



## REPORT OF FACTUAL FINDINGS IN CONNECTION WITH ANNUAL PROGRESS REPORT OF CITI PHARMA LIMITED

### Purpose

We have performed the procedures agreed with you and enumerating below with respect to preeledrined inspection items. Our engagement was in accordance with international standard on rollandservices (ISRS 4400) to perfume agreed upon procedures regarding financial information. The procedures were solely to assist Citi pharma limited (the company) to demonstrate to the investors, upon request about the progress of the expansion.

This report relates to annual progress report which is being submitted in compliance with the requirements of clause 16 (000) of post issue reporting and disclosures of the "Public offering regulations, 2017" and in pursuance of the requirement specified in clause 4 (ii) (2) (b) (2) of the prospectus to the issue of the company and may not be suitable for any other purpose.

#### Responsibility of Citi pharma Limited

Citi pharma limited has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

Citi pharma limited (also the responsible party) is responsible for the subject matter on which the agreed upon procedures are performed.

#### Auditors' responsibility

We have conducted the agreed up-on procedures engagement in accordance with international standard on relating services (ISRS) 4400 (Revised), agreed upon procedures involves our procedures that have been agreed with Citi pharma limited, and reporting the findings which are the factual results of secred up-on procedures performed.

This agreed up-on procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion Had we performed additional procedures, other matters might have come to our attention that would have been reported.

#### Professional ethics and quality control

We have compiled with the independence and other ethical requirements of the code of ethics for chartered accountants issued by the institute of chartered accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and dur care, confidentiality and professional behavior.

The firm applies international standards on quality control 1 "quality control for firms that perform Audits and reviews of historical financial information, and other assurance and related services engagements" and accordingly maintain a comprehensive system of quality control including

documented policies and procedures regarding compliance with the ethical requirements, professional standards and applicable legal and regulatory requirements

#### Procedures and findings

We have performed the procedure described below, which were agreed with (the Company) in terms of its IPO progress report.

S.no	Procedures performed	Findings
1	Ensured that all the required information as per "Public Offering Regulations,2017" is appropriately disclosed in Annual Progress Report for the period July 01, 2023 to December 31, 2023.	With respect to item 1 all the required information as per "Public Offering Regulations, 2017" is appropriately disclosed
2	Reviewed following document:     Books & Accounts of the company for the period July 01, 2023 to December 31, 2023.     Prospectus for issue of shares dated February 12, 2021.	With respect to item 2 we found the amounts compared to be in agreement
3	Inspected the minutes of meeting of Board of Directors (BOD) to check any progress has been made relating to API Segment, Formulation Segment and Hospital Facility during the period July 01, 2023 to December 31, 2023.	With respect to item 3 we found the addition amounting to Rupees, 71.80 million and Rupees 26.91 million in API Segment and Formulation Segment respectively, to be correct and the total amount to be in agreement. However, no amount has been invested on Hospital Facility as of the period end
4	Inspect the minutes of board of directors meeting for the approval of the capital expenditure for the period ended December 31, 2023.	With respect to item 4 We found that BOD approved the capital expenditure
5	Matched the amount shown as funds required under the heading of 'implementation status' on page 4 of the progress report with the prospectus.	With respect to item 5 we found the amounts compared to be in agreement
6	Matched actual expenditure incurred till December 31, 2023 under the heading 'implementation status' on page 4 of the progress report with books and accounts of the company.	With respect to item 6 we found the actual expenditure incurred till December 31, 2023 under the heading "implementation status, compared to be in agreement

Yours sincerely

Summarich D

Aslam Malik & Co.
Chartered Accountants
Date: February 13, 2024

# UTILIZATION OF IPO PROCEEDS HALF YEARLY PROGRESS REPORT DECEMBER 31, 2023

CITI PHARMA LIMITED

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#### INTRODUCTION

This semi-annual progress report is being submitted in compliance with the requirement of Clause 16i(|i|) of post-issue reporting and disclosures of the Public Offering Regulations, 2017 and in pursuance of the requirement specified in clause 4(i)(2)(b)(2) of the prospectus to the issue of the Company.

The Company carried out a successful IPO in July 2021, to finance its expansions, at estimated costs, as detailed below:

Description	Funds Required (Rupees)	Allocation (%)
API Segment		
Civil Works	150,000,000	7%
Procurement of Plant and Machinery	405,194,500	20%
	555,194,500	27.28%
Formulation Segment		
Civil Works	250,000,000	12%
Procurement of Plant and Machinery	307,630,000	15%
	557,630,000	27.40%
Hospital Facility		
Civil Work of Hospital Building (Incl. Electrical and Mechanical work)	668,000,000	33%
Plant and Machinery for Hospital	254,551,500	13%
	922,551,500	45.33%

#### SUMMARY OF FUNDS GENERATED

Description	Rupees
Issuance of 72,692,000 shares at a floor price of Rs. 28 per share	2,035,376,000
Excess funds received Share Premium at Rs. 4 per share	290,768,000
Less: IPO Expenses	(127,667,864)
Net IPO Proceeds	2,198,476,136
Less: Funds utilized for repayment of borrowings and for working capital	(163,100,136)
Net Funds Available	2,035,376,000

#### IMPLEMENTATION STATUS

#### 1. SUMMARY OF IPO FUNDS UTILIZED

The status of the expansion project as of the close of December 31, 2023 is given below on prescribed format:

Description	Funds Required (Rupees)	Allocati on (%)	Actual Expenditure (Rupees)	Excess/ (Less) Incurred (Rupees)
API Segment				
Civil Works	150,000,000	7%	150,000,000	
Procurement of Plant and Machinery	405,194,500	20%	291,741,077	(113,453,423)
	555,194,500	27.28%	441,741,077	(113,453,423)
Formulation Segment				
Civil Warks	250,000,000	12%	154,219,142	(95,780,858)
Procurement of Plant and Machinery	307,630,000	15%	219,954,802	(87,675,198)
	557,630,000	27.40%	374,173,944	(183,456,056)
Hospital Facility				
Civil Work of Hospital Building (Incl. Electrical and Mechanical work)	668,000,000	33%		(668,000,000)
Plant and Machinery for Hospital	254,551,500	13%		(254,551,500)
	922,551,500	45.33%		(922,551,500)
Utilization of Excess Proceeds				
Repayment of Borrowings	54,197,497	19%	54,197,497	
Working Capital	108,902,639	37%	108,902,639	
IPO Expenses	127,667,864	44%	127,667,864	
	290,768,000	100%	290,768,000	

#### 2. Expansion in API Segment

As of December 31, 2023, Civil work for new multi-purpose API facility for new APIs Ascorbic acid was completed and Civil work for new APIs I.e., Chloroquine Phosphate and Hydroxy Chloroquine Phosphate is under progress and expected to be completed before the end of financial year ended December 31, 2023.

In Plant and Machinery, eight Reactors 10T, three Reactors 7T, Boilers and three Fluid Bed dryer was procured. These addition in Plant & Machinery increased the capacity of Paracetamol's existing plant. CPL's in-house engineering team is doing for civil, electrical and mechanical work for both API and formulation.

#### Implementation Status

Particulars	Start Date (As per Prospectus)	Completion Date (As per Prospectus)	Current Status	Rationale for Delay if any
Civil Work of API Segment	3QFY23	2QFY24	59% Completed	Will be completed in this Financial Year.
Plant & machinery for API Segment	3QFY23	3QFY24	54% Completed	Will be completed in this Financial Year.
Trial Production of New APIs	1QFY23	3QFY24	33%	Expected to be completed before financial year 2024.

#### 3. Expansion in Formulation Segment

As of December 31, 2023, Civil work for Cephalosporin has been completed. Civil work has been completed by our in-house engineering team. Construction work for Psychotropic & Narcotics and Penicillin is in progress and expected to be completed before the end of the financial veez 2024.

Further following list of Plant and Machinery has been procured which was committed prospectus:

- Clean Rooms for Machinery Vial Filling, Stoppering Machine, Vial Capping Machine
- > High performance Liquid Chromatography HPLC
- Vial Capping Machine
   HPLC
- Automated Capsule Filling Machine
- Rotary Tablet Press Machine ZP41A
   Automated Blister Packing Machine
- > Tropical Blister Packing Machine
- Rotary Tablet Press Machine ZP290
- > Lab Equipment

#### Implementation Status

Particulars	Start Date (As per Prospectus)	Completion Date (As per Prospectus)	Current Status	Rationale for Delay if any
Civil Work of Formulation Segment	3QFY21	2QFY22	62% Completed	Will be completed in this Financial Year.
Plant & Machinery of Formulation Segment	1QFY22	1QFY23	72% Completed	Will be completed in this Financial Year.
Trial Production of New Formulation Drugs	3QFY22	4QFY22	33% Completed	Will be completed in this Financial Year.

#### 4 Establishment of Hospital

The project delay of the hospital primarily stems from the complexities and challenges associated with various procedural activities. These activities encompass a range of administrative, regulatory and bureaucratic processes that are essential for the successful planning, approval and execution of a hospital project.

#### Implementation Status

Particulars	(As per Prospectus)	Completion Date (A per Prospectus)	s Current Status	Rationale for Delay if any
Completion of Civil Work	1QFY22	1QFY23	Not Started	N/A*
Procurement of Medical Equipment	3QFY22	1QFY23	Not Started	N/A*
Procurement of Fixtures and Fittings	4QFY22	1QFY23	Not Started	N/A*

\* The original prospectus outlined the establishment of the hospital at Guidberg, Labore, where the company had caugined 4 stands of land, however, due to registary constraints imposed by the Labore Development Andron's (LDA), which further reduced the permissible construction and the Labore Construction and adjusted to the constraint of the constraints of the standard visions, the conditions of the constraints of the constraints of the constraints of the classifiest place is situated adjustent to Casdadi Stadium on one side and an innam Bargath on the other, creating an environment with anticipated robe levels and pages constraints that would spiffication, and the constraints of the c

The company has acquired land for hospital at the proposed site at DHA Rabbar, Raivind Road, Lathore, provides a more suitable environment for the hospital, ensuring full compliance with IDA regulations, Additionally, the company was in the process of completing the commercialization of the DHA Rabbar IAIA, which took additional time. This relocation aligns with the company's commitment to establishing a facility that meets the highest standards of operational efficiency and patient care.

#### 5. INVESTMENT IN WORKING CAPITAL

The Company had evaluated its working capital requirement based on previous trends, requirements and future business outlook and the expected amount was allocated in the prospectus.

As at December 31, 2023, the funds allocated for the working capital have been fully utilized, and have been rolled over multiple times in the working capital cycle.

Ghulam Dastgeer Company Secretary Asif Iqbal
Chief Financial Officer