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Building Better Together

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 pre-defined inspection items. Our engagement was in accordance with international standard on relating services (ISRS 4400) to perform 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 (i)(ii) 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 up-on 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 agreed 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 complied 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 due 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

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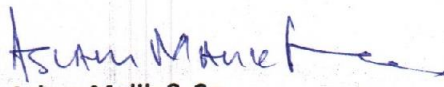
accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with the ethical requirements, professional standards and applicable legal and regulatory requirements

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 <i>Annual Progress Report</i> for the period July 09, 2021 to June 30, 2022. | With respect to item 1 all the required information as per "Public Offering Regulations,2017" is appropriately disclosed. |
| 2 | a. Reviewed following document: <ul style="list-style-type: none"> Books & Accounts of the company for the period July 09, 2021 to June 30, 2022. 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 year ended June 30,2022. | With respect to item 3 we found the addition amounting to Rupees. 68.3 million and Rupees 147.7 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 June 30,2022. | 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 30 June 2022 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 30 June 2022 under the heading 'implementation status, compared to be in agreement. |

Yours sincerely


Aslam Malik & Co.

Chartered Accountants

Date: September 27, 2022



UTILIZATION OF IPO PROCEEDS
ANNUAL PROGRESS REPORT
AS AT JUNE 30, 2022

CITI PHARMA LIMITED

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Introduction

This annual progress report is being submitted in compliance with the requirement of Clause 16(i)(ii) of post issue reporting and disclosures of the Public Offering Regulations, 2017 and in pursuance of the requirement specified in the clause 4(ii)(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 June 30, 2022 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% | 43,543,256 | (106,456,744) |
| Procurement of Plant and Machinery | 405,194,500 | 20% | 24,802,892 | (380,391,608) |
| | 555,194,500 | 27.28% | 68,346,148 | (486,848,352) |
| Formulation Segment | | | | |
| Civil Works | 250,000,000 | 12% | 58,849,696 | (191,150,304) |
| Procurement of Plant and Machinery | 307,630,000 | 15% | 88,852,868 | (218,777,132) |
| | 557,630,000 | 27.40% | 147,702,564 | (409,927,436) |
| 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 June 30, 2022, 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 process. In Plant and Machinery, Boilers and Fluid Bed dryer was procured.

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 | 3QFY21 | 2QFY22 | 33% Completed | Will be completed in Next Financial Year. |
| Plant & machinery for API Segment | 3QFY21 | 3QFY22 | 7% Completed | Will be completed in Next Financial Year. |
| Trial Production of New APIs | 1QFY22 | 3QFY22 | Will start after Completion | Will be completed in Next Financial Year. |

3. Expansion in Formulation Segment

As of June 30, 2022, Civil work for Cephalosporin has been completed. Civil work has been completed by our in-house engineering team. Further following list of Plant and Machinery has been procured:

- 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 ZP29D
- 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 | 30% Completed | Will be completed in Next Financial Year. |
| Plant & Machinery of Formulation Segment | 1QFY22 | 1QFY23 | 33% Completed | Will be completed in Next Financial Year. |
| Trial Production of New Formulation Drugs | 3QFY22 | 4QFY22 | 33% Completed | Will be completed in Next Financial Year. |

4. Establishment of Hospital

State of the Art Hospital Project is in approval process. Once the company got approval from all the relevant departments, the civil work same will be started.

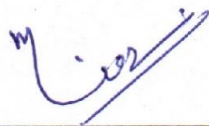
Implementation Status

| Particulars | Start Date (As per Prospectus) | Completion Date (As Current Status per Prospectus) | | 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 |

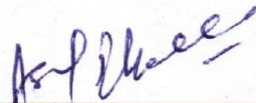
5. Investment in Working Capital

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 June 30, 2022, the funds allocated for the working capital have been fully utilized, and have been rolled over multiple times in the working capital cycle.



Muhammad Riaz
Company Secretary



Asif Iqbal
Chief Financial Officer