of a standard, amendment or an interpretation to an existing standard

2.5.1 Amendments to published accounting and reporting standards which are effective for the year ended June 30, 2021

There were certain amendments to accounting and reporting standards which became effective for the Company for the current year. However, these are considered not to be relevant or to have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

2.5.2 Standard, amendments to published accounting and reporting standards and interpretations that are not yet effective and have not been early adopted by the Company

There is a standard and certain other amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 PROPERTY, PLANT AND EQUIPMENTS

a OWNED ASSETS

Property, plant and equipment except freehold land is stated at cost less accumulated depreciation and identified impairment losses. Freehold land is stated at Revalued amount. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to the construction and erection period and directly attributable cost of bringing the assets into working condition.

Depreciation is charged to income on reducing balance method at the rates specified in Note 16. Full month's depreciation is charged on additions during the month, whereas no depreciation is charged on the assets disposed off during the month. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacements are capitalized. Gains or losses on disposal of property, plant and equipment are included in the current year income.

Residual values and useful lives are reviewed at each balance sheet date and adjusted if expectations differ significantly from previous estimates. The management estimates that the financial impact of changes in the residual values and the useful lives during the year ended June 30, 2021 is immaterial.

Residual values are determined by the management as the amount expects it would receive currently for an item of property, plant and equipment if it was already of the age and in the condition expected at the end of the life based on the prevailing market prices of the similar assets already at the end of its useful lives.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

b RIGHT OF USE ASSETS

The right-of-use asset is measured at cost, as the amount equal to initially measured lease liability adjusted for lease prepayments made at or before the commencement date, initial direct cost incurred less any lease incentives received.

The right-of-use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

c CAPITAL WORK IN PROGRESS

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when assets are available for use.

3.2 INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. The depreciable amount of intangible asset is amortized over the estimated useful life using the reducing balance method at the rate stated in the relevant note to the financial statements.

3.3 IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds the recoverable amount. Impairment losses are recognized in the statement of profit or loss and other comprehensive income. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If there is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the assets in prior year. Such reversal is recognized in the statement of profit or loss and other comprehensive income.

3.4 STOCKS, STORES AND SPARES

Inventories are valued at lower of cost and net realizable value as per requirements of IAS 2. Cost of major stock items is determined as follows:

| | |
|----------------------------------|--|
| - Stores, spares and loose tools | At moving average cost |
| - Raw material | At annual average cost |
| - Finished goods | Comprised of direct material, labour, and appropriate manufacturing overheads. |
| - Waste | At net realizable value. |
| - Material in transit | Are stated at invoice value plus other charges incurred thereon. |

Net realizable value signifies the estimates selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale.

3.5 TRADE AND OTHER RECEIVABLES

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

3.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise running finances, cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

3.7 TRADE DEBTS, DEPOSITS AND OTHER RECEIVABLES

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

3.8 REVENUE RECOGNITION

The Company recognizes revenue when it transfers control over goods to its customers, being when the products are delivered to the customer and there is no unfulfilled obligation that could effect the customer's acceptance of the product. Revenue is recognized at an amount that reflects the consideration, to which the Company expects to be entitled in exchange for transferring of goods to its customers net of discount and sales related indirect taxes. The sales related indirect taxes are regarded as collected on behalf of statutory authorities. The Company generates revenue by supplying products to the customers, including export product.

i) Revenue from sales is recognized on delivery of products to the customers with the exception that export sales if any are recognized at the time of issuance of bill of lading.

ii) Dividend income is recognized when the right to receive dividend is established.

iii) Income on bank deposits and short term investments are recognized using the effective yield method.

3.9 REVENUE FROM CONTRACT WITH CUSTOMERS

Sale of Goods

Sale of goods is recognized when the Company has transferred control of the products to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due.

Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

3.10 BORROWINGS AND BORROWING COSTS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowing costs are recognized 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.

3.11 PROVISIONS

Provision is recognized when the Company has a legal and constructive obligation as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of obligation. Provision is reviewed at each date of statement of financial position and adjusted to reflect current best estimate.

3.12 TRADE AND OTHER PAYABLES

Trade and other payables are recognized initially at fair value net of directly attributable cost, if any.

3.13 RELATED PARTY TRANSACTIONS

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Company to do so.

3.14 FINANCIAL INSTRUMENTS

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation

specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

3.14.1 Financial Assets Classification

Effective July 1, 2018, the Company classifies its financial assets in the following measurement categories:

- a) Amortized cost where the effective interest rate method will apply;
- b) fair value through profit or loss;
- c) fair value through other comprehensive income.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this depends on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt Instrument

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

a) Amortised Cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

(b) Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit or loss and recognised in other income/charges. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/charges and impairment expenses are presented as separate line item in the statement of profit or loss.

c) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the statement of profit or loss and presented net within other operating gains/(losses) in the period in which it arises.

De-recognition of financial assets

A financial asset (or, where applicable part of a financial asset or part of a group of similar financial assets) is derecognized when:

- I The rights to receive cash flows from the asset have expired
- II The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially

all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the

Impairment of financial assets

Effective July 1, 2018, the Company assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:

- Trade debts
- Loans, advances, deposits, prepayments and other receivables
- Short term investments
- Cash and bank balances

Simplified approach for trade debts

The Company recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts are separately assessed for ECL measurement. The lifetime expected credit losses are estimated using the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Recognition of loss allowance

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 120 days past due in making a contractual payment.

Write-off

The Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

3.14.2 Financial Liabilities

Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss; and
- other financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

a) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

b) Amortised cost

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the statement of profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

3.14.3 Off-setting of financial assets and financial liabilities.

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the company has legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.15 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a. In the principal market for the asset or liability; or
- b. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market is accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- a. Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- b. Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- c. Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Chief Financial Officer determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. External valuers may be involved for valuation of significant assets and significant liabilities. For the purpose of fair value disclosures, the Company determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

3.16 CONTINGENT LIABILITIES

Contingent liabilities are disclosed when there is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company; or there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.17 TAXATION

Current Tax

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits

and tax rebates available, if any.

Deferred Tax

Deferred tax is recognized using the liability method, on all temporary differences at the balance sheet date calculated at the prevailing rates, between the tax bases of assets and liabilities and their carrying costs for the purposes of financial reporting. Deferred tax liabilities are recognized for all taxable temporary differences to the extent that such differences will reverse in the due future and taxable income will be available for deducting temporary differences.

The carrying amount of deferred tax asset is reviewed on the balance sheet date and is reduced to the extent that it is no longer probable that the sufficient taxable profit will be available to allow in all or part of it for the deferred tax asset.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets is realized or the liability is settled based on the tax rates that have been enacted currently or subsequently at the balance sheet date.

Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it becomes probable future taxable profits will allow deferred tax asset to be recovered.

3.18 RESEARCH AND DEVELOPMENT COST

Research expense is recognized in profit or loss account in the year of expense and development cost is capitalized in the year when meets the development criteria.

3.19 STAFF RETIREMENT BENEFITS

The Company operates approved un-funded gratuity scheme for its workers who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to statement of profit or loss.

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if, any excluding interest), are recognized immediately in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan is recognized in statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in statement of profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3.20 LEASE LIABILITY

The lease liability was measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the specific incremental borrowing rate.

Subsequently lease liabilities are measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

3.21 OFF SETTING:

Financial assets and liabilities are offset and the amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amount and the company intends either to settle on a net basis, or to realize the assets and to settle the liability

3.22 EARNING PER SHARE:

The company presents basic and diluted earning per share (EPS) for its ordinary shares. Basis EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects for all dilutive potential ordinary shares.

3.23 FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded at the official exchange rate applicable at the transaction date. Monetary assets and liabilities are translated into rupees using official exchange rates applicable at the statement of financial position date. All gains and losses on settlement and transaction at year-end are recognized in the income statement.

3.24 GOVERNMENT GRANT

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Company recognizes government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

3.25 DIVIDEND TO ORDINARY SHAREHOLDERS

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in the statement of changes in equity and as a liability in the Company's financial statements in the year in which the dividends are approved by the Board of Directors or the Company's shareholders as the case may be.

3.26 SHARE CAPITAL

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

3.27 OPERATING SEGEMENT

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

3.28 Effect of Change in Error

During the year company first time adopted IAS-19- Retirement Benefits with retrospective effect. In the previous year Company did not accounted for Gratuity Expense in the financial statements in accordance with the IAS -19. This error has retrospective effect in accordance with the requirements of IAS 8 "Accounting, Policies, Changes in Accounting Estimates and Errors" with effect from earliest period and figures have been restated accordingly.

| As at June 30, 2020 | | | |
|------------------------|----|-----------------|-------------|
| Carrying Amount Stated | As | Effect of Error | As Restated |

Effect on Statement of Financial Position

| | | | |
|---|-------------|-------------|-------------|
| Accumulated Profits (Opening Balance of Equity) | 533,385,966 | (3,028,725) | 530,357,241 |
| Staff retirement benefits - gratuity | - | 7,151,779 | 7,151,779 |
| Deferred Taxation | 57,913,791 | (2,074,016) | 55,839,775 |

Effect on Statement of Profit or Loss Account

| | | | |
|---|------------|-----------|------------|
| Cost of Sale: Salaries: | | | |
| Wages & Other benefits | 89,616,693 | 2,730,753 | 92,347,446 |
| Administrative Expenses: | | | |
| Salaries, Wages & Other benefits | 31,513,439 | 960,261 | 32,473,700 |
| Selling & Distribution Expenses: | | | |
| Salaries, Wages & Other benefits | 87,754,763 | 670,621 | 88,425,384 |

| | | | |
|-------------------|-----------|-------------|-----------|
| Taxation: | | | |
| Deferred Taxation | 4,027,570 | (2,143,205) | 1,884,365 |

Effect on Statement of Comprehensive Income:

| | | | |
|---|---|-----------|-----------|
| Experience adjustment on remeasurement of staff retirement- | - | (169,393) | (169,393) |
| Net of Deferred Tax | | | |

CITI PHARMA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

4 SHARES CAPITAL

Authorized share capital
300,000,000 (2020: 4,500,000) Ordinary shares of Rs. 10 (2020: 100) each
issued, subscribed and paid up capital

Opening Balance

45,000,000 (2020: 4,500,000) Ordinary shares of Rs. 10 (2020: 100) each, fully paid in cash

Movement During the Year

90,000,000 Ordinary Share of Rs. 10 each issued as fully paid Bonus shares

Closing Balance

45,000,000 (2020: 4,500,000) Ordinary shares of Rs. 10 (2020: 100) each, fully paid in cash

90,000,000 Ordinary Share of Rs. 10 each issued as fully paid Bonus shares

135,000,000 (2020: 4,500,000) Ordinary Shares at Rs. 10 (2020:100)

4.1 Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding.

5 REVALUATION SURPLUS ON LAND

Opening Balance

Surplus during the year

Bonus Shares issued against Revaluation Surplus

Closing Balance

5.1 The latest revaluation of freehold land has been carried out as at December 01, 2020 by independent Valuers on the basis of their professional assessment of present market value, based on enquiries made about the cost of land of similar nature, size and location. The Forced Sale Value of Land is Rs.891,803,000.

6 LONG TERM FINANCING - SECURED

Islamic Finance Under Musharaka Arrangement

Long term loan from Pak Brunei Investment Company

Term finance against purchase of machinery

Term Loan For Salary & Wages Under SBP Refinance Scheme

Finance of Machinery in SBP - TERF

Deferred Grant

Current Portion shown under current liabilities

| | | |
|-----|----------------------|---------------------|
| 6.1 | - | 1,748,750 |
| 6.2 | 139,583,342 | 201,527,783 |
| 6.3 | 32,393,013 | 22,324,367 |
| 6.4 | 59,108,483 | 10,776,666 |
| 6.5 | 84,642,658 | - |
| | 315,727,496 | 236,377,566 |
| 8 | (17,863,734) | (1,028,239) |
| | (108,705,951) | (70,816,072) |
| | 189,157,811 | 164,533,255 |

6.1 Islamic finance under Musharaka Arrangement is obtained from the Bank of Khyber with mark up of three months KIBOR + 300 bps payable in 60 instalments. The arrangement is secured against Asset Acquired under Diminishing Musharaka Arrangement and Personal guarantees of all directors of the company.

6.2 This loan is obtained from Pak Brunei Investment company which carries mark up of three months KIBOR + 250 bps and is repayable in 48 instalments. The arrangement is secured against Fixed Assets and Personal guarantees of all directors of the company.

6.3 Term Finance Facility is obtained from the Bank Al Habib Limited with mark up of three months KIBOR + 225 bps and is repayable in 48 instalments.

6.4 In addition to the above, the Company has also obtained long term loans from Bank Al Habib Limited amounting Rs. 61.27 million for financing its salaries and wages under SBP Refinance Scheme for payment of wages and salaries, earmarked from running finance limit, which is secured against Pari Passu Hypothecation charge over fixed assets with the Bank Al Habib Limited. The rate of markup on these loans are at 3% per annum. These loans are for two and half years and are repayable in eight equal quarterly instalments.

6.5 In addition to the above, the Company has also obtained long term loans of Rs. 84.642 million for financing import of plant and machinery from Bank Al-Habib Limited, which is secured against specific Pari Passu charge over machinery imported. The rate of markup on these loans are at 5% per annum which include 4% BAHF share and 1% SBP share. These loans are for four years and are repayable in fifteen equal quarterly instalments under SBP TERF scheme including three month grace period from the date of disbursement and mark up to be recoverable on quarterly basis.

7 DEFERRED LIABILITY

Staff retirement benefits - gratuity

Deferred Taxation

7.1 Staff retirement benefits - gratuity

7.1.1 Net liability recognized in the statement of financial position

Present value of defined benefit obligations

7.1.2 Movement in the net liability recognized in the statement of financial position

| | | Restated |
|-----|-------------------|-------------------|
| 7.1 | 14,254,054 | 7,151,779 |
| 7.2 | 77,165,289 | 55,839,775 |
| | 91,419,343 | 62,991,554 |
| | 14,254,054 | 7,151,779 |

| | | |
|--|-------------------|------------------|
| Net liability as at 1st July | 7,151,779 | 3,028,725 |
| Expense recognized in the income statement | 8,256,476 | 4,361,635 |
| Benefits paid during the year | (407,602) | - |
| Remeasurement changes chargeable to other comprehensive income | (746,599) | (238,581) |
| Net liability as at 30th June | 14,254,054 | 7,151,779 |

7.1.3 Movement in the present value of defined benefit obligation is as follows:

| | | |
|---|-------------------|------------------|
| Present value of defined benefit obligation as at 1st July | 7,151,779 | 3,028,725 |
| Current service cost | 7,561,678 | 4,058,762 |
| Interest cost | 694,798 | 302,873 |
| Benefit paid | (407,602) | - |
| Remeasurement of obligation | (746,599) | (238,581) |
| Present value of defined benefit obligation as at 30th June | 14,254,054 | 7,151,779 |

7.1.4 Amount Chargeable to Statement of Profit or Loss

| | | |
|---------------|------------------|------------------|
| Service Cost | 7,561,678 | 4,058,762 |
| Interest Cost | 694,798 | 302,873 |
| | 8,256,476 | 4,361,635 |

7.1.5 Allocation of charge for the year

| | | |
|-------------------------|------------------|------------------|
| Cost of Sales | 5,067,475 | 2,730,753 |
| Administrative Expenses | 2,252,559 | 960,261 |
| Marketing Expenses | 936,442 | 570,621 |
| | 8,256,476 | 4,361,635 |

7.1.6 Amount recognized in other comprehensive income are:

| | | |
|---|-----------|-----------|
| Actuarial loss / (gain) due to experience adjustments | (746,599) | (238,581) |
|---|-----------|-----------|

7.1.7 Key actuarial assumptions used:

The company operates a defined benefit plan which comprises an unfunded gratuity scheme for its permanent employees. The scheme defined the amounts of the benefit that an employee will receive on or after retirement subject to minimum qualifying period of service under the scheme. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out on June 30, 2021 using Projected Unit Credit method by an approved actuary.

| | 2021 | 2020 |
|--|----------|----------|
| Average Expected Remaining Working Lifetime of Members | 10 years | 10 years |
| Average Duration of Liability | 9 years | 9 years |

7.1.8 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation to changes in the weighted principle assumption is:

| | Change in assumption | Increase in assumption | Decrease in assumption |
|-----------------|----------------------|------------------------|------------------------|
| Discount rate | + - by 100 bps | 13,032,889 | 15,589,257 |
| Salary increase | + - by 100 bps | 15,589,640 | 13,033,049 |

7.2 Deferred Taxation

| | | |
|--------------------------------|------------|------------|
| Opening deferred tax liability | 55,839,775 | 53,871,340 |
|--------------------------------|------------|------------|

Deferred tax charged / (reversal) to profit or loss

| | | |
|---|-------------------|------------------|
| Accelerated tax depreciation | 21,304,223 | 3,773,607 |
| Intangible assets | 706,765 | (604,468) |
| Staff retirement benefits - gratuity | (2,276,173) | (2,143,204) |
| Liabilities against assets subject to finance lease | 1,374,186 | 873,311 |
| | 21,109,001 | 1,899,247 |

Deferred tax reversal to other comprehensive income

| | | |
|--------------------------------|-------------------|-------------------|
| Employees' retirement benefits | 216,514 | 69,188 |
| | 77,165,289 | 55,839,775 |

7.2.1 Deferred taxation liability

| | | |
|--|-------------------|-------------------|
| - accelerated tax depreciation | 78,638,215 | 57,333,991 |
| - intangible assets | - | (706,765) |
| Lease Liability | 2,660,750 | 1,286,564 |
| - Staff retirement benefits - gratuity | (4,133,676) | (2,074,016) |
| | 77,165,289 | 55,839,775 |

8 DEFERRED GRANT

| | | |
|--------------------------|------------------|----------------|
| As at 01 July | 570,828 | - |
| Received during the year | 17,863,734 | 1,028,239 |
| Amortization | (3,302,867) | (2,493) |
| | 15,131,695 | 1,025,746 |
| Current portion | (5,858,417) | (454,818) |
| As at 30 June | 9,273,278 | 570,828 |

9 LEASE LIABILITIES

The amount of future minimum lease payments along with their present value and the period during which they fall due are as under:

| | | |
|---|-------------------|-------------------|
| Not later than one year | 3,802,816 | 8,372,346 |
| Later than one year but not later than five years | 8,825,767 | 16,161,973 |
| | 12,628,583 | 24,534,324 |
| Less: Finance charge | (1,883,332) | (4,070,439) |
| | 10,745,251 | 20,463,885 |
| Less: Current maturity of long term obligation | (2,989,895) | (6,597,725) |
| | 7,755,356 | 13,866,160 |
| Payable within one year | 2,989,895 | 6,597,725 |
| Payable after one year | 7,755,356 | 13,866,160 |
| | 10,745,251 | 20,463,885 |

- 9.1 The Company entered into lease agreements with financial institutions to acquire vehicles. The liabilities under the lease agreements are payable in equal monthly installments and are subject to finance charges at the rates ranging from 6 months KIBOR + 2.5% to 3.95% and 22% per annum (June 30, 2019 : 6 months KIBOR + 2.5% to 3.95% and 22% per annum). The lease liabilities are secured against security deposits, post dated cheques, personal guarantee of all the directors of the Company and also secured against financed vehicles.

| | | JUNE 30, 2021 | JUNE 30, 2020 |
|------|---|--------------------|--------------------|
| | | Rupees | Rupees |
| 10 | CREDITORS, ACCRUED AND OTHER EXPENSES | | |
| | Trade creditors | 667,721,038 | 858,558,117 |
| | Accrued expenses | 22,818,724 | 20,580,235 |
| | Worker's Profit Participation Fund | 26,750,855 | 11,100,883 |
| | Worker's Welfare Fund | 8,519,855 | 4,027,239 |
| | | 725,810,472 | 894,266,474 |
| 10.1 | Worker's Profit Participation Fund | | |
| | Balance as at July 01 | 11,100,883 | 6,136,609 |
| | Expense recognised during the year | 26,750,855 | 11,100,883 |
| | | 37,851,738 | 17,237,492 |
| | Less: Payments during the year | (11,100,883) | (6,136,609) |
| | Balance as at June 30 | 26,750,855 | 11,100,883 |
| 10.2 | Worker's Welfare Fund | | |
| | Balance as at July 01 | 4,027,239 | 2,331,911 |
| | Expense recognised during the year | 8,519,855 | - |
| | | 12,547,094 | 2,331,911 |
| | Less: Payments during the year | (4,027,239) | (2,331,911) |
| | Balance as at June 30 | 8,519,855 | - |
| 11 | DIRECTOR'S LOAN | | |
| | | 12,200,000 | 17,200,000 |
| | | 12,200,000 | 17,200,000 |
| 11.1 | Interest free loan obtained Director of the company amounting Rs.17,200,000/- (2020: Rs. 17,200,000) to meet working capital requirements of the company without any security and shall be payable on demand of the Director. The maximum aggregate amount outstanding during the year was 17.2 million. | | |
| 12 | Payable to Investors Against Excess Proceeds | 521,384,357 | - |
| 12.1 | This represents refund amount pertaining to unsuccessful applicant under Initial Public Offering. | | |
| 13 | SHORT TERM BORROWINGS-SECURED | | |
| | Usage of Usance LC Limit | 325,859,597 | 104,149,098 |
| | Bank Murabaha Facility | - | 88,913,850 |
| | | 325,859,597 | 203,062,948 |
| 13.1 | This facility of import sight/ usance LC having limit up to Rs. 550 Million (2020: Rs. 550 Million) has been obtained from The Bank of Khyber IBB Shahalam market, Lahore under mark up arrangement 50% of BOK, IBG's Schedule of charge. The Facility will be settled through client's own sources maximum within 90 days. This facility is secured against the TRM of industrial property, corporate guarantee of the company, 25% cash margin on LC value, Lien on import documents, and first exclusive margin charge with SECP. This facility is generally for a period of one year under normal course of business and renewable at their sole discretion at the end of the period. | | |
| 13.2 | This facility of Istisana having limit up to Rs. 100 Million has been obtained from The Bank of Khyber IBB Shahalam market, Lahore under conditions 3MK + 300bps. The Facility will be settled through Bullet payment of each sub Istisana (including Cost Plus profit). This facility is secured against Equitable mortgage through MODTD over property already mortgage to secure Limit. First Exclusive Charge in favor of BOK to be registered in SECP over all present & future fixed assets of the company with 25% margin. This facility is generally for a period of one year from the Date of CAD clearance and further tenure of sub- murabaha upto 06 months. | | |
| 13.3 | This facility of import sight/ usance LC having limit up to Rs. 225 Million (2020: Rs. 225 Million) has been obtained from The Bank Al Habib Limited, Johar Town, Lahore ; The Facility will be settled through client's own sources maximum within 30 - 90 days. This facility is secured against the TRM of industrial property, corporate guarantee of the company, 20% cash margin on LC value, Lien on import documents, and first exclusive margin charge with SECP. This facility is generally for a period of one year under normal course of business and renewable at their sole discretion at the end of the period. | | |
| 13.4 | Running Finance have been obtained from Bank Al Habib Limited for Rs. 25 million with pricing of three months KIBOR plus 2.25%. This is secured against charge over land, building and Plant & Machinery and current assets. | | |
| 14 | Current Portion of Long Term Financing-Secured | | |
| | Long Term Finances | 114,564,368 | 71,817,269 |
| | Lease liabilities | 8,372,346 | 6,597,725 |
| | | 122,936,714 | 78,414,994 |
| 15 | CONTINGENCIES AND COMMITMENTS | | |
| 15.1 | The facility payment security guarantee Letter of Guarantee Limit having limit up to Rs.16 Million has been obtained from The Bank of Khyber IBB Shahalam market, Lahore under service charges as per BOK IBG's schedule of charges. This facility is secured against 15% cash margin on LG value and counter guarantee of the company. This facility is generally for a period of one year under normal course of business and renewable at their sole discretion at the end of the period. | | |

- 15.2 Commercial Vehicle (jarah) Facility has been obtained from bank amounting Rs 17.085 Million out of which Rs.12.392 Million is outstanding. (2020: Rs 10.25 Million out of which Rs.5.240 Million is outstanding). Tenure of this facility is vary from 3 to 5 years. Rental payments are charged in the income statement in the year in which it is incurred. Rental rate are charged as 03 months of Kibor + 300 Bps, with Floor of 10% and Cap 17% and 30% security Deposit. Registration of the vehicles is in the name of Financial Institution.

The amount of future Payments under lease and the period under which these become due are as follows:

| | | |
|---|-------------------|------------------|
| Not later than one year | 4,613,361 | 3,147,012 |
| Later than one year but not later than five years | 7,778,920 | 2,093,266 |
| Later than five years | - | - |
| | <u>12,392,281</u> | <u>5,240,278</u> |

| | | JUNE 30, 2021 Rupees | JUNE 30, 2020 Rupees |
|------|---|--|--|
| 16 | PROPERTY PLANT & EQUIPMENT Operating assets (attached note 16.1) | 1,734,765,860 | 814,458,386 |
| 17 | INVESTMENT IN ASSOCIATED COMPANY Balance at the beginning of the year Further investment | 254,540,900 - | 171,823,420 82,717,480 |
| | | 254,540,900 | 254,540,900 |
| 17.1 | This represents investment in Yaqeen Developers (Private) Limited an associated company. Investments in associated companies have been made in accordance with the requirements of Companies Act, 2017. | | |
| 18 | STOCK IN TRADE Raw material Stock in transit Work in process Finished goods | 491,895,889 200,336,280 3,624,242 82,338,030 | 703,853,052 151,928,665 11,765,000 24,176,250 |
| | | 778,194,441 | 891,722,967 |
| 19 | TRADE DEBTS- UNSECURED Considered Good | 444,545,802 444,545,802 | 299,465,022 299,465,022 |
| 20 | LOANS, ADVANCES DEPOSITS AND PREPAYMENTS Advance income tax Advance against import Advance to employees- unsecured Other Advances- unsecured | 20.1 138,025,490 27,160,000 3,829,191 35,062,600 | 68,790,454 43,154,250 1,054,352 104,000 |
| | | 204,077,281 | 113,103,056 |
| 20.1 | ADVANCE INCOME TAX Opening balance Tax deducted during the year Tax adjusted for the year | 68,790,454 126,462,102 (57,227,066) | 49,993,299 51,385,004 (32,587,849) |
| | | 138,025,490 | 68,790,454 |
| 21 | CASH AND BANK BALANCE Cash in hand Cash at banks: Current Accounts Saving Accounts | 214,457 2,878,752,355 195,457,691 | 310,584 14,868,045 74,265,688 |
| | | 3,074,424,503 | 89,444,317 |
| 21.1 | The Rate of Return on Saving Accounts is Ranging From 3.25% to 7% (2020: 3.25 to 7.50%). | | |
| 22 | TURNOVER Sales Sales Returns Sales Discount | 5,946,903,070 (148,484,511) (3,014,562) | 3,593,132,500 (65,507,500) - |
| | | 5,795,403,997 | 3,527,625,000 |
| 22.1 | Revenue has been recognized at a point in time for local sales made during the year. | | |

| | | | | |
|-------------|--|-------------|----------------------|----------------------|
| 23 | COST OF SALES | | | |
| | Raw material consumed | 23.1 | 4,584,895,304 | 2,684,246,773 |
| | Salaries, Wages & Other benefits | 23.2 | 136,194,899 | 92,347,446 |
| | Gas Bill | | 8,323,530 | 3,012,810 |
| | Electricity | | 93,890,849 | 76,548,430 |
| | Wood/corn cube | | 152,575,781 | 142,657,273 |
| | Fuel and Power | | 8,543,713 | 7,830,242 |
| | Repair & maintenance | | 22,902,765 | 18,607,274 |
| | Depreciation | | 54,823,515 | 39,899,788 |
| | Amortization | | - | 1,346,826 |
| | Other Production Expenses | | 2,800,338 | 10,869,532 |
| | | | 5,064,950,693 | 3,077,366,394 |
| | Work in Process: | | | |
| | Opening Work in Process | | 11,765,000 | 11,508,000 |
| | Closing Work in Process | | (3,624,242) | (11,765,000) |
| | | | 8,140,758 | (257,000) |
| | Cost of goods manufactured | | 5,073,091,451 | 3,077,109,394 |
| | Finished goods: | | | |
| | Opening finished goods | | 34,176,250 | 37,742,000 |
| | Closing finished goods | | (82,338,030) | (24,176,250) |
| | | | (58,161,780) | 13,565,750 |
| | | | 5,014,929,671 | 3,090,675,144 |
| 23.1 | RAW MATERIAL CONSUMED | | | |
| | Opening Stock | | 703,853,052 | 52,790,296 |
| | Raw Material Purchases | | 4,372,938,141 | 3,335,309,529 |
| | Closing stock | | (491,895,889) | (703,853,052) |
| | | | 4,584,895,304 | 2,684,246,773 |
| 23.2 | This includes Rs. 5.07 million (2020: Rs. 2.73 million), approximately, in respect of employee benefits - gratuity scheme. | | | |
| 24 | ADMINISTRATION EXPENSES | | | |
| | Salaries, Wages & benefits | 24.1 | 60,540,426 | 32,473,700 |
| | Electricity bill | | 2,295,521 | 348,040 |
| | Telephone bill/postpaid | | 111,644 | 673,593 |
| | Printing & Stationary expense | | 2,334,910 | 4,791,793 |
| | Social Security & EOBI | | 1,958,434 | 2,553,831 |
| | Gardening expense | | 3,008,681 | 4,075,500 |
| | Depreciation | | 6,680,309 | 5,766,577 |
| | Amortization | | - | 673,413 |
| | Water & sanitation | | 21,580 | 20,610 |
| | Uniforms expense | | 604,421 | 2,027,407 |
| | Legal and Professional Charges | 24.2 | 4,549,000 | 680,000 |
| | General repair & Maintenance | | 8,574,255 | 9,360,707 |
| | Fee and Subscription | | 1,329,267 | 1,820,879 |
| | Insurance Expenses | | 1,108,877 | 218,680 |
| | Staff welfare expenses | | - | 10,658,828 |
| | Entertainment Expense | | 10,141,684 | 12,682,153 |
| | Postage and courier | | 447,402 | 296,596 |
| | Miscellaneous Expenses | | 6,803,458 | 5,288,063 |
| | | | 110,509,868 | 94,410,370 |
| 24.1 | This includes Rs. 2.25 million (2020: Rs. .96 million), approximately, in respect of employee benefits - gratuity scheme. | | | |
| 24.2 | Legal & Professional Charges Include: | | | |
| | Audit Fee | | 1,000,000 | 600,000 |
| | Other Services/Certifications | | 100,000 | 80,000 |
| | | | 1,100,000 | 680,000 |
| 25 | SELLING AND DISTRIBUTION EXPENSES | | | |
| | Salaries & benefits | 25.1 | 25,168,084 | 22,678,772 |
| | Delivery/courier expense | | 31,355,968 | 28,953,045 |
| | Communication Expenses | | 1,550,000 | 1,705,567 |
| | Marketing & selling expenses | | 32,033,603 | 28,427,855 |
| | Other miscellaneous expense | | 4,701,711 | 2,061,576 |
| | Depreciation | | 4,184,759 | 3,925,155 |
| | Amortization | | - | 673,413 |
| | | | 98,994,125 | 88,425,383 |
| 25.1 | This includes Rs. 0.94 million (2020: Rs. 0.67 million), approximately, in respect of employee benefits - gratuity scheme. | | | |

| | | | | |
|--|--------|--------------------|-------------------|----------|
| 26 FINANCIAL CHARGES | | | | |
| Bank Charges | | 785,205 | 479,299 | |
| Mark up on Short Term Financing | | 11,549,667 | 13,290,270 | |
| (jarah Rentals (Operating Lease) | | 4,247,569 | 3,781,003 | |
| Markup on Finance Lease | | 1,398,346 | 2,427,494 | |
| Markup on Long Term Financing | | 22,595,239 | 23,945,692 | |
| | | 40,776,026 | 43,923,758 | |
| 27 OTHER INCOME | | | | |
| From Non Financial Assets | 27.1 | 4,822,801 | 7,465,677 | |
| | | 4,822,801 | 7,465,677 | |
| 27.1 This represents profit earned on saving account and amortisation of grant income. | | | | |
| 28 OTHER EXPENSES | | | | |
| Worker's Profit Participation Fund | | 26,750,855 | 11,100,883 | |
| Worker's Welfare Fund | | 8,519,855 | 4,027,239 | |
| | | 35,270,710 | 15,128,122 | |
| 29 TAXATION | | | | Restated |
| Current tax | | 126,869,102 | 57,227,066 | |
| Deferred tax adjustment | | 21,109,001 | 1,884,365 | |
| | | 147,978,103 | 59,111,431 | |
| 29.1 Relationship Between Tax Expense and Accounting Profit | | | | |
| Profit before tax | | 499,746,398 | 202,527,899 | |
| Tax at the applicable rate of 29% (29%) | | 144,926,455 | 58,733,091 | |
| Prior Year Tax Provision | | - | - | |
| Others | | (18,057,354) | (1,506,025) | |
| | | 126,869,102 | 57,227,066 | |
| 30 BASIC EARNING PER SHARE- BASIC | | | | Restated |
| Net profit after taxation | Rupees | 351,768,295 | 143,416,468 | |
| Weighted Average No. of Shares Outstanding at the year end | Number | 75,809,589 | 4,500,000 | |
| Earning Per Share-Basic | Rupees | 4.64 | 31.87 | |
| BASIC EARNING PER SHARE- DILUTIVE | | | | |
| Net profit after taxation | Rupees | 351,768,295 | 143,416,468 | |
| Weighted Average No. of Shares Outstanding at the year end | Number | 75,809,589 | 4,500,000 | |
| Number of Shares to be Issued to General Public against Share Deposit Money | Number | 72,962,000 | - | |
| | | 148,771,589 | 4,500,000 | |
| Earning Per Share-Dilutive | Rupees | 2.36 | 31.87 | |
| 31 FINANCIAL RISK MANAGEMENT | | | | |
| The Company has exposure to the following risks arising from financial instruments: | | | | |
| - credit risk | | | | |
| - liquidity risk | | | | |
| - market risk | | | | |
| Risk management framework | | | | |
| The Company's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies. | | | | |
| The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors reviews and agrees upon the policies for managing each of these risks. | | | | |
| 31.1 Credit risk | | | | |
| Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed. | | | | |
| 30.1.1 Exposure to credit risk | | | | |
| The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period was as follows: | | | | |
| | | 2021 | 2020 | |
| | | Rupees | | |
| Long term security deposits | | 8,613,950 | 8,613,950 | |
| Trade Debts- Unsecured | | 444,545,802 | 299,465,022 | |
| Bank Balances | | 3,074,210,046 | 89,133,733 | |
| 30.1.2 Concentration of credit risk | | | | |

*The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

| | | |
|-------------------|---------------|-------------|
| Customers | 444,545,802 | 299,465,022 |
| Banking companies | 3,074,210,046 | 89,133,733 |

30.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

30.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties are bank balances. These counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

| | Agency | Rating | | |
|---------------------------------------|--------|------------|------------|-----------|
| | | Short Term | Short Term | Long Term |
| Bank Al-Habib Limited | PACRA | A-1+ | A-1+ | AA+ |
| The Bank of Khyber | PACRA | A-1 | A-1 | A |
| Askari Bank Limited | PACRA | A-1+ | A-1+ | AA+ |
| Meezan Bank Limited | VIS | A-1+ | A-1+ | AA+ |
| Allied Bank Limited | PACRA | A-1+ | A-1+ | AAA |
| Bank Alfalah Limited | PACRA | A-1+ | A-1+ | AA+ |
| | VIS | A-1+ | A-1+ | A-1+ |
| Faysal Bank Limited | PACRA | A-1+ | A-1+ | AA |
| | VIS | A-1+ | A-1+ | AA |
| Habib Bank Limited | VIS | A-1+ | A-1+ | AAA |
| Pak Brunei Investment Company Limited | VIS | A-1+ | A-1+ | AA+ |

30.1.3(b) Counterparties without external credit ratings

These include customers which are counter parties to trade debts. The Company is exposed to credit risk in respect of trade debts. The analysis of ages of trade debts of the Company as at the reporting date is as follows:

| | 2021 | 2020 |
|------------------------|-------------|-------------|
| | Rupees | |
| Past due 1 - 30 Days | 398,425,064 | 249,364,524 |
| Past due 31 - 60 Days | 46,120,738 | 50,100,498 |
| Past due 61 - 120 Days | - | - |

Based on past experience the management believes that no impairment allowance is necessary in respect of trade debts past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

30.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner unfavorable to the Company. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

30.2.1 Exposure to liquidity risk

30.2.1 (a) Contractual maturities of financial liabilities, including estimated interest payments

The following are the remaining contractual maturities at the reporting date. The amounts are grossed and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

| | Carrying Amount | Contractual Cash Flows | Less than 1 year | More than 1 year |
|---|-----------------|------------------------|------------------|------------------|
| | Rupees | Rupees | Rupees | Rupees |
| Non-derivative financial liabilities | | | | |
| At June 30, 2021 | | | | |
| Long Term Loans | 315,727,496 | 437,167,204 | 108,705,951 | 97,979,533 |
| Staff retirement benefits - gratuity | 14,254,054 | 14,254,054 | - | 14,254,054 |
| Lease Liabilities | 10,745,251 | 12,628,583 | 4,245,450 | 8,383,133 |
| Creditors, Accrued and other liabilities | 894,266,474 | 894,266,474 | - | 894,266,474 |
| Director's Loan | 12,200,000 | 12,200,000 | - | 12,200,000 |
| Short Term Borrowings-Secured | 325,859,597 | 325,859,597 | - | 325,859,597 |
| At June 30, 2020 | | | | |
| Long Term Loans | 214,053,199 | 289,526,447 | 97,979,533 | 191,546,914 |
| Staff retirement benefits - gratuity | 7,151,779 | 7,151,779 | - | 7,151,779 |
| Lease Liabilities | 20,463,885 | 20,463,885 | 6,597,725 | 13,866,160 |
| Trade and other payables | 894,266,474 | 894,266,474 | - | 894,266,474 |
| Advances from Related Parties | 17,200,000 | 17,200,000 | - | 17,200,000 |
| Short Term Borrowings-Secured | 203,062,948 | 203,062,948 | - | 203,062,948 |

30.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its

holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

30.3.1 Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which advances, sales and purchases and bank balances are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The Company is not exposed to currency risk.

30.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

30.3.2(a) Mark-up bearing financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

| | Financial liability | |
|---------------------------|---------------------|-------------|
| | 2021 | 2020 |
| | Rupees | |
| Fixed rate instruments | 143,751,141 | 10,776,666 |
| Variable rate instruments | 508,581,203 | 449,100,690 |

30.3.2(b) Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

| | Effect on profit before taxation | |
|------------------------------|----------------------------------|-------------|
| | 2021 | 2020 |
| | Rupees | |
| Increase of 100 basis points | (5,085,812) | (4,491,007) |
| Decrease of 100 basis points | 5,085,812 | 4,491,007 |

30.3.2(c) Interest rate risk management

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company's borrowings are based on variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

30.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trading in market. The Company is not exposed to any price risk.

32 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

- to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

33 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

As at June 30, 2021 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The fair values of all other financial assets and liabilities are not considered to be significantly different from their carrying values.

The Company classifies the financial instruments measured in the statement of financial position at fair value in accordance with the following fair value measurement hierarchy:

| | |
|---------|--|
| Level 1 | Quoted market prices |
| Level 2 | Valuation techniques (market observable) |
| Level 3 | Valuation techniques (non market observable) |

34 Financial instruments by categories

| | JUNE 30, 2021 | JUNE 30, 2020 |
|--|---------------|---------------|
| | Rupees | Rupees |
| Financial asset as at amortized cost | | |
| Long term security deposits | 8,613,950 | 8,613,950 |
| Trade Debts | 444,545,802 | 299,465,022 |
| Cash and bank balance | 3,074,424,503 | 89,444,317 |
| Financial liabilities at amortized cost | | |
| Long Term Financing - Secured | 189,157,811 | 164,533,255 |
| Lease Liabilities | 7,755,356 | 13,866,160 |
| Creditors, Accrued and other liabilities | 680,539,762 | 879,138,352 |
| Director's Loan | 12,200,000 | 17,200,000 |
| Current Portion of Long Term Financing-Secured | 122,936,714 | 78,414,994 |

34.1 Fair values of financial assets and liabilities

Carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

35 TRANSACTION WITH RELATED PARTIES

Related parties and associated undertaking comprise related group companies, associated companies, directors and key management personnel. The Company in the normal course of business carried out transactions with related parties. Transactions with related parties and associated companies, other than remuneration and benefits to key management personnel under the terms of their employment, are as follows:

| | 2021 | 2020 |
|--|---------------|---------------|
| | Rs. (million) | Rs. (million) |
| Associates and related parties | | |
| - Investment in Associated Undertaking | - | (82.72) |
| - Short Term Loan from directors | (5.00) | - |

There were no transactions with key management personnel other than undertaken as per terms of their employment as disclosed in Note 36.

35.1 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

| Company Name | Relationship |
|----------------------------------|---------------------------------|
| Yaqeen Developers (Pvt.) Limited | Associate - Common Directorship |

36 REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES

| | 2021 | | | |
|--------------------------------|------------------|------------------|-------------------|-------------------|
| | Chief Executive | Directors | Executives | Total |
| Managerial remuneration | 3,250,000 | 3,100,000 | 11,494,980 | 17,844,980 |
| Bonuses | 300,000 | 300,000 | 870,700 | 1,470,700 |
| | 3,550,000 | 3,400,000 | 12,365,680 | 19,315,680 |
| No. of persons | 1 | 1 | 7 | 9 |
| | 2020 | | | |
| | Directors | Chief Executive | Executives | Total |
| Managerial remuneration | 3,250,000 | 2,600,000 | 13,213,388 | 19,063,388 |
| Perquisites and other benefits | - | - | - | - |
| | 3,250,000 | 2,600,000 | 13,213,388 | 19,063,388 |
| No. of persons | 1 | 1 | 8 | 10 |

36.1 No meeting fees was paid to chief executive and directors during the year.

36.2 The Chief executive, directors and executive have not been provided any other perquisites and benefits.

36.3 An executive is defined as an employee, other than the chief executive and directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

37 OPERATING SEGMENT

The Company's chief decision maker reviews the Company's performance on single segment accordingly the financial information has been prepared on basis of single reportable segment.

37.1 Sales to the single party represents 54% of the total sales of the company.

37.2 All of the Company sales are local.

37.3 All assets of the Company as at 30 June 2021 are located in Pakistan.

38 NUMBER OF EMPLOYEES

Total Average number of employees during the year and as at the year end are as follows:-

| | 2021 | 2020 |
|---|------|------|
| Number of employees as at the closing date | 573 | 420 |
| Average number of employees during the year | 487 | 330 |

39 PLANT CAPACITY AND ACTUAL PRODUCTION

The capacity and production of the Company's plant is indeterminable as it is a multi-product plant involving varying processes of manufacture.

40 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company have proposed a final dividend for the year ended June 30, 2021 of Re 1.5 (2020: Re Nil) per share and bonus shares of 10% (2020: Nil) at their meeting held on September 30, 2021 for approval of members at the Annual General Meeting to be held on October 28, 2021. These financial statements do not reflect this dividend payable.

41 DATE OF AUTHORIZATION FOR ISSUE

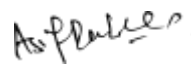
The financial statements have been authorized for issue on September 30, 2021 by the board of directors of the company.

42 CORRESPONDING FIGURES

Corresponding figures have been rearranged, and reclassified, where necessary, for better presentation and disclosure.



Chief Executive



Chief Financial Officer



Director

16.1
Operating Fixed Assets

| DESCRIPTION | COST | | | As At June 30, 2021 | RATE % | DEPRECIATION | | | WDV As At June 30, 2020 |
|------------------------------|------------------------|-------------------------|------------------------|------------------------|-----------|------------------------|-------------------|------------------------|-------------------------------|
| | As At June 30, 2020 | Addition/ (deletion) | Revaluation Surplus | | | As At June 30, 2020 | For the year | As At June 30, 2021 | |
| Owned Asset: | | | | | | | | | |
| Freehold Land | 230,885,475 | - | 705,294,525 | 1,046,180,000 | 0 | - | - | - | 1,046,180,000 |
| Building on Freehold Land | 214,956,113 | - | - | 214,956,113 | 20% | 72,384,619 | 14,267,362.38 | 86,651,981 | 226,434,128 |
| Plant & Machinery | 495,730,046 | 270,508,811 | - | 751,439,497 | 20% | 158,480,141 | 41,971,493.36 | 238,455,635 | 512,988,862 |
| Vehicle | 18,386,822 | 253,000 | - | 18,537,823 | 20% | 3,872,919 | 1,717,088.54 | 11,590,600 | 6,947,223 |
| Office Equipment | 17,088,943 | 3,454,470 | - | 18,557,413 | 15% | 3,306,854 | 1,877,148.28 | 7,184,104 | 11,371,509 |
| Books | 251,560 | 30,000 | - | 281,560 | 20% | 16,573 | 14,997.69 | 31,571 | 249,989 |
| Furniture & Fixtures | 1,953,030 | 2,496,433 | - | 4,450,063 | 15% | 156,642 | 456,788.86 | 613,431 | 3,836,632 |
| Computer | 541,260 | 3,084,573 | - | 3,585,833 | 20% | 716,714 | 404,050.07 | 1,220,764 | 1,865,069 |
| | 1,073,894,589 | 278,701,531 | 705,294,525 | 2,053,890,645 | | 284,336,515 | 60,708,520 | 345,045,035 | 1,714,845,610 |
| Right of Used Assets: | | | | | | | | | |
| Vehicle | 35,556,200 | - | - | 35,556,200 | 20% | 10,095,367 | 4,980,063 | 15,075,430 | 20,480,770 |
| | 35,556,200 | - | - | 35,556,200 | | 10,095,367 | 4,980,063 | 15,075,430 | 20,480,770 |
| As at June 30, 2021 | 1,109,450,789 | 278,701,531 | 705,294,525 | 2,093,446,845 | | 294,431,882 | 65,688,583 | 360,120,365 | 1,734,326,480 |

| Allocation of Depreciation | Cost of Sales | Administrative Expense | Selling Expense | Total |
|--------------------------------|---------------|---------------------------|-----------------|------------|
| Depreciation for the year 2021 | 54,823,515 | 6,880,303 | 4,184,759 | 65,888,582 |

Had there been no revaluation carrying amount of Land would be Rupees 123,885,475.

Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

| Location / Address | Usage of immovable property | Total Area (in Kanals) | Approx. Covered Area (in sq. ft.) |
|---|------------------------------|------------------------|---|
| 1.5 KM, Head Bulake Road, Phod Rajpur, Kotur | Production Unit | 303.5 | 527,384 |
| 73-E, Hall Road, Lahore | Hospital will be constructed | 4 | N/A |
| 588-G Block, Jhalu Town, Lahore | Head Office | 1 | 15,090 |

Citi Pharma Limited

Pattern of Shareholding as at 30-06-2021

| Number of Shareholders | Shareholding | | Total Shares held |
|------------------------|--------------|------------|-------------------|
| | From | To | |
| 4 | 1 | 100 | 12 |
| 5 | 101 | 55,000,000 | 134,999,988 |
| Total: | | | 135,000,000 |

| S. No | Name | Particulars | Shares | % |
|-------|---------------------------|------------------------|--------------------|-------------|
| 1 | Mr. Nadeem Amjad | Sponsor/ Chairman | 53,999,988 | 40.0% |
| 2 | Mr. Rizwan Ahmad | Sponsor/ CEO | 40,500,000 | 30.0% |
| 3 | Mr. Muhammad Naeem | Sponsor/ Director | 13,500,000 | 10.0% |
| 4 | Mr. Naveed Amjad | Sponsor | 13,500,000 | 10.0% |
| 5 | Mr. Ateeq ur Rehman | Sponsor | 13,500,000 | 10.0% |
| 6 | Mr. Amir Zia | Independent Director | 3 | 0.00% |
| 7 | Mr. Rana Shakeel Shaukat | Independent Director | 3 | 0.00% |
| 8 | Mrs. Saira Aslam | Non-Executive Director | 3 | 0.00% |
| 9 | Mr. Zameer UI Hassan Shah | Executive Director | 3 | 0.00% |
| | | | 135,000,000 | 100% |

Citi Pharma Limited

Pattern of Shareholding as at 1-10-2021

| Number of Shareholders | Shareholding | | Total Shares held |
|------------------------|--------------|------------|-------------------|
| | From | To | |
| 2,487 | 1 | 500 | 1111664 |
| 1,984 | 501 | 1,000 | 1956418 |
| 2,783 | 1,001 | 5,000 | 7574272 |
| 689 | 5,001 | 10,000 | 5434939 |
| 359 | 10,001 | 20,000 | 5503156 |
| 156 | 20,001 | 30,000 | 3997484 |
| 70 | 30,001 | 40,000 | 2511594 |
| 51 | 40,001 | 50,000 | 2387678 |
| 26 | 50,001 | 60,000 | 1434927 |
| 17 | 60,001 | 70,000 | 1110735 |
| 19 | 70,001 | 80,000 | 1443004 |
| 8 | 80,001 | 90,000 | 675000 |
| 28 | 90,001 | 100,000 | 2751375 |
| 27 | 100,001 | 150,000 | 3453668 |
| 29 | 150,001 | 500,000 | 8118253 |
| 7 | 500,001 | 1,000,000 | 4850005 |
| 4 | 1,000,001 | 2,000,000 | 5393807 |
| 2 | 2,000,001 | 5,000,000 | 7463533 |
| 1 | 5,000,001 | 10,000,000 | 5520500 |
| 5 | 10,000,001 | 60,000,000 | 134999988 |
| 8,752 | | | 207692000 |

Citi Pharma Limited

The Shareholding in the Company as on 1-10-2021 is as follows:

| Categories | Number of Shareholders | Number of shares held | Percentage of holding |
|--|------------------------|-----------------------|-----------------------|
| Directors and their spouses and minor children | 7 | 108,000,994 | 52.00 |
| Associated Companies, undertakings and related parties | | | - |
| NIT and ICP | | | - |
| Banks, DFIs and NBFIs | | | - |
| Insurance Companies | 1 | 84,000 | 0.04 |
| Modarbas and Mutual Funds | 30 | 7,687,105 | 3.70 |
| General Public | 8669 | 76,682,590 | 36.92 |
| Investment companies | 45 | 15,237,311 | 7.34 |
| Joint Stock Companies | | | - |
| Others | | | |
| | 8752 | 207,692,000 | 100 |

Citi Pharma Limited

Information of shareholding as current as required under Code of Corporate Governance is as follows

| Category | Shareholder's category | Number of shares held | Percentage % |
|----------|--|-----------------------|--------------|
| 1 | Associated Companies, undertakings and related parties | - | 0.00% |
| | | - | 0.00% |
| 2 | Mutual Funds | | |
| | CDC - TRUSTEE NBP STOCK FUND | 2,686,533 | 1.29% |
| | CDC - TRUSTEE NBP ISLAMIC STOCK FUND | 1,005,776 | 0.48% |
| | MODARABA AL-MALI | 1,000,000 | 0.48% |
| | CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFAT FUND | 578,833 | 0.28% |
| | CDC - TRUSTEE ABL STOCK FUND | 532,500 | 0.26% |
| | CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT | 325,583 | 0.16% |
| | MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND | 260,000 | 0.13% |
| | CDC - TRUSTEE NBP BALANCED FUND | 203,725 | 0.10% |
| | CDC - TRUSTEE JS ISLAMIC FUND | 188,000 | 0.09% |
| | CDC - TRUSTEE NBP SARMAYA IZAFAT FUND | 174,368 | 0.08% |
| | CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT | 164,125 | 0.08% |
| | CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT | 87,000 | 0.04% |
| | TRUSTEE-THE KOT ADDU POWER CO. LTD. EMPLOYEES PENSION FUND | 77,769 | 0.04% |
| | CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND | 68,775 | 0.03% |
| | CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND | 61,776 | 0.03% |
| | CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT | 53,000 | 0.03% |
| | THAL LIMITED EMPLOYEES PROVIDENT FUND | 50,308 | 0.02% |
| | BYCO PETROLEUM PAKISTAN LIMITED EMPLOYEES PROVIDENT FUND | 36,380 | 0.02% |
| | ENGRO FERTILIZERS LIMITED NON-MPT EMPLOYEES GRATUITY FUND | 28,639 | 0.01% |

[illegible]

| | | |
|----------------------|------------|--------|
| NADEEM AMJAD | 53,999,988 | 26.00% |
| RIZWAN AHMAD | 40,500,000 | 19.50% |
| MUHAMMAD NAEEM | 13,500,000 | 6.50% |
| ABDUL JALEEL SHAIKH | 500 | 0.00% |
| SAIRA ASLAM | 3 | 0.00% |
| ZAMEER UL HASAN SHAH | 3 | 0.00% |
| Ms. Farzin Khan | 500 | 0.00% |

| | | | |
|----------|--|---------------------------|-----------------------|
| | Muhammad Riaz | 6,068 | 0.00% |
| | Asif Iqbal | 3,526 | 0.00% |
| 5 | Public Sector Companies and Corporations | - | 00.00% |
| 6 | Banks DFIs and NBFIs, Insurance Companies, Modarabas and Pension Funds | 91,994,307 | 44.29% |
| 7 | Others | | 0.00% |
| | | <u>207,692,000</u> | <u>100.00%</u> |

Shareholders holding five percent or more voting rights

| | | |
|-----------------|---------------------------|----------------------|
| NADEEM AMJAD | 53,999,988 | 26.00% |
| RIZWAN AHMAD | 40,500,000 | 19.50% |
| ATEEQ UR REHMAN | 13,500,000 | 6.50% |
| NAVEED AMJAD | 13,500,000 | 6.50% |
| MUHAMMAD NAEEM | 13,500,000 | 6.50% |
| | <u>134,999,988</u> | <u>65.00%</u> |

NOTICE OF ANNUAL GENRAL MEETING

Notice is hereby given to the members that the Annual General Meeting of the Company will be held on October 28, 2021, Thursday, at 3:00 PM at 588- Q Block, M.A Johar Town, Lahore to transact the following businesses:

Ordinary Bushiness

1. To confirm the minutes of last Extra Ordinary General Meeting (EOGM) held on December 24, 2020.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2021 together with Directors' and Auditors' Report thereon.
3. To consider and approve final cash dividend @ 15% (Rs. 1.5 per share) and Bonus @ 10% (10 shares for every 100 shares held) for the year ended June 30, 2021 as recommended by the Board of Directors.
4. To appoint statutory auditors Company for the year ending June 30, 2022 and fix their remuneration. The retiring Auditors M/s Aslam Malik & Co. Chartered Accountant, being eligible, have offered themselves for re-appointment at a fee to be mutually agreed and reimbursements of out-of-pocket expenses at actuals.

Special Business

5. To approve transmission of annual reports including annual audited financial statement, auditor's report, chairman's review, Director's report and notice of annual general meeting to the Company's shareholders electronically through Email/CD/DVD/USB at their registered emails or mailing addresses instead of transmitting the annual reports including annual audited accounts in printed form as allowed under Section 223(6) of the companies Act, 2017.

RESOLVED THAT Company be and is hereby allowed to transmit its annual reports including annual audited financial statements, auditor's report, Chairman's review, Director's report and notice of annual general meeting to Company's shareholders electronically through Email/CD/DVD/USB at their registered emails or mailing addresses, as allowed under Section 223(6) of the companies Act, 2017 instead of transmitting the annual reports including annual audited accounts in printed form.

6. To transact any other business with the permission of the Chair.

By the Order of the Board

Muhammad Riaz
Company Secretary
October 7, 2021
Lahore

Notes

1. Participation in the AGM Proceeds via video conferencing facility:

Due to current COVID-19 situation and for the well-being of the stakeholders the AGM proceedings can also be attended via video conferencing facility only.

Shareholders interested to participate in the meeting are requested to email following information with subject "registration for CITI PHARMA LIMITED AGM" along with valid copy of both sides of computerized National Identity Card (CNIC) at corporate@citipharma.com.pk. Video link and login credentials will be share with only those members whose email containing all the required particulars, are received a t least 48 hours before the time of AGM.

Registration to Attend Annual General Meeting through Videos Conferencing Facility

1. Folio No./ CDC investors A/c No./Sub-A/c No. _____
2. Name of Shareholder (s) : _____
3. Cell phone Numbers _____
4. Email Address _____
5. No. of shares held at the date of Book
Closure to establish the right to attend AGM _____

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address corporate@citipharma.com.pk.

Bool Closure

2. The share transfer Books of the Company shall remain closed form October 21, 2021 to October 28, 2021 (both days inclusive) to establish the right to attend annual general meeting and to receive the dividend and Bonus declared.
3. A Member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint another members as his/her proxy to attend, speak and vote on his/her behalf.
4. An instrument appointing proxy and the power of attorney or other authority under which it is singed or a notarized certified copy of the power or authority must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. Form of Proxy is enclosed.
5. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated 26 January 2000 issued by the Securities Exchange Commission of Pakistan.

a. For Attending AGM

- I. In case of individuals, the account holder or sub-account holder whose securities and their registration details are uploaded as per the Regulations, shall produce proof of his/her identity by showing original computerized National Identity Card (CINC) at the time of attending meeting.
- II. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

b. For Appointing Proxy

- I. In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the CDC regulations shall submit the proxy form as per the above requirement.
- II. Attested copies of CNIC of the beneficial owners and the proxy shall be furnished with the proxy form. The proxy shall produce this original CNIC at the time of the meeting.

Electronic Voting:

- I. Members can exercise their right to demand a poll subject to meeting requirements of Section 143 -145 of the Companies Act, 2017 and application clauses of the Companies Postal Ballot Regulations, 2018
- II. Filer and Non-Filer Status

The Government of Pakistan through Finance Act, 2021 in Section 150 of the Income Tax Ordinance, 2001 prescribed the following rates for withholding tax against dividend payments by the companies:

- a. For filers of income tax returns -15%
- b. For non-filer of income tax return 30%

Members whose name are not entered into the Active Taxpayer List (ATL) provided on the website of FBR, despite the fact that they are filer, are advised to make sure that their name are entered into ATL to avoid higher to deductions against any future dividend.

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

This statement sets out the material facts concerning the Special Business to be transacted at Annual General Meeting of the Company to be held on October 28, 2021.

ITEM 4 OF THE AGENDA

To proceed towards paperless environment and to fulfill the responsibility towards environment, Company had already passed resolution with the consent of its shareholder in Extraordinary General Meeting held on December 24, 2020 and had already granted approval to transmit annual reports in the form of soft copies in CD/DVD/USB instead of transmitting the annual audited accounts in printed copy as per the Securities and Exchange Commission of Pakistan's SRO No.470(I)/2016 dated May 31, 2016. Whereas, in addition to the above approval, the Section 223 (6) of the Companies Act, 2017 allows every listed company to send its audited financial statements together with the auditors' report, chairman review and directors' report to every member of the company and every person who is entitled to receive notice of general meeting, either by post or electronically at least twenty-one days before the date of meeting at which it is to be laid before the members of the company, and shall keep a copy at the registered office of the company for the inspection of the members. Now Company sought approval of shareholders to issue & dispatch its annual reports including annual audited financial statements, Auditor's report, Chairman's review, Director's report and notice of annual general meeting through Email/CD/DVD/USB at their registered emails or mailing addresses instead of transmitting the annual reports including annual audited accounts in printed form as allowed under Section 223(6) of the Companies Act, 2017. However, an option of hard copy of the same information is offered to any interested shareholder.

FORM OF PROXY

I/We of
..... being a member of Citi Pharma Limited
hereby appoint Mr..... another member of the company as
my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual
General Meeting of the Company to be held on Thursday, October 28, 2021, at 03:00 PM at 588-Q
Block, M.A Johar Town, Lahore and any adjournment thereof.

Signed day of 2021.

SIGNATURE OF MEMBER**Note**

1. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote his/her behalf. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting.
2. The instrument appointing a proxy should be signed by the member or by his attorney duly authorized in writing. If a member is a corporation, its common seal should be affixed to the instrument.

نوٹس برائے غیر معمولی عمومی اجلاس

سٹی فارمالیٹڈ کے ممبران کو نوٹس دیا جاتا ہے کہ کمپنی کا سالانہ عمومی اجلاس 28 اکتوبر 2021 جمعرات کو سہ پہر 3:00 بجے 588- کیو بلاک، ایم اے جوہر ٹاؤن، لاہور میں مندرجہ ذیل کاروباروں کا لین دین کرنے کے لئے منعقد کیا جائے گا:

عمومی کاروبار:

- 1- 24 دسمبر 2020 کو منعقدہ آخری غیر معمولی عمومی اجلاس (ای او جی ایم) کے منٹس کی تصدیق کرنا۔
- 2- 30 جون 2021 کو ختم ہونے والے سال کے لئے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کو ڈائریکٹرز اور آڈیٹرز کی رپورٹ کے ساتھ وصول کرنا، غور کرنا اور اپنانا۔
- 3- 30 جون 2021 کو ختم ہونے والے سال کے لئے حتمی نقد منافع منقسمہ بشرح 15% (یعنی 1.5 روپے فی عام شیئر) اور نوٹس 10% (ہر 100 شیئرز کے لیے 10 شیئرز) غور کرنا اور ادا کرنے کی منظوری جیسا کہ بورڈ آف ڈائریکٹران نے سفارش کیا۔
- 4- 30 جون 2022 کو ختم ہونے والے سال کے لئے کمپنی کے قانونی آڈیٹرز کا تقرر کرنا اور ان کا معاوضہ طے کرنا۔ ریٹائر ہونے والے آڈیٹرز میسرز اسلم ملک اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی وجہ سے باہمی اتفاق رائے کی فیس اور آؤٹ آف پاکٹ اخراجات کے لئے دوبارہ تقرری کی پیشکش کی ہے۔
- 5- سالانہ آڈٹ شدہ مالیاتی گوشوارے، آڈیٹرز کی رپورٹ، چیئرمین کا جائزہ، ڈائریکٹرز کی رپورٹ اور کمپنی کے شیئرز ہولڈرز کو سالانہ عمومی اجلاس کا نوٹس الیکٹرانک طریقے سے ای میل/سی ڈی/وی ڈی/یو ایس بی کے ذریعے ان کے رجسٹرڈ ای میلز یا ایڈریسز پر سالانہ رپورٹوں بشمول سالانہ آڈٹ شدہ اکاؤنٹس کو پرنٹ فارم میں منتقل کرنے کی منظوری دینا جیسا کہ کمپنیز ایکٹ 2017 کے سیکشن 223(6) کے تحت اجازت ہے۔
- قراردیا گیا کہ کمپنی کو اپنی سالانہ رپورٹیں بشمول سالانہ آڈٹ شدہ مالیاتی گوشوارے، آڈیٹرز کی رپورٹ، چیئرمین کا جائزہ، ڈائریکٹرز کی رپورٹ اور سالانہ جنرل میٹنگ کا نوٹس کمپنی کے شیئرز ہولڈرز کو الیکٹرانک طریقے سے ای میل/سی ڈی/وی ڈی/یو ایس بی کے ذریعے ان کے رجسٹرڈ ای میلز یا میلنگ ایڈریسز پر سالانہ رپورٹوں بشمول سالانہ آڈٹ شدہ اکاؤنٹس کو پرنٹ شدہ فارم میں کے بجائے منتقل کرنے کی اجازت ہے جیسا کہ کمپنیز ایکٹ 2017 کے سیکشن 223(6) کے تحت اجازت ہے۔
- 6- چیئرمین کی اجازت سے سیکرٹری امور پر عمل درآمد۔

لاہور 7 اکتوبر 2021

بجلم بورڈ
کمپنی سیکرٹری
(محمد ریاض)

نوٹس

1۔ ویڈیو کانفرنسنگ کی سہولت کے ذریعے اے جی ایم کارروائی میں شرکت:

کوویڈ-19 کی موجودہ صورتحال اور سٹیک ہولڈرز کی فلاح و بہبود کی وجہ سے اے جی ایم کی کارروائی میں صرف ویڈیو کانفرنسنگ کی سہولت کے ذریعے بھی شرکت کی جاسکتی ہے۔

اجلاس میں شرکت کے خواہش مند شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ وہ کمپیوٹر انٹرنیٹ (سی این آئی سی) کے دونوں اطراف کی مروجہ کاپی بعنوان "سی فار مالینڈا اے جی ایم کے لئے رجسٹریشن" کے ساتھ corporate@citipharma.com.pk پر ای میل کریں۔ ویڈیو لنک اور لاگ ان کی تفصیلات صرف ان اراکین کے ساتھ شیئرز کی جائیں گی جن کی تمام مطلوبہ تفصیلات پر مشتمل ای میل اے جی ایم کے وقت سے کم از کم 48 گھنٹے پہلے موصول ہو جائے۔ ویڈیو کانفرنسنگ کی سہولت کے ذریعے سالانہ جنرل میٹنگ میں شرکت کے لئے رجسٹریشن

- 1۔ فوئیو نمبر / سی ڈی سی انویسٹرز اکاؤنٹ نمبر / سب اکاؤنٹ نمبر
 - 2۔ شیئرز ہولڈرز کے نام
 - 3۔ موبائل فون نمبرز
 - 4۔ ای میل ایڈریس
 - 5۔ کتابوں کی بندش کی تاریخ تک شیئرز کی تعداد
- (تا کہ اے جی ایم میں شمولیت کے حق کا تعین کیا جاسکے)

شیئرز ہولڈرز اے جی ایم کے ایجنڈا آئیٹمز کیلئے اپنی تجاویز اور سوالات بذریعہ ای میل corporate@citipharma.com.pk پر بھیجیں۔

کتابوں کی بندش

- 2۔ کمپنی کی حصص کی منتقلی کی کتابیں 21 اکتوبر 2021 سے 28 اکتوبر 2021 (بشمول دونوں ایام) بند رہیں گی تاکہ سالانہ عمومی اجلاس میں شرکت کا حق قائم کیا جاسکے اور اعلان کردہ منافع اور بونس حاصل کیا جاسکے۔
- 3۔ سالانہ جنرل میٹنگ میں شرکت، تقریر اور ووٹ دینے کا حقدار رکن اپنی طرف سے شرکت، تقریر اور ووٹ دینے کے لئے کسی اور رکن کو اپنی پر کسی کے طور پر مقرر کرنے کا حق دار ہے۔
- 4۔ پر کسی کی تقرری کرنے والا آلہ اور مختار نامہ یا دیگر اتھارٹی جس کے تحت اس پر دستخط کیے جاتے ہیں یا مختار نامے یا اتھارٹی کی نوٹرائزڈ تصدیق شدہ کاپی میٹنگ کے وقت سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ دفتر میں جمع کرانا ضروری ہے۔ پر کسی کی شکل ہمراہ لف ہے۔
- 5۔ سی ڈی سی اکاؤنٹ ہولڈرز کو سکیورٹیز ایکچینج کمیشن آف پاکستان کی جانب سے جاری کردہ سرکلر 1 مورخہ 26 جنوری 2000 میں بیان کردہ رہنما خطوط پر مزید عمل کرنا ہوگا۔

a۔ اے جی ایم میں شرکت کے لئے

- I۔ افراد کے معاملے میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر جس کی سکیورٹیز اور ان کی رجسٹریشن کی تفصیلات ضوابط کے مطابق اپ لوڈ کی جاتی ہیں، میٹنگ میں شرکت کے وقت اصل کمپیوٹر انٹرنیٹ (سی این آئی سی) دکھا کر اپنی شناخت کا ثبوت تیار کرے گا۔
- II۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ، جس پر نامزد شخص کے نمونہ دستخط ہوں گے (جب تک کہ اسے پہلے فراہم نہ کیا گیا ہو)۔

b۔ پراکسی کی تقرری کے لئے

- ۱۔ افراد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر جن کی رجسٹریشن کی تفصیلات سی ڈی سی ضوابط کے مطابق اپ لوڈ کی جاتی ہیں، وہ مندرجہ بالا ضرورت کے مطابق پراکسی فارم جمع کرائیں گے۔
- ۱۱۔ فائدہ مند مالکان کی سی این آئی سی کی تصدیق شدہ کاپیوں کے ساتھ پراکسی فارم مکمل کیا جائے گا۔ پراکسی اجلاس کے وقت اصل سی این آئی سی فراہم کرے گی۔

الیکٹرانک ووٹنگ:

- ۱۔ ممبران کمپنیز ایکٹ 2017 کے سیکشن 143-145 اوپنیز پوسٹل بیلٹ ریگولیشنز 2018 کی درخواست کی شقوں کو پورا کرنے کے تحت رائے شماری کا مطالبہ کرنے کے اپنے حق کا استعمال کر سکتے ہیں
- ۱۱۔ فائلر اور نان فائلر سٹیکس
- حکومت پاکستان نے انکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 میں فنانس ایکٹ 2021ء کے ذریعے کمپنیوں کی جانب سے منافع کی ادائیگیوں کے مقابلے میں ووہولڈنگ ٹیکس کے لئے مندرجہ ذیل شرح مقرر کی ہے:
- a۔ انکم ٹیکس گوشوارے فائل کرنے والوں کے لئے -15 فیصد
- b۔ انکم ٹیکس گوشوارے فائل نہ کرنے والوں کے لئے -30 فیصد
- ایسے اراکین جو فائلر ہیں لیکن ان کا نام ایف بی آر کی ویب سائٹ پر فراہم کردہ ایکٹو ٹیکس رجسٹرڈ گاہکوں کی فہرست (ای ٹی ایل) میں داخل نہیں کیا گیا ہے، ان کو مشورہ دیا جاتا ہے کہ وہ اس بات کو یقینی بنائیں کہ ان کا نام ای ٹی ایل میں داخل کیا جائے تاکہ مستقبل میں کسی بھی منافع کے مقابلے میں زیادہ کوٹنی سے بچا جاسکے۔

کمپنی ایکٹ 2017 کی دفعہ 134 (3) کے تحت بیان

اس بیان میں 28 اکتوبر 2021 کو منعقد ہونے والے کمپنی کے سالانہ عمومی اجلاس میں لین دین کرنے والے خصوصی کاروبار سے متعلق مادی حقائق کا تعین کیا گیا ہے۔

ایجنڈے کا آئٹم 4

پیپرس ماحول کی طرف بڑھنے اور ماحولیات کی طرف ذمہ داری پوری کرنے کے لئے کمپنی نے 24 دسمبر 2020 کو منعقدہ غیر معمولی عمومی اجلاس میں اپنے شیئر ہولڈر کی رضا مندی سے پہلے ہی قرارداد منظور کر لی تھی اور سیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ایس آر او نمبر 470 (آئی) / 2016 مورخہ 31 مئی 2016 کے مطابق پرنسپل کا پی میں سالانہ آڈٹ شدہ اکاؤنٹس کی ترسیل کے بجائے سی ڈی / ڈی وی ڈی / یو ایس بی میں سافٹ کاپیوں کی شکل میں سالانہ رپورٹیں منتقل کرنے کی منظوری دے دی تھی۔ درج بالا منظوری کے علاوہ کمپنیز ایکٹ 2017 کے سیکشن (3) 226 کے مطابق ہر فہرست شدہ کمپنی کو آڈیٹرز کی رپورٹ، چیئرمین کا جائزہ اور ڈائریکٹرز کی رپورٹ کے ساتھ مل کر کمپنی کے ہر رکن اور ہر اس شخص کو جو عام اجلاس کا نوٹس وصول کرنے کا حق دار ہے، مینگل کی تاریخ سے کم از کم ایکس دن پہلے ڈاک یا الیکٹرانک طریقے سے اپنے آڈٹ شدہ مالیاتی گوشوارے بھیجنے کی اجازت دیتا ہے جس پر اسے کمپنی کے ارکان کے سامنے رکھا جاتا ہے، اور ارکان کے معائنہ کے لئے کمپنی کے رجسٹرڈ دفتر میں ایک کاپی رکھیں گے۔ تاہم، اسی معلومات کی بارڈر کاپی کا آپشن کسی بھی دلچسپی رکھنے والے شیئر ہولڈر کو پیش کیا جاتا ہے۔

پراکسی فارم

میں / ہم

برائے

سٹی فارمالیٹڈ کارکن ہونے کی حیثیت سے تقرری کرتا ہوں کہ جناب _____،
جو کہ کمپنی کے ایک اور رکن ہیں، میری / ہماری غیر حاضری میں میری / ہماری پراکسی کے طور پر 588 کیو باک، ایم اے جوہر ٹاؤن، لاہور میں 28 اکتوبر 2021 بروز جمعرات کو
سہ پہر 3:00 بجے منعقد ہونے والے سالانہ غیر معمولی عمومی اجلاس میں اور اس کے بعد اضافی اجلاس میں شرکت کر کے ووٹ دے سکتے ہیں۔

2021

تاریخ

دستخط

رکن کے دستخط

نوٹ:

- 1۔ اس اجلاس میں شرکت اور ووٹ ڈالنے کا حقدار رکن کسی دوسرے رکن کو اس کی طرف سے شرکت اور ووٹ دینے کے لئے اپنا پراکسی مقرر کر سکتا ہے۔ مؤثر ہونے کے لئے پراکسیز کو مینٹنگ سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس میں وصول ہونا ضروری ہے۔
- 2۔ پراکسی کی تقرری کرنے والے آلے پر ممبر یا اس کے وکیل کے ذریعہ تحریری طور پر مجاز دستخط ہونے چاہئیں۔ اگر کوئی کارپوریشن رکن ہے تو اس کی مشترکہ مہر لگائی جائے۔